

Interim Report as of June 30, 2000

STATUS QUO

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HIGHLIGHTS

- Shareholders widely approve merger of SVC and APCON
- Outsourcing business expanded
- Sales increase to Euro 41.2 million
- Higher margin before integration costs

SHAREHOLDERS APPROVE MERGER OF SVC AND APCON

The merger of SVC and APCON met with wide approval at the ordinary shareholders' meeting held in June. itelligence AG will be one of the leading e-business integrators catering to the entire e-business supply chain from strategy consulting through system implementation and integration of the front and back office to design. itelligence AG will analyze and optimize the client's essential business processes and organizational structures like a traditional business consultant and determine the best e-business strategies on this basis. The tailor-made IT system will then be assembled from perfectly networked, modern software solutions and from existing solutions that have been optimized. In addition, itelligence will provide efficient total service offerings such as outsourcing and ASP. In a special design unit itelligence is also developing creative Media & Web designs for the front office. Clients will receive comprehensive, one-stop e-business solutions.

MARKET

The second quarter saw demand for e-business solutions as part of larger projects increase further. As the growth of the previous six months continued undiminished, one thing became especially clear: the potential of all e-business solutions such as shops, marketplaces and web content and customer relationship management can only be realized if these solutions are connected to each other and to the central ERP and IT systems in the best possible way. Holistic solutions that link up the front and the back office efficiently are needed. itelligence AG, which will issue from the merger of SVC and APCON, will offer just that as a globally operating e-business integrator.

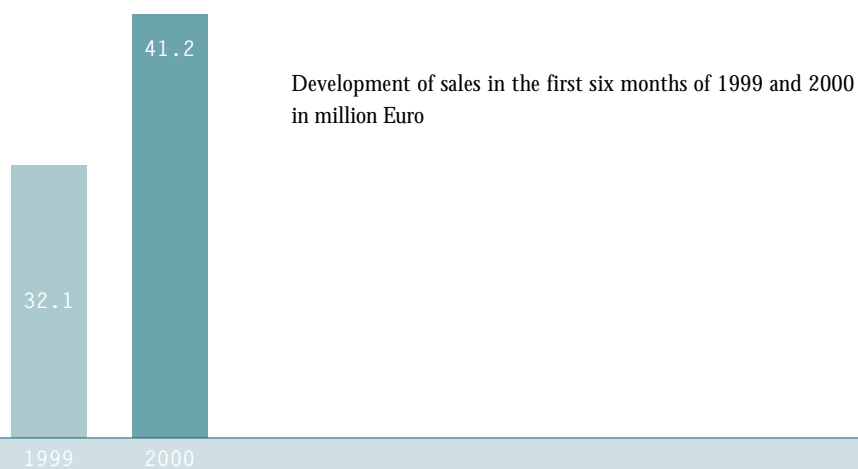
EXPANSION OF OUTSOURCING AND ASP BUSINESS

SVC AG intends to continue with the expansion of the outsourcing business that it has been operating in association with realTech AG. For this purpose, APCON took over the interest held by realTech in the joint venture IT-GO! with effect from June 1, 2000 and is to contribute its two existing computer centers in Dresden and Poznan. itelligence will pool its outsourcing activities under the established brand name IT-GO!, thereby creating an excellent basis for further dynamic growth in this business area.

At the SAPPHIRE trade fair in Berlin in May and in Las Vegas in June SVC AG unveiled the world's first ASP industry solution based on SAP R/3. This solution is an extension of the successful SVC Ready-to-work industry product for service companies. All other industry solutions are undergoing further development in the same way. SVC's ASP solution can be tested directly at www.myit-service.de.

JOINING FORCES IN CUSTOMER RELATIONSHIP MANAGEMENT

The efficient management of customer-relevant processes and functions from the areas of sales, service and marketing is becoming more and more important. This is why SVC AG and APCON AG are joining forces and pooling their expertise in customer relationship management (CRM) to form a single effective competence unit that will develop and implement first-class solutions and services for clients in the CRM field.



DYNAMIC GROWTH IN E-BUSINESS AND INDUSTRY SOLUTIONS

In the second quarter SVC AG was involved in a number of successful projects, especially in e-business. Assisted by SVC, Klöckner & Co AG, Duisburg, implemented the SAP Online Store with order tracking under SAP Release 4.6B. The Klöckner companies sell steel and other metal products to professional dealers and bulk buyers through this store.

