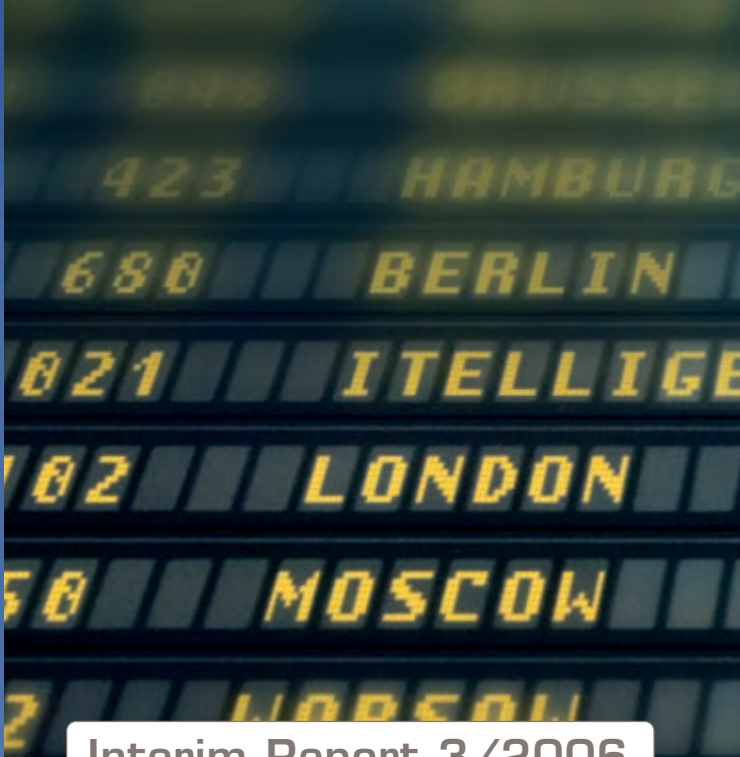




A Question of Strategy



Interim Report 3/2006

Letter to the Shareholders

Key factors in the third quarter of 2006 at a glance

- Revenues increased in the first nine months by +18.3% year-on-year to MEUR 116.8
- EBIT rose by MEUR +1.2 from MEUR 2.6 to MEUR +3.8 (EBIT margin: +3.3% compared with +2.7% in previous year)
- Revenues in all revenue segments up on the previous year: Consulting +18.9%, Licenses +27.6% and Outsourcing & Services +14.4%
- Revenues in all regions above previous year: Americas +29.5%, rest of Europe +13.0% and Germany +15.3%
- Orders on hand at the end of the quarter at MEUR 109.2 overall (end of same quarter in previous year: MEUR 100.3)
- Revenues in third quarter up 20.2% to MEUR 41.7 (prior-year quarter: MEUR 34.7) with EBIT of MEUR +2.0 (prior-year quarter: MEUR +2.1)
- Strong growth in the third quarter in all revenues segments: Licenses +54.8%, Consulting +21.1% and Outsourcing & Services +10.1%
- Growth in third quarter in all regions: Germany +26.8%, Americas +22.1% and rest of Europe +7.7%

Ladies and Gentlemen, Dear Shareholders,

With revenues growth of 20.2% (after adjustment for currency translation effects: 19.6%) compared with the same quarter of the previous year, revenues climbed further to MEUR 41.7 in the third quarter. Itelligence thus generated total revenues of MEUR 116.8 during the nine-month period and at 18.3% (after adjustment for currency translation effects: 17.7%) was up on the corresponding figure of the prior-year period of MEUR 98.7. In the third quarter, revenues again rose in all regions as well as in all revenue segments. At 26.8%, the Germany region generated the largest revenues growth. Revenues increased by 22.1% in the Americas region and by 7.7% in the rest of Europe. As regards the revenue segments, itelligence generated the sharpest increase in the Licenses segment at 54.8%. The first positive effects of the new SAP partner model could also be seen here. The Consulting segment also enjoyed substantial revenues growth at 21.1%. The Outsourcing & Services segment grew by 10.1%.

