



01/01/2010–
06/30/2010

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itelligence at a glance

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

in Mio. Euro	Jan. 01 - Jun. 30, 2010	Jan. 01 - Jun. 30, 2009	April 01 - Jun. 30, 2010	April 01 - Jun. 30, 2009
Total revenues	119.3	106.0	63.1	52.0
Revenues by area				
Consulting	66.5	59.7	34.3	27.5
Licenses	9.2	9.4	5.4	6.4
Outsourcing & Services	43.4	36.9	23.3	18.1
Other	0.2	0	0.1	0
Revenues by segment				
Germany/Austria	55.2	54.2	28.2	27.2
Western Europe	23.0	15.8	12.8	8.1
Eastern Europe	7.8	7.8	3.9	3.7
USA	30.9	26.5	16.9	12.2
Asia	0.8	0.0	0.5	0.0
Other	1.6	1.7	0.8	0.8
EBIT	3.2	3.8	1.8	1.7
EBIT margin	2.7%	3.6%	2.9%	3.3%
EBITDA	7.0	7.2	3.8	3.5
EBITA margin	5.9%	6.8%	6.0%	6.7%
IFRS net profit	1.5	2.4	0.8	1.0
IFRS earnings per share in EUR	0.06	0.09		

Letter to the Shareholders

→ Key figures for the first six months of 2010 at a glance

- Revenues up +12.5% to MEUR 119.3 in the first half of the year (after adjustment for currency translation effects: +11.6%)
- EBIT down MEUR -0.6, from MEUR 3.8 to MEUR 3.2
- EBIT margin amounts to +2.7% (previous year: +3.6%)
- Year-on-year revenue development by division: Consulting +11.4%, Outsourcing & Services +17.6%, Licenses 1.9%
- Year-on-year revenue development by segment: Germany/Austria +1.8%, Western Europe +45.6%, Eastern Europe unchanged, USA +16.6%, Asia with first contribution to total revenues of MEUR 0.8
- At end of quarter, orders on hand total MEUR 196.5 (previous year: MEUR 160.1)
- Revenue guidance for year as a whole increased: revenues of MEUR 245.0–255.0, EBIT margin still forecast at between 5.2% and 5.6%

Ladies and Gentlemen, Dear Shareholders,

In the first six months of 2010, itelligence AG increased its revenues by +12.5% (after adjustment for currency translation effects: +11.6%) to MEUR 119.3. This development was driven by the strong development in operating business as well as the companies acquired in the Netherlands, the USA and France.

In the individual revenue divisions, Consulting revenues increased to MEUR 66.5 compared to the first six months of the previous year, while revenues from Outsourcing & Services rose to MEUR 43.4. Only License revenues saw a slight year-on-year decrease to MEUR 9.2.

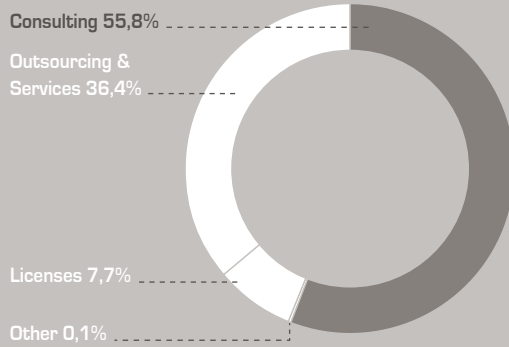
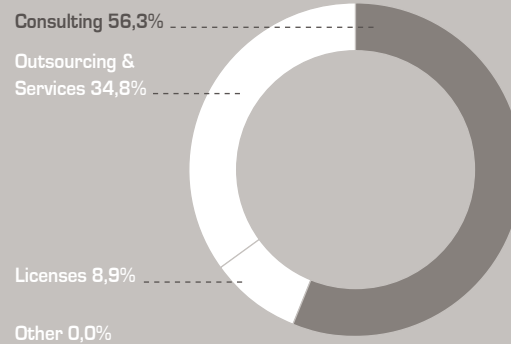
Revenues remained constant in Eastern Europe and increased in all other regional segments. Revenues totaled MEUR 55.2 in Germany/Austria, MEUR 23.0 in Western Europe, MEUR 7.8 in Eastern Europe, MEUR 30.9 in the USA, MEUR 0.8 in Asia and MEUR 1.6 in the Other segment.

At MEUR 3.2, the EBIT contribution in the first six months was down MEUR -0.6 on the previous year. The EBIT margin thus declined from 3.6% to 2.7%.

