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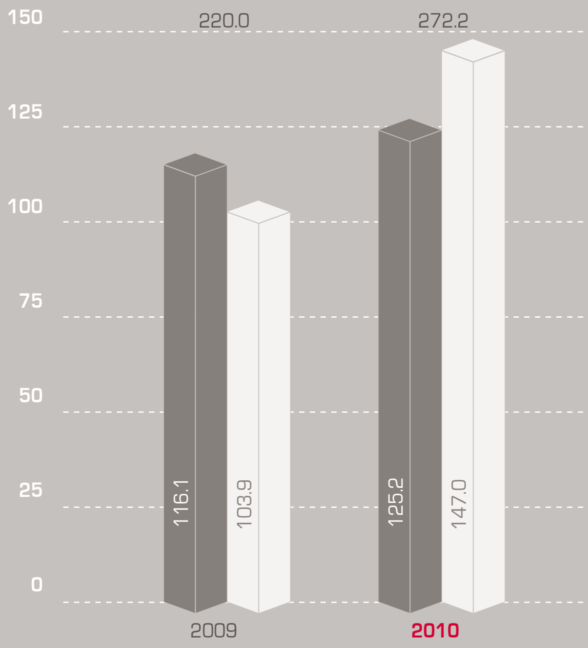
itelligence Key Figures

MEUR	IFRS 2010	IFRS 2009	IFRS 2008	IFRS 2007
Total revenues	**272.2**	**220.0**	**216.6**	**190.9**
Revenues by area				
Consulting	142.6	115.3	123.5	113.1
Licenses	33.8	28.5	31.1	23.8
Outsourcing & Services	95.3	75.8	61.6	53.6
Other	0.5	0.4	0.4	0.4
Revenues by segment				
Germany/Austria	122.9	113.8	114.3	96.3
Western Europe	57.5	36.7	34.3	31.6
Eastern Europe	19.2	15.9	18.1	14.1
USA	66.9	50.2	46.6	45.7
Asia	2.3	0.1	–	–
Other	3.4	3.3	3.3	3.2
EBIT in MEUR	14.9	12.3	13.6	11.5
EBIT margin in %	5.5%	5.6%	6.3%	6.0%
EBITDA in MEUR	23.4	19.3	19.8	16.4
EBITDA margin in %	8.6%	8.8%	9.2%	8.6%
Earnings IFRS	10.0	7.2	10.8	8.1
Earnings per share	0.39	0.28	0.44	0.36
Dividende pro Aktie	0.14*	0.10	0.12	–
Cash-flow per share in EUR	-0.56	0.30	0.38	0.49
Return to sales in %	3.7%	3.3%	5.0%	4.2%
Cash-flow in MEUR	-13.8	7.4	9.2	11.1
Balance sheet in MEUR	180.2	141.2	129.4	108.4
Equity in MEUR	61.2	53.9	54.2	42.3
Equity ratio in %	34.0%	38.2%	41.9%	39.0%
Investments in MEUR	30.6	13.1	11.1	9.4
Employees as of December 31	1,844	1,538	1,431	1,228
Average	1,695	1,465	1,330	1,185
– Germany	836	791	748	642
– Abroad	1,008	747	683	586

*Proposal for the annual general meeting.

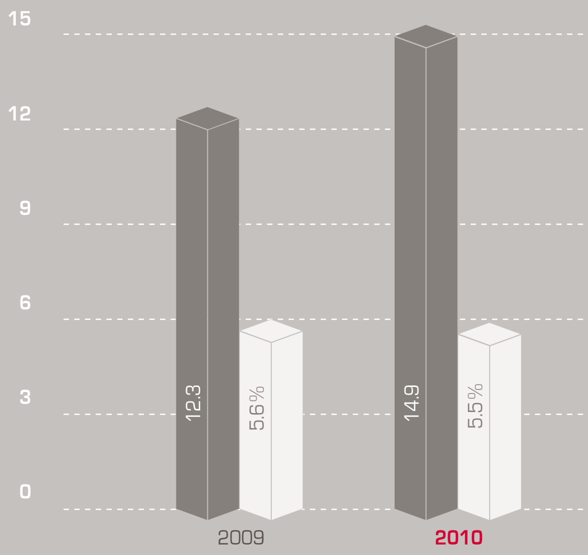
Revenue development (in MEUR)

Germany / Abroad

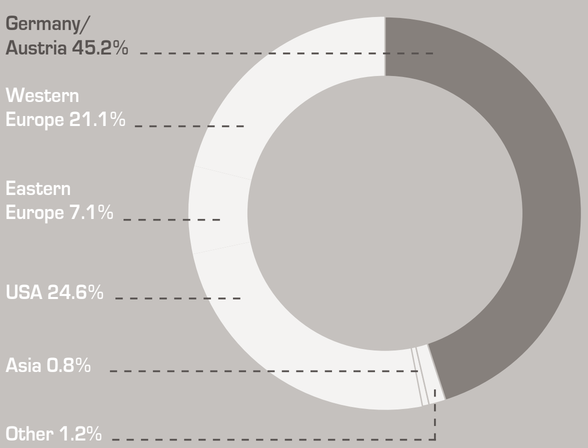


Growth in earnings (in %)

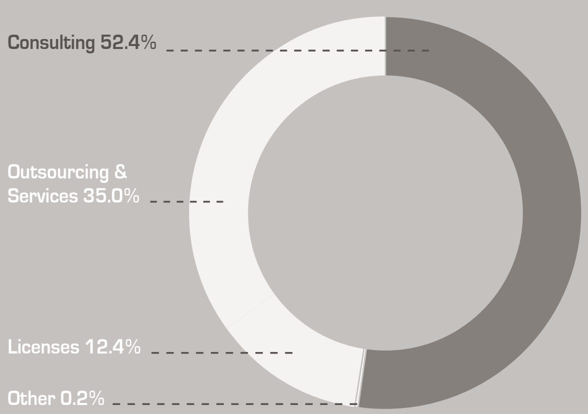
EBIT / EBIT margin



Revenue per segment 2010



Revenue by division 2010



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itelligence at work

You can always feel the effect of software, but you can't always see it at first glance. We wanted to do something about that: In the pictures around our customers, our red cube shows you everywhere that itelligence software is at work. To find out what processes it is used in, you can read the customer stories from Germany, Spain, Russia, the US and China.

Germany – Kässbohrer, *Customized machines in series production* 12
Spain – Freixenet, *Traditional and modern* 16
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Annual Report 2010 itelligence

Security, industry expertise and future viability – these will be the most important aspects in a standard software launch in the coming years. Budget compliance, high quality and internationalism are of course implicit in this. Rolling out the software often changes entire organizational structures, processes and – of course – working practices. The software itself is invisible, but its impact is plain to see. Most of the work happens in the background: on servers at data centers or via the lines that connect the computers with each other. In this Annual Report, we will show just how concretely software can be used based on the examples of some of our globally active customers. We believe that software is the key to greater efficiency, effectiveness and innovation at our customers. And their success is itelligence's success.

The results for fiscal year 2010 are proof of this. itelligence enjoyed a record-breaking year. Our figures exceeded our expectations and the number of employees increased to more than 1,840. We are confident that this development is sustainable. The investment bottleneck affecting our customers in recent years is resolving itself and modern technologies such as cloud and mobile computing are giving IT a new appeal.

At the same time, itelligence has systematically pressed ahead with its chosen path of greater internationality. Thanks to our acquisitions in the past year, we have resumed operations in France, established ourselves as the number one in the midmarket SAP sector in the United Kingdom, strengthened our US operations with a BusinessObjects partner and further stabilized our team in the Czech Republic.

I was particularly pleased that we were able to ceremonially open our new building in Bielefeld on schedule in June. Königsbreede 3 provides our employees with around 220 intelligent workstations. The new building also offers an integrated conference centre with ultra-modern furniture and fittings for up to 350 visitors. Small and large events organized by itelligence or other parties from the Bielefeld area will fill the building with life in future.

For itelligence, 2010 was dominated by growth. A great deal has happened in and around our Company. With this Annual Report, our aim is to again provide you with an insight into our Company that goes beyond the mere figures. We are sure that we will provide you with more than just an answer to the question of what SAP software and itelligence can do.

Yours,

Herbert Vogel

Herbert Vogel
CEO

Norbert Rotter
CFO

Interview with the Management Board

Mr. Vogel, two years ago in 2009, business performance was somewhat mixed. Did itelligence return to calmer waters in fiscal year 2010? *Herbert Vogel* The first half of the past year was still dominated by the consequences of the economic crisis. Companies remained too cautious to initiate new projects. The turnaround occurred in mid-2010: from the second half of the year onwards, itelligence enjoyed excellent business development, recording strong demand in all divisions and regions. The fourth quarter exceeded our expectations by some distance. All of a sudden, we were completing projects that even we had stopped believing would come to fruition. This clearly demonstrates that the IT investment bottleneck is resolving itself – and that companies now believe in a sustainable economic upturn.

At the same time, a trend that we have been observing for some time reinforced itself in 2010: companies are taking significantly longer to conclude orders, placing emphasis on familiarizing themselves with our reference customers and examining and comparing the offers available to them before making a final decision.

Mr. Rotter, how would you sum up the past year?
Norbert Rotter It was an extremely successful fiscal year in which we broke several records. Revenues increased by 23.7% to MEUR 272.2, with all segments recording double-digit growth. We were particularly pleased to see the reinvigoration of our software licensing business, which is the calling card for our business model. An excellent final quarter meant that Licenses revenues increased by 18.7% to MEUR 33.8. The highest growth rate of 25.8% was recorded in the segment of maintenance, hosting and application support, i.e. our recurring business. We also reported record figures on the earnings side. EBIT amounted to MEUR 14.9, up 21.1% on 2009. Only the EBIT margin declined slightly to 5.5%. We will have to improve in this area in future.

A large portion of our success is attributable to organic growth, but the acquisitions we conducted in 2010 also made a positive contribution. Our successful M&A activities were undoubtedly an exciting topic from our CFO's point of view.

Which companies has itelligence acquired and with what aims in mind? *Herbert Vogel* The main factors behind the acquisition of companies are: 1. achieving critical mass in existing markets, 2. entering new markets, and 3. know-how and expertise. With the four acquisitions we conducted in 2010, we are pursuing these aims in various forms. For example, the acquisition of Adelante in France represents our return to the French market – an interesting environment, considering that French companies are the most important trading partners for their German counterparts.

By contrast, we were already active in the United Kingdom, but together with Chelford – a strong SAP All-in-One partner – we are now the number one in a country that counts to the largest markets for SAP Services.

Norbert Rotter The acquisition of RPF Solutions, a US company based in Atlanta, is also extremely interesting. The company provides itelligence with important expertise in the field of business intelligence, one of the growth areas in the IT sector. RPF is a BusinessObjects partner, meaning that it has many years of experience in analytical tools. SAP's acquisition of BusinessObjects was a response to the growing demand in this area – and we are also following this strategy, becoming one of the first SAP partners in the world to bring a BusinessObjects partner on board.

How did itelligence's environment – the market for SAP services – develop in the past year? *Norbert Rotter* Norbert Rotter: The German market for SAP services grew by around four percent in the past year, and the international market recorded similar development. This means that itelligence is outperforming the market in terms of growth, as is underlined by our leading position in the midmarket segment. At the same time, the consolidation process among service providers is continuing apace. This is providing itelligence with some interesting acquisition options. However, business has not become any easier. Even with the economic upturn, customers remain highly price-sensitive, while the level of professionalism in IT projects has increased significantly. Many companies are focusing their cooperation on a small number of high-quality IT service providers with an international focus. This is precisely where our strengths come into play.

The figures underline the fact that itelligence enjoyed stronger growth than the market as a whole. At the end of 2010, the Company employed more than 1,840 people and generated revenues of MEUR 272.2 – meaning that revenues have doubled in just six years. Does this not make it increasingly difficult to manage the Company? *Herbert Vogel* Quite the opposite! It might sound strange, but it is actually easier to manage a company that has exceeded a certain size. For example, national subsidiaries that employ more than 50 people require less support from the head office in Germany. They have their own resources and capacities for internal services such as marketing, human resources and controlling. In particular, though, this critical mass means that business is more stable and, ultimately, more planable. A large national company also allows more reliable sales forecasts. Our aim is to continue to grow. I consider a medium-term target of 3,000 employees and revenues of MEUR 500 to be achievable.

Growing internationalization means that itelligence encounters ever more languages, cultures and different market conditions. Does this not mean that the Company's management is faced with a greater number of tasks, including new challenges? *Norbert Rotter* In 2010, itelligence generated more than half of its revenues (around 54%) outside Germany for the first time in its history. This means that new and increased challenges are facing the entire organization and administration. Our environment is also becoming more dynamic. It is important that all employees are successfully integrated into the growing company. As far as I am concerned, our corporate culture plays an important role in this: investment will only prove worthwhile in the long term if we succeed in integrating the new companies.

Herbert Vogel Investment is the key word here. We are not only investing in acquiring companies, but also in expanding our existing capacities. In 2010, for example, we opened our new company building in Bielefeld and broke the ground for a new data center in Bautzen. We also rolled out our internal knowledge management system around the world, creating a uniform platform for the cross-border and cross-divisional transfer of expertise. Last but not least, we are working intensively towards improving our industry solutions for the international market. We are refining our workflows step by step. We have fully revised our methods and industry templates and created tools that will allow us to provide perfect implementation at our customers. The rules we have defined in this process will apply internationally.

To what extent are the efforts to ensure optimal international operations connected with the SAP Global One Team initiative that NTT DATA has announced for February? *Herbert Vogel* The experiences and developments we have made will be available to all NTT DATA Group companies in future. The SAP Global One Team initiative coordinates the various SAP activities of the NTT DATA Group. This includes our SAP industry solutions, global roll-out and roll-in methods, hosting services, and well-trained, qualified project managers, consultants and developers. In future, all of the NTT DATA Group's SAP resources will be offered as end-to-end SAP services for global companies from a single source. itelligence has the necessary expertise, a number of years of experience in the field, and the industry solutions. As a result, NTT DATA has decided that we should manage this initiative together with our parent group.

Does this not give rise to the risk that itelligence will only be concerned with itself? What about the needs of your customers? *Herbert Vogel* We are not doing all of this just for the sake of it. The driving force behind our efforts is the clear benefits it will bring for our customers. We are observing a high level of demand for industry solutions at present. In Germany and other countries, companies need software systems that are tailored to their sector-specific processes. Of course there are differences from customer to customer, but there are still a large number of similarities between the various workflows. Ensuring that our software is geared towards these similarities means that a large amount of the work is performed for our customers in advance. At the same time, companies want to conduct projects with us quickly and smoothly. The clear and uniform methodology and documentation that we have now developed not only saves time and money, but also allows us to guarantee companies a high degree of security and planability from the very start.

Norbert Rotter And the higher quality provided by clear structuring should not be forgotten. If we wish to continue to conduct our projects with a high level of quality – and this is precisely what our customers expect from us – we have to work on this constantly. We do not sell the kind of products you buy off the shelf. Our business is our projects – and they first have to be defined and managed. When it comes to fixed-price projects in particular, we are exposed to greater financial risk when budgets are exceeded. Reliable project management undoubtedly performs a key function in this respect. In particular, we are continuing to invest in our knowledge management and our delivery processes in order to consistently improve our quality.

To deliver quality, you need good employees. However, there is a threat of a new skills shortage in the area of IT in particular. How do you succeed in attracting and retaining good employees? *Herbert Vogel* The skills shortage is a topic that we must deal with, and this is precisely what we are doing. Generally speaking, it can be said that it is easier for large companies to attract employees than for small companies, if only because large companies tend to attract greater attention and their networks are more effective. In our industry, personal contacts remain a vital factor in many introductions. Aside from this, though, we are casting our net in all directions: needless to say, we were represented at the CeBIT as well as attending special recruitment fairs. We advertise for candidates at universities and in newspapers and employ the services of headhunters. However, our image is the decisive factor. We place a great deal of emphasis on ensuring that we are not seen as a hire-and-fire company that takes on staff in good times and throws them out again when things go bad.

In other words, the attractiveness of a company is also based on the corporate culture it implements. What contribution can you make as the Management Board? *Norbert Rotter* itelligence has a corporate culture that has evolved over a number of years. Our colleagues help and educate one another. They act on each other's behalf and are open to change. Both personally and professionally, this is extremely important for a company with as much of an international focus as ours. For the Management Board, this means that we are always approachable and our decisions take the needs of our employees into account. We believe it is important that each employee is allowed to develop in line with their own potential: For example, we are extremely committed to the principle of regular training and the international exchange of knowledge. To this end, itelligence also has a special program for potential future managers. We consider the balance of old and young as well as employees from different nations to be one of the factors in the Company's success. Furthermore, itelligence attachs inportance to a high women constitute, which is in Germany incidentally at 27% of our workforce and 24% around the world.

itelligence remains focused on business with SAP software and SAP services. What were the key technological changes and trends in the past fiscal year? *Herbert Vogel* The main topic concerning our customers is analytics. This software aims to help companies to record, sort and evaluate their data and identify forecasts and plans for the future course of business. During the crisis, a number of companies came to the painful conclusion that they did not have such instruments at their disposal. At the same time, the technologies involved have improved, particularly when it comes to analyzing large data volumes in real time. SAP made an important first step in this direction with the acquisition of BusinessObjects. This path is now being systematically pursued with the market launch of a specific data evaluation function: in-memory technology.

The second clear trend is for mobile business, i.e. the connection of mobile devices. Here, too, the needs of the market and the availability of mature, affordable technology are colliding. Accessing SAP applications from mobile devices is no longer a problem, whether laptops, smart phones or tables such as the iPad.

Cloud computing – leasing and obtaining software or IT infrastructure via the Internet – is also a hot topic at the moment. Do you see this as a realistic scenario or more of a temporary hype? *Herbert Vogel* Cloud computing is undoubtedly more than just hype. On the other hand, a distinction must be made between the provision of infrastructure and software. We already offer infrastructure, meaning business in this area is a reality even now. By contrast, when it comes to accessing software via the Internet – "Software as a Service" (SaaS) – we are still in the very early stages, but the road ahead is already signposted. SAP offers Software as a Service with its new SAP Business ByDesign product. In other words, the technical framework is in place. In both cases, the appeal lies in the fact that companies no longer have to invest in their own IT and do not have to employ IT specialists. itelligence acquired first customers in this area in the past year, and we are confident that demand will grow strongly over the next year.

Norbert Rotter I am sure that these technologies will permanently change the face of software and IT services. At present, some SaaS solutions – e.g. SAP Business ByDesign – are particularly interesting for smaller companies such as start-ups or service providers with small workforces who are reluctant to make extensive investments in IT. For us, this means that business is only worthwhile if we have a large customer base. This means that we must enter high-volume business, which will involve new challenges not only for our Finance department.

How are things with your core business? Are customers still buying traditional SAP ERP systems?
Herbert Vogel Yes, and we are continuing to acquire a large number of new customers. There is significant demand in all of our core segments at present, whether mechanical engineering and manufacturing, consumer goods, retail or automotive. As many corporations use SAP, the exchange of data is easier when their suppliers also employ SAP. In addition, there are still companies who wish to replace their in-house systems with a standard solution. Process consistency and running costs both play a role in this. However, we are also observing a trend towards companies exchanging an existing standard system for SAP – often because they wish to use SAP's new solutions in the areas of analytics and mobile computing. The fact is that SAP is increasingly becoming the industry standard in Europe and there is a growing trend towards standard software in the ERP environment.

Has itelligence succeeded in increasing the revenue share of Outsourcing & Services as planned?
Norbert Rotter We have generated substantial revenue growth of more than 25%, but the division's revenue share has remained essentially unchanged at 35%. Among other things, this is because we have acquired only Consulting revenues in France and will need time to establish our traditional business model in the local market. Our success in the area of application support is also encouraging. We offer our customers the successful operation and development of SAP applications and meet their requirements in full, from user support, application monitoring, fault remediation and minor changes through to entire projects. We combine regional proximity and knowledge of the customer's specific processes with the benefits of internationally scalable services and the expertise of a broad-based consulting organization.

Our service range meets the needs of our customers exactly. Despite all the experts celebrating outsourcing to low-wage countries, our experience has shown that a number of companies are particularly fond of this high-quality customer care concept with a focus on continuity.

Following the acquisition by the NTT DATA Group, only 9.8% of itelligence's shares are in free float. Are you satisfied with the development of the Company's share price? *Norbert Rotter* I think our shareholders can be satisfied with their investment. itelligence's share price increased from around EUR 4.50 to more than EUR 6.60 in the course of fiscal year 2010. Of course, some of this can be attributed to the general upturn on the stock markets, but it also shows that investors consider our business model to be valid and are willing to place their trust in us. We will also distribute a higher dividend for fiscal year 2010.

itelligence is in the ascendant at the start of 2011. What items are on your current agenda and what are your forecasts for the current year? *Norbert Rotter* The large number of transactions concluded shortly before the end of the past fiscal year meant that the high level of orders on hand increased further. As such, we are entering the new fiscal year in a spirit of confidence and are forecasting that itelligence will break the MEUR 300 barrier for the first time. Earnings growth is expected to exceed this development on the back of an improved EBIT margin of between 6.0% and 6.2%. We have made important acquisitions and are now focusing on integrating and strengthening our new national subsidiaries. But we also want to continue to expand. Our next target is Northern Europe, where we are already conducting interesting discussions with potential acquisition candidates. The important thing is that we retain our clear focus, as this is the recipe for our success: in future, itelligence will continue to stand for the midmarket, SAP and a global service range.

Herbert Vogel This global range will undoubtedly be one of the key topics accompanying us on our path in 2011. Of course, we will press ahead with the NTT DATA initiative and focus on the continuous improvement of our industry solutions. We will continue to work towards ensuring that our employees communicate with each other and exchange their expertise to an increasing extent, including across national borders. We have established strong foundations for this with the roll-out of our "itellipedia" knowledge management. Our motto of remaining close to our customers will also be a decisive factor in our success in 2011. This includes being open to new trends such as analytics, mobile business and cloud computing. As we have demonstrated in the past and will continue to demonstrate in future, itelligence can provide companies with the software and services they need to conduct their business optimally. ■

itelligence at work

Germany – Kässbohrer *Customized machines in series production* 12
Spain – Freixenet *Traditional and modern* 16
Russia – Eldorado *Hand in hand* 20
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PistenBully

it.manufacturing:

Customized production

With it.manufacturing, itelligence offers its customers an industry software solution that is tailored to the needs of the manufacturing industry. Based on SAP All-in-One, the system has been developed so that many of the processes of component and option manufacturers and mechanical and plant engineering companies are already preconfigured, from the initial idea, product development and planning through to procurement, manufacture and customer service. This provides customers with an integrated, all-in-one ERP solution that maps their entire value chain and saves time and money in implementing and adjusting the system to meet their individual requirements.

Customized machines in series production

Thanks to itelligence, Kässbohrer can manufacture its PistenBully to meet customer requirements more efficiently.

Do you need additional hydraulic circuits and special attachments? Would you rather have your machine in white or blue instead of the standard red? Do you want to disable the reverse beep because it puts the driver on edge – and replace it with a high-performance radio to help make his demanding work more enjoyable? No problem.

Kässbohrer Geländefahrzeug AG doesn't just make snow grooming vehicles – it makes the PistenBully. The market leader and synonymous with an entire breed of machine. Every winter, thousands of PistenBullys ensure that winter sports enthusiasts at ski resorts around the world get to enjoy perfect conditions. They prepare cross-country tracks, large and small ski runs, winter hiking trails, ski lift tracks and toboggan runs with the greatest of ease. The PistenBully can even be used in an indoor skiing paradise like Dubai – fitted with a special soot particle filter system, of course.

The vehicles are manufactured in Laupheim, a small town near Ulm, which is also where the company has its head office. The equipment and accessories offered by Kässbohrer are as varied as the potential uses for the powerhouse machines. This means more than just seat covers and radios. It is mostly technical details that make the difference: Which axles and engine specifications are required? Do additional heating systems need to be installed? Does the customer need air conditioning, or simply special attachments for preparing halfpipes or other fun park elements?

With the help of itelligence, Kässbohrer has succeeded in making the individual production process that is so important to its customers more efficient and transparent. Implementing the SAP industry solution "it.manufacturing" has made manufacturing much more transparent, from the receipt of the order right through to the delivery of the vehicles.

The key issue with the old IT system was that it did not allow for piece production. Kässbohrer manufactured a standard vehicle in small series and made the necessary changes for the customer only after production was complete. These adjustments frequently involved a great deal of effort, not only taking up time but also making reliable planning and transparent cost calculation as good as impossible.

Achieving a production and service overview

This is now a thing of the past thanks to the option manufacturing provided by it.manufacturing. For the software, an option is simply the detailed description of a single-item production run. The system knows every product and its features. As soon as an order is placed, it calculates the cost of all of the parts and work involved. It knows if the necessary parts are in stock and places repeat orders so that supplies do not run out.

The transparency this provides and the networking of the individual working areas also entails huge benefits when it comes to the important matter of after-sales. The Laupheim-based company's work is far from done when production is complete – each PistenBully is delivered with a three-year guarantee, and it is even more important that the vehicles have a long working life above and beyond this. Some vehicles from the first production runs in the early 1970s are still in use today.

If a PistenBully customer calls to say that a part is defective or worn, the service employee can immediately see which vehicle they are talking about. The software also knows which spare part is required, where it is stored and, last but by no means least, which service technician can deliver the part. For customers, most of whom are ski resort operators, this service cannot be underestimated – speed matters when it comes to ensuring that visitors are provided with properly prepared ski runs every single day.

The PistenBully has even made it to the South Pole. More than 120 customized models support the marine and polar scientists from the research institutions of 14 nations. However, there is one thing even itelligence has been unable to speed up: delivering vehicles to the Antarctic remains as arduous as ever.

it.consumer

Giving customers the best

it.consumer maps the operations of all areas of the consumer goods industry, from sales to trading companies, batch-specific inventory management, the handling of pallets and empties, freight cost settlement with forwarding companies and handling returns through to quality management along the entire production process. All of these processes are pre-programmed. Special requirements with regard to specific functions are also taken into account: barcode scanners can be connected, product development can be realized with recipe administration, and specifications and ingredient lists can be created. Companies who work with it.consumer enjoy time-saving communications both internally and with external locations, field staff, customers and suppliers. They have comprehensive transparency in all areas, thus ensuring up-to-date information at all times.

Traditional and modern

itelligence software is pointing the way to the future for the Spanish cava producer Freixenet.

It was said to be love with a capital L: In 1889, Dolores, heiress to the Spanish wine merchant Sala, married Pedro Ferrer, the youngest child from the neighboring “La Freixeneda” vineyard. A few years later, the two companies also merged and the success story of “Freixenet”, now one of the world’s largest cava producers and merchants, began.

High standards and clever marketing quickly helped Freixenet to achieve a prominent profile, first in Spain and then abroad. Today, Freixenet S.A. generates annual sales of around MEUR 500 and has more than 1,500 employees on three continents.

Freixenet produces high-quality sparkling wine (or, to use the Spanish word, cava). Like a hundred years ago, it has to be fermented in the bottle for at least nine months before being processed and sold. Unlike a hundred years ago, however, a modern IT landscape now supports the 18 wine cellars in seven countries and the distribution of tens of millions of bottles.

Group management and administration in particular would be impossible without IT. Employees place and accept orders, check stocks and coordinate transportation. They negotiate prices, plan campaigns and organize distribution. And they prepare documents for the tax authorities, customs and other official bodies: trading in alcoholic drinks is subject to special taxes and regulations which require additional administrative work and, in particular, a great deal of care.

Each of these steps creates data that must be processed, circulated, analyzed, sorted and archived. Since May 2010, itelligence’s it.consumer software has ensured that all IT processes interact smoothly at Freixenet’s head office in Sant Sadurní d’Anoia near Barcelona.

Industry expertise was the key

it.consumer is inherently tailored to the workflows of a corporation like Freixenet. The solution's industry focus and the expertise of itelligence's employees ultimately made the difference when it came to choosing the SAP-based system. it.consumer recognizes which data is required for an order to be accepted and knows who needs to be informed about new data and who requires access to it. It is as comfortable with different negotiated prices as it is with the demands of export trading.

The software also collects the right information to enable rapid analysis and flexible planning by management. The automatic interplay of various modules accelerates the work of Freixenet's various divisions and creates a stable and reliable basis for their day-to-day business.

itelligence installed the system and integrated it with other applications together with Freixenet's IT team. They introduced the software and connected it to the other systems, such as the analysis tool and the sales management system for field staff. A key element of the project was the connection to EDI, the central platform for exchanging data with various business partners. Suppliers, procurement departments of major chain stores and distributors at home and abroad use EDI to communicate their requirements. The process is highly automated and is commonplace throughout the world. It is a system where machines communicate with each other. As data is submitted in various formats, the connection with ERP was a huge task.

Dolores and her husband Pedro were blissfully unaware of all this when they laid the foundations for Freixenet. Today, it is their children and grandchildren who run the company – and ensure that the success story of their forefathers continues with the help of it.consumer.


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Так просто жить лучше
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Outsourcing

Modern IT, hassle-free

SAP and IT systems require regular servicing and maintenance in order to ensure efficient availability. This ties up resources within a company that are no longer available for its core business. itelligence's outsourcing offers three key services aimed at easing the burden on companies: application hosting, remote administration, and implementation hosting. Regardless of where the respective IT systems are located, one of itelligence's data centers will be nearby. As a certified "SAP Global Partner Hosting", itelligence operates state-of-the-art data centers around the world in Germany, Malaysia, Poland, Switzerland and the USA, where its experts manage and maintain 1,400 systems covering more than 65,000 SAP users.

Hand in hand

The Russian retail chain Eldorado has contracted itelligence to manage its central IT systems.

In Russia, Christmas is celebrated on January 7, meaning that the retail world hits its stride just as calm returns to stores in Western Europe. This includes the specialist chain Eldorado. Offering a broad range of electrical and household items, the company has recorded steady growth in 2010, pursuing best-in-class business performance and customer service. With more than 16,000 employees and more than 650 stores, Eldorado is now one of the top five Russian retail chains.

Eldorado is an innovative company. Artem Natrusov, head of IT, recognized the vital importance of functional IT systems at an early stage. His strategy broke new ground in Russia: the IT team itself focuses on business matters, while the central SAP system is managed by a specialist company.

Midway through last year, Eldorado contracted itelligence AG to look after the backbone of the company. The parties signed the contract in June 2010, and the software and data for more than 1,600 SAP users was migrated to itelligence's data center as early as September. The retail group's core systems now run on state-of-the-art machines, while all data flows use lines provided by NTT Communications.

The outsourcing to the SAP specialists has the features of a comprehensive service package. itelligence operates and maintains the systems and ensures that they are permanently available. The latter is something that cannot be taken for granted when it comes to a SAP landscape that processes many terabytes of data – but it is business-critical that the software is operational at all times, as sales would simply come to a standstill if Eldorado's employees were unable to access it.

Security, cost transparency and flexibility

Data is processed in accordance with statutory requirements and high security standards. itelligence's dual data center concept means that all processes and transactions are mirrored at two physically separate data centers. In the event of an outage, operations continue on the parallel system without the customer noticing any difference.

Eldorado also benefits from transparent costs. Cost discipline is of great importance in the retail industry. With itelligence's help, the costs of the systems are transparent and the price calculated for the services is binding – meaning that there are no unpleasant surprises at the end of months when additional capacity is required.

The intensive cooperation between the two partners follows the "outsourcing is a people business" principle. Eldorado benefits from one of itelligence's specialties: personalized customer care. Eldorado has a fixed contact person who knows the systems inside and out, and whose team looks after the operation of the application landscape and communications with Russia 24 hours a day.

This continuity also exists at a strategic level in the form of a control and management committee consisting of Eldorado and itelligence managers who have known each other since the start of the initial negotiations. The committee exchanges ideas and information on a regular basis.

The topics discussed include Christmas; after all, high season is when the machines frequently approach their limits. This is why flexibility in the use of capacities also forms part of the service enjoyed by Eldorado – a luxury that provides the group with the necessary breathing space and allows it to stay versatile.

In Russia, Christmas is celebrated on January 7. This year, the team led by Artem Natrusov was able to sit back and join in the celebrations.

it.wholesale

A focus on distribution

itelligence developed it.wholesale for companies requiring a powerful ERP solution tailored to the specific requirements of the distribution industry. The system accelerates order throughput and improves the transparency of pricing and inventories in real time and across all locations. it.wholesale is also able to automatically process aspects of pricing such as customer-specific discounts. Customers can employ complementary technologies to simplify and streamline enterprise and cross-enterprise cooperation, allowing new facilities, products, partners and services to be quickly integrated into the enterprise-wide business solution.

Controlled growth

The US corporation Lextron is harmonizing its IT and processes with it.wholesale.

One billion dollars. This was Lextron's next target. A bold ambition – and one that involved almost doubling its revenues. But before the animal health products wholesaler could start working towards this goal, it needed to make the necessary preparations: harmonizing its IT and its processes.

Lextron will celebrate its 45th birthday in 2012. Since its formation in 1967, the all-rounder for the animal health products market has enjoyed significant growth. The group now comprises five companies offering a comprehensive range of products for breeders and vets, from quality feed and dietary supplements through to medical equipment, storage technology and special machines for feeding and care in animal breeding. Today, the company has more than 16,000 business customers.

Lextron's current size is attributable to organic growth as well as acquisitions. Although this allowed it to significantly expand its product range and grow its revenues, there was a risk of the group breaking apart somewhat, with the various divisions working more alongside each other than in tandem. There was uncontrolled growth in the area of IT, too: as of 2008, the five divisions used three different, independent management systems.

The consistent management of customer care, inventory management, logistics and distribution processes had become a real challenge. As Tim Hays, Lextron's Director of IT, notes, it had become frustrating and almost impossible to share customer data across all applications. The company was reaching the limits of its growth and would only be able to achieve its ambitious targets with a uniform, standardized IT landscape.

Harmony and transparency

It quickly became obvious that SAP-ERP was the answer. In itelligence, Lextron not only found the right implementation partner, but also the provider of a suitable industry solution. The “it.wholesale” system based on SAP All-in-One was selected to replace the mishmash of existing IT systems and form a transparent basis for enterprise management, while the SAP Chrystal Reports and SAP BusinessObjects analysis tools were employed to evaluate company data in future.

Hays’ team and their counterparts from itelligence USA now have two years of intensive clean-up work behind them. Step by step, they have discussed and reconciled the individual processes, integrated them into the programs and planned the successive roll-out of the software. In May 2010, they successfully completed the first phase of the mammoth project ahead of schedule.

The successes began the very first day after the new system went live. As well as running as planned, the programs immediately made a tangible difference to business efficiency: instead of the usual 400 orders, Lextron processed 485 orders in a single day. Other benefits soon became apparent; for example, a sales department connected to the new system saved more than two million dollars while maintaining the same high quality of customer care.

The advantages of harmonized IT in warehousing and logistics were equally clear. Even before the project is complete, Lextron is talking in terms of having reduced inventories by 15%. Cutting inventory times from 45 to 30 days has led to a reduction in the corresponding workload. And the smooth execution of another acquisition demonstrated that Lextron can implement its growth strategy in reality.

The project as a whole is not yet complete. Four roll-outs have been performed to date, with another one planned. However, one thing is already clear: Lextron has achieved what it set out to do. The new ERP is bringing together the things that belong together, and now there are no more obstacles on the path to becoming a billion-dollar company.


Qbake™
原味坊
German Quality Bakery since 1885
推
PUSH
拉
PULL


bake 原味坊
原味坊

it.chemicals/it.consumer

The right recipe

Companies in the consumer goods industry are confronted with a range of challenges. How best to coordinate production, packaging and pricing throughout the company and reconcile planning and implementation while optimizing the deployment of internal resources and ensuring compliance with statutory provisions? The it.consumer industry solution meets these specific requirements. The system helps companies to fulfill statutory regulations and supports them in end-to-end batch administration, product-specific sales and production planning, quality management integration, and recipe administration. The only thing they have to work out for themselves is the right mixture of ingredients.