At MEUR +2.0, EBIT in the third quarter remained stable at the previous year's level in nominal terms (MEUR +2.1). This corresponds to an EBIT margin in the quarter of 4.9%. After adjustment for the positive one-time earnings effect due to the dissolution of a hosting customer contract in 2005, itelligence sees an operating increase in EBIT profitability of +1.1% points (adjusted EBIT margin in the prior-year quarter: 3.8%). The nine-month period revealed an EBIT increase of MEUR +1.2 (+46.2%) from MEUR 2.6 to MEUR 3.8. The EBIT margin rose from 2.7% to 3.3%. After adjustment for the one-time effect in 2005, itelligence's operating EBIT margin almost doubled year-on-year. The net profit for the period in accordance with IFRSs climbed from MEUR 1.9 to MEUR 2.2 in the first nine months.

At the end of the third quarter, orders on hand amounted to MEUR 109.2 (previous year: MEUR 100.3) which corresponds to a year-on-year increase of 8.9%. Following the good course that the year has taken to date, itelligence expects to generate revenues at the upper end of the forecasted range (MEUR 150 to MEUR 160).

Customer projects and SAP partnership

As one of the most successful SAP midmarket partners, itelligence benefits from the new SAP go-to-market approach in the midmarket and has officially been a new Gold Partner of SAP in Germany since September 2006. As a Gold Partner, itelligence fulfills strict quality criteria, such as outstanding project quality, proven industry expertise and high customer satisfaction. SAP subsidiaries have also announced the Gold Partner status for itelligence in more countries. In addition, SAP named itelligence as a Special Expertise Partner for Duet, a Special Expertise Partner for Financials and a Special Expertise Partner for Global Trade Services in the third quarter. These new appointments enable itelligence to confirm its place among the top flight in SAP's Special Expertise program. Itelligence is one of the first German SAP partners to enable access from a Microsoft Outlook application to the mySAP Business Suite with the Duet software.

In the third quarter, itelligence won a large number of new international customers, such as the construction material manufacturer Linzmeier Bauelemente GmbH and the construction material retailer Linzmeier Baustoffe GmbH & Co. KG in Riedlingen (Germany). Both Linzmeier divisions are to migrate their corporate software to the itelligence industry solutions *it.engine* and *it.trade*. Itelligence offers double industry expertise in this area – in production and in trade. The midmarket company Tomo Therapy Inc., Madison in Wisconsin (USA) opted for the introduction of the mySAP All-in-One industry solution *it.manufacturing* from itelligence. Other new customers in the third quarter included *proFagus GmbH*, Bodenfelde (Germany), *H. E. Otten Matratzenfabrik GmbH*, Lippstadt (Germany), *ixetic GmbH*, Bad Homburg (Germany), *LN Metals International Ltd.*, London (United Kingdom), *Rittal Disprel S.A.*, Sabadell (Spain), *FMC Foret S.A.*, Sant Cugat del Valles (Spain), *Ulma Manutencion S.COOP*, Oñate (Spain), *Invest Gépkereskedelmi Ltd.*, Nagyvigánd (Hungary), *BILLA-Ukraine*, Kiev (Ukraine), *ZAO ODEZHDA 3000*, Moscow (Russia), *GATX Rail Poland Sp. z o. o.*, Warsaw (Poland) and *Schwarte - Milfor Sp z.o.o.*, Olsztyn (Poland).

Existing customer business was also expanded further in the third quarter. Following successful projects last year, itelligence secured follow-up contracts with *HAZET-WERK GmbH & Co. KG*, Remscheid (Germany), *Fr. Jacob Söhne GmbH & Co.*, Porta Westfalica (Germany) and *KTR Kupp lungstechnik GmbH* in Rheine (Germany), among other companies.

In the third quarter, itelligence also reported a large number of applications successfully going live such as at *LANG & MENKE GmbH*, Hemer (Germany), *Akzo Nobel Industrial Paints S.L.*, Vallirana (Spain), *Azertia Tecnologías de Información S.A.*, Erandio (Spain), *Picking Pack Productos de Oficina S.L.*, Prat del Llobregat (Spain), *MARCA CZ s.r.o.*, Kolín (Czech Republic), *Johnsonville Sausages*, Kohler (Wisconsin, USA) and *Valco Instruments Company Inc.*, Houston (Texas, USA).