At MEUR 0.3, the EBIT contribution of the Germany/Austria segment was down MEUR -3.6 on the same period of the previous year. This is primarily attributable to a slight reduction in daily rates for fixed price projects, lower Licenses margins and the acquisition costs reported in this segment in the amount of MEUR 0.40. At the same time, the strong growth in Outsourcing & Services business (+23.4%) made a solid positive contribution to earnings.

The EBIT earnings contribution in Western Europe amounted to MEUR 0.8 after MEUR 0.6 in the previous year. This positive development is largely due to the earnings contribution from the companies acquired in Belgium, the Netherlands and France.

Positive business development and the closure of the companies in the Czech Republic and Slovakia in 2009 allowed the Eastern Europe region to reduce its loss by MEUR +0.7 to MEUR -0.1.

Share of revenues by area**Q2 2010****Q2 2009**

The earnings contribution in the USA increased by MEUR +2.3 year-on-year to MEUR 2.4 as a result of the positive business development in the areas of consulting and services. In these results were acquisition costs of MEUR 0.2 included.

The negative earnings contribution of MEUR -0.4 in the Asia segment was attributable to the costs incurred in the start-up phase. The earnings contribution in the Other segment increased by MEUR +0.2 year-on-year to MEUR 0.2.

IFRS net profit for the first half of the year amounted to MEUR 1.5, representing a year-on-year decrease of MEUR -0.9. Earnings per share (basic) declined from EUR 0.09 per share to EUR 0.06 per share.

Orders on hand amounted to MEUR 196.5 at the end of the quarter, up +22.7% on the previous year (MEUR 160.1).

itelligence AG acquires majority interest in US company RPF Consulting

In May 2010, itelligence AG acquired a majority interest (51%) in RPF Consulting, LLC, headquartered in Atlanta, Georgia.

RPF Consulting creates business intelligence and data warehousing solutions for large and midmarket clients.

With this strategic acquisition, itelligence is strengthening its activities in the area of business intelligence solutions and establishing a stronger basis for its expansion in the high-growth market of business intelligence.

Customer projects, SAP partnership and awards

In May 2010, itelligence again received the SAP Pinnacle Award in the "SME Global Volume Partner of the Year" category, which is given to the partner with the most new SME customers in 2009. SAP Pinnacle Awards are granted to leading SAP partners that have excelled with their superlative customer expertise, in innovative areas such as co-innovation and cross-industry cooperation within the innovation process and by improving return on investment. Winners were selected from 230 nominees selected by partners and SAP employees in 27 categories.

As a gold-level SAP channel partner and SAP Business-Objects solution provider, itelligence previously received the SAP Business All-in-One Partner of the Year U.S. award in 2009 for the fourth time in five years in recognition of its outstanding contributions to revenue, marketing and customer service as an SAP channel partner.

itelligence announced another success in two respects in June. Two customers of itelligence AG, Vetter Pharma-Fertigung GmbH & Co KG, Ravensburg, and Seidel GmbH + Co. KG, Marburg, won the renowned SAP Quality Awards 2010 for their SAP projects. SAP presents the SAP Quality Award to customers whose SAP implementation projects show outstanding quality in terms of project management and project execution.

itelligence AG's SAP project at Vetter actually received two prizes. The injection system aseptic filling specialist was awarded gold by SAP in Germany, thus qualifying for the international competition in Europe, the Middle East and Africa (EMEA). Vetter performed well here against strong competition and took second place in the SAP EMEA Quality Award 2010. Today, Vetter has an extensive all-new SAP system that is successfully used for management, planning and implementation in all corporate divisions.

The second award-winning itelligence customer, Seidel GmbH + Co. KG, Marburg, took silver for the German area in the "SME Implementation" category. In conjunction with itelligence, the midmarket mass producer has successfully introduced its manufacturing, the itelligence AG industry solution based on SAP ERP.