Freshly baked

itelligence is supporting Werhahn-Mühlen in launching the "Qbake" bakery store chain in China.

Since May 2010, the smell of German bread has been in the air in certain parts of Shanghai. In just a few short months, Werhahn Bakery Products Ltd. has opened eight Qbake shops in the port city that is China's industrial powerhouse. And this is just the beginning.

The Qbake shops have a friendly color scheme. Their product range extends from wholemeal bread, rolls and pretzels through to croissants, cakes and biscuits, as well as seasonal items such as lebkuchen. Schoolchildren pick up their breaktime sandwiches from the stores, businessmen grab a quick snack for lunch. And those with a little more time can sit down and enjoy a cup of tea or coffee and a slice of cake.

Werhahn's BIG (Bakery Ingredients Group) division is a successful producer and distributor of ingredients for the manufacture of baked goods in Central and Eastern Europe. Its baking agents, baking mixes, fillings and toppings are distributed to commercial bakeries, confectioners and large industrial clients. Consumers know the company from brands like Diamant or Goldpuder.

BIG operates in a market that is becoming increasingly difficult. Price volatility and price risk are increasing, and so are safety requirements in food production. This makes the opening of bakery stores in China one of BIG's most important strategic projects in 2010, as it involves no less a task than entering a whole new market.

Werhahn has found the right partner for its journey to the Middle Kingdom in itelligence. Having worked with the group since 2008, the Bielefeld-based experts know the specific processes and, of course, the underlying IT. itelligence's presence in Asia means that it can also support BIG in its expansion. The active exchange of knowledge between itelligence Germany and local colleagues serves to facilitate preparations such as implementation in Shanghai.

The operation in China is still a small venture, a start-up. It is not standard procedure to create a separate ERP system for a business of this size. However, the parent company was committed to establishing structured, IT-based processes in order to ensure stable and uniform workflows throughout the group, right from the start. This has been achieved using itelligence's it.consumer and it.chemicals industry templates, which are based on SAP All-in-One.

The systems are run from the head office in Neuss, where they are administered and maintained and connected to Shanghai via data lines. This provides Qbake with all the comfort of its own ERP system without having to employ an inhouse IT team.

Uncomplicated and effective

German bread in China: the front line is the company's industrial bakery in Shanghai. To ensure a high level of quality, Werhahn delivers some of the ingredients for the baked goods from Germany. The software ensures that all of the steps in the process run smoothly. It helps to calculate and order the correct quantities and guarantees the traceability that the food industry requires.

When goods are sold, the most important IT interface kicks into action: the link between the checkout and the production facility. itelligence has developed a streamlined solution that is easy for staff to operate. The system automatically sends sales data to the production facility every night in order to determine the necessary supplies. Pre-orders by customers are simply entered by hand to ensure that all requests are fulfilled on time.

Almost a year since the first bakery store was opened, the systems are running perfectly. Data flows from Shanghai to Neuss and back again. Werhahn-Mühlen is constantly focused on how business is going, which products are successful in China and which have proved to be less to local tastes. As it happens, the first feedback in this area also came from their colleagues at itelligence. Before the kick-off, they not only tested the IT, but – perhaps somewhat unusually – made themselves available to give their verdict on the first samples from the new production facility. This was no less of a success than the rest of the project: to this day, they still enjoy the smell of freshly baked bread.

Report of the Supervisory Board

Dear Shareholders and Friends of the Company,

itelligence AG can look back on a successful fiscal year on the whole, with good development across all divisions and segments. Once again, the Company enjoyed the most successful year in its history. The forecasts issued at the start of 2010 were upwardly revised during the course of the year, and even these increased figures were ultimately exceeded. Following stable development in the difficult environment in 2009, the Company made the most of the economic upturn in fiscal year 2010, resulting in substantial revenue and earnings growth. This serves to confirm the excellent positioning of itelligence AG.

In fiscal year 2010, the Supervisory Board regularly addressed the adherence to and further development of corporate governance at the Company and intensively discussed the recommendations and suggestions of the German Corporate Governance Code in the version dated May 26, 2010 together with the Management Board. On December 22, 2010, the two executive bodies jointly submitted a revised declaration of compliance in accordance with section 161 of the German Stock Corporation Act and made this permanently available to shareholders on the Company's website. The Corporate Governance Report and a report on the amount and structure of Management Board and Supervisory Board remuneration can be found on pages 37 and 68.

In the year under review, the Supervisory Board performed the tasks allocated to it by law, the Articles of Association, the German Corporate Governance Code and its Rules of Procedure. The Management Board was regularly advised and continuously monitored in its management activities. The Supervisory Board was involved in all decisions of material importance to the Company immediately and at an early stage. The Supervisory Board voted on the reports and proposed resolutions by the Management Board following a detailed examination and discussion. The efficiency of the Supervisory Board's work was examined in fiscal year 2010, with a particular

Dr. Lutz Mellinger

Chairman of the Supervisory Board

focus on Supervisory Board procedures, the information provided by the Management Board and the cooperation between the two executive bodies, as well as the work of the committees. There were no conflicts of interest within the Management Board or the Supervisory Board in the year under review.

In its monitoring and advisory capacity, the Supervisory Board received detailed, timely information from the Management Board in both written and verbal form on the Group's position and, in particular, the development of its net assets, financial position and results of operations, as well as fundamental issues of corporate planning and strategy. Other focal points included the financing and liquidity situation, the risk situation, risk management, compliance requirements and significant transactions. In all cases, the Management Board met the requirements of the Supervisory Board in terms of the content and scope of its reporting in full. In addition, the Chairman of the Supervisory Board was regularly informed by the Management Board about current business developments, the medium-term outlook and other key issues and discussed the outlook and the future focus of the divisions with the Management Board.

The Supervisory Board held a total of four physical meetings and three teleconferences in fiscal year 2010. The members of the Supervisory Board regularly attended the Supervisory Board meetings. More than half of the members were always present at each meeting. In the event of being unable to attend, the respective members cast their votes in writing.

The meetings regularly discussed the Company's economic position and development, the financing and liquidity situation, planned investments, the risk situation and risk management, and corporate planning and strategy. In addition, the meetings focused on the following topics and resolutions in particular:

1 / Approval and Adoption of the 2009 Annual Financial Statements
2 / Commissioning of KPMG AG Wirtschaftsprüfungsgesellschaft, Berlin, as Auditor for Fiscal Year 2010
3 / Budget Definition and Budget Review
4 / Investments and Planned Acquisitions
5 / Future Dividend Policy of itelligence AG
6 / Monitoring of the Risk Early Recognition System Established by the Management Board

In fiscal year 2010, the Audit Committee met on March 11, 2010 and December 8, 2010. At both meetings, the Audit Committee intensively discussed the audit of the single-entity and consolidated financial statements and matters relating to the planning process and risk management. The Staff Committee also met on March 11, 2010 and December 8, 2010, while the Strategy Committee met on December 8, 2010.

At the Annual General Meeting on May 27, 2010, the Supervisory Board and Management Board proposed a dividend of EUR 0.10 per share for fiscal 2009. The Annual General Meeting approved this proposal with a large majority. The agenda also included the re-election of the Supervisory Board. Takashi Enomoto and Kazuyuki Arata from NTT DATA Corporation stepped down as members of the Supervisory Board of itelligence AG with effect from the end of the Annual General Meeting. Kazuhiro Nishihata, Senior Vice President and Managing Director of NTT DATA Corporation, Tokyo, and Akiyoshi Nishijima, Deputy Senior Executive Manager of NTT DATA Corporation, Tokyo, were newly elected to the Supervisory Board. NTT DATA Europe GmbH & Co. KG, Düsseldorf, a subsidiary of NTT DATA Corporation, currently holds 87.7% of the shares of itelligence AG together with NTT Communications Corporation, Tokyo.

The Supervisory Board would like to express its gratitude to Takashi Enomoto and Kazuyuki Arata for their work on the Supervisory Board of itelligence AG and their efforts on behalf of the Company.

In accordance with the resolution by the Annual General Meeting on May 27, 2010, KPMG AG Wirtschaftsprüfungsgesellschaft, Berlin, was appointed as the auditor of the single-entity and consolidated financial statements. Prior to the proposal for election, KPMG had declared in writing to the Supervisory Board that there were no circumstances that could compromise its independence as an auditor. KPMG examined all of the financial statements, management reports and the risk management system in detail. As stated in its unqualified audit opinion, this examination did not give rise to any objections. The dependent company report prepared by the Management Board was also audited and issued with the following unqualified audit opinion:

Following the completion of our audit in accordance with professional standards, we confirm that

a / the factual statements made in the report are correct,
b / the Company's compensation with respect to the transactions listed in the report was not inappropriately high, and
c / there are no circumstances that would justify a materially different opinion of the measures listed in the report than that held by the Management Board.

At its meeting on March 10, 2011, the Audit Committee intensively discussed the single-entity and consolidated financial statements for 2010 with the Management Board and the auditors. The relevant documents were provided to the members of the Supervisory Board in good time prior to the meeting. The Committee concluded by recommending that the Supervisory Board approve and adopt the financial statements.

The documents relating to the financial statements and the audit reports were provided to all members of the Supervisory Board in good time. At the meeting of the Supervisory Board to adopt the financial statements on March 10, 2011, the consolidated financial statements and Group management report prepared in accordance with the International Financial Reporting Standards (IFRS), the single-entity financial statements and management report prepared in accordance with the German Commercial Code (HGB), the audit reports and the dependent company report prepared by the Management Board were addressed in detail and discussed in the presence of the Management Board and the auditor. The auditor reported on the key findings of its audit and was available to provide additional information and answer questions as necessary.

Based on its own careful examination of the documents relating to the financial statements, the audit reports and the dependent company report prepared by the Management Board, the Supervisory Board did not raise any objections and approved the findings of the audit by KPMG. We hereby approve the single-entity and consolidated financial statements prepared by the Management Board for the year ended December 31, 2010, meaning that the annual financial statements of itelligence AG have been adopted. Following our own examination, we also approved the Management Board's proposal on the appropriation of net profit.

The Supervisory Board would like to thank the members of the Management Board and all employees for their high level of personal commitment and performance in fiscal year 2010. They have made a major contribution to another successful business year for itelligence.

Bielefeld, March 10, 2011
For the Supervisory Board

Dr. Lutz Mellinger
Chairman

Corporate Governance Report

itelligence AG continued to develop its own corporate governance topics in the past fiscal year. The Management Board and Supervisory Board of itelligence AG are committed to the principles of the German Corporate Governance Code and responsible corporate management with a view to achieving a sustainable increase in enterprise value. itelligence AG sees corporate governance as forming the basis for efficient, responsible corporate management that strengthens the trust of shareholders, customers, employees and the public.

The Management Board and Supervisory Board addressed corporate governance topics in detail during fiscal year 2010 and jointly submitted a revised declaration of compliance for 2010 in accordance with section 161 of the German Stock Corporation Act on December 22. According to this declaration, itelligence AG continues to comply with the majority of the principles set out in the new version of the Code dated May 26, 2010, and only deviates from these principles where it has good cause on account of its size, structure or other Company-specific factors. The declaration was made permanently available to the public on the Company's website.

Shareholders and the Annual General Meeting

The shareholders of itelligence AG exercise their rights at the Annual General Meeting, where they also discharge their voting rights. Shareholders may exercise their voting rights at the Annual General Meeting in person or appoint a proxy of their choice or the Company's representative to exercise their voting rights in accordance with their instructions. itelligence AG ensured that all relevant reports and documents for the Annual General Meeting were made available on its website in good time.

This year's Annual General Meeting in Bielefeld on May 27, 2010 passed all agenda items with a large majority of the votes cast. The shareholders in attendance, who numbered around 50, also approved the proposal to distribute a dividend of EUR 0.10 per share for fiscal year 2009 with a majority of the votes cast.

Cooperation between the Management and Supervisory Boards

Detailed information on the cooperation between the Management Board and the Supervisory Board and the work of the Supervisory Board and its committees can be found in the Report of the Supervisory Board.

As a stock corporation under German law, itelligence has a two-tier management and supervisory structure consisting of the Management Board and the Supervisory Board. The Management Board is responsible for managing the Company. The Supervisory Board is responsible for monitoring the Management Board and appointing and dismissing Management Board members. These two executive bodies cooperate efficiently in a spirit of mutual trust.

In the year under review, the Management Board regularly, promptly and comprehensively informed the Supervisory Board on all material aspects of planning, business development and the position of the Group by way of written and verbal reports. This also included the risk situation, risk management and compliance. Transactions of material importance require the approval of the Supervisory Board.

The Management Board continues to consist of two members: Herbert Vogel (founder and CEO) and Norbert Rotter (CFO). There were no conflicts of interest within the Management Board in the year under review.

The Supervisory Board of itelligence AG advises and monitors the Management Board in its management of the Company. The Supervisory Board is of the opinion that it has a sufficient number of independent members. In addition, the Supervisory Board ensures that its composition takes account of the principle of diversity and is appropriate with regard to the geographical and other specific requirements of the Company. In order to improve efficiency, a number of committees were formed in 2004. In the past fiscal year, there were no conflicts of interest within the Supervisory Board requiring immediate disclosure and subsequent reporting to the Annual General Meeting.

Information on the remuneration paid to the members of the Management Board and Supervisory Board can be found in the remuneration report on page 68 of this Annual Report.

Transparency

itelligence AG provides timely, comprehensive information to all interested parties equally. One key communication instrument is the Company's website (www.itelligence.ag), which provides an extensive body of information in both German and English, reflecting the Company's international focus. In fiscal year 2010, a total of three ad hoc releases in accordance with section 15 of the German Securities Trading Act were published. There were no directors' dealings in fiscal year 2010.

Directors' holdings

Members of the Management Board and Supervisory Board held the following numbers of itelligence shares as of December 31, 2010:

Management Board	Shares
Herbert Vogel (CEO)	605,738
Supervisory Board	
Dr. Britta Lenzmann (Employee representative)	155

Accounting and auditing

The Management Board prepares consolidated financial statements for the full year and condensed consolidated financial statements for the quarterly and half-yearly reports. Group financial reporting is performed in accordance with the International Financial Reporting Standards (IFRS), thereby ensuring a high degree of transparency and international comparability.

All reports are published within the periods specified by the Exchange Rules of the Frankfurt Stock Exchange for companies listed in the Prime Standard. The audit for fiscal year 2010 was performed by the auditor elected by the Annual General Meeting on May 27, 2010, KPMG AG Wirtschaftsprüfungsgesellschaft, Berlin, as well as the Audit Committee and the Supervisory Board.

In accordance with section 161 of the German Stock Corporation Act, the management and supervisory boards of listed companies are obliged to issue an annual declaration stating whether the recommendations of the Government Commission on the German Corporate Governance Code, as published by the German Federal Ministry of Justice in the official section of the electronic Bundesanzeiger (Federal Gazette), have been and are being complied with and which of the Code's recommendations have not been or are not being applied.

Declaration by the Management Board and Supervisory Board of itelligence AG on the German Corporate Governance Code in accordance with Section 161 of the German Stock Corporation Act

The Board of Management and Supervisory Board of itelligence AG identify with the objectives of the German Corporate Governance Code, namely to promote good, trustworthy company management that is oriented towards benefiting shareholders, employees and customers. The aim of itelligence AG is to achieve a sustainable increase in enterprise value. Accordingly, the aforementioned executive bodies of itelligence AG endorse the recommendations and provisions of the German Corporate Governance Code. itelligence AG acted in accordance with the recommendations of the German Corporate Governance Code throughout the 2010 financial year and will continue to do so in future based on the version of the German Corporate Governance Code last amended on May 26, 2010. itelligence AG departed from the recommendations of the German Corporate Governance Code in some aspects. Details of the individual departures are provided below.

The following recommendations of the German Corporate Governance Code have not yet been implemented:

Section 3.8: Deductible for D&O insurance
"If the company takes out a D&O (directors' and officers' liability insurance) policy for the Management Board, a deductible of at least 10% of the loss up to at least the amount of one and a half times the fixed annual compensation of the Management Board member must be agreed upon. A similar deductible must be agreed upon in any D&O policy for the Supervisory Board."

The present contracts of the members of the Board of Management and the Supervisory Board of itelligence AG do not currently provide for such a deductible. However, the introduction of a deductible is being examined.

Section 5.1.2: Age limit for members of the Board of Management
"An age limit for members of the Management Board shall be specified."

An age limit has not been included in the contracts of members of the Board of Management in the past, nor does itelligence AG plan to implement such an age limit in the current or future contracts of members of the Board of Management.

Contracts with members of the Board of Management are always concluded for a limited term. The age of the respective member of the Board of Management will be taken into account to a sufficient extent when determining the term of the contract. This makes the specification of an age limit in the respective contract unnecessary.

Section 5.3.3: Formation of a nomination committee within the Supervisory Board

"The Supervisory Board shall form a nomination committee composed exclusively of shareholder representatives which proposes suitable candidates to the Supervisory Board for recommendation to the General Meeting."

itelligence AG has not formed a nomination committee and does not intend to do so in future.

itelligence AG does not consider a nomination committee to be necessary on account of the size of its Supervisory Board.

Section 5.4.1: Specification of concrete objectives regarding the composition of the Supervisory Board

"The Supervisory Board shall specify concrete objectives regarding its composition which, whilst considering the specifics of the enterprise, take into account the international activities of the enterprise, potential conflicts of interest, an age limit to be specified for the members of the Supervisory Board and diversity. These concrete objectives shall, in particular, stipulate an appropriate degree of female representation. Recommendations by the Supervisory Board to the competent election bodies shall take these objectives into account. The concrete objectives of the Supervisory Board and the status of the implementation shall be published in the Corporate Governance Report."

From the Company's perspective, the composition of the Supervisory Board complies with the requirements of the German Corporate Governance Code, particularly with regard to the aspect of diversity. The aforementioned objectives will be formally taken into account in future proposals for election.

Section 5.4.3: Elections to the Supervisory Board

"Elections to the Supervisory Board shall be made on an individual basis."

In the past, itelligence AG has made elections to the Supervisory Board on a block basis rather than on an individual basis, and does not intend to change this procedure in future.

Elections on a block basis are standard practice and have proved to be valuable in enabling the rapid completion of the General Meeting.

Bielefeld, December 22, 2010
itelligence AG

For the Board of Management Herbert Vogel	For the Supervisory Board Dr. Lutz Mellinger

Shareholder Value

itelligence's shares

The international stock exchanges enjoyed extremely dynamic development in 2010. By year-end, they had clearly recovered from the financial crisis in late 2008. In the first weeks of the past year, the DAX again fell from 6,000 to 5,500. It then climbed to more than 6,000 points by October, albeit with various fluctuations along the way, and reached a high for the year of more than 7,000 points in December 2010. This meant that, as in the previous year, the blue-chip index recorded annual performance of almost 20%. The TecDAX, which contains the 30 largest German companies from the technology sector, fell well short of recording similarly positive development. After opening the year at more than 850 points, the index declined particularly strongly in May, briefly falling below the 700-point mark. Following a positive second half of the year, the index returned to over 850 points by the end of the year, thereby recovering the ground it had lost since January. itelligence's shares opened the year on January 4, 2010 with a price of EUR 4.54 in Xetra trading and closed the year at EUR 6.68 on December 30, 2010 following two particularly dynamic phases in February/March and November/December. This meant that itelligence AG's shareholders enjoyed extremely strong annual performance of 47.1%.

Shareholder structure

According to the Company's own information, itelligence AG had the following shareholder structure at the publication date of the Annual Report (March 17, 2011):

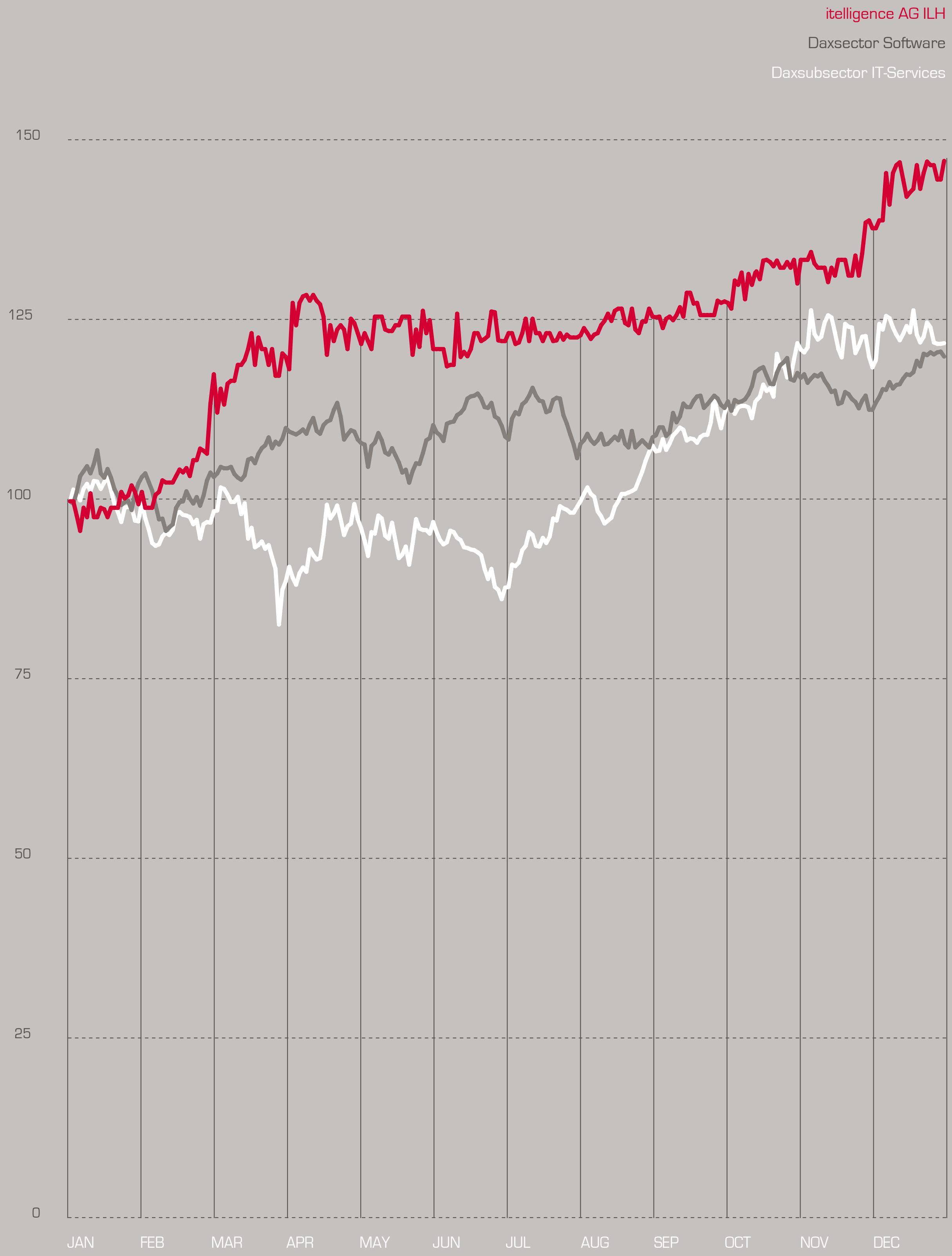
NTT DATA Europe	77.7%
NTT Communications	10.0%
Herbert Vogel	2.5%
Free float	9.8%

itelligence's key share data for 2010

WKN	730 040
ISIN	DE 000 730 040 2
Market segment	Prime Standard
Stock exchange	Frankfurt Stock Exchange
Indices	Prime All Share Index (technology industry index, software sector)
Designated sponsor	equinet Bank AG
Number of shares (Dec. 31, 2010)	24,557,595
2010 high	EUR 6.68 (Dec. 22/23/28/30, 2010)
2010 low	EUR 4.44 (Jan. 8/14/15/27, 2010)
Share price at the start of the fiscal year (Xetra)	EUR 4.54
Share price at the end of the fiscal year (Xetra)	EUR 6.68
Market capitalization/ stock market value at year-end*	MEUR 164.0
Earnings per share (EUR)	EUR 0.39
Capital stock (EUR)	MEUR 24.56

* based on the share price at year-end

Performance of the itelligence share price



Investor relations

In fiscal year 2010, itelligence AG again informed its shareholders, investors, analysts and journalists about the latest developments at the Company, and in particular the acquisitions in the UK, the Czech Republic, France and the USA. As well as providing regular information via the Company's website and continuous reporting, itelligence AG was again represented at the German Equity Forum organized by Deutsche Börse in November 2010, where it held a number of discussions with investors, analysts and the financial media. itelligence AG's Annual General Meeting was held in Bielefeld on May 27, 2010. At the Meeting, the Management Board reported on developments in the past fiscal year, the current market situation and the Company's strategy, as well as providing a short- and medium-term outlook. As in the previous year, the Annual General Meeting approved the payment of a dividend amounting to EUR 0.10 per share for 2009. ■

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Group Management Report
for Fiscal Year 2010

Key Figures in Fiscal Year 2010

Significant growth in consolidated revenues of +23.7% to MEUR 272.2

- Strong organic growth of +16.2%
- Revenue up 7.5% due to acquisitions
- Foreign revenues (53.7%) exceed domestic revenues (46.3%) for the first time

Earnings before interest and taxes (EBIT) of MEUR 14.9

- EBIT rises by +21.1%
- Non-recurring effect of MEUR 1.9 from acquisition and amortization expenses
- EBIT margin of 5.5% at upper end of forecast corridor

Continuous growth in orders on hand

- Orders on hand rise to around MEUR 200
- More than 70% generated from long-term contracts

Number of employees up +19.4% to 1,844

- More employees abroad than in Germany for the first time
- Successful integration in France, the United Kingdom, the Czech Republic and the USA

Dividend proposal of 14 cents per share up 40% year-on-year

- Earnings per share rises to EUR 0.39 (up EUR 0.11)
- Distribution ratio of 34.3% based on consolidated net profit of MEUR 10

Growth forecast for fiscal year 2011

- Revenues in excess of MEUR 300 and up to MEUR 310
- EBIT margin to rise to 6.0%-6.2%

The itelligence Group

Business activities

itelligence was formed in 1989 as an SAP consulting company and is now a leading international full-service IT provider and partner of SAP AG with a focus on the midmarket. itelligence's customers include more than 4,000 companies who are managed from 36 locations in 19 countries. More than half of the Group's revenues (53.7%) are now generated outside Germany.

In addition to the sale of usage rights for SAP software solutions for midmarket companies, our core business is SAP consulting. Customers see itelligence as a long-term partner that takes responsibility for shaping their IT business processes efficiently and flexibly, thereby achieving a sustainable improvement in their economic value added and company management.

itelligence has extensive industry expertise and has developed various industry solutions for the more efficient implementation of SAP in Germany and abroad. Key sectors addressed by the Group include manufacturing and the automotive supply industry, food processing, mechanical and plant engineering, the wood and furniture industry, the process and pharmaceutical sector, the service industry and retail.

SAP maintenance and global support and hosting business are further pillars of itelligence's business model, which is aimed at providing benefit to the customer based on a long-term, trust-based relationship.

Organization

itelligence has a regional organization. It provides customer support through local sales and consulting teams in the regions of Germany/Austria, Western Europe (Switzerland, Spain, France, Belgium, Netherlands, United Kingdom), Eastern Europe (Russia, Ukraine, Poland, Czech Republic, Slovenia, Hungary), USA and Asia (Malaysia and China).

On January 1, 2011, itelligence integrated the Swiss national company into a new "DACH" organizational segment consisting of Germany, Austria and Switzerland.

The areas of application support and hosting have also been bundled internationally in order to meet customer demands for a global service range.

As an international outsourcing service provider, itelligence AG operates state-of-the-art data centers in Germany, Poland, Malaysia, Switzerland and the USA, from which it manages all SAP solutions and releases for its midmarket customers. itelligence also has an additional backup data center at its site in Bautzen.

With the International Sales & Operations organizational unit, which is focused on international business, the Group has created the basis for a uniform and consistent global market presence. In addition to networking the various competence centers within itelligence AG, the development and evolution of a wide range of global projects and initiatives is one of the main tasks of this organizational unit. It is also focused on the development of a specific methodology for international projects based on the roll-out of company-specific templates.

Including the companies acquired in 2010, the organizational structure of the itelligence Group encompasses a total of 33 subsidiaries around the world. The largest subsidiaries are located in the USA, Germany, Switzerland and the United Kingdom. itelligence AG is domiciled at its head office in Bielefeld.

Group strategy and objectives

itelligence AG's success is based on a clear, long-term corporate strategy and its systematic implementation and further development. itelligence ensures sustainable partnership-based relationships with its customers and assumes responsibility for the success of IT projects.

itelligence's customers are faced with intensive competition as a result of increasing globalization and are required to permanently adjust to this dynamic environment. The continuous improvement of structures and the value chain plays a particularly important role in this process. itelligence sees itself as a strategic partner offering innovative IT solutions in order to support its customers in their challenges. itelligence's aim is to ensure greater efficiency and transparency in its customers' workflows.

Growth strategies

Growth strategies are the cornerstone of itelligence's long-term focus. The key strategies are:

- Expansion of the successful business model to include higher-revenue international customers
- Systematic internationalization of industry solutions
- Expansion and globalization of recurring business
- Targeted expansion of regional coverage through acquisitions and expansion in growth markets
- Strategic positioning as an SAP service provider in NTT DATA's international network and within the NTT Group
- Expansion of "Software as a Service" (SaaS) with Business ByDesign

- Reinforcement and expansion of global knowledge management
- Investment in quality improvements and project management
- Being the most attractive employer in the SAP field

Value-oriented management

To manage its operating business, the itelligence Group uses selected financial and non-financial key figures that are consolidated into central performance indicators at Group level. The key figure system, which is structured on the basis of segments and areas of responsibility, covers human resources indicators and, in particular, financial indicators such as revenue development, the order pipeline, orders on hand, and EBIT and the EBIT margin. In the Consulting segment, the key performance indicators are consultant utilization and productivity and the billable daily rate. The Licenses business is evaluated on the basis of volumes and margins. In the technical Outsourcing & Services segment, the aforementioned key figures are supplemented by indicators such as availability, server performance and energy efficiency.

Among other things, the non-operating business is managed using key figures on net financial income as well as the consolidated tax rate.

Annual and multi-year planning for all regions and divisions

All management and controlling processes are based on an established planning process. Building on strategic multi-year planning for the management of the itelligence Group's long-term focus, the Management Board derives the annual operating targets applying a top-down approach. The annual plans developed at the level of the national subsidiaries are then coordinated with the overall targets. The results of planning are compared with rolling forecasts on a quarterly basis in order to identify deviations. In addition, management information is provided in the form of a monthly comparison of target and actual figures in order to allow deviations from the agreed targets to be identified at an early stage and measures aimed at ensuring target achievement to be implemented in good time.

Market Positioning

itelligence has an excellent position as one of the leading international full-service IT providers for the SAP environment, particularly in the traditional and upper midmarket. itelligence offers its customers a coordinated solution and service portfolio over the entire lifecycle of an IT investment. In addition to consulting, development and system integration in the SAP environment, the SAP Licensing and Outsourcing & Services divisions form the core of itelligence's portfolio. These products and services are offered to itelligence's customers around the world. Alongside Germany, itelligence has a long-established market position in Western Europe, Eastern Europe and the USA, and has also been active in Asia for the past two years. This extremely strong market position will be expanded in future through organic growth and targeted acquisitions.

In 2010, itelligence won the TOP CONSULTANT award in the category of midmarket IT consultants. This renowned award, which enjoys a high profile in Germany, was given on the basis of positive evaluations by itelligence customers. This serves to underline itelligence's technical and methodological expertise as well as recognizing its consulting services.

In addition, itelligence again received the SAP Pinnacle Award as "SME Global Volume Partner of the Year", a prize that was given in fiscal year 2010 to the partner with the most new SME customers in 2009. This award, which is the most prestigious that can be won by an SAP partner, confirms itelligence's positioning as a leading international full-service provider.

Acquisitions

intelligence AG further expanded its market position in fiscal year 2010. The 100% acquisition of the British SAP consulting company Chelford SAP Solutions Ltd. in 2010 created the largest midmarket SAP consultant in the United Kingdom. The British SAP consulting firm Chelford SAP Solutions employs a workforce of around 60 and has been operating successfully in the key sectors of trade, production and consumer goods for more than 13 years. With this transaction, itelligence has significantly strengthened its geographical and strategic market position.

In March, itelligence announced its acquisition of a majority interest (51%) in the French SAP consulting company ADELANTE SAS, which is headquartered in Paris. With this acquisition, itelligence is expanding its international market presence, particularly in France and French-speaking Canada. The branches of ADELANTE in Paris, Lyon and Montreal (Canada) will be additional locations for SME customers of itelligence. With the majority interest in ADELANTE, itelligence AG is positioning itself with its full IT service offering in France, one of the key European markets, as well as in a sub-market of Canada. France is an important market for itelligence's SME business and the Company expects this to result in positive growth momentum for the Western Europe region.

In May, itelligence acquired a majority interest (51%) in RPF Solutions, LLC, which is headquartered in Atlanta, Georgia. RPF Solutions creates business intelligence and data warehousing solutions for large and midmarket clients. With this strategic acquisition, itelligence is strengthening its activities in the area of business intelligence solutions and establishing a stronger basis for its expansion in the high-growth market of business intelligence.

The newly acquired companies are now operating as itelligence subsidiaries.

itelligence AG is focusing on Asia as a strategic market for the future. The close partnership with its majority shareholder, the NTT DATA Group – one of the world's largest IT service providers – and the efficient local cooperation with SAP AG allowed itelligence to enter the market in 2009 and initiate the establishment and expansion of its activities in the region. In fiscal year 2010, the Company successfully pressed ahead with its operations in Asia, where it also achieved SAP Gold Partner status – something that will help it to accelerate its growth and market penetration.

Partnerships

Partnerships are central to itelligence's business model. itelligence's primary focus is on its customers: with its customer base numbering more than 4,000 around the world, the Company seeks to achieve relationships that are profitable for both parties in the long term.

SAP partnership

itelligence AG is a partner of SAP, whose products form the core of its service portfolio along with the related services. itelligence regularly demonstrates its importance within the SAP partner environment by winning first-class awards and obtaining all of the partner status titles that SAP currently confers to service providers. Major titles include "SAP Global Services Partner" and "SAP Global Hosting Partner". itelligence is one of a select group of only seven SAP partners to be certified for both global partner status titles.

In November 2010, itelligence announced the signing of a Global Value-Added Reseller (Global VAR) agreement with SAP AG. itelligence is one of only two companies in the world to have concluded this global agreement on the sale of SAP Business All-in-One solutions. Global Value-Added Reseller (Global VAR) is the highest status in SAP AG's PartnerEdge program. Value-added resellers (VARs) sell SAP software licenses and develop industry-specific SAP Business All-in-One solutions. itelligence offers a total of 12 industry solutions based on SAP Business All-in-One. The signing of the Global VAR agreement is based on strict quality criteria that are evaluated by SAP in an extensive selection process. For customers, this means that a Global VAR such as itelligence is quality-certified and is involved in the latest developments, product strategies, release updates and new technologies of SAP worldwide at an early stage.

