



01/01/2010–  
09/30/2010

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## itelligence at a glance

for the Period January 1 to September 30, 2010 and 2009

in MEUR	Jan. 01 - Sep. 30, 2010	Jan. 01 - Sep. 30, 2009	July 01 - Sep. 30, 2010	July 01 - Sep. 30, 2009
Total revenues	188.8	158.3	69.5	52.3
Revenues by area				
Consulting	101.9	85.2	35.4	25.5
Licenses	17.2	16.5	8.1	7.2
Outsourcing & Services	69.3	56.4	25.9	19.5
Other	0.4	0.2	0.1	0.1
Revenues by segment				
Germany/Austria	84.4	83.6	29.2	29.4
Western Europe	38.8	22.7	15.8	6.8
Eastern Europe	13.1	11.7	5.3	3.9
USA	48.7	37.8	17.8	11.3
Asia	1.3	0.0	0.6	0.0
Other	2.5	2.5	0.8	0.9
EBIT	7.3	7.0	4.1	3.3
EBIT margin	3.9%	4.4%	5.9%	6.2%
EBITDA	13.2	12.1	6.2	5.0
EBITDA margin	7.0%	7.7%	8.9%	9.5%
IFRS net profit	3.3	4.5	1.8	2.1
IFRS earnings per share in EUR	0.13	0.18	0.07	0.09

## Letter to the Shareholders

### → Key figures for the first nine months 2010 at a glance

- Revenues up +19.3% to MEUR 188.8 (after adjustment for currency translation effects: +17.2%)
- EBIT increases by 4.3% to MEUR 7.3 (after acquisition costs of MEUR 1.2)
- Substantial growth in revenues (+32.9%) and earnings (+24.2%) in third quarter
- Year-on-year revenue development: Germany/Austria +0.9%, Western Europe +70.8% (after adjustment for currency translation effects: +63.0%), Eastern Europe +11.7% (after adjustment for currency translation effects: +6.1%), USA +29.0% (after adjustment for currency translation effects: +25.1%), Asia contributes MEUR 1.3 to total revenues
- Strong growth in Consulting (+19.5%) and Outsourcing & Services (+22.9%); positive development in Licenses business (+4.5%)
- Orders on hand rise 23% to MEUR 192.5 (previous year: MEUR 156.5)

#### *Ladies and Gentlemen, dear Shareholders,*

Following a muted start to 2010, itelligence enjoyed a strong third quarter, increasing its revenues for the first nine months by +19.3% year-on-year to MEUR 188.8 (after adjustment for currency translation effects: +17.2%). It should be noted that, in addition to acquisitions, itelligence recorded strong organic growth of MEUR 12.8 (+8.1%).

Revenues in the Outsourcing & Services division increased by MEUR +12.9, from MEUR 56.4 to MEUR 69.3, particularly as a result of servicing revenues. Consulting revenues were up MEUR +16.7 year-on-year at MEUR 101.9. Revenues from the sale of licenses amounted to MEUR 17.2 in the first nine months, MEUR +0.7 higher than in the same period of the previous year.

In the first nine months, segment revenues amounted to MEUR 84.4 in Germany/Austria, MEUR 38.8 in Western Europe, MEUR 13.1 in Eastern Europe, MEUR 48.7 in the USA, MEUR 1.3 in Asia and MEUR 2.5 in the Other segment.

EBIT for the first nine months amounted to MEUR 7.3 after acquisition costs of MEUR 1.2, compared with EBIT of MEUR 7.0 in the same period of the previous year. The EBIT margin fell by 0.5%-points, from +4.4% to +3.9%, as a result of the above-average revenue growth.

In the first nine months, the EBIT contribution of the Germany/Austria segment declined significantly by MEUR -2.8 to MEUR 3.4. This was due to the weakness of the Consulting business at the start of the year; all in all, earnings in this division fell by -6.3% year-on-year to MEUR 39.2, which reduced significantly the EBIT contribution. The positive revenue development in the Outsourcing & Services division (up +9.1% to MEUR 34.4) led to an increased EBIT contribution in this area.

The volume in the Licenses division also rose by +4.9%, although margins were slightly lower.

In Western Europe, the EBIT contribution improved by +13.5% or MEUR +0.1 year-on-year to total MEUR 0.8. The fundamentally positive earnings development was offset by the acquisition costs for the companies in France and the United Kingdom (MEUR -0.9), as these costs were recognized in full whereas the earnings contributions from the companies acquired are only included for three or six months.

The EBIT contribution in Eastern Europe amounted to MEUR +0.2, representing a year-on-year improvement of MEUR +0.9 even allowing for acquisition costs of MEUR 0.1. This positive development was due to the sharp increase in the earnings contribution in Russia and Slovenia and the positive effect from the restructured companies in the Czech Republic and Slovakia.

Business in the USA developed particularly well, with the EBIT contribution increasing by a substantial MEUR +2.7 year-on-year to MEUR +3.4. This figure also includes acquisition costs of around MEUR 0.2.