Other new customers in the second quarter included PCS Germany GmbH, Hennigsdorf, Springs Window Fashions, LLC, Middleton (Wisconsin, USA), North American Lighting, Inc., Paris (Illinois, USA), IHS, Inc., Englewood (Colorado, USA), Ferro Corporation, Cleveland (Ohio, USA) and MAG Industrial Automation Systems LLC, Hebron (Kentucky, USA).

itelligence won two new customers in Poland: MIRBUD S.A., Skierniewice, for SAP implementation and ABB Sp. z o.o., Warsaw, the Polish subsidiary of the global ABB Group. In the latter case, itelligence is implementing the administration of ABB's new 5,500 square meter warehouse. itelligence expects to realize the extensive project in a record time of just 10 weeks. The automation of the operation of the state-of-the-art warehousing and transportation equipment and the

optimization of space usage are the main reasons for the implementation of SAP Warehouse Management at the new ABB warehouse.

itelligence also generated new orders from existing customers in the second quarter. At SCA Schucker GmbH & Co. KG, Bretten-Gölshausen, itelligence won a SAP optimization project for cross-plant business processes in the USA and for the German company. A major follow-up license agreement was concluded with SMA Solar Technology AG in the period under review, reflecting the enormous growth of the company and its investments in innovative technologies. With revenues of MEUR 934 in 2009, the SMA Group is the global market leader for photovoltaic inverters. Its head office is in Niestetal, near Kassel, and it has 13 foreign companies across four continents with a total of more than 4,500 employees. The parent company, SMA Solar Technology AG, has been listed in the Prime Standard of the Frankfurt Stock Exchange and in the TecDAX since 2008.

In the first half of the year, itelligence AG implemented new project phases at H. & J. Brüggem KG, Lübeck, a leading producer of cereals, muesli, oatmeal and bars. This included the introduction of a warehouse management system with mobile data collection for an industrial warehouse, the integration of a storage location-managed central warehouse with mobile data collection, and the establishment of extensive material supply processes including a corresponding supply cockpit, as well as the optimization of production supply processes. Among other measures planned for the third quarter, the high-bay warehouse will be connected to the system. H. & J. Brüggem KG currently has three production locations in Europe: two plants at its headquarters in Lübeck, a third plant in Wilga (Poland) and a fourth production site in central France that opened in September 2008.

Among other customers, itelligence successfully went live at LEIFHEIT Aktiengesellschaft, Nassau/Lahn, and Rösler Oberflächentechnik GmbH, Bad Staffelstein. Rösler Oberflächentechnik GmbH is an international

full-service provider in the area of mass finishing and blasting technology and produces systems and procedures for the rational surface finishing of metals and other materials. Since May 2010, Rösler has used itelligence's it.manufacturing industry solution to perform information processing for 325 users.

At the beginning of the year, itelligence managed the productive launch of a SAP roll-out project for the US subsidiary of Dipl.-Ing. W. Bender GmbH & Co. KG, Grünberg. itelligence also successfully went live at OWF (Marantec) in the second quarter of 2010. OWF GmbH & Co. KG, Marienfeld, is a manufacturer of drive controls. itelligence successfully implemented the ERP industry solution it.hightronics at its Marienfeld, Zeesen and Grunee (USA) sites.

In Eastern Europe, itelligence AG went live with SAP ERP and SAP CRM at Wirtgen Polska Sp. z o.o., Poznań. Other launches in Eastern Europe included RWE Interní služby, s.r.o. and Česká spořitelna, a.s., both of which are domiciled in Prague (Czech Republic).

Outsourcing & Services again reported a number of successes in the second quarter. buecher.de was acquired as the division's first mail order customer. buecher.de's range includes around three million available items. In addition to books, which form the core range, non-book portfolios such as games and toys are also being expanded. The contracts that have been concluded cover SAP licenses, SAP maintenance, consulting and the remote operation of the SAP system.

Eibach Federn, Finnentrop, enjoys a global reputation as a leading manufacturer of high-end suspension systems and industrial springs for various critical applications. The range of applications is extremely varied, taking in almost all high-end areas of industrial and automotive technology. itelligence AG has concluded a SAP outsourcing agreement with Eibach Federn.

itelligence's comprehensive outsourcing offering will also be used by the PAS Group, a leading developer and manufacturer of cable and panel systems for white goods. With plants in Germany, Poland, Turkey, the USA and Mexico, PAS is a globally active group that implements customer-specific system solutions for the household goods industry. itelligence will also perform SAP outsourcing for the Wiegel Group in future. Wiegel is one of the leading German companies in the area of metallic corrosion protection and lattice mast construction. In Poland, itelligence AG obtained J.W. Construction Holding S.A., Warsaw, as a new outsourcing customer.