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

A gold-level SAP channel partner and SAP BusinessObjects solution provider, in 2010 itelligence received the SAP Business All-in-One Partner of the Year U.S. award for 2009 for the fourth time in five years in recognition of its outstanding contributions to revenue, marketing and customer service as an SAP channel partner.

itelligence is one of the global leaders for the marketing of SAP Business ByDesign and was named a Solution Reseller for SAP Business ByDesign in August 2010. itelligence AG is significantly expanding its cooperation with SAP Deutschland AG & Co. KG with its new partner status of SAP Business ByDesign Solution Reseller. In future, itelligence will launch and market the SAP Business ByDesign on-demand business solution independently and offer additional services. itelligence has been one of the Early Partners in the SAP Business ByDesign program for a number of years and is now one of the first SAP consultants in the world to have successfully completed the nomination phase and gained official partner status. itelligence qualified for Solution Reseller partner status in two core areas: in terms of its consulting expertise through the multiple independent implementation of SAP Business ByDesign and due to the possibility of performing the independent marketing of SAP Business ByDesign as an on-demand solution.

As in previous years, itelligence obtained a number of new SAP special expertise partnerships (SEPs) and recertified existing SAP special expertise partnerships. As a result, itelligence was included in the Special Expertise Partner Program for SAP Customer Relationship Management (SAP CRM).

With this move, SAP is rewarding itelligence's specific product and process know-how and established project expertise in the field of CRM. In addition, itelligence was again included in SAP's Special Expertise Program for Machinery, High Tech & Electronics in recognition of its extensive expertise in the manufacturing and high-tech industry. Proven excellence in technology and consulting when implementing customer projects is a prerequisite for membership of the Special Expertise Program. itelligence has demonstrated this in-depth expertise in the manufacturing and high-tech industry for a number of years and boasts a long list of successful projects.

In late 2010, SAP AG certified itelligence as an SAP Application Management Services Provider for the first time in both Europe and the USA. This means that itelligence can offer its customers certified support and application management services.

SAP AG again certified itelligence for solution implementation on the basis of Run SAP methodology. For itelligence's customers, this means higher service quality and savings of between 10% and 20% on administration and support costs. itelligence integrated this methodology into its implementation standards in 2009. Run SAP is a proven method for supporting implementations, upgrades and the ongoing application management of end-to-end solutions. It provides

SAP best practices for process flows, content, services, training and tools for the successful implementation of end-to-end solution operations.

itelligence develops and offers preconfigured, SAP-qualified All-in-One SAP industry solutions for a total of 12 different industries. SAP qualification means that industry expertise, technical competence, the latest SAP technology and customer projects are evaluated and rewarded.

The SAP-qualified solutions include the itelligence trade solution it.trade; it.chemicals for the chemical and pharmaceutical industry; it.consumer for the consumer goods industry; it.manufacturing for the manufacturing industry; it.automotive supplier for the automotive supply industry; it.hightronics for the high-tech and electronics industry; it.aerospace supplier for the aerospace industry; it.wood for furniture for the furniture industry; it.wood for timber for the wood industry; it.metal for the metal, casting and non-steel industry; it.service for service providers; and it.logistics for logistics service providers. Further qualifications are already in the testing phase at SAP. itelligence is one of the few international midmarket partners of SAP to offer its solutions in Europe, the USA and China, thereby systematically pursuing the international exchange of knowledge across countries and regions in order to meet customers' globalization requirements within its solutions. This is underlined by the global qualification of the solutions by SAP, which shows that itelligence is a leading partner for solution development.

NTT DATA

The partnership with the Japanese NTT DATA Group has laid the foundations for the further expansion of itelligence's international market position. NTT DATA Europe GmbH & Co. KG and NTT Communications now hold 77.7% and 10.0% of the shares in itelligence AG respectively, thereby creating the basis for a close partnership within the framework of a cooperation agreement.

With NTT DATA as a strong partner, itelligence intends to press ahead with its development as an international provider of IT systems and services for SAP. As a company that will continue to operate independently within the growth-oriented NTT DATA Group in future, this step will allow itelligence to improve its growth potential on the international stage, particularly in Asia. NTT DATA is also an extremely strong partner for itelligence in terms of its financial and capital resources.

The first joint international customer projects serve to underline the successful partnership between NTT DATA and itelligence AG.

NTT DATA and itelligence: SAP Global One Team initiative

NTT DATA is launching the "SAP Global One Team" initiative in conjunction with itelligence AG, thereby further expanding its leading role in the SAP field with itelligence at a global level. This initiative brings together all of the NTT DATA Group's SAP resources within one network, thus creating a powerful new global contact partner for the SAP ecosystem. For globally active customers in particular, access to this network will guarantee a uniformly high level of top-quality SAP solutions and the implementation of SAP projects with superlative quality. The NTT DATA Group's initiative is clearly focused on innovation and the provision of comprehensive SAP services on the basis of best practices and global delivery for customers around the world.

The SAP Global One Team initiative will coordinate the various SAP activities of the NTT DATA Group: state-of-the-art SAP industry solutions, global roll-out and roll-in methods, 24-hour hosting services, and well-trained, qualified project managers, consultants and developers.

The NTT DATA Group will offer end-to-end SAP services for global companies from a single source. As one of the most successful full-service SAP providers for the midmarket with many years of experience in the implementation and coordination of international SAP projects for SMEs, itelligence will manage this initiative jointly with NTT DATA.

NTT Communications

In order to leverage the excellent synergy potential in its Outsourcing & Services business, itelligence AG signed a cooperation agreement with NTT Communications Corporation, a wholly-owned subsidiary of Nippon Telegraph and Telephone Corporation (NTT), in 2008. NTT Communications operates in the field of national and international telecommunications and offers global solutions for information and communications technology.

In Malaysia (Cyberjaya, Kuala Lumpur), itelligence has been using one of NTT Communications' high-availability data centers for the past two years and offers the full range of SAP Hosting Services in the Asia region in conjunction with NTT Communications.

Other partnerships and awards

In July, compamedia GmbH and Dr. Dietmar Fink, Professor for Management Consulting at the Bonn-Rhine-Sieg University of Applied Sciences, awarded itelligence AG the "TOP CONSULTANT" quality level in the category of IT consultants in the SME segment. With the "TOP CONSULTANT" award, Prof. Fink and compamedia GmbH have created a high-quality seal of approval with an academic background. The extensive analysis is based on evaluations by itelligence customers, who were surveyed online by Prof. Fink and his team in a standardized procedure. A comprehensive catalog of criteria not only examined the technical and methodological expertise of the consulting companies in question, but also allowed conclusions to be drawn with regard to their consulting services and hence customer satisfaction. In the points examined – expertise, reliability, connectivity and customer satisfaction – itelligence enjoyed impressive performance across the board, achieving the highest ratings for specialist expertise and integrity.

Since the past fiscal year, itelligence has been a member of the new Logistics research cluster at RWTH Aachen University. Three innovation labs with a research focus on ERP, smart objects and services will concentrate on developing new solutions for logistics processes and the resulting IT tasks. itelligence is a founding partner.

itelligence maintains a number of technology partnerships with the aim of expanding its own solutions portfolio. The objective of these partnerships is to meet the needs of existing itelligence customers in an even more flexible manner by offering additional services and complementary solutions, as well as acquiring new customers through technology issues, SAP industry solutions and partner recommendations. itelligence achieves this by way of joint customer information days, trade fairs, advertising on partner portals and marketing campaigns.

itelligence's Customer Projects and Developments

Licensing and Consulting

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

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

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

In the third quarter, itelligence reported that it had gone live with SAP Business ByDesign at its client Ploetz + Zeller GmbH, Munich, following an implementation period of just four weeks. With this success, itelligence demonstrated the extent to which SAP's innovative on-demand solution can be applied to SMEs. Around 15 employees at the up-and-coming Munich IT service provider's two locations now have access to complete, integrated enterprise software based on SAP Business ByDesign.

Ploetz + Zeller GmbH is one of the first companies in Germany to convert its entire enterprise software to SAP Business ByDesign and to make use of the full potential of SAP's on-demand solution. Ploetz + Zeller is using SAP Business ByDesign for Service Providers, a version that has been tailored to the requirements of service providers with preconfigured functions for sales, purchasing, project management, service processing, cash flow management, and external and internal accounting. All of the company's divisions at its two locations in Munich and Dortmund are now benefiting from integrated IT processes

itelligence reported a number of other successes in fiscal year 2010. KHD Humboldt Wedag GmbH, headquartered in Cologne and with branches around the world in Dessau, Russia, the USA, China, Iran, Australia, South Africa and India, successfully optimized its logistics processes throughout its global operations. KHD's core product range includes machines for crushing and reduction engineering and for treating and processing bulk goods for the cement plants it installs around the world. KHD is now introducing itelligence AG's SAP Business All-in-One industry solution it.manufacturing for approximately 400 SAP users in order to adapt its company software and IT structures to reflect new challenges. In doing so, KHD Humboldt Wedag is building on the extensive experience of its IT service provider, itelligence, in the area of consulting for mechanical and plant engineering companies and its comprehensive expertise in international SAP implementation projects.

In the first project phase, itelligence's consultants are implementing it.manufacturing along the entire process chain. However, KHD Humboldt Wedag is going even further: in addition to SAP NetWeaver Business Warehouse and SAP Product Lifecycle Management (SAP PLM), the globally active company will soon also have access to project time feedback via SAP online.

All of KHD Humboldt Wedag's logistics and financial processes will thus be supported by the implementation of the latest SAP technologies, and in just 12 months, the company will have a highly integrated system with comprehensive project controlling and improved project support for long-term investment protection. 400 KHD employees in Germany and India will then be working with SAP.

Other new customers choosing itelligence as their consulting house in fiscal year 2010 included GEDIA Automotive, Attendorn, SIAG Schaaf Industrie AG, Dernbach, BREE Collection GmbH & Co. KG, Isernhagen, Wiegel Verwaltung GmbH & Co. KG, Nuremberg, IMO Unternehmensgruppe, Gremsdorf, SAERTEX GmbH & Co. KG, Saerbeck, Weißer + Grießhaber GmbH, Mönchweiler, TECE GmbH, Emsdetten, Roland (UK) Ltd., Swansea (UK), CLYDE UNION Ltd., Glasgow (UK), WaverleyTBS Limited, London (UK), Bicentury S.L., Girona (Spain), Reliance Worldwide Corporation, Birmingham (Alabama, USA), Jervis B. Webb Company, Farmington Hills (Michigan, USA), Armored

AutoGroup Inc., Danbury (Connecticut, USA), Intermountain Farmers Association, Salt Lake City (Utah, USA), KPPD-Szczecinek S.A., Szczecinek (Poland), Top Farms Głubczyce Sp. z o.o., Głubczyce (Poland), Telewizja Polska S.A., Warsaw (Poland) and Sano – Nowoczesne Żywienie Zwierząt Sp. z o.o., Sękowo (Poland).

itelligence also won a number of follow-up orders from existing customers in fiscal year 2010, such as Hamm AG in Tirschenreuth, Carl Schlenk Aktiengesellschaft in Roth and WESELER Teppich GmbH & Co. KG in Wesel. Current changes in the market are being reflected in new project assignments from existing customers. The "Alcan Composites" division of the Rio Tinto Group has been sold and now operates on the market as "3A Composites". itelligence's migration experts successfully implemented this change in the systems and processes at the Singen and Osnabrück sites.

itelligence reported going live at a number of companies in fiscal year 2010. One notable case was the successful implementation of the itelligence industry solution it.wood at burgbad AG in Schmallenberg. The itelligence team designed and realized a comprehensive SAP system landscape in conjunction with burgbad, including the connection of various sub-systems for special functions. One particular challenge was the complete restructuring of the products using the variant configurator as part of SAP implementation. The high degree of automation and the high-performance administration of mass data due to make-to-order production were further key requirements that were implemented using the it.wood industry solution paired with SAP's standard functions. Following the successful implementation of it.wood, burgbad and itelligence are starting the planned system roll-out at the foreign branch in France as well as further system optimizations.

Following a project duration of nine months, the itelligence trade solution it.trade went live at one of Germany's largest book and media retailers, buecher.de GmbH & Co. KG in Augsburg, on schedule. The solution covers the SAP modules FI, CO, SD, MM and the NetWeaver component PI. The project team was faced with particular challenges when it came to the highly automated complex business processes involved in the mass data processing that is typical for Internet retailers. Migration to itelligence's data center also took place shortly before the go-live.

At Ferdinand Bilstein GmbH + Co. KG in Ennepetal, itelligence's consultants successfully implemented the it.trade industry solution (wholesale sector). With various sub-systems being connected, including two warehouse management systems for the administration of two logistics centers, the company's administrative and logistical processes were modernized and a platform for future growth was created. Other companies that went live in fiscal year 2010 included WEBER & SCHAER GmbH & Co. KG, Hamburg, Nutrexpa S.A., Barcelona (Spain), Freixenet S.A., Sant Sadurní d'Anoia (Spain) and Masia Vallformosa S.L.U., Vilobí del Penedés (Spain).

Outsourcing & Services

In fiscal year 2010, itelligence reported a number of successes with its comprehensive service range in the Outsourcing & Services division. One particular achievement was the successful data transfer of all of the SAP system landscapes of the leading Russian retail chain Eldorado, Moscow, including administration and monitoring, to itelligence's data center in Bautzen. Following the conclusion of SAP outsourcing contract negotiations between Eldorado, Russia's largest retailer of electrical and household goods, and itelligence in June 2010, the data for the 1,600 users at the major Russian customer went live. With a market share of 25%, Eldorado is the market leader in 54 of the country's 64 administrative districts. itelligence is operating the entire three-stage system landscape for SAP ERP on behalf of the Russian retailer, as well as a two-stage SAP Business Intelligence system, a three-stage SAP NetWeaver Process Integration, an archiving system, a reading system and a "shadow database" for ERP on the hardware supplied by itelligence.

This success with the Russian retail chain Eldorado was also the reference that persuaded the Belarussian information provider Armtek, Minsk, to contract itelligence with operating its entire SAP landscape (ERP, BI, SCM including Lifecache). Armtek is an information service that brings together independent wholesalers of spare parts for foreign-made passenger cars and trucks. The aim of the organization was to establish a uniform information center that allows customer requirements to be met to the greatest possible extent and to create a strong single brand on the spare part wholesale market. Armtek currently has 22 branches in 16 cities in Russia and Belarus. Armtek previously operated its systems in-house, but its extensive growth meant that it wanted to roll out SAP further within the company. In future, itelligence will manage 170 users and more than 160,000 item master data entries in ERP at its data center in Poznan. With high availability of 99.5% and a maximum downtime of four hours, the systems will run virtually in itelligence's "Private Cloud", thereby ensuring maximum flexibility for the customer in terms of performance and storage space. The project is currently in the migration phase, with the go-live planned for April.

For Konica Minolta Sensing Europe B.V. in the Netherlands, itelligence is operating the three-stage SAP ERP system and implementing the SAP ECC 6.0 upgrade project at its data center in Poznan, Poland. itelligence also provides SAP application management support for Konica Minolta Sensing Europe. With 36,000 employees and revenues of around EUR 7.4 billion, the Konica Minolta Group is one of the leading providers of imaging solutions. Konica Minolta Sensing specializes in the manufacture and sale of products for color and light measurement and 3D imaging.

Fraser & Neave Ltd., Malaysia, contracted the Malaysian company itelligence Outsourcing MSC Sdn. Bhd. with the provision of professional SAP remote managed services. This requires itelligence to think and act ahead when it comes to consulting on and actively managing the SAP system landscapes. Great importance is placed on close cooperation with the 900 SAP users. itelligence Malaysia performs system monitoring and administration including a 24/7 English-language technical helpdesk. NTT Communications also performs full system recovery as necessary. Fraser & Neave is a leading pan-Asian consumer goods corporation with a particular focus on the food and drink industry. It is headquartered in Kuala Lumpur, Malaysia, and has more than 16,000 employees around the world.

International Sales & Operations

itelligence AG's positioning as almost the only global provider of preconfigured industry solutions based on the SAP Business Suite is a key factor for internationally active companies when it comes to choosing products and partners.

Uniform methods and standards and global training and quality assurance programs ensure that itelligence serves its customers around the world. With the creation of the International Sales & Operations organizational unit, which is focused on international business, the Group created the basis for a uniform and consistent global market presence more than five years ago.

In addition to networking the various competence centers within itelligence AG, the development and evolution of a wide range of global projects and initiatives is one of the main tasks of this organizational unit. It is currently focused on the further development of a specific methodology for international projects based on company-specific templates.

Employees

Of the 1,844 people employed as of December 31, 2010 (previous year: 1,545), a total of 836 were employed in Germany/Austria (December 31, 2009: 791) and 1,008 in the rest of the world (December 31, 2009: 754). This meant that the number of employees increased by +19.4% compared with the end of 2009 (previous year: +8.0%). Due to the expansion of foreign subsidiaries, more than half of itelligence's employees (54.7%) are located outside Germany for the first time in the Company's history.

One of the key topics in 2010 was employer branding aimed at further improving the attractiveness of the Company through various human resources measures. CeBIT and the presentation of the "Helden für den Mittelstand/Business Heroes in SMEs" book were particular highlights in 2010. In the book, our colleagues provide an impressive depiction of the exciting life of a consultant, including all of the experiences and impressions from his working life and itelligence AG's unique culture.

Another important topic was the targeted support and integration of the new employees gained as a result of acquisitions. Among other things, four integration events were held in Paris, London, Brno and Cincinnati with the support and assistance of the HR department.

The Company also focused on its internal attractiveness with targeted training measures for managers and project managers and the further training of our long-standing experts.

To ensure a favorable position in the competition for new talents in 2011 at an early stage, the topics of recruitment and HR marketing were the focus of strenuous efforts in the third and fourth quarters. This started with the university fairs in Bielefeld and Paderborn, the Graduate Day and internal events aimed at attracting talented young employees, while nationwide image campaigns featuring the new image advertisements in daily newspapers were another key element in the recruitment of new employees.

The international concept of itelligence's HR activities also bore fruit in the strategic cooperation with NTT DATA. itelligence will play a leading role in coordinating the strategic HR networks.

Course of Business and Economic Position

itelligence can look back on an encouraging fiscal year 2010. Since 2004, revenues have grown at an average annual rate of 13.2%, reaching a record level of MEUR 272.2 in the year under review. This means that itelligence has more than doubled its revenues in the space of six years.

While there was no notable organic revenue growth in the first two quarters, revenues enjoyed extremely strong development in the second half of the year, and in the fourth quarter in particular.

Organic growth amounted to 16.2% year-on-year. The acquisitions conducted in the year under review contributed MEUR 16.5 or 7.5% to revenue growth. The following acquisitions were successfully concluded in the year under review: ADELANTE SAS (51%) in France, RPF Solutions (51%) in the USA, the SAP consulting firm Chelford SAP Solutions Ltd. (100%) in the UK, and the takeover of Agfit in the Czech Republic.

The Maintenance, Application Management and Outsourcing sectors recorded steady revenue growth, with the revenue volume rising by +25.8% year-on-year from MEUR 75.8 to MEUR 95.3. Application Management recorded the strongest revenue growth of 69%, from MEUR 13.0 in 2009 to MEUR 22.0 in 2010.

A breakdown of itelligence's total revenues, which amounted to MEUR 272.2 (previous year: MEUR 222.0), shows that markets outside Germany were responsible for a share of 53.7% for the first time. The Germany/Austria segment accounted for 45.2% (previous year: 51.8%) of total revenues, Western Europe for 21.1% (previous year: 16.7%), the Americas for 24.6% (previous year: 22.8%), Eastern Europe for 7.1% (previous year: 7.2%), Asia for 0.8% (previous year: 0.1%), and the Other segment for 1.2% (previous year: 1.5%).

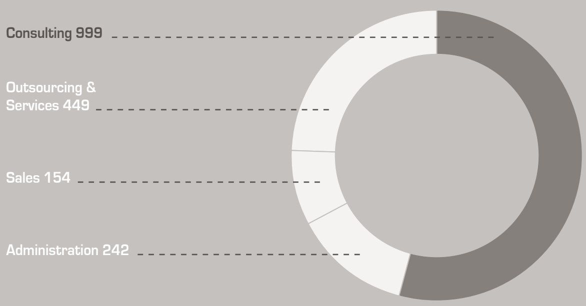
itelligence AG's total revenues were generated in its divisions as follows: Consulting 52.4% (previous year: 52.4%), Licenses 12.4% (previous year: 13.0%), Outsourcing & Services 35.0% (previous year: 34.4%), Other 0.2% (previous year: 0.2%).

The positive economic outlook and the stable economic environment in itelligence's core regions led to an increase in orders on hand as of the end of fiscal year 2010. At MEUR 199.7, orders on hand were +22.7% higher than the figure of MEUR 162.8 at the end of the previous year. The book-to-bill ratio for 2010 (the ratio of incoming orders to revenues) was 1.14 (previous year: 0.97). The significant year-on-year increase is due in particular to the high level of Licenses revenues invoiced in Germany shortly before the end of the year.

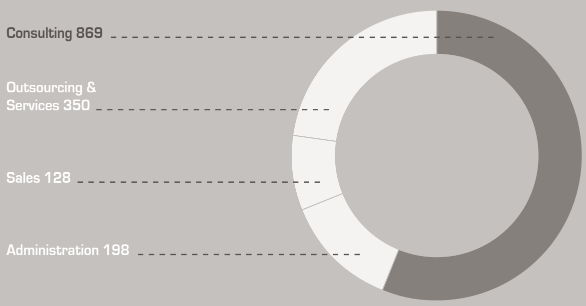
Please see also descriptive charts on pages 56 to 58. →

Employees by function

as of December 31, 2010

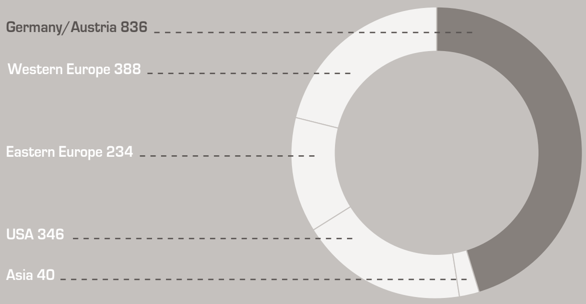


as of December 31, 2009

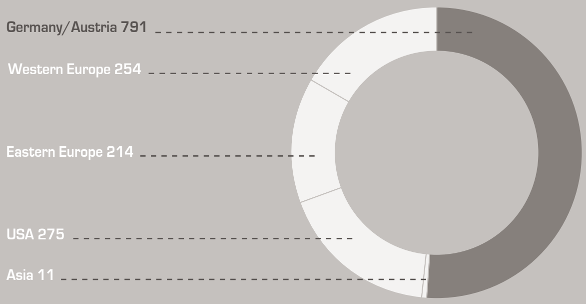


Employees by segment

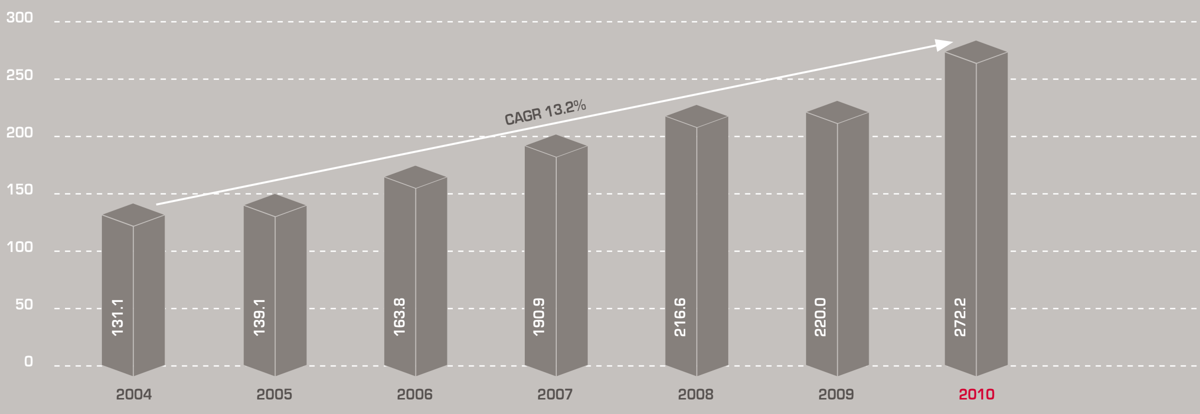
as of December 31, 2010



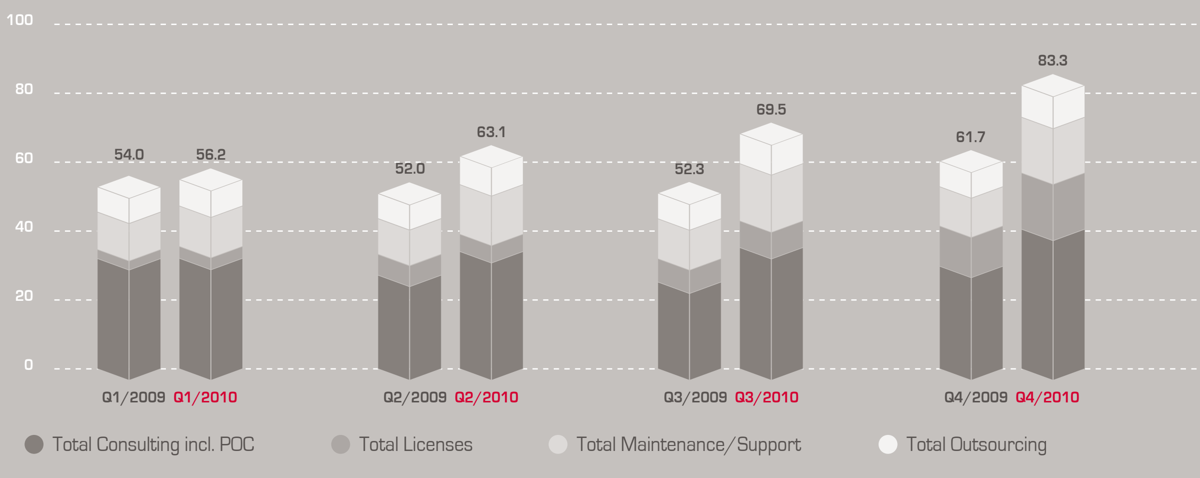
as of December 31, 2009



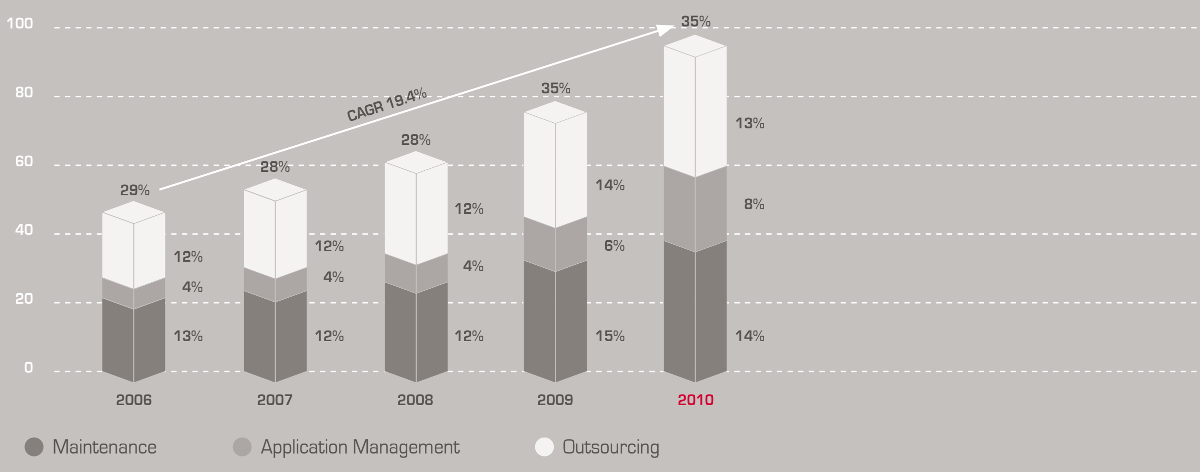
Revenue development 2004 – 2010 (in MEUR)



Revenue (in MEUR)

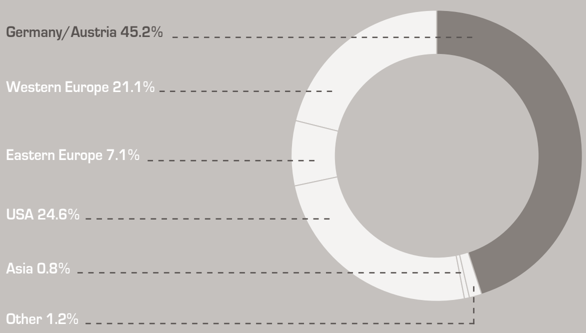


Revenue share of recurring business (in MEUR)

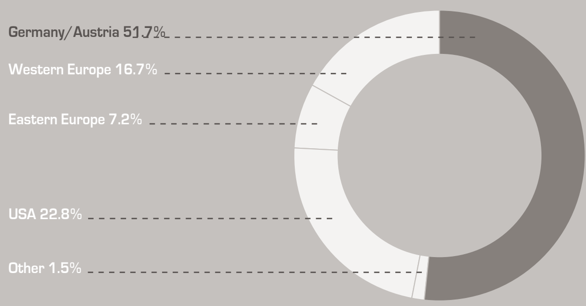


Revenues by segment

2010

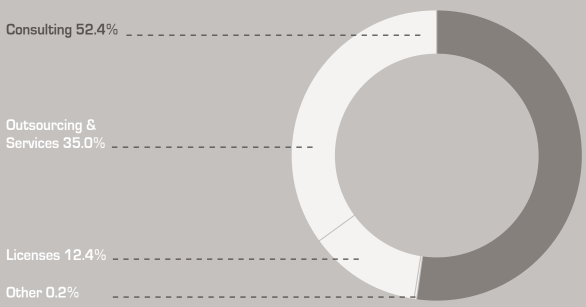


2009

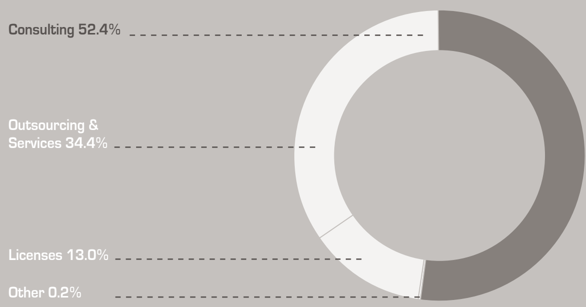


Revenues by division

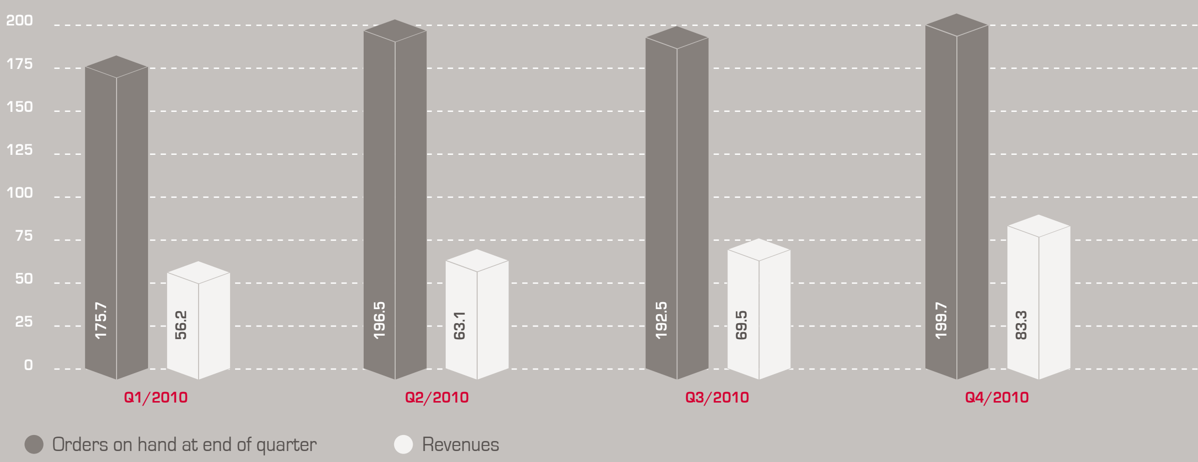
2010



2009



Orders on hand at end of quarter/Quarterly revenues (in MEUR)



Results of Operations

Revenues and revenue structure

The following table presents the changes in revenues in the individual segments and revenue areas compared with the corresponding prior-year figures:

itelligence at a glance MEUR	Jan. 1 – Dec. 31, 2010	Jan. 1 – Dec. 31, 2009	Oct. 1 – Dec. 31, 2010	Oct. 1 – Dec. 31, 2009
Total revenues	**272.2**	**220.0**	**83.3**	**61.7**
Consulting	142.6	115.3	40.7	30.1
Licenses	33.8	28.5	16.6	12.0
Outsourcing & Services	95.3	75.8	26.0	19.4
Other	0.5	0.4	0	0.2
Germany/Austria	122.9	113.8	38.6	30.2
Western Europe	57.5	36.7	18.7	14.0
Eastern Europe	19.2	15.9	6.0	4.2
USA	66.9	50.2	18.2	12.4
Asia	2.3	0.1	1.0	0.1
Other	3.4	3.3	0.8	0.8
EBIT	14.9	12.3	7.6	5.3
EBIT margin	5.5%	5.6%	9.1%	8.5%
EBITDA	23.4	19.3	10.2	7.2
EBITA margin	8.6%	8.8%	12.3%	11.6%
IFRS net profit	10	7.2	6.7	2.6
Earnings per share in EUR	0.39	0.28	0.26	0.11

Percentages are calculated on a TEUR basis.

In fiscal year 2010, itelligence increased its revenues by MEUR 52.2 to MEUR 272.2, a rise of +23.7% compared with the previous year (after adjustment for currency translation effects: +21.0%). In addition to dynamic organic growth of +16.2%, revenues were boosted by a further +7.5% as a result of the acquisitions of ADELANTE SAS in France, RPF Solutions in the USA, Agfit in the Czech Republic and Chelford SAP Solutions Ltd. in the United Kingdom.

All revenue segments recorded double-digit growth compared with the previous year. Outsourcing & Services generated the strongest growth at +25.8% (after adjustment for currency translation effects: +23.2%), meaning that revenues increased from MEUR 75.8 to MEUR 95.3. Consulting revenues also climbed by +23.6% (after adjustment for currency translation effects: +20.7%), from MEUR 115.3 to MEUR 142.6. In the past fiscal year, Licenses revenues not only increased by +18.7% year-on-year, but also beat the record level from 2008 by around MEUR 2.8. At MEUR 33.8, Licenses revenues were MEUR 5.3 higher than in the previous year (after adjustment for currency translation effects: +16.7%).

Developments in itelligence's geographical revenue segments of Germany/Austria, Western Europe, Eastern Europe, the USA, Asia and Other were as follows:

The segment of the itelligence Group with the highest revenues is Germany/Austria, which generated year-on-year revenue growth of +8.0% to MEUR 122.9 (previous year: MEUR 113.8). Development in the Consulting division was particularly notable. The downturn in Consulting revenues in the first and second quarters was offset by dynamic performance in the third and, in particular, fourth quarters, with the result that Consulting revenues for the year as a whole were only slightly lower than in the previous year (MEUR -0.4) at MEUR 55.0. The Outsourcing & Services division also enjoyed highly encouraging development, with revenues improving by MEUR +4.5 (+10.5%) year-on-year to MEUR 46.6. Maintenance and support business and data center business both performed positively. The Licenses division also did extremely well, exceeding the prior-year revenue level by MEUR +5.0 with a figure of MEUR 21.3 (+30.8%).