In the third quarter, itelligence also recorded ongoing increasing demand for electronic data interchange offers (EDI). More and more of itelligence's customers, such as *Bayer Business Services GmbH*, Leverkusen (Germany), *Poppe + Potthoff GmbH* in Werther (Germany) and *Emil Kiessling & Cie. GmbH & Co.*, Georgensmünd (Germany), count on SAP NetWeaver Exchange Infrastructure (SAP NW XI), coupled with the itelligence *it.x-change* module for a high-performance electronic connection linking business partners. The *it.x-change* solution from itelligence was certified in March 2006 by SAP with the endorsements "powered by NetWeaver" and "certified for integration." Examples of new hosting customers choosing itelligence as their global outsourcing partner in the third quarter were the *Dexxon Group Holding*, Paris (France), *S.M.D. Solar-Manufaktur Deutschland GmbH*, Prenzlau (Germany) and *Dematic GmbH & Co. KG*, Offenbach (Germany).

in Mio. Euro	Jan. 1 to Sep. 30, 2006	Jan. 1 to Sep. 30, 2005	July 1 to Sep. 30, 2006	July 1 to Sep. 30, 2005
Total revenues	116.8	98.7	41.7	34.7
Consulting	69.0	58.0	24.6	20.3
Licenses	13.0	10.2	5.4	3.5
Outsourcing & Services	34.3	30.0	11.6	10.6
Other	0.5	0.5	0.1	0.3
Germany	52.7	45.7	20.0	15.7
Rest of Europe	31.3	27.7	10.4	9.7
Americas	32.8	25.3	11.3	9.3
EBIT	3.8	2.6	2.0	2.1
EBIT margin	3.3%	2.7%	4.9%	6.0%
EBITA	3.9	2.6	2.1	2.1
EBITA margin	3.3%	2.7%	5.0%	6.0%
EBITDA	6.9	5.2	3.2	3.0
EBITDA margin	5.9%	5.2%	7.6%	8.5%
Net income/loss according to IFRS	2.2	1.9	1.2	1.6
Earnings per share	0.10	0.08		

itelligence at a Glance: January 1, to September 30, 2006

Business performance in the third quarter

In the third quarter, itelligence generated revenues of MEUR 41.7 (prior-year quarter: MEUR 34.7). Revenues thus climbed year-on-year by +20.2% (after adjustment for currency translation effects: +19.6%). Revenues rose by +26.8% in Germany, by +22.1% in the Americas region (after adjustment for currency translation effects: +20.3%) and by +7.7% in the rest of Europe (after adjustment for currency translation effects: +5.7%).

In Germany, the Licenses segment grew the most at 77.4%. This more than made up for the temporary weaknesses in this revenues segment in the second quarter. Licenses revenues in Germany increased by MEUR +1.7 year-on-year. In addition, the first license sales were concluded in the market segment above the historical value added reseller limits. This reveals the first positive effects from the new SAP partner model in the midmarket. The Consulting segment grew by 24.2% in Germany year-on-year. The Outsourcing & Services business increased by 9.0%.

In the Americas region, a revenues increase of 27.0% was achieved in the Consulting segment. Revenues in the Outsourcing & Services segment climbed 3.3%. The Licenses segment recorded a rise of MEUR +0.6 to MEUR 0.7.

Contrary to the Americas and Germany regions, Licenses revenues in the rest of Europe remained down MEUR -0.5 on the prior-year quarter. The Outsourcing & Services segment boosted its revenues by 28.2% and the Consulting segment by 12.7%.

Germany thus accounted for 48.0% (prior-year quarter: 45.2%) of itelligence's total revenues in the third quarter, the rest of Europe for 24.9% (prior-year quarter: 28%) and the Americas region for 27.1% (prior-year quarter: 26.8%). Among the revenue segments, the Consulting segment's share rose to 59.1% in the third quarter (prior-year quarter: 58.5%) and the Licenses segment's share climbed to 13.0% (prior-year quarter: 10.1%) while the relative share of the Outsourcing & Services segment fell to 27.9% (prior-year quarter: 30.5%).

A look at the first nine months of 2006 reveals the following changes in the combination of revenues segments and regions: in the first nine months, Germany contributed 45.1% (previous year: 46.3%) to itelligence's total revenues, the rest of Europe 26.8% (previous year: 28.1%) and the Americas region 28.1% (previous year: 25.6%). itelligence's total revenues comprise Consulting revenues of 59.1% (previous year: 58.8%), Licenses revenues 11.1% (previous year: 10.3%) and Outsourcing & Services revenues 29.4% (previous year: 30.4%).

Earnings position

With EBIT of MEUR +2.0 (prior-year quarter: MEUR +2.1), itelligence generated an EBIT margin of 4.9% (prior-year quarter: 6.0%) in the third quarter. After adjustment for one-time effects from the dissolution of a hosting customer contract in 2005, the comparative operating margin of the prior-year quarter amounts to 3.8%. This raised the operating EBIT margin in the third quarter by +1.1 percentage points.