At the Casawell Service Group (Wellmann Group) SVC implemented an SAP Business-to-Business Online Store. This store allows Wellmann dealers to enter customer orders for welltec kitchen technology straight into the SAP system. The internally developed industry solutions also recorded further strong growth. SVC won highly attractive projects such as the implementation of the industry solution in the semi-finished metal products industry. Wieland-Werke AG is pioneering the implementation of the industry solution SVC Metal. This industry solution will be loaded into an existing R/3 system (accounting and logistics) and will then undergo further development. The challenge in this project is to integrate the Metal solution in the current system. Customized development of the Metal solution takes account of the complexity of the semi-finished metal products industry.

Further SVC service solutions were sold in the second quarter, including a special solution for advertising agencies to IMP Interactiv Marketing Partner. As of July 1, 2000 SVC put the first stage of the industry solution SVC Agency under SAP R/3 into operation at IMP. IMP is a fast growing, innovative multimedia agency for Internet sites of well-known companies. The joint project under SAP R/3 has pilot status in the advertising industry as it integrates the entire job settlement function in traditional accounting.

INTERNATIONALIZATION

SVC AG continued to work on becoming even more international in the second quarter. In April SVC was awarded reseller status for SAP in Spain. Now all SAP solutions can be sold to clients in the small and medium-sized sector. Combined with its individual services SVC is now able to offer the complete SAP range in Spain. In Italy further branches were opened in Bologna and Verona.



SALES

In the first six months of the current fiscal year sales rose by 28 % from Euro 32.1 million in the prior-year period to Euro 41.2 million. SVC AG has thus continued its strong growth. SAP license revenues in the United States contributed to this growth for the first time.

EARNINGS

As expected, SVC's results in the period under review were affected by the cost of the merger with APCON AG and the associated strategic realignment. The result after taxes as of June 30, 2000 was thus Euro -0.7 million, the total charge to the result after taxes being Euro 2.3 million. Without these special effects the result after taxes would have been Euro 1.6 million. In the same period last year the figure was Euro 0.7 million.

The itelligence Group recorded sales of Euro 64.3 million and a result after taxes (in accordance with US GAAP) of Euro -0.6 million in the first half of 2000. This result was diminished by the cost of the merger and the associated strategic realignment of Euro 3.4 million. These up to now accumulated special one-off effects diminishing the result are in line with the published forecast. Without these special one-off effects the result would have been Euro 2.8 million.

EMPLOYEES

The number of employees rose by 126 to 655 as of June 30, 2000, up 49% on the figure for June 30, 1999. SVC succeeded in winning highly experienced employees for all areas of its business, investing particularly in the expansion of the international sales team.

INVESTOR RELATIONS

In the first half of the year investor relations were focused on the merger of SVC and APCON to form itelligence AG. The Management Board presented the strategic positioning of the company and the long-term growth forecasts to journalists and analysts in a number of personal talks and meetings. SVC introduced its strategic realignment at the SAP Ecosystem Investor Conference in May in Berlin and on the annual technology conference held by Deutsche Bank in June in Vienna. Direct contact to investors was

intensified during a roadshow in Germany, France, Belgium, the United Kingdom and the Netherlands. Another highlight was the first ordinary shareholders' meeting of SVC AG on June 29, 2000 in Bielefeld.

OUTLOOK

By investing in the merger with APCON AG, SVC AG is currently paving the way for its strategic realignment towards one of the world's leading e-business integrators. Seven integration teams have been working successfully on the implementation of the new strategy since the beginning of the year. The large number of e-business projects that have been won and the good pipeline for the second half of the year are confirmation of the leading role of the group that will operate under the name itelligence.

CALENDAR

July 18 to August 25, 2000	Share exchange period for SVC shareholders
September 4, 2000	Scheduled date of first listing of the itelligence shares on the "Neuer Markt" in Frankfurt
November 29, 2000	Publication of the 9-month report
Mid-March	Publication of the annual report

SERVICE

All the business reports of SVC AG Schmidt · Vogel Consulting can be downloaded from the Internet. All reports in German and English are available at www.svc-ag.de or at the new address www.itelligence-ag.de. At this Internet address you can also register by e-mail under Investor Relations / Dialog for entry in the mailing list for ad hoc announcements and press releases. You will then receive the latest news by e-mail with a same-day service.