The Western Europe segment continued the positive development recorded in the previous year and reported the highest revenue growth among the itelligence Group's geographical segments. Revenues increased by +56.7% (after adjustment for currency translation effects: +48.9%) to MEUR 57.5. In addition to the core markets of Switzerland, the United Kingdom, Spain and Benelux, this was driven by the acquisitions of ADELANTE SAS in France and the consulting firm Chelford SAP Solutions. This positive development was achieved despite the fact that revenues in the Licenses division declined by -31.6% (after adjustment for currency translation effects: -34.5%) year-on-year to MEUR 4.2. In the Consulting division, revenues rose by MEUR +16.9 or +65.0%, from MEUR 26.0 to MEUR 42.9, as a result of the positive development in Switzerland and the United Kingdom and the acquisitions conducted in the year under review. The Outsourcing & Services division more than doubled its revenues from MEUR 4.4 in 2009 to MEUR 10.3. In particular, this reflected the higher servicing income from the acquired company Chelford with its full-service provider model and the positive development in the Benelux region.

In the Eastern Europe segment, revenues for the past fiscal year increased by MEUR +3.3 (+20.2%) year-on-year to MEUR 19.2. After adjustment for currency translation effects, revenues were up +14.6% on the previous year. In particular, the positive revenue development in Poland, the Czech Republic and Russia more than offset the downturn in revenues from the national companies that were restructured in 2009/2010. At MEUR 9.6, Consulting revenues were up MEUR +1.0 on the previous year (+10.9%); after adjustment for currency translation effects, segment revenues improved by +6.8%. The Outsourcing & Services division enjoyed similarly encouraging development, with revenues rising by MEUR +1.9 year-on-year to MEUR 7.9 (previous year: MEUR 6.0; +31.1%). After adjustment for currency translation effects, revenues in this segment increased by +22.9%. This is attributable to the positive development in Poland and a major order that is administered and invoiced in Russia and hosted in Bautzen/Germany. The year-on-year growth in Licenses revenues of MEUR +0.4 (+35.2%) to MEUR 1.5 is due to the positive development in Poland. After adjustment for currency translation effects, revenues increased by +31.1%.

The Americas segment performed extremely dynamically over the course of the year, generating the second-highest revenue growth within the itelligence Group. Revenues increased by MEUR 50.2 or +33.2% to MEUR 66.9 (after adjustment for currency translation effects: +27.5%). In addition to the strong organic growth in all divisions, this double-digit growth is attributable to the positive effect from RPF Solutions, which was acquired in May. Projects in the area of business intelligence solutions were positively placed with midmarket customers and subsequently realized. As a result, Consulting revenues increased by +33.0% (after adjustment for currency translation effects: +27.3%), from MEUR 23.8 to MEUR 31.7 in 2010. In the Americas segment, Outsourcing & Services also enjoyed positive development, with revenues rising by +32.7% from MEUR 21.9 to MEUR 29.0. Alongside traditional data center operations, the area of application management in particular was further expanded (+28.8%).

itelligence reported revenues of MEUR 2.3 in the Asia segment. The companies in Malaysia and China that were formed in the previous year generated year-on-year revenue growth of MEUR +2.2.

The Other segment contains the revenues of ITC GmbH. At MEUR 3.4, this figure was +3.5% higher than in the previous year.

EBIT in fiscal year 2010

Over the course of the past fiscal year, itelligence succeeded in increasing its profitability from quarter to quarter. Earnings in the first quarter came under pressure due to lower Consulting revenues and a high volume of non-billable hours in conjunction with fixed-price projects in particular. In the second quarter, profitability stabilized due to the positive effect from the newly acquired companies in France and the USA. The third quarter then saw organic growth with rising profitability. This positive development continued in the fourth quarter, in which around 51% (MEUR 7.6) of consolidated EBIT for the year as a whole was generated. The itelligence Group recorded total EBIT of MEUR 14.9, an increase of MEUR +2.6 compared with the previous year. EBIT for 2010 as a whole was reduced by non-recurring acquisition costs in the amount of MEUR 1.3 and amortization expenses totaling MEUR 0.6. Including these extraordinary effects, EBIT profitability remained essentially unchanged at 5.5% compared with 5.6% in the previous year.

At MEUR 7.9, the highest earnings contribution was generated by the Germany/Austria segment (previous year: MEUR 9.0). This year-on-year fall is due to the acquisition costs of MEUR 0.2 for Adelante in France and amortization expenses of MEUR 0.6, as well as lower earnings contributions from fixed-price projects in the first half of the year.

The Western Europe segment also enjoyed positive development, with the EBIT contribution of MEUR 1.7 exceeding the prior-year figure of MEUR 1.5 by +13.3% despite including acquisition expenses of MEUR 0.8. This positive business performance is attributable to the continued dynamic development in Switzerland, Spain and, in particular, France. The positive earnings trend in the UK was significantly impacted by non-recurring acquisition costs.

At around MEUR +0.9, the EBIT contribution from the Eastern Europe segment was MEUR +0.8 higher than in the previous year. This is attributable to positive business development in Russia, Slovenia and Poland as well as cost savings at the restructured national companies in the Czech Republic and Slovakia. The figure of MEUR 0.9 includes acquisition costs of MEUR 0.1 for AGFIT.

The highest increase in profitability was generated in the Americas segment, where the EBIT contribution improved by 154.9% year-on-year to MEUR 5.2 (previous year: MEUR 2.0). This result was driven by stable daily rates and high utilization in the Consulting division, the positive development of application management and the earnings contribution from RPF Solutions, which was acquired in the second quarter, along with the associated synergy effects in the area of business intelligence solutions. The figure includes acquisition costs of around MEUR 0.2.

In line with expectations, the Asia segment made an earnings contribution of MEUR -1.0. This negative figure is due to start-up costs for the new activities in the region.

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

Development of the EBIT margin:

EBIT margin 2009	5.6%
Third-party service provider costs	-0.8%
Product costs	+0.8%
Rental costs	+0.1%
Marketing costs	+0.1%
Other income/expenses	-0.3%
EBIT margin 2010	**5.5%**

The various cost types had the following cumulative effects on EBIT profitability:

At 51.5%, the ratio of staff costs to total revenues remained unchanged as against the previous year. The utilization ratio of third-party service providers increased by +0.8% year-on-year, from 8.1% to 8.9%.

The -0.8% decrease in the product cost ratio, from 18.8% to 18.0%, is due to higher Licenses margins.

In the past fiscal year, the ratio of rental costs to total revenues declined slightly by -0.1% to 2.6%.

	2010 KEUR	%	2009 KEUR	%	Delta
Revenues	272,158		220,007		52,151
Cost of sales	-205,721		-168,574		-37,147
Gross profit	**66,437**	**24.4%**	**51,433**	**23.4%**	**15,004**
Marketing and distribution expenses	-25,739	-9.46%	-19,860	-9.03%	-5,879
Administrative expenses	-24,482	-9.00%	-19,975	-9.08%	-4,507
Other operating income	1,828	0.67%	2,281	1.04%	-453
Other operating expenses	-2,504	-0.92%	-1,474	-0.67%	-1,030
Amortization of orders on hand	-639	-0.23%	-121	-0.05%	-518
Total operating expenses	**-51,536**		**-39,149**		**-12,387**
Operating earnings	**14,901**		**12,284**		**2,617**

The gross margin increased by +1.0% year-on-year, from 23.4% to 24.4%, largely as a result of the change in the revenue segment mix. The expansion of sales activities in the fiscal year meant that the ratio of selling and marketing expenses to revenues increased by +0.5% to around 9.5%. The ratio of administrative expenses to revenues continued to decline, falling -0.1% year-on-year from 9.1% to 9.0%. At MEUR 0.7, the balance of other operating income and expenses was MEUR +1.5 lower than in the previous year, as operating earnings were impacted by non-recurring acquisition costs of MEUR 1.3 and amortization expenses for the acquired companies totaling MEUR 0.6.

Net financial income

Net financial income amounted to MEUR 0.3 (previous year: net finance costs of MEUR -0.6). This figure is attributable to interest income from investments in the amount of MEUR 0.3 (previous year: MEUR 0.6), which was offset by interest expenses of MEUR -1.4 (previous year: MEUR -0.8). The sharp increase in interest expenses compared with the previous year is due to loan finance for the acquisitions and the new office building in Bielefeld.

Net financial income also includes income from the remeasurement of derivatives and the exercise of options in the amount of MEUR 1.5. This income largely relates to valuation adjustments for other liabilities at the end of the year under review for put and call options in conjunction with the acquisitions conducted. The put and call options can be exercised at fair value on the basis of future EBIT development. Some of the revenue and earnings targets for the acquired companies were not met in fiscal year 2010, leading to the adjustment of the forecasts for subsequent years as part of the regular planning process in October/November 2010. The fair value reviews conducted on the basis of the adjusted forecasts as of December 31, 2010 resulted in valuation adjustments for the discounted liabilities recognized.

Tax expense and tax rate

Tax expense in fiscal year 2010 amounted to MEUR -5.2 (previous year: MEUR -4.6). The consolidated tax rate declined to 34.3% (previous year: 38.9%). This was attributable in particular to the varied regional developments. A tax rate of 30.51% (previous year: 30.48%) was applied for Germany and a rate of between 16.5% and 37% (previous year: 16.5% to 40%) for other countries, with the USA accounting for the highest tax rate in the Group.

Consolidated net profit and appropriation

Consolidated net profit for the current fiscal year 2010 amounted to MEUR 10.0, up MEUR 2.8 or 40% on the prior-year figure of MEUR 7.2. The return on consolidated net profit increased from 3.3% in fiscal year 2009 to 3.7%. Basic earnings per share rose by 39.3% in the year under review, from EUR 0.28 to EUR 0.39.

itelligence AG is maintaining its existing dividend policy. For fiscal year 2010, the net profit for the year of itelligence AG in accordance with the German Commercial Code (HGB), which amounted to MEUR 3.8 (previous year: MEUR 2.5), will again form the basis for determining the dividend distribution. In the previous year, the distribution ratio amounted to 98.0% of HGB net profit and 35.6% of consolidated net profit. For fiscal year 2010, the distribution ratio is expected to correspond to 91% of HGB net profit and 35.6% of consolidated net profit. The Supervisory Board will propose the payment of a dividend of EUR 0.14 (previous year: EUR 0.10) per entitled share for the year under review, a year-on-year increase of 40%. At the reporting date December 31, 2010, a total of 24,557,595 shares (previous year: 24,557,595 shares) were entitled to dividends. This corresponds to a distribution of MEUR 3.4. Subject to the approval of the Annual General Meeting, the dividend will be paid on May 26, 2011.

Net Assets

The itelligence Group's total assets increased by MEUR 39.0 or 27.6% to MEUR 180.2 as of December 31, 2010 (previous year: MEUR 141.2).

Assets	Dec. 31, 2010	Dec. 31, 2009	Change
	MEUR	MEUR	MEUR
Intangible assets	39.6	19.9	19.7
Property, plant and equipment and non-current financial assets	29.4	23.2	6.2
Long-term receivables and other assets	4.4	5.3	-0.9
Non-current assets	**73.4**	**48.4**	**25.0**
Short-term receivables and other assets	75.9	50.3	25.6
Cash and cash equivalents	30.9	42.5	-11.6
Current assets	**106.8**	**92.8**	**14.0**
Total assets	**180.2**	**141.2**	**39.0**

Equity and liabilities	Dec. 31, 2010	Dec. 31, 2009	Change
	MEUR	MEUR	MEUR
Equity (incl. non-controlling interests)	**61.2**	**53.9**	**7.3**
Financial liabilities	30.8	19.0	11.8
Provisions for pensions and other provisions	0.4	0.6	-0.2
Other non-current liabilities	6.5	6.0	0.5
Non-current liabilities	**37.7**	**25.6**	**12.1**
Trade payables	24.0	17.9	6.1
Other current liabilities	53.5	40.6	12.9
Other provisions	3.8	3.2	0.6
Current liabilities	**81.3**	**61.7**	**19.6**
Total equity and liabilities	**180.2**	**141.2**	**39.0**

Non-current assets accounted for 40.8% of total assets at the reporting date (previous year: 34.3%). The main items under non-current assets are goodwill in the amount of MEUR 36.5 (previous year: MEUR 18.4) and property, plant and equipment in the amount of MEUR 29.4 (previous year: MEUR 23.2). The MEUR 18.1 increase in goodwill was primarily attributable to the acquisition of Chelford SAP Solutions (MEUR 11.2), RPF Solutions LLC (MEUR 3.9), and Adelante SAS (MEUR 2.5). The MEUR 6.2 increase in property, plant and equipment relates in particular to the office building in Bielefeld and investments in capacity expansion in the Outsourcing & Services division.

Current assets at the end of the period under review totaled MEUR 106.8 (previous year: MEUR 92.8). They accounted for 59.2% of total assets at the end of 2010 (previous year: 65.7%). Trade accounts receivable recorded the largest growth within this category, rising by 48.9% from MEUR 46.5 to MEUR 69.3 as a result of higher revenues and the acquisitions conducted. At the reporting date, the average days sales outstanding was 92 days (previous year: 73 days). Cash and cash equivalents declined from MEUR 42.5 to MEUR 30.9; this was largely due to acquisitions, the dividend distribution and the reduction in non-current financial liabilities.

On the liability side of the consolidated balance sheet, equity increased by MEUR 7.3 to MEUR 61.2. Despite this development, the equity ratio fell from 38.2% in the previous year to 34.0% as a result of the higher level of total assets.

Non-current liabilities accounted for 20.9% of the Group's total equity and liabilities at December 31, 2010, up on the prior-year figure of 18.1%. Within non-current liabilities, non-current financial liabilities increased from MEUR 19.0 in the previous year to MEUR 30.8. These liabilities primarily relate to the financing of the data centers in Germany and abroad and the office building in Bielefeld, as well as the acquisitions conducted.

itelligence recorded an increase in current liabilities of MEUR 19.1 to MEUR 81.3. The ratio of current liabilities to total equity and liabilities rose by 1.4% year-on-year to 45.1%.

Financial Position

The cash flow statement shows the origin and application of cash flows in the year under review.

Cash flow MEUR	Dec. 31, 2010	Dec. 31, 2009	Change
Cash flow from operating activities	8.4	19.1	-10.7%
Cash flow from investing activities	-30.6	-13.1	-17.5%
Cash flow from financing activities	8.4	1.4	7.0%
Change in cash and cash equivalents	**-13.8**	**7.4**	**-21.2%**
Cash and cash equivalents	**30.9**	**42.5**	**-11.6%**

Cash flow from operating activities amounted to MEUR 8.4 in the year under review after MEUR 19.1 in 2009. Cash inflow from the Company's internal financing strength declined by MEUR 10.7 year-on-year. This above-average decrease was attributable to the particularly pronounced seasonal increase in trade receivables in the fourth quarter as a result of successful Licenses business, the corresponding payments for which are not due until the new fiscal year. The rise in trade receivables meant that the cash outflow was MEUR 20.8 higher than in the previous year.

Net cash used in investing activities increased significantly from MEUR 13.1 to MEUR 30.6. This was due in particular to payments for the acquisition of companies in the amount of MEUR 16.7 (previous year: MEUR 3.9). Investments in property, plant and equipment and IT software totaled MEUR 14.2 in the period under review, up on the figure of MEUR 9.1 for the previous year. As in the previous reporting periods, investments primarily related to the expansion of data center capacity in Germany and abroad and the construction of the new building in Bielefeld.

Net cash from financing activities amounted to MEUR 8.4 (previous year: MEUR 1.4). This was due to borrowings of MEUR 14.6, particularly in conjunction with the acquisitions conducted. The Group parent company granted a loan of MEUR 11.0 to finance these acquisitions. This was offset by repayments totaling MEUR 3.6. Interest rate was charged at between 3.05% and 9.25%. Due to the fixed interest agreements for the existing financing, a change in the interest rate would not have a significant impact on the itelligence Group's financial position. For future growth finance, a change in the interest rate would affect the Group's financial position and net interest income.

The cash outflow also included the dividend payment in fiscal year 2010 in the amount of MEUR 2.5.

Cash and cash equivalents declined by MEUR 11.6 to MEUR 30.9 at the end of the period under review (previous year: MEUR 42.5). Of this figure, MEUR 9.8 was held in the euro zone and was not subject to exchange rate fluctuations. Foreign-currency cash and cash equivalents in the amount of MEUR 21.1 were invested and reported in the respective local currencies. Translation was performed at the year-end closing rates. The consolidated financial statements will continue to be subject to currency translation effects in future. The Group's liquidity reserves were invested solely in short-term fixed deposits, meaning that interest rate fluctuations for short-term investments on the money and capital markets can have an impact on itelligence AG's net interest income.

In order to increase financial flexibility, itelligence agreed additional credit lines of MEUR 5.0 in Germany. In the year under review, these were utilized solely for drawing against guarantees. Subsidiaries also applied for credit lines abroad. These credit lines with a total volume of MEUR 4.1 were agreed in the respective local currencies and were partially guaranteed by itelligence AG. At the reporting date, these credit lines were utilized by itelligence's subsidiaries in the amount of MEUR 0.7.

In addition, NTT DATA is available as a strategic investor for the financing of long-term investments.

Value Added Statement

Value Added Statement

KEUR	Origin					
	2010		2009		Change	
Revenues	272,158	99.3%	220,007	99.0%	52,151	23.7%
Other income	1,828	0.7%	2,281	1.0%	-453	-19.9%
Business performance	**273,986**	**100.0%**	**222,288**	**100.0%**	**51,698**	**23.3%**
Product-related expenses	49,058	17.9%	41,367	18.6%	7,691	18.6%
Third-party service providers	24,317	8.9%	17,731	8.0%	6,586	37.1%
Rental expenses	7,169	2.6%	6,059	2.7%	1,110	18.3%
Depreciation/amortization	8,461	3.1%	7,045	3.2%	1,416	20.1%
Other expenses	31,667	11.6%	26,043	11.7%	5,624	21.6%
Value added	**153,314**	**56.0%**	**124,043**	**55.8%**	**29,271**	**23.6%**

	Application					
	2010		2009		Change	
Employees	136,649	89.2%	111,579	90.0%	25,070	22.5%
Shareholders	3,438	2.2%	2,456	2.0%	982	40.0%
Company (retained profits)	6,191	4.1%	4,451	3.6%	1,740	39.1%
Lenders	1,419	0.9%	760	0.6%	659	86.7%
Government	5,237	3.4%	4,551	3.7%	686	15.1%
Minority interests	380	0.2%	246	0.2%	134	54.5%
Value added	**153,314**	**100.0%**	**124,043**	**100.0%**	**29,271**	**23.6%**

The value added statement shows the origin and application of the economic performance of the itelligence companies. In the statement of origin, value added is calculated as the difference between business performance and the related expenses incurred in advance.

In fiscal year 2010, business performance increased by 23.3% to MEUR 273.9. This development was attributable to organic growth (+16.2%) and external growth (+7.5%) resulting from the acquisitions of ADELANTE SAS in France, RPF Solutions in the USA, Agfit in the Czech Republic and Chelford SAP Solutions in the UK. Other income accounted for 0.7% of business performance.

Product-related expenses, which contain advance expenses for software licenses and maintenance, increased by MEUR 7.7 or 18.6% year-on-year to MEUR 49.1. This is primarily due to the increased maintenance volume and the resulting higher costs paid to SAP AG. In addition, expenses for third-party providers, which are required to support consultant projects, rose by MEUR 6.6 or 37.1% to MEUR 24.3.

As an IT service provider, itelligence AG generated substantial value added of 56.0% (previous year: 55.8%) compared with its business performance.

The statement of allocation shows the share of value added attributable to the individual stakeholder groups, e.g. employees, shareholders, lenders, the government and minority interests. This serves to illustrate itelligence AG's output in terms of the economy as a whole.

At 89.2% (previous year: 90.0%), the largest share of the itelligence Group's value added was attributable to its employees. The government accounted for 3.4% (previous year: 3.7%) of value added in the form of taxes and levies. The share attributable to itelligence's shareholders increased from 2.0% in the previous year to 2.2% based on the proposed dividend. This meant that 4.1% remained within the Group (previous year: 3.6%).

Remuneration Report

itelligence's remuneration report is prepared in accordance with the recommendations of the German Corporate Governance Code and contains the disclosures prescribed by the German Commercial Code (HGB) and the International Financial Reporting Standards (IFRS). As in the previous year, the remuneration report was prepared in accordance with the provisions of German Accounting Standard No. 17 (GAS 17).

The remuneration report sets out the principles of the remuneration systems for the Management Board and the Supervisory Board and describes the amount and structure of the remuneration paid. The remuneration of the members of the executive bodies is disclosed as total remuneration broken down into fixed remuneration, performance-related components and components with a long-term incentive effect.

Remuneration of the Management Board

The following tables provide a breakdown of the remuneration of the Management Board for fiscal year 2010:

Herbert Vogel (CEO)	2010 KEUR	2009 KEUR
Non-performance-related (fixed) remuneration	400	400
Performance-related (variable) remuneration (current year)	312	276
Performance-related (variable) remuneration (previous year)	2	22
Annual remuneration	714	698
Remuneration with long-term incentive effect	117	15
Retirement benefit expenses	92	36
Total remuneration	**923**	**749**

Norbert Rotter (CFO)	2010 KEUR	2009 KEUR
Non-performance-related (fixed) remuneration	175	150
Performance-related (variable) remuneration (current year)	180	136
Performance-related (variable) remuneration (previous year)	3	13
Annual remuneration	358	299
Remuneration with long-term incentive effect	98	7
Retirement benefit expenses	15	15
Total remuneration	**471**	**321**

The remuneration of itelligence's Management Board consists of non-performance-related (fixed) and performance-related (variable) components. Fixed remuneration and expenses for retirement and ancillary benefits all constitute non-performance-related components. The performance-related elements are oriented towards the Company's short-term and long-term success. The Supervisory Board is responsible for determining the structure of the remuneration systems and the remuneration paid to the individual members of the Management Board. These matters are prepared by the Staff Committee.

The remuneration components are broken down as follows:

- Non-performance-related fixed remuneration is paid in equal installments in the form of a monthly salary. Ancillary benefits primarily relate to contributions to accident and liability insurance and the provision of a company car reflecting the position of the respective member.

- The amount of the variable short-term remuneration depends on the achievement of certain Company success-specific and personal targets. The achievement of the Company success-specific targets is based on the Group's consolidated EBIT and consolidated revenue growth to an equal extent. The variable short-term remuneration is measured on the basis of the degree to which targets have been achieved and will be paid after itelligence's Annual General Meeting in May 2011.

- The variable long-term remuneration depends on the three-year performance of the average unweighted Xetra closing price of itelligence's shares. The regular notional issue of itelligence shares is performed after the end of itelligence's Annual General Meeting on the basis of the unweighted Xetra closing prices on all trading days in the previous fiscal year. After the end of the third subsequent Annual General Meeting, the average of the unweighted Xetra closing prices on all trading days of the respective previous fiscal year is calculated. If this comparison of the average price at the issue date and the average price after the end of this three-year period shows an increase in the Company's share price, the respective Management Board member is paid an amount equivalent to the increase in the value of the notional shares acquired. Variable long-term remuneration is only payable after the end of the third Annual General Meeting.

- The members of the Management Board are entitled to a life-long old-age pension from their 65th birthday irrespective of how old they were when they joined the Company. The monthly pension amounts to EUR 7,388 for the Chief Executive Officer and EUR 3,500 for the Chief Financial Officer (from January 1, 2011: EUR 4,000). The pension commitment also includes a widow's pension amounting to 60% of the old-age pension of the respective member of the Management Board and an orphan's pension. If a member of the Management Board leaves the company before his 65th birthday while serving as a member of the Management Board, the pension commitment will remain in place but will be reduced proportionately.

In fiscal year 2010, the fourth tranche of the share-based remuneration with long-term incentive effect, which has a term from January 1, 2007 to December 31, 2009, was paid out to the Chief Executive Officer in the amount of KEUR 10.3. The average Xetra closing price of itelligence's shares for the period from January to December 2009 was EUR 4.088. The tranche was measured at the average Xetra closing price for 2006, which was EUR 3.254. This increase in value was multiplied by the number of notional shares acquired. The resulting expense was recognized and disclosed in the remuneration report during the term of the tranche from 2007 to 2009.

After the end of the Annual General Meeting on May 27, 2010, a seventh tranche with a term from January 1, 2010 to December 31, 2012 was issued for the members of the Management Board. The basis of future measurement is the average Xetra closing price for 2009, which was EUR 4.088. At the allocation date, this resulted in a fair value of KEUR 71.9 for the Chief Executive Officer and KEUR 53.9 for the Chief Financial Officer.

No loans or similar benefits were granted to members of the Management Board in fiscal years 2010 or 2009. The members of the Management Board did not receive any remuneration from services rendered for Group companies. There were no commitments for severance payments in the case of the non-renewal of employment contracts or a change of shareholder, transitional benefits, continued salary payments in the event of early contract termination or interest on severance payments.

The Company has pension obligations to former members of executive bodies in the amount of KEUR 438, for which expenses of KEUR 18 were incurred in 2010. The financing status changed as follows:

	2010 KEUR	2009 KEUR
Defined benefit obligation	438	412
Cash surrender value of the employer's pension liability insurance policy	-416	-386
Financing status	**22**	**26**

Remuneration of the Supervisory Board

The following table provides a breakdown of the remuneration of the Supervisory Board for fiscal year 2010:

	Fixed remuneration component KEUR	Committee remuneration KEUR	Attendance fees KEUR	Variable remuneration component Earnings per share KEUR	Variable remuneration component Share price performance KEUR	2010 Total remuneration KEUR	2009 Total remuneration KEUR
Dr. Lutz Mellinger (Chairman)	45.0	37.5	12.0	7.2	9.8	111.5	80.6
Dr. Stephan Kremeyer (Deputy Chairman)	22.5	5.0	9.0	3.6	5.2	45.3	25.6
Fritz Fleischmann	15.0	27.5	12.0	2.4	3.5	60.4	42.2
Dr. Britta Lenzmann	15.0	12.5	10.0	2.4	3.5	43.3	26.2
Kazuhiro Nishihata (member since May 27, 2010)	8.9	0.0	3.0	1.5	1.0	14.4	0.0
Akiyoshi Nishijima (member since May 27, 2010)	8.9	0.0	3.0	1.5	1.0	14.4	0.0
Takashi Enomoto (member until May 27, 2010)	6.1	0.0	1.0	0.9	2.4	10.4	13.7
Kazuyuki Arata (member until May 27, 2010)	6.1	0.0	0.0	0.9	2.4	9.4	13.7
	127.5	**82.5**	**50.0**	**20.4**	**28.8**	**309.1**	**202.0**

The remuneration of itelligence AG's Supervisory Board is regulated by Article 16 of the Articles of Association. A resolution by the Annual General Meeting on May 27, 2010 introduced new provisions for the remuneration of the activities of the members of the Supervisory Board with effect from fiscal year 2010. In accordance with these provisions, Supervisory Board members receive remuneration consisting of one fixed and one variable component as well as the reimbursement of their expenses. The amount of the variable remuneration is oriented towards the Company's short-term and long-term success.

(1) Each member of the Supervisory Board receives fixed annual remuneration of KEUR 15. The Chairman receives three times this amount, while the Deputy Chairman receives one and a half times this amount. In addition, each member of the Supervisory Board receives an attendance fee of KEUR 1 for each meeting of the Supervisory Board or of a Supervisory Board committee attended. The fixed remuneration and the attendance fees are payable at the end of each fiscal year.

(2) Members of Supervisory Board committees receive additional fixed remuneration of KEUR 5 for each membership of a committee. The chairman of a committee receives three times this amount, while the deputy chairman of a committee receives one and a half times this amount. The additional remuneration described in sentence 1 is payable annually at the end of each fiscal year.

(3) The remuneration of each Supervisory Board member increases by EUR 100 for each EUR 0.01 of consolidated earnings per share, providing that the Company generates positive earnings per share. The Chairman of the Supervisory Board receives three times the amount of the performance-related remuneration described in paragraph (3) sentence 1, while the Deputy Chairman receives one and a half times this amount. Consolidated earnings per share are calculated by dividing the consolidated net profit reported in itelligence's consolidated financial statements for the respective fiscal year by the weighted average number of shares outstanding. The performance-related remuneration described in paragraph (3) is payable on the first working day after the Annual General Meeting at which the consolidated financial statements for the respective fiscal year are presented.

(4) Members of the Supervisory Board also receive performance-related remuneration oriented towards the Company's long-term success. This remuneration is calculated as follows: After the end of the Annual General Meeting, a situation is simulated whereby the Company invests a notional amount of KEUR 5 in shares of the Company for each member of the Supervisory Board on the basis of the average of the unweighted Xetra closing prices of the shares on all trading days in the previous fiscal year. The notional investment amount for the Chairman of the Supervisory Board is KEUR 15, while the notional investment amount for the Deputy Chairman is KEUR 7.5. After the end of the third subsequent Annual General Meeting, the average of the unweighted Xetra closing prices on all trading days of the respective previous fiscal year is calculated. If this comparison of the average price in accordance with sentence 2 and the average price in accordance with sentence 4 shows an increase in the Company's share price, the respective Supervisory Board member is paid an amount equivalent to the increase in the value of the notional shares acquired in accordance with sentence 2. This performance-related remuneration is payable on the first working day after the third Annual General Meeting in accordance with sentence 4. Supervisory Board members not in office for the entire three-year period receive this performance-related remuneration on a pro rata basis at the end of the three-year period.

(5) Supervisory Board members not in office for the entire three-year period receive the remuneration described in paragraphs (1) to (4) on a pro rata basis.

In fiscal year 2010, the fourth tranche of the share-based remuneration with long-term incentive effect, which has a term from January 1, 2007 to December 31, 2009, was paid out to the Chairman of the Supervisory Board, Dr. Lutz Mellinger, in the amount of KEUR 3.5, to the member of the Supervisory Board, Fritz Fleischmann, in the amount of KEUR 1.3, and to former members of the Supervisory Board in the amount of KEUR 0.9. The average Xetra closing price of itelligence's shares for the period from January to December 2009 was EUR 4.088. The tranche was measured at the average Xetra closing price for 2006, which was EUR 3.254. This increase in value was multiplied by the number of notional shares acquired. The resulting expense was recognized and disclosed in the remuneration report during the term of the tranche from 2007 to 2009.

After the end of the Annual General Meeting on May 27, 2010, a seventh tranche with a term from January 1, 2010 to December 31, 2012 was issued for the members of the Supervisory Board. The basis of future measurement is the average Xetra closing price for 2009, which was EUR 4.088. At the allocation date, this resulted in a fair value of KEUR 6.6 for the Chairman of the Supervisory Board, KEUR 3.3 for the Deputy Chairman of the Supervisory Board and KEUR 2.2 for all other members.

itelligence also reimburses the members of the Supervisory Board for any value added tax on their remuneration to the extent that this is invoiced or disclosed in a credit note by the respective Supervisory Board member. No advances on future remuneration or loans were granted to the members of the Supervisory Board, nor did itelligence enter into any contingent liabilities for the benefit of the members of the Supervisory Board.

Disclosures on Acquisitions in accordance with Section 315 (4) of the German Commercial Code (HGB)

Re Section 315 (4) no. 1 HGB

At the reporting date, the subscribed capital of itelligence AG amounted to EUR 24,557,595 (in accordance with HGB) and is divided into 24,557,595 no-par value bearer shares.

Re Section 315 (4) no. 2 HGB

The shareholders, NTT DATA Europe GmbH & Co. KG and the Chief Executive Officer, Mr. Herbert Vogel, have agreed a put option for the remaining shares held by Mr. Vogel.

Re Section 315 (4) no. 3 HGB

NTT DATA EUROPE GmbH & Co. KG, a subsidiary of NTT DATA Corporation, Tokyo, held approximately 77.7% of the subscribed capital at the reporting date. In addition, NTT Communications Corporation, Tokyo, a subsidiary of Nippon Telegraph and Telephone Corporation, Tokyo, held 10.0% of the subscribed capital at the reporting date.

Re Section 315 (4) no. 6 HGB

In accordance with the Articles of Association, the Management Board consists of one or more members. The precise number is determined by the Supervisory Board. The Supervisory Board may appoint a member of the Management Board as the Chairman and other members of the Management Board as Deputy Chairmen. For further information on the appointment and dismissal of members of the Management Board, please refer to the statutory provisions of sections 84 and 85 of the German Stock Corporation Act (AktG).

In accordance with section 179 AktG, amendments to the Articles of Association require a resolution by the Annual General Meeting with a majority of at least three quarters of the capital stock represented, unless the Articles of Association provide for a different majority. Under the Articles of Association of itelligence AG, the Annual General Meeting passes resolutions by a simple majority of the votes cast unless a larger majority is required by law or in accordance with the Articles of Association. If a capital majority is prescribed in addition to a majority of the voting rights, a simple majority of the capital stock represented is sufficient. The Supervisory Board is authorized to resolve amendments to the Articles of Association that only affect their wording.

Re Section 315 (4) no. 7 HGB

In accordance with the resolution by the Annual General Meeting on May 26, 2010, the Management Board is authorized to acquire treasury shares up to a maximum of 10% of the total share capital until April 30, 2015. The Management Board did not exercise this authorization in fiscal year 2010.

The Management Board is also authorized, with the approval of the Supervisory Board, to increase the share capital on one or more occasions until April 30, 2015 by a total of up to EUR 12,278,797.00 by issuing new ordinary shares in exchange for cash and/or non-cash contributions (authorized capital). The Management

Board did not exercise this authorization in fiscal year 2010.

Re Section 315 (4) no. 8 HGB

itelligence AG's partnership agreements with SAP AG include change of control clauses that grant extraordinary termination rights to SAP AG in the event that its business interests are significantly impaired by a change in the shareholder structure of itelligence AG relating to the majority shareholder.

Shareholdings

According to the Company's own information, itelligence AG had the following shareholder structure at March 10, 2011:

NTT DATA Europe	77.7%
NTT Communications	10.0%
Herbert Vogel	2.5%
Free float	9.8%

The members of the Management Board and Supervisory Board listed below held itelligence shares as of December 31, 2010:

Management Board	Shares
Herbert Vogel (CEO)	605.738

Supervisory Board	
Dr. Britta Lenzmann (Employee representative)	155

Report on Post-Balance Sheet Date Events

On January 1, 2011, itelligence integrated the Swiss national company into a new umbrella organization with the countries of Germany, Austria and Switzerland. This means the reallocation of revenues from the Western Europe segment to the expanded "DACH" segment consisting of Germany, Austria and Switzerland.

There were no other significant events after the end of the fiscal year.

Declaration on Corporate Governance

The declaration on corporate governance can be found on itelligence AG's website at www.itelligence.de.

Dependent Company Report

Since December 13, 2007, itelligence AG has had a majority shareholder – NTT DATA Europe GmbH & Co. KG, Düsseldorf, which is a wholly-owned subsidiary of NTT DATA Corporation, Japan. As there is no control agreement in place with the majority shareholder, the Management Board of itelligence AG is required to prepare a dependent company report in accordance with section 312 AktG.

In accordance with section 312 (2) AktG, the Management Board hereby declares that, in the case of the transactions and measures contained in the dependent company report that were conducted on the basis of the circumstances known to the Management Board at the time the transactions were executed or measures were implemented or omitted, itelligence AG received appropriate consideration for each transaction and has not been disadvantaged by the implementation or omission of any measures.

Opportunities and Risks

As an internationally active company, itelligence AG is exposed to various risks. Corporate management, which is oriented towards the internal "Guiding

Principles", is positioned by the internal management team in such a way as to ensure that business opportunities can be leveraged systematically and potential risks identified at an early stage and managed with a view to future development. The efficiency and effectiveness of this system is assessed periodically by Internal Audit and external auditors and the results are presented to the Management Board.

Opportunity management

itelligence defines opportunity management as the realization of value growth through constant improvements. This is concentrated on the Company's successful business model as a full-service provider and the targeted expansion of its core business. The management sees long-term, sustainable business success as being dependent on its ability to make permanent improvements along the entire value chain on the basis of its existing strengths and expertise. At the same time, itelligence sees opportunities in tapping new markets and leveraging the resulting growth potential.

