

<b>Management Report</b>	<b>02</b>
<b>Financial Statements</b>	<b>19</b>
Balance Sheet	20
Income Statement	22
Notes	23
Statement of Changes	38
Auditor's Report	41

# Management Report for Fiscal Year 2008

## → Full Year 2008 – highlights at a glance

- Substantial increase in revenues by 16.5% to MEUR 94.0
- Profit from ordinary operations climbs by MEUR 1.9 to MEUR 10.8
- Net profit for the period improves by 25.1% to MEUR 8.4
- Equity ratio rises from 51.1% to 52.1%
- Dividend payment of EUR 0.12

## General

itelligence AG, Bielefeld, has been a listed company since September 2000. Its shares are listed on all German stock exchanges in the Prime Standard trading segment, the prime sector Software and the industry sector IT Services.

itelligence AG has a majority shareholder since December 13, 2007 – NTT DATA EUROPE GmbH & Co. KG, which is a wholly-owned subsidiary of the NTT DATA CORPORATION.

NTT DATA EUROPE GmbH & Co. KG is a German limited partnership founded on October 16, 2007. It is headquartered in Düsseldorf. The object of the company is to acquire, hold and manage investments in companies, to provide services to the investees against payment and to sell investments or their assets. NTT DATA EUROPE Verwaltungs-GmbH is the sole personally liable partner. The sole partner of the general partner and sole limited partner is the NTT DATA

CORPORATION, which is based in Tokyo (Japan). Effective October 1, 2008, NTT DATA EUROPE GmbH & Co. KG has a further subsidiary in Cirquent GmbH, based in Munich.

itelligence AG holds shares in subsidiaries and associates within and outside Germany and has operations itself in SAP consulting, SAP licenses sales and outsourcing & services. As the parent company, itelligence AG performs Group-wide corporate functions in the areas of finance, controlling and marketing.

The key figures used to manage itelligence's operating business are mainly revenues growth and growth in operating profit (EBIT). The management parameters are coordinated with each other to achieve profitable growth.

## Performance of itelligence AG in the Economy as a Whole

itelligence leveraged the strong propensity to invest in IT projects in all revenues areas, which remained positive into the fall of 2008 thanks to the market trend in the economy as a whole. However, the overall economic environment darkened over the rest of 2008 as a result of the financial and economic crisis. Nonetheless, itelligence ended fiscal year 2008 with revenues of MEUR 94.0, which corresponds to an increase of +16.5%. Thus, itelligence fulfilled its forecast of increasing revenues in the fiscal year 2008. itelligence AG gained further market share for the future and expanded its position against the competition in the SAP midmarket segment.

## The Positioning of itelligence AG

itelligence significantly extended its leading position as a leading international full-service IT provider for SAP and considers itself to be excellently positioned in the classical and upper midsize market in particular.

Thanks to its partnership with the NTT group, one of the world's largest IT service providers, itelligence AG has laid the foundation for a broader range of services. This partnership will drive the Company's measures to break into strategically key markets and industries. Within the NTT group, itelligence is positioned as the leading SAP consultant and innovation driver.

In the fiscal year 2008, itelligence AG expanded its commitment in Asia: By using the NTT Communications data center in Cyberjaya, Malaysia, and its own subsidiary in Shanghai, China, itelligence AG is gradually breaking the Asian market. Eastern Europe is also still an interesting market for itelligence. The 2008 acquisition of SAPCON a.s. in the Czech Republic has assured itelligence of stronger presence in the Eastern European states.

As a long-term partner to companies from a wide range of industries and many different sizes, itelligence AG develops end-to-end and coordinated solutions. As an innovative solution partner and experienced full-service provider in the areas of consulting, hosting and support, itelligence stands for the optimization and internationalization of IT and business processes on the basis of SAP technology.

itelligence's position is based on its sophisticated technological competence in the SAP environment, sound knowledge of integrating complementary software products, profound process expertise in its focus industries and internally developed industry solutions. It is the ability to combine these factors, to offer them from one source internationally, complementing them with the license and out-

sourcing & services business that complete itelligence's profile.

## Partnerships

### SAP partnership

SAP is itelligence's partner in line with this, itelligence's service portfolio centers around SAP products and the related services. itelligence regularly proves its high level of importance in the SAP partner environment with first-class awards and by obtaining the partner status titles that SAP confers on service companies. Its main titles include SAP Global Partner – Services and SAP Global Partner – Hosting. itelligence is therefore one of a select group of seven SAP partners that are certified for both global partner status titles.

itelligence also holds the highest possible status (Gold partner) in the PartnerEdge Program for value-added resellers (VAR) in its two key regions of Germany and the US. A status is allocated within the PartnerEdge Program for value-added resellers based on the number of points obtained with a catalog of eight different criteria that reflect the overall commitment of the partners with SAP. Allocation of this status is reviewed every year. In the rest of the countries included in itelligence's Western and Eastern Europe segments, mainly Silver or – in a few countries – Associate statuses were obtained. The main benefits of a high PartnerEdge Status primarily lie in the training and education programs available exclusively to partners, along with funding of marketing and sales activities by SAP. Higher discounts in the licenses business are also one of the main benefits to a strong PartnerEdge Status.

itelligence proved itself extremely successful in the past fiscal year with SAP's global channel program and, with the strongest license revenues, established itself as the most successful SAP reseller in the world for the mid-market. In the EMEA region alone (Europe, Middle

East, Africa), itelligence accounted for around 7% of all channel sales generated by SAP in the midmarket.

This shows that itelligence's comprehensive product portfolio, international positioning and excellent industry expertise are criteria that are decisive in choosing itelligence, particularly for customers in the upper market segment.

After receiving the Pinnacle Award in 2006, itelligence was bestowed with the SAP Customer Satisfaction award in the fiscal year 2007 for the best customer satisfaction worldwide. In the fiscal year 2008, itelligence won the Pinnacle Award in the category SME Channel Partner EMEA at SAPPHIRE 2008 in Berlin. This exclusive award highlights the outstanding cooperation between itelligence and SAP in the development and sales of industry solutions and the successful project work by itelligence AG in the midmarket. itelligence was also voted among the finalists in a second category for Service: Industry Solutions Co-Innovation. The Swiss itelligence IES solution for the "Coordinated Medical Corps" (KSD) is one of the very best products available based on enterprise SOA in the SAP field. It ranks among the world's leading offerings for e-Government in the health sector.

The close and successful partnership between SAP and itelligence plays out at a number of levels. The SAP service partner itelligence was one of the first partners to be certified by SAP AG for solution implementation on the basis of the Run SAP methodology. itelligence will now integrate Run SAP methodology into its implementation standards. Run SAP methodology is a proven method that focuses on application management, the settlement of business processes and the management of SAP applications. It provides SAP best practices for processes, content, services, training and tools for the successful implementation of end-to-end solution operations. The Run SAP methodology supports the entire product lifecycle from design through set-up to work processes and the optimization

of the implemented SAP solution. Moreover, the methodology shows how end-to-end solution operations can be implemented for various work processes based on SAP software.

As in previous years, itelligence obtained new SAP special expertise partnerships (SEPs) and recertified existing SAP special expertise partnerships. A distinction can thus be made between itelligence's technological (e.g. SAP for Enterprise SOA), functional (e.g. SAP for Global Trade Services) and selected industry-specific (e.g. SAP for Automotive or SAP for Manufacturing & High Tech) special expertise partnerships. itelligence was again one of the most decorated SAP consultants in 2008. One of the highlights of fiscal 2008 was the appointment of itelligence as a special expertise partner for enterprise service-oriented architecture (Enterprise SOA). SAP has thereby again confirmed itelligence's utmost expertise in the implementation of SAP technologies in customer projects. Thus, itelligence is one of the leading, most qualified SAP consultants in the SAP's special expertise program.

itelligence also received a further special award from SAP in the fiscal year 2008: qualification for seven industry solutions by SAP. The special title of "a qualified industry solution" is bestowed on SAP partners that have demonstrated especially profound skill and consulting expertise for specific industries and market these as corresponding expansions of SAP Business All-in-One packages. The qualified SAP solutions include the itelligence.it.trade solution for wholesale trading, the it.chemicals solution for the chemicals industry; it.consumer for the consumer goods industry; it.manufacturing for manufacturing; it.wood for furniture for the furniture industry; it.wood for timber for the lumber industry and finally it.metal for the non-ferrous industry. SAP is already in the review phase for further qualifications. itelligence is one of SAP's few international midmarket partners that offers its solutions both in Europe and the US. Thus, itelligence is one of SAP's most extensively honored partners.

## NTT DATA

Through its partnership with NTT DATA, itelligence laid the foundations to further consolidate its international market position as an SAP Global Partner for Services and Hosting, particularly in the midmarket. The Japanese IT group published a takeover bid on November 13, 2007 that was successfully accepted after the two-week additional acceptance period had ended. NTT DATA Europe today holds 77.4% and NTT Communications 10.1% of the shares in itelligence AG which created the basis for close cooperation within the framework of a cooperation agreement.

With a strong partner in NTT DATA, itelligence will continue to grow as an international provider of IT systems and services for SAP. As a company that will continue to operate independently within the strong, growth-oriented NTT DATA group, this step enables itelligence to improve its growth potential on the international stage.

## NTT Communications

As a result of particular synergy potential in the Outsourcing & Services business, itelligence AG signed a cooperation agreement with NTT Communications Corporation – a wholly-owned subsidiary of Nippon Telegraph and Telephone Corporation (NTT) – on January 23, 2008 with NTT DATA's consent. NTT Communications operates in the field of national and international telecommunications and offers global solutions for information and communications technology (ICT).

## Other partnerships

Furthermore, itelligence maintains additional technology partnerships to expand its own solutions portfolio. The aim of these partnerships is firstly to meet the needs of existing itelligence customers more flexibly with additional services and complementary solutions beyond the full service offering. Secondly,

itelligence focuses on acquiring new customers through technology issues, SAP industry solutions and partners recommendations. itelligence does so through joint customer information days, trade fairs, marketing on partner portals and marketing campaigns. Examples for a number of current such partnerships include Adobe Systems and Cycos AG.

## Course of Business

### Result of operations

In accordance with the Handelsgesetzbuch (HGB – German Commercial Code), the revenues of itelligence AG amount to MEUR 94.0 (previous year: MEUR 80.6). Consulting revenues before sales deductions rose due to high consultant capacity utilization and the expansion of consultant capacity from MEUR 48.7 in the previous year to MEUR 54.0 in the current fiscal year. The Outsourcing & Services segment lifted its revenues by MEUR 3.8. Due to the positive effects of SAP's new partner model and hybrid sales approach, revenues rose in the Licenses segment from MEUR 17.3 in fiscal year 2007 to MEUR 22.9 in fiscal year 2008. MEUR 1.5 (previous year: MEUR 1.4) of the sales deductions primarily related to the Licenses business and MEUR 0.8 (previous year: MEUR 0.7) to the Consulting business.