Business development in the second quarter of 2010

In the second quarter of 2010, itelligence AG's revenues totaled MEUR 63.1, up +21.3% on the figure of MEUR 52.0 recorded in the previous year (after adjustment for currency translation effects: +20.3%).

itelligence recorded substantial and largely organic growth in its Outsourcing & Services division, where revenues increased by +28.3% (after adjustment for currency translation effects: +27.3%) to MEUR 23.3. The Consulting division also developed well, with revenues up +24.7% year-on-year to MEUR 34.3. License revenues declined by -15.4% to MEUR 5.4 (after adjustment for currency translation effects: -15.9%).

At MEUR 1.8, EBIT in the second quarter was MEUR +0.1 higher than in the same period of the previous year. The EBIT margin decreased by -0.4%-points, from 3.3% to 2.9%. IFRS net profit for the period totaled MEUR 0.8 in the second quarter of 2010 after MEUR 1.0 in the same period of the previous year.

Intelligence's revenue segments developed as follows:

In Germany/Austria, revenues increased by +3.8% year-on-year to MEUR 28.2. The strong growth in the Outsourcing & Services division, where revenues rose by +16.2% to MEUR 11.7, and the +8.4% increase in License revenues (MEUR 4.0) offset the downturn in Consulting revenues (MEUR 12.5; -6.8%). Lower daily rates for fixed price projects, lower Licenses margins and acquisition costs meant that the earnings contribution fell from MEUR 1.8 to MEUR 0.1.

The Western Europe segment enjoyed the strongest revenue growth in the second quarter, with revenues rising by +58.8% (after adjustment for currency translation effects: +54.6%) from MEUR 8.1 to MEUR 12.8. This positive development is attributable to the revenues generated by the UK subsidiary and, increasingly, the acquisitions in the Netherlands, Belgium and France. Consulting revenues rose by +70.3% or MEUR +4.2 year-on-year to total MEUR 10.3. Revenues in the Outsourcing & Services division doubled to MEUR 2.1. At MEUR 0.4, License revenues were down MEUR -0.6 on the same period of the previous year, largely as a result of the lower level of revenues generated in Switzerland. At MEUR 0.7, the EBIT contribution in this segment was up MEUR +0.3 on the previous year.

Quarterly revenues in the Eastern Europe segment increased by MEUR +0.2 to MEUR 3.9. After adjustment for currency translation effects, revenues remained unchanged as against the previous year. This improvement was driven by the positive development in the Outsourcing & Services division – particularly at the local companies in Poland and the Czech Republic – with revenue growth of +11% to MEUR 1.6, the encouraging performance in the Consulting division (revenues up +3.2% to MEUR 2.2) and the essentially unchanged Licenses business (MEUR 0.2). The EBIT contribution was MEUR +0.7 higher than in the same period of the previous year. In addition to the improved business performance, the restructuring measures implemented in 2009 had a positive effect.

The USA segment recorded revenue growth of MEUR +4.7, from MEUR 12.2 to MEUR 16.9 (+38.0%; after adjustment for currency translation effects: +38.6%). Consulting was the best performer in the USA segment, growing revenues by MEUR +3.0 year-on-year to MEUR 8.5; this represents an increase of +53.1% (after adjustment for currency translation effects: +53.7%). The Outsourcing & Services division saw its revenues increase by +42.5% to MEUR 7.6. This development was driven in particular by application support. However, License revenues declined by MEUR -0.6 year-on-year to MEUR 0.8 (after adjustment for currency translation effects: -44.2%). The EBIT contribution improved by MEUR +1.3 to MEUR 1.3. This is primarily attributable to the change in the revenue mix, higher utilization in the Consulting division and stable daily rates.

The Asia segment generated Consulting revenues of MEUR 0.5. Although EBIT was lower than expected at MEUR -0.3, this was due to the start-up phase of the local companies.

The investment in ITC GmbH is reported in the Other segment. Revenues in this segment remained unchanged year-on-year at MEUR 0.8, while the earnings contribution declined by MEUR -0.1 to MEUR +0.1.

Results of operations

EBIT decreased by MEUR -0.6 to MEUR 3.2. EBIT profitability therefore declined by -0.9%-points in the first half of the year, from 3.6% to 2.7%.

The ratio of staff costs to total revenues within the Group increased slightly as against the previous year. Staff costs rose by +1.0%-points. The utilization rate of third-party service providers decreased by -0.7%-points to 9.0%. The product cost ratio increased by +0.6%-points year-on-year to 15.7%.

