



<b>Letter to the Shareholders</b>	<b>03</b>
Shareholder Structure	12
Directors' Holdings	12
Financial Calendar 2011	12
<b>Consolidated Financial Statements</b>	
Consolidated Income Statement	15
Consolidated Balance Sheet	16
Consolidated Cash Flow Statement	17
Consolidated Statement of Changes in Shareholders' Equity	18
Notes to the Consolidated Interim Financial Statements	19

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**itelligence at a glance**


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MEUR	Jan. 01 - June 30, 2011	Jan. 01 - June 30, 2010	April 01 - June 30, 2011	April 01 - June 30, 2010
Total revenues	153.5	119.3	78.6	63.1
<b>Revenues by area</b>				
Consulting	88.2	66.5	45.3	34.3
Licenses	12.4	9.2	6.6	5.4
Outsourcing & Services	52.8	43.4	26.7	23.3
Other	0.1	0.2	0	0.1
<b>Revenues by segment</b>				
Germany/Austria/Switzerland (DACH)	74.0	64.9	36.6	33.4
Western Europe	26.8	13.3	14.6	7.6
Eastern Europe	10.0	7.8	5.4	3.9
USA	39.5	30.9	20.2	16.9
Asia	1.5	0.8	0.8	0.5
Other	1.7	1.6	1.0	0.8
EBIT	6.4	3.2	2.9	1.8
EBIT margin	4.2%	2.7%	3.7%	2.9%
EBITDA	11.1	7.0	5.5	3.8
EBITA margin	7.2%	5.9%	7.0%	6.0%
IFRS net profit	3.4	1.5	1.4	0.8
IFRS earnings per share in EUR	0.11	0.06	0.04	0.03

## Letter to the Shareholders

### → Key figures for the first half of 2011 at a glance

- Revenues up **+28.7%** in first half of year (after adjustment for currency translation effects: **+29.0%**) to **MEUR 153.5**
- EBIT doubles from **MEUR 3.2** to **MEUR 6.4** including acquisition costs of **MEUR 1.0**
- EBIT margin amounts to **+4.2%** (previous year: **+2.7%**)
- Year-on-year revenue development by division: Consulting **+32.6%**, Outsourcing & Services **+21.7%**, Licenses **+34.8%**
- Year-on-year revenue development by region: DACH **+14.0%** (after adjustment for currency translation effects: **+11.8%**), Western Europe **+101.5%** (after adjustment for currency translation effects: **+102.3%**), Eastern Europe **+28.2%** (after adjustment for currency translation effects: **+26.3%**), USA **+27.8%** (after adjustment for currency translation effects: **+35.2%**), Asia **+87.5%** (after adjustment for currency translation effects: **+97.1%**)
- Orders on hand at end of quarter total **MEUR 229.3** (previous year: **MEUR 196.5**)

#### *Ladies and Gentlemen, Dear Shareholders,*

itelligence AG is continuing on its growth path. In the first six months of 2011, revenues increased by **+28.7%** (after adjustment for currency translation effects: **+29.0%**) to **MEUR 153.5**. Revenue growth from existing companies (organic growth) amounted to **+19.4%**, while the acquisitions conducted in late 2010 and the period under review accounted for a further **+9.3%** (inorganic growth).

Consulting revenues improved by **MEUR +21.7** as against the first six months of the previous year to total **MEUR 88.2**, while revenues from Outsourcing & Services increased by **MEUR +9.4** to **MEUR 52.8**. Licenses revenues rose by **MEUR +3.2**, from **MEUR 9.2** to **MEUR 12.4**.

In terms of the individual regions, revenues in the first half of the year amounted to **MEUR 74.0** in the DACH region, **MEUR 26.8** in Western Europe, **MEUR 10.0** in Eastern Europe, **MEUR 39.5** in the USA, **MEUR 1.5** in Asia and **MEUR 1.7** in the Other segment.

Orders on hand increased by **+16.7%** compared with June 30, 2010 to total **MEUR 229.3** (previous year: **MEUR 196.5**).

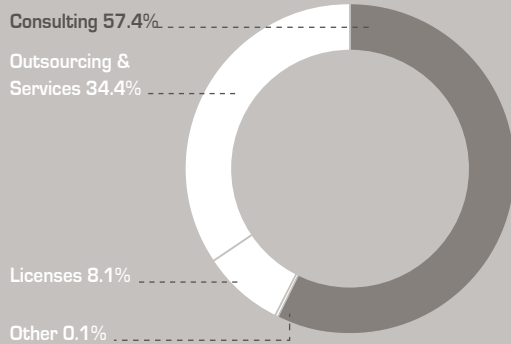
### itelligence UK acquires SAP BusinessObjects partner CONTEMPORARY in the UK

In May 2011, itelligence AG announced the 100% acquisition of the British company CONTEMPORARY plc., Ascot, one of the leading BusinessObjects partners of SAP UK, by its British subsidiary itelligence UK, Reading, with retroactive effect from April 1, 2011. This acquisition represents a significant expansion in the range of services offered by itelligence in the UK in the growth segment of business analytics and SAP BusinessObjects.