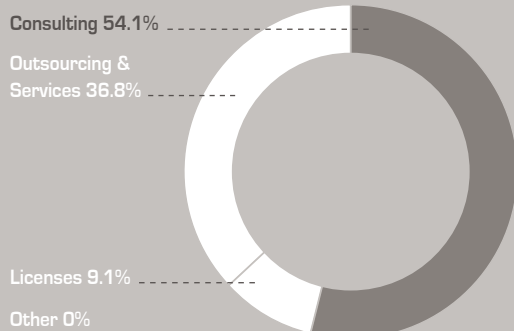
The EBIT contribution from the Asia segment amounted to MEUR -0.6 in the period under review. This was primarily due to start-up costs in Malaysia. Consulting business in Shanghai developed well, with utilization rates on the rise.

IFRS net profit for the first nine months of 2010 amounted to MEUR 3.3, representing a year-on-year decrease of MEUR -1.2. This was due in particular to the higher tax rate within the itelligence group. Earnings per share (basic) declined from EUR 0.18 per share to EUR 0.13 per share.

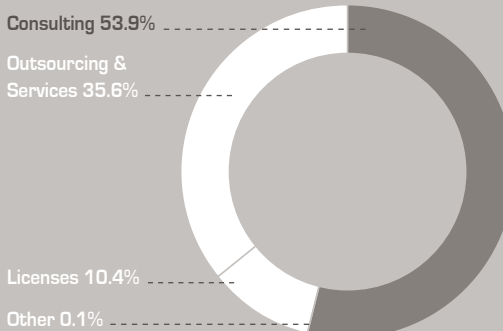
Orders on hand increased by 23% compared with the same period of the previous quarter, from MEUR 156.5 to MEUR 192.5.

#### Share of revenues by area

9 months 2010



9 months 2009



### **Acquisition of British SAP consulting company Chelford SAP Solutions Ltd.**

In early August, itelligence announced the 100% acquisition of the British consulting company Chelford SAP Solutions. This acquisition and the integration of itelligence's activities creates the largest SAP consulting company for SMEs in the United Kingdom. Chelford SAP Solutions employs around 60 people and has been successfully active in the key industries of trade, manufacturing and consumer goods for more than 13 years.

Chelford SAP Solutions is one of the leading SAP Gold Partners and most successful SAP value added resellers on the UK market. It was also one of the first SAP Business Objects Partners. As a full-service provider, Chelford SAP Solutions offers a complete IT service range for SMEs, from SAP licensing and consulting through to maintenance and support. Its customers include prominent British companies such as the Edrington Group, Inverhouse, Hafele UK Ltd., the Markit Group and Kingspan, as well as the Irish company Ryanair.

### **Customer projects, SAP partnership and awards**

In July, compamedia GmbH and Dr. Dietmar Fink, Professor for Management Consulting at the Bonn-Rhine-Sieg University of Applied Sciences, awarded itelligence AG the "TOP CONSULTANT" quality level in the category of IT consultants in the SME segment. With the "TOP CONSULTANT" award, Prof. Fink and compamedia GmbH have created a high-quality seal of approval with an academic background. The extensive analysis is based on evaluations by itelligence customers, who were surveyed online by Prof. Fink and his team in a standardized procedure. A comprehensive catalog of criteria not only examined the technical and

methodological expertise of the consulting companies in question, but also allowed conclusions to be drawn with regard to their consulting services and hence customer satisfaction. In the points examined – expertise, reliability, connectivity and customer satisfaction – itelligence enjoyed impressive performance across the board, achieving the highest ratings for specialist expertise and integrity.

SAP Deutschland AG & Co. KG once again included itelligence AG in its Special Expertise Program for SAP Customer Relationship Management (SAP CRM). With this inclusion, SAP is honoring the extensive product and process know-how and established project expertise of itelligence's consultants in the field of CRM, meaning that the Company remains on track for success in this area. The Special Expertise Program (SEP) recognizes SAP partners who can demonstrate specialist expertise in selected SAP solutions or industries. As well as its specialist qualifications, the renewed inclusion of itelligence in SEP for SAP CRM can be attributed to the large number of successful CRM projects it has implemented.

itelligence is one of the global leaders for the marketing of SAP Business ByDesign and was named a Solution Reseller for SAP Business ByDesign in the third quarter. itelligence AG is significantly expanding its cooperation with SAP Deutschland AG & Co. KG with its new partner status of SAP Business ByDesign Solution Reseller. In future, itelligence will launch and market the SAP Business ByDesign on-demand business solution independently and offer additional services. itelligence has been one of the Early Partners in the SAP Business ByDesign program for a number of years and is now one of the first SAP consultants in the world to have successfully completed the nomination phase and gained official partner status. itelligence qualified for Solution Reseller partner status in two core areas: in terms of its consulting expertise through the multiple

independent implementation of SAP Business ByDesign and due to the possibility of performing the independent marketing of SAP Business ByDesign as an on-demand solution.

In the third quarter, itelligence reported that it had gone live with SAP Business ByDesign at its client Ploetz + Zeller GmbH, Munich, following an implementation period of just four weeks. With this success, itelligence demonstrated the extent to which SAP's innovative on-demand solution can be applied to SMEs. Around 15 employees at the up-and-coming Munich IT service provider's two locations now have access to complete, integrated enterprise software based on SAP Business ByDesign.

