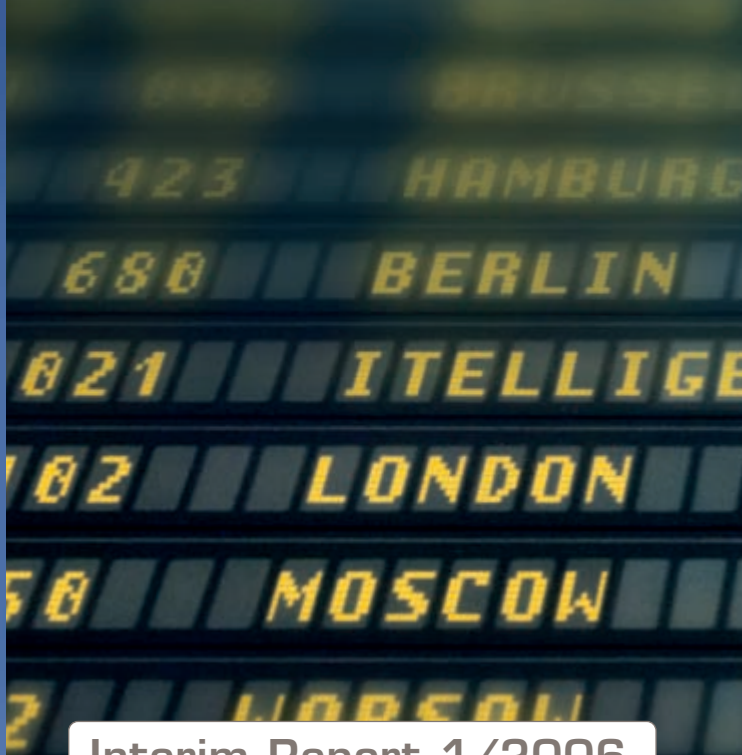




# A Question of Strategy



Interim Report 1/2006

## Letter to the Shareholders

### Key factors in the first quarter of 2006 at a glance

- Revenues increase in the first quarter of 2006 by 23.4% year-on-year to MEUR 37.4
- Positive revenues development in all business segments: Outsourcing & Services +21.3%, Consulting + 21.5%, Licenses + 33.3%
- EBIT improves by MEUR 1.3 year-on-year
- Orders on hand to the end of the quarter up around 23% on the previous year at MEUR 107

Ladies and Gentlemen,  
Dear Shareholders,

The encouraging revenues development in the first quarter of 2006 enabled itelligence to reveal increasing growth rates in revenues for the fourth consecutive quarter. Revenues increased by 23.4% year-on-year (after adjustment for currency translation effects: 20.6%) to MEUR 37.4. Revenues in Germany increased by 15% as against the same quarter of the previous year, in the rest of Europe they grew by 16.3% (after adjustment for currency translation effects: 15.5%) and the Americas region recorded a sharp rise of 50% (after adjustment for currency translation effects: 36.6%). This positive revenues development is apparent in all revenues segments. Within the Group, revenues climbed from MEUR 9.4 to MEUR 11.4 in the Outsourcing & Services segment, from MEUR 18.1 to MEUR 22.0 in the Consulting segment and from MEUR 2.7 to MEUR 3.6 in the Licenses segment.

In addition, the development in orders on hand – which at MEUR 107 throughout the Group as of March 31, 2006 is up around 23% on the previous year's figure of MEUR 87 and which has improved again by around 8% compared with December 31, 2005 (MEUR 99.3) – was extremely pleasing.

EBIT also increased by MEUR 1.3 year-on-year to MEUR 0.8, corresponding to an EBIT margin of 2.0% as against the margin in the prior-year quarter of -1.8%. Net profit for the period in accordance with IFRSs rose by MEUR 1.0 to MEUR 0.5 in the first quarter of 2006.

### Customer projects, awards and CeBIT 2006

In the first quarter of 2006, itelligence USA was presented with the All-in-One Customer Satisfaction Award by SAP America for its outstanding customer service. This award is recognition of itelligence's recurrently excellent ranking as the partner company with the highest customer satisfaction. itelligence also received another award in Switzerland when it took first place in the SAP Swiss Quality Award 2005. SAP customers placed itelligence first from among 50 partners in the Switzerland partner network for its excellent consulting quality.