The nine-month period revealed an EBIT increase of MEUR +1.2 to MEUR 3.8 (previous year: MEUR 2.6). The EBIT margin rose from 2.7% to 3.3%. After adjustment for one-time effects, the operating EBIT margin climbed from 1.9% to 3.3% in the current fiscal year. In this respect, the operating EBIT margin almost doubled year-on-year.

Despite further investments in future growth in the form of stepped-up staff recruitment measures in the Consulting segment and the expansion of our data center capacity, the investments made in anticipation in the sales capacity show the intended effect in the form of significantly increased orders on hand and now also a substantial rise in revenues. For instance in the third quarter the gross margin increased by another +0.6 percentage point quarter-on-quarter to 26.6%. The gross margin for the nine-month period is thus 25.8% (prior-year period: 24.7%). The ratio of marketing and selling expenses reveals a relative reduction in relation to revenues in the third quarter. This fell by -1.8 percentage points quarter-on-quarter to 7.8%. However at 9.1%, the ratio of marketing and selling expenses in the nine-month period was still up on the corresponding prior-year figure of 8.5%. Due to increased recruitment costs, the ratio of general and administrative expenses in the third quarter remained stable at the same level of previous quarters and year-on-year at 14.0%. However at 13.7% in the nine-month period, the ratio of general and administrative expenses still remained below the prior-year figure of 14.1%. Based on the impairment test carried out on July 1, 2006, goodwill of MEUR 0.1 was impaired.

In other operating income and expenses, itelligence reveals a net earnings contribution that is MEUR -0.4 lower year-on-year. This reduction is primarily due to redemption payments in the course of the dissolution of a hosting customer contract in 2005. The positive earnings flow in the third quarter of the previous year amounted to around MEUR +0.8.

Despite this positive earnings effect in the third quarter of the previous year, the EBIT earnings contribution in Germany in the same period of this year increased by MEUR +0.3 to MEUR +1.4. After adjustment for one-time effects in the previous year, an operating increase of MEUR +1.1 was generated. This is primarily due to the increased capacity utilization in the Consulting segment and substantial rise in the volume of Licenses revenues. In the Americas region, the EBIT contribution was raised by MEUR +0.2 year-on-year to MEUR +0.5. As in Germany, the substantially increased Licenses and Consulting volumes also result in this positive development in the Americas region. Only the rest of Europe remains down around MEUR -0.6 year-on-year with an EBIT contribution of MEUR 0.1. Along with a lower Licenses volume, the strategic investments in the expansion of the business in the UK and Russia and the Ukraine reduce the earnings contribution in the third quarter.

Germany thus accounts for MEUR +2.4 (prior-year period: MEUR +1.1) of itelligence's EBIT for the nine-month period. After adjustment for one-time effects, Germany reveals an operating increase in its EBIT contribution of MEUR 2.1. The EBIT contribution for the nine-month period was also doubled year-on-year in the Americas region. In this region, the EBIT contribution rose to MEUR +1.0 (prior-year figure: MEUR +0.5). However at MEUR +0.4 (previous year: MEUR +1.2), only the rest of Europe remained below the previous year in terms of the EBIT contribution by MEUR -0.8 over the past nine months. Based on positive developments in interest expenses and slightly opposite trends from currency effects, other expenses in the third quarter remained slightly below the level of the prior-year quarter. At MEUR +1.9, itelligence thus posts earnings before taxes for the third quarter that remain stable at the same level of the previous year. In the first nine months, the taxation rate was 33.3%.

itelligence thus posts net profit in accordance with IFRSs of MEUR +2.2 (previous year: MEUR +1.9) for the nine-month period of fiscal year 2006. Earnings per share are thus EUR +0.10 per share, up from EUR +0.08 per share. This corresponds to a year-on-year increase of 25%.