KEUR	Jan. 1. - Dec. 31, 2008	Jan. 1. - Dec. 31, 2007
Consulting	54,017	48,745
Licenses	22,881	17,334
Outsourcing & Services	17,510	13,706
Other	2,031	2,931
Sales deductions	-2,468	-2,072
	<b>93,971</b>	<b>80,644</b>

The costs of purchased merchandise and purchased services climbed 22.6% from MEUR 32.1 to MEUR 39.4 in the current fiscal year. The cost of materials ratio jumped from 39.8% to 41.9%. This rise is related to the increased use of third-party service providers to carry out Consulting contracts.

Consultant capacity in particular was expanded in the fiscal year 2008. As a result, the number of employees climbed by 114 to 586 at the year-end, which among other things was due to a rise in staff costs from MEUR 38.2 in the previous year to MEUR 44.6 in the current fiscal year. Furthermore, the variable remuneration of the employees rose as a result of the sound earnings and capacity situation which also led to an increase in staff costs. The staff costs ratio now amounts to 47.5% (previous year: 47.3%). Other operating expenses were down slightly at 21.1% after 23.0% in the previous year.

Overall, these effects resulted in a rise in operating profit (EBIT) from MEUR 0.0 to MEUR 0.8.

Profit from ordinary operations in the past fiscal year amounts to MEUR 10.8, following MEUR 8.9 in 2007. The profit was primarily due to the profit distributions from subsidiaries within Germany of MEUR 8.5 (previous year: MEUR 7.3) and the distributions of profit by the subsidiary in Switzerland of MEUR 0.3 (previous year: MEUR 0.4).

In addition, the write-down of the investment for itelligence Spain in the amount of MEUR 0.5 (previous year: MEUR 2.3) was reversed due to the sound

performance in the past in connection with the positive expectations for the future. The investment had been written down and recognized in net profit or loss in previous years.

In the fiscal year 2008, write-downs of current receivables from subsidiaries resulted in a drop in earnings of KEUR 1,550 (previous year: KEUR 857).

Influenced by the higher cash and cash equivalents over the course of 2008 while interest rates rose in the first half of the year, net interest income increased by 24.4%.

itelligence AG's tax rate was 22.0% and is below the applicable combined income tax rate of 30.52% due to the utilization of loss carryforwards.

The sales margin rose from 8.3% in fiscal year 2007 to 8.9% in fiscal year 2008. The net profit for the period increased to MEUR 8.4 (previous year: MEUR 6.7).

The Management Board and the Supervisory Board propose to the Annual General Meeting to distribute a dividend of EUR 0.12 per share from the net retained profit of itelligence AG.

#### Financial Position

The cash flow from operating activities in 2008 amounted to MEUR +10.4, up from MEUR +6.6 in 2007. The net cash used in investing activities amounted to MEUR -3.0 and was thus above the previous year once again (previous year: MEUR -1.4). The investments primarily related to the acquisition of the 51% investment in SAPCON a. s. in Brno, and also to new hardware. Cash flow from financing activities amounted to MEUR -0.6 in 2008, after MEUR +0.8 in 2007. This was due to the granting of loans to subsidiaries in the amount of MEUR -1.5, repayments received on loans to subsidiaries in the amount of MEUR +1.0 and repayments of finance loans in the

amount of MEUR -0.2. The interest rates for the financing were charged at 4.0% and 5.65%.

As of the 2008 reporting date, itelligence AG had credit lines of MEUR 5.0 at its disposal. The credit lines can be utilized by choosing between loans or guarantees. In the year under review, these credit lines were solely utilized for drawing against guarantees. As of the reporting date, itelligence had long-term borrowings from banks amounting to MEUR 0.1 (previous year: MEUR 0.2).

#### Net Assets

The total assets of itelligence AG amounted to MEUR 89.8 at the end of the year under review (previous year: MEUR 73.6). They comprise non-current assets of MEUR 22.4 (previous year: MEUR 19.9), of which non-current financial assets account for MEUR 19.8 (previous year: MEUR 17.7). Current assets relate to work in progress of MEUR 15.6 (previous year: MEUR 10.3), trade receivables of MEUR 16.3 (previous year: MEUR 16.4), receivables from subsidiaries of MEUR 10.8 (previous year: MEUR 10.5) and other assets of MEUR 3.7 (previous year: MEUR 2.5). The 25.5% increase in current assets year-on-year is primarily due to higher bank balances and work in progress as a result of the rise in the project business.

The equity of itelligence AG amounts to MEUR 46.8 compared with MEUR 37.6 in the previous year. The equity ratio thus increased to 52.1% (previous year: 51.1%). Subscribed capital rose by MEUR 0.3 due to conversion rights from the convertible bond worth a nominal value of MEUR 0.8 being exercised. The change in capital reserves was due to the premium from converting the bond.

Other financial obligations primarily include the annual costs for the office building in Bielefeld of KEUR 795 and leasing obligations for company vehicles of KEUR 1,924 a year.

## Employees

The Company had 586 employees and an average of 534 employees as of December 31, 2008.

The “competition for talent” strategy of focusing on future and existing employees with their specific requirements and skills progressed successfully in the fiscal year 2008. itelligence’s newly developed HR vision and HR mission builds both on the values of team work and ongoing personal development and actively promoting individuals. This process of actively increasing the attractiveness of itelligence generated a great deal of interest as part of the recruiting program, for example at the itelligence graduates day in Bielefeld, at appearances at CeBIT and SYSTEMS and college fairs in Bielefeld and Paderborn. Specifically targeting and addressing talented future employees for itelligence AG played a key role in recruiting new staff.

itelligence’s vision – of becoming the most attractive employer in the SAP field next to SAP – was communicated in the HR brochure published for CeBIT. Furthermore, the intelligent combination of different marketing measures, such as the marketing campaign for the SAP Skills Conference and radio spots like “The best jobs in Europe: join-itelligence.de” helped to ensure a well-filled applicant pipeline.

The development of itelligence employees is supported by individual career development, technical and personal training measures and internal, international promotion programs for rising stars. An interdisciplinary project to enhance the attractiveness of itelligence was successfully launched and is the starting point for innovative activities and measures relating to the improvement of working conditions. Furthermore, there was a further interdisciplinary focus on knowledge management to significantly improve the effectiveness of the transfer of knowledge between colleagues. This included testing innovative technologies. Life-long learning is a basic principle of successful work at itelligence.

The close, long-standing cooperation between SAP's University Alliances program and the University Competence Center at Magdeburg proved especially valuable in 2008. In the third quarter, itelligence AG presented a training DVD on "IT Consulting in the Midmarket". Thus, an innovative idea was developed to promote the training of social and consulting competence for IT professions and to ensure a network between business and teaching.

Again in 2009, itelligence is still working hard in line with its corporate HR strategy towards its vision of staying the most attractive employer in the SAP environment.

## Remuneration Report of the Management Board and Supervisory Board

### Remuneration of the Management Board

The remuneration of the Management Board of itelligence consists of fixed and variable (performance-based) components. The performance-based components are geared towards the company's short-term and long-term performance. The Staff Committee of the Supervisory Board is responsible for determining the structure of the remuneration systems and the remuneration of the individual members of the Management Board. The Staff Committee regularly discusses and reviews the remuneration structure.

The following criteria apply to the individual remuneration components:

- (1) The fixed remuneration is paid monthly as a salary.
- (2) The amount of variable short-term remuneration is dependent on certain company performance-specific and personal targets being achieved. Half of achieving the company performance-specific goals depends on consolidated EBIT and the other half

on consolidated revenues growth. This will be paid after the Annual General Meeting in May 2009.

- (3) The variable long-term remuneration depends on the three-year performance of the average unweighted Xetra closing rate of itelligence's shares. itelligence shares are notionally issued after the end of the Annual General Meeting of itelligence on the basis of the unweighted Xetra closing rate for all trading days of the preceding fiscal year. After the end of the third subsequent Annual General Meeting, the average of the unweighted Xetra closing rate for all trading days of the preceding fiscal year is calculated. If the comparison of the average price at the time of issue and the average price after the end of the three-year analysis period shows an increase in the share price of the company, the respective member of the Management Board receives the amount of the notional increase. The variable long-term remuneration can only be paid after the third Annual General Meeting is concluded.

Broken down, the expensed remuneration of the Management Board for the fiscal year 2008 was as follows:

Herbert Vogel CEO	2008	2007
	KEUR	KEUR
Fixed remuneration	374	338
Variable remuneration	401	209
Remuneration with long-term incentive effect	-54	58
Pension expenses	2	40
	<b>723</b>	<b>645</b>

Norbert Rotter CFO (since January 1, 2008)	2008	2007*
Fixed remuneration	150	200
Compensation payment	0	230
Variable remuneration	150	209
Remuneration with long-term incentive effect	10	0
Pension expenses	10	22
	<b>320</b>	<b>661</b>

\* The figures for the previous year are for Jörg Vandreier (CFO until December 31, 2007)

In fiscal year 2008, the second tranche of long-term, share-based remuneration, with a term from January 1, 2005 to December 31, 2007, was paid to the CEO in the amount of KEUR 39.6. The average price of intelligence shares for the period from January to December 2007 was EUR 4.618 according to closing stock market prices (Xetra). The tranche was measured in the amount of the average closing stock market prices (Xetra) for 2004 at EUR 2.320. The earnings increase was multiplied by the number of notionally acquired shares. This was recognized as an expense and stated in the remuneration report in the years 2006 to 2007. After the end of the Annual General Meeting on May 20, 2008, a fifth tranche with a term from January 1, 2008 to December 31, 2010 was issued for the members of the Management Board. The basis for the future measurement is the average closing stock market price (Xetra) for 2007 in the amount of EUR 4.618. As of the time of issue, the fair value amounted to KEUR 34 for the CEO and KEUR 26 for the CFO.

Insurance expenses of KEUR 18 were incurred in 2008 for pension obligations to former members of executive bodies amounting to KEUR 361.

The financing status changed as follows:

KEUR	2008	2007
Defined benefit obligation	361	365
Cash surrender value of the employer's pension liability insurance policy	-360	-307
Financing status	<b>1</b>	<b>58</b>

The members of the Management Board were not granted any loans by the company.

## Remuneration of the Supervisory Board

The remuneration of itelligence AG's Supervisory Board is regulated in Article 16 of the Articles of Association. In line with this provision, Supervisory Board members receive remuneration comprising one fixed and one variable component in addition to reimbursement for their expenses. The amount of the variable remuneration is geared towards the company's short-term and long-term success.