This year's CeBIT trade fair was also a complete success for itelligence. The Company presented a broad range of innovative solutions for the classical and upper midsize market. As new products at the trade fair, itelligence exhibited a practical example of a digital signature in the SAP environment and the new solution it.automotive Car Dealers & Services for car dealers and service companies. The positive customer

response to CeBIT affirms itelligence's strategy of providing specific industry solutions of the highest quality for the classical and upper midsize market.

In March 2006, itelligence received the SAP certification "Powered by SAP NetWeaver", which is valid worldwide, for its EDI solution competencies. it.x-change was developed completely on the basis of SAP NetWeaver Exchange Infrastructure (SAP NetWeaver XI). The EDI solution from itelligence is already being used at a number of customers, among them KTR Kupplungstechnik GmbH in Rheine (Germany).

In the first quarter, itelligence reported more new customers, including in the automotive industry, thus further expanding its market share in the automotive supplier industry. In the first quarter, for example, itelligence secured a contract with the international company F.S. Fehrer Automotive GmbH, Kitzingen (Germany) to completely migrate the company software to SAP. it.automotive, the proven itelligence industry solution for the automotive industry, will be used at the Fehrer Group. To prepare itself for new, future challenges in the automotive industry and thus support the strategic focus of the Fehrer Group, standardization and optimization by integrating the IT processes are at the heart of the introduction of it.automotive. The itelligence consultants are to carry out the full SAP introduction in several stages: firstly seven plants, six of them in Germany and one in Belgium, will be connected to it.automotive. This is to be followed by the rollout in the Czech Republic, Sweden and the USA. Other new customers that itelligence attracted in the first quarter included cargo partner AG, Fischamend (Austria), Vencomatic Group, Eersel (the Netherlands) and MARCA CZ s.r.o., Kolín (the Czech Republic).

Existing customer business was also expanded further in the first quarter. Following successful projects in 2005, itelligence secured follow-up contracts, one of which was from Lekkerland GmbH & Co. KG in Frechen (Germany). It is here that Lekkerland and itelligence are to jointly implement one of the biggest SAP LES projects (LES: Logistics Execution System) in retail in Europe by the end of 2006. Complete mapping of the value-adding processes and the integrated document flow under SAP enable this high data volume to be handled successfully. Further follow-up contracts won included those with Bette GmbH & Co. KG, Delbrück (Germany), Aerospace Products International, Memphis (Tennessee) and Hunter Manufacturing Company, Solon (Ohio).

Another highlight was that mySAP-ERP successfully went live at HEWI Heinrich Wilke GmbH, Bad Arolsen (Germany), in the first quarter. More than 300 users from administration, sales and production now work effectively with mySAP ERP in optimized and lean IT processes from end to end with a high level of data transparency. itelligence also reported applications going live at Miguel Torres S.A., Vilafranca del Penedes, Grupa Ożarów S.A., Ożarów (Poland), AIDA America, Dayton (Ohio) and United States Playing Card Company, Cincinnati (Ohio), among other companies, in the first quarter.

### Business performance in the first quarter

Following +6.3% revenues growth in the second quarter of 2005, +10.5% in the third quarter of 2005, +14.6% in the fourth quarter of 2005 and now +23.4% in the first quarter of 2006, the positive performance com-

in MEUR	Jan. 1 to Mar. 31, 2006	Jan. 1 to Mar. 31, 2005
<b>Total revenues</b>	<b>37.4</b>	<b>30.3</b>
Consulting	22.0	18.1
Licenses	3.6	2.7
Outsourcing & Services	11.4	9.4
Other	0.4	0.1
Germany	16.9	14.7
Rest of Europe	10.0	8.6
Americas	10.5	7.0
<b>EBIT</b>	<b>0.8</b>	<b>-0.5</b>
<b>EBIT margin</b>	<b>2.0%</b>	<b>-1.8%</b>
<b>EBITA</b>	<b>0.8</b>	<b>-0.5</b>
<b>EBITA margin</b>	<b>2.0%</b>	<b>-1.8%</b>
<b>EBITDA</b>	<b>1.7</b>	<b>0.3</b>
<b>EBITDA margin</b>	<b>4.6%</b>	<b>1.0%</b>
<b>Net income/loss according to IFRS</b>	<b>0.5</b>	<b>-0.5</b>
<b>Earnings per share</b>	<b>0.02</b>	<b>-0.02</b>