Ploetz + Zeller GmbH is one of the first companies in Germany to convert its entire enterprise software to SAP Business ByDesign in a big bang process and to make use of the full potential of SAP's on-demand solution. Ploetz + Zeller is using SAP Business ByDesign for Service Providers, a version that has been tailored to the requirements of service providers with preconfigured functions for sales, purchasing, project management, service processing, cash flow management, and external and internal accounting. All of the company's divisions at its two locations in Munich and Dortmund are now benefiting from integrated IT processes.

A large number of new customers opted for itelligence AG as their SAP consulting company in the third quarter, including the automotive supplier Hengst GmbH & Co. KG, Münster, HIB Trim Parts Solutions GmbH & Co. KG, Bruchsal, Weißer + Griefshaber GmbH, Mönchweiler, HAKA Kunz GmbH, Waldenbuch, Proquimia S.A., Vic/Barcelona (Spain), TMB S.A., Barcelona (Spain), Mivisa Envases, SAU, Las Torres de Cotillas/Murcia (Spain), Dakota Provisions, Huron (South Dakota, USA), Allied Electronics Inc., Fort Worth (Texas, USA), Reliance Worldwide Corporation,

Birmingham (Alabama, USA), PRETTL ADION POLAND Sp. z.o.o., Bydgoszcz (Poland), Żabka Polska S.A., Poznań (Poland), Herbapol Wrocław S.A., Wrocław (Poland) and Polska Grupa Materiałów Budowlanych Sp. z o.o. (CRH Group), Warsaw (Poland).

itelligence also generated new orders from existing customers in the third quarter. KULLEN GmbH & Co. KG, Reutlingen, commissioned itelligence with an SAP rollout project at its UK subsidiary Record Industrial Brushes Ltd., Llandovery. The project is being conducted jointly by itelligence consultants from Germany and the UK. A further warehouse optimization project is being conducted at H. & J. Brügggen KG, Lübeck. RE-power Systems AG, Hamburg, also signed a major follow-up license order in the period under review.

Outsourcing & Services also reported a number of successes in the third quarter. Among other things, itelligence won a long-term SAP outsourcing contract from Bribus B.V., Dinxperlo (Netherlands). In addition to SAP implementation in cooperation with itelligence consultants from the Netherlands, the cost-effective offering of itelligence's data center in Zürich (Switzerland) convinced Bribus to order all SAP remote services, such as system administration and monitoring, from a single source while retaining the IT systems themselves. Bribus Keukens is a well-known Dutch kitchen manufacturer that is primarily active in the market for housing associations and property developers.

### **Business development in the third quarter of 2010**

In the third quarter, itelligence recorded strong revenue growth of +33.0% (after adjustment for currency translation effects: +30.8%) for a total of MEUR 69.5. As well as the positive revenue effect from acquisitions, organic growth in the third quarter

amounted to +17.6%. Consulting revenues rose by MEUR +9.9 (+38.5%) year-on-year to MEUR 35.4, while Licenses revenues increased by MEUR +0.9 (+12.8%) to MEUR 8.1. Outsourcing & Services recorded revenue growth of +33.1% to MEUR 25.9.

All in all, EBIT of MEUR 4.1 was generated in the third quarter (previous year: MEUR 3.3). After adjustment for acquisition costs of MEUR 0.6, the EBIT margin fell by -0.3%-points year-on-year, from 6.2% to 5.9%. IFRS net profit for the period amounted to MEUR 1.8 after MEUR 2.1 in the third quarter of 2009.

### **intelligence's revenue segments developed as follows:**

In Germany/Austria, revenues remained essentially unchanged year-on-year at MEUR 29.2 (previous year: MEUR 29.4). The Outsourcing & Services division recorded positive revenue development, with increased hosting revenues in particular contributing to growth of +2.0% to MEUR 11.7. Consulting revenues declined slightly to MEUR 13.2, while Licenses revenues in this segment were also down slightly on the previous year at MEUR 4.3. All in all, the EBIT contribution increased by MEUR +0.6 year-on-year to MEUR 3.0.

Revenues in the Western Europe segment more than doubled to MEUR 15.8 (previous year: MEUR 6.8; after adjustment for currency translation effects: +120.5%). This growth was driven in particular by Outsourcing & Services, where revenues increased by +223.8% (after adjustment for currency translation effects: +209.2%) to MEUR 3.2 as a result of the positive business development in the Benelux region and, above all, the acquisition of Chelford SAP Solutions Ltd. in the United Kingdom. Consulting revenues increased by +125.2% year-on-year to MEUR 11.6 (after adjustment for currency translation effects: +114.1%). This revenue

segment benefited from the positive development in Switzerland and the Benelux countries and the consulting activities of Chelford SAP Solutions Ltd. At MEUR 1.0, Licenses revenues were up MEUR +0.3 on the same period of the previous year. The EBIT contribution decreased by MEUR -0.1 year-on-year. This EBIT is charged by acquisition costs of MEUR 0.5.

Quarterly revenues in the Eastern Europe segment increased by MEUR +1.4 to MEUR 5.3 (+37.2%). After adjustment for currency translation effects, revenues were up +30.2% on the previous year. All of the revenue segments saw growth. Outsourcing & Services enjoyed an above-average increase of +45.8% year-on-year to MEUR 2.2 (after adjustment for currency translation effects: +35.7%). Consulting revenues rose by +37.3% (after adjustment for currency translation effects: +31.9%) to MEUR 2.5. Licenses also contributed to this positive revenue development, increasing by +19.3% to MEUR 0.5 (after adjustment for currency translation effects: +14.6%). The EBIT contribution improved by MEUR +0.2 year-on-year to MEUR 0.3.