Balance sheet figures, investments, and liquidity

As of September 30, 2006, total assets increased by MEUR 1.1 to MEUR 72.7 compared with December 31, 2005. On the equity and liabilities side of the balance sheet, current liabilities decreased by MEUR -0.5 and non-current liabilities by MEUR -0.1. The reduction in current liabilities is primarily due to the fall in other liabilities of MEUR -3.0. Deferred income saw the opposite, up by around MEUR +1.7 on the deferrals at the end of 2005 as a result of the service income to be deferred for less than one year. In the non-current area, the scheduled repayment of the convertible bonds as part of the employee stock option plan and the gradual conversion of the convertible bond issued in November 2004 led to a reduction in non-current liabilities. The non-current financial liabilities saw the opposite, increasing by MEUR +0.3 as a result of additional long-term financing in connection with the investments made. As of September 30, 2006, equity amounted to MEUR 28.3 and is thus up MEUR 1.7 on the level as of December 21, 2005 due to profit generated until September 30, 2006 and the capital increase as a result of the conversions (effect: MEUR 0.4). With total assets of MEUR 72.7 (December 31, 2005: MEUR 71.6), the equity ratio rose to 39% as of the reporting date September 30, 2006 (December 31, 2005: 37%). At 16%, the ratio of interest-bearing liabilities remained stable at the same level as on December 31, 2005. The net liabilities of the itelligence Group decreased by MEUR -0.5 year-on-year to MEUR 3.9.

On the assets side of the balance sheet, non-current assets increased by MEUR +0.4, which is primarily due to investments in property, plant and equipment and IT software of MEUR 4.7 less depreciation and amortization. The price fluctuations in measurement of goodwill on a USD basis as of the reporting date September 30, 2006 led to a reduction of MEUR -0.6. Based on the impairment test carried out on July 1, 2006, goodwill of MEUR 0.1 was impaired. Current assets increased by MEUR +0.7. Cash fell by MEUR -5.2 to MEUR 7.8 as of September 30, 2006. This reduction is primarily due to the net cash used in investing activities of MEUR -4.5 and cash from operating activities of MEUR -0.9. At MEUR +5.6, trade receivables were up substantially on the level as of December 31, 2005. The DSO ratio (days sales outstanding) rose by 6 days as against December 31, 2005 to 75 days due to the increased receivables in relation to revenues. The higher number of receivables is mainly the result of increased Licenses revenues at the end of the third quarter.

Investments of MEUR -4.7 (previous year: MEUR -2.7) were made in property, plant and equipment and IT software which are primarily related to the higher volume of revenues, particularly in the Outsourcing & Services segment. The investments were for new customer contracts and planned expansion investments for state-of-the-art equipment to be used in our data centers at home and abroad.

The cash flow in the third quarter was impacted by the high investments and the increase in trade receivables. In the third quarter, cash flow from operating activities rose by MEUR +1.4 to MEUR -0.9. Cash flow from investing activities revealed a fall in the third quarter of MEUR -2.6 to MEUR -4.5 for the nine-month period as a result of increased investments. The ongoing high investment demand in the Outsourcing & Services segment is due to customer requests which are constantly rising. Over the nine-month period, free cash flow improved by MEUR +1.4 as against the previous year, despite the higher investment volume.

Shareholders/Service/Financial calendar 2006

Employees

Of the 1,054 staff (prior-year quarter: 977) as of September 30, 2006, 529 were employed in Germany (prior-year quarter: 484) and 525 abroad (prior-year quarter: 493). The number of employees rose by +5.3% compared with the year-end and increased by +7.9% year-on-year.

As part of the higher-education initiative it.university, the first itelligence graduation day contributed to the Company's position as an appealing employer for talented higher-education graduates. The cooperation with universities and the universities of applied sciences also continued to be stepped up, working together with SAP AG as part of the University Alliance Program. The international managerial and junior expert training for the second graduating class and the design and implementation of specialist and method training as well as process consultation training were important modules in the qualification program. All the activities carried out in the third quarter in the area of recruiting, qualifications and career development are the systematic continuation of our internationally-oriented staff policies.

Opportunities and risks

In the 2005 Annual Report (pages 50 to 54), we presented both the basic opportunities and risks of IT system companies and itelligence's specific risks. itelligence continues to optimize standardized Group processes and constantly expands the internal control and forecast systems with the aim of identifying risks at an early stage and initiating measures in good time. Similarly, opportunities that arise are discussed internationally and at regional level in management meetings held on a regular basis and they are examined as regards their effects on short to long-term business. A decision is made regarding them and they are then integrated into the forecast calculations.

Investor relations

In the third quarter, itelligence's investor relations activities focused on various roadshows. In so doing, existing contacts to institutional investors were maintained and new contacts were established. Among other things, the Management Board presented the Company at the end of September as part of the German Investment Conference in Munich which was hosted by HypoVereinsbank. In London, numerous meetings were held with international investors during a roadshow with Morgan Stanley.