Consolidated Statements of income according to US-GAAP

	30.6.00 million €	30.6.99 million €
Sales	41.18	32.07
Cost of Sales	-32.64	-24.00
Gross Income	8.54	8.07
Selling	-4.47	-3.45
General and Administration	-4.83	-3.12
Goodwill Amortization	-0.38	-0.05
Other Operating Income/Expense, Net	-0.10	-0.06
Operating Income	-1.24	1.39
Income from Investments	-0.06	-0.02
Interest Income, net	0.27	-0.01
Income before Tax	-1.03	1.36
Income Taxes	0.35	-0.64
Net Income before Minority Interest	-0.68	0.72
Minority Interest	0.00	-0.06
Net Income	-0.68	0.66
Net income (DVFA/SG)	-0.68	1.11
Earnings per share	-0.07	0.06
Earnings per share (DVFA/SG)	-0.07	0.11

Consolidated Balance Sheets according to US-GAAP

Assets	30.6.00 million €	31.12.99 million €
Current Assets		
– Cash and cash equivalents	17.93	29.03
– Trade accounts receivable	23.33	20.37
– Inventories	0.55	0.00
– Other current assets	1.38	0.73
– Prepayments	0.64	0.87
Total Current Assets	43.83	51.00
Non-Current Assets		
– Deferred taxes	1.19	0.66
– Other non-current assets	0.08	0.08
– Financial assets	0.19	0.26
– Intangible assets	4.80	4.70
– Property, plant and equipment	2.89	2.23
Total Non-Current Assets	9.15	7.92
Total Assets	52.98	58.92

Liabilities and Shareholders' Equity	30.6.00 million €	31.12.99 million €
Current Liabilities and Accruals		
- Short-term financial debt	1.24	5.06
- Trade accounts payable	7.89	8.05
- Advance payments	0.12	0.43
- Other accruals	3.85	3.90
- Other current liabilities	2.54	2.60
- Deferred taxes	1.04	0.95
- Accrued taxes	1.15	1.32
- Deferred income	0.57	1.42
Total Current Liabilities and Accruals	18.40	23.73
Non-Current Liabilities and Accruals		
- Pension reserves	0.26	0.25
- Bonds	0.51	0.53
- Long-term financial debt	0.00	0.03
- Deferred taxes	0.02	0.02
- Other non-current liabilities	0.00	0.00
Total Non-Current Liabilities and Accruals	0.79	0.82
Minority Interest	0.19	0.18
Contribution for Capital Increase	0	0
Shareholders' Equity		
- Share capital*	10.23	10.23
- Capital reserves	21.06	21.06
- Cumulative translation adjustment	0.22	0.13
- Retained earnings	2.09	2.77
Total Shareholders' Equity	33.60	34.19
Total Liabilities and Shareholders' Equity	52.98	58.92

*Conditional share capital K Euro 895.

Consolidated Statements of Cash Flow according to US-GAAP

	30.6.00 million €	31.12.99 million €
Net income	-0.68	1.59
Minority interest	0.01	0.07
Net income before minority interest	-0.67	1.67
Amortization and depreciation	0.97	1.06
Changes in pension reserves	0.01	0.08
Changes in other non-current liabilities and accruals	-0.03	-0.16
Changes in inventories	-0.55	0.48
Changes in trade accounts receivable	-2.96	-8.47
Changes in deferred tax assets	-0.53	-0.54
Changes in other current assets	-0.43	-1.37
Changes in other non-current assets	0.00	-0.08
Changes in trade accounts payable and advance payments	-0.48	2.20
Changes in other current liabilities and accruals	-1.03	4.12
Cash flow from operating activities	-5.70	-1.02
Investments in intangible assets and property, plant and equipment	-1.73	-6.11
Changes in financial assets	0.07	-0.21
Purchase of minority interest	0.00	-0.06
Cash flow from investing activities	-1.66	-6.37
Capital increase and contribution for capital increase	0.00	1.28
Premium from capital increase	0.00	21.06
Issue of convertible and option bonds	-0.01	0.53
Changes in medium and long-term financial debt	0.00	-0.05
Cash flow from financing activities	-0.01	22.81
Foreign exchange rate differences	0.09	0.13
Net change in cash and cash equivalents (term under 3 months)	-7.28	15.56
Cash and cash equivalents as of January 1	23.97	8.41
Cash and cash equivalents as of June 30, 2000/December 31, 1999	16.69	23.97