Revenues in the USA segment increased by +58.0% year-on-year to MEUR 17.8 (after adjustment for currency translation effects: +53.2%). All of the divisions contributed to this impressive revenue growth, which was supported by the acquired company RPF Consulting LLC, Atlanta. Licenses revenues rose by +73.3% year-on-year to MEUR 2.2 (after adjustment for currency translation effects: +68.1%). Revenues in the Outsourcing & Services division also increased by +64.2% (after adjustment for currency translation effects: +59.2%) to MEUR 8.4 as a result of the clearly positive business development in the area of application support. Consulting revenues also enjoyed positive development, increasing by +46.8% year-on-year to MEUR 7.1 (after adjustment for currency translation effects: +41.8%). This had a positive impact on the EBIT contribution, which rose by MEUR +0.4 to MEUR 1.0 compared with the same period of the previous year.

The Asia segment generated revenues of MEUR 0.6 in the third quarter. There were no comparable revenues in the previous year. The first positive earnings contribution from China was offset by start-up losses in Malaysia, meaning that segment earnings totaled MEUR -0.2.

The investment in ITC GmbH is reported in the Other segment. At MEUR 0.8, revenues in this segment were essentially unchanged as against the previous year.

## Results of operations

itelligence AG increased its EBIT by MEUR +0.3 year-on-year to MEUR 7.3. The EBIT margin fell by -0.5%-points, from 4.4% to 3.9%, as a result of the above-average revenue growth.

The ratio of staff costs to total revenues within the Group increased by +0.7%-points year-on-year to 53.9%. Due to the higher utilization of third-party service providers in the area of application support, the utilization rate rose by +0.5%-points to 9.0%. The shift in revenue distribution among the segments meant that the product cost ratio declined by -0.9%-points to 16.5%. The ratio of IT and communication costs to the total revenues of the itelligence Group fell by -0.3%-points year-on-year to 1.9%. Accordingly, the cost types had the following effects on EBIT profitability:

EBIT margin in the first nine months of 2009	4,4%
Staff costs	-0,7%
Third-party service provider costs	-0,5%
IT and communication costs	+0,3%
Product costs	+0,9%
Rental costs	-0,1%
Other income	-0,3%
Other expenses	-0,1%
EBIT margin in the first nine months of 2010	3,9%

The gross margin increased from 23.1% in the previous year to 23.9% in the period under review. This was primarily due to the change in the revenue mix in the Company's revenue segments. The ratio of marketing and selling expenses to the total revenues of the itelligence Group rose by +0.8%-points year-on-year to 10.0%, while the ratio of general administrative expenses was up +0.7%-points at 9.9%. itelligence reported an increase in other operating expenses of MEUR +0.2. This negative earnings contribution is primarily attributable to acquisition costs.

Tax expense amounted to MEUR 3.4 in the first nine months of fiscal year 2010 (previous year: MEUR 2.3). The consolidated tax rate therefore increased to 51.0% compared with 34.0% in the same period of the previous year. This was largely due to backpayments of taxes for previous years and the regional distribution of the itelligence Group's income with substantial deviations in terms of local tax rates and utilizable tax loss carry-forwards. Acquisition costs in the amount of MEUR 1.2 also resulted in non deductible operating expenses.

itelligence AG reported a net profit for the period of MEUR 3.3 after MEUR 4.5 in the same period of the previous year. This corresponds to a year-on-year decrease of 26.7%. The profit margin declined from 2.8% to 1.7% in the first nine months of fiscal year 2010.

The share of earnings attributable to the shareholders of itelligence AG amounted to MEUR 3.0 (previous year: MEUR 4.3). Earnings per share (basic) amounted to EUR 0.13 (previous year: EUR 0.18). Earnings per share are calculated on the basis of the number of 24,557,595 shares outstanding (previous year: weighted average of 24,334,581 shares).

## Net assets and financial position

The total assets of the intelligence Group increased by MEUR 12.8 to MEUR 154.0 as of September 30, 2010 compared with MEUR 141.2 at December 31, 2009.

Non-current assets accounted for 47.6% of total assets at the reporting date (December 31, 2009: 34.3%).

The main items under non-current assets are intangible assets and property, plant and equipment. Intangible assets increased to MEUR 39.7 as of September 30, 2010 (December 31, 2009: MEUR 19.9) due to the purchased intangible assets – particularly goodwill – resulting from acquisitions.

Current assets declined from MEUR 92.8 at December 31, 2009 to MEUR 80.8. Cash and cash equivalents recorded the largest decrease, falling by MEUR 25.3 at December 31, 2009 to MEUR 17.2 as a result of the acquisitions and investments conducted and the dividend paid in May 2010. Trade receivables increased to MEUR 53.8 at the reporting date (December 31, 2009: MEUR 46.5). The average days sales outstanding was 74 days (December 31, 2009: 73 days; September 30, 2009: 66 days).

Net cash used in operating activities amounted to MEUR -6.8 in the first nine months of 2010 after MEUR 5.1 in the same period of the previous year, an increase of MEUR 11.9. This is caused by higher customer accounts receivables.