Opportunities of future business development

Due to its focus as a full-service IT provider for SAP, a large number of economic growth opportunities are available to itelligence AG. Through intensive cooperation with SAP, which is expressed in its role as an SAP Global Hosting and Services Partner, itelligence is in a position to comprehensively support SMEs in Germany and abroad. The strategic partnership with NTT DATA also supports itelligence's dynamic growth. Growth potential in this respect lies in providing support for NTT DATA customers in Europe in particular, the realization of joint projects, and the development of markets such as those in Asia. The capital resources provided by the partnership with NTT DATA will allow itelligence to strengthen its position in a targeted manner and generate external growth, as it did in both 2009 and 2010.

Risk management

In accordance with Article 91 (2) AktG, the Management Board of itelligence AG, as part of its overall responsibility for the Group, has established a risk management system to identify and assess risks at an early stage. This risk management system is implemented on a Group-wide basis as an integral component of the business and decision-making processes and contains a number of control mechanisms aimed at ensuring a permanent and systematic approach based on a defined risk strategy. This system incorporates a wide range of activities that are rooted in the internal control system. From the monitoring and controlling of business processes and ensuring the preparation of the consolidated financial standards in accordance with the relevant standards through to a uniform planning process, all business activities are analyzed and assessed and corresponding risk prevention measures are initiated. The defined standards are set out and published in Group-wide guidelines such as Compliance Management, the Accounting Manual, the Authority Guideline and the Risk Management Guideline. The implementation of the Japanese Sarbanes-Oxley Act and the requirements of the U.S. Sarbanes-Oxley Act are incorporated into the Risk Management Guideline on an annual basis and reviewed and adjusted as necessary. Compliance with the Risk Management Guideline is monitored by Internal Audit in order to guarantee the security and efficiency of the risk management processes. To ensure transparency and for the purposes of risk reporting, the Internal Audit function is integrated into the existing Corporate Controlling organization. A direct reporting line to the Chief Financial Officer enables the quick and efficient flow of information. This control system is supplemented by monthly management meetings at which the operating divisions report on business developments, opportunities and risks in their areas of responsibility. The latest information is compiled in the form of quarterly rolling planning, which serves as a basis for decision-making. These measures are supplemented by half-yearly business reviews in the regions and international management meetings.

The close cooperation between the Management Board and the Supervisory Board and the committees, which meet on a regular basis, also forms part of this integrated opportunity and risk management system.

Risks of future business development

Human resources risks and opportunities

As a service provider, highly qualified employees and managers are the key factor in itelligence AG's success. Accordingly, the primary risks in this respect are a lack of qualifications and insufficient motivation to implement customer-oriented solutions.

In addition to a positive working environment, human resources activities therefore focus on professional training and the promotion of the national and international management development program.

The findings of the 2009 employee survey were implemented in the past fiscal year with the aim of further improving the working environment. Opportunities result in particular from the sustainable positive presentation of itelligence AG as an attractive employer in the IT environment. The aim of this is to attract and retain trainees as well as highly qualified employees. Despite these measures, the possibility that qualified employees will leave the Company or that an insufficient number of new employees will be appointed cannot be ruled out.

Project risk

In addition to the project quality of the consultant team, the active involvement of the customer is a key factor in the success of a project. The lack of an appropriate customer-side project organization and the insufficient provision of employees can lead to reconciliation and quality problems and availability bottlenecks. This may give rise to claims for recourse on the part of the customer. These project risks, some of which do not fall within itelligence's sphere of influence, are reduced by organizing a project structure in conjunction with the customer. Factors ranging from information channels and meeting structures right through to escalation provisions are agreed as binding with the customer. Internally, the project managers are familiarized with potential project risks in project management training courses. Project reviews supplemented by regular reporting by project controlling enable all of the parties involved to identify risks at an early stage and initiate the relevant countermeasures. Despite all precautions, the risk of project escalation and the resulting adverse effect on itelligence's net assets and results of operations cannot be completely ruled out.

SAP partnership

itelligence offers comprehensive IT services for the traditional and upper midmarket SAP environment. This strong content-related and strategic focus on SAP products means that itelligence AG is dependent to a large extent on SAP's continued success in the market. This dependence could have an impact on itelligence's net assets, financial position and results of operations. As well as providing support, the SAP partner model, which takes different forms in itelligence's various segments, also embodies an economic risk for itelligence AG. The competitiveness of SAP's products and its future development are among the crucial factors in itelligence's success. The economic risk for itelligence will only be negated if customers continue to be provided with the most high-performance products available.

Risks in the Outsourcing & Services division

The Outsourcing & Services division is exposed to all risks that can arise from data center operation and data transfer. State-of-the-art buildings and infrastructures and comprehensive security measures in the area of data center operation – from access restriction through to the internal authorization concept for the responsible employees – serve to ensure that all of the relevant security requirements are fulfilled. Regular security audits followed by process certification (e.g. SAS 70 audits) are an integral element of the risk minimization process. Our measures are supplemented by existing insurance policies that further reduce the potential losses to the Company. Despite every effort, however, the risk of a lack of system availability or breaches of the service level cannot be fully excluded.

General market risk

General market risks resulting from the highly competitive IT market and the rapid pace of technical progress can impact itelligence's net assets and results of operations. The Company focuses on the following risk areas:

a) Market risks on the part of the customer
   This includes economic cycles, changes in customer behavior, company concentration, customer insolvency risk and similar risks.
b) Supplier-oriented market risks
   This includes supplier services as well as service quality and similar factors.

These risks are permanently monitored by way of special sales controlling. Despite intensive customer and supplier care, however, it cannot be fully ensured that all developments will be identified at an early stage or that measures will be initiated in a timely manner.

Liquidity risk

itelligence has a central financial management system that is responsible for global liquidity management, the primary aim of which is to ensure minimum liquidity for the Group. Cash and cash equivalents are monitored at a Group level with the aid of a weekly liquidity status report including a cash forecast and measures are initiated at short notice as necessary. Uniform Group-wide investment principles and their financing serve to stabilize the Group's cash resources. By maintaining a constant level of cash and cash equivalents and credit facilities in Germany and abroad, itelligence increases its own security and independence. Defined liquidity reserves are invested conservatively and solely in the short term, meaning that interest rate fluctuations on the money and capital markets can only impact itelligence's net interest income to a limited extent.

Price risk

itelligence permanently monitors exchange rate risks on the basis of balance sheet items. As the value added process is performed in the same currency as the corresponding revenues are generated, exchange rate risk is limited. Exchange rate fluctuations affecting intragroup receivables and liabilities and the resulting risk are monitored on a continuous basis.

Annual goodwill impairment testing is performed using the DCF method, under which cash flows are discounted using the current average cost of capital. Capital costs may change due to current developments in interest rate levels. Significant changes arising from goodwill impairment testing would have a substantial impact on earnings.

Share-based remuneration is measured on the basis of the assumed future volatility of itelligence's shares. If this future volatility proves to be greater than expected, this could have an impact on earnings.

Default risk

itelligence has established a system enabling the early recognition of customer insolvency risk at all of its national subsidiaries. Permanent credit checks, which are performed as part of debtor management at the respective national companies and coordinated centrally, start prior to the conclusion of the contract and only end once the project is complete. To further limit the risk to which the Company is exposed, del credere risk in Germany is limited by the trade credit insurance concluded to the extent that, in the event of customer insolvency, 80% of the potential default is secured. All receivables within the Group are examined on a monthly basis and bad debt allowances are recognized depending on the age structure. Risk provisions also include specific valuation allowances, which are recognized on the basis of a professional assessment of the respective project.

Political risk

As an international service provider, itelligence is also exposed to political influences and their consequences. Global political events in individual countries can impact the economy, and hence itelligence's business prospects.

General management risk

itelligence is also exposed to general management risk. The Company continuously improves its management, controlling and steering systems with a view to preventing mistakes.

Report on Expected Developments

General economic situation and forecasts

The global economy recovered significantly in the second half of fiscal year 2010. Government economic programs and dynamic development in emerging economies in particular meant that global economic output rose by 5%. As the effects of these government measures have now expired, the global economy has transitioned to a phase of moderate growth. According to leading economic research institutes, the global economic expansion will continue. Although this trend will lose momentum this year, it could pick up again from 2012 on the back of a further improvement in economic conditions.

There are still two sides to the global economic picture. According to estimates by the IMF (International Monetary Fund), emerging and developing economies – and China in particular – are continuing to enjoy a boom phase with high growth rates averaging 6.5%. At the same time, advanced economies, i.e. industrialized nations, are expected to have an average growth rate of 2.5% in 2011.

See chart page 80.

The European debt and banking crisis has not yet been overcome. The credit markets continue to be affected by potential write-downs at banks and the heightened default risk affecting government debt. There is also uncertainty as to how pronounced an impact the planned fiscal policy consolidation will have on the economy in light of the high level of government debt. Furthermore, the IMF believes there is a risk that further countries will be forced to initiate dramatic austerity measures as a result of a potential loss of confidence on the part of the financial markets. The impact of expansionary fiscal policy and the sharp rise in the price of raw materials on inflation also remains to be seen. Finally, the effect of the current political crises, particularly in North Africa, on the global economy cannot be reliably determined.

Outlook for the software and IT services market

The global market for enterprise software and software support services continued to enjoy robust development in 2010.

See chart page 80.

According to the IT market research institute Gartner, spending on software and software support services increased by 6.1% and 5.1% respectively year-on-year after adjustment for currency translation effects, thereby exceeding their pre-crisis levels in absolute terms. Gartner is forecasting a compound annual growth rate (CAGR) of 6.7% and 6.2% respectively in the period from 2010 to 2014. The global market for consulting services also recovered, expanding by 2.2% after adjustment for currency translation effects. CAGR for the period from 2010 to 2014 is forecast at 4.1%. The global market for IT outsourcing is also expected to see positive development, albeit with a slightly lower CAGR of 3.1%.

The largest enterprise software and IT services market by some distance is the USA, followed by the markets of Western Europe. Here, too, future growth rates are expected to be only moderate. By contrast, double-digit growth is forecast over the coming years for a number of countries in Asia – particularly China – and South America.

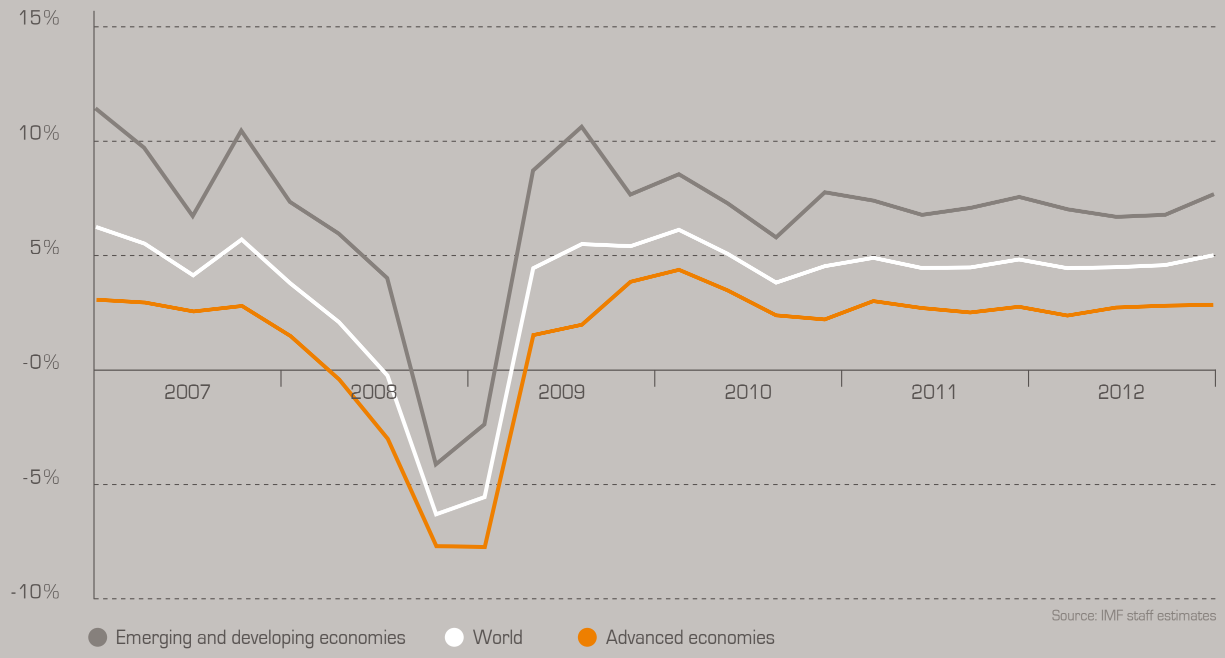
According to the IT market research institute IDC, an estimated CAGR of 4% is forecast for the global SAP ERP market. The ERP market will remain easily the largest SAP market. However, there will be above-average demand for products and services in the forward-looking areas of mobility, cloud computing and in-memory in future. The same applies for the business intelligence solutions market segment.

Expected business development at itelligence

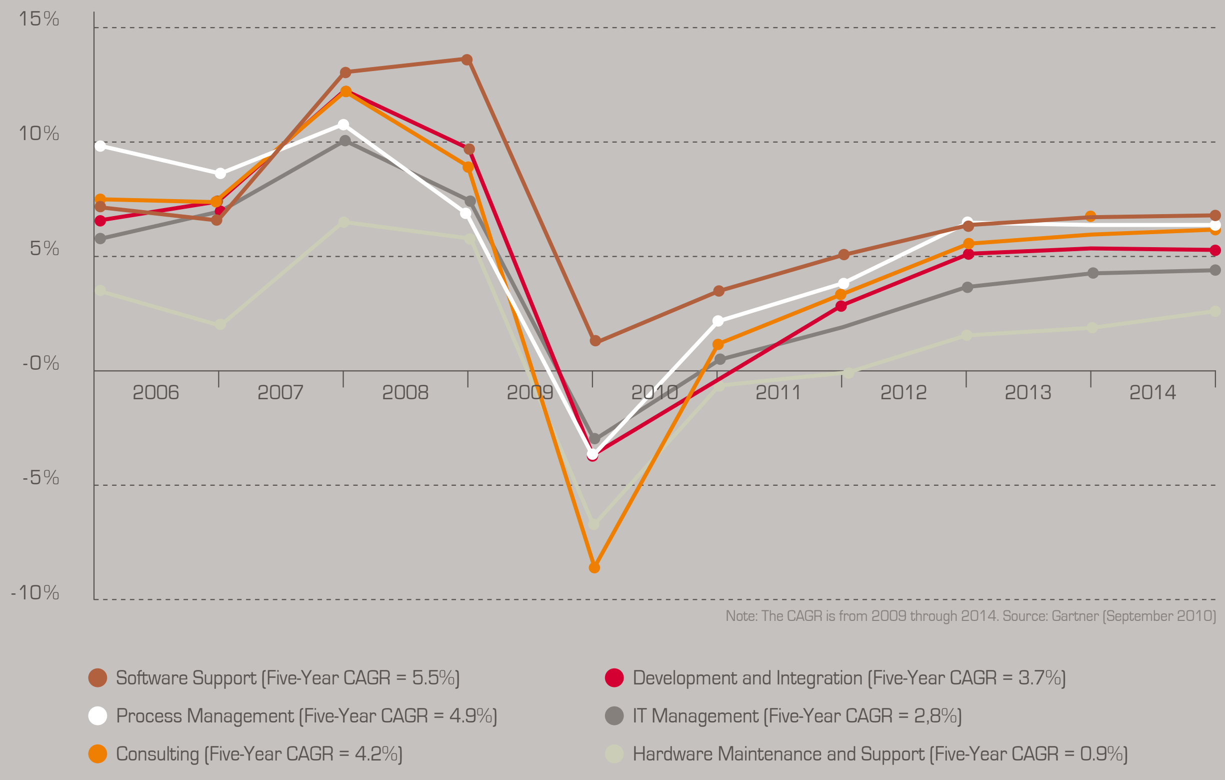
Based on the strong business performance that accelerated significantly in the second half of 2010, itelligence expects to enjoy consistently positive development in fiscal year 2011. The high level of Licenses sales in the fourth quarter of the previous year and the further increase in orders on hand give the Management Board particular grounds for optimism. itelligence is seeking to achieve organic growth in excess of 10%. With a specific view to its long-term recurring business in the areas of SAP maintenance, application support and hosting, itelligence expects to generate above-average organic growth. itelligence has succeeded in further improving its market position through the expansion of its global presence and its international focus – such as with its services in the area of global hosting and global support. This means that itelligence is in a position to offer its customers around the world coordinated IT services that are extremely attractive for globally active upper midmarket companies in particular. The incorporation into the global Japanese NTT and NTT DATA groups will provide itelligence with vital support in implementing its expansion strategy. itelligence will remain focused on SAP-related services and the traditional and upper midmarket sector.

The Management Board expects to see a stable macroeconomic environment in fiscal year 2011. itelligence is observing a growing propensity to invest in IT and IT services among existing and potential customers. The internationality and development opportunities available to the Company's employees have helped to further increase itelligence AG's attractiveness as an employer. itelligence is confident that it will be able to guarantee its expansion strategy through continued growth in its workforce.

Global GDP Growth



IT Services Growth Rates by Segment, 2005–2014



itelligence is forecasting total revenues in excess of MEUR 300 and up to MEUR 310 in the current fiscal year, which would represent an increase of between 10.2% and 13.9%. As in the previous year, itelligence is also planning to further expand its international presence together with its majority shareholder and strategic partner, NTT DATA. The Management Board expects to see further revenue growth in fiscal year 2012 assuming the targets for the current fiscal year are met.

Due to the dynamic growth in the previous year and certain extraordinary effects, the EBIT margin for 2010 as a whole remained stable at 5.5%. One of the Company's strategic objectives is to achieve a substantial increase in profitability. In addition to strict cost management, itelligence is working towards further improving its internal processes and process methods. It is making targeted investments in the training and further education of its employees and the expansion of knowledge management. These measures are aimed at generating a further increase in the quality of the IT services provided to itelligence's customers. The integration of the companies acquired and the acquisition-related costs that will continue to be incurred in 2011 could have an impact on profitability. Despite this, itelligence expects its EBIT margin to increase. The target for the current fiscal year is an EBIT margin of between 6.0% and 6.2%. In 2012, too, the Management Board is seeking to achieve a continuous improvement in profitability assuming the targets for the current fiscal year are met.

As well as the aforementioned estimates with regard to the overall development of the IT services market, these forecasts assume a stable macroeconomic and global political environment. Actual results may deviate substantially from the expectations of future development.

Bielefeld, March 10, 2011

itelligence AG

The Management Board

Consolidated Income Statement

KEUR		Jan. 1 – Dec. 31, 2010	Jan. 1 – Dec. 31, 2009
Revenues	(1)	272,158	220,007
Cost of sales	(2)	-205,721	-168,574
Gross profit		**66,437**	**51,433**
Marketing and distribution expenses	(3)	-25,739	-19,860
Administrative expenses	(4)	-24,482	-19,975
Other operating income	(5)	1,828	2,281
Other operating expenses	(6)	-2,504	-1,474
Amortization of orders on hand		-639	-121
Total operating expenses		**-51,536**	**-39,149**
Operating earnings		**14,901**	**12,284**
Investment income		0	-328
Measurement of derivatives and exercise of options	(7)	1,492	0
Exchange rate differences from financing activities		18	-63
Finance income	(8)	254	571
Finance expenses	(8)	-1,419	-760
Net finance costs		345	-580
Profit before taxes		**15,246**	**11,704**
Income tax expenses	(9)	-5,237	-4,551
Consolidated net profit		**10,009**	**7,153**
of which of the shareholders of itelligence AG		9,629	6,907
of which minority interests		380	246
Earnings per share (EUR) (basic)	(10)	EUR 0,39	EUR 0,28
Earnings per share (EUR) (diluted)		EUR 0,39	EUR 0,28
Number of shares on the basis of which earnings per share were calculated:			
– basic		24,557,595	24,378,348
– diluted		24,557,595	24,595,227

Consolidated statement of comprehensive income

KEUR	Jan. 1 – Dec. 31, 2010	Jan. 1 – Dec. 31, 2009
Consolidated net profit	10,009	7,153
Foreign exchange differences	1,345	-174
Total comprehensive income	**11,354**	**6,979**
of which of the shareholders of itelligence AG	10,974	6,733
of which minority interests	380	246

Consolidated Balance Sheet

Assets KEUR		Dec. 31, 2010	Dec. 31, 2009
Non-current assets			
Intangible assets	(11)	39,564	19,927
Property, plant and equipment	(12)	29,223	23,186
Financial assets	(13)	145	15
Income tax receivables		423	428
Deferred tax assets	(14)	1,903	1,853
Other non-current assets	(15)	2,184	3,005
		73,442	**48,414**
Current assets			
Inventories		222	57
Trade receivables	(16)	69,259	46,522
Income tax receivables		336	388
Other current assets	(17)	1,443	1,100
Cash and cash equivalents	(18)	30,853	42,496
Prepaid expenses	(19)	4,647	2,243
		106,760	**92,806**
		180,202	**141,220**

Equity and liabilities KEUR		Dec. 31, 2010	Dec. 31, 2009
Equity			
Issued capital	(20)	24,558	24,558
Capital reserve	(21)	21,491	21,491
Net accumulated profit	(22)	22,450	15,277
Other comprehensive income	(23)	-12,411	-8,556
		56,088	52,770
Minority interest		5,106	1,133
		61,194	**53,903**
Non-current liabilities			
Non-current financial liabilities	(24)	30,824	19,019
Deferred tax liabilities	(14)	4,115	3,603
Other non-current provisions	(29)	400	542
Pension provisions	(25)	12	57
Government grants	(26)	1,995	2,384
Other non-current liabilities	(27)	310	0
		37,656	**25,605**
Current liabilities			
Trade payables	(28)	24,040	17,873
Current financial liabilities	(24)	6,689	3,360
Tax provisions		1,441	722
Other current provisions	(29)	2,357	2,440
Income tax liabilities		1,006	1,478
Other current liabilities	(27)	41,277	32,331
Deferred income		4,542	3,508
		81,352	**61,712**
		180,202	**141,220**

Consolidated Cash Flow Statement

KEUR	2010	2009
Consolidated net profit	**10.009**	**7.153**
Amortization of intangible assets and depreciation of property, plant and equipment	8,477	7,026
Elimination of gains/losses on asset disposals	6	-12
Other non-cash expenses and income	-1,774	4
Net finance costs	-345	189
Income tax expenses	5,237	4,551
	21,610	**18,911**
Change in inventories	-165	44
Change in trade receivables	-16,519	4,291
Change in other non-current assets	987	448
Change in other current assets	577	1,954
Change in prepaid expenses	-2,495	156
Change in trade payables	4,921	-4,379
Change in provisions for pensions	-45	-56
Change in other liabilities and provisions	5,493	-46
Change in deferred taxes	104	0
	14,468	**21,323**
Interest received	256	759
Interest paid	-923	-719
Taxes paid	-5,359	-2,245
Cash flows from operating activities	**8,442**	**19,118**
Investments in property, plant and equipment and IT software	-14,189	-9,063
Cash received from the disposal of property, plant and equipment and intangible assets	339	379
Cash received from the disposal of financial assets	0	35
Payments for acquisitions (less cash and cash equivalents acquired)	-16,676	-3,865
Subsequent purchase price payments for investments made	-87	-615
Cash flows from investing activities	**-30,613**	**-13,129**
Changes in minority interests	-191	-191
Increase in long-term deposits	-161	-272
Dividend payments	-2,456	-2,915
Borrowing of current financial liabilities	237	0
Borrowing of non-current financial liabilities	14,631	7,957
Repayment of non-current financial liabilities:	-3,640	-3,134
Cash flows from financing activities	**8,420**	**1,445**
Decrease/increase in cash and cash equivalents	**-13,751**	**7,434**
Effects from exchange rate differences	2,108	-113
Cash and cash equivalents as of January 1	42,496	35,175
Cash and cash equivalents as of December 31	**30,853**	**42,496**

Cash and cash equivalents are explained in note (18).

Consolidated Statement of Changes in Equity

	Number of shares	Issued capital	Capital reserves	Net accumu-lated profit	Other comprehensive income: Foreign exchange differences	Other comprehensive income: Other equity	Other comprehen-sive equity	Equity attributale to the share-holders of the parent company	Minority interests	Consoli-dated equity
		KEUR	KEUR	KEUR	KEUR	KEUR	KEUR	KEUR	KEUR	KEUR
Dec. 31, 2008	24,292,164	**24,292**	**21,072**	**11,285**	-3,135		**-3,135**	**53,514**	**714**	**54,228**
Consolidated net profit 2009				**6,907**				**6,907**	**246**	**7,153**
Foreign exchange differences					-174		-174	-174		-174
Total comprehensive income				**6,907**	**-174**		**-174**	**6,733**	**246**	**6,979**
Dividend payments				-2,915				-2,915	-191	-3,106
Changes in minority interests								0	364	364
Fair value for call and put options under IAS 32						-5,247	-5,247	-5,247		-5,247
Conversions of convertible bonds	265,431	266	419					685		685
Dec. 31, 2009	24,557,595	**24,558**	**21,491**	**15,277**	-3,309	-5,247	**-8,556**	**52,770**	**1,133**	**53,903**
Consolidated net profit 2010				**9,629**				**9,629**	**380**	**10,009**
Foreign exchange differences					1,345		1,345	1,345		1,345
Total comprehensive income				**9,629**	1,345		**1,345**	**10,974**	**380**	**11,354**
Dividend payments				-2,456				-2,456	-191	-2,647
Changes in minority interests									3,784	3,784
Fair value for call and put options under IAS 32						-5,200	-5,200	-5,200		-5,200
Dec. 31, 2010	**24,557,595**	**24,558**	**21,491**	**22,450**	**-1,964**	**-10,447**	**-12,411**	**56,088**	**5,106**	**61,194**

Changes in equity are explained in notes (20) to (23).

Notes to the Consolidated Financial Statements for Fiscal Year 2010

A. General Information

itelligence AG 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 for approximately 45% and approximately 55% of the company's shares respectively.

Since December 13, 2007, itelligence AG has had a majority shareholder – NTT DATA EUROPE GmbH & Co. KG, Düsseldorf, which is a wholly-owned subsidiary of NTT DATA CORPORATION, Japan.

itelligence AG prepares and publishes its consolidated financial statements in euro (EUR). Within the financial statements, all figures have been rounded to KEUR in line with business practice.

The consolidated financial statements were prepared by the Management Board on March 3, 2011 and approved on March 10, 2011.

As a leading international full-service provider for SAP, itelligence AG's services range from SAP consulting and licensing through to outsourcing and services and proprietary SAP industry solutions.

The company has a number of subsidiaries in Germany and foreign subsidiaries in the US, Switzerland, Austria, Spain, the United Kingdom, the Czech Republic, Slovakia, the Netherlands, Belgium, Poland, Slovenia, Hungary, Russia, the Ukraine, Canada, France and Asia. The subsidiary in Brazil no longer has any active business operations.

B. Accounting

The consolidated financial statements of itelligence AG – hereinafter referred to as "itelligence," "the company," or "the Group" – for the year ended December 31, 2010 were prepared in accordance with the International Financial Reporting Standards (IFRSs) formulated by the International Accounting Standards Board (IASB) as adopted by the EU.

All of the International Accounting Standards (IASs), IFRSs and interpretations of the Standing Interpretations Committee (SIC) and the International Financial Reporting Interpretations Committee (IFRIC) that were required to be applied in the European Union for fiscal 2010 were taken into account. The "New accounting standards" section contains information on the accounting provisions published by the IASB but not yet required to be applied in fiscal 2010.

To improve the clarity of presentation, various balance sheet and income statement items have been combined. These items are disclosed and explained separately in the notes to the consolidated financial statements.

The Management Board of itelligence AG authorized the consolidated financial statements to be submitted to the Supervisory Board on March 4, 2011. The Supervisory Board is responsible for examining the consolidated financial statements and declaring whether it approves them. The consolidated financial statements cannot be changed after this date.

C. New Accounting Standards

The following standards and interpretations published and adopted by the European Union prior to December 31, 2010 but not yet required to be applied have not been taken into consideration in the preparation of the financial statements:

IFRS 1	Limited Exemption from Comparative IFRS 7 Disclosures for First-time Adopters
IAS 24	Related Party Disclosures
IAS 32	Financial Instruments: Classification of Rights Issues
IFRIC 14	Prepayments of a Minimum Funding Requirement
IFRIC 19	Extinguishing Financial Liabilities with Equity Instruments
Diverse	Improvements to IFRS 2010

The following standards and interpretations have been published by the IASB but not yet adopted by the Eurovision Union:

IFRS 1	Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters
IFRS 7	Disclosures – Transfers of Financial Assets
IFRS 9	Financial Instruments
IAS 12	Deferred Tax on Investment Property

IFRS 1 - Limited Exemption from Comparative IFRS 7 Disclosures for First-time Adopters

This amendment to IFRS 1 exempts first-time adopters from the duty to disclose comparative information resulting from the amended version of IFRS 7 of March 2009. The regulations of IFRS 7 exempt enterprises that have already adopted IFRSs from the duty to disclose comparative information on the measurement at fair value of financial instruments and additional qualitative and quantitative information on liquidity risks in the year of first-time adoption. In order to not disadvantage first-time adopters, who generally have to adopt the applicable IFRSs retrospectively, as regards the more extensive reporting requirement of IFRS 7, the amendment to IFRS 1 has also exempted these adopters from the more extensive reporting requirement of IFRS 7 in terms of the comparative disclosures in the first IFRS financial statements.

This amendment to IFRS 1 is effective for the first time for annual periods beginning on or after July 1, 2010. The revised version of IFRS 1 is not expected to have any effect on the future consolidated financial statements of itelligence AG.

IFRS 1 - Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters

This amendment to IFRS 1 replaces the date of January 1, 2004 referred to as the set transition time to date with the phrase "date of transition to IFRSs". Furthermore, IFRS 1 now includes regulations for cases in which enterprises are unable to comply with IFRS provisions for some time as their functional currency was subject to hyperinflation.

This amendment to IFRS 1 is effective for the first time for annual periods beginning on or after July 1, 2011 – subject to different dates of first-time adoption as a result of EU endorsement. In order for these amendments to apply within the EU they still require endorsement in line with the prescribed EU process. If it is endorsed by the EU in its present form, IFRS 1 is not expected to have any effect on the future consolidated financial statements of itelligence AG.

IFRS 7 - Disclosures - Transfers of Financial Assets

The amendments to IFRS 7 relate to the more extensive disclosure requirements for transfers of financial assets. This is intended to make it easier to understand the relationships between the financial assets transferred and the corresponding financial liabilities. It should also allow a better assessment of the nature and, in particular, the risks of continuing involvement for derecognized financial assets. The amendments also require additional disclosures if a disproportionately high number of transfers with continuing involvement occurs, for example, around the end of a reporting period.

The amended IFRS 7 is effective for the first time for annual periods beginning on or after July 1, 2011 – subject to different dates of first-time adoption as a result of EU endorsement. Comparative disclosures are not required in the first year of adoption. In order for these amendments to apply within the EU they still require endorsement in line with the prescribed EU process. If it is endorsed by the EU in its present form, IFRS 7 is not expected to have any significant effect on the future consolidated financial statements of itelligence AG.

IFRS 9 - Financial Instruments

The International Accounting Standards Board (IASB) published IFRS 9 "Financial Instruments: Classification and Measurement" on November 12, 2009. This standard is part of a project for a standard to replace IAS 39 to be completed in 2010. The standard is dedicated to the classification and measurement of financial assets. IFRS 9 will replace the previous measurement categories:

- loans and receivables,
- assets held to maturity,
- available-for-sale financial assets
- assets measured at fair value through profit or loss,

with the categories:

- amortized cost and
- fair value.

Whether an instrument can be assigned to the amortized cost category is dependent firstly on the business model of the company, i.e. how the company manages its financial instruments and secondly on the features of the specific instrument.

Instruments that do not satisfy the definition of the amortized cost category are measured at fair value through profit or loss. Measurement at fair value in equity is possible for selected equity instruments. This new category is not the same as the previous category "available-for-sale financial assets". IFRS 9 does not contain any regulations on the measurement of financial liabilities.

The amendments are effective for annual periods beginning on or after January 1, 2013. Earlier adoption from 2009 is permitted. In order for these amendments to apply within the EU they still require endorsement in line with the prescribed EU process. If it is endorsed by the EU in its present form, IFRS 9 is expected to have any effect on the future consolidated financial statements of itelligence AG.

IAS 12 - Deferred Tax on Investment Property

With investment property it is often difficult to assess whether existing temporary tax differences reverse in the context of continued use or a disposal. The amendment to IAS 12 now clarifies that reversal occurs on disposal. As a result of this amendment, SIC 21 Income Taxes – Recovery of Revalued Non-Depreciable Assets no longer applies to investment property carried at fair value. The other guidelines were integrated into IAS 12 and SIC 21 was then withdrawn.

The amended IFRS 12 is effective retrospectively for the first time for annual periods beginning on or after January 1, 2012 – subject to different dates of first-time adoption as a result of EU endorsement. In order for these amendments to apply within the EU they still require endorsement in line with the prescribed EU process. If it is endorsed by the EU in its present form, IAS 12 is not expected to have any effect on the future consolidated financial statements of itelligence AG.

IAS 24 - Related Party Disclosures

Previously, enterprises that are controlled or significantly influenced by governments were required to disclose information on all transactions with companies controlled or significantly influenced by the same government. As a result of the amendment to IAS 24, detailed information is now only required for single significant transactions. Quantitative or qualitative indications are also required on the effects of transactions that are significant jointly but not severally. The amendment to IAS 24 also clarifies the definition of a related party.

The amendments are effective for the first time for annual periods beginning on or after January 1, 2011. The revised version of IAS 24 is not expected to have any effect on the future consolidated financial statements of itelligence AG.

IAS 32 - Financial Instruments: Classification of Rights Issues

The amendments regulate accounting for issuers of subscription rights, options and warrants to the acquisition of a fixed number of equity instruments denominated in a currency other than the functional currency of the issuer. Previously, such cases were accounted for as derivative liabilities. Subscription rights issued pro rata to the existing shareholders of a company at a fixed currency amount shall be classified as equity in future. The currency in which the striking price is denominated is irrelevant.

The amendment is effective for the first time for annual periods beginning on or after February 1, 2010. The revised version of IAS 32 is not expected to have any effect on the future consolidated financial statements of itelligence AG.

IFRIC 14 - Prepayments of a Minimum Funding Requirement

This interpretation modifies IFRIC 14 from July 2007. IFRIC 14, to which this supplement relates, contains regulations on accounting for defined benefit pension plans in cases in which the plan assets available exceed the pension obligation. The amendment is relevant in cases in which an enterprise is subject to minimum funding requirements and pays contributions in advance to satisfy these minimum funding requirements. The amendment allows the enterprises in this situation to take into account the benefit of such advance payments.

IFRS 14 is effective for annual periods beginning on or after January 1, 2011. The revised version of IFRIC 14 is not expected to have any effect on the future consolidated financial statements of itelligence AG.

IFRIC 19 – Extinguishing Financial Liabilities with Equity Instruments

IFRIC 19 explains the requirements of International Financial Reporting Standards (IFRSs), if a company extinguishes a financial liability in full or in part by issuing shares or other equity instruments. The interpretation clarifies that

- equity instruments issued to a creditor to extinguish a financial liability are deemed part of the "consideration paid" as defined by IAS 39.41;
- these equity instruments are measured at fair value. If the fair value cannot be reliably determined, they should be carried at the fair value of the liability extinguished;
- the difference between the carrying amount of the financial liability being derecognized and the first-time carrying amount of the equity instruments issued is recognized in the income statement.