Accordingly, the cost types had the following effects on EBIT profitability

EBIT margin in the first six months of 2009	3.6%
Staff costs	- 1.0%
Third-party service provider costs	+0.7%
Product costs	- 0.6%
Travel costs	- 0.4%
Other income/expenses	+0.4%
EBIT margin in the first six months of 2010	2.7%

The gross margin increased from 23.2% in the previous year to 24.1% 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 increased by +0.7% year-on-year to 10.4%, while the ratio of general administrative expenses rose by +0.9%-points to MEUR 10.6%, largely as a result of acquisition costs. Other operating income and expenses totaled MEUR -0.4.

In the first half of 2010, tax expenses amounted to MEUR 1.4 (previous year: MEUR 1.3). The consolidated tax rate increased to 47.6% in the short term (previous year: 35.5%). This development was primarily due to the regional distribution of the itelligence Group's revenues with significant deviations in terms of local tax rates and utilizable tax loss carryforwards. In the first half of 2010, itelligence primarily generated

revenues in the USA, where the tax rate is around 44%. Acquisition costs in the amount of MEUR 0.6 also resulted in non deductible operating expenses.

itelligence AG reported a net profit (profit after taxes) of MEUR 1.5 in the first half of 2010 compared with MEUR 2.4 in the same period of the previous year. This corresponds to a decrease of 37.5%. The profit margin declined from 2.3% to 1.3% in the first half of 2010. The share of earnings attributable to the shareholders of itelligence AG amounted to MEUR 1.4 (previous year: MEUR 2.2). Earnings per share (basic) amounted to EUR 0.06 (previous year: EUR 0.09). Earnings per share are calculated on the basis of the number of 24,557,595 shares (previous year: weighted average of 24,292,858 shares).

Net assets and financial position

As of June 30, 2010, the total assets of the itelligence Group increased by MEUR 5.5 to MEUR 146.7 compared with MEUR 141.2 at December 31, 2009.

Non-current assets accounted for 42.1% 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 28.1 as of June 30, 2010 (December 31, 2009: MEUR 19.9); this was largely due to the purchased goodwill resulting from the acquisitions.

Current assets declined from MEUR 92.8 at December 31, 2009 to MEUR 85.0. Cash and cash equivalents recorded the largest decrease, falling by MEUR 24.5 compared with December 31, 2009 to MEUR 18.0. Trade receivables increased to MEUR 55.0 at the reporting date (December 31, 2009: MEUR 46.5). The average days sales outstanding was 82 days (December 31, 2009: 73 days; June 30, 2009: 72 days). This development was primarily due to delays in the invoicing of maintenance revenues following changes in contractual terms.

Net cash used in operating activities amounted to MEUR -10.8 in the first six months of 2010 after MEUR -5.3 in the same period of the previous year, an increase of MEUR -5.5. This development is due in particular to the lower level of operating earnings compared with the previous year and the delayed cash inflow from maintenance revenues.

Net cash used in investing activities amounted to MEUR -13.1 (previous year: MEUR -4.0). Investments in property, plant and equipment and IT software totaled MEUR 9.2 in the period under review, up significantly on the figure of MEUR 3.4 for the first six 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 4.2 (previous year: MEUR 0.6). In the first quarter of 2010, purchase price installments amounting to MEUR 1.6 were paid for the 51% equity interest in ADELANTE SAS, Paris, now itelligence France SAS, 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.

Net cash used in financing activities amounted to MEUR -1.3 (previous year: MEUR -4.7). This primarily relates to the repayment of non-current financial liabilities in the amount of MEUR -1.2 (previous year: MEUR -1.9) and the raising of non-current financial liabilities in the amount of MEUR 2.6 (previous year: MEUR 0.4). Net cash used in financing activities also includes this year's dividend payment to the Company's shareholders in the amount of MEUR -2.5 (previous year: MEUR -2.9).

itelligence's equity amounted to MEUR 55.7 as of the reporting date June 30, 2010 compared with MEUR 53.9 as of December 31, 2009, an increase of MEUR 1.8. Due to the higher level of total assets,

the equity ratio declined to 38.0% as of June 30, 2010 compared with 38.2% as of 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 20.2% of total assets as of June 30, 2010, up on the figure of 17.7% at December 31, 2009. Accordingly, the ratio of current liabilities to total assets fell to 41.8% as of the reporting date (December 31, 2009: 44.1%).

Employees

Of the 1,669 people employed as of June 30, 2010, a total of 805 were employed in Germany/Austria (June 30, 2009: 769) and 864 in the rest of the world (June 30, 2009: 674). The number of employees thus rose by 15.7% as against the same quarter of the previous year and by 8.0% as against the end of the year.