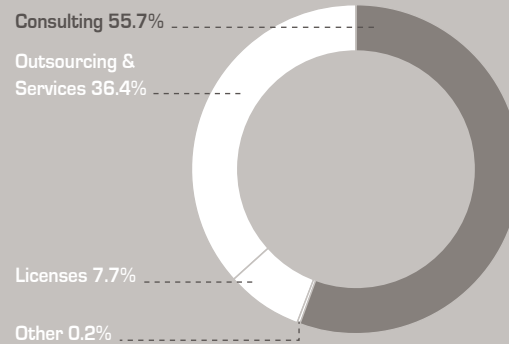
CONTEMPORARY plc. has won numerous awards from SAP, such as SAP BusinessObjects Gold Value Added Reseller, SAP Authorised Education Partner and SAP Master VAR for BusinessObjects. The company has also been awarded Microsoft consulting accreditation for business intelligence technologies.

**Share of revenues by area**

First half 2011



First half 2010



The company was formed in 1991 and its 25 employees generated revenues of GBP 3.8 million in 2010.

Customers of the business analytics service provider include high-profile companies and organizations such as the Royal British Legion, Norfolk Constabulary and Hobbycraft.

### itelligence AG acquires majority interest in Danish SAP consultancy firm 2C change

In June 2011, itelligence AG acquired a 60% interest in 2C change a/s, a software consultancy firm for SAP business solutions based in Horsens, Denmark. itelligence also has an option to acquire the remaining 40% of the shares. With this transaction, itelligence AG is pressing ahead with its international expansion strategy and extending its business activities to the Scandinavian market, where it did not previously have a subsidiary.

Formed in 2002, 2C change is one of the most successful SAP resellers in the Scandinavian market. With around 150 employees in Denmark, Norway and Malaysia, 2C change offers its own SAP Business All-in-One solutions as well as an extensive range of IT services from consultancy, SAP license sales and implementation through to hosting in the SAP environment and SAP BusinessObjects. In 2010, the SAP consultancy firm generated revenues of around MEUR 25.2.

2C change has three Danish locations in Horsens, Aarhus and Copenhagen and a subsidiary in Oslo, Norway, and has also had a subsidiary in Kuala Lumpur, Malaysia, since October 2010. 2C change has become particularly well-known in the mechanical and plant engineering, consumer, pharmaceuticals and trade sectors. Its customers include high-profile names such as SuperGros, Nilfisk-Advance, Viking Life-Saving Equipment, Cheminova and Vestas Windsystems in Denmark and Pronova, Statkraft and Siem WIS in Norway.

### Customer projects, SAP partnership and awards

In May 2011, itelligence was awarded the SAP Pinnacle Award 2011 in the category "SME Fastest Growing Channel Partner of the Year/Small and Midsize Enterprise (SME)". The annual SAP Pinnacle Awards are bestowed on leading SAP partners that have excelled in the development and expansion of their partnership with SAP and made a significant contribution to their customers' success. This year's winners were selected from more than 150 nominees submitted by partners and SAP employees across 18 categories.

The SAP Pinnacle Award is an important annual barometer for itelligence's success in terms of the provision of solutions and services that contribute to the success of its customers as well as the expansion of its strategic partnership with SAP.

In the second quarter of 2011, itelligence AG gained expertplace networks group AG, Cologne, as a further customer for SAP Business ByDesign. expertplace offers an extensive range of services in the IT environment, from consulting and project management through to training and expert services, which involve the performance of project services by selected experts. itelligence will implement SAP Business ByDesign CRM along the entire value chain at expertplace networks group AG. One of the key deciding factors for expertplace networks group AG was the maximum support for mobile business processes offered by SAP ByD.

Mobility, rapid availability and comprehensive process support are the strengths of SAP Business ByDesign. The benefit: the on-demand solution allows employees to access up-to-date data via an Internet connection while they telephone and access data using their mobile devices, such as iPhones and iPads.

Other new customers in the second quarter included formaplan GmbH & Co. KG, Hövelhof, beeline GmbH, Cologne, Theo Steil GmbH, Trier, Servomex Group Limited, East Sussex (UK), Albemarle Corporation, Baton Rouge (Louisiana, USA), Jason Finishing Group, Cleveland (Ohio, USA), J.M. Huber Corporation, Atlanta (Georgia, USA), KiOR Inc., Pasadena (Texas, USA), J.V. Industrial Ltd., Pasadena (Texas, USA) and Trigon Dom Maklerski S.A., Krakow (Poland).

itelligence also generated new orders from existing customers in the second quarter. Gebrüder Martin GmbH & Co. KG, Tuttlingen, placed several orders with itelligence for the expansion and optimization of its existing SAP system, while the agency group Serviceplan Gruppe für innovative Kommunikation GmbH & Co. KG, Munich, concluded an order for the implementation of SAP Business ByDesign and a software license agreement.

itelligence successfully went live at companies including Jonas & Redmann Automationstechnik GmbH, Berlin, Wildnissport GmbH, Suderburg, RAPS GmbH & Co. KG, Kulmbach, Intermas Nets S.A., Llinars del Vallès - Barcelona (Spain), Zetes Ltd, Ascot (UK) and Lyons Seafoods Ltd, Warminster (UK).

itelligence AG expanded its presence in China, where it opened its first SAP Application Support and Maintenance Center. With an initial team of 12 employees, itelligence is providing consultancy and support in English, Japanese and Chinese for SAP Application Support und Maintenance customers throughout Asia from its base in Shanghai. This rounds out the SAP consultancy firm's global application support service.