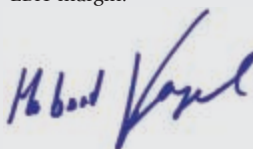
At present, itelligence is being covered by Morgan Stanley, HypoVereinsbank, WestLB, Citigroup and equinet. The current recommendations of regularly published research reports are listed on the Internet on itelligence's Investor Relations page.

From the convertible bond issued in November 2004, EUR 241,400 were converted nominally in the third quarter which led to an increase in the number of shares by 92,844.

Number of shares:	22.44 million shares
Nine-month high:	EUR 3.97 (April 27, 2006)
Nine-month low:	EUR 2.11 (January 5, 2006)
Share price as of Sep. 29:	EUR 3.33
Market capitalization Sep. 29:	MEUR 74.72

Outlook

With the positive course of business again in the third quarter, itelligence's revenues and earnings contribution was better than the business planning on which the guidance was based. The ongoing high level of incoming orders and the first positive effects from the new go-to-market approach of SAP in the midmarket means that revenues in the upper end of the forecasted range (MEUR 150 to MEUR 160) can be expected, accompanied by a slight year-on-year increase in the EBIT margin.



Herbert Vogel
CEO



Jörg Vandreier
CFO

Shareholder structure

As of September 30, 2006, itelligence AG's shares were held as follows:

Vogel family	11.2 percent
Nobel SA, Paris	9.8 percent
Free float*	79.0 percent

*In August 2006, the Credit Suisse Group exceeded the threshold of 5% of shares in itelligence AG. The Credit Suisse Group held 5.23% of the shares as of October 18, 2006.

Members of the Management Board and Supervisory Board held the following numbers of itelligence shares as of September 30, 2006:

Management Board	Shares
Herbert Vogel	1,908,286
Jörg Vandreier	0
Supervisory Board	
Prof. Dr.-Ing. Peter-Jürgen Kreher (Chairman)	0
Johannes Cordes (Deputy Chairman and employee representative)	833
Fritz Fleischmann	0
Erwin Gunst	0
Dr. Lutz Mellinger	0
Anke Ruff (employee representative)	0

Neither the Members of the Management Board nor the members of the Supervisory Board held any convertible bonds of itelligence AG as of September 30, 2006.

Service

All itelligence AG reports in German and English can be downloaded from the Internet at www.itelligence.de. Here you can also register by e-mail on the mailing list for ad hoc disclosures and press releases under Investor Relations/Dialog. You will then receive the latest news by e-mail.

Important dates 2006

November 9, 2006	Commerzbank Technology Conference in Frankfurt
November 29, 2006	German Equity Forum, Fall 2006 in Frankfurt

Consolidated Balance Sheets as of Sep. 30, 2006 and 2005 (IFRS)

Assets	Sep. 30, 2006 KEUR	Sep. 30, 2005 KEUR	Dec. 31, 2005 KEUR
Non-current assets			
IT software	1,415	641	656
Goodwill	13,889	14,155	14,590
Property, plant and equipment, net	11,544	10,290	10,892
Financial assets	33	99	112
Deferred taxes	248	493	493
Other receivables and assets	1,568	1,311	1,535
Total non-current assets	28,697	26,989	28,278
Current assets			
Inventories	158	375	172
Trade receivables	32,332	22,665	26,710
Other receivables and assets	839	2,103	1,316
Cash and cash equivalents	7,818	8,927	13,042
Prepaid expenses	2,875	2,522	2,079
Total current assets	44,022	36,592	43,319
Total assets	72,719	63,581	71,597

Equity and liabilities	Sep. 30, 2006 KEUR	Sep. 30, 2005 KEUR	Dec. 31, 2005 KEUR
Equity			
Capital subscribed	22,440	22,288	22,288
Capital reserves	23,955	23,750	23,750
Net accumulated loss	-16,299	-20,763	-18,532
Other comprehensive income	-2,059	-1,466	-1,227
Minority interests	258	285	286
Total equity	28,295	24,094	26,565
Non-current liabilities			
Long-term borrowings	3,653	3,060	3,314
Convertible bonds	5,058	5,534	5,580
Deferred tax liabilities	1,085	669	979
Pension provisions	186	182	186
Total non-current liabilities	9,982	9,445	10,059
Current liabilities			
Trade payables	10,560	8,398	10,480
Other liabilities	14,787	11,281	17,791
Current financial liabilities	963	1,976	0
Current portion of long-term borrowings	2,064	2,765	2,866
Tax provisions	634	343	176
Other provisions	1,861	1,677	1,457
Government grants	804	740	1,112
Deferred income	2,769	2,862	1,091
Total current liabilities	34,442	30,042	34,973
Total equity and liabilities	72,719	63,581	71,597