Net cash used in investing activities amounted to MEUR -27.6 (previous year: MEUR -10.4). Investments in property, plant and equipment and IT software totaled MEUR 11.0 in the period under review, up significantly on the figure of MEUR 6.1 for the first nine months of the previous year. As in the previous reporting periods, investments primarily related to the expansion of data center capacity in Germany and abroad and the construction of the new building in Bielefeld.

Payments for acquisitions less cash and cash equivalents acquired amounted to MEUR 16.8 (previous year: MEUR 3.8). In the first quarter of 2010, purchase price installments amounting to MEUR 1.6 were paid for the 51% equity interest in ADELANTE SAS, now intelligence France SAS, Paris, which was acquired in March 2010. In the second quarter of 2010, purchase price installments amounting to MEUR 2.5 were paid for the 51% equity interest in RPF Consulting LLC, Atlanta, Georgia, which was acquired in May 2010. The 100% acquisition of Chelford SAP Solutions, UK, resulted in a purchase price installment of MEUR 11.7 in the third quarter.

Net cash used in financing activities amounted to MEUR 8.3 (previous year: MEUR -5.2). This primarily relates to the repayment of non-current financial liabilities in the amount of MEUR -2.5 (previous year: MEUR -2.9) and the raising of non-current financial liabilities in the amount of MEUR 13.6 (previous year: MEUR 0.4). Net cash used in financing activities also includes this year's dividend payment in the amount of MEUR -2.5 (previous year: MEUR -2.9).

intelligence's equity amounted to MEUR 56.4 as of the reporting date September 30, 2010 compared with MEUR 53.9 at December 31, 2009, an increase of MEUR 2.5. Due to the higher level of total assets, the equity ratio declined to 36.7% as of September 30, 2010 compared with 38.2% at December 31, 2009. Minority interests increased by MEUR 3.8 compared with year-end 2009, largely as a result of the recognition of the 49% minority interests in the acquired companies ADELANTE SAS and RPF Consulting LLC.

Non-current liabilities accounted for 24.6% of total assets as of September 30, 2010, up on the figure of 17.7% at December 31, 2009. Accordingly, the ratio of current liabilities to total assets fell to 38.7% as of the reporting date (December 31, 2009: 44.1%).

## Employees

Of the 1,795 people employed as of September 30, 2010, a total of 826 were employed in Germany/Austria (September 30, 2009: 772) and 964 in the rest of the world (September 30, 2009: 644). The number of employees rose by +16.2% compared with the end of the year and by +26.8% compared with the same period of the previous year.

In the third quarter, itelligence again focused on employee knowledge building. This included the annual renewal of the high potential program and targeted web-based knowledge building across the entire product portfolio. In September, the DELTa (Develop Expert und Leadership Talent) program started with a new group of high potential employees. In addition, an internet-based, interactive training series on the product range was established in conjunction with HR and the specialist departments with the aim of further developing the technical expertise of the Company's employees. This training series was also recorded and made available to all employees via itelligence AG's internal knowledge management portal.

A further focal point in the third quarter was the implementation of the measures resulting from the employee survey, such as management training aimed at further improving management expertise and training programs to establish more efficient project management methods.

## Opportunities and risks

The 2009 Annual Report (pages 66 to 70) provides detailed information on the fundamental opportunities and risks facing IT system houses as well as itelligence's specific opportunities and risks. The third quarter saw

further work on internal control mechanisms and processes. In addition to SAS 70 certification at the data center in Bautzen, which was discussed in the half-yearly report, the permanently expanded security standards at our data center in Poznań, Poland, were audited by way of ISO 27001 and 20000 and BS 25999 certification. These measures and changes to processes serve to ensure that opportunities and risks are presented transparently at an early stage and corresponding countermeasures are initiated in a timely manner. The specific opportunities and risks for the fourth quarter are referred to in the Outlook.

## Investor Relations

National and international share prices moved sideways in the third quarter, continuing the trend that has been in place since April 2010. The DAX remained in a corridor of between 5,800 and 6,350 points in the third quarter, recording a low of 5,816 points and a high of 6,351 points. The TecDAX fluctuated between 720 and 790 points in the same period, failing to repeat its highs for the year to date of 862 points in January and 851 points in April.

itelligence's share price increased slightly in the third quarter, opening at EUR 5.55 in Xetra trading on July 1 and closing at EUR 5.80 on September 30. The share price reached an interim high of EUR 5.85 on September 14.

In the third quarter, itelligence's investor relations activities focused in particular on providing information on the acquisition of the British SAP consulting company Chelford SAP Solutions Ltd. With this acquisition, itelligence has reached a size in the United Kingdom that reflects the importance of this market. In the fourth quarter of 2010, the Management Board

will also present itelligence AG to investors, analysts and journalists at the German Equity Forum organized by Deutsche Börse in Frankfurt.