As part of the "Powerbrands" initiative, the cooperation between the companies Schüco International KG, Phoenix Contact GmbH & Co. KG and itelligence AG was consistently pursued in the second quarter. In conjunction with Bielefeld University, an intercultural training session was offered for students and Erasmus students at the university. The students worked intensively in groups on different topics, such as a roll-out of the successful OWL marketing concept in other countries.

The "DELTA" high potential program also continued in the second quarter of this year, with 25 potential specialists and managerial staff taken on in the program worldwide.

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 permanent ongoing development of compliance management, risk management and the internal control system allows instruments for risk detection to be developed and integrated into the existing control systems. In addition, itelligence is constantly raising the security standards at its data centers, as demonstrated by the SAS 70 certification at the data center in Bautzen, for instance. This ensures that prompt measures are initiated to eliminate risks. The specific opportunities and risks for the second half of the year are referred to in the Outlook.

Investor relations

The development of the stock markets in the second quarter of 2010 was not uniform. The DAX fluctuated in a corridor between 5,700 and 6,250 points, while the TecDAX dropped from 850 points in mid-April to less than 700 points at the end of May and had not managed to break through the 800-point barrier again by the start of July despite a slight upward trend in June. The itelligence AG share opened at EUR 5.45 in Xetra trading at the start of April and closed at a price of EUR 5.55 at the end of June, thus developing at a stable level.

In the area of investor relations, the focus in the second quarter was primarily on holding the Annual General Meeting on May 27, 2010 at itelligence AG's new complex in Bielefeld. In their presentation to approximately 50 shareholders, the CEO of itelligence AG, Herbert Vogel, and CFO Norbert Rotter described the strong results in fiscal 2009 and, in particular, the Company's future strategic focus. The Supervisory Board

and Management Board also proposed at the Annual General Meeting a dividend of EUR 0.10 per share for fiscal 2009. The Annual General Meeting approved this proposal and all other items on the agenda with a large majority.

Kazuhiro Nishihata, Senior Vice President and Managing Director of NTT DATA Corporation, and Akiyoshi Nishijima, Deputy Senior Executive Manager of NTT DATA Corporation, were newly elected to the Supervisory Board at the Annual General Meeting. Takashi Enomoto and Kazuyuki Arata of NTT DATA Corporation stepped down from the Supervisory Board.

In addition, itelligence AG continued to provide information to shareholders, investors and analysts in the second quarter of 2010 as part of its targeted investor relations measures.

Number of shares (June 30, 2010):	24,557,595 shares
Six-month high:	EUR 5.84 (April 14, 2010)
Six-month low:	EUR 4.44 (January 8/ 14/15/27, 2010)
Share price at June 30, 2010:	EUR 5.55
Market capitalization at June 30, 2010:	MEUR 136.29

Outlook

The economic outlook improved in the first half of 2010. The level of orders on hand stabilized at many itelligence customers and increased substantially once again in some sectors. Exports in many industrialized nations are proving to be a particular driver of economic recovery. Improved capacity utilization and favorable financing conditions are increasing companies' propensity to invest. For the second half of the year, however, lower demand momentum is anticipated, due in part to the expiration of stimulus programs and the start of the consolidation of state finances.

itelligence returned to a clear growth path in the first half of 2010. Revenues increased by 12.5%, from MEUR 106.0 to MEUR 119.3. Around 3% of this figure is attributable to organic growth and the remaining 9.5% to the acquisitions in the Netherlands, France and the USA. In its key markets, particularly the USA, Poland and Switzerland, itelligence generated significant growth in revenues and earnings. In Germany, however, revenues were only slightly higher than in the previous year.

The Group's EBIT margin amounted to 2.7% in the first half of the year, compared with 3.6% in the previous year. In Germany, operating earnings were negatively impacted by non-billable work under fixed-price contracts as well as increased distribution expenses and staff costs, among other factors. Lower earnings were also recorded in the Benelux countries and at the Czech subsidiary SAPCON due to postponed projects and integration costs. However, improvements in earnings in the USA and Switzerland compensated for this.

Acquisition costs, which are no longer recognized as part of cost under IFRS since the beginning of the year, had a non-recurring negative impact of roughly MEUR 0.6 on the net profit for the first half of the year as compared to the previous year. Both the increased staff costs and the acquisition costs relate to our growth strategy, which – although initially resulting in a negative impact on earnings – will be reflected positively in the key profit figures next year.