- (1) Each member of the Supervisory Board receives fixed annual remuneration of EUR 10,000. The remuneration for the Chairman is three times this amount and that for his deputy one-and-a-half times this amount. The fixed remuneration is payable after the end of each fiscal year.
- (2) Members of the committees of the Supervisory Board additionally receive fixed remuneration of EUR 5,000 for each position held in a committee. The Chairman of a committee receives three times this amount, his deputy one-and-a-half times this amount. The additional remuneration as per the above sentence is payable annually after the end of the fiscal year.
- (3) The remuneration of each member of the Supervisory Board rises by EUR 100 per EUR 0.01 of consolidated earnings per share if positive consolidated earnings per share are reported. The remuneration of the Chairman of the Supervisory Board is three times this amount, that of the Deputy Chairman one-and-a-half times the performance-based remuneration in line with sentence 1 of this paragraph (3). The consolidated earnings per share are calculated by dividing the consolidated net profit for the period in the consolidated financial statements of itelligence for the relevant fiscal year by the weighted average number of shares. The performance-based remuneration in line with this paragraph (3) is payable in the first working day after the Annual General Meeting in which the consolidated financial statements for the fiscal year in question are presented.
- (4) Furthermore, the members of the Supervisory Board receive long-term performance-based remuneration based on the performance of the Company, which is calculated as follows: After the end of the Annual General Meeting it is supposed that the Company invests a notional amount of EUR 5,000 for each member of the Supervisory Board in shares of the Company in line with the average unweighted closing price on Xetra for all the trading days of the preceding fiscal year. The notional amount for the Chairman of the Supervisory Board is EUR 15,000, that for the Deputy Chairman is EUR 7,500. After the end of the third subsequent Annual General Meeting, the average of the unweighted Xetra closing rate for all trading days of the respective preceding fiscal year is calculated. If the comparison of the average price in line with sentence 2 with the average in line with sentence 4 shows a rise in the share price of the Company, the respective member of the Supervisory Board receives the amount of the rise in value of the shares notionally acquired in sentence 2. This performance-based remuneration is payable on the first working day after the third Annual General Meeting in line with sentence 4. Members of the Supervisory Board who do not remain in office over the entire three-year period receive this performance-based remuneration pro rata after the end of the three-year period.
- (5) Supervisory Board members that were not in office during the entire fiscal year received their remuneration pro rata in line with paragraphs (1) to (4).

Broken down, the remuneration recognized as expense for fiscal year 2008 was as follows:

	Fixed remuneration component KEUR	Committee remuneration KEUR	Variable remuneration component Earnings per share KEUR	Variable remuneration component Share price performance KEUR	2008 Total EUR	2007 Total KEUR
Dr. Lutz Mellinger (Chairman since November 14, 2007)	30.0	37.5	12.1	-1.6	78.0	47.3
Prof. Dr.-Ing. Peter-Jürgen Kreher (Chairman until November 2, 2007)	0.0	0.0	0.3	-15.7	-15.4	90.6
Dr. Stephan Kremeyer (Deputy Chairman since Mai 20, 2008)	9.2	3.1	3.4	0.6	16.2	0.0
Johannes Cordes (Deputy Chairman until May 20, 2008)	5.8	2.9	2.3	-14.7	-3.7	46.6
Fritz Fleischmann	10.0	27.5	3.8	-8.1	33.2	34.6
Dr. Britta Lenzmann (member since May 20, 2008)	6.1	7.6	2.3	0.4	16.4	0.0
Takashi Enomoto (member since May 20, 2008)	6.1	0.0	2.3	0.4	8.8	0.0
Kazuyuki Arata (member since May 20, 2008)	6.1	0.0	2.3	0.4	8.8	0.0
Erwin Gunst (member until May 20, 2008)	3.9	3.9	1.5	-9.8	-0.5	36.1
Anke Ruff (member until May 20, 2008)	3.9	1.9	1.5	-9.8	-2.5	31.1
	<b>81.1</b>	<b>84.4</b>	<b>31.8</b>	<b>-58.0</b>	<b>139.3</b>	<b>286.3</b>

In fiscal year 2008, the second tranche of long-term, share-based remuneration, with a term from January 1, 2005 to December 31, 2007, was paid to the members of the Supervisory Board, in the amount of KEUR 6.9 to the Chairman Dr. Lutz Mellinger, KEUR 12.0 to the former Chairman Prof. Peter-Jürgen Kreher, KEUR 7.4 to the Deputy Chairman Johannes Cordes and KEUR 5.0 each to the members Fritz Fleischmann, Anke Ruff and Erwin Gunst. The average price of itelligence shares for the period from January to December 2007 was

EUR 4.618 according to closing stock market prices (Xetra). The tranche was measured in the amount of the average closing stock market prices (Xetra) for 2004 at EUR 2.320. The earnings increase was multiplied by the number of notionally acquired shares. This was recognized as an expense and stated in the remuneration report in the years 2006 to 2007.

After the end of the Annual General Meeting on May 20, 2008, a fifth tranche with a term from January 1,

2008 to December 31, 2010 was issued for the members of the Supervisory Board. The basis for the future measurement is the average closing stock market price (Xetra) for 2007 in the amount of EUR 4.618. As of the time of issue, the fair value amounted to KEUR 2.8 for the Chairman of the Supervisory Board, KEUR 1.4 for the Deputy Chairman and KEUR 0.9 for all other members.

itelligence AG also reimburses the members of the Supervisory Board for the value-added tax incurred by their Supervisory Board remuneration if and to the extent that this is invoiced by a member of Supervisory Board or is reported in a credit note in place of the invoice.

The members of the Supervisory Board were not granted any advances on future remuneration or loans. Furthermore, itelligence did not enter into any contingent liabilities for members of the Supervisory Board.

### Takeover information in line with section 315 (4) HGB

itelligence AG's capital stock amounted to EUR 24,292,164 as of December 31, 2008 and is divided into 24,292,164 no-par value bearer shares, each with a notional share of EUR 1.00 in the capital stock. Each share grants the same rights and one vote each in the Annual General Meeting. On account of an agreement dated October 23, 2007, NTT DATA EUROPE GmbH & Co. KG, Düsseldorf, has a right of first refusal for the shares in itelligence AG held by Herbert Vogel until December 13, 2017.

As part of a public takeover bid in January 2008, NTT DATA EUROPE GmbH & Co. KG acquired 20,974,169 shares in itelligence AG (87.41% of voting rights). The general partner of NTT DATA EUROPE GmbH & Co. KG is NTT DATA EUROPE Verwaltungs-GmbH, Düsseldorf, the sole limited partner is NTT DATA

Corporation, Tokyo. NTT DATA EUROPE Verwaltungs-GmbH is a subsidiary of NTT DATA Corporation, which in turn is a subsidiary of Nippon Telegraph and Telephone Corporation, Tokyo. As of December 31, 2008 the share of voting rights of NTT DATA EUROPE GmbH & Co. KG was 77.38% and that of NTT Communications Corporation, Tokyo, a further subsidiary of Nippon Telegraph and Telephone Corporation, was 10.12%.

In accordance with the Articles of Association, the Management Board consists of one or more members. The exact number is determined by the Supervisory Board. The Supervisory Board can appoint a member of the Management Board as the Chairman of the Management Board (CEO) and other members as deputy chairmen. In accordance with section 84 (1) of the AktG, members of the Management Board are appointed for a duration of a maximum of five years. The Supervisory Board can revoke the appointment of a member of the Management Board or the appointment as CEO for good cause in accordance with section 84 (1) if the AktG.

In accordance with section 179 of the AktG, an amendment of the Articles of Association requires a resolution by the Annual General Meeting with a majority of at least three quarters of the capital stock represented in the resolution unless a different capital majority is prescribed by the Articles of Association. According to the Articles of Association of itelligence AG, the Annual General Meeting passes resolutions by way of a simple majority of votes cast unless a greater majority is required by law or the Articles of Association. Unless a capital majority is prescribed by law in addition to the majority of votes, a simple majority of the capital stock represented in the resolution is sufficient. The Supervisory Board is authorized to resolve changes to the Articles of Association that only affect the wording.

The Management Board is authorized, with the approval of the Supervisory Board, to increase the

capital stock once or in partial amounts on several occasions until April 30, 2009 by up to a total of EUR 11,143,767.00 by issuing new ordinary shares (authorized capital). In performing the capital increase, shareholders must generally be granted a subscription right. However, with the approval of the Supervisory Board, the Management Board can disapply statutory subscription rights under certain conditions.

Furthermore, by way of resolution of the Annual General Meeting of May 27, 2004, the capital stock was contingently increased by up to EUR 6,986,316.00 for issue to bearers of conversion or option bonds. Following the issues of pre-emptive rights, the contingent capital of the Company as of December 31, 2008 is EUR 5,278,645.00.

The partner agreements with SAP include change of control agreements that grant termination rights if a change to the partner's shareholder structure significantly impairs SAP's business interests.

## Shareholdings

According to current knowledge as of the date of publication of this Annual Report (March 19, 2009), the shareholder structure of itelligence AG is as follows:

NTT DATA Europe	77.4%
NTT Communications	10.1%
Herbert Vogel	3.7%
<b>Free float</b>	<b>8.8%</b>

The members of the Management Board and Supervisory Board listed below held itelligence shares as of December 31, 2008:

	Shares:
Herbert Vogel (CEO)	888,608
Dr. Britta Lenzmann (member of the Supervisory Board)	155

Neither the members of the Management Board nor the members of the Supervisory Board held any convertible bonds of itelligence AG as of December 31, 2008.

## Supplementary Report

itelligence Asia Holding Limited, based in Hongkong, will commence its operations in the first quarter.

Beyond this, no significant events occurred after the end of the fiscal year.

## Opportunities and Risks

For the purpose of value-oriented and responsible corporate management, the management aims to continuously leverage corporate opportunities and identify potential risks at an early stage and manage them with an eye to the future.

### Opportunities of future business development

Due to its excellent position as a full-service IT provider for SAP, there are a large number of economic growth opportunities available to itelligence AG. As an SAP Global Hosting and SAP Global Services partner in particular, itelligence is in a position to comprehensively support SMEs, even internationally. The strategic partnership with NTT DATA will also benefit itelligence's clear growth path. Growth potential in this respect lies in support, particularly of NTT DATA's customers in Europe, and the joint development of growth regions such as Asia.

## Risk management & risks of future business development

In accordance with Article 91 (2) of the AktG, the Management Board of itelligence AG, in line with its overall responsibility for the Group, set up a monitoring system to identify and assess risks at an early stage. As an international company, itelligence is exposed to various risks in the context of its widespread segments and company divisions. To itelligence, risks are the factors that prevent it from attaining its financial, operative or strategic goals. Therefore, the early warning system is an integral part of the planning, managing and reporting processes of the entire Group.

itelligence has implemented a company-wide system to ensure the effectiveness of its risk management. This system comprises extensive analyses to enhance transparency. Risk management is therefore integrated into the corporate controlling organization throughout the Company and has a direct line of reporting to the CFO of itelligence AG.