The new SAP Application Support and Maintenance Center in Asia is evidence of itelligence AG's growing global presence and confirmation of the importance to its customers of Asia as a region and China as an economic location. The new support center is also an important component of itelligence AG's global customer support network. At the same time, the SAP Application Support and Maintenance Center expands the range of maintenance services for the growing number of Chinese customers locally.

Outsourcing & Services again reported a number of successes in the second quarter. For example, itelligence won a long-term contract for SAP outsourcing from RUIA Global Fasteners AG, Germany. Early this year, the Ruia Group acquired the former Acument, whose five plants in Germany (Neuss, Beckingen, Neuwied, Schrozberg and Cologne) are now trading under the name Ruia Global Fasteners AG. The company specializes in screw and fastening technologies for the automotive industry. The Ruia Group, which is domiciled in Kolkata, also owns the Indian tire brands Dunlop (for India), Falcon Tyres and Monotona.

Another new customer of the Outsourcing & Services division is Citrique Belge, Tienen (Belgium). Citrique Belge is one of the world's largest manufacturers of citric acid for the food, pharmaceutical and consumer goods industries. As one of two relevant manufacturers in Europe, the company offers a highly extensive range of citrates that play an important role in the production of various foodstuffs and drinks. itelligence has been contracted to operate the three-stage SAP ECC 6.0 system environment.

## Results of operations in the first half of 2011

At MEUR 6.4, the EBIT contribution in the first half of 2011 doubled compared with the previous year, rising by MEUR +3.2. The EBIT margin improved from 2.7% to 4.2% as a result. EBIT includes non-recurring expenses for the acquisition of 2C change a/s, Denmark, and CONTEMPORARY plc., UK, in the amount of MEUR 1.0.

At MEUR 2.6, the EBIT contribution of the DACH segment was up MEUR +1.6 on the same period of the previous year. The key factors in this development were the growth in Consulting business with increased daily rates and improved consultant utilization, the successful sale of internally developed solutions and the strength of the Outsourcing & Services business.

The EBIT contribution in Western Europe amounted to MEUR 0.8 after MEUR 0.1 in the same period of the previous year. In addition to the earnings growth in France/Canada, this positive development was primarily attributable to the earnings contribution from the acquired companies in Denmark and Norway and the UK. By contrast, the earnings contribution in the Benelux countries declined year-on-year to MEUR -0.2.

Business performance in Eastern Europe remains unsatisfactory due to insufficient daily rates for consulting services and inadequate consultant utilization. However, our subsidiary in Poland continues to develop well. Despite this, the earnings contribution in the region was negative at MEUR -0.6, down MEUR -0.5 on the same period of the previous year.

The earnings contribution in the USA increased by MEUR +1.2 year-on-year to MEUR 3.6 on the back of positive business development in the areas of consulting and servicing and a sharp increase in Licenses revenues.

The earnings contribution in the Asia segment amounted to MEUR -0.2 in the period under review, an improvement of MEUR +0.2 on the previous year.

The EBIT contribution from the Other segment remained unchanged year-on-year at MEUR +0.2.

The cost types had the following effects on EBIT profitability:

EBIT margin in the first six months of 2010	2.7%
Staff costs	+2.0%
Third-party service provider costs	-1.7%
Product costs	+1.1%
Travel costs	-0.2%
Other income/expenses	+0.3%
EBIT margin in the first six months of 2011	4.2%

Staff costs declined by -2.0%-points. The utilization rate of third-party service providers increased by +1.7%-points to 10.7%. The product cost ratio fell by -1.1%-points year-on-year to 14.6%, while the travel cost ratio decreased by -0.2%-points.

The gross margin increased from 24.1% in the previous year to 26.4% in the period under review. This was primarily due to the lower level of staff costs. The ratio of marketing and selling expenses increased from 10.4% in the previous year to 12.5% as a result of the expansion in the Group's sales activities. At 8.8%, the ratio of general and administrative expenses was down -1.7%-points on the previous year. Other operating income and expenses fell by MEUR 1.0 year-on-year to MEUR -1.3 as a result of acquisition costs and the amortization of orders on hand.

Net financial income, which expresses the balance of finance costs and financial income, amounted to MEUR -0.7 in the first half of the 2011 due to the higher level of interest expense (previous year: MEUR -0.4).

In the first half of 2011, income tax expenses increased to MEUR 2.3 (previous year: MEUR 1.4). The consolidated tax rate fell to 40.8% (previous year: 47.6%). The fact that the consolidated tax rate remains high is due to improved profitability, particularly in countries with high tax rates, as well as differences in the utilization of tax loss carryforwards. In the first six months of 2011,

the majority of revenues were generated in Germany and the USA, where the tax rates range from around 30% to 37%. Non-tax-deductible ancillary costs of acquisition also had an adverse effect on the consolidated tax rate.

itelligence reported a net profit for the period (profit after taxes) of MEUR 3.4 after MEUR 1.5 in the same period of the previous year (+126.7%). The profit margin increased from 1.3% to 2.2% in the first half of 2011. The share of earnings attributable to the shareholders of itelligence AG amounted to MEUR 2.8 (previous year: MEUR 1.4). Earnings per share amounted to EUR 0.11 (previous year: EUR 0.06). Earnings per share are calculated on the basis of the weighted average number of 24,557,595 shares (previous year: 24,557,595 shares).