#### itelligence at a Glance: January 1, to March 31, 2006

pared with the same quarters of the previous year gained momentum. This development confirms the increasing propensity of SMEs to invest in their process and IT infrastructure to be able to better survive in stronger global competition. It also confirms the rising success of our optimized industry solutions in implementing the aims of our customers. The significant revenues increase in Germany, which at +15.0% is up on the prior-year quarter, is particularly pleasing. The Germany region thus posts increasing revenues year-on-year for the second quarter in a row. itelligence also recorded growth in all revenues segments in Germany. The Consulting segment, for example, grew by 13.3%, the Outsourcing & Services segment by 12.2% and the Licenses segment by 33.3%. The rest of Europe grew by 16.3% overall. The revenues segments reveal an increase of 12.3% in the Consulting segment and of around 44% in the Outsourcing & Services segment. The Licenses segment posts revenues that are up slightly on the previous year. The Americas region shows revenue growth of around 50%. Revenues in the consulting segment increased by around 61%, revenues in the Outsourcing & Services segment by around 32% and Licenses revenues rose by 33% year-on-year.

Germany thus accounted for around 45.2% (previous year: 48.5%) of itelligence's total revenues in the first quarter, the rest of Europe for around 26.7% (previous year: 28.4%) and the Americas region for around 28.1% (previous year: 23.1%).

In the revenues segments around 58.8% (previous year: 59.7%) of total revenues is attributable to the Consulting segment, around 9.6% to the Licenses segment (previous year: 8.9%) and around 30.5% (previous year: 31.0%) to the Outsourcing & Services segment.

#### Earnings position

With an EBIT of MEUR 0.8, itelligence generated a sharp increase in earnings of MEUR +1.3 compared with the same period of the previous year. This corresponds to an EBIT margin of 2.0% compared with -1.8% in the prior-year quarter.

In the first quarter Germany thus contributed MEUR 0.7 (prior-year quarter: MEUR -0.5) to itelligence's EBIT, the rest of Europe contributed MEUR 0.1 (prior-year quarter: MEUR 0.3) and the USA accounted for MEUR 0.02 (prior-year quarter: MEUR -0.3).

At 24.7%, the gross margin also increased significantly compared with 21.4% in the previous year. This is primarily due to the substantially higher consultant capacity utilization. In contrast, the ratio of marketing and selling expenses rose significantly. They climbed to 9.9% in the first quarter of 2006 as against 8.0% year-on-year. This rise is mainly the result of sales capacity increased in 2005

with regard to the new SAP go-to-market approach in the midmarket. While this is not yet completely reflected in revenues, it is apparent in orders on hand which rose by around 23%.

At around 12.9%, the ratio of general and administrative expenses in the first quarter of 2006 was significantly below the previous year's figure of 15.3% and shows the leverage effects in fixed costs with increasing revenues.

At KEUR 145, other operating expenses are down around 35% year-on-year, mainly influenced by the significantly lower interest expenses and a small income from the sale of shares in Dr. Lindner & Partner GmbH, Oerlinghausen, and ENERCOM SP.Z.o.o., Warsaw.

The taxation rate in the period under review was 23.6%. Deferred tax income was recognized in the same quarter of the previous year as a result of the losses generated in the first quarter.

itelligence thus posts net profit for the period of MEUR +0.5 (prior-year quarter: net loss of MEUR -0.5) with a profit margin of +1.3% (prior-year quarter: loss margin of -1.6%). Earnings per share are thus EUR +0.02 per share, up from EUR -0.02 per share in the previous year.