In cooperation with the management of the subsidiaries and the Management Board, corporate controlling continuously monitors the risks of all significant business activities using a consistent methodological approach. The countermeasures determined are monitored jointly. Information on business and market developments is regularly exchanged in different bodies and constantly compared against the rolling planning process. These measures are flanked by internal audit activities.

On account of its strategic partnership with NTT DATA, itelligence AG is required to ensure compliance with the provisions to establish and monitor an effective internal control system through financial reporting in line with the directives of the Japanese Financial Supervisory Authorities (J-SOX) as of January 1, 2009 and information security. itelligence has documented the central business processes of itelligence AG in the

financial and IT environment and the controls entailed therein in line with the above requirements and documented their effectiveness and efficiency.

The cooperation between the Management Board and the Supervisory Board and the individual committees at monitoring and control level are also part of the process of an integrated opportunities and risk management system.

### SAP partnership

Changes in the social and political situation and the propensity to invest in SAP products that this entails can have a negative influence on business and our assets, liabilities, financial position and profit or loss on account of the strong relationship with SAP as regards content and strategy. The competitiveness of SAP's products and its future developments are crucial to itelligence's success. It is only if the company continues to succeed in creating acceptance among customers for products that perform better than those of the product competitors that there will be no financial risk.

### Human resources risks

Our highly qualified employees and managers form the basis for the Company's success. Securing employees' loyalty to the Company in the long term and attracting new highly qualified staff is of the utmost importance to itelligence. As all the IT companies are competing for employees with outstanding qualifications, the market for these people is extremely hard fought. Despite these measures, it cannot be ruled out that skilled employees will leave the Company.

### Project risks

The launch of software solutions often involves an extensive use of resources on the part of customers. Comprehensive installation processes, a short supply

of consultants or recourse claims by customers cannot always be ruled out. These risks are thus addressed in project manager training courses and the project managers are made aware of these issues accordingly. The project reviews that are supported by regular reporting from project controlling enable the relevant countermeasures to be taken. Provisions for potential losses are recognized if probable losses arise when executing projects. In terms of fixed-price projects in particular, there is the risk that services will not be adequately invoiced. Despite all precautions, the risk of a project escalation and the resulting negative effect on the net assets and results of operations for various reasons cannot be completely ruled out.

#### General market risks

General market risks may influence itelligence's net assets and results of operations. The general market risks can be divided into two categories:

- a) Market risks on the part of the customer  
Economic cycles, changes in customer behavior and business combinations, changes in the political and legal environment
- b) Supplier-dependent or resource-dependent market risks  
Pricing and availability of supplier services, general development of raw material costs, service quality, etc.

These risks are monitored on an ongoing basis. Despite intensive efforts and a partnership-like relationship, it cannot be fully guaranteed that all developments can be foreseen in good time and that corrective measures will be introduced in a timely manner. In particular, risks arising from the current global financial and economic crisis could have disadvantageous effects on the generation of revenues and profitability.

#### Liquidity risks

itelligence has central finance management for global liquidity management. The most important goal is to ensure liquidity for the Group. To do this, it uses central cash management. Cash and cash equivalents are monitored throughout the Group. Long-term investments are always financed in the long term to further increase itelligence's liquidity reserves for operations.

Constantly holding cash and cash equivalents as well as credit lines within and outside Germany have enabled itelligence to improve its flexibility, security and independence over the past few years. The focus is always on a conservative investment strategy. The liquidity reserves are committed solely in the short term. Therefore market-related fluctuations of the interest rates on the money and capital markets can influence itelligence's net interest income.

#### Price change risks

itelligence monitors potential exchange rate risks based on account items. Since the value added process is in the same currency, the currency risk is limited.

The DCF measurement method, which uses current average capital costs to discount cash flows, is applied to the annual goodwill impairment test. Capital costs can change due to current developments in the interest rate level. Significant changes would have a strong impact on earnings.

Share-based payment is measured on the basis of the assumed future volatility of itelligence's shares. If future volatility is above expectations, this would have an impact on earnings.

### Default risks

The credit checks carried out in the debtor management department reduce the risk of default. Thanks to trade credit insurance, the del credere risk in Germany is limited to the extent that in the event of customer insolvency, 80% of the potential default is secured.

As part of accounting risk provisioning, bad debt allowances are regularly recognized and reviewed for receivables, depending on the aging of the receivable.

### Risks in the Outsourcing & Services segment

The Outsourcing & Services segment is exposed to both risks from data center operation and data transfer. These risks are countered by extensive security measures. The construction measures already in place at data centers are constantly examined for functionality and security measures are expanded. Parallel to this, data centers undergo internal and external audits with subsequent process certification to cover the main risks in this business. Every effort is made to avoid reducing the service quality or lack of system availability. Nevertheless, the risk cannot be completely ruled out.

### Political risks

As an international service provider, itelligence is also notably subject to political, legal and economic influences and their effect in the individual countries. Events in world politics can also influence the economy and thus itelligence's business prospects.

### General management risks

itelligence is also subject to general management risks. itelligence counters these risks by continuously improving its management, control and steering systems. Nonetheless, future undesirable developments in individual areas cannot be completely ruled out.

## Dependent Company Report

itelligence AG has a majority shareholder since December 13, 2007 – NTT DATA EUROPE GmbH & Co. KG, based in Frankfurt, which is a wholly-owned subsidiary of the NTT DATA Corporation in Japan. As there is no control agreement in place with the majority shareholder, the Management Board of itelligence AG must prepare a report on relationships with affiliated companies in accordance with Article 312 of the AktG.

In accordance with Article 312 (2) of the AktG, the Management Board hereby declares that in the case of transactions and measures in the report on relationships with affiliated companies conducted according to the circumstances known to the Management Board at the time the transactions were executed, or measures were implemented or omitted, itelligence AG received appropriate consideration for every transaction and has not been disadvantaged by the implementation or omission of any measures.

## Forecast Report

### General economic situation and forecasts

A huge shadow has been cast over the global economy in the wake of the international financial crisis. Both the US and the main European economies are caught in the grip of a recession. The World Bank and its sister organization the International Monetary Fund (IMF) are expecting the strongest global economic downturn in decades. Following worldwide efforts to support the banking system, all the major industrialized nations have launched economic packages to stabilize their economies.

The German government's current economic forecast anticipates a decline in German gross domestic product (GDP) of up to 2.25%, while the IMF is a little more pessimistic with its forecast of 2.5%. In the euro zone,

a total reduction in real GDP of 2% is expected with a drop of 2.25% in the US. According to OECD studies, the growth in the emerging markets will decline sustainably to around 4%.

However, the EU Commission has issued statements that the extensive measures to stabilize the financial markets, the relaxing of monetary policy and the government stimulus packages will lead to a gradual economic recovery in the second half of 2009. Other main factors that are expected to contribute to this are the sharp correction in commodities prices coupled with the significant reduction in inflation and lower interest rates overall.

#### Prospects for the IT service market

After years of solid growth rates (CAGR 2003–2007 of around 8%), the global IT service market will see stronger consolidation in 2009. A marked cooling in IT service spending is expected, though this will vary according to region and IT service segment. Only minor growth is anticipated for IT services in Germany, with outsourcing services partially compensating for declines in project business.

Given the current uncertainty regarding the further economic development in Germany and abroad, estimates by research companies also vary in terms of the IT service market and its ongoing development.

IT market studies are assuming an average international annual growth rate (CAGR = compound annual growth rate) of around 5%–8% for the period from 2007–2012. CAGR forecasts for itelligence's core regions are as follows for the above period: North America (5.1%–7.1%), Western Europe, including Germany (5.2%–7.2%), Eastern Europe (10.5%–14.8%) and Asia/Pacific (7.8%–9.7%). Growth rates of 4.2%–8.0% are anticipated in the consulting segment and of 7.8%–10.2% for software support.

The market research company IDC estimates an overall growth rate for the IT service industry in Germany of 4.7% for the above forecast period.

#### Expected performance of itelligence AG

In the fiscal year 2008, itelligence AG enjoyed the best SAP license business in the history of the Company. In total, license sales rose by 32.0% to MEUR 22.9 as against the previous year. The itelligence Group is the world's no. 1 SAP reseller in the midmarket segment. On account of the strong rise in license business and the expansion of our customer base, we are anticipating correspondingly higher proceeds in maintenance and support business. Furthermore, the itelligence Group is entering the new fiscal year with a record level of orders on hand of around MEUR 168 worldwide including around MEUR 151 for the Germany region.

However, it has also been observed that our customers are currently proceeding very cautiously with new investment decisions and some, depending on industry, are reacting with dramatic savings measures. Accordingly, we will heighten our industry focus and branch into new industries.

On the other hand, the economic challenges facing our customers, which they are meeting with measures to cut costs, optimize processes, increase productivity and consolidate business areas, are also opportunities for itelligence, in that we can actively support our customer in enhancing the effectiveness and efficiency of the above operating measures.

In 2009 and the subsequent years, the Management Board predicts that the Company will continue on its path of recent years as a full-service IT provider for SAP and expand its strong market position. We will also increasingly develop alliances and business relations with our strategic investors, NTT Data and NTT Com.