### Business development in the second quarter of 2011

In the second quarter of 2011, itelligence AG's revenues totaled MEUR 78.6, up +24.6% on the figure of MEUR 63.1 recorded in the previous year (after adjustment for currency translation effects: +25.0%).

itelligence recorded substantial revenue growth in all its divisions. Consulting revenues increased by +32.1% (after adjustment for currency translation effects: +31.7%) to MEUR 45.3. The Licenses business also developed extremely positively, with revenues up +22.2% year-on-year to MEUR +6.6. Outsourcing & Services revenues amounted to MEUR 26.7, which also represented a significant improvement of +14.6% (after adjustment for currency translation effects: +16.1%).

EBIT amounted to MEUR 2.9 in the second quarter, up MEUR +1.1 on the same period of the previous year. The EBIT margin increased by +0.8%-points, from 2.9% to 3.7%.

itelligence's revenue segments developed as follows:

Revenues in the DACH segment increased by +9.6% year-on-year to MEUR 36.6. The strong revenue growth of +18.5% to MEUR 19.9 in the Consulting division and +11.2% to MEUR 13.9 in the Outsourcing & Services division was sufficient to offset the downturn in Licenses revenues (MEUR 2.8; -31.7%). The segment's earnings contribution was up +34.5% year-on-year at MEUR 0.7.

The highest revenue growth was recorded in the Western Europe segment on the back of the acquisitions in the UK and the Nordic region (Denmark and Norway). Revenues increased by +92.1% (after adjustment for currency translation effects: +92.6%) year-on-year to MEUR 14.6. Only Benelux lagged behind the previous year in terms of revenues. Consulting revenues increased by +82.0% or MEUR +5.0 to MEUR 11.1. Revenues in the Outsourcing & Services division amounted to MEUR 2.8, up +115.4% on the previous year (after adjustment for currency translation effects: +111.5%). At MEUR 0.7, Licenses revenues were MEUR +0.5 higher than in the same period of the previous year. The EBIT contribution in this segment improved by MEUR +0.1 year-on-year to MEUR 0.3. The acquisition costs are reported in the DACH region.

In the Eastern Europe segment, revenues in the second quarter increased by MEUR +1.5 (+38.5%) year-on-year to MEUR 5.4. After adjustment for currency translation effects, this represented revenue growth of +35.0%. This development was driven by the positive performance in the Outsourcing & Services division at the subsidiaries in Poland, the Czech Republic and Russia (+62.5%; MEUR 2.6), the increase in Licenses revenues from MEUR 0.2 in the previous year to MEUR 0.4, and the encouraging trend in terms of Consulting revenues (+9.1%; MEUR 2.4). The EBIT contribution improved by MEUR +0.4 as against the previous year.

The USA segment recorded revenue growth of MEUR +3.3 (+19.5%; after adjustment for currency translation effects: +26.5%), from MEUR 16.9 to

MEUR 20.2. Licenses revenues saw the most pronounced growth in the USA, increasing by MEUR +1.6 or +200.1% year-on-year to MEUR 2.4 (after adjustment for currency translation effects: +229.8%). By contrast, revenues in the Outsourcing & Services division were unable to repeat the prior-year level, declining by -7.9% to MEUR 7.0; however, substantial revenue growth is forecast for the year as a whole. Consulting revenues increased by MEUR +2.3 year-on-year to MEUR 10.8 (after adjustment for currency translation effects: +34.6%). At MEUR 1.6, the EBIT contribution in this segment improved by a further MEUR +0.3 on the previous year. This is primarily attributable to the change in the revenue mix, the higher level of consultant utilization and stable daily rates.

The Asia segment generated revenues of MEUR 0.8 in the second quarter of 2011. The earnings contribution improved by MEUR +0.2 year-on-year to MEUR -0.1.

The investment in ITC GmbH is reported in the Other segment. At MEUR 1.0, revenues were up MEUR +0.2 on the same period of the previous year. The earnings contribution remained balanced, declining by MEUR -0.1 year-on-year.

## Net assets and financial position

The total assets of the itelligence Group amounted to MEUR 201.5 as of June 30, 2011 compared with MEUR 180.2 as of December 31, 2010 (+11.8%).

Non-current assets accounted for 50.4% of total assets at the reporting date (December 31, 2010: 40.8%). The main items under non-current assets are intangible assets and property, plant and equipment. The sharp increase in the first half of 2011 was primarily attributable to the acquisitions conducted and the resulting goodwill.

Current assets declined from MEUR 106.8 at December 31, 2010 to MEUR 99.9. The most significant decreases were recorded in the area of cash and cash equivalents

and trade receivables. Cash and cash equivalents fell from MEUR 30.9 as of December 31, 2010 to MEUR 18.2 at the reporting date, while trade receivables declined to MEUR 66.1 as of the reporting date, down MEUR 3.1 as against December 31, 2010. The average days sales outstanding was 71 days (December 31, 2010: 92 days; June 30, 2010: 82 days).