Number of shares	
(September 30, 2010):	24,557,595
Nine-month high:	EUR 5.85 (Sep. 14, 2010)
Nine-month low:	EUR 4.44 (Jan. 8/14/15/27, 2010)
Share price at	
September 30, 2010:	EUR 5.80
Market capitalization at	
September 30, 2010:	MEUR 142.43

Share prices: Xetra

## Outlook

itelligence pressed ahead with its growth path in the third quarter. Revenues for the period from January 1 to September 30, 2010, amounted to MEUR 188.8 compared with MEUR 158.3 in the previous year (+19.3%). This revenue growth of MEUR 30.5 is composed of inorganic growth of MEUR 17.7 from acquisitions and organic growth of MEUR 12.8 (+8.1%). itelligence AG enjoyed particularly positive revenue development in its second strongest market segment, the USA, where it generated above-average revenue growth of 24.9% on a USD basis or 28.6% on a EUR basis.

The increase in profitability in the third quarter following a comparatively muted first half of 2010 is particularly significant. Consolidated earnings (EBIT) of MEUR 4.1 in the third quarter served to boost the figure for the period from January 1 to September 30, 2010, to MEUR 7.3 – up 4.3% on the same period of the previous year. It should be noted that earnings were impacted by a non-recurring charge of MEUR 1.2 due

to acquisition-related costs that can no longer be capitalized in accordance with IFRS 3 since January 1, 2010.

According to leading research institutions, the global economic outlook remains optimistic, with the world economy forecast to grow by up to 4.4% in 2010. The German economy is particularly robust and is continuing to benefit from strong exports. Although lower growth rates are forecast for 2011, itelligence expects to see a stable economic environment in its core regions.

Consulting business will benefit from higher incoming orders and consultant utilization in the fourth quarter. itelligence expects its hosting and service and support activities (recurring business) to continue to enjoy extremely positive development. itelligence is also optimistic with regard to the Licenses business, although the cost of concluding transactions is expected to remain high.

In light of the overall improvement in its business development, itelligence expects its revenues for 2010 as a whole to increase to MEUR 260-265. With the EBIT margin still forecast at between 5.2% and 5.6%, this will also result in earnings growth in absolute terms.



Herbert Vogel  
CEO



Norbert Rotter  
CFO

## Shareholder structure

To the best of the Company's knowledge, itelligence's shareholder structure at the publication date of this Interim Report (October 28, 2010) was as follows:

NTT DATA EUROPE	77.7%
NTT Communications	10.0%
Herbert Vogel	2.5%
Free float	9.8%

## Directors' holdings

Members of the Management Board and Supervisory Board held the following numbers of itelligence shares as of September 30, 2010:

Management Board	
Herbert Vogel (CEO)	605,738
-----	
Supervisory Board	
Dr. Britta Lenzmann (Employee representative)	155

## Service

All itelligence AG reports in German and English can be downloaded online at [www.itelligence.de](http://www.itelligence.de). You can also register to be added to the electronic mailing list for news and press releases under Investor Relations/Contact. You will then receive the latest news by e-mail.

## Financial calendar 2010/2011

**November 23, 2010**

Company presentation

German Equity Forum in Frankfurt

**March 17, 2011**

Publication of 2010 Annual Report

## Contact

Investor Relations

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## Consolidated Income Statement

KEUR	Jan. 01 - Sep. 30, 2010	Jan. 01 - Sep. 30, 2009	July 01. - Sep. 30, 2010	July 01. - Sep. 30, 2009
Revenues	188,809	158,266	69,513	52,263
Cost of sales	-143,512	-121,736	-52,909	-40,369
<b>Gross profit</b>	<b>45,297</b>	<b>36,530</b>	<b>16,604</b>	<b>11,894</b>
Marketing and distribution expenses	-18,817	-14,605	-6,395	-4,371
Administrative expenses	-18,633	-14,583	-6,005	-4,258
Other operating income	1,388	1,671	551	458
Other operating expenses	-1,747	-1,994	-562	-476
Amortization of orders on hand	-170	0	-107	0
<b>Total operating expenses</b>	<b>-37,979</b>	<b>-29,511</b>	<b>-12,518</b>	<b>-8,647</b>
<b>Result from operating activities</b>	<b>7,318</b>	<b>7,019</b>	<b>4,086</b>	<b>3,247</b>
Investment income	0	-3	0	-3
Exchange rate differences from financing activities	94	-19	84	31
Finance income	138	442	28	90
Finance expenses	-876	-578	-394	-200
Net finance costs	-644	-158	-282	-82
<b>Profit before income tax</b>	<b>6,674</b>	<b>6,861</b>	<b>3,804</b>	<b>3,165</b>
Income tax expenses	-3,401	-2,336	-2,036	-1,027
<b>Consolidated net profit</b>	<b>3,273</b>	<b>4,525</b>	<b>1,768</b>	<b>2,138</b>
of which of the shareholders of itelligence AG	3,000	4,301	1,625	2,052
of which minority interests	273	224	143	86
Earnings per share (EUR) (basic)	EUR 0.13	EUR 0.18		
Earnings per share (EUR) (diluted)		EUR 0.18		
Number of shares on the basis of which earnings per share were calculated:				
- basic	24,557,595	24,334,581		
- diluted		24,595,227		

## Statement of Recognized Income and Expense in Shareholders' Equity

KEUR	Jan. 01 - Sep. 30, 2010	Jan. 01 - Sep. 30, 2009
Consolidated net profit	3,273	4,525
Foreign exchange differences	1,539	-446
<b>Total consolidated net profit and changes in value taken directly to equity for the period</b>	<b>4,812</b>	<b>4,079</b>
of which of the shareholders of itelligence AG	4,539	3,855
of which minority interests	273	224