Consolidated Statements of Income for the Period January 1 to September 30, 2006 and 2005 (IFRS)

(all figures in KEUR except for the number of shares and earnings per share)	Jan. 1 to Sep. 30, 2006 KEUR	Jan. 1 to Sep. 30, 2005 KEUR	July 1 to Sep. 30, 2006 KEUR	July 1 to Sep. 30, 2005 KEUR
Revenues	116,769	98,735	41,707	34,704
Cost of sales	-86,626	-74,385	-30,598	-25,406
Gross profit	30,143	24,350	11,109	9,298
Operating expenses				
Marketing and selling expenses	-10,575	-8,424	-3,265	-2,844
General and administrative expenses	-15,945	-13,868	-5,817	-4,829
Goodwill impairment	-57	0	-57	0
Other operating expenses and income, net	242	572	56	443
Total operating expenses	-26,335	-21,720	-9,083	-7,230
Profit from operating activities	3,808	2,630	2,026	2,068
Other income/expenses				
Investment income	7	1	7	1
Exchange differences from financing activities	-62	66	40	62
Gain from the disposal of financial assets	26	0	0	0
Interest income/expenses, net	-476	-609	-162	-215
Other income/expenses	-505	-542	-115	-152
Earnings before taxes	3,303	2,088	1,911	1,916
Income taxes	-1,099	-252	-687	-328
Net profit/loss for the period	2,204	1,836	1,224	1,588
Minority interests in profit/loss	29	48	-16	13
Parent company's interest in profit/loss	2,233	1,884	1,208	1,601
Earnings per share in EUR – basic on net profit/loss	0.10	0.08		
Earnings per share in EUR – diluted on net profit/loss	0.09	0.08		
Number of shares used in the calculation of earnings per share:				
– basic	22,307,842	22,287,535		
– diluted	24,688,807	24,899,644		

Statement of Changes in Equity as of
September 30, 2006 and 2005 (IFRS)

	Number of shares	Capital subscribed KEUR	Capital reserves KEUR	Net accu- mulated loss KEUR	Other comprehensive income			Minority interests KEUR	Total equity KEUR
					Foreign exchange differences KEUR	Effects of securities KEUR	Total other compre- hensive income KEUR		
December 31, 2004	22,287,535	22,288	23,750	-22,647	-2,480	0	-2,480	333	21,244
Net profit/loss for the period				1,884				-48	1,836
Foreign currency differences					1,014		1,014		1,014
September 30, 2005	22,287,535	22,288	23,750	-20,763	-1,466	0	-1,466	285	24,094
Dezember 31, 2005	22,287,535	22,288	23,750	-18,532	-1,227	0	-1,227	286	26,565
Net profit/loss for the period				2,233				-29	2,204
Foreign currency differences					-832		-832		-832
Conversion of convertible bonds	152,074	152	205						357
Change in minority interests								1	1
September 30, 2006	22,439,609	22,440	23,955	-16,299	-2,059	0	-2,059	258	28,295

Consolidated Statements of Cash Flow for the Period January 1 to September 30, 2006 and 2005 (IFRS)