The Board of Management expects business to continue to pick up in the second half of the year. Due to its foreign acquisitions, itelligence is increasing its revenue guidance to between MEUR 245.0 and MEUR 255.0 (previously MEUR 230.0 to MEUR 240.0) and is reiterating its forecast EBIT margin of between 5.2% and 5.6%.

Responsibility statement

To the best of our knowledge, and in accordance with the applicable reporting principles for interim financial reporting, the consolidated interim financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group, and the interim 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 over the rest of the fiscal year.



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 (July 29, 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 June 30, 2010:

Management Board	Shares
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. 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

October 28, 2010

Publication of interim report 3/2010

November 23, 2010

Company presentation

German Equity Forum in Frankfurt

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Consolidated Income Statement

KEUR	Jan. 01 – Jun. 30, 2010	Jan. 01 – Jun. 30, 2009	Apr 01. – Jun. 30, 2010	Apr 01. – Jun. 30, 2009
Revenues	119,296	106,003	63,067	51,996
Cost of sales	-90,603	-81,367	-48,257	-39,848
Gross profit	28,693	24,636	14,810	12,148
Marketing and distribution expenses	-12,422	-10,234	-6,547	-5,157
Administrative expenses	-12,628	-10,324	-6,321	-4,647
Other operating income	837	1,212	510	770
Other operating expenses	-1,185	-1,518	-598	-1,394
Amortization of orders on hand	-63	0	-32	0
Total operating expenses	-25,461	-20,864	-12,988	-10,428
Result from operating activities	3,232	3,772	1,822	1,720
Exchange rate differences from financing activities	10	-50	-6	44
Finance income	110	352	52	121
Finance expenses	-482	-379	-254	-196
Net finance costs	-362	-77	-208	-31
Profit before income tax	2,870	3,695	1,614	1,689
Income tax expenses	-1,365	-1,310	-853	-668
Consolidated net profit	1,505	2,385	761	1,021
of which of the shareholders of itelligence AG	1,375	2,247	655	919
of which minority interests	130	138	106	102
Earnings per share (EUR) (basic)	EUR 0,06	EUR 0,09		
Earnings per share (EUR) (diluted)		EUR 0,09		
Number of shares on the basis of which earnings per share were calculated:				
– basic	24,557,595	24,292,858		
– diluted		24,595,227		

Statement of Recognized Income and Expense in Shareholders' Equity

KEUR	Jan. 01 – Jun. 30, 2010	Jan. 01 – Jun. 30, 2009
Consolidated net profit	1,505	2,385
Foreign exchange differences	2,423	-267
Total consolidated net profit and changes in value taken directly to equity for the period	3,928	2,118
of which of the shareholders of itelligence AG	3,798	1,980
of which minority interests	130	138

Consolidated Balance Sheet

Assets in KEUR	June 30, 2010	June 30, 2009	Dec. 31, 2009
Non-current assets			
Intangible assets	28,097	16,021	19,927
Property, plant and equipment	28,570	20,084	23,186
Financial assets	145	48	15
Deferred tax assets	2,177	1,651	1,853
Other non-current assets	2,717	3,706	3,433
	61,706	41,510	48,414
Current assets			
Inventories	249	146	57
Trade receivables	54,994	42,192	46,522
Other current assets	3,338	4,067	1,488
Cash and cash equivalents	18,039	21,207	42,496
Prepaid expenses	8,407	5,151	2,243
	85,027	72,763	92,806
	146,733	114,273	141,220
Equity and liabilities in KEUR			
Equity			
Issued capital	24,558	24,417	24,558
Capital reserve	21,491	21,269	21,491
Net accumulated profit	14,198	10,617	15,277
Other comprehensive income	-9,466	-3,402	-8,556
	50,781	52,901	52,770
Minority interest	4,931	735	1,133
	55,712	53,636	53,903
Non-current liabilities			
Non-current loans and borrowings	14,725	8,240	13,790
Deferred tax liabilities	3,988	2,383	3,603
Pension provisions	72	143	57
Government grants	2,246	2,673	2,384
Other non-current liabilities	8,652	0	5,229
	29,683	13,439	25,063
Current liabilities			
Trade payables	23,190	12,581	17,873
Current financial liabilities	311	232	227
Current portion of interest-bearing loans and borrowings	3,750	2,425	3,115
Convertible bonds	0	456	0
Tax provisions	826	1,222	722
Other current provisions	2,525	3,170	2,982
Other current liabilities	24,033	18,505	33,827
Deferred income	6,703	8,607	3,508
	61,338	47,198	62,254
	146,733	114,273	141,220