Net cash used in operating activities amounted to MEUR -4.0 in the first six months of the current fiscal year after MEUR -10.8 in the same period of 2010. The relatively high cash outflow compared with earnings is attributable to the significant reduction in trade payables in conjunction with prior-year Licenses revenues. This effect was offset by the reduction in trade receivables. The overall development in the cash flow from operating activities was above the level recorded in the same period of 2010.

Net cash used in investing activities amounted to MEUR -20.8 (previous year: MEUR -13.1). Investments in property, plant and equipment and IT software totaled MEUR 7.5 in the period under review compared with MEUR 9.2 in the first six months of the previous year. As in previous reporting periods, investments primarily related to the expansion of data center capacities in Germany and abroad. Payments for acquisitions less cash and cash equivalents acquired amounted to MEUR 13.2 (previous year: MEUR 4.2).

Net cash used in financing activities amounted to MEUR 12.3 (previous year: MEUR -1.3). This was attributable in particular to the fact that non-current financial liabilities increased, largely in order to finance the acquisitions conducted, while repayments remained essentially unchanged.

itelligence's equity amounted to MEUR 56.4 as of the reporting date June 30, 2011 compared with MEUR 61.2 as of December 31, 2010. As a result of the increase in total assets and the decrease in absolute equity, the equity ratio declined to 28.0% as of June 30, 2011 compared with 34.0% as of December 31, 2010. Minority interests increased by MEUR 9.4 compared

with year-end 2010, largely as a result of the recognition of the 40% minority interest in the acquired company 2C change.

Non-current liabilities accounted for 31.9% of total assets as of June 30, 2011, up significantly on the figure of 20.9% as of December 31, 2010. Accordingly, the ratio of current liabilities to total assets fell to 40.1% as of the reporting date (December 31, 2010: 45.1%).

## Employees

Of the 2,127 people employed as of June 30, 2011, a total of 991 were employed in Germany, Austria and Switzerland (June 30, 2010: 897) and 1,136 in the rest of the world (June 30, 2010: 772). The number of employees rose by +15.3% compared with year-end 2010 and by +27.4% compared with the same period of the previous year.

In the second quarter, recruitment focused on marketing activities. We invited 30 SAP experts to the "Traumschiff SAP" boat in Hamburg harbor with the aim of attracting new employees and improving the general awareness of itelligence AG. A joint discussion was held on the topic of "Work-life balance – the arc of suspense between prototyping, go-live and private life".

itelligence also expanded its social media activities, particularly on Facebook and Twitter, where it launched its own company pages in April. itelligence gained more than 200 fans and followers in the first three months. The aim is to improve the attractiveness of itelligence AG as an employer through further activities, such as publishing employee interviews.

The "How to properly manage your own potential" training session, which was offered for the first time, met with a great response among itelligence's staff. Due to the high level of demand, itelligence is planning to arrange a second date to accompany the session that was originally planned for the second half of 2011.

Our "Well in Time" blended learning program is also enjoying a high level of participation due to the successes recorded over recent years, and additional dates will be offered for this training package, too. The program supports participants over the course of a year via telephone coaching and face-to-face training with a focus on time management and personal organization.

## Opportunities and risks

The 2010 Annual Report (pages 74 to 78) provides detailed information on the fundamental opportunities and risks facing IT system houses as well as itelligence's specific opportunities and risks. itelligence is meeting the steadily growing requirements in terms of risk management through the permanent development of its existing internal control systems. 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

There were no significant upward or downward movements on the national and international stock exchanges in the second quarter of 2011. From the start of April to the end of June, the DAX remained in a corridor of between 7,000 and just under 7,500 points, reaching a high for the year to date in early May. During the same period, the TecDAX fluctuated between 950 and 850 points, recording a downward overall trend before returning to the 900-point barrier in late June. Neither index returned to the lows seen in the first quarter.

itelligence's shares performed extremely well in April in particular, reaching their high for the year to date at EUR 7.42 on April 28. In May and June, the share price fluctuated between EUR 7.20 and EUR 6.80. With an opening price of EUR 6.52 on April 1 and a closing price of EUR 6.90 on June 30, performance in the second quarter amounted to 5.8%.

itelligence AG's Annual General Meeting was held on May 26. In their presentation to around 50 shareholders, CEO Herbert Vogel and CFO Norbert Rotter discussed the strong results for fiscal year 2010, provided an outlook for the current fiscal year and outlined the management's strategic focus. The Annual General Meeting adopted all of the agenda items with a large majority and approved the proposal of a dividend of EUR 0.14 per share for fiscal year 2010, 40% higher than in the previous year.

Number of shares (June 30, 2011):	24,557,595 shares
Six-month high:	EUR 7.42 (April 28, 2011)
Six-month low:	EUR 6.30 (March 15, 2011)
Share price at June 30, 2011:	EUR 6.90
Market capitalization at June 30, 2011:	MEUR 169.4

## Outlook

itelligence AG is continuing to pursue a systematic growth strategy with the aim of being a global SAP partner for its customers around the world. To this end, the Danish company 2C change, the leading SAP partner in Scandinavia, was acquired in June 2011. Despite high acquisition costs of MEUR 1.0, itelligence expects the company to make a positive earnings contribution in fiscal year 2011.

itelligence AG's primary focus is on organic growth at its national subsidiaries and in the respective divisions. itelligence expects the Group to record significant organic revenue growth of more than 10% in the current fiscal year (previous year: 16.2%).