## Consolidated Balance Sheet

Assets in KEUR	Sep. 30, 2010	Sep. 30, 2009	Dec. 31, 2009
<b>Non-current assets</b>			
Intangible assets	39,678	15,719	19,927
Property, plant and equipment	28,503	21,135	23,186
Financial assets	145	3,824	15
Deferred tax assets	2,190	1,653	1,853
Other non-current assets	2,719	3,928	3,433
	<b>73,235</b>	<b>46,259</b>	<b>48,414</b>
<b>Current assets</b>			
Inventories	255	544	57
Trade receivables	53,845	38,797	46,522
Other current assets	2,510	2,959	1,488
Cash and cash equivalents	17,191	24,476	42,496
Prepaid expenses	6,978	3,577	2,243
	<b>80,779</b>	<b>70,353</b>	<b>92,806</b>
	<b>154,014</b>	<b>116,612</b>	<b>141,220</b>
<b>Equity and liabilities in KEUR</b>			
<b>Equity</b>			
Issued capital	24,558	24,509	24,558
Capital reserve	21,491	21,415	21,491
Net accumulated profit	15,823	12,671	15,277
Other comprehensive income	-10,327	-3,581	-8,556
	<b>51,545</b>	<b>55,014</b>	<b>52,770</b>
Minority interest	4,898	747	1,133
	<b>56,443</b>	<b>55,761</b>	<b>53,903</b>
<b>Non-current liabilities</b>			
Non-current loans and borrowings	23,144	7,690	13,790
Deferred tax liabilities	3,879	2,344	3,603
Pension provisions	72	143	57
Government grants	2,138	2,549	2,384
Other non-current liabilities	8,646	0	5,229
	<b>37,879</b>	<b>12,726</b>	<b>25,063</b>
<b>Current liabilities</b>			
Trade payables	16,007	15,938	17,873
Current financial liabilities	407	238	227
Current portion of interest-bearing loans and borrowings	4,506	2,409	3,115
Convertible bonds	0	222	0
Tax provisions	1,438	1,500	722
Other current provisions	2,544	3,029	2,982
Other current liabilities	29,879	20,187	33,827
Deferred income	4,911	4,602	3,508
	<b>59,692</b>	<b>48,125</b>	<b>62,254</b>
	<b>154,014</b>	<b>116,612</b>	<b>141,220</b>

## Consolidated Cash Flow Statement

KEUR	Sep. 30, 2010	Sep. 30, 2009
<b>Consolidated net profit</b>	<b>3,273</b>	<b>4,525</b>
Depreciation of property, plant and equipment	5,033	4,626
Amortization of intangible assets	809	491
Elimination of gains/losses on asset disposals	2	-14
Other non-cash transactions	-343	-496
Net interest income	1,028	136
Income tax expenses	3,401	2,336
	<b>13,203</b>	<b>11,604</b>
Change in inventories	-198	-443
Change in trade receivables	-1,070	8,114
Change in other non-current assets	816	-118
Change in other current assets	-154	-293
Change in prepaid expenses	-4,458	-31
Change in trade payables	-3,120	-3,224
Change in provisions for pensions	15	30
Change in other liabilities and provisions	-7,241	-8,492
Change in deferred taxes	-92	-138
	<b>-2,299</b>	<b>7,009</b>
Interest received	138	442
Interest paid	-986	-541
Taxes paid	-3,691	-1,856
<b>Cash flows from operating activities</b>	<b>-6,838</b>	<b>5,054</b>
Investments in property, plant and equipment and IT software	-10,984	-6,074
Cash received from the disposal of property, plant and equipment and intangible assets	249	29
Cash received from the disposal of financial assets	0	35
Payments for acquisitions (less cash and cash equivalents acquired)	-16,752	-3,811
Subsequent purchase price payments for investments made	-87	-615
<b>Cash flows from investing activities</b>	<b>-27,574</b>	<b>-10,436</b>
Changes in minority interests	-191	-191
Increase in long-term deposits	-102	-201
Dividend payments	-2,454	-2,915
Raising of current financial liabilities	171	0
Raising of non-current financial liabilities	13,613	413
Repayment of non-current financial liabilities	-2,772	-2,276
<b>Cash flows from financing activities</b>	<b>8,265</b>	<b>-5,170</b>
<b>Decrease/increase in cash and cash equivalents</b>	<b>-26,147</b>	<b>-10,552</b>
Effects from exchange rate differences	842	-147
Cash and cash equivalents at January 1	42,496	35,175
<b>Cash and cash equivalents at September 30</b>	<b>17,191</b>	<b>24,476</b>