#### Balance sheet figures, investments, and liquidity

As of March 31, 2006 total assets fell by MEUR -2.3 to MEUR 69.3 compared with December 31, 2005. On the equity and liabilities side of the balance sheet, current liabilities decreased by around MEUR -1.2. This is primarily due to the reduction in liabilities from salary and social security contributions of MEUR -7.5. Deferred income saw the opposite, increasing by around MEUR +6.0 as a result of the service income to be deferred for less than one year. Non-current liabilities fell by MEUR -1.2 compared with the year-end which is mainly the result of the scheduled repayment of long-term borrowings and the redemption of convertible bonds as part of the employee stock option plans. Equity climbed MEUR +0.1 and amounted to MEUR 26.7 as at March 31, 2006. itelligence has an equity ratio of 38% (March 31, 2005: 37%). As of the balance sheet date, the ratio of interest-bearing liabilities was 16% as was the case on December 31, 2005.

On the assets side of the balance sheet, non-current assets decreased by MEUR -0.6, which is primarily due to exchange rate effects in measurement of goodwill as of the balance sheet date March 31, 2006 and a reduction in property, plant and equipment and non-current financial assets. Current assets fell by MEUR -1.7. This is attributable to a reduction in trade receivables of MEUR -0.5. The DSO ratio (days sales outstanding) improved by -6 days as against December 31, 2005 to 63 days at the end of the first quarter. Prepaid expenses saw the opposite, increasing by around MEUR +3.2 compared with December 31, 2005 as a result of the service expenses to be deferred for less than one year. Cash decreased as of March 31, 2006 to MEUR 8.5 compared with MEUR 13.0 as of December 31, 2005. The cash reduction in the period under review of MEUR -4.6 (prior-year period: MEUR -4.5) is mainly due to the negative cash flow from operating activities. Im-

acted by the payment of the 2005 annual bonuses and the changed dates for social security contributions in Germany, this resulted in a reduction of cash and cash equivalents of MEUR -2.8 (previous year: MEUR -3.2). Investing activities accounted for a reduction in cash and cash equivalents of MEUR -0.7 (previous year: MEUR -0.8).

The increased volume of revenues, particularly in the Outsourcing & Services segment, led to a substantial increase in investments during the period under review of MEUR +0.2 to MEUR 0.8 (previous year: MEUR 0.6) The disposal of property, plant and equipment and non-current financial assets generated a rise in cash and cash equivalents of MEUR +0.1.

Financing activities accounted for a reduction in cash and cash equivalents of around MEUR -1.0 (previous year: MEUR -0.4). This is primarily due to the scheduled repayment of long-term borrowings and the redemption of convertible bonds as part of the employee stock option plans (MEUR -0.3).

#### Employees

503 of the 1,002 staff were employed in Germany as of March 31, 2006 (March 31, 2005: 494) and 499 abroad (March 31, 2005: 471). The number of employees remained stable compared with the year-end and increased by +3.8% year-on-year.

Due to the positive business performance and the development in orders on hand and the sales pipeline to be anticipated, itelligence stepped up its activities to recruit highly qualified staff in all regions. Among other things, itelligence was represented at the CeBIT trade fair with its own recruiting booth in hall 6, for instance, and received more than 200 job applications.

The newly created higher-education initiative it.university aims to increase the appeal of itelligence for talented entry-level graduates beginning their international careers as trainees or junior professionals.

The launch of the global skills management system contributed in the first quarter to optimizing the use of employees and their skills as well as identifying further staff potential. In the first quarter we also started our local and international qualification program to strengthen our competitive position on the one hand and increase our appeal as an employer.

#### Risk report

In the 2005 Annual Report (pages 50 to 54), we provided information both on the basic risks of IT system houses and on itelligence's specific risks. We continue to work on standardized Group processes and on continuously improving internal control and forecast systems to identify risks at an early stage and initiate the corresponding measures in good time.

### Investor Relations

As part of fostering close contacts with analysts and institutional investors, itelligence also presented itself at the Small & MidCap Day analyst conference again this year at CeBIT 2006. The conference was hosted by Deutsche Börse, WestLB and the DVFA (Society of Investment Professionals in Germany). Along with the business results for 2005, the Management Board presented the business model and the expected effects for itelligence of SAP's announced go-to-market approach in the midmarket.