The earnings figures are continuing to show above-average development compared with revenues. EBIT increased from MEUR 3.2 to MEUR 6.4 in the first half of 2011, while the EBIT margin improved to 4.2% (previous year: 2.7%).

The continued optimism of the economic forecasts – particularly for Germany – serves to confirm our expectations of positive market development in the DACH region. Deutsche Bundesbank is forecasting economic growth in excess of 3% for the year as a whole. While there are still no signs of a consistent market recovery in the USA and the UK, itelligence's subsidiaries in these countries have also enjoyed significant positive development. itelligence attributes this to its improved market positions in the USA and the UK.

Key risk factors affecting the global economy remain the debt crisis in Europe and the USA and the slow-down in growth in Asia and the USA together with the uncertainty affecting the financial, currency and commodities markets as a result.

In its latest outlook on global IT investment, the market research institute Gartner forecasts robust growth of 7.1%. Accordingly, itelligence expects the propensity to invest in SAP software solutions to increase. The Outsourcing & Services division will also benefit from this development. Furthermore, itelligence is anticipating strong development opportunities in the rapidly growing business intelligence sector and as a result of the more intensive marketing of its own solutions and the continued globalization of IT services.

The Management Board expects to see robust organic growth and is raising its revenue forecast for fiscal year 2011 on the back of the Group's strong performance and successful acquisitions. itelligence now expects to generate revenues of at least MEUR 330 for the year as a whole (previously MEUR 300–310), while the forecast EBIT margin is unchanged at 6.0–6.2%.

## 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 28, 2011) 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, 2011:

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](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 2011

### October 27, 2011

Publication of interim report 3/2011

### November 23, 2011

Analyst presentation

German Equity Capital Forum, Frankfurt

## Contact

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## Interim Report 2/2011

Consolidated Income Statement	15
Consolidated Balance Sheet	16
Consolidated Cash Flow Statement	17
Consolidated Statement of Changes in Shareholders' Equity	18
Interim Financial Statements	19



## Consolidated Income Statement

KEUR	Jan. 01 - June 30, 2011	Jan. 01 - June 30, 2010	Apr 01.- June 30, 2011	Apr 01.- June 30,2010
Revenues	153,520	119,296	78,600	63,067
Cost of sales	-112,943	-90,603	-59,035	-48,257
<b>Gross profit</b>	<b>40,577</b>	<b>28,693</b>	<b>19,565</b>	<b>14,810</b>
Marketing and distribution expenses	-19,248	-12,422	-9,655	-6,547
Administrative expenses	-13,559	-12,628	-6,461	-6,321
Other operating income	860	837	600	510
Other operating expenses	-1,819	-1,185	-1,093	-598
Amortization of orders on hand	-416	-63	-83	-32
<b>Total operating expenses</b>	<b>-34,182</b>	<b>-25,461</b>	<b>-16,692</b>	<b>-12,988</b>
<b>Result from operating activities</b>	<b>6,395</b>	<b>3,232</b>	<b>2,873</b>	<b>1,822</b>
Investment income	45	0	45	0
Measurement of derivatives and exercise of options	2	0	-106	0
Exchange rate differences from financing activities	-8	10	-2	-6
Finance income	59	110	28	52
Finance expenses	-820	-482	-462	-254
Net finance costs	-722	-362	-497	-208
<b>Profit before income tax</b>	<b>5,673</b>	<b>2,870</b>	<b>2,376</b>	<b>1,614</b>
Income tax expenses	-2,312	-1,365	-948	-853
<b>Consolidated net profit</b>	<b>3,361</b>	<b>1,505</b>	<b>1,428</b>	<b>761</b>
of which of the shareholders of itelligence AG	2,832	1,375	996	655
of which minority interests	529	130	432	106
Earnings per share (EUR)	EUR 0.11	EUR 0.06	EUR 0.04	EUR 0.03
Number of shares on the basis of which earnings per share were calculated:	24,557,595	24,557,595	24,557,595	24,557,595

## Consolidated Statement of Comprehensive Income

KEUR	Jan. 01 - June 30, 2011	Jan. 01 - June 30, 2010
Consolidated net profit	3,361	1,505
Foreign exchange differences	-1,315	2,423
<b>Total comprehensive income</b>	<b>2,046</b>	<b>3,928</b>
of which of the shareholders of itelligence AG	1,529	3,798
of which minority interests	517	130