	Sep. 30, 2006 KEUR	Sep. 30, 2005 KEUR
Cash flow from operating activities		
EBIT	3,808	2,630
Impairment losses	57	0
EBITA	3,865	2,630
Depreciation of property, plant and equipment and amortization of IT software	3,044	2,553
EBITDA	6,909	5,183
Interest received	257	266
Interest paid	-301	-405
Income taxes paid	-579	-823
Other non-cash income and expenses	-987	168
Gains/losses from the disposal of non-current assets	-34	-30
Changes in assets and liabilities		
Decrease/increase in trade receivables	-5,622	-1,456
Decrease/increase in inventories	14	-178
Decrease/increase in other current assets	-231	-2,175
Decrease/increase in trade payables	80	-267
Decrease/increase in pension provisions	0	48
Decrease/increase in other current liabilities and provisions	-732	-4,003
Decrease/increase in deferred taxes	351	43
Cash flow from operating activities	-875	-3,629
Cash flow from investing activities		
Investments in property, plant and equipment and IT software	-4,711	-2,667
Cash received from the disposal of property, plant and equipment and intangible assets	84	138
Investments in financial assets	0	-31
Cash received from the disposal of financial assets	109	0
Subsequent purchase price payments for investments made	-9	-343
Cash flow from investing activities	-4,527	-2,903
Cash flow from financing activities		
Redemption of convertible and warrant-linked bonds	-304	0
Change in long-term deposits	-22	192
Raising of current liabilities to banks	963	1,975
Raising of long-term borrowings	1,761	626
Repayment of long-term borrowings	-2,224	-2,608
Cash flow from financing activities	174	185
Effects from exchange rate differences	4	-256
Increase/decrease in cash and cash equivalents	-5,224	-6,603
Cash and cash equivalents at the beginning of the period	13,042	15,530
Cash and cash equivalents at the end of the period	7,818	8,927
Composition of cash and cash equivalents at the end of the period		
Bank balances and cash in hand	7,818	8,927
Current financial instruments available for sale	0	0
Liquidity	7,818	8,927

Notes to the Interim Financial Statements

General

itelligence AG (hereinafter also referred to as "itelligence") was formed in May 2000 by a non-cash contribution in accordance with German law. The Company has its registered office in Königsbreede 1, 33605 Bielefeld, Germany. Under the merger agreement signed in May 2000, the principal shareholders of SVC AG, Schmidt Vogel Consulting, Bielefeld, and the shareholders of APCON AG, Hamburg subscribed to approx. 45% and approx. 55%, respectively, of the Company's shares.

itelligence's services, as one of the leading international full-service IT providers for SAP, range from SAP consulting and licensing through to outsourcing & services and proprietary SAP industry solutions.

The Company has several branches and subsidiaries in Germany and foreign subsidiaries in the United States, Switzerland, Austria, Spain, the United Kingdom, the Czech Republic, Slovakia, the Netherlands, Belgium, Poland, Slovenia, Hungary, Russia and the Ukraine. The subsidiaries in Norway, France, and Brazil have been closed.

Accounting

The consolidated interim financial statements for the period ended September 30, 2006 were prepared in accordance with the International Financial Reporting Standards (IFRSs) formulated by the International Accounting Standards Board (IASB).

The consolidated interim financial statements should be read in conjunction with the audited consolidated financial statements as of December 31, 2005 and the notes contained therein. The accounting policies applied in the consolidated interim financial statements correspond to those applied in the consolidated financial statements as of December 31, 2005.

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

Please see pages 61 and 62 in the 2005 Annual Report.

Segments

As part of segment reporting, the activities of itelligence 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 also refer to the detailed notes on page 67 in the 2005 Annual Report for details.

The primary segment reporting format is broken down by the geographical regions in which the itelligence Group operates. A distinction is made here between the Americas, Germany and the rest of Europe.

Group segment reporting from January 1 – September 30, 2006 and 2005:

	Americas	Germany	Rest of Europe	Other	Group Jan. 1 to Sep. 30, 2006
	KEUR	KEUR	KEUR	KEUR	KEUR
Segment revenues	32,774	53,861	32,507	0	119,142
Intersegment trade	-10	-1,186	-1,177	0	-2,373
External segment revenues	32,764	52,675	31,330	0	116,769
Segment result	1,003	2,429	379	-3	3,808
Net finance costs					-505
Profit from ordinary operations					3,303
Minority interests					29
Income taxes					-1,099
Net profit for the year					2,233

	Americas	Germany	Rest of Europe	Other	Group Jan. 1 to Sep. 30, 2005
	KEUR	KEUR	KEUR	KEUR	KEUR
Segment revenues	25,303	47,120	29,113	0	101,536
Intersegment trade	-9	-1,411	-1,381	0	-2,801
External segment revenues	25,294	45,709	27,732	0	98,735
Segment result	467	1,096	1,192	-125	2,630
Net finance costs					-542
Profit from ordinary operations					2,088
Minority interests					48
Income taxes					-252
Net profit for the year					1,884

Income taxes and deferred taxes

This item includes current tax expenses of KEUR 787 (previous year: KEUR 252) and deferred tax income of KEUR 312 (previous year: KEUR 0).

Exchange differences from financing activities

The strong euro in relation to the Polish zloty influenced the loan financing in Poland significantly. The purpose of the loan is to finance the data center in Posen.