In addition to the intensive public relations with analysts, investors and shareholders, itelligence published its 2005 Annual Report in the first quarter of 2006. itelligence focused the 2005 Annual Report on the four cornerstones of the Company's success: the full IT service offering for SMEs, industry solutions, SAP partnership and internationality – to explicitly make these clear to the investors and provide them with an understanding of these cornerstones.

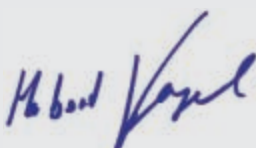
The profit for 2005 and the excellent prospects of the Company for the current fiscal year were also reflected in the performance of the share price, which reached its best price in more than four years at a high of EUR 3.52 in the first quarter of 2006.

Number of shares:	22.29 million shares
Three-month high:	EUR 3.52 (March 13, 2006)
Three-month low:	EUR 2.11 (January 5, 2006)
Share price as of March 31:	EUR 3.45
Market capitalization March 31:	MEUR 76.89

### Outlook

Based on the good start expected in the first quarter of 2006, stable orders on hand and an excellent sales pipeline as well as the investments made in 2005 in the expansion of sales capacity, itelligence still expects significant organic revenues growth compared with 2005 and anticipates revenues for 2006 of between MEUR 150 and MEUR 160. This is supported by the new go-to-market approach in the midmarket announced by SAP, and its expected positive effects on itelligence from the fourth quarter of 2006. itelligence continues to expect a slight increase in overall economic growth in a stable geopolitical environment.

Similarly, despite substantial "investments" in staff recruitment and development, further improvement of our internal processes and systems as well as the further development of our industry solutions, the Company works intensively on improving its profitability. itelligence expects to raise the EBIT margin slightly compared with the previous year.



Herbert Vogel  
CEO



Jörg Vandreier  
CFO

### Shareholder structure

As of March 31, 2006, itelligence AG's shares were held as follows:

Vogel family	11.3 percent
Nobel SA, Paris	9.9 percent
Free float	78.8 percent

### Director holdings

Members of the Management Board and Supervisory Board held the following numbers of itelligence shares as of March 31, 2006:

Management Board	Shares
Herbert Vogel	1,907,286
Jörg Vandreier	0

Supervisory Board	Shares
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 March 31, 2006. To date only the employee representatives held convertible bonds of itelligence: Anke Ruff holds 1,230 and Johannes Cordes 1,000. The term of this tranche extended until March 23, 2006. On this date the convertible bonds were repaid.

### Service

All itelligence AG reports in German and English can be downloaded from the Internet at [www.itelligence.de](http://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.

### Financial calendar 2006

May 30, 2006	Annual General Meeting 2006, Bielefeld
August 2, 2006	Publication of Interim Report 2/2006
October 31, 2006	Publication of Interim Report 3/2006

## Consolidated Balance Sheets as of March 31, 2006 and 2005 (IFRS)

<b>Assets</b>	<b>Mar. 31, 2006</b> KEUR	<b>Mar. 31, 2005</b> KEUR	<b>Dec. 31, 2005</b> KEUR
<b>Non-current assets</b>			
IT software	683	778	656
Goodwill	14,375	13,445	14,590
Property, plant and equipment, net	10,574	9,700	10,892
Financial assets	75	68	112
Deferred taxes	443	812	493
Other receivables and assets	1,545	1,373	1,535
<b>Total non-current assets</b>	<b>27,695</b>	<b>26,176</b>	<b>28,278</b>
<b>Current assets</b>			
Inventories	225	272	172
Trade receivables	26,233	19,238	26,710
Other receivables and assets	1,431	1,068	1,316
Cash and cash equivalents	8,451	11,057	13,042
Prepaid expenses	5,239	4,984	2,079
<b>Total current assets</b>	<b>41,579</b>	<b>36,619</b>	<b>43,319</b>
<b>Total assets</b>	<b>69,274</b>	<b>62,795</b>	<b>71,597</b>