In light of the continuing high uncertainty in the market environment of itelligence AG in Germany and abroad and the resulting lower growth rates, the Management Board is refraining from a definite statement on the development of revenues and EBIT at the present time.

itelligence AG

Bielefeld, March 11, 2009

The Management Board

**Financial Statements** →  
**Notes**

## Balance Sheet as of December 31, 2008

prepared in accordance with German GAAP (HGB)

### Assets

EUR	Dec. 31, 2008		Dec. 31, 2007	
<b>A. Non-current assets</b>				
<b>I. Intangible assets</b>				
Concessions, industrial and similar rights and licenses in such rights and assets				
	353,842.00		365,735.00	
<b>II. Property, plant and equipment</b>				
1. Land, land rights and buildings, including buildings on third-party land				
	286,768.00		220,958.00	
2. Technical equipment and machinery				
	229,995.00		182,178.00	
3. Other equipment, operating and office equipment				
	1,691,714.00		1,426,504.00	
4. Assets under development				
	30,751.72	2,239,228.72	0.00	1,829,640.00
<b>III. Non-current financial assets</b>				
1. Investments in affiliated companies				
	19,749,866.53		17,644,092.48	
2. Investments				
	10,225.84	19,760,092.37	10,225.84	17,654,318.32
		<b>22,353,163.09</b>	<b>19,849,693.32</b>	
<b>B. Current assets</b>				
<b>I. Inventories</b>				
1. Work in progress				
	15,604,638.83		10,126,435.99	
2. Merchandise				
	0.00	15,604,638.83	131,088.10	10,257,524.09
<b>II. Receivables and other assets</b>				
1. Trade receivables				
	16,315,444.37		16,397,426.99	
-thereof with a residual term of more than one year: EUR 636,618.30 (previous year: EUR 53,794.52)				
2. Receivables from affiliated companies				
	10,813,889.47		10,481,544.94	
-thereof with a residual term of more than one year: EUR 5,327,499.92 (previous year: EUR 6,176,999.96)				
3. Other assets				
	3,717,534.33	30,846,868.17	2,520,086.61	29,399,058.54
-thereof with a residual term of more than one year: EUR 2,505,913.59 (previous year: EUR 2,336,422.87)				
<b>III. Cash in hand, bank balances and checks</b>				
		20,775,801.83		13,931,356.54
		67,227,308.83		53,587,939.17
<b>C. Prepaid expenses</b>				
		193,568.49		174,942.23
		<b>89,774,040.41</b>		<b>73,612,574.72</b>

## Equity and liabilities

EUR	Dec. 31, 2008	Dec. 31, 2007
<b>A. Equity</b>		
I. Capital subscribed	24,292,164.00	23,995,206.00
II. Capital reserve	14,076,940.59	13,601,798.59
III. Net accumulated profit	8,387,318.01	0.00
	<b>46,756,422.60</b>	<b>37,597,004.59</b>
<b>B. Provisions</b>		
1. Provisions for pensions and other employee benefits	1,229,497.19	921,252.23
2. Tax provisions	995,000.00	1,687,000.00
3. Other provisions	11,367,377.10	10,029,182.03
	<b>13,591,874.29</b>	<b>12,637,434.26</b>
<b>C. Liabilities</b>		
1. Bonds	787,900.00	1,560,000.00
– thereof with a residual term of one year or less: EUR 787,900.00 (previous year: EUR 1,560,000.00) –		
– thereof convertible: EUR 787,900.00 (previous year: EUR 1,560,000.00) –		
2. Amounts due to banks	144,500.00	161,500.00
– thereof with a residual term of one year or less: EUR 17,000.00 (previous year: EUR 17,000.00) –		
3. Advance payments received on account of orders	14,517,546.00	8,998,467.00
– thereof with a residual term of one year or less: EUR 14,517,546.00 (previous year: EUR 8,998,467.00) –		
4. Trade payables	11,313,063.01	9,609,772.17
– thereof with a residual term of one year or less: EUR 11,313,063.01 (previous year: EUR 9,609,772.17) –		
5. Liabilities to affiliated companies	187,580.44	292,484.00
– thereof with a residual term of one year or less: EUR 187,580.44 (previous year: EUR 292,484.00) –		
6. Other liabilities	2,475,154.07	2,755,912.70
– thereof with a residual term of one year or less: EUR 2,125,566.07 (previous year: EUR 2,213,973.70) –		
– thereof for taxes: EUR 1,681,763.55 (previous year: EUR 1,641,150.97) –		
– thereof for social security: EUR 1,179.19 (previous year: EUR 7,133.46) –		
	<b>29,425,743.52</b>	<b>23,378,135.87</b>
	<b>89,774,040.41</b>	<b>73,612,574.72</b>

## Income Statement for the Period from January 1 to December 31, 2008

prepared in accordance with German GAAP (HGB)

EUR	2008		2007	
1. Revenues		93,971,167.53		80,644,229.13
2. Increase in work in progress and merchandise		5,390,173.26		2,565,282.94
3. Other operating income		6,951,437.09		7,070,872.99
4. Cost of materials				
a) Cost of purchased merchandise	-13,103,017.29		-10,651,489.44	
b) Cost of purchased services	-26,257,452.82	-39,360,470.11	-21,446,030.37	-32,097,519.81
5. Staff costs				
a) Wages and salaries	-39,548,559.17		-33,650,221.68	
b) Social security and pension costs				
- thereof for retirement benefits: EUR 2,522.10				
(previous year: EUR 75,300.01)	-5,076,170.26	-44,624,729.43	-4,500,720.22	-38,150,941.90
6. Depreciation and amortization expense				
a) Amortization of intangible assets and depreciation				
of property, plant and equipment	-1,041,205.97		-858,659.10	
b) Write-downs of current assets				
in excess of typical depreciation and amortization	-685,182.48	-1,726,388.45	-599,646.13	-1,458,305.23
7. Other operating expenses		-19,814,872.70		-18,577,281.56
8. Income from investments				
- thereof from affiliated companies: EUR 308,432.55				
(previous year: EUR 655,121.01)		309,199.49		655,876.76
9. Income from profit and loss transfer agreements		8,470,575.74		7,265,562.63
10. Other interest and similar income				
- thereof from affiliated companies: EUR 503,132.57				
(previous year: EUR 763,179.20)-		1,411,996.22		1,334,542.15
11. Interest and similar expenses				
- thereof to affiliated companies: EUR 4,961.09				
(previous year: EUR 16,262.42)		-220,767.55		-377,041.40
12. Profit from ordinary operations		10,757,321.09		8,875,276.70
13. Income taxes		-2,362,541.22		-2,180,994.95
14. Other taxes		-7,461.86		11,923.25
15. Net profit for the period		8,387,318.01		6,706,205.00
16. Loss carried forward		0.00		-12,262,729.42
17. Transfer from capital reserves		0.00		5,556,524.42
<b>18. Net accumulated profit</b>		<b>8,387,318.01</b>		<b>0.00</b>

## Notes to the Financial Statements for Fiscal Year 2008

### A. General information

#### General standard

The financial statements have been prepared in accordance with the provisions of the third book of the Handelsgesetzbuch (HGB – German Commercial Code) and the supplementary provisions of the Aktiengesetz (AktG – German Stock Corporation Act).

The Company is a large corporation as defined by section 267 (3) of the HGB.

The classification of the annual financial statements is in line with the provisions of sections 266 and 275 of the HGB. We chose to present the income statement according to the total cost format.

### B. Accounting policies

The accounting policies are the same as those of the previous year.

The carrying amounts used in the balance sheet as of December 31, 2007 were carried over unchanged.

Intangible assets and property, plant and equipment are recognized at cost. Depreciation and amortization are charged on a straight-line basis over the expected useful life of the asset and in line with tax provisions. Low-value assets are written down in full in the year of acquisition.

Non-current financial assets are measured at the lower of cost or market on the reporting date, if permanent impairment can be expected.

Merchandise is measured at cost, taking the principle of lower of cost or market into account.

Work in progress is measured at production cost. Direct costs based on hours worked plus overheads eligible for capitalization, excluding administrative overheads, are taken into account. Consideration is given to the principle of lower of cost or market. Interest costs are not recognized.

Receivables and other current assets are reported at their principal amount. Specific risks that can be detected are accounted for by valuation allowances. The general credit risk is covered by a global valuation allowance on receivables.

Prepaid expenses are calculated by allocating expenses to the periods to which they are attributable.

Provisions for pensions are recognized in accordance with the tax provisions under section 6a of the Einkommensteuergesetz (EStG – German Income Tax Act) at net present value, and are based on an interest rate of 6.0% and the 2005 mortality tables of Prof. Heubeck.

Tax provisions and other provisions are recognized in the amount that is likely to be utilized and take all further identifiable risks and uncertain obligations into account.

Liabilities are carried at their amounts repayable. If the closing rate in the case of foreign currency liabilities is above the rate when the obligation arises, the liability is measured at the higher closing rate.

Foreign currency monetary items are posted at the exchange rate on the day of the transaction. Losses incurred as a result of exchange rate fluctuations are taken into account in measurement as of the reporting date. Unrealized exchange rate gains remain unrecognized.

## C. Balance sheet disclosures

### Non-current assets

The breakdown and changes of non-current assets in accordance with section 268 (2) of the HGB in fiscal year 2008 can be found in the accompanying Statement of Changes in Non-current Assets. Depreciation and amortization were charged over the probable useful life of the asset using the straight-line method.

The standard useful lives applied for this are:

Buildings	15 – 40 years
Software and industrial rights	3 – 5 years
IT hardware and customer systems	
Workstations, PCs etc.	3 years
Mainframe computers and routers	5 years
Data-processing systems	5 years
Network technology	10 years
Leasehold improvements	8 – 15 years
Operating and office equipment	8 – 10 years
Technical equipment and machinery	7 – 10 years

	Shares in %	Equity (KEUR)	Net profit/loss for the period (KEUR)
<b>Investments &gt; 20%</b>			
it-go GmbH, Bielefeld	25.2	128	40
<b>Investments &lt; 20%</b>			
BfL Gesellschaft des Bürofachhandels mbH & Co. KG, Eschborn	unter 1	13,847	3,481

The list of shareholdings in accordance with section 285 no. 11 of the HGB is annexed to these Notes to the Financial Statements.

### Inventories

Inventories primarily comprise work in progress in connection with projects being implemented and merchandise (software licenses held for sale):

	Dec. 31, 2008	Dec. 31, 2007
	KEUR	KEUR
Work in progress	15,605	10,127
Merchandise	0	131
	<b>15,605</b>	<b>10,258</b>

Work in progress and merchandise were measured at cost.

### Receivables and other assets

Receivables from subsidiaries include loan receivables of KEUR 5,327 (PY: KEUR 6,177) and trade receivables and receivables from a joint cash pooling arrangement of KEUR 5,481 (PY: KEUR 4,305). Other current assets include receivables from the tax office of KEUR 1,381 (PY: KEUR 460). Receivables and other current assets are due within one year. Receivables from subsidiaries resulting from loan receivables of KEUR 5,327 have a remaining maturity of more than one year. Other current assets include receivables with a remaining maturity of more than one year of KEUR 2,506 (PY: KEUR 2,336).

### Prepaid expenses

Prepaid expenses primarily include maintenance expenses of KEUR 119 and insurance worth KEUR 49.

### Capital stock

The capital stock amounted to EUR 24,292,164.00 as of December 31, 2008 and is divided into 24,292,164 no-par value bearer shares, each with a notional share of EUR 1.00 in the capital stock. Each share vests one voting right and a right to dividends in resolved distributions. The capital was fully paid in.

Due to the exercise of conversion rights that were granted as part of the convertible bond issued on November 29, 2004 at a total nominal amount of EUR 6,000,000.00, the number of shares rose by 296,958 in the fiscal year 2008. The nominal value of the capital stock rose accordingly by EUR 296,958.00.