## Consolidated Statement of Changes in Shareholders' Equity

	Number of shares	Issued capital	Capital reserves	Net accumula- ted profit	Other comprehensive income			Equity attribu- table to the shareholders of the parent company	Minority interests	Consol- idated equity
					Foreign exchange differences	Other equity	Other comprehen- sive equity			
		KEUR	KEUR	KEUR	KEUR	KEUR	KEUR	KEUR	KEUR	KEUR
<b>Dec. 31, 2008</b>	<b>24,292,164</b>	<b>24,292</b>	<b>21,072</b>	<b>11,285</b>	<b>-3,135</b>		<b>-3,135</b>	<b>53,514</b>	<b>714</b>	<b>54,228</b>
Consolidated net profit				4,301				4,301	224	4,525
Dividend payments				-2,915				-2,915	-191	-3,106
Foreign exchange differences					-446		-446	-446		-446
Changes in minority interests										0
Conversions of convertible bonds	216,945	217	343					560		560
<b>Sep. 30, 2009</b>	<b>24,509,109</b>	<b>24,509</b>	<b>21,415</b>	<b>12,671</b>	<b>-3,581</b>		<b>-3,581</b>	<b>55,014</b>	<b>747</b>	<b>55,761</b>
<b>Dec. 31, 2009</b>	<b>24,557,595</b>	<b>24,558</b>	<b>21,491</b>	<b>15,277</b>	<b>-3,309</b>	<b>-5,247</b>	<b>-8,556</b>	<b>52,770</b>	<b>1,133</b>	<b>53,903</b>
Consolidated net profit				3,000				3,000	273	3,273
Dividend payments				-2,454				-2,454	-191	-2,645
Foreign exchange differences					1,539		1,539	1,539		1,539
Fair value for call and put options under IAS 32						-3,310	-3,310	-3,310		-3,310
Changes in minority interests									3,683	3,683
<b>Sep. 30, 2010</b>	<b>24,557,595</b>	<b>24,558</b>	<b>21,491</b>	<b>15,823</b>	<b>-1,770</b>	<b>-8,557</b>	<b>-10,327</b>	<b>51,545</b>	<b>4,898</b>	<b>56,443</b>

## Notes to the Interim Financial Statements

### Accounting

The consolidated interim financial statements for the period ended September 30, 2010 were prepared in accordance with the International Financial Reporting Standards (IFRS) formulated by the International Accounting Standards Board (IASB) and required to be applied in the EU. In accordance with IAS 34, the interim financial statements are published in condensed form with selected notes.

The consolidated interim financial statements should be read in conjunction with the audited consolidated financial statements for the year ended December 31, 2009 and the notes contained therein. The accounting policies applied in the consolidated interim financial statements are consistent with those applied in the consolidated financial statements for the year ended December 31, 2009.

The consolidated interim financial statements have not been audited.

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

### New accounting standards

The consolidated interim financial statements were prepared in accordance with the same accounting policies as those in the consolidated financial statements

for the year ended December 31, 2009, which were explained in detail in the notes contained therein. For further information, please refer to pages 78 ff. of the 2009 Annual Report.

### Use of judgment and main sources of estimates

In preparing the consolidated interim financial statements for the period ended September 30, 2010, assumptions and estimates were used that affect the reporting and amount of the recognized assets, liabilities, income, expenses and contingent liabilities. The actual figures may differ from the assumptions and estimates made in individual cases. Changes are recognized in profit or loss when more information becomes available.

In calculating income tax, the applicable tax rate at the end of the fiscal year and the expected average tax rate for the current fiscal year were applied.

### Combined consolidated balance sheet and consolidated income statement disclosures – unaudited

#### 1 / Income taxes

	Jan. 1–Sep. 30, 2010	Jan. 1–Sep. 30, 2009
	KEUR	KEUR
Earnings before income taxes	6,674	6,861
Income taxes	-3,401	-2,336
Income tax rate	51.0%	34.0%

This item includes current tax expenses of KEUR 3,462 (previous year: KEUR 2,474) and deferred taxes of KEUR -61 (previous year: KEUR -138).

## 2 / Earnings per share

		Jan. 1–Sep. 30, 2010	Jan. 1–Sep. 30, 2009
<b>Basic earnings</b>			
Net profit for the period			
after minority interests	KEUR	3,000	4,301
Weighted average number			
of ordinary shares		24,557,595	24,334,581
Earnings per share,			
basic	EUR	0.13	0.18
<b>Diluted earnings</b>			
Net profit for the period			
after minority interests	KEUR		4,301
Adjustments for interest			
paid on potential ordinary			
shares, net of tax effects	KEUR		26
Adjusted net profit			
for the period	KEUR		4,327
Weighted average number			
of ordinary shares and			
potential ordinary shares			24,595,227
Earnings per share,			
diluted	EUR		0.18

The potential ordinary shares from the issue of convertible bonds are included in the calculation of diluted earnings per share if they have a dilutive effect as defined by IAS 33. Until the end of the convertible bond

on November 29, 2009 no convertible bonds have been outstanding. Therefore the first nine months of the fiscal year 2010 are without any dilutive effect.

## 3 / Segment reporting

For the purposes of segment reporting, itelligence's activities are broken down in accordance with the provisions of IAS 14 by geographic region as the primary segment reporting format and by division as the secondary reporting format. Please refer to the detailed notes on page 96 of the 2009 Annual Report for more information.

For fiscal years beginning on or after January 1, 2009, IFRS 8 requires that segment reporting be converted from the risk and reward approach set out in IAS 14 to the management approach. itelligence's primary segment reporting format is based on geographical regions and the internal management structure. A distinction is made between the USA, Germany/Austria, Western Europe, Eastern Europe and Asia.