<b>Equity and liabilities</b>	<b>Mar. 31, 2006</b> KEUR	<b>Mar. 31, 2005</b> KEUR	<b>Dec. 31, 2005</b> KEUR
<b>Equity</b>			
Capital subscribed	22,288	22,288	22,288
Capital reserve	23,750	23,750	23,750
Net accumulated loss	-18,056	-23,132	-18,532
Other comprehensive income	-1,598	-2,109	-1,227
Minority interests	275	309	286
<b>Total equity</b>	<b>26,659</b>	<b>21,106</b>	<b>26,565</b>
<b>Non-current liabilities</b>			
Long-term borrowings	2,370	3,977	3,314
Convertible bonds	5,322	5,442	5,580
Deferred tax liabilities	935	630	979
Pension provisions	186	150	186
<b>Total non-current liabilities</b>	<b>8,813</b>	<b>10,199</b>	<b>10,059</b>
<b>Current liabilities</b>			
Trade payables	10,594	7,874	10,480
Other liabilities	10,330	10,740	17,791
Current financial liabilities	219	1	0
Current portion of interest-bearing borrowings	2,887	3,335	2,866
Tax provisions	243	669	176
Other provisions	1,434	1,604	1,457
Government grants	1,003	859	1,112
Deferred income	7,092	6,408	1,091
<b>Total current liabilities</b>	<b>33,802</b>	<b>31,490</b>	<b>34,973</b>
<b>Total equity and liabilities</b>	<b>69,274</b>	<b>62,795</b>	<b>71,597</b>

## Consolidated Statements of Income for the Period January 1 to March 31, 2006 and 2005 (IFRS)

(all figures in KEUR except for the number of shares and earnings per share)	Jan. 1 to Mar. 31, 2006 KEUR	Jan. 1 to Mar. 31, 2005 KEUR
Revenues	37,416	30,328
Cost of sales	-28,183	-23,844
<b>Gross profit</b>	<b>9,233</b>	<b>6,484</b>
<b>Operating expenses</b>		
Marketing and selling expenses	-3,696	-2,427
General and administrative expenses	-4,843	-4,653
Other operating expenses and income, net	58	58
<b>Total operating expenses</b>	<b>-8,481</b>	<b>-7,022</b>
<b>Profit from operating activities</b>	<b>752</b>	<b>-538</b>
<b>Other income/expenses</b>		
Investment income	-22	-23
Exchange differences from financing activities	26	0
Interest income/expenses, net	-149	-200
<b>Other income/expenses</b>	<b>-145</b>	<b>-223</b>
<b>Earnings before taxes</b>	<b>607</b>	<b>-761</b>
Income taxes	-143	252
<b>Net profit/loss for the period</b>	<b>464</b>	<b>-509</b>
Minority interests in profit/loss	12	24
<b>Parent company's interest in profit/loss</b>	<b>476</b>	<b>-485</b>
Earnings per share in EUR – basic on net profit/loss	0.02	-0.02
Earnings per share in EUR – diluted on net profit/loss	0.02	-
Number of shares used in the calculation of earnings per share:		
– basic	22,287,535	22,287,535
– diluted	24,875,967	-

Statement of Changes in Equity as of  
March 31, 2006 and 2005 (IFRS)

	Number of shares	Capital subscribed KEUR	Capital reserve KEUR	Net accu- mulated loss KEUR	Other com- prehen- sive income	Foreign exchange differences KEUR	Minority interests KEUR	Total equity KEUR
<b>December 31, 2004</b>	22,287,535	22,288	23,750	-22,647		-2,480	333	21,244
Net loss for the period				-485			-24	-509
Foreign currency differences						371		371
<b>March 31, 2005</b>	22,287,535	22,288	23,750	-23,132		-2,109	309	21,106
<b>December 31, 2005</b>	22,287,535	22,288	23,750	-18,532		-1,227	286	26,565
Net loss for the period				476			-12	464
Foreign currency differences						-371		-371
Change in minority interests							1	1
<b>March 31, 2006</b>	22,287,535	22,288	23,750	-18,056		-1,598	275	26,659