IFRS 19 is effective for annual periods beginning on or after July 1, 2010. IFRIC 19 is not expected to have any effect on the future consolidated financial statements of itelligence AG.

Various – Improvements to IFRSs 2010

In May 2010, the IASB published the third Annual Improvements project (2008-2010). It contains eleven amendments to six different standards and one interpretation.

The majority of the amendments are effective for annual periods beginning on or after January 1, 2011. Only the amendments to IFRS 3 and subsequent amendments to IFRS 7, IAS 32, IAS 39 and IAS 27 and subsequent amendments to IAS 21, IAS 38 and IAS 31 are effective from July 1, 2010. itelligence AG does not currently expect the application of these amendments to have any material effect on the presentation of its future consolidated financial statements.

D. Consolidated Group and Changes to the Group Structure

In addition to itelligence AG, all companies within and outside Germany in which itelligence AG held the majority of voting rights either directly or indirectly as of December 31, 2010, or which it controls on the basis of other rights as defined by IAS 27, have been included in the consolidated financial statements. The following companies were included in the consolidated financial statements as follows as of December 31, 2010:

Fully consolidated companies	Equity interest in %	Equity KEUR	Profit/loss for the year KEUR
itelligence Services GmbH, Bielefeld/Germany	100	305	5,373[1]
itelligence International Business Service Holding GmbH, Bielefeld/Germany	100	841	44[1]
itelligence Outsourcing & Services GmbH, Bautzen/Germany	100	1,226	6,358[1]
itelligence AG, Regensdorf/Switzerland	100	4,448	1,277
itelligence Business Solutions GmbH, Vienna/Austria	100	-2,831	-277
itelligence Business Solutions (UK) Ltd., Reading/UK	100	5,063	-408
itelligence d.o.o., Ljubljana/Slovenia	100	405	89
itelligence Erste Beteiligungs GmbH, Bielefeld/Germany	100	104	0
itelligence Hungary Kft., Budapest/Hungary	100	1,110	56
itelligence Inc., Cincinnati/USA	100	9,415	2,314
TOP SAP Inc., Cincinnati/USA	100	986	22
itelligence Int'l, Kiew/Ukraine	100	-197	-103
itelligence Ltd., Moscow/Russia	100	-142	174
itelligence Outsourcing Inc., Cincinnati/USA	100	1,956	622
itelligence Ltda.S.A., São Paolo/Brazil	100	-1,551	0
itelligence s.r.o, Bratislava/Slovakia	100	145	-10
itelligence s.r.o., Prague/Czech Republic	100	-162	-129
itelligence SP.Z.o.o., Warsaw/Poland	100	4,553	418
itelligence VC-Holding GmbH, Frankfurt am Main/Germany	100	-147	-11
Servicios informaticos itelligence S.A., Barcelona/Spain	100	3,693	201
ITC Information Technology Consulting Gesellschaft für Netzwerkmanagement und Systemintegration mbH, Detmold/Germany	56	550	197
SAPCON a.s., Brno/Czech Republic	56	1,045	201
itelligence Outsourcing MSC Sdn. Bhd., Cyberjaya/Malaysia	100	-949	-831
itelligence Asia Holding Ltd., Hong Kong	100	-57	-25
itelligence Consulting Shanghai Ltd., Shanghai/China	100	38	-83
itelligence BeNeLux Holding B.V., Eindhoven/Netherlands	60	6,158	-261
itelligence Business Solutions s.p.r.l., Brussels/Belgium	60	-152	-61
itelligence B.V., Eindhoven/Netherlands	60	1,686	519
2B BBIT Deutschland GmbH, Cologne/Germany	60	-204	45
itelligence France SAS, Paris/France	51	672	80
itelligence Canada Ltd., Montreal/Canada	51	276	130
RPF Solutions, LLC, Woodstock/USA	51	848	92
Chelford SAP Solutions Ltd., Reading/UK	100	324	361

[1] Profit/loss for the year before profit transfer

Investments at cost	Equity interest in %	Equity KEUR	Profit/loss for the year KEUR
BfL Gesellschaft des Bürofachhandels mbH & Co. KG, Eschborn/Germany	less than 1	13,598	3,094
ROC ICT Services B.V., Etten-Leur/Netherlands	10	2	0
TBV ProVital Lemgo, Lemgo/Germany	3.52	1,300	–

To the extent that there are no legal restrictions on the recognition of reserves, the profits of companies in which itelligence directly or indirectly holds the majority of voting rights can be distributed. Capital transactions, including in particular profit transfers from China, are only possible after prior approval by the State Administration of Foreign Exchange (SAFE) and proof of proper tax payment. Furthermore, the Chinese currency renminbi yuan (RMB) cannot be fully converted and export is prohibited.

Additions to the consolidated group in the current year

Acquisition of Adelante SAS

By way of purchase agreement dated March 12, 2010, itelligence AG acquired the majority share (51%) in the French SAP consulting company Adelante SAS based in Paris. The purchase price for the shares was EUR 1,620,000. The remaining 49% of shares in Adelante SAS can be acquired over the coming years by way of put and call options.

The core business area of Adelante SAS is consulting with a focus on supply chain information systems. With this acquisition, the Group is expanding its international market presence in France and French-speaking Canada in particular. Adelante's branches in Paris, Lyon and Montreal (Canada) will be further locations for SME customers of itelligence.

Purchase price allocation resulted in total goodwill of KEUR 2,451, which will be tested for impairment once a year and whenever there are indications of impairment. In line with the new regulation of IFRS 3, the minority interests were measured at fair value (full goodwill method). The goodwill acquired under this acquisition is assigned to the Western Europe segment and corresponds to the non-separable customer relationships and staff.

The acquisition-related costs of KEUR 253 were recognized directly as an expense. First-time consolidation was on March 1, 2010, meaning that the company contributed KEUR 210 to profits pro rata temporis for ten months and reported revenues of KEUR 5,055. If the annual financial statements of Adelante SAS had been included in consolidation on January 1, 2010, the profit for the period would have amounted to KEUR 281 with revenues of KEUR 5,988.

The following table shows the estimated fair values of the acquired assets, liabilities and contingent liabilities at the acquisition date:

	Carrying amounts before acquisition KEUR	Fair value adjustments KEUR	Carrying amounts at the acquisition date KEUR
Non-current assets			
Intangible assets	3,240		3,240
Property, plant and equipment	50,492		50,492
	53,732		**53,732**
Current assets			
Trade receivables	1,348,532		1,348,532
Other current assets	382,168		382,168
Cash and cash equivalents	339,446		339,446
Prepaid expenses	91,616		91,616
	2,161,762		**2,161,762**
Current liabilities			
Trade payables	244,090		244,090
Other current liabilities	1,246,288		1,246,288
	1,490,378		**1,490,378**
Net assets	**725,116**		**725,116**
of which attributable to minority shareholders			355,307
Net assets acquired			**369,809**
Goodwill from the acquisition of itelligence France SAS			2,451,355
of which attributable to minority shareholders			(1,201,164)
Purchase price			1,620,000
of which cash			1,620,000
Cash and cash equivalents acquired			339,446
Actual cash outflow for the acquisition			**1,280,554**

Please see notes 7, 23 and 24 for information on accounting for the put and call options for the remaining shares.

Acquisition of RPF Solutions, LLC

By way of purchase agreement dated May 14, 2010, the itelligence Group acquired 51% of shares in the US consulting company RPF Solutions, LLC based in Atlanta, Georgia. The purchase price for the shares was USD 3.2 million. RPF Solutions creates business intelligence and data warehouse solutions for large and SME customers. The remaining 49% of shares in RPF Solutions, LLC can be acquired over the coming years by way of put and call options.

The core business area of RPF Solutions is SAP BusinessObjects solutions for large and SME companies in the US. With this strategic acquisition, itelligence is highlighting its ongoing commitment to SAP solutions and has created a solid basis for entering the high-growth business intelligence market in the US. Furthermore, the acquisition strengthens its competitive position in a market for the most sought after technologies.

Purchase price allocation resulted in total goodwill of KEUR 3,918. This is tax deductible in full in the US in future. This goodwill will be tested for impairment once a year and whenever there are indications of impairment. In line with the new regulation of IFRS 3, the minority interests were measured at fair value (full goodwill method). The goodwill is assigned to the US segment and corresponds to the non-separable customer relationships and staff.

The acquisition-related costs of KEUR 162 were recognized directly as an expense. First-time consolidation was on May 1, 2010, meaning that the company contributed KEUR 92 to profits pro rata temporis for eight months and reported revenues of KEUR 4,780. If the annual financial statements of RPF Solutions had been included in consolidation on January 1, 2010, the profit for the period would have amounted to KEUR 139 with revenues of KEUR 7,376.

The following table shows the estimated fair values of the acquired assets, liabilities and contingent liabilities at the acquisition date:

	Carrying amounts before acquisition KEUR	Fair value adjustments KEUR	Carrying amounts at the acquisition date KEUR
Non-current assets			
Intangible assets	3,202		3,202
	3,202		**3,202**
Current assets			
Trade receivables	1,240,076		1,240,076
Cash and cash equivalents	256,163		256,163
Prepaid expenses	79,653		79,653
	1,575,893		**1,575,893**
Current liabilities			
Trade payables	262,856		262,856
Other current liabilities	474,737		474,737
Deferred income	82,723		82,723
	820,316		**820,316**
Net assets	**758,778**		**758,778**
of which attributable to minority shareholders			371,801
Net assets acquired			**386,977**
Goodwill from the acquisition of RPF Solutions, LLC			3,917,986
of which attributable to minority shareholders			(1,913,058)
Purchase price			2,385,150
of which cash			2,385,150
Cash and cash equivalents acquired			256,163
Actual cash outflow for the acquisition			**2,128,987**

Please see notes 7, 23 and 24 for information on accounting for the put and call options for the remaining shares.

Acquisition of Chelford SAP Solutions

By way of purchase agreement dated August 5, 2010, the itelligence Group acquired all shares in the UK's biggest SAP consulting company for SMEs. The contractual economic acquisition was agreed as July 1, 2010. The UK SAP consulting company Chelford SAP Solutions Ltd. is headquartered in Basingstoke. The fixed purchase price was GBP 9.6 million.

With the acquisition of Chelford SAP Solutions Ltd., itelligence UK has grown to a size commensurate with the importance of the UK market. Its core business area is SAP consulting from implementation to maintenance and servicing, particularly for retail, the consumer goods and manufacturing industry and the service sector.

Purchase price allocation resulted in total goodwill of KEUR 11,185, which will be tested for impairment once a year and whenever there are indications of impairment. The goodwill is assigned to the Western Europe segment and corresponds to the non-separable customer relationships and staff.

In addition to the carrying amounts transferred, orders on hand were also identified as relevant assets as part of the acquisition. These acquired intangible assets in the amount of KEUR 1,169 were capitalized in full. The orders on hand are amortized according to the contract terms from July 1, 2010. Taking into account deferred taxes, the fair value of the acquired assets and liabilities amounted to KEUR 515.

The acquisition-related costs of KEUR 771 were recognized directly as an expense. Since first-time consolidation, pro rata temporis profits of KEUR 174 and revenues of KEUR 5,581 have been reported. If the annual financial statements of Chelford SAP Solutions had been included in consolidation on January 1, 2010, the profit for the period would have amounted to KEUR 548 with revenues of KEUR 10,749.

The following table shows the estimated fair values of the acquired assets, liabilities and contingent liabilities at the acquisition date:

	Carrying amounts before acquisition KEUR	Fair value adjustments KEUR	Carrying amounts at the acquisition date KEUR
Non-current assets			
Intangible assets	166,163	1,168,536	1,334,699
Property, plant and equipment	54,690		54,690
	220,853	**1,168,536**	**1,389,389**
Current assets			
Trade receivables	2,103,830		2,103,830
Other current assets	485,619		485,619
Cash and cash equivalents	2,486		2,486
Prepaid expenses	571,788		571,788
	3,163,723		**3,163,723**
Non-current liabilities			
Deferred tax liabilities	30,933	327,190	358,123
	30,933	**327,190**	**358,123**
Current liabilities			
Trade payables	534,787		534,787
Other current liabilities	1,358,928		1,358,928
Deferred income	1,785,969		1,785,969
	3,679,684		**3,679,684**
Net assets	**-326,041**	**841,346**	**515,305**
of which attributable to minority shareholders			0
Net assets acquired			**515,305**

Goodwill from the acquisition of Chelford SAP Solutions	11,185,133

Purchase price	11,700,437
of which cash	11,700,437
Cash and cash equivalents acquired	2,486
Actual cash outflow for the acquisition	**11,697,951**

By way of purchase agreement dated June 30, 2010, SAPCON a.s. acquired the assets and liabilities of AGFIT a.s. in the Czech Republic. The transaction resulted goodwill of KEUR 467. This was assigned to the Eastern Europe segment. Furthermore, orders on hand of KEUR 319 were also acquired. The goodwill and orders on hand are fully tax deductible in the Czech Republic in future. The acquisition-related costs of KEUR 71 were recognized directly as an expense.

First-time consolidation did not have a material impact on the net assets, financial position and results of operations of the Group.

E. Principles of Consolidation

itelligence AG and all the subsidiaries under the company's legal and substantive control are included in the company's consolidated financial statements.

The effects of intragroup transactions were eliminated. Receivables and liabilities between the consolidated companies were offset against each other, intercompany profits and losses in non-current assets and inventories were eliminated and intragroup income was netted against the corresponding expenses. In accordance with IAS 12, deferred taxes were recognized on the temporary differences from consolidation as required.

Where subsidiaries were consolidated for the first time, the costs of acquisition were offset against the Group's share of the remeasured equity of the respective company. Any remaining excess of cost over the net assets acquired, provided that this cannot be assigned to any separable assets, liabilities or contingent liabilities, is recognized as goodwill and tested for impairment in accordance with IAS 36 at least once a year, or more frequently if there are indications of impairment.

Investments in companies in which the company holds shares of between 20% and 50% are consolidated using the equity method if the company exerts significant influence. The acquisition costs of investments are increased or reduced annually by the changes in equity of the associate attributable to the Group.

Investments in companies in which the company holds less than 20% of the shares are accounted for using the cost method, providing the company does not exert any significant influence.

F. Currency Translation

The annual financial statements of the Group companies outside the euro zone were translated into euro on the basis of the functional currency concept set out in IAS 21. As the subsidiaries perform transactions independently from a financial, economic and organizational perspective, the functional currency is generally identical to the respective national currency.

Assets and liabilities are recognized at the closing rate on the reporting date, while income statement items are carried at the average rates for the year. In accordance with IAS 21.40, simplified translation of income statement items at the average rate for the year is permitted if there are no significant fluctuations in exchange rates. Equity was translated at historical rates.

The difference arising from the translation of the income statement at average rates and the balance sheets at closing rates is reported directly in other comprehensive income. The currency difference arising from the translation of equity at historical rates is also netted against other comprehensive income.

Monetary items denominated in foreign currencies are translated at the closing rate. Translation differences are recognized in profit or loss in the period in which they arise.

The key currencies used in the consolidated financial statements developed as follows in relation to the euro:

	Currency	Average rate		Exchange rate on the reporting date	
	1 EUR =	2010	2009	Dec 31, 2010	Dec 31, 2009
USA	USD	1.3243	1.3833	1.3362	1.4406
Switzerland	CHF	1.3795	1.5031	1.2504	1.4836
UK	GBP	0.8576	0.8868	0.8608	0.8881
Hungary	HUF	275.22	278.95	277.95	270.42
Poland	PLN	3.9937	4.3060	3.975	4.1045
Czech Republic	CZK	25.2831	26.332	25.061	26.473

G. Accounting Policies

The financial statements of itelligence AG and its subsidiaries within and outside Germany were prepared using uniform accounting policies in accordance with IAS 27.

Use of judgment and main sources of estimation uncertainties

The preparation of the consolidated financial statements requires estimates and assumptions by the Management Board that affect the reported amounts of assets, liabilities, income and expenses in the consolidated financial statements and the reporting of other financial obligations and contingent liabilities. Any uncertainty is adequately taken into account in the calculation of values. However, actual results can differ from these estimates. All estimates and assumptions are made to the best of knowledge and belief to present a true and fair view of the net assets, financial position and results of operations of the Group.

The main forward-looking assumptions and other key sources of uncertainty in estimates on the reporting date on account of which there is a significant risk that a material adjustment in the carrying amounts of assets and liabilities will be required within the next fiscal year are presented below.

Determining the value in use in the impairment test for goodwill (note 11), other intangible assets (note 11) and property, plant and equipment (note 12) requires estimates of the future cash flows of the asset or cash-generating unit and the choice of an appropriate discounting rate to calculate the present value of these cash flows. Long-term earnings forecasts based on general economic conditions and industry developments must be made to estimate future cash flows.

Key judgments are required to measure the deferred tax assets and liabilities of the Group (note 14). In particular, deferred tax assets on tax loss carryforwards require estimates of the amount and timing of future taxable income and future tax planning strategies. If there are any doubts that it will not be possible to utilize loss carryforwards, they are not recognized or written down.

Write-downs are recognized for doubtful trade receivables (note 16) to take into account expected losses arising from the possible insolvency of customers. The appropriateness of write-downs on dubious receivables is assessed on the basis of the maturity structure of net receivables, past experience of the derecognition of receivables, the assessment of the customer's credit standing and changes in payment conduct.

Furthermore, trade receivables include work on projects not yet invoiced recognized using the percentage of completion method. The percentage of completion of these projects is calculated as the number of hours worked to date compared with the estimated total hours (input-based calculation).

Pension obligations (note 25) are measured based on assumptions of the future development of certain factors. These factors include actuarial assumptions such as the discounting rate, forecast increases in the value of plan assets, forecast salary and pension increases, mortality rates and the earliest possible retirement age. In line with the long-term nature of such plans, these estimates are subject to significant uncertainty.

Income and expense recognition

Revenues and other operating income are recognized when the services are rendered or the risks are transferred to the customer.

Revenues from service and support contracts and outsourcing contracts are distributed evenly over the period that performance is rendered.

Revenues from the sale of licenses are considered to be realized after delivery of the software and once the software has been installed at the customer or the customer has been provided with the installation code and receipt of payment is likely.

Consulting revenues are directly related to services from implementation and installation, which are performed on the basis of separate service contracts. Consulting and training revenues are recognized when the corresponding service is rendered.

In accordance with IAS 18 in conjunction with IAS 11, income from the performance of longer-term construction contracts production and services is recognized in accordance with the percentage of completion method. The percentage of completion is determined on the basis of the billable hours worked in relation to the estimated total number of hours for the respective contract. The application of this percentage ratio to the total contract revenue results in the income to be recognized as of the reporting date.

Operating expenses are recognized when the service is used or the costs are incurred. Interest income and expenses are recognized in the periods to which they are attributable. Dividends are recognized when a legal claim arises. Dividends paid are deducted directly from the unappropriated surplus.

Earnings per share

Earnings per share are calculated in accordance with IAS 33 by dividing the earnings attributable to the holders of ordinary shares by the weighted average number of ordinary shares outstanding during the period.

Intangible assets

Acquired and internally generated intangible assets are recognized in accordance with IAS 38 if it is likely that the use of the asset will give rise to a future economic benefit and the cost of the asset can be reliably determined.

Acquired intangible assets essentially comprise concessions, licenses and standard software and are carried at cost. They are amortized on a straight-line basis over their expected useful lives, generally three to five years. As the cost of sales method is used, they are reported under cost of sales, marketing and selling expenses and administrative costs.

Internally generated intangible assets are not capitalized as they do not meet the requirements of IAS 38. Development costs in connection with the resulting industry solutions of itelligence AG do not satisfy the main criterion of control over the intangible asset. itelligence's industry solutions are not products but default parameters in the SAP system offering additional functions for specific industries. SAP software forms the basis of the solution, which would be unusable if the SAP software did not exist.

Borrowing costs are capitalized in line with IAS 23.

The excess of costs incurred in a company acquisition over the interest acquired in the fair values of the identifiable assets and liabilities at the purchase date is referred to as goodwill and is carried as an intangible asset. In line with the new regulation of IFRS 3 (2008), minority interests for business combinations are measured at fair value from January 1, 2010 (full goodwill method). Acquisition-related costs must be expensed as incurred.

In accordance with IAS 36, goodwill is tested for impairment once a year or more frequently if there are indications of impairment. For measurement purposes, goodwill is allocated to internal cash-generating units (CGUs). A CGU is defined as the smallest identifiable group of assets that generate cash inflows from continuing use that are largely independent of those arising from other assets or other groups of assets. The Company has identified the following CGUs: US, Germany/Austria, Western Europe, Eastern Europe, Asia and Other.

Impairment losses are recognized when the carrying amount of a CGU exceeds the recoverable amount. The recoverable amount is the higher of fair value less cost to sell and value in use. The value in use is the present value of the estimated future cash flows that are expected from continuing use and disposal at the end of the useful life. The company determines the value in use of CGUs using a discounted cash flow (DCF) procedure as defined by IAS 36.

Property, plant and equipment

In accordance with IAS 16, property, plant and equipment used in operations for longer than one year is carried at cost less straight-line depreciation. Borrowing costs are carried in line with IAS 23. The useful lives applied correspond to the expected economic useful lives within the Group. The following table shows the useful lives applied:

Buildings	15–40 years
IT hardware and customer systems	
Workstations, PCs, etc.	3 years
Mainframe computers and routers	5 years
Data processing systems	5 years
Network technology	10 years
Leasehold improvements	8–15 years
Operating and office equipment	8–10 years
Technical equipment and machinery	7–10 years

In the event that the carrying amount exceeds the expected recoverable amount, this amount is written down in accordance with IAS 36 and recognized in income.

When property, plant and equipment is sold or derecognized, the related acquisition costs and associated accumulated depreciation are removed from the respective accounts. Gains or losses from the disposal of non-current assets are reported in other operating income or other operating expenses. Servicing or maintenance expenses are recognized in the income statement.

Leases

In the case of leases in which the Group is the lessee, the lessee is considered to be the beneficial owner of the leased assets in accordance with IAS 17 if it bears substantially all the risks and rewards of ownership (finance lease). At the inception of the lease, the company recognizes such leases as assets and liabilities in its balance sheet at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. The depreciation methods and useful lives of the recognized assets are the same as those for similar purchased assets. The corresponding lease obligations are reported in other liabilities. The interest element of the lease payments is recognized in profit or loss over the term of the lease period.

In leases in which the beneficial owner is the lessor (operating leases), the leased assets are accounted for by the lessor. The lease expenses incurred are expensed in full. The total lease payments during the non-cancelable basic term are reported under other financial obligations.

Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

The term "financial instruments" includes cash and cash equivalents, trade receivables and payables, other assets and liabilities, financial liabilities, equity and derivative financial instruments. The individual accounting methods in accordance with IAS 39 in conjunction with IAS 32 are discussed under the respective item.

In accordance with IAS 39, financial assets are classified as follows:

- Held-to-maturity investments
- Financial assets or financial liabilities held for trading
- Loans and receivables originated by the company
- Available-for-sale financial assets

Financial assets with fixed or determinable payments and fixed terms that the company intends and is permitted to hold to maturity – other than loans and receivables originated by the company – are classified as held-to-maturity investments. Financial assets that were primarily acquired to generate a profit from short-term price fluctuations are classified as held for trading.

All other financial assets – other than loans and receivables originated by the company – are classified as available for sale.

Financial assets recognized for the first time are carried at cost. This corresponds to the fair value of the consideration paid for them, including transaction costs. Available-for-sale and held-for-trading assets are subsequently measured at fair value less any transaction costs incurred, including the disclosure of their quoted market price at the reporting date.

Trade receivables are disclosed net of bad debt allowances. Write-downs are recognized in a separate account if there are objective indications of possible impairment. Allowances based on portfolios are also recognized for certain classes of receivable based on past experience and taking into account the age of the receivables. Customer receivables from service contracts for consulting projects not yet concluded as of the reporting date are measured using the percentage of completion method and reported as receivables from unbilled services under trade receivables.

Gains and losses from the measurement of available-for-sale assets at fair value are recognized directly in other comprehensive income until the respective asset is sold, redeemed or otherwise disposed of. Alternatively, they may be recognized until the impairment of the financial asset is established, with the result that a cumulative gain or loss previously recognized in equity is included in the net profit or loss for the period.

Changes in the fair value of financial assets held for trading are recognized in net finance costs/net financial income. Held-to-maturity investments are measured at amortized cost using the effective interest method.

Financial instruments are classified as either debt or equity on first-time recognition in accordance with the substance of the arrangement. Financial instruments are derecognized in accordance with IAS 39.15 ff.

If rights and obligations relating to the manner of settlement of a financial instrument depend on the occurrence or non-occurrence of future events or the outcome of uncertain circumstances that are beyond the control of both the issuer and the holder, the financial instrument is classified as a liability. If it is unlikely at the time of issue that the issuer will have an obligation to settle in cash or other financial assets the financial instrument is equity.

Trade payables are carried at their nominal or repayment amount.

In accordance with IAS 39, all derivative financial instruments are carried at fair value at the reporting date, irrespective of the purpose or intention for which they were concluded.

If the financial instruments used are effective cash flow hedges within a hedging relationship in accordance with the provisions of IAS 39, fluctuations in fair value are not recognized in profit or loss for the period during the term of the derivative.

If the financial instruments used do not qualify as effective hedges in accordance with IAS 39, all fair value fluctuations are recognized directly in profit or loss.

The Group's hedging policy only entails the conclusion of effective derivatives in order to hedge interest and exchange risks. itelligence had no hedges at the reporting date.

itelligence has a central finance management system for global liquidity management, the overriding aim of which is to ensure minimum liquidity for the Group. To this end, the itelligence companies participate in central cash management. Cash and cash equivalents are monitored throughout the Group and investments are made in accordance with uniform principles. Long-term investments are always financed on a long-term basis in order to further increase itelligence's liquidity reserves for operations.

Under IFRS 7, financial instruments reported at fair value are classified in line with the following three-stage measurement hierarchy:

Level I: financial instruments with a fair value calculated on the basis of quoted prices for identical financial instruments on active markets.

Level II: financial instruments for which there are no quoted prices for identical financial instruments on active markets and whose fair value is calculated using measurement methods. These measurement methods include comparisons with quoted prices for similar financial instruments on active markets, comparisons with listed prices for identical or similar financial instruments on inactive markets and the use of measurement models in which all material input data – if possible – is based on observable market data.

Level III: Financial instruments measured using measurement methods for which there is insufficient observable market data for input values and for which these input values have a not insignificant effect on fair value. These measurements are naturally more subject to management estimates. The estimates and assumptions used are based on past data and other factors, such as projections and expectations or forecasts of future events that seem appropriate under the circumstances. The possible fair values that can be calculated at a later date may differ from the estimated fair values.

Inventories

Inventories primarily consist of merchandise (software licenses held for sale) and are measured individually at cost in accordance with IAS 2.

If the cost of inventories exceeds the amount of the realizable selling prices less the costs incurred until their sale, the lower net realizable value is recognized.

Trade receivables

Receivables from unbilled services are estimated when determining project progress. The main factor is the percentage of completion, which is calculated as the number of hours worked to date compared with the estimated total hours (input-oriented calculation). The quotient of these two factors gives the share of project income to be recognized at the reporting date. The estimate of the total number of hours to be worked is based on the company's past experience and the many years of experience of the employees concerned, as well as a specific assessment of the respective project. If the cumulative services exceed the advance payments made, the difference is recognized as an asset; if the opposite is true, the difference is recognized as a liability. Provisions are recognized for expected losses from orders.

Other assets

Other assets are carried at their nominal amount or at cost. Non-interest-bearing or low-interest-bearing receivables due in more than one year are discounted.

Cash and cash equivalents

Cash and cash equivalents consist of cash in hand and bank balances with a term of less than three months. Foreign-currency items are measured at the closing rate on the reporting date.

Minority interests

Minority interests include the share of the fair values of identifiable assets and liabilities attributable to minority interests on acquisition of the respective subsidiary. The share of losses attributable to minority interests in a consolidated company may exceed the share of equity attributable to the minority.

In line with the new regulations of IFRS 3 (2008), minority interests in goodwill are capitalized on first-time consolidation and reported under minority interests. When measured, it is assumed that the purchase price paid for the majority interests is equal to the pro rata fair value. The fair value of minority interests is extrapolated on this basis.

Minority interests are reported as a component of equity on the face of the consolidated balance sheet separately from the equity of the parent company.

Provisions for pensions and other employee benefits

Pension provisions are measured using the projected unit credit method prescribed by IAS 19 for defined benefit plans. Pension obligations relate to defined benefit commitments to Management Board members. These include retirement, invalidity and surviving dependants' pensions.

Actuarial gains and losses are recognized as income or expense as soon as they exceed the corridor defined in IAS 19.92. Any excess is distributed over the expected average remaining working life of the participants in the plan.

Actuarial opinions were obtained for pension obligations.

The provision for partial retirement contained in pension provisions is measured in accordance with IAS 19. Under the German Partial Retirement Act, there is the option to agree partial retirement arrangements with employees over the age of 55 with financial subsidization by the Federal Ministry for Labor and Social Affairs for a maximum of five years. The so-called block model and the part-time model were agreed in individual agreements with itelligence AG employees. Under the block model, the employee continues to work as usual in the first phase of the partial retirement period (employment or working phase) and is fully exempt from work requirements in the second phase (exemption phase). The part-time model (also known as the continuous model) can be freely designed and allows, for example, working half-days or only certain days of the week or even alternating weeks over the full partial retirement period. No potential cases were recognized.

Provisions for partial retirement obligations are only recognized for the block model. The present value of the top-up amounts is recognized as a provision in full on conclusion of the individual agreement and reversed over the full partial retirement period. The outstanding settlement amount is added in installments over the period of the working phase.

Government grants

Government grants relate to grants for assets in accordance with section 2 of the Investitionszulagengesetz (InvZulG – German Investment Subsidy Act) and taxable subsidies under the “Improving the regional economic structure” communal project. In accordance with IAS 20, such grants are only recognized if there are reasonable assurances that the related conditions will be fulfilled and the grants will be received. They are recognized as income in the period in which the expenses that are partially offset by the grants are incurred. Subsidies are recognized separately on the equity and liabilities side of the balance sheet under non-current liabilities and taken to profit and loss on a straight-line basis over the useful life of the assets subsidized. Subsidies not yet received are carried on the assets side of the balance sheet under other current assets until the cash inflow occurs.

Other provisions

Other provisions are recognized in accordance with IAS 37 if the company has a present legal or constructive obligation to a third party as a result of a past event which is likely to lead to an outflow of assets in future and this asset burden can be reliably estimated.

Non-current provisions with a residual term of more than one year are carried at the discounted settlement amount on the reporting date.

Other liabilities

Liabilities are carried at their nominal or repayment amount.

Prepaid expenses and deferred income

Prepaid expenses comprise expenses recognized prior to the reporting date that constitute expenses for a specific period after this date.

Deferred income comprises income recognized prior to the reporting date that constitutes income for a specific period after this date.

Deferred taxes

Total income tax expense is based on income for the year and includes deferred taxes. Tax provisions include future tax payments for past taxation periods. In accordance with IAS 12, deferred taxes are calculated using the balance sheet liability method. Deferred taxes reflect the net tax effect of temporary differences between the carrying amount of an asset or a liability in the consolidated accounts and the tax base. Deferred tax assets and liabilities are measured using the tax rates that are expected to apply for the periods in which an asset is recovered or a liability is settled.

Deferred tax assets and liabilities are recognized irrespective of the date on which the temporary accounting differences are likely to reverse. Deferred tax assets and liabilities are not discounted and are reported in the balance sheet as non-current assets and liabilities.

Deferred tax assets are recognized for all deductible temporary differences and losses carried forward to the extent that it is likely that taxable income will be available against which the temporary difference or losses carried forward can be utilized. At each reporting date, the company reassesses unrecognized deferred tax assets and the carrying amount of deferred tax assets. Previously unrecognized deferred tax assets are recognized to the extent that it has become probable that future taxable income will allow the deferred tax asset to be recovered. Conversely, the carrying amount of a deferred tax asset is reduced to the extent that it is no longer probable that sufficient taxable income will be available to allow the benefit of the deferred tax asset to be utilized, either in part or in full.

Segments

For the purposes of segment reporting, itelligence's activities are broken down in accordance with the provisions of IFRS 8 by geographic region and by division.

The risks and rewards of itelligence are primarily determined by its activities in the different countries and geographical regions. Rates of return are also significantly influenced by the situation in the respective country. Management in the Group companies is structured on a regional basis. The foreign subsidiaries are run by the local general managers and the markets are developed by the respective local employees. The locations of the Group's customers correspond to those of the resources. Accordingly, internal financial reporting to the management and supervisory bodies is performed on a regional basis.

The geographical regions are the US, Germany/Austria, Western Europe, Eastern Europe, Asia and Other.

The divisions are:

- Consulting (SAP consulting in connection with implementation and training as well as technical consulting)
- Licenses (SAP licensing)
- Outsourcing & Services (hosting and servicing for SAP software)

Cash flow statement

The cash flow statement shows how itelligence's cash position has changed during the year under review as a result of cash inflows and outflows. The effects of acquisitions/divestments and other changes in the consolidated group are eliminated. Where subsidiaries have been consolidated for the first time, only the actual cash flows are shown in the cash flow statement. The cash inflow/outflow from the purchase or sale of companies, i.e. the purchase price less/plus the funds acquired/disposed of by the company, is recognized as net cash used in/from investing activities. In accordance with IAS 7, a distinction is made between cash flows from operating activities, investing activities and financing activities.

The cash and cash equivalents disclosed consist of cash in hand, checks, bank balances and current financial instruments.

Contingent liabilities and contingent assets

Contingent liabilities are not recognized in the financial statements. They are disclosed in the notes unless the possibility of an outflow of resources embodying economic benefits is extremely remote.

Contingent assets are not recognized in the financial statements. However, they are disclosed in the notes if an inflow of economic benefits is probable.

Events after the reporting date

Events after the reporting date which provide new information and affect the financial position of the Group at the reporting date are taken into account in the consolidated financial statements. Events after the balance sheet date which are not required to be included in the consolidated financial statements at the reporting date are presented in the notes and in the management report if they are significant.

H. Income Statement Disclosures

1 / Revenues

Revenues can be broken down by region and business area as follows:

	2010 KEUR	2009 KEUR
Germany/Austria	122,949	113,839
US	66,895	50,206
Western Europe	57,508	36,695
Eastern Europe	19,164	15,945
Asia	2,289	85
Other	3,353	3,237
	272,158	**220,007**

	2010 KEUR	2009 KEUR
Consulting	142,567	115,320
Licenses	33,844	28,515
Outsourcing & Services	95,292	75,781
Other	455	391
	272,158	**220,007**

Consulting revenues are composed of consulting and training revenues. Consulting revenues primarily include implementation support relating to the installation and configuration of SAP software products. Training revenues include training workshops for customers on how to use SAP software products and related topics. Licenses revenues result from license fees generated from the sale of SAP software products to customers. Revenues in Outsourcing & Services include revenues from customer support and from IT hosting for SAP server system environments.

Revenues in the amount of KEUR 3,567 were recognized in accordance with the percentage of completion method. Costs of KEUR 2,696 were incurred for these unbilled services. All in all, a margin of KEUR 871 was generated.

No revenues of more than 10% were generated with any single customer in fiscal years 2010 and 2009.

2 / Cost of sales

The cost of sales consists of the direct costs and overheads directly allocable to orders.

The cost of sales comprises the following expenses:

	2010 KEUR	2009 KEUR
Purchased merchandise and services	73,058	59,441
Staff costs	101,797	83,150
Depreciation and amortization	6,832	6,416
Other expenses	24,034	19,567
	205,721	**168,574**

3 / Marketing and distribution expenses

Marketing and distribution expenses contain the staff and non-staff operating expenses, depreciation and amortization expense and advertising costs attributable to marketing and distribution.