	EUR
Capital stock as of January 1, 2007	22,466,954.00
Increase due to exercise of conversion rights	
from the convertible bond	1,528,252.00
Capital stock as of December 31, 2007	23,995,206.00
Increase due to exercise of conversion rights	
from the convertible bond	296,958.00
<b>Capital stock as of December 31, 2008</b>	<b>24,292,164.00</b>

### Authorized capital

In accordance with the Articles of Association of itelligence AG, the Management Board is authorized – with the approval of the Supervisory Board – to increase the capital stock once or in partial amounts on several occasions until April 20, 2009 by up to a total of EUR 11,143,767.00 by issuing new ordinary shares. The authorization of the Management Board to raise capital through authorized capital was not used in fiscal year 2008.

### Contingent capital

The capital stock of itelligence AG is the object of a contingent increase. The capital was only increased contingently in this respect as the holders of conversion rights that itelligence AG issued as part of the convertible bond exercised their conversion rights.

The table below shows the changes to the contingent capital in fiscal years 2008 and 2007:

	EUR
Contingent capital as of January 1, 2007	6,806,897.00
Exercise	-1,528,252.00
Contingent capital as of December 31, 2007	5,278,645.00
Exercise	-296,958.00
<b>Contingent capital as of December 31, 2008</b>	<b>4,981,687.00</b>

#### Capital reserves

The capital reserves contain the premiums from the shares issued:

	EUR
Balance as of January 1, 2007	16,703,918.00
Contingent capital increase	2,454,405.01
Withdrawals from capital reserves	-5,556,524.42
Balance as of December 31, 2007	13,601,798.59
Contingent capital increase	475,142.00
<b>Balance as of December 31, 2008</b>	<b>14,076,940.59</b>

In the course of fiscal year 2008, 7,721 convertible bonds were converted at a nominal amount of EUR 772,100.00, raising the nominal value of the capital stock by EUR 296,958.00. This resulted in a premium of EUR 475,142.00 which was appropriated to capital reserves.

#### Net retained profit

	EUR
Balance as of January 1, 2007	-12,262,729.42
Net profit for the period in 2007	6,706,205.00
Netted against capital reserves	5,556,524.42
Balance as of December 31, 2007	0.00
Net profit for the period in 2008	8,387,318.01
<b>Balance as of December 31, 2008</b>	<b>8,387,318.01</b>

#### Provisions for pensions and similar obligations

There are individual defined-benefit pension plans for Management Board members for which provisions are

recognized. The provision amount posted at the reporting date of EUR 893,597.00 corresponds to the net present values of the obligations calculated for tax purposes by an independent actuary (section 6a of the EStG) using a reference rate of 6.0% p.a. and the 2005 mortality tables published by Heubeck Richttafeln GmbH, Cologne.

The Altersteilzeitgesetz (ATG – German Partial Retirement Act), which protects flexible working hours to allow a gradual transition from work to retirement, enables employees aged 55 or older to agree part-time working hours under partial retirement programs which are subsidized by the Bundesanstalt für Arbeit (BfA – German Employment Agency) over a maximum of five years. The block model was agreed with employees of itelligence AG in individual agreements.

The block model provides for employees in the first phase of the partial retirement program (called the employment or working phase) to continue working the originally agreed hours and in the second phase (called the release phase) to be fully released from their obligation to work.

Provisions for partial retirement commitments of EUR 335,900.19 were recognized as liabilities as of December 31, 2008.

#### Other provisions

Other provisions primarily include provisions for staff of KEUR 7,961 (PY: KEUR 6,407), potential losses from current projects of KEUR 1,001 (PY: KEUR 669), rental obligations for vacant premises of KEUR 234 (PY: KEUR 501), provisions for outstanding invoices of KEUR 507 (PY: KEUR 701), provisions for outstanding customer bonuses of KEUR 65 (PY: KEUR 237), provisions for annual financial statements and audit fees of KEUR 189 (PY: KEUR 216) and for warranties of KEUR 509 (PY: KEUR 433).

## Liabilities

The Company had the following liabilities as of the reporting date:

	Of which with a remaining maturity				Of which secured amounts KEUR
	<b>Total amount</b>	Less than	Between	More than	
	<b>Dec. 31, 2008</b>	1 year	1 to 5 years	5 years	
	KEUR	KEUR	KEUR	KEUR	
Bonds	788	788	0	0	0
Amounts due to banks	144	17	68	59	144 (B)
Advance payments received on orders	14,518	14,518	0	0	0
Trade payables	11,313	11,313	0	0	0
Amounts due to subsidiaries	188	188	0	0	0
Other liabilities	2,475	2,125	350	0	542 (A)
	<b>29,426</b>	<b>28,949</b>	<b>418</b>	<b>59</b>	<b>686</b>

A) Secured by retention of title.

B) Secured by land charge.

Other liabilities primarily include liabilities from taxes of KEUR 1,682 and other borrowings in the amount of KEUR 542 which relate to rent-to-own agreements.

The bond liability comprised the following as of December 31, 2008:

	KEUR
2004/2009 convertible bond	788

On November 29, 2004 the Company issued a convertible bond with a total nominal amount of EUR 6,000,000.00. A total of 60,000 bonds with a nominal amount of EUR 100.00 were issued at an issue price of 100%. The bond matures in five years and bears interest of 7% p.a. It was not possible to convert the bond until after the Annual General Meeting in 2005, at a conversion price of EUR 2.60 into a maximum of 2,307,692 shares from the Company's contingent capital.

On December 31, 2008 a total of 7,879 convertible bonds vesting the right to conversion into 303,038 new shares of itelligence AG were outstanding. 7,721 convertible bonds were converted in the course of fiscal year 2008.

### Contingent liabilities and other financial obligations

There are contingent liabilities from guarantees of KEUR 548 (PY: KEUR 500), KEUR 33 (PY: KEUR 33) of which was to subsidiaries. The written-down loans to itelligence Austria, itelligence Brazil and itelligence England will still have subordinate status in the event of insolvency.

In a letter of comfort issued to DZ Bank Polska S.A. dated November 30, 2004, the Company undertook always to support itelligence Poland financially such that it is in a position to meet its obligations to banks at all times. The maximum amount is EUR 2.2 million plus interest and ancillary costs. The letter of comfort

dated November 30, 2004 replaces the letter dated December 3, 2002.

itelligence Outsourcing & Services utilized development loans for investments in the data center in Bautzen of KEUR 8,457 in connection with a development program. The inventory has been assigned and the receivables of itelligence Outsourcing & Services are globally assigned. Furthermore, itelligence AG is recorded as another borrower here and has undertaken to help make the agreed interest and principal repayments.

Some of the foreign subsidiaries have credit lines of KEUR 2,433 (PY: KEUR 2,643) at their disposal that are guaranteed by itelligence AG which enable them to raise a loan at the current interest rate in local currency up to a specific amount at short notice. The credit lines had not been utilized as of December 31, 2008.

There are also guarantee and letter of comfort commitments for itelligence Belgium, itelligence Russia and itelligence Czech Republic in the form of general liquidity commitments.

The rental and leasing obligations with fixed and indefinite terms are spread over the next few years as follows:

	KEUR
Payable in 2009	4,166
Payable in 2010	2,929
Payable in 2011	1,937
Payable in 2012	1,132
Payable in 2013	976
Thereafter	12,663
	<b>23,803</b>

Other financial obligations primarily include the annual costs for the office building in Bielefeld of KEUR 795 and leasing obligations for company vehicles of KEUR 1,924 a year.

## D. Income statement disclosures

### Revenues

Divided by segments, the revenues are:

	2008	2007
	KEUR	KEUR
Consulting	54,017	48,745
Licenses	22,881	17,334
Outsourcing & Services	17,510	13,706
Other	2,031	2,931
Sales deductions	-2,468	-2,072
	<b>93,971</b>	<b>80,644</b>

KEUR 4,475 of the revenues (PY: KEUR 9,477) were generated outside Germany.

### Write-downs of current assets

Write-downs of current assets are comprised as follows:

	Dec. 31, 2008	Dec. 31, 2007
	KEUR	KEUR
Write-downs of work		
in progress	0	156
Write-downs of loans		
itelligence Austria	426	125
Write-downs of loans		
itelligence Brazil	88	0
Write-downs		
of loans - UK	171	319
	<b>685</b>	<b>600</b>

### Other operating income/expenses

Other operating income includes income from the reversal of financial assets. itelligence AG measures investments in subsidiaries and investments at the lower of cost or fair value on the reporting date if permanent impairment can be expected. The fair values are calculated on the basis of the planning available for the respective companies. The carrying amount of itelligence Spain was written down in previous years to KEUR 0. Based on the ongoing sound business performance coupled with positive projected figures, the write-down of the investment was reversed in the amount of KEUR 542 (previous year: KEUR 2,281). Furthermore, based on the positive projected figures, the write-down of the itelligence England investment was reversed in the amount of KEUR 71. The carrying amount was written down in previous years to KEUR 0. The DCF method was used to determine the fair value.

In the fiscal year 2008, write-downs of current receivables from subsidiaries resulted in other operating expenses of KEUR 1,550 (PY: KEUR 857).

Other operating income and expenses also include prior-period income and expenses. Prior-period income primarily comprises income from insurance compensation for previous years of KEUR 16, income from the reversal of provisions totaling KEUR 100 and income from the reversal of write-downs in the amount of KEUR 569. This was offset by prior-period expenses from asset disposals of KEUR 44 and from the addition to other prior-period provisions of KEUR 122.

### Income taxes

Current taxes are calculated on the basis of current tax rates. In Germany, a combined tax rate of 30.52% (PY: 39.20%) was applied taking into account a corporate income tax rate of 15% plus a solidarity surcharge of 5.50% and trade tax of 14.7%. The change in the combined tax rate arose from the reduction in the combined tax rate of 25% to 15%, the non-deductibility of trade tax, the lowering of the basic rate of trade tax from 5% to 3.5% and the change in the basis of calculation for the average trade tax rate of assessment. The tax expense of KEUR 2,363 includes taxes of KEUR 3,071 for the current year and refunds for previous years of KEUR 708.

## E. Other disclosures

### Annual average number of employees

In fiscal year 2008, 534 (PY: 444) staff were employed on average. An average of 76 persons were employed in administration, 50 in sales, 370 in consulting and 38 in Outsourcing & Services. itelligence AG had 586 employees as of December 31, 2008.

### Consolidated financial statements

The consolidated financial statements of itelligence AG prepared in accordance with International Financial Reporting Standards are disclosed in the electronic Bundesanzeiger (German Federal Gazette) and can be obtained from the Company.