## Consolidated Statements of Cash Flow for the Period January 1 to March 31, 2006 and 2005 (IFRS)

	Mar. 31, 2006 KEUR	Mar. 31, 2005 KEUR
<b>Cash flow from operating activities</b>		
<b>EBIT</b>	752	-538
Impairment losses	0	0
<b>EBITA</b>	752	-538
Depreciation of property, plant and equipment and amortization of IT software	964	835
<b>EBITDA</b>	1,716	297
Interest received	86	84
Interest paid	-84	-117
Income taxes paid	-208	-409
Other non-cash income and expenses	-82	471
Gains/losses from the disposal of non-current assets	-23	-22
Changes in assets and liabilities		
Decrease/increase in trade receivables	477	1,971
Decrease/increase in inventories	-53	-75
Decrease/increase in other current assets	-3,285	-3,602
Decrease/increase in trade payables	114	-791
Decrease/increase in pension provisions	0	16
Decrease/increase in other current liabilities and provisions	-1,479	-718
Decrease/increase in deferred taxes	6	-315
<b>Cash flow from operating activities</b>	<b>-2,815</b>	<b>-3,210</b>
<b>Cash flow from investing activities</b>		
Investments in property, plant and equipment and IT software	-822	-638
Cash received from the disposal of property, plant and equipment and intangible assets	42	65
Investments in financial assets	61	0
Subsequent purchase price payments for investments made	0	-268
<b>Cash flow from investing activities</b>	<b>-719</b>	<b>-841</b>
<b>Cash flow from financing activities</b>		
Redemption of convertible and warrant-linked bonds	-304	0
Cash received from long-term term deposits	0	130
Raising of current liabilities to banks	219	0
Raising to bank loans	0	217
Repayment of bank loans	-153	-127
Repayment of long-term borrowings	-771	-604
<b>Cash flow from financing activities</b>	<b>-1,009</b>	<b>-384</b>
Effects from exchange rate differences	-48	-38
<b>Increase/decrease in cash and cash equivalents</b>	<b>-4,591</b>	<b>-4,473</b>
<b>Cash and cash equivalents at the beginning of the period</b>	<b>13,042</b>	<b>15,530</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>8,451</b>	<b>11,057</b>
<b>Composition of cash and cash equivalents at the end of the period</b>		
Bank balances and cash in hand	7,951	8,057
Current financial instruments available for sale	500	3,000
<b>Liquidity</b>	<b>8,451</b>	<b>11,057</b>

## 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. Under the merger agreement signed in May 2000, the principal shareholders of SVCAG, Schmidt Vogel Consulting, Bielefeld, and the shareholders of APCON AG, Hamburg, subscribed to approx. 45% and approx. 55%, respectively, of the Company's shares.

**As a leading international full-service provider for SAP, itelligence's services 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 March 31, 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 to March 31, 2006 and 2005:

	Americas	Germany	Rest of Europe	Other	Group Jan. 1 to Mar. 31, 2006
	KEUR	KEUR	KEUR	KEUR	KEUR
Segment revenues	10,462	17,618	10,795	0	38,875
Intersegment trade	0	-722	-737	0	-1,459
External segment revenues	10,462	16,896	10,058	0	37,416
Segment result	23	705	66	-42	752
Net finance costs					-145
Profit from ordinary operations					607
Minority interests					12
Income taxes					-143
Net profit for the year					476

	Americas	Germany	Rest of Europe	Other	Group Jan. 1 to Mar. 31, 2005
	KEUR	KEUR	KEUR	KEUR	KEUR
Segment revenues	7,017	15,268	9,099	0	31,384
Intersegment trade	0	-554	-502	0	-1,056
External segment revenues	7,017	14,714	8,597	0	30,328
Segment result	-316	-518	328	-32	-538
Net finance costs					-223
Profit from ordinary operations					-761
Minority interests					24
Income taxes					252
Net profit for the year					-485

### Income taxes and deferred taxes

This item includes current tax expenses of KEUR 142 (previous year: KEUR 100) and deferred tax income of KEUR 0 (previous year: KEUR 352).

### 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 computer center in Posen.