## Consolidated Balance Sheet

Assets in KEUR	June 30, 2011	June 30, 2010	Dec. 31, 2010
<b>Non-current assets</b>			
Intangible assets	63,839	28,097	39,564
Property, plant and equipment	32,143	28,570	29,223
Financial assets	220	145	145
Income tax receivables	368	428	423
Deferred tax assets	2,389	2,177	1,903
Other non-current assets	2,657	2,289	2,184
	<b>101,616</b>	<b>61,706</b>	<b>73,442</b>
<b>Current assets</b>			
Inventories	220	249	222
Trade receivables	66,115	54,994	69,259
Income tax receivables	1,911	526	336
Other current assets	3,355	2,812	1,443
Cash and cash equivalents	18,174	18,039	30,853
Prepaid expenses	10,097	8,407	4,647
	<b>99,872</b>	<b>85,027</b>	<b>106,760</b>
	<b>201,488</b>	<b>146,733</b>	<b>180,202</b>
<b>Equity and liabilities in KEUR</b>			
<b>Equity</b>			
Issued capital	24,558	24,558	24,558
Capital reserve	21,491	21,491	21,491
Net accumulated profit	21,844	14,198	22,450
Other comprehensive income	-25,980	-9,466	-12,411
	41,913	50,781	56,088
Minority interest	14,530	4,931	5,106
	<b>56,443</b>	<b>55,712</b>	<b>61,194</b>
<b>Non-current liabilities</b>			
Non-current financial liabilities	56,498	23,089	30,824
Deferred tax liabilities	4,053	3,988	4,115
Other non-current provisions	357	495	400
Pension provisions	22	72	12
Government grants	3,064	2,246	1,995
Other non-current liabilities	325	288	310
	<b>64,319</b>	<b>30,178</b>	<b>37,656</b>
<b>Current liabilities</b>			
Trade payables	20,820	23,190	24,040
Current financial liabilities	11,322	4,383	6,689
Tax provisions	3,208	826	1,441
Other current provisions	2,759	2,030	2,357
Income tax liabilities	1,169	476	1,006
Other current provisions	33,702	23,235	41,277
Deferred income	7,746	6,703	4,542
	<b>80,726</b>	<b>60,843</b>	<b>81,352</b>
	<b>201,488</b>	<b>146,733</b>	<b>180,202</b>

## Consolidated Cash Flow Statement

KEUR	June 30, 2011	June 30, 2010
<b>Consolidated net profit</b>	<b>3,361</b>	<b>1,505</b>
Amortization of intangible assets and depreciation of property, plant and equipment	4,677	3,773
Elimination of gains/losses on asset disposals	4	1
Other non-cash expenses and income	1,141	-407
Net finance costs	722	362
Income tax expenses	2,312	1,365
	<b>12,217</b>	<b>6,599</b>
Change in inventories	2	-192
Change in trade receivables	9,030	-5,340
Change in other non-current assets	-229	876
Change in other current assets	-3,191	-1,468
Change in prepaid expenses	-2,266	-2,877
Change in trade payables	-2,861	4,640
Change in other liabilities and provisions	-13,844	-11,366
	<b>-1,142</b>	<b>-9,128</b>
Interest received	58	110
Interest paid	-422	-329
Taxes paid	-2,531	-1,441
<b>Cash flows from operating activities</b>	<b>-4,037</b>	<b>-10,788</b>
Investments in property, plant and equipment and IT software	-7,517	-9,202
Cash received from the disposal of property, plant and equipment and intangible assets	53	377
Payments for acquisitions (less cash and cash equivalents acquired)	-13,173	-4,172
Subsequent purchase price payments for investments made	-148	-66
<b>Cash flows from investing activities</b>	<b>-20,785</b>	<b>-13,063</b>
Dividend payments	-3,438	-2,454
Changes in minority interests	-59	-193
Increase in long-term deposits	-55	-160
Raising of current financial liabilities	0	75
Raising of non-current financial liabilities	17,185	2,573
Repayment of non-current financial liabilities	-1,364	-1,186
<b>Cash flows from financing activities</b>	<b>12,269</b>	<b>-1,345</b>
<b>Decrease/increase in cash and cash equivalents</b>	<b>-12,553</b>	<b>-25,196</b>
Effects from exchange rate differences	-126	739
Cash and cash equivalents at 1 January	30,853	42,496
<b>Cash and cash equivalents at June 30</b>	<b>18,174</b>	<b>18,039</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, 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				1,375				1,375	130	1,505
Foreign exchange differences					2,423		2,423	2,423		2,423
<b>Total comprehensive income</b>				<b>1,375</b>	<b>2,423</b>		<b>2,423</b>	<b>3,798</b>	<b>130</b>	<b>3,928</b>
Dividend payments				-2,454				-2,454	0	-2,454
Changes in minority interests									3,711	3,711
Fair value for call and put options under IAS 32							-3,333	-3,333	-43	-3,376
<b>June 30, 2010</b>	<b>24,557,595</b>	<b>24,558</b>	<b>21,491</b>	<b>14,198</b>	<b>-886</b>	<b>-8,580</b>	<b>-9,466</b>	<b>50,781</b>	<b>4,931</b>	<b>55,712</b>
<b>Dec. 31, 2010</b>	<b>24,557,595</b>	<b>24,558</b>	<b>21,491</b>	<b>22,450</b>	<b>-1,964</b>	<b>-10,447</b>	<b>-12,411</b>	<b>56,088</b>	<b>5,106</b>	<b>61,194</b>
Consolidated net profit				2,832				2,832	529	3,361
Foreign exchange differences					-1,303		-1,303	-1,303	-12	-1,315
<b>Total comprehensive income</b>				<b>2,832</b>	<b>-1,303</b>		<b>-1,303</b>	<b>1,529</b>	<b>517</b>	<b>2,046</b>
Dividend payments				-3,438				-3,438	-59	-3,497
Changes in minority interests									9,248	9,248
Fair value for call and put options under IAS 32							-12,266	-12,266	-282	-12,548
<b>June 30, 2011</b>	<b>24,557,595</b>	<b>24,558</b>	<b>21,491</b>	<b>21,844</b>	<b>-3,267</b>	<b>-22,713</b>	<b>-25,980</b>	<b>41,913</b>	<b>14,530</b>	<b>56,443</b>

## Notes to the Interim Financial Statements

### Accounting principles

The consolidated interim financial statements for the period ended June 30, 2011 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, 2010 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, 2010.