Consolidated Cash Flow Statement

KEUR	June 30, 2010	June 30, 2009
Consolidated net profit	1,505	2,385
Depreciation of property, plant and equipment	3,310	3,084
Amortization of intangible assets	458	325
Elimination of gains/losses on asset disposals	1	-13
Other non-cash transactions	-412	19
Net interest income	372	27
Income tax expenses	1,365	1,310
	6,599	7,137
Change in inventories	-192	-45
Change in trade receivables	-5,340	4,719
Change in other non-current assets	876	39
Change in other current assets	-1,468	-486
Change in prepaid expenses	-2,877	1,804
Change in trade payables	4,640	-6,581
Change in provisions for pensions	15	30
Change in other liabilities and provisions	-11,442	-10,506
Change in deferred taxes	61	-97
	-9,128	-3,986
Interest received	110	352
Interest paid	-329	-352
Taxes paid	-1,441	-1,343
Cash flows from operating activities	-10,788	-5,329
Investments in property, plant and equipment and IT software	-9,202	-3,405
Cash received from the disposal of property, plant and equipment and intangible assets	377	28
Payments for acquisitions (less cash and cash equivalents acquired)	-4,238	-603
Cash flows from investing activities	-13,063	-3,980
Changes in minority interests	-193	-117
Increase in long-term deposits	-160	-136
Dividend payments	-2,454	-2,915
Raising of current financial liabilities	75	0
Raising of non-current financial liabilities	2,573	396
Repayment of non-current financial liabilities	-1,186	-1,930
Cash flows from financing activities	-1,345	-4,702
Decrease/increase in cash and cash equivalents	-25,196	-14,011
Effects from exchange rate differences	739	43
Cash and cash equivalents at 1 January	42,496	35,175
Cash and cash equivalents at June 30	18,039	21,207

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
		KEUR	KEUR	KEUR	Foreign exchange differences	Other equity	Other comprehen- sive equity	KEUR	KEUR	KEUR
Dec. 31, 2008	24,292,164	24,292	21,072	11,285	-3,135		-3,135	53,514	714	54,228
Consolidated net profit				2,247				2,247	138	2,385
Dividend payments				-2,915				-2,915		-2,915
Foreign exchange differences					-267		-267	-267		-267
Changes in minority interests									-117	-117
Conversions of convertible bonds	124,841	125	197					322		322
June 30, 2009	24,417,005	24,417	21,269	10,617	-3,402		-3,402	52,901	735	53,636
Dec. 31, 2009	24,557,595	24,558	21,491	15,277	-3,309	-5,247	-8,556	52,770	1,133	53,903
Consolidated net profit				1,375				1,375	130	1,505
Dividend payments				-2,454				-2,454		-2,454
Foreign exchange differences					2,423		2,423	2,423		2,423
Fair value for call and put options under IAS 32						-3,333	-3,333	-3,333	-43	-3,376
Changes in minority interests									3,711	3,711
June 30, 2010	24,557,595	24,558	21,491	14,198	-886	-8,580	-9,466	50,781	4,931	55,712

Notes to the Interim Financial Statements

Accounting

The consolidated interim financial statements for the period ended June 30, 2010 were prepared in accordance with the International Financial Reporting Standards (IFRSs) 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 June 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 – June 30, 2010	Jan. 1 – June 30, 2009
	KEUR	KEUR
Earnings before income taxes	2,870	3,695
Income taxes	-1,365	-1,310
Income tax rate	47.6%	35.5%

This item includes current tax expenses of KEUR 1,304 (previous year: KEUR 1,407) and deferred taxes of KEUR 61 (previous year: KEUR -97).

2 / Earnings per share

		Jan. 1 - June 30, 2010	Jan. 1 - June 30, 2009
Basic earnings			
Net profit for the period			
after minority interests	KEUR	1,375	2,247

Weighted average number			
of ordinary shares		24,557,595	24,292,858

Earnings per share,			
basic	EUR	0.06	0.09

		Jan. 1 - June 30, 2010	Jan. 1 - June 30, 2009
Diluted earnings			
Net profit for the period			
after minority interests	KEUR		2,247

Adjustments for interest			
paid on potential ordinary			
shares, net of tax effects	KEUR		18

Adjusted net profit			
for the period	KEUR		2,265

Weighted average number			
of ordinary shares and			
potential ordinary shares			24,595,227

Earnings per share,			
diluted	EUR		0.09

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 six 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.