### The Company's executive bodies

The members of the Management Board and the Supervisory Board are as follows:

#### Management Board

Membership on supervisory boards and other comparable German and foreign supervisory boards of business enterprises not belonging to the itelligence Group (as of December 31, 2008)

#### Herbert Vogel

CEO

#### *Other Boards:*

Chairman of the Supervisory Board of ALUTEK-BELTE AG

Member on the Supervisory Board of Cayago AG

#### Norbert Rotter

CFO

#### Supervisory Board

#### Dr. Lutz Mellinger

Chairman

Divisional Manager at Deutsche Bank

Retired

#### *Other Boards:*

Chairman of the Supervisory Board of Heller & Partner AG

Chairman of the Supervisory Board of Quantum Immobilien Kapitalanlagegesellschaft mbH

Member of the Supervisory Board of Prime Office AG

Member of the Advisory Board of Kufner Textilwerke KG

#### Dr. Stephan Kremeyer

Deputy Chairman (since May 20, 2008)

Employee Representative

SAP Consultant

#### Kazuyuki Arata

(since May 20, 2008)

Executive Vice President and Director

NTT DATA Corporation, Tokyo

#### *Other Boards:*

NTT DATA Sanyo System Corporation

NTT DATA Systems Corporation

NTT DATA Business Consulting Corporation

NTT DATA CCS Corporation

NTT DATA MSE Corporation

Shenzhen NTT DATA East Net Co., Ltd.

Cirquent GmbH

JSOL Corporation (since January 5, 2009)

#### Takashi Enomoto

(since May 20, 2008)

Executive Vice President and Representative Director

NTT DATA Corporation, Tokyo

#### *Other Boards:*

Construction-ec.com Co., Ltd.

M.I.S.I.Co., Ltd.

MISICOM, Inc.

NTT DATA INTERNATIONAL L.L.C.

The Revere Group, Limited

NTT DATA EUROPE GmbH & Co. KG

NTT DATA EUROPE Verwaltungs-GmbH

Cirquent GmbH

**Fritz Fleischmann**

Senior Managing Director Central Europe  
Adobe Systems GmbH

**Other Boards:**

Deputy Chairman of the Supervisory Board  
of Atoss Software AG

**Dr. Britta Lenzmann**

(since May 20, 2008)

Employee Representative  
SAP Salesperson

**Johannes Cordes**

(until May 20, 2008)

Deputy Chairman  
Employee Representative  
SAP Consultant

**Erwin Gunst**

(until May 20, 2008)

Chief Operating Officer SAP AG

**Other Boards:**

Member of the Executive Board of SAP Italy S.p.A.  
Member of the Executive Board of SAP France S.A.  
Member of the Executive Board of SAP Hellas S.A.  
Deputy Chairman of the Supervisory Board of SAP  
Türkiye Yazilim Uretim ve Ticaret A.S.  
Member of the Administration Board SAP  
(Switzerland) AG

**Anke Ruff**

(until May 20, 2008)

Employee Representative  
SAP Consultant

the structure of the remuneration systems and the remuneration of the individual members of the Management Board. The Staff Committee regularly discusses and reviews the remuneration structure.

The following criteria apply to the individual remuneration components:

- The fixed remuneration is paid monthly as a salary.
- The amount of variable short-term remuneration is dependent on certain Company performance-specific and personal targets being achieved. Half of achieving the Company performance-specific goals depends on consolidated EBIT and the other half on consolidated revenues growth. This will be paid after the Annual General Meeting in May 2009.
- The variable long-term remuneration depends on the three-year performance of the average unweighted Xetra closing rate of itelligence's shares. itelligence shares are notionally issued after the end of the Annual General Meeting of itelligence on the basis of the unweighted Xetra closing rate for all trading days of the preceding fiscal year. After the end of the third subsequent Annual General Meeting, the average of the unweighted Xetra closing rate for all trading days of the preceding fiscal year is calculated. If the comparison of the average price at the time of issue and the average price after the end of the three-year analysis period shows an increase in the share price of the Company, the respective member of the Management Board receives the amount of the notional increase. The variable long-term remuneration can only be paid after the third Annual General Meeting is concluded.

**Remuneration of the Management Board**

The remuneration of the Management Board of itelligence consists of fixed and variable (performance-based) components. The performance-based components are geared towards the Company's short-term and long-term performance. The Staff Committee of the Supervisory Board is responsible for determining

Broken down, the remuneration of the Management Board for fiscal year 2008 was as follows:

	2008	2007
	KEUR	KEUR
<b>Herbert Vogel CEO</b>		
Fixed remuneration	374	338
Variable remuneration	401	209
Remuneration with long-term incentive effect	-54	58
Pension expenses	2	40
	<b>723</b>	<b>645</b>
<b>Norbert Rotter CFO (since January 1, 2008)</b>	<b>2008</b>	<b>2007*</b>
	KEUR	KEUR
Fixed remuneration	150	200
Compensation payment	0	230
Variable remuneration	150	209
Remuneration with long-term incentive effect	10	0
Pension expenses	10	22
	<b>320</b>	<b>661</b>

\* The figures for the previous year are for Jörg Vandreiher (CFO until December 31, 2007)

In fiscal year 2008, the second tranche of long-term, share-based remuneration, with a term from January 1, 2005 to December 31, 2007, was paid to the CEO in the amount of KEUR 39.6. The average price of itelligence shares for the period from January to December 2007 was EUR 4.618 according to closing stock market prices (Xetra). The tranche was measured in the amount of the average closing stock market prices (Xetra) for 2004 at EUR 2.320. The earnings increase was multiplied by the number of notionally acquired shares. This was recognized as an expense and stated in the remuneration report in the years 2006 to 2007.

After the end of the Annual General Meeting on May 20, 2008, a fifth tranche with a term from January 1, 2008 to December 31, 2010 was issued for the members of the Management Board. The basis for the future measurement is the average closing stock market price (Xetra) for 2007 in the amount of EUR 4.618. As of the time of issue, the fair value amounted to KEUR 34 for the CEO and KEUR 26 for the CFO.

Insurance expenses of KEUR 18 were incurred in 2008 for pension obligations to former members of executive bodies amounting to KEUR 361. The financing status changed as follows:

	2008	2007
	KEUR	KEUR
Defined benefit obligation	361	365
Cash surrender value of the employer's pension liability insurance policy	-360	-307
Financing status	1	58

The members of the Management Board were not granted any loans by the Company.

#### Remuneration of the Supervisory Board

The remuneration of itelligence AG's Supervisory Board is regulated in Article 16 of the Articles of Association. In line with this provision, Supervisory Board members receive remuneration comprising one fixed and one variable component in addition to reimbursement for their expenses. The amount of the variable remuneration is geared towards the Company's short-term and long-term success

- (1) Each member of the Supervisory Board receives fixed annual remuneration of EUR 10,000. The remuneration for the Chairman is three times this amount and that for his deputy one-and-a-half times this amount. The fixed remuneration is payable after the end of each fiscal year.
- (2) Members of the committees of the Supervisory Board additionally receive fixed remuneration of EUR 5,000 for each position held in a committee. The Chairman of a committee receives three times this amount, his deputy one-and-a-half times this amount. The additional remuneration as per the above sentence is payable annually after the end of the fiscal year.
- (3) The remuneration of each member of the Supervisory Board rises by EUR 100 per EUR 0.01 of consolidated earnings per share if positive consolidated earnings per share are reported.

The remuneration of the Chairman of the Supervisory Board is three times this amount, that of the Deputy Chairman one-and-a-half times the performance-based remuneration in line with sentence 1 of this paragraph (3). The consolidated earnings per share are calculated by dividing the consolidated net profit for the period in the consolidated financial statements of itelligence for the relevant fiscal year by the weighted average number of shares. The performance-based remuneration in line with this paragraph (3) is payable in the first working day after the Annual General Meeting in which the consolidated financial statements for the fiscal year in question are presented.

- (4) Furthermore, the members of the Supervisory Board receive long-term performance-based remuneration based on the performance of the Company, which is calculated as follows: After the end of the Annual General Meeting it is supposed that the Company invests a notional amount of EUR 5,000 for each member of the Supervisory Board in shares of the Company in line with the average unweighted closing price on Xetra for all the trading days of the preceding fiscal year. The notional amount for the Chairman of the Supervisory Board is EUR 15,000, that for the Deputy Chairman is EUR 7,500. After the end of the third subsequent Annual General Meeting, the average of the unweighted Xetra closing rate for all trading days of the respective preceding fiscal year is calculated. If the comparison of the average price in line with sentence 2 with the average in line with sentence 4 shows a rise in the share price of the Company, the respective member of the Supervisory Board receives the amount of the rise in value of the shares notionally acquired in sentence 2. This performance-based remuneration is payable on the first working day after the third Annual General Meeting in line with sentence 4. Members of the Supervisory Board who do not remain in office over the entire three-year period receive this performance-based remuneration pro rata after the end of the three-year period.

- (5) Supervisory Board members that were not in office during the entire fiscal year received their remuneration pro rata in line with paragraphs (1) to (4).

Broken down, the remuneration recognized as expense for fiscal year 2008 was as follows:

	Fixed remuneration component	Committee remuneration	Variable remuneration component Earnings per share	Variable remuneration component Share price performance	2008 Total	2007 Total
	KEUR	KEUR	KEUR	KEUR	EUR	KEUR
Dr. Lutz Mellinger (Chairman since November 14, 2007)	30.0	37.5	12.1	-1.6	78.0	47.3
Prof. Dr.-Ing. Peter-Jürgen Kreher (Chairman until November 2, 2007)	0.0	0.0	0.3	-15.7	-15.4	90.6
Dr. Stephan Kremeyer (Deputy Chairman since May 20, 2008)	9.2	3.1	3.4	0.6	16.2	0.0
Johannes Cordes (Deputy Chairman until May 20, 2008)	5.8	2.9	2.3	-14.7	-3.7	46.6
Fritz Fleischmann	10.0	27.5	3.8	-8.1	33.2	34.6
Dr. Britta Lenzmann (member since May 20, 2008)	6.1	7.6	2.3	0.4	16.4	0.0
Takashi Enomoto (member since May 20, 2008)	6.1	0.0	2.3	0.4	8.8	0.0
Kazuyuki Arata (member since May 20, 2008)	6.1	0.0	2.3	0.4	8.8	0.0
Erwin Gunst (member until May 20, 2008)	3.9	3.9	1.5	-9.8	-0.5	36.1
Anke Ruff (member until May 20, 2008)	3.9	1.9	1.5	-9.8	-2.5	31.1
	<b>81.1</b>	<b>84.4</b>	<b>31.8</b>	<b>-58.0</b>	<b>139.3</b>	<b>286.3</b>

In fiscal year 2008, the second tranche of long-term, share-based remuneration, with a term from January 1, 2005 to December 31, 2007, was paid to the members of the Supervisory Board, in the amount of KEUR 6.9 to the Chairman Dr. Lutz Mellinger, KEUR 12.0 to the former Chairman Prof. Peter-Jürgen Kreher, KEUR 7.4 to the Deputy Chairman Johannes Cordes and KEUR 5.0 each to the members Fritz Fleischmann, Anke Ruff and Erwin Gunst. The average price of itelligence shares for the period from January to

December 2007 was EUR 4.618 according to closing stock market prices (Xetra). The tranche was measured in the amount of the average closing stock market prices (Xetra) for 2004 at EUR 2.320. The earnings increase was multiplied by the number of notionally acquired shares. This was recognized as an expense and stated in the remuneration report in the years 2006 to 2007.