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.

### Accounting policies

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, 2010, which were

explained in detail in the notes contained therein. For further information, please refer to pages 99 ff. of the 2010 Annual Report.

In preparing the consolidated interim financial statements for the period ended June 30, 2011, 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.

### Changes to the consolidated group and the group structure

In the second quarter of 2011, there were the following material changes to the consolidated group:

By way of a purchase agreement dated May 17, 2011, the intelligence Group acquired 100% of the shares in the British company CONTEMPORARY plc., Ascot, one of the leading BusinessObjects partners. The preliminary purchase price was GBP 1.5 million. Purchase price allocation resulted in preliminary total goodwill of GBP 1.2 million, which will be tested for impairment once a year and whenever there are indications of impairment. The goodwill capitalized as a result of the acquisition is allocated to the Western Europe segment. More detailed purchase price allocation will be performed in fiscal year 2011. Acquisition-related costs in the amount of GBP 67 thousand were recognized directly as an expense. Initial consolidation took place on

April 1, 2011, meaning that the company made a proportionate contribution of KEUR 3 to net profit for this three-month period.

By way of a purchase agreement dated June 14, 2011, the itelligence Group acquired 60% of the shares in the Danish SAP consultancy firm 2C change. The preliminary purchase price was MEUR 14.0. Formed in 2002, 2C change is one of the most successful SAP resellers in the Nordic market. With around 150 employees in Denmark, Norway and Malaysia, 2C change offers an extensive range of IT services from consultancy, SAP license sales and implementation through to hosting in the SAP environment and SAP BusinessObjects. The remaining 40% of the shares in 2C change may be acquired over the coming years by way of put and call options. Purchase price allocation resulted in preliminary total goodwill of MEUR 24.3, which will be tested for impairment once a year and whenever there are indications of impairment. In accordance with the new provisions set out in IFRS 3, the minority interests were measured at fair value (full goodwill method). The goodwill capitalized as a result of the acquisition is allocated to the Western Europe segment. More detailed purchase price allocation will be performed in fiscal year 2011. Acquisition-related costs in the amount of KEUR 929 were recognized directly as an expense. Initial consolidation took place on June 1, 2011, meaning that the company made a proportionate contribution of KEUR 324 to net profit for this one-month period.

In the first six months of 2011, itelligence AG acquired a further 10% of the shares in SAPCON a.s., Brno, thereby increasing its equity interest in the company from 56% as of December 31, 2010 to 66% as of June 30, 2011. The itelligence Group also acquired a further 4% of the shares in the US-based consultancy firm RPF Solutions, LLC, thereby increasing its equity interest in

the company from 51% as of December 31, 2010 to 55% as of June 30, 2011. Both of these acquisitions were conducted by exercising the agreed put and call options.

By way of an agreement dated June 8, 2011, 100% of the shares in itelligence d.o.o., Slovenia, were sold. The company was fully consolidated until its disposal. The purchase price amounted to KEUR 135. The transaction resulted in a gain for the Group of KEUR 45.

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

### 1 / Income taxes

	Jan. 1 – June 30, 2011	Jan. 1 – June 30, 2010
	KEUR	KEUR
Earnings before income taxes	5,673	2,870
Income taxes	-2,312	-1,365
<b>Income tax rate</b>	<b>40.8%</b>	<b>47.6%</b>

This item includes current tax expenses of KEUR -2,547 (previous year: KEUR -1,304) and deferred taxes of KEUR 235 (previous year: KEUR -61).



	USA	DACH	Western Europe	Eastern Europe	Asia	Other	Group Jan. 1 – June 30, 2010
	KEUR	KEUR	KEUR	KEUR	KEUR	KEUR	KEUR
Segment revenues	30,963	65,493	13,826	8,324	774	1,662	121,042
Intersegment trade	-35	-578	-563	-565	-5	0	-1,746
<b>External segment revenues</b>	<b>30,928</b>	<b>64,915</b>	<b>13,263</b>	<b>7,759</b>	<b>769</b>	<b>1,662</b>	<b>119,296</b>
Operating segment earnings before depreciation and amortization (EBITDA)	3,094	3,569	279	242	-400	221	7,005
Depreciation and amortization	-675	-2,573	-139	-332	-45	-9	-3,773
<b>Operating segment earnings (EBIT)</b>	<b>2,419</b>	<b>996</b>	<b>140</b>	<b>-90</b>	<b>-445</b>	<b>212</b>	<b>3,232</b>
Net finance costs							-362
Result from ordinary operations							2,870
Income taxes							-1,365
<b>Consolidated net profit</b>							<b>1,505</b>

## 4 / Significant events after the reporting date

There were no significant events that could affect the Group's net assets, financial position and results of operations after June 30, 2011.