Marketing and distribution expenses can be broken down as follows:

	2010 KEUR	2009 KEUR
Staff costs	17,737	13,488
Depreciation and amortization	158	110
Other expenses	7,844	6,262
	25,739	**19,860**

4 / Administrative expenses

Administrative expenses contain the staff and non-staff operating costs and depreciation and amortization expense attributable to administrative activities.

Administrative expenses can be broken down as follows:

	2010 KEUR	2009 KEUR
Staff costs	16,412	10,573
Depreciation and amortization	830	399
Other expenses	7,240	9,003
	24,482	**19,975**

5 / Other operating income

	2010 KEUR	2009 KEUR
Income from investment grants and subsidies	984	1,038
Government grants for partial retirement	0	111
Recoveries on loans previously written off	0	464
Income from asset disposals	9	18
Income from exchange differences	835	650
	1,828	**2,281**

6 / Other operating expenses

	2010 KEUR	2009 KEUR
Bad debt allowances on receivables	440	996
Acquisition costs in accordance with IFRS 3 (rev. 2008)	1,258	0
Cost of asset disposals	15	6
Expenses from exchange rate differences and consolidation	791	472
	2,504	**1,474**

7 / Measurement of derivatives and exercise of options

	2010 KEUR	2009 KEUR
Income from the measurement of options	1,938	0
Income from the exercise of options	44	0
Expenses from the measurement of options	-141	0
Income from derivatives	160	0
Expenses from derivatives	-509	0
	1,492	**0**

The income of KEUR 1,938 includes measurement corrections of other liabilities as of fiscal-end for the put and call options in connection with the acquisitions performed. The put and call options can be exercised on the basis of future EBIT developments at fair value. Some revenue and earnings targets for fiscal 2010 were not met by the acquired companies, which led to an adjustment of the respective planning for subsequent years as part of the regular planning process in October/November 2010. The revision of fair value on the basis of adjusted planning as of December 31, 2010 resulted in measurement changes for the recognized discounted liabilities. Expenses for exceeding planning of KEUR 141 were incurred in this context.

Exercising the put and call option for SAPCON a. s. at 5% generated income of KEUR 44.

Currency forwards were concluded to hedge exchange rate fluctuations for balance sheet items in fiscal 2010, resulting in income of KEUR 160. Expenses of KEUR 61 were incurred. Furthermore, an expense of KEUR 448 was incurred in connection with the measurement of an embedded derivative as of the end of the year.

8 / Finance income/expenses

	2010 KEUR	2009 KEUR
Interest income	254	571
Interest expenses	-1,419	-760
	-1,165	**-189**

Interest income contains interest received from bank balances and short-term fixed deposits.

9 / Income tax expenses

Tax expenses are composed as follows:

	2010 KEUR	2009 KEUR
Current taxes:		
Income taxes within Germany	-3,651	-2,299
Income taxes outside Germany	-1,124	-1,331
	-4,775	**-3,630**
Deferred taxes:		
Germany	689	-692
Abroad	-1,151	-229
	-462	**-921**
Total tax expenses	**-5,237**	**-4,551**

Current taxes are calculated on the basis of current tax rates. A combined tax rate of 30.51% (previous year: 30.48%) was applied in Germany, taking into account a corporate income tax rate of 15% plus a solidarity surcharge of 5.50% and trade tax of 14.69%. The minor change in the combined tax rate is due to the increase in the average corporate income tax rate. Current taxes include prior-period income taxes in the amount of KEUR 766 (previous year: KEUR 0).

Deferred taxes are calculated on the basis of the tax rates that apply or are expected to apply at the time of recognition in accordance with current legislation in the individual countries. A tax rate of 30.51% (previous year: 30.48%) was assumed for Germany and a rate of 16.5% to 37% (previous year: 16.5% to 40%) for other countries.

The following table contains a reconciliation of expected and reported tax expense. Applying the income tax rates applicable in Germany to consolidated earnings before income taxes would have resulted in the following tax expenses:

	2010 KEUR	2009 KEUR
Earnings before income taxes	**15,246**	**11,704**
Expected income taxes (30.51%; previous year: 30.48%)	-4,651	-3,567
Tax loss carryforwards not utilized and written down	-539	-602
Utilization of unrecognized loss carryforwards	594	53
Difference to foreign tax rates and change in tax rates	-144	-22
Differences due to non-tax-deductible expenses	-43	-387
Back-payment of taxes for previous years	-766	0
Other differences	312	-26
Reported income tax expense	**-5,237**	**-4,551**

10 / Earnings per share

Basic earnings

		2010	2009
Net profit for the period after minority interests	KEUR	9,629	6,907
Weighted average number of ordinary shares		24,557,595	24,378,348
Earnings per share, basic	EUR	**0.39**	0.28

Diluted earnings

The potential ordinary shares from the issue of convertible bonds are included in the calculation of diluted earnings per share if they have a dilutive effect as defined by IAS 33. Until the end of the convertible bond on November 29, 2009 no convertible bonds have been outstanding. Thus, there in no longer a dilutive effect for fiscal 2010.

		2010	2009
Net profit for the period after minority interests	KEUR	9,629	6,907
Adjustments for interest paid on potential ordinary shares – net of tax effects	KEUR	0	14
Adjusted net profit for the period	KEUR	**9,629**	**6,921**
Weighted average number of ordinary shares	Stück	24,557,595	24,378,348
Weighted average number of potential ordinary shares	Stück	0	216,879
Weighted average number of ordinary shares and potential ordinary shares	Stück	**24,557,595**	**24,595,227**
Earnings per share, diluted	EUR	**0.39**	**0.28**

I. Balance Sheet Disclosures

11 / Intangible assets

Development of intangible assets as of December 31, 2010:

Cost	IT-Software KEUR	Orders on hand KEUR	Goodwill KEUR	Intangible assets KEUR
Jan. 1, 2010	**4,902**	**337**	**26,135**	**31,374**
Exchange differences	76	-50	210	236
Additions	1,508	0	22	1,530
Additions due to business combinations	136	1,488	18,021	19,645
Reclassifications	49	0	0	49
Disposals	-150	0	0	-150
Dec. 31, 2010	**6,521**	**1,775**	**44,388**	**52,684**

Cumulative amortization	IT-Software KEUR	Orders on hand KEUR	Goodwill KEUR	Intangible assets KEUR
Jan. 1, 2010	**-3,608**	**-121**	**-7,718**	**-11,447**
Exchange differences	-49	0	-135	-184
Additions	-897	-639	0	-1,536
Reclassifications	-49	0	0	-49
Disposals	96	0	0	96
Dec. 31, 2010	**-4,507**	**-760**	**-7,853**	**-13,120**
Carrying amounts at Dec. 31, 2010	**2,014**	**1,015**	**36,535**	**39,564**

Development of intangible assets as of December 31, 2009:

Cost	IT-Software KEUR	Orders on hand KEUR	Goodwill KEUR	Intangible assets KEUR
Jan. 1, 2009	**4,360**	**0**	**21,896**	**26,256**
Exchange differences	-3	0	-161	-164
Additions	596	337	4,400	5,333
Disposals	-51	0	0	-51
Dec. 31, 2009	**4,902**	**337**	**26,135**	**31,374**

Cumulative amortization	IT-Software KEUR	Orders on hand KEUR	Goodwill KEUR	Intangible assets KEUR
Jan. 1, 2009	**-2,987**	**0**	**-7,746**	**-10,733**
Exchange differences	2	0	28	30
Additions	-671	-121	0	-792
Disposals	48	0	0	48
Dec. 31, 2009	**-3,608**	**-121**	**-7,718**	**-11,447**
Carrying amounts at Dec. 31, 2009	**1,294**	**216**	**18,417**	**19,927**

Additions to cost for IT software include internally generated intangible assets in connection with an SAP system changeover of KEUR 185, the cumulative amortization on which amounts to KEUR 18 (carrying amount as of December 31, 2010: KEUR 167). The average amortization period for IT software is three to five years. Amortization on intangible assets is included in cost of sales, marketing and distribution expenses and administrative costs.

The itelligence Group recognizes and measures the orders on hand of its acquired subsidiaries in first-time consolidation. Orders on hand are measured in the amount of forecast earnings on the basis of full costs. Orders on hand are amortized according to the contract terms. The utilization of orders on hand is shown separately in the income statements as amortization. In fiscal 2010, orders on hand increased by a total of KEUR 1,488 as a result of company acquisitions. KEUR 639 of these were processed in the fiscal year.

Goodwill reflects the positive differences between the cost of subsidiaries and their assets and liabilities measured at fair value. Minority interests in goodwill were also capitalized in line with the new regulations of IFRS 3 (2008). As a result of its acquisitions, the Group received goodwill of KEUR 18,021 in fiscal 2010. Subsequent acquisition-related costs for the subsidiary acquired in the previous year resulted in additions of KEUR 22.

itelligence constantly examines the changes in the value of its investment portfolio using the DCF method. The cash flows used in DCF measurement are based on current business plans and internal planning, assuming a planning horizon of five years. Assumptions are made about future changes in revenues and costs. Future investments in the company's operating activities are assumed on the basis of past experience and past income patterns are projected into the future. If the actual figures differ from the significant assumptions made, this could lead to the recognition of impairment losses in future. The terminal growth rate of 1% (previous year: 1%) does not exceed the long-term growth rates of the industry in which the cash-generating units operate. Average capital costs of 10.14% (previous year: 10.13%) were used to discount cash flows for the US CGU, 9.43% (previous year: 9.42%) for the Germany/Austria CGU, 9.68% for the Western Europe CGU and 14.68% (previous year: 16.32%) for the Eastern Europe CGU.

As in previous years, impairment testing for 2010 was performed as of June 30. Also as in the previous year, no impairment was identified for the goodwill recognized by itelligence. Furthermore, additional sensitivity analyses performed as of the end of the reporting period, in which individual parameters were changed within a realistic range, did not result in any indications of impairment of goodwill.

On the basis of internal planning, a recoverable value in use higher than the carrying amount was estimated for the Eastern Europe CGU. If planning were reduced by around 30%, the value in use would be equal to the carrying amount. However, if planning for future cash flows for the Eastern Europe CGU really is 40% higher than the actual result, this would result in impairment requirements of around MEUR 1.3. Any further deviation of 10% would correspond to additional write-down requirements of around MEUR 1.5, until the carrying amount of the goodwill assigned to the Eastern Europe CGU of KEUR 3,885 is written down in full.

	US	Germany/ Austria	Western Europe	Eastern Europe	Asia	Total
	KEUR	KEUR	KEUR	KEUR	KEUR	KEUR
Balance sheet as of Dec. 31, 2008	**8,820**	**2,539**	**0**	**2,791**	**0**	**14,150**
Additions	0	0	3,785	615	0	4,400
Exchange rate differences	-133	0	0	0	0	-133
Balance sheet as of Dec. 31, 2009	**8,687**	**2,539**	**3,785**	**3,406**	**0**	**18,417**
Additions	3,918	0	13,658	467	0	18,043
Exchange rate differences	625	0	-562	12	0	75
Balance sheet as of Dec. 31, 2010	**13,230**	**2,539**	**16,881**	**3,885**	**0**	**36,535**

12 / Property, plant and equipment

Development of property, plant and equipment as of December 31, 2010:

Cost	Land, buildings and leasehold improvements KEUR	Assets under development KEUR	IT hardware KEUR	Operating and office equipment KEUR	Property, plant and equipment KEUR
1. Januar 2010	**9,220**	**4,741**	**29,118**	**6,985**	**50,064**
Exchange differences	129	0	581	187	897
Additions	4,503	373	6,282	1,523	12,681
Additions due to business combinations	0	0	128	83	211
Reclassifications	4,712	-4,712	85	-134	-49
Disposals	-12	0	-679	-371	-1,062
Dec. 31, 2010	**18,552**	**402**	**35,515**	**8,273**	**62,742**

Cumulative depreciation	Land, buildings and leasehold improvements KEUR	Assets under development KEUR	IT hardware KEUR	Operating and office equipment KEUR	Property, plant and equipment KEUR
Jan. 1, 2010	**-2,911**	**0**	**-19,093**	**-4,874**	**-26,878**
Exchange differences	-46	0	-360	-114	-520
Additions	-846	0	-5,185	-910	-6,941
Reclassifications	0	0	-61	110	49
Disposals	-2	0	447	326	771
Dec. 31, 2010	**-3,805**	**0**	**-24,252**	**-5,462**	**-33,519**
Carrying amounts at Dec. 31, 2010	**14,747**	**402**	**11,263**	**2,811**	**29,223**

Development of property, plant and equipment as of December 31, 2009:

Cost	Land, buildings and leasehold improvements KEUR	Assets under development KEUR	IT hardware KEUR	Operating and office equipment KEUR	Property, plant and equipment KEUR
Jan. 1, 2009	**8,873**	**139**	**26,792**	**6,460**	**42,264**
Exchange differences	32	0	-51	18	-1
Additions	315	4,602	3,650	1,025	9,592
Disposals	0	0	-1,273	-518	-1,791
Dec. 31, 2009	**9,220**	**4,741**	**29,118**	**6,985**	**50,064**

Cumulative depreciation	Land, buildings and leasehold improvements KEUR	Assets under development KEUR	IT hardware KEUR	Operating and office equipment KEUR	Property, plant and equipment KEUR
Jan. 1, 2009	**-2,352**	**0**	**-15,244**	**-4,478**	**-22,074**
Exchange differences	-9	0	23	-11	3
Additions	-550	0	-4,799	-885	-6,234
Disposals	0	0	927	500	1,427
Dec. 31, 2009	**-2,911**	**0**	**-19,093**	**-4,874**	**-26,878**

Carrying amounts at Dec. 31, 2009	**6,309**	**4,741**	**10,025**	**2,111**	**23,186**

The additions to cost for assets under development include capitalized interest of KEUR 112 in the current year and of KEUR 67 in the previous year (interest rate: 3.596%).

The statement of changes in non-current assets is attached to these notes as an annex.

13 / Financial assets

	Dec 31, 2010 KEUR	Dec 31, 2009 KEUR
Investments	145	15

Investments include the shares in BfL (< 1%), ROC ICT Services B.V., Etten-Leur/Netherlands and the newly acquired shares in TBV ProVital Lemgo (3.52%), which are measured at cost.

14 / Deferred tax assets and deferred tax liabilities

Deferred taxes are composed as follows:

	Dec 31, 2010 KEUR	Dec 31, 2009 KEUR
Deferred tax assets::		
Receivables	12	199
Loss carryforwards	1,226	1,052
Other provisions and liabilities	968	1,019
Depreciation and amortization	735	108
Netted against deferred tax liabilities	-1,038	-525
	1,903	**1,853**
Deferred tax liabilities:		
Adjustment for percentage of completion method	1,177	1,491
Receivables	319	192
Provisions and liabilities	319	424
General warranty provision	151	134
Depreciation and amortization	3,187	1,887
Netted against deferred tax assets	-1,038	-525
	4,115	**3,603**

Deferred tax assets are netted against deferred tax liabilities if they relate to income taxes, the same tax authorities and the Group is entitled to offset current tax assets with current tax liabilities.

When reporting deferred tax assets and liabilities in the consolidated balance sheet, no distinction is made between current and non-current items.

The recoverability of deferred tax assets is determined by management on the basis of an assessment of whether it is likely that a deferred tax asset can be realized in future. This ultimately depends on whether sufficient taxable income will be generated in the periods in which the respective temporary differences reverse. Based on past levels of taxable income and future planning, the company's management expects the recognized deferred tax assets to be recoverable.

The deferred tax assets recognized in 2010 relate to loss carryforwards of KEUR 4,291 (previous year: KEUR 3,680) that were measured at the future tax rate. A tax rate of 30.51% (previous year: 30.48%) was assumed for Germany and a rate of 16.5% to 30% (previous year: 20% to 34%) for other countries. The tax loss carryforwards are expected to be utilized over a period of three years.

Irrespective of the probability of expected use, additional potential tax loss carryforwards are available for utilization in the amount of KEUR 3,401. As the possibility of realizing this potential over the next few years is not considered to be sufficiently certain at present, these potential tax savings are not currently recognized as assets. Recoverability is assessed on the basis of past levels of taxable income and future planning. The additional utilization potential (tax loss carryforwards measured at the relevant tax rate) primarily originates from the following countries:

	TEUR	Forfeitability
Germany	1,047	Non-forfeitable
Spain	829	After 15 years
UK	439	Non-forfeitable
Austria	808	Non-forfeitable
Netherlands	180	After 9 years
Other	98	
	3,401	

15 / Other non-current assets

	Dec 31, 2010	Dec 31, 2009
	KEUR	KEUR
Non-current deposits	1,697	1,536
Other assets with a residual term of more than 1 year	85	163
Trade receivables with a residual term of more than 1 year	402	1,306
	2,184	**3,005**
of which deposited for bank guarantees	45	133

Long-term deposits are subject to restrictions and are linked to the term of the underlying transaction and the term of non-current loans. These loans have a remaining term of four to six years, which is longer than the useful lives of the assets to be financed. The increase as against the previous year is attributable to additional loans that are deposited on a pro rata basis. Term deposits bear interest at rates of between 0.75% and 0.90% (previous year: 0.4% to 0.75%).

16 / Trade receivables

	Dec 31, 2010	Dec 31, 2009
	KEUR	KEUR
Trade receivables	68,935	47,440
Trade receivables from shareholders	582	132
Receivables from unbilled services (POC)	3,567	2,984
	73,084	50,556
Bad debt allowances	-3,825	-4,034
	69,259	**46,522**

Specific valuation allowances developed as follows:

	KEUR
Jan. 1, 2009	**3,138**
Exchange differences	0
Reversal	-297
Utilization	-28
Addition	1,221
Dec. 31, 2009	**4,034**
Exchange differences	106
Reversal	-1,857
Utilization	-1,041
Addition	2,583
Dec. 31, 2010	**3,825**

The reported amount of receivables from unbilled services of KEUR 3,567 includes the total of the costs incurred and reported gains less any reported losses and partial bills. As of the balance sheet date, advance payments of KEUR 4,852 were recognized for current projects. No amounts were retained by customers in connection with current projects as of the balance sheet date.

17 / Other current assets

	Dec 31, 2010	Dec 31, 2009
	KEUR	KEUR
Investment grant for data center	592	241
Receivables from employees	412	209
VAT receivables and other taxes	73	79
Partial retirement receivables	62	63
Creditors with debit balances	89	30
Security deposits	82	116
Other	133	362
	1,443	**1,100**

18 / Cash and cash equivalents

	Dec 31, 2010	Dec 31, 2009
	KEUR	KEUR
Current account balances and cash in hand	26,743	31,551
Short-term fixed deposits	4,110	10,945
	30,853	**42,496**

Short-term fixed deposits bear interest at rates of between 0.13% and 1.15%.

19 / Prepaid expenses

	Dec 31, 2010	Dec 31, 2009
	KEUR	KEUR
Advance payments for maintenance work	1,665	848
Insurance	1,394	610
Other	1,588	785
	4,647	**2,243**

Prepaid expenses for insurance relate to the voluntary and statutory pension fund for itelligence in Switzerland.

20 / Issued capital

Issued capital

The capital stock amounted to EUR 24,557,595.00 as of December 31, 2010 and is divided into 24,557,595 no-par value bearer shares, each with a notional interest in the capital stock of EUR 1.00. Each share entitles the holder to one voting right and a right to dividends from resolved distributions. The capital stock was fully paid up at the reporting date.

Due to the exercise of conversion rights granted as part of the convertible bond issued on November 29, 2004 with a total nominal amount of EUR 6,000,000, the number of shares increased by 265,431 in the previous year. Accordingly, the notional amount of capital stock rose by EUR 265,431. The convertible bond ended as of November 29, 2009.

	EUR
Capital stock as of Jan. 1, 2009	24,292,164.00
Increase due to exercise of conversion rights from the convertible bond	265,431.00
Capital stock as of Dec. 31, 2009	24,557,595.00
Increase due to exercise of conversion rights from the convertible bond	0.00
Capital stock as of Dec. 31, 2010	**24,557,595.00**

Authorized capital

By way of resolution of the Annual General Meeting on May 27, 2010, the Management Board was authorized, with the approval of the Supervisory Board, to increase the capital stock on one or more occasions until April 30, 2015 by up to a total of EUR 12,278,797 by issuing new bearer shares against cash and non-cash contributions. The authorization of the Management Board to increase capital in this way was not utilized in fiscal 2010.

Contingent capital

The capital stock of itelligence AG was subject to contingent increases in previous years. The contingent capital increases were only implemented to the extent that the holders of conversion rights issued by itelligence AG under the convertible bond exercised their conversion rights. The conversion and pre-emptive subscription rights for the capital not utilized by the end of the conversion period on November 29, 2009 have expired, which means that this contingent capital can no longer be used.

The following table shows the changes in contingent capital in fiscals 2009 and 2010:

	EUR
Contingent capital as of Jan. 1, 2009	4,981,687.00
Exercise	-265,431.00
Reduction	-4,716,256.00
Contingent capital as of Dec. 31, 2009	0.00
Exercise	0.00
Reduction	0.00
Contingent capital as of Dec. 31, 2010	**0.00**

Equity is controlled and monitored using the equity ratio. This ascertains whether equity satisfies its liability function and its function of financing non-current assets. The equity ratio as of the end of fiscal 2010 was 34.0% (previous year: 38.2%).

21 / Capital reserve

The capital reserve contains the premiums from the shares issued less the external costs directly attributable to the equity transaction.

	KEUR
Balance as of Jan. 1, 2009	21,072
Contingent capital increase	420
Issuing costs	-1
Balance as of Dec. 31, 2009	21,491
Contingent capital increase	0
Issuing costs	0
Balance as of Dec. 31, 2010	**21,491**

22 / Net accumulated profit

	TEUR
Net accumulated profit as of Jan. 1, 2009	11,285
Dividend payments	-2,915
Consolidated net profit	6,907
Net accumulated profit as of Dec. 31, 2009	15,277
Dividend payments	-2,456
Consolidated net profit	9,629
Net accumulated profit as of Dec. 31, 2010	**22,450**

A dividend of KEUR 2,456 (EUR 0.10 per share) was distributed in fiscal 2010.

The Management Board and Supervisory Board will propose to the Annual General Meeting the distribution of a dividend of EUR 0.14 per share from the net accumulated profit of itelligence AG. In accordance with the German Stock Corporation Act (AktG), the dividend distributable to shareholders is based on the net accumulated profit reported in the annual financial statements of itelligence AG in accordance with the German Commercial Code (HGB). As of the reporting date of December 31, 2010, 24,557,595 shares (previous year: 24,557,595) bear dividend rights, corresponding to a distribution of MEUR 3.4. The dividend will be paid on May 26, 2011 subject to the approval of the Annual General Meeting. There are no additional income tax consequences from the distribution.

23 / Other comprehensive income

The differences arising from the currency translation of the financial statements of subsidiaries outside Germany taken directly to equity and the effects from the measurement of financial instruments after taxes taken directly to equity are reported in other comprehensive income.

	Exchange rate gains/losses KEUR
Balance as of Jan. 1, 2009	-3,135
Fair value for call and put options under IAS 32	-5,247
Currency translation	-174
Balance as of Dec. 31, 2009	-8,556
Fair value for call and put options under IAS 32	-5,200
Currency translation	1,345
Balance as of Dec. 31, 2010	**-12,411**

Please also see note (24).

24 / Financial liabilities

The financial liabilities consist of loans from banks and third parties, loans from shareholders, liabilities from put options and liabilities from financial derivatives. The recognized amounts are equal to the fair values.

	Dec 31, 2010	Dec 31, 2009
	KEUR	KEUR
Liabilities from put options	8,824	5,247
Liabilities from financial derivatives	448	0
Loans from shareholders	17,965	7,567
Amounts due to banks	7,678	7,428
Other loans	2,598	2,137
	37,513	**22,379**

Financial liabilities are reported under the following balance sheet items:

	Dec 31, 2010	Dec 31, 2009
	KEUR	KEUR
Non-current financial liabilities	30,824	19,019
Current financial liabilities	6,689	3,360
	37,513	**22,379**

Non-current financial liabilities break down as follows:

	Dec 31, 2010	Dec 31, 2009
	KEUR	KEUR
Liabilities from put options	7,363	5,229
Liabilities from financial derivatives	448	0
Amounts due to shareholders	17,965	7,567
– of which current	-2,065	-817
	15,900	**6,750**
Amounts due to banks		
– to banks in Germany	4,865	5,941
– to banks outside Germany	2,813	1,487
– of which current	-2,101	-1,607
	5,577	**5,821**
From other loans		
– from other loans in Germany	2,294	1,766
– from other loans outside Germany	304	371
– of which current	-1,062	-918
	1,536	**1,219**
	30,824	**19,019**

The maturities of non-current financial liabilities break down as follows:

	Total	Remaining of between 1 and 5 years	Remaining term of more than 5 years
	KEUR	KEUR	KEUR
Liabilities from put options	7,363	7,363	0
(previous year)	(5,229)	(5,229)	(0)
Liabilities from financial derivatives	448	287	161
(previous year)	(0)	(0)	(0)
Amounts due to shareholders	15,900	7,400	8,500
(previous year)	(6,750)	(3,000)	(3,750)
Amounts due to banks	5,577	4,955	622
(previous year)	(5,821)	(4,479)	(1,342)
From other loans	1,536	1,536	0
(previous year)	(1,219)	(1,219)	(0)
Dec. 31, 2010	**30,824**	**21,541**	**9,283**
Dec. 31, 2009	**(19,019)**	**(13,927)**	**(5,092)**

As part of the acquisition of shares in itelligence BeNeLux B.V. SAPCON a.s., Adelante SAS and RPF Solutions, LLC, the remaining shares (minority interests) can be acquired over the coming years by way of put and call options. The put and call options can be exercised on the basis of future EBIT developments at fair value. As itelligence AG cannot avoid the future outflow of cash from contractual agreements a financial liability must be recognized in the amount of the expected outflow. The fair value of the put and call options is calculated on the basis of internal five-year planning for the respective company.

The discounted values for the put and call options in connection with the acquisitions performed are as follows as of December 31, 2010:

	Total KEUR	of which current KEUR	of which non-current KEUR
Liabilities from put and call options for BeNeLux	2,590	219	2,371
(previous year)	(3,791)	(0)	(3,791)
Liabilities from put and call options for SAPCON	832	84	748
(previous year)	(1,456)	(18)	(1,438)
Liabilities from put and call options for Adelante	2,398	0	2,398
(previous year)	(0)	(0)	(0)
Liabilities from put and call options for RPF Solutions	3,004	1,158	1,846
(previous year)	(0)	(0)	(0)
Dec. 31, 2010	**8,824**	**1,461**	**7,363**
Dec. 31, 2009	**(5,247)**	**(18)**	**(5,229)**

The non-current liabilities to shareholders relate to two EUR-denominated loans granted by NTT DATA Corporation, Japan with nominal amounts of KEUR 7,500 and KEUR 11,000. The loans were used to build a new conference and office center at the Bielefeld location and for the acquisition of international consulting companies. The loans are repayable annually in ten installments of KEUR 750 and KEUR 1,100 until 2019 and 2020 respectively. Fixed interest rates of 3.596% and 3.055% have been agreed for the entire term.

The non-current amounts due to banks abroad as of December 31, 2010 relate to loans for the expansion of data center capacity and improvements to a new office building in the US. The interest rates range from 3.85% to 7.11%. The loans are due in monthly installments until 2015. itelligence AG provided a guarantee to secure the loans and the credit facility. Inventories were also secured; the carrying amount at the reporting date was KEUR 1,896.

Within Germany, development loans for investments in the data center in Bautzen with a volume of KEUR 5,732 were utilized under the terms of a development program. The interest rates range from 4.28% to 4.79% for the debt portion and 6.55% to 9.25% for the subordinate portion. The loans are repayment-free for two and seven years respectively. Specific inventories have been assigned and the long-term deposits of itelligence OS have been assigned. The secured inventories had a carrying amount of KEUR 1,722 as of the end of the reporting period (previous year: KEUR 2,623). The long-term deposits in the amount of KEUR 1,585 (previous year: KEUR 1,402) are subject to restrictions on title and are linked to the term of the long-term loans.

The company had the following credit facilities at the reporting date:

	2010	2009
	KEUR	KEUR
Germany		
Credit facilities available as of December 31	5,000	5,000
Utilization through loans	0	0
Utilization through guarantees	-425	-418
Unutilized credit facilities	**4,575**	**4,582**
Abroad		
Credit facilities available as of December 31	4,080	2,636
Utilization through loans	-559	-227
Utilization through guarantees	-116	-88
Unutilized credit facilities	**3,405**	**2,321**
Average interest rate	2.25% – 7.0%	2.21% – 6.5%

The credit facilities within Germany can be utilized in the form of loans or guarantees. Utilization of the credit facilities is not dependent on the company's adherence to additional or ancillary agreements in the form of financial ratios. A number of foreign subsidiaries have access to credit facilities that are guaranteed by itelligence AG, enabling them to raise loans at the current interest rate in local currency up to a specific amount at short notice.

Current financial liabilities break down as follows:

	Dec 31, 2010	Dec 31, 2009
	KEUR	KEUR
Bank overdrafts outside Germany	559	227
Loans from shareholders	2,065	817
Liabilities from put options	1,461	18
Current portion of non-current financial liabilities		
– to banks in Germany	722	739
– to banks outside German	819	641
– from other loans in Germany	918	672
– from other loans outside Germany	145	246
	6,689	**3,360**

25 / Pension provisions

The company has pension obligations to two active and four retired Management Board members with pension entitlements on retirement. All entitlements are vested.

The agreed pensions increase by 2.0% every year. As the pension liability insurance policies concluded by the employer are pledged to the beneficiaries, they were included in the measurement of plan assets and netted against the obligations. The pension expenses for the fiscal years are as follows:

	2010	2009
	TEUR	TEUR
Service cost	49	44
Interest expenses	65	59
Amortization of actuarial losses	6	1
Expected return on plan assets	-44	-38
Net pension expenses	**76**	**66**

Changes in plan assets:	2010	2009
	TEUR	TEUR
Projected value as of January 1	926	790
Transferred contributions	121	121
Expected return on plan assets	44	38
Expected value of plan assets as of December 31	1,091	949
Actuarial losses	-22	-23
Value of plan assets as of December 31	**1,069**	**926**
Current return on plan assets	14	14

Development of pension obligations (DBO):

	2010 KEUR	2009 KEUR
Dynamic pension obligations as of January 1	1,192	1,014
Acquired service benefits	49	44
Interest expense for claims already acquired	65	59
Actuarial gains (-)/losses (+)	314	75
Dynamic pension obligations as of December 31	**1,620**	**1,192**

The changes in pension provisions and the assumptions applied in determining pension provisions are shown in the following table:

	2010 TEUR	2009 TEUR
Dynamic pension obligations (DBO)	1,620	1,192
Unamortized actuarial losses	-539	-209
Cash surrender value of the employer's pension liability insurance policy	-1,069	-926
Pension provisions	**12**	**57**
Assumptions:		
Interest rate	4.28%	5.48%
Return on plan assets	4.50%	4.50%
Pension increases	2.0%	2.0%

The table below shows the changes over the past five years:

	2010 KEUR	2009 KEUR	2008 KEUR	2007 KEUR	2006 KEUR
Defined benefit obligation	1,081	983	903	824	727
Cash surrender value of the employer's pension liability insurance policy	-1,069	-926	-790	-640	-570
Financing status	**12**	**57**	**113**	**184**	**157**

Future wage and salary increases were not taken into account as they do not affect future pension payments. itelligence AG expects to transfer contributions of KEUR 121 to plan assets in 2011.

Staff costs for the fiscal year include expenses for defined contribution pension plans of KEUR 10,669 (previous year: KEUR 7,400). The expenses incurred in the German Group companies (employer contributions to statutory German pension insurance) amount to KEUR 3,988 (previous year: KEUR 3,674).

26 / Government grants

itelligence was awarded an investment grant from Sächsische Aufbaubank for itelligence OS's data center under the regional economic assistance program of the Free State of Saxony. itelligence OS was also granted an investment subsidy in accordance with section 2 of the German Investment Subsidy Act for operational investments. The authorities are entitled to review the use of the payments received. The subsidies are grants that are subject to the fulfillment of the main condition that the company acquires long-term assets and that these are held over a period of five years. An additional 21 jobs must also be created.

In the fiscal year, EU subsidies of KEUR 169 (converted) were approved and paid to the Czech subsidiary SAPCON a.s. The subsidies are grants linked to the main condition that the company retains the 20 new jobs created in 2009 in fiscal 2010. The company is also required to carry out various training activities. The approval of further subsidies is dependent on the retention of the new jobs in subsequent fiscal years.

At the reporting date, the company reported non-current liabilities in connection with government grants in the amount of KEUR 1,995 (previous year: KEUR 2,384). Current assets in the amount of KEUR 592 (previous year: KEUR 241) were recognized for subsidies not yet received. In the year under review, other operating income was recognized in the amount of KEUR 984 (previous year: KEUR 1,038). Amounts are generally recognized in income over the useful life of the subsidized assets.

27 / Other liabilities

	Dec 31, 2010	Dec 31, 2009
	KEUR	KEUR
Bonuses and salaries	18,217	13,438
Advance payments received	5,454	6,304
Sales tax	5,526	2,893
Wage and church taxes	2,190	1,639
Social security	2,806	1,795
Accrued vacation	3,135	2,589
Services yet to be rendered	1,660	1,943
Legal, consulting and audit costs	522	340
Purchase price obligations	586	0
Employer's liability insurance	242	184
Supervisory Board remuneration	57	217
Levy in lieu of employing the severely disabled	93	80
Restoration obligations	104	71
Other	995	838
Other liabilities	**41,587**	**32,331**

Other liabilities are reported under the following balance sheet items:

	Dec 31, 2010	Dec 31, 2009
	KEUR	KEUR
Other non-current liabilities	310	0
Other current liabilities	41,277	32,331
Other current liabilities	**41,587**	**32,331**

The members of the Supervisory Board, the Management Board and the management team receive performance-related remuneration geared towards the company's long-term success. This consists of cash remuneration based on the company's share price (virtual stock options). After the conclusion of the Annual General Meeting, a situation is simulated in which the company invests a notional amount for each member in shares of the company based on the average of the unweighted Xetra closing rates on all trading days in the previous fiscal year. After the end of the third subsequent Annual General Meeting, the average of the unweighted Xetra closing prices on all trading days of the respective previous fiscal year is calculated. If the comparison of the average rate at the start and the average rate at the end shows an increase in the company's share price, the respective member is paid the amount arising from the increase in value of the notionally acquired shares. These performance-based remuneration components are granted to the Management Board members, Supervisory Board members and the management team in respect of the three-year share price performance and carried at fair value at each reporting date. Changes in value are recognized in profit or loss. The present value of these options was calculated by the RENDITE & DERIVATE 7.0 program using the option pricing model for Asian options. A steady share price performance was assumed in measurement. Future volatility of 35% (previous year: 45%) was assumed.

The cash remuneration based on the company's share price granted to members of the Management Board, the Supervisory Board and the management team (virtual stock options) was recognized as a liability in the amount of KEUR 403. Three tranches were measured as of the reporting date (5/2007, 6/2008, 7/2009).

In accordance with IFRS 2.33, the fair value was calculated on the basis of an option pricing model, with changes in fair value recognized in profit or loss.