After the end of the Annual General Meeting on May 20, 2008, a fifth tranche with a term from January 1, 2008 to December 31, 2010 was issued for the members of the Supervisory Board. The basis for the future measurement is the average closing stock market price (Xetra) for 2007 in the amount of EUR 4.618. As of the time of issue, the fair value amounted to KEUR 2.8 for the Chairman of the Supervisory Board, KEUR 1.4 for the Deputy Chairman and KEUR 0.9 for all other members.

itelligence AG also reimburses the members of the Supervisory Board for the value-added tax incurred by their Supervisory Board remuneration if and to the extent that this is invoiced by a member of Supervisory Board or is reported in a credit note in place of the invoice.

The members of the Supervisory Board were not granted any advances on future remuneration or loans. Furthermore, itelligence did not enter into any contingent liabilities for members of the Supervisory Board.

#### Related parties

Several members of itelligence AG's Supervisory Board are or were employed in responsible and influential positions at other companies, with which itelligence AG maintains normal dealings. In so doing, software and services are purchased under conditions as with external third parties.

#### Declaration of compliance with the German Corporate Governance Code in accordance with section 161 of the AktG

The Management Board and Supervisory Board issued the declaration required in accordance with section 161 of the AktG that the recommendations of the "German Corporate Governance Code Government Commission" published in the official section of the electronic Bundesanzeiger (German Federal Gazette) by the Federal Ministry of Justice were complied with, specifying which recommendations are not imple-

mented at present. The declaration was also made permanently available to the shareholders of itelligence AG on the Company's homepage.

#### Group affiliation

itelligence AG has a majority shareholder since December 13, 2007 – NTT DATA EUROPE GmbH & Co. KG, which is a wholly-owned subsidiary of the NTT DATA CORPORATION.

NTT DATA EUROPE GmbH & Co. KG is a German limited partnership founded on October 16, 2007. It is headquartered in Düsseldorf. The object of the company is to acquire, hold and manage investments in companies, to provide services to the investees against payment and to sell investments or their assets. NTT DATA EUROPE GmbH & Co. KG has no subsidiaries. NTT DATA EUROPE Verwaltungs-GmbH is the sole personally liable partner. The sole partner of the general partner and sole limited partner is the NTT DATA CORPORATION, which is based in Tokyo (Japan).

### Disclosures in accordance with section 160 (1) no. 8 of the AktG

Name	Notification of voting rights Date:	Effective as of Date:	Text:	Share %	Number of shares Quantity
Allianz Global Investors	Jan. 4, 2008	Dec. 28, 2007	Fell below 3%	0	0
Credit Suisse	Jan. 7, 2008	Dec. 28, 2007	Fell below 10%	0	0
Nobel SA	Jan. 9, 2008	Jan. 2, 2008	Fell below 10%	0	0
Ratio Asset Management LLP	Jan. 7, 2008	Dec. 31, 2007	Fell below 3%	0	0
Polar Capital	Jan. 29, 2008	Dec. 28, 2007	Fell below 3%	0	0
NTT DATA Europe	Jan. 14, 2008	Jan. 14, 2008	Exceeded 75%	87.41	20,974,169
NTT Communication Corporation	Feb. 7, 2008	Feb. 7, 2008	Exceeded 10%	10.25	2,459,523

#### Appropriation of net profit/loss

The net profit for the period of KEUR 8,387 together with the carryforward of KEUR 0 results in a net retained profit of KEUR 8,387. The Management Board and the Supervisory Board propose to the Annual General Meeting to distribute a dividend of EUR 0.12 per share from the net retained profit of itelligence AG.

#### Fees and services of the auditor

The shareholders of itelligence AG elected KPMG AG Wirtschaftsprüfungsgesellschaft as the auditor of the annual and consolidated financial statements of itelligence AG for fiscal year 2008 in the Annual General Meeting on May 20, 2008. With respect to the auditor as defined in section 319 (1) sentences 1 and 2 of the Handelsgesetzbuch (HGB – German Commercial Code), the following fees were incurred in the current fiscal year:

	2008	2007
	KEUR	KEUR
Audit fees	118	85
Fees for tax consultancy services	72	59
Fees for other confirmation and valuation services	9	8
Fees for other services	21	12
	<b>220</b>	<b>164</b>

Bielefeld, March 11, 2009  
itelligence AG, Bielefeld

**Herbert Vogel**  
CEO

**Norbert Rotter**  
CFO

**Statement of Changes in Non-Current Assets →  
in the Fiscal Year 2008**

## Statement of Changes in Non-Current Assets in the Fiscal Year 2008

	Cost				
EUR	Jan. 1, 2008	Additions	Reclassifications	Disposals	Dec. 31, 2008
<b>I. Intangible assets</b>					
1. Concessions, industrial and similar rights and assets and licenses					
in such rights and assets	1,130,975.31	193,476.53	-7,650.00	87,435.99	1,229,365.85
2. Goodwill	1,769,069.91	0.00	0.00	0.00	1,769,069.91
	<b>2,900,045.22</b>	<b>193,476.53</b>	<b>-7,650.00</b>	<b>87,435.99</b>	<b>2,998,435.76</b>
<b>II. Property, plant and equipment</b>					
1. Land, land rights and buildings including buildings on third-party land	223,000.55	90,733.65	0.00	0.00	313,734.20
2. Technical equipment and machinery	514,604.14	108,083.35	0.00	21,923.52	600,763.97
3. Other equipment, operating and office equipment	4,005,520.08	1,060,733.44	7,650.00	458,768.57	4,615,134.95
4. Assets under construction	0.00	30,751.72	0.00	0.00	30,751.72
	<b>4,743,124.77</b>	<b>1,290,302.16</b>	<b>7,650.00</b>	<b>480,692.09</b>	<b>5,560,384.84</b>
<b>III. Financial assets</b>					
1. Investments in subsidiaries	21,463,303.05	1,493,062.38	0.00	0.00	22,956,365.43
2. Investments	10,225.84	0.00	0.00	0.00	10,225.84
	<b>21,473,528.89</b>	<b>1,493,062.38</b>	<b>0.00</b>	<b>0.00</b>	<b>22,966,591.27</b>
	<b>29,116,698.88</b>	<b>2,976,841.07</b>	<b>0.00</b>	<b>568,128.08</b>	<b>31,525,411.87</b>

Accumulated depreciation, amortization and write-downs					Carrying amounts	
Jan. 1, 2008	Depreciation, amortization and write-downs in the fiscal year	Reclassifications	Disposals	Dec. 31, 2008	Dec. 31, 2008	Dec. 31, 2007
765,240.31	170,702.53	7,650.00	52,768.99	875,523.85	353,842.00	365,735.00
1,769,069.91	0.00	0.00	0.00	1,769,069.91	0.00	0.00
<b>2,534,310.22</b>	<b>170,702.53</b>	<b>7,650.00</b>	<b>52,768.99</b>	<b>2,644,593.76</b>	<b>353,842.00</b>	<b>365,735.00</b>
2,042.55	24,923.65	0.00	0.00	26,966.20	286,768.00	220,958.00
332,426.14	55,303.35	0.00	16,960.52	370,768.97	229,995.00	182,178.00
2,579,016.08	790,276.44	-7,650.00	453,521.57	2,923,420.95	1,691,714.00	1,426,504.00
0.00	0.00	0.00	0.00	0.00	30,751.72	0.00
<b>2,913,484.77</b>	<b>870,503.44</b>	<b>-7,650.00</b>	<b>470,482.09</b>	<b>3,321,156.12</b>	<b>2,239,228.72</b>	<b>1,829,640.00</b>
3,819,210.57	-612,711.67	0.00	0.00	3,206,498.90	19,749,866.53	17,644,092.48
0.00	0.00	0.00	0.00	0.00	10,225.84	10,225.84
<b>3,819,210.57</b>	<b>-612,711.67</b>	<b>0.00</b>	<b>0.00</b>	<b>3,206,498.90</b>	<b>19,760,092.37</b>	<b>17,654,318.32</b>
<b>9,267,005.56</b>	<b>428,494.30</b>	<b>0.00</b>	<b>523,251.08</b>	<b>9,172,248.78</b>	<b>22,353,163.09</b>	<b>19,849,693.32</b>

## **Responsibility Statement by itelligence AG's Management Board**

*To the best of our knowledge, and in accordance with the applicable reporting principles for financial reporting, the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group, and the Management Report of the Group includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal opportunities and risks associated with the expected development of the Group.*

Bielefeld, March 11, 2009  
itelligence AG, Bielefeld

The Management Board

## Auditor's Report

We have audited the annual financial statements, comprising the balance sheet, the income statement and the notes to the financial statements, together with the bookkeeping system, and the management report of the itelligence AG for the business year from January 1, 2008 to December 31, 2008. The maintenance of the books and records and the preparation of the annual financial statements and management report in accordance with German commercial are the responsibility of the Company's management. Our responsibility is to express an opinion on the annual financial statements, together with the bookkeeping system, and the management report based on our audit.

We conducted our audit of the annual financial statements in accordance with § 317 HGB ["Handelsgesetzbuch": "German Commercial Code"] and German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). Those standards require that we plan and perform the audit such that misstatements materially affecting the presentation of the net assets, financial position and results of operations in the annual financial statements in accordance with [German] principles of proper accounting and in the management report are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the Company and expectations as to possible misstatements are taken into account in the determination of audit procedures. The effectiveness of the accounting-related internal control system and the evidence supporting the disclosures in the books and records, the annual financial statements and the management report are examined primarily on a test basis within the framework of the audit. The audit includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the

overall presentation of the annual financial statements and management report. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not led to any reservations.

In our opinion, based on the findings of our audit, the annual financial statements comply with the legal requirements and give a true and fair view of the net assets, financial position and results of operations of the Company in accordance with [German] principles of proper accounting. The management report is consistent with the annual financial statements and as a whole provides a suitable view of the Company's position and suitably presents the opportunities and risks of future development.

Bielefeld, March 11, 2009

KPMG AG Wirtschaftsprüfungsgesellschaft  
(formerly KPMG Deutsche Treuhand-Gesellschaft  
Aktiengesellschaft Wirtschaftsprüfungsgesellschaft)

Rehnen  
Wirtschaftsprüfer

Lo Conte  
Wirtschaftsprüfer