	Issue price EUR	Fair value as of Dec. 31, 2010 EUR	Increase in value EUR	Supervisory Board notional shares	Management Board notional shares	Management notional shares	Total notional shares	Fair value as of Dec. 31, 2010 EUR
Tranche 5	4.618	5.604	0.986	9,203	70,000	32,482	111,685	110,121
Tranche 6	4.152	6.622	2.470	10,236	70,000	36,127	116,363	191,611
Tranche 7	4.088	6.686	2.598	10,396	70,000	36,693	117,089	101,399

The number of notional shares developed as follows:

	Supervisory Board notional shares	Management Board notional shares	Management notional shares	Total notional shares
Number of shares as of Jan. 1, 2008	51,522	48,491	52,243	152,256
Allocation of tranche 5	9,203	70,000	36,812	116,015
Payment	-18,319	-17,241		-35,560
Number of shares as of Dec. 31, 2008	42,406	101,250	89,055	232,711
Allocation of tranche 6	10,236	70,000	36,127	116,363
Payment	-20,142	-18,957	-10,476	-49,575
Number of shares as of Dec. 31, 2009	32,500	152,293	114,706	299,499
Allocation of tranche 7	10,396	70,000	36,693	117,089
Payment	-13,061	-12,293	-46,097	-71,451
Number of shares as of Dec. 31, 2010	**29,835**	**210,000**	**105,302**	**345,137**

The total expenses recorded in the period under review amounted to KEUR 29 for the Supervisory Board, KEUR 215 for the Management Board and KEUR 103 for the management team.

28 / Trade payables

	Dec 31, 2010 KEUR	Dec 31, 2009 KEUR
Trade payables to third parties	21,106	14,239
Trade payables to shareholders	42	103
Trade payables from unbilled services	2,892	3,531
	24,040	**17,873**

29 / Other provisions

Other provisions developed as follows in fiscal 2010:

	Jan. 1, 2010 KEUR	Currency KEUR	Utilization KEUR	Reversal KEUR	Addition KEUR	Dec 31, 2010 KEUR	of which non-current KEUR
Provisions for potential losses	1,064	12	-333	-266	530	1,007	
Credit notes to be issued	31		-31		49	49	
Severance payments	25				7	32	
Warranties	708	98	-343		57	520	
Court costs	161	7		-40	40	168	
Partial retirement	691		-147			544	400
Miscellaneous other provisions	302	10	-62		187	437	
	2,982	**127**	**-916**	**-306**	**870**	**2,757**	**400**

Provisions for potential losses were recognized for probable losses arising from project implementation.

The provision for credit notes to be issued was recognized for probable credit notes to customers in connection with customer bonuses.

There are short-term severance provisions of KEUR 32 for the legal rights of employees in Austria to severance pay.

Provisions for warranties were recognized for the hours of work still to be performed under service contracts and for free additional work in projects.

Provisions for court costs relate to expected legal proceedings.

As of December 31, 2010, provisions of KEUR 544 were recognized on the basis of partial retirement commitments for 13 employees. The discounting rate was 3.46% (previous year: 2.42%).

J. Other Disclosures

30 / Additional information on financial instruments

The following table shows the carrying amounts and market values of all categories of financial assets and liabilities:

	Cash and cash equivalents KEUR	Trade receivables KEUR	Financial assets KEUR	Other financial assets KEUR	Total KEUR
Loans and receivables	30,853	69,259	–	2,143	102,255
Held-for-trading financial assets	–	–	–	–	–
Available-for-sale financial assets	–	–	–	–	–
Held-to-maturity investments	–	–	145	127	272
Derivatives	–	–	–	9	9
Carrying amount as of Dec. 31, 2010	**30,853**	**69,259**	**145**	**2,279**	**102,536**
Fair value as of Dec. 31, 2010	**30,853**	**69,259**	**145**	**2,279**	**102,536**

	Cash and cash equivalents KEUR	Trade receivables KEUR	Financial assets KEUR	Other financial assets KEUR	Total KEUR
Loans and receivables	42,496	46,522	–	2,739	91,757
Held-for-trading financial assets	–	–	–	–	–
Available-for-sale financial assets	–	–	–	–	–
Held-to-maturity investments	–	–	15	249	264
Derivatives	–	–	–	–	–
Carrying amount as of Dec. 31, 2009	**42,496**	**46,522**	**15**	**2,988**	**92,021**
Fair value as of Dec. 31, 2009	**42,496**	**46,522**	**15**	**2,988**	**92,021**

	Trade payables KEUR	Non-current financial liabilities KEUR	Current financial liabilities KEUR	Other financial liabilities KEUR	Total KEUR
Loans and receivables	24,040	23,013	5,228	–	52,281
Held-for-trading financial liabilities	–	–	–	–	–
Derivatives	–	7,811	1,461		9,272
Carrying amount as of Dec. 31, 2010	**24,040**	**30,824**	**6,689**	**–**	**61,553**
Fair value as of Dec. 31, 2010	**24,040**	**30,824**	**6,689**	**–**	**61,553**

	Trade payables KEUR	Non-current financial liabilities KEUR	Current financial liabilities KEUR	Other financial liabilities KEUR	Total KEUR
Loans and receivables	17,873	13,790	3,342	–	35,005
Held-for-trading financial liabilities	–	–	–	–	–
Derivatives	–	5,229	18	–	5,247
Carrying amount as of Dec. 31, 2009	**17,873**	**19,019**	**3,360**	**–**	**40,252**
Fair value as of Dec. 31, 2009	**17,873**	**19,019**	**3,360**	**–**	**40,252**

The fair values were calculated on the basis of the prevalent market conditions at the reporting date and the measurement methods described below. They reflect the prices at which an independent third party would assume the rights or obligations from these financial instruments.

Cash and cash equivalents, trade receivables, other financial assets, trade payables and other financial liabilities predominantly have a short remaining term. Their carrying amounts as of the reporting date are therefore approximately equal to their fair value.

Non-current and current financial liabilities are measured at fair value on recognition and subsequently carried at amortized cost. Financial liabilities from finance leases are carried at the lower of the present value of minimum lease payments and fair value. They are written down in line with the repayment portion of the lease installments.

The following tables show the financial instruments reported on the face of the balance sheet broken down by category and basis of measurement. A distinction is made between those measured on the basis of quoted market prices (level I), observable market data (level II) or parameters not observed on the market (level III).

	Cash and cash equivalents KEUR	Trade receivables KEUR	Financial assets KEUR	Other financial assets KEUR	Total as of Dec. 31, 2010 KEUR
Total	**30,853**	**69,259**	**145**	**2,279**	**102,536**
of which level I	30,853	69,259	–	2,279	102,391
of which level II	0	0	145	0	145
of which level III	0	0	0	0	0

	Cash and cash equivalents KEUR	Trade receivables KEUR	Financial assets KEUR	Other financial assets KEUR	Total as of Dec. 31, 2009 KEUR
Total	**42,496**	**46,522**	**15**	**2,988**	**92,021**
of which level I	42,496	46,522	–	2,988	92,006
of which level II	0	0	15	0	15
of which level III	0	0	0	0	0

	Trade payables KEUR	Non-current financial liabilities KEUR	Current financial liabilities KEUR	Other financial liabilities KEUR	Total as of Dec. 31, 2010 KEUR
Total	**24,040**	**30,824**	**6,689**	**–**	**61,553**
of which level I	24,040	30,824	6,689	–	61,553
of which level II	0	0	0	0	0
of which level III	0	0	0	0	0

	Trade payables KEUR	Non-current financial liabilities KEUR	Current financial liabilities KEUR	Other financial liabilities KEUR	Total as of Dec. 31, 2009 KEUR
Total	**17,873**	**19,019**	**3,360**	**–**	**40,252**
of which level I	17,873	19,019	3,360	–	40,252
of which level II	0	0	0	0	0
of which level III	0	0	0	0	0

31 / Other financial obligations and contingent liabilities

The Group rents property, plant and equipment under rental and lease agreements that qualify as operating leases under IAS 17. The resulting lease installments and rental payments are recognized directly as expenses in profit and loss. The expenses amounted to a total of KEUR 4,254 in fiscal 2010 (previous year: KEUR 3,924).

The future minimum lease payments from the above agreements were as follows as of December 31, 2010:

	KEUR
Due within one year	10,337
Due in between one and five years	11,613
Due after five years	10,677
	32,627

These essentially relate to the annual costs for renting premises and equipment, land and leases for cars. The rental agreement for the office building at the Bielefeld location ends on April 30, 2019. There is an option to buy which can be exercised at fair value from December 31, 2018.

The company has contingent liabilities from guarantees in the amount of KEUR 502 (previous year: KEUR 590). Guarantees may be secured by pledging term deposits or credit facilities. Utilization is not currently expected. Returning the guarantees would result in additional scope in terms of liquidity.

32 / Segment reporting

The geographical information for revenues and profits from ordinary operations is as follows:

	US TEUR	Germany/ Austria TEUR	Western Europe TEUR	Eastern Europe TEUR	Asia TEUR	Other and consolidation TEUR	Group 2010 TEUR
Segment revenues	66,956	125,150	58,787	20,257	2,375	3,353	276,878
Intersegment trade	-61	-2,201	-1,279	-1,093	-86	0	-4,720
External segment revenues	**66,895**	**122,949**	**57,508**	**19,164**	**2,289**	**3,353**	**272,158**
Operating segment earnings before depreciation and amortization (EBITDA)	6,451	13,111	2,656	1,744	-832	248	23,378
Depreciation and amortization	-1,274	-5,217	-993	-846	-124	-23	-8,477
Operating segment earnings (EBIT)	**5,177**	**7,894**	**1,663**	**898**	**-956**	**225**	**14,901**
Measurement of derivatives and exercise of option	0	-349	1,222	619	0	0	-1,492
Exchange rate differences from financing activities	0	0	0	18	0	0	18
Interest income	27	422	39	13	0	-247	254
Interest expenses	-298	-1,079	-193	-67	-33	251	-1,419
Profit before taxes	**4,906**	**6,888**	**2,731**	**1,481**	**-989**	**229**	**15,246**
Income taxes	**-1,854**	**-2,878**	**-197**	**-210**	**-13**	**-85**	**-5,237**
Consolidated net profit	**3,052**	**4,010**	**2,534**	**1,271**	**-1,002**	**144**	**10,009**

	USA TEUR	Germany/ Austria TEUR	Western Europe TEUR	Eastern Europe TEUR	Asia TEUR	Other and consolidation TEUR	Group 2009 TEUR
Segment revenues	50,415	115,385	37,900	17,241	121	3,237	224,299
Intersegment trade	-209	-1,546	-1,205	-1,296	-36	0	-4,292
External segment revenues	**50,206**	**113,839**	**36,695**	**15,945**	**85**	**3,237**	**220,007**
Operating segment earnings before depreciation and amortization (EBITDA)	3,222	13,805	1,878	679	-513	259	19,330
Depreciation and amortization	-1,191	-4,844	-372	-616	-4	-19	-7,046
Operating segment earnings (EBIT)	**2,031**	**8,961**	**1,506**	**63**	**-517**	**240**	**12,284**
Income from participations	0	0	-328	0	0	0	-328
Exchange rate differences from financing activities	0	0	0	-63	0	0	-63
Interest income	49	747	45	37	0	-307	571
Interest expenses	-128	-573	-214	-151	0	306	-760
Profit before taxes	**1,952**	**9,135**	**1,009**	**-114**	**-517**	**239**	**11,704**
Income taxes	**-741**	**-2,931**	**-607**	**-222**	**24**	**-74**	**-4,551**
Consolidated net profit	**1,211**	**6,204**	**402**	**-336**	**-493**	**165**	**7,153**

Intersegment revenues are reported separately and eliminated. The transfer prices correspond to the prices applied in arm's length transactions. A detailed list of the components of net finance costs can be found in notes (7) and (8).

	US KEUR	Germany/ Austria KEUR	Western Europe KEUR	Eastern Europe KEUR	Asia KEUR	Other KEUR	Group 2010 KEUR
Investments in property, plant and equipment and intangible assets	1,900	10,251	324	849	792	73	14,189
Depreciation and amortization	-1,274	-5,217	-993	-846	-124	-23	-8,477

	US KEUR	Germany/ Austria KEUR	Western Europe KEUR	Eastern Europe KEUR	Asia KEUR	Other KEUR	Group 2009 KEUR
Investments in property, plant and equipment and intangible assets	860	7,917	4,383	1,359	221	187	14,927
Depreciation and amortization	-1,191	-4,844	-372	-616	-4	-19	-7,046

The information for the divisions relating to revenues is as follows:

	Consulting KEUR	Licenses KEUR	Outsourcing & Services KEUR	Other (unallocated) KEUR	Group 2010 KEUR
Segment revenues	142,567	33,844	95,292	455	272,158

	Consulting KEUR	Licenses KEUR	Outsourcing & Services KEUR	Other (unallocated) KEUR	Group 2009 KEUR
Segment revenues	115,320	28,515	75,781	391	220,007

33 / Disclosures in accordance with section 160

(1) no. 8 AktG
No changes as against the previous year.

34 / Other disclosures

a) Cost of materials
The cost of materials calculated using the nature of expense method totaled KEUR 73,058 in fiscal 2010 (previous year: KEUR 59,441).

b) Staff costs
Staff costs calculated using the nature of expense method totaled KEUR 135,946 in fiscal 2010 (previous year: KEUR 107,211).

c) Number of employees
In fiscal 2010, the itelligence Group employed an average of 1,734 persons (previous year: 1,467). Of this figure, an average of 226 were employed in administration, 145 in sales, 966 in consulting and 397 in outsourcing and services. The Group had a total of 1,844 employees as of December 31, 2010.

d) Executive bodies
The members of the Management Board and the Supervisory Board are as follows:

Management Board
Membership of supervisory boards and other comparable German and foreign controlling bodies of commercial enterprises not belonging to the itelligence Group (as of Dec. 31, 2010):

Herbert Vogel
(CEO)
Membership of other boards:
Member of the Supervisory Board of Cayago AG
Member of the Advisory Board of TBV ProVital Lemgo GmbH & Co. KG

Norbert Rotter
(CFO)

Supervisory Board
Dr. Lutz Mellinger
Chairman
Divisional Manager, Deutsche Bank, retired
Membership of other boards:
Chairman of the Supervisory Board of Heller & Partner AG
Chairman of the Supervisory Board of Quantum Immobilien Kapitalanlagegesellschaft mbH
Chairman of the Supervisory Board of Quantum Immobilien AG
Member of the Supervisory Board of Prime Office AG

Dr. Stephan Kremeyer
Deputy Chairman
Employee representative
SAP consultant

Fritz Fleischmann
Senior Managing Director Central Europe Adobe Systems GmbH, retired
Membership of other boards:
Deputy Chairman of the Supervisory Board of Atoss Software AG

Dr. Britta Lenzmann
Employee representative,
SAP Sales

Kazuhiro Nishihata
(since May 27, 2010)
Senior Vice President and Managing Director
NTT DATA Corporation, Tokyo, Japan
Membership of other boards:
Member of the Supervisory Board of Cirquent GmbH

Akiyoshi Nishijima
(since May 27, 2010)
Deputy Senior Executive Manager
NTT DATA Corporation, Tokyo, Japan
Membership of other boards:
Member of the Supervisory Board of Cirquent GmbH

Kazuyuki Arata
(until May 27, 2010)
President and Chief Executive Officer NTT DATA MSE Corporation, Tokyo, Japan

Takashi Enomoto
(until May 27, 2010)
Senior Executive Vice President und Representative Director NTT DATA Corporation, Tokyo, Japan

e) Remuneration of the Management Board and the Supervisory Board

Remuneration of the Management Board

Total remuneration of the Management Board amounted to KEUR 1,394 in fiscal 2010 (previous year: KEUR 1,070). This remuneration breaks down as follows:

Herbert Vogel (CEO)	2010 KEUR	2009 KEUR
Non-performance-related (fixed) remuneration	400	400
Performance-related (variable) remuneration (current year)	312	276
Performance-related (variable) remuneration (previous year)	2	22
Annual remuneration	**714**	**698**
Remuneration with long-term incentive effect	117	15
Expenses related to pension promise	92	36
Total remuneration	**923**	**749**

Norbert Rotter (CFO)	2010 KEUR	2009 KEUR
Non-performance-related (fixed) remuneration	175	150
Performance-related (variable) remuneration (current year)	180	136
Performance-related (variable) remuneration (previous year)	3	13
Annual remuneration	**358**	**299**
Remuneration with long-term incentive effect	98	7
Expenses related to pension promise	15	15
Total remuneration	**471**	**321**

The remuneration of itelligence's Management Board consists of non-performance-related (fixed) and performance-related (variable) components. Fixed remuneration and expenses for retirement and ancillary benefits all constitute non-performance-related components. The performance-related elements are geared towards the company's short-term and long-term success. The Supervisory Board is responsible for determining the structure of the remuneration systems and the remuneration paid to the individual members of the Management Board. These matters are prepared by the Staff Committee.

The remuneration components are broken down as follows:

Non-performance-related fixed remuneration is paid in equal installments in the form of a monthly salary. Ancillary benefits primarily relate to contributions to accident and liability insurance and the provision of a company car reflecting the position of the respective member.

The amount of the variable short-term remuneration depends on the achievement of certain company performance-based and personal targets. The achievement of the company success-specific targets is 50% based on the Group's consolidated EBIT and 50% based its consolidated revenue growth. The variable short-term remuneration is measured on the basis of the degree to which targets have been achieved and will be paid after itelligence's Annual General Meeting in May 2011.

The variable long-term remuneration depends on the three-year performance of the average unweighted Xetra closing price of itelligence's shares. The regular notional issue of itelligence shares is performed after the end of itelligence's Annual General Meeting on the basis of the unweighted Xetra closing prices on all trading days in the previous fiscal year. After the end of the third subsequent Annual General Meeting, the average of the unweighted Xetra closing prices on all trading days of the respective previous fiscal year is calculated. If this comparison of the average price at the issue date and the average price after the end of this three-year period shows an increase in the company's share price, the respective Management Board member is paid an amount equivalent to the increase in the value of the notional shares acquired. Variable long-term remuneration is only payable after the end of the third Annual General Meeting.

The members of the Management Board are entitled to a life-long old-age pension from their 65th birthday irrespective of how old they were when they joined the company. The monthly pension amounts to EUR 7,388 for the Chief Executive Officer and EUR 3,500 for the Chief Financial Officer (from January 1, 2011: EUR 4,000). The pension commitment also includes a widow's pension amounting to 60% of the old-age pension of the respective member of the Management Board and an orphan's pension. If a member of the Management Board leaves the company before his 65th birthday while serving as a member of the Management Board, the pension commitment will remain in place but will be reduced proportionately.

In fiscal 2010, the fourth tranche of the share-based remuneration with long-term incentive effect, which has a term from January 1, 2007 to December 31, 2009, was paid out to the Chief Executive Officer in the amount of KEUR 10.3. The average Xetra closing price of itelligence's shares for the period from January to December 2009 was EUR 4.088. The tranche was measured at the average Xetra closing price for 2006, which was EUR 3.254. This increase in value was multiplied by the number of notional shares acquired. The resulting expense was recognized and disclosed in the remuneration report during the term of the tranche from 2007 to 2009.

After the end of the Annual General Meeting on May 27, 2010, a seventh tranche with a term from January 1, 2010 to December 31, 2012 was issued for the members of the Management Board. The basis of future measurement is the average Xetra closing price for 2009, which was EUR 4.088. At the allocation date, this resulted in a fair value of KEUR 71.9 for the Chief Executive Officer and KEUR 53.9 for the Chief Financial Officer.

No loans were granted to members of the Management Board in fiscals 2010 and 2009. There were also no similar benefits. The members of the Management Board did not receive any remuneration from services rendered for Group companies. There were no commitments for severance payments in the case of the non-renewal of employment contracts or a change of shareholder, transitional benefits, continued salary payments in the event of early contract termination or interest on severance payments.

The company has pension obligations to former members of executive bodies in the amount of KEUR 438, for which expenses of KEUR 18 were incurred in 2010. The financing status developed as follows:

	2010 KEUR	2009 KEUR
Defined benefit obligation	438	412
Cash surrender value of the employer's pension liability insurance policy	-416	-386
Financing status	**22**	**26**

Remuneration of the Supervisory Board
The following table provides a breakdown of the remuneration of the Supervisory Board for fiscal 2010:

	Fixed remuneration component	Committee remuneration	Attendance fees	Variable remuneration component Earnings per share	Variable remuneration component Share price performance	2010 Total remuneration	2009 Total remuneration
	KEUR	KEUR	KEUR	KEUR	KEUR	KEUR	KEUR
Dr. Lutz Mellinger (Chairman)	45,0	37,5	12,0	7,2	9,8	111,5	80,6
Dr. Stephan Kremeyer (Deputy Chairman)	22,5	5,0	9,0	3,6	5,2	45,3	25,6
Fritz Fleischmann	15,0	27,5	12,0	2,4	3,5	60,4	42,2
Dr. Britta Lenzmann	15,0	12,5	10,0	2,4	3,5	43,3	26,2
Kazuhiro Nishihata (Member since May 27, 2010)	8,9	0,0	3,0	1,5	1,0	14,4	0,0
Akiyoshi Nishijima (Member since May 27, 2010)	8,9	0,0	3,0	1,5	1,0	14,4	0,0
Takashi Enomoto (Member since May 27, 2010)	6,1	0,0	1,0	0,9	2,4	10,4	13,7
Kazuyuki Arata (Member since May 27, 2010)	6,1	0,0	0,0	0,9	2,4	9,4	13,7
	127,5	**82,5**	**50,0**	**20,4**	**28,8**	**309,1**	**202,0**

The remuneration of itelligence AG's Supervisory Board is regulated by Article 16 of the Articles of Association. A resolution by the Annual General Meeting on May 27, 2010 introduced new provisions for the remuneration of the activities of the members of the Supervisory Board from fiscal 2010. In accordance with this provision, Supervisory Board members receive remuneration consisting of one fixed and one variable component as well as the reimbursement of their expenses. The amount of the variable remuneration is geared towards the company's short-term and long-term performance.

(1) Each member of the Supervisory Board receives fixed annual remuneration of KEUR 15. The Chairman receives three times this amount, while the Deputy Chairman receives one and a half times this amount. In addition, each member of the Supervisory Board receives an attendance fee of KEUR 1 for each meeting of the Supervisory Board or of a Supervisory Board committee attended. The fixed remuneration and the attendance fees are payable at the end of each fiscal year.

(2) Members of Supervisory Board committees receive additional fixed remuneration of KEUR 5 for each membership of a committee. The chairman of a committee receives three times this amount, while the deputy chairman of a committee receives one and a half times this amount. The additional remuneration described in sentence 1 is payable annually at the end of each fiscal year.

(3) The remuneration of each Supervisory Board member increases by EUR 100 for each EUR 0.01 of consolidated earnings per share, providing that the company generates positive earnings per share. The Chairman of the Supervisory Board receives three times the amount of the performance-related remuneration described in paragraph (3) sentence 1, while the Deputy Chairman receives one and a half times this amount. Consolidated earnings per share are calculated by dividing the consolidated net profit reported in itelligence's consolidated financial statements for the respective fiscal year by the weighted average number of shares outstanding. The performance-related remuneration described in paragraph (3) is payable on the first working day after the Annual General Meeting at which the consolidated financial statements for the respective fiscal year are presented.

(4) Members of the Supervisory Board also receive performance-related remuneration geared towards the company's long-term success. After the end of the Annual General Meeting, a situation is simulated whereby the company invests a notional amount of EUR 5,000 in shares of the company for each member of the Supervisory Board on the basis of the average of the unweighted Xetra closing prices of the shares on all trading days in the previous fiscal year. The notional investment amount for the Chairman of the Supervisory Board is EUR 15,000, while the notional investment amount for the Deputy Chairman is EUR 7,500. After the end of the third subsequent Annual General Meeting, the average of the unweighted Xetra closing prices on all trading days of the respective previous fiscal year is calculated. If this comparison of the average price in accordance with sentence 2 and the average price in accordance with sentence 4 shows an increase in the company's share price, the respective Supervisory Board member is paid an amount equivalent to the increase in the value of the notional shares acquired in accordance with sentence 2. This performance-related remuneration is payable on the first working day after the third Annual General Meeting in accordance with sentence 4. Supervisory Board members not in office for the entire three-year period receive this performance-related remuneration on a pro rata basis at the end of the three-year period.

(5) Supervisory Board members not in office for the entire three-year period receive the remuneration described in paragraphs (1) to (4) on a pro rata basis.

In fiscal 2010, the fourth tranche of the share-based remuneration with long-term incentive effect, which has a term from January 1, 2007 to December 31, 2009, was paid out to the Chairman of the Supervisory Board, Dr. Lutz Mellinger, in the amount of KEUR 3.5 and the member of the Supervisory Board, Fritz Fleischmann, in the amount of KEUR 1.3. KEUR 0.9 was paid to former members of the Supervisory Board. The average Xetra closing price of itelligence's shares for the period from January to December 2009 was EUR 4.088. The tranche was measured at the average Xetra closing price for 2006, which was EUR 3.254. This increase in value was multiplied by the number of notional shares acquired. The resulting expense was recognized and disclosed in the remuneration report during the term of the tranche from 2007 to 2009.

After the end of the Annual General Meeting on May 27, 2010, a seventh tranche with a term from January 1, 2010 to December 31, 2012 was issued for the members of the Supervisory Board. The basis of future measurement is the average Xetra closing price for 2009, which was EUR 4.088. At the allocation date, this resulted in a fair value of KEUR 6.6 for the Chairman of the Supervisory Board, KEUR 3.3 for the Deputy Chairman of the Supervisory Board and KEUR 2.2 for all other members.

itelligence also reimburses the members of the Supervisory Board for any value added tax on their remuneration to the extent that this is invoiced or disclosed in a credit note by the respective Supervisory Board member. No advances on future remuneration or loans were granted to the members of the Supervisory Board, nor did itelligence enter into any contingent liabilities for the benefit of the members of the Supervisory Board.

f) Declaration of compliance with the German Corporate Governance Code in accordance with section 161 of the AktG

The Management Board and Supervisory Board issued the declaration required in accordance with section 161 of the AktG stating that the recommendations of the German Corporate Governance Code Government Commission published in the official section of the electronic Bundesanzeiger (German Federal Gazette) by the Federal Ministry of Justice were complied with and specifying which recommendations are not currently implemented. The declaration was also made permanently available to the shareholders of itelligence AG on the company's homepage.

g) Related party disclosures

In addition to the Management Board, related parties as defined by IAS 24 include the Supervisory Board and shareholders. Transactions between the company and its subsidiaries considered as related parties are eliminated by way of consolidation and have not been described in these notes.

Several members of itelligence AG's Supervisory Board are or were employed in responsible and influential positions at other companies with which itelligence AG maintains ordinary business relationships. Purchase transactions for software and services with these related parties are conducted at arm's length conditions.

NTT DATA Corporation, Japan granted itelligence AG two loans with nominal amounts of KEUR 7,500 and KEUR 11,000. The loans are repayable annually in ten installments of KEUR 750 and KEUR 1,100 until 2019 and 2020 respectively. Standard fixed interest rates of 3.596% and 3.055% have been agreed for the entire term.

h) Risk management

Market risk

As an international full-service IT provider for SAP, itelligence is exposed to risks from the ordinary course of business and from general conditions.

Resource risk

As a full-service IT provider, itelligence has focused on the traditional and upper midsize market in the SAP environment. As a result of this strong relationship with SAP in terms of content and strategy, the company is also highly dependent on SAP. This dependence greatly influences itelligence's net assets, financial position and results of operations.

Customer-side market risks and supplier-dependent or resource-dependent market risks are additional risks not falling within the company's control.

Resource-dependent risks primarily include risks relating to human resource management. Employees and managers form the basis of the company's success. Accordingly, ensuring the loyalty of highly qualified employees to the company in the long term and attracting new highly qualified staff is of the utmost importance to itelligence.

Currency risk

As a global company, itelligence is exposed to risks arising from exchange rates in its ordinary operations. This affects receivables, liabilities and other balance sheet items in foreign currency and future cash flows in foreign currency.

Exchange rate risks are significantly reduced by the targeted management of income and expense items in the local currency. This targeted compensation creates a natural hedge of the Group's cash flows. Transactions are primarily conducted in EUR, USD and CHF. If the USD had been an average of 10% stronger (weaker) against the EUR in the fiscal 2010, this would have had a hypothetical earnings effect of KEUR 334 (KEUR 273) on the consolidation of USD earnings. A corresponding variation in Swiss francs would have had a hypothetical earnings effect of KEUR 142 (KEUR 116) on the consolidation of CHF earnings.

Interest rate risk

The Group is subject to interest rate fluctuations on both sides of its balance sheet.

On the assets side, income from investments of cash and cash equivalents and future interest income from the discounting of non-current receivables in particular are subject to interest rate risks.

On the equity and liabilities side, essentially interest expenses on current financial liabilities in connection with the utilization of credit facilities and provisions for pensions and other borrowings items are exposed to the risk of changing interest rates. Given the low utilization of current credit facilities (KEUR 559 as of December 31, 2010 and KEUR 227 as of December 31, 2009), there is very little interest rate risk here. In light of this, itelligence did not conclude any interest rate hedges.

As of the balance sheet date, the company had non-current financial liabilities denominated in EUR and USD for the financing of long-term investments. Fixed interest rates have been agreed for the term of these loans. There is also no interest rate risk here.

For the purposes of goodwill impairment testing, individual capital costs are recognized for the underlying units in order to determine the present value of future cash flows. Fluctuations in capital costs on the capital markets may result in future valuation risk for itelligence.

Credit risk

Within its business activities and individual financing activities, itelligence is exposed to a credit risk that lies in the non-fulfillment of contractual agreements by its partners. itelligence limits this risk by assessing its partners primarily on the basis of external ratings. All finance agreements are concluded with major banks. There are no significant risks with any individual business partners.

The monitoring of the credit risk in operating activities is based on past data and external ratings. Outstanding amounts are monitored on an ongoing basis. Credit risks are taken into account on the basis of individual analyses and the maturity structure of receivables with specific and portfolio valuation allowances of KEUR 3,825 (previous year: KEUR 4,034). Furthermore, as a result of the trade credit insurance concluded, the del credere risk in Germany was limited to the extent that, in the event of customer insolvency, 80% of the potential default is secured.

The maturity structure of trade receivables as of December 31, 2010 before bad debt allowances is as follows:

Total KEUR	Up to 20 days	Up to 40 days	Up to 80 days	Up to 100 days	More than 100 days
69,259	52,268	9,125	3,330	577	3,941
100 %	75.6 %	13.1 %	4.8 %	0.8 %	5.7 %

Liquidity risk
The liquidity risk consists of the company being unable to meet its financial obligations from, for example, loan agreements, leases or trade payables.

	Up to 1 year	1 ti 5 years	>5 years	Total
Financial liabilities	7,137	21,254	9,122	37,513
Trade payables	24,040			24,040
Other liabilities	42,283	310		42,593
Financial liabilities as of Dec. 31, 2010	**73,460**	**21,564**	**9,122**	**104,146**

Working capital, which characterizes the net current assets of an entity (current assets less current liabilities), amounted to KEUR 25,408 at year-end (previous year: KEUR 31,094). The excess of current assets over current liabilities is available to the itelligence Group for the maintenance and expansion of its business activities.

itelligence has a central finance management system for global liquidity management, the overriding aim of which is to secure and optimize the necessary liquidity within the Group. To this end, the itelligence companies participate in central cash management. Cash and cash equivalents are monitored throughout the Group and investments are made in accordance with uniform principles. Long-term investments are always financed on a long-term basis in order to further increase itelligence's liquidity reserves for operations.

As of December 31, 2010, the Group had cash and cash equivalents totaling KEUR 30,853 (previous year: KEUR 42,496), composed of current account balances and cash in hand in the amount of KEUR 26,743 (previous year: KEUR 31,551) and short-term fixed deposits in the amount of KEUR 4,110 (previous year: KEUR 10,945). The liquidity reserves are invested for short-term periods only and bear interest of between 0.13% and 1.15%.

itelligence has also agreed credit facilities with its key relationship banks in order to ensure the supply of liquidity.

i) Auditor's fees and services
At the Annual General Meeting on May 27, 2010, the shareholders of itelligence AG elected KPMG AG Wirtschaftsprüfungsgesellschaft as the auditor of the separate and consolidated financial statements of itelligence AG for fiscal 2010.

In the current fiscal year, the itelligence Group paid the following fees to the auditor as defined by section 319 (1) sentences 1 and 2 of the HGB:

	2010 KEUR	2009 KEUR
Fees for audits of financial statements by KPMG AG and its affiliated companies	223	219
Fees for tax advisory services	58	75
Fees for other assurance services	40	0
Fees for other services	0	16
	321	**310**

j) Group affiliation
NTT DATA EUROPE GmbH & Co. KG, Düsseldorf, prepares the consolidated financial statements for the smallest group of companies. These can be found in the electronic Federal Gazette. NTT CORPORATION, Tokyo, Japan, prepares the consolidated financial statements for the largest group of companies.

35 / Significant events after the reporting date

There were no significant events after the reporting date.

Bielefeld, March 10, 2011
itelligence AG, Bielefeld

Herbert Vogel
Chief Executive Officer

Norbert Rotter
Chief Financial Officer

Statement of Changes in Consolidated Non-current Assets in Fiscal Year 2010

	Cost					
	Jan. 1, 2010	Currency translation	Additions	Reclassifi-cations	Disposals	Dec. 31, .2010
		KEUR	KEUR	KEUR	KEUR	KEUR
Intangible assets						
IT software	4,902	76	1,644	49	150	6,521
Orders on hand	337	-50	1,488	0	0	1,775
Goodwill	26,135	210	18,043	0	0	44,388
	31,374	**236**	**21,175**	**49**	**150**	**52,684**
Property, plant and equipment						
Land, buildings and leasehold improvements	9,220	129	4,503	4,712	12	18,552
Assets under development	4,741	0	373	-4,712	0	402
IT hardware	29,118	581	6,410	85	679	35,515
Operating and office equipment	6,985	187	1,606	-134	371	8,273
	50,064	**897**	**12,892**	**-49**	**1,062**	**62,742**
Non-current financial assets						
Investments in associates	0	0	0	0	0	0
Investments	15	0	130	0	0	145
Securities	0	0	0	0	0	0
	15	**0**	**130**	**0**	**0**	**145**
	81,453	**1,133**	**34,197**	**0**	**1,212**	**115,571**

Cumulative depreciation / amortization						Carrying amounts	
Jan. 1, 2010	Currency translation	Depreciation and amortization in the fiscal year	Reclassifi-cations	Disposals	Dec. 31, .2010	Dec. 31, 2010	Dec. 31, 2009
KEUR	KEUR	KEUR	KEUR	KEUR	KEUR	KEUR	KEUR
-3,608	-49	-897	-49	96	-4,507	2,014	1,294
-121	0	-639	0	0	-760	1,015	216
-7,718	-135	0	0	0	-7,853	36,535	18,417
-11,447	**-184**	**-1,536**	**-49**	**96**	**-13,120**	**39,564**	**19,927**
-2,911	-46	-846	0	-2	-3,805	14,747	6,309
0	0	0	0	0	0	402	4,741
-19,093	-360	-5,185	-61	447	-24,252	11,263	10,025
-4,874	-114	-910	110	326	-5,462	2,811	2,111
-26,878	**-520**	**-6,941**	**49**	**771**	**-33,519**	**29,223**	**23,186**
0	0	0	0	0	0	0	0
0	0	0	0	0	0	145	15
0	0	0	0	0	0	0	0
0	**0**	**0**	**0**	**0**	**0**	**145**	**15**
-38,325	**-704**	**-8,477**	**0**	**867**	**-46,639**	**68,932**	**43,128**

Responsibility Statement by itelligence AG's Management Board

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

Bielefeld, March 10, 2011
itelligence AG, Bielefeld

Herbert Vogel
CEO

Norbert Rotter
CFO

Auditor's Report

We have audited the consolidated financial statements prepared by the itelligence AG, comprising the balance sheet, the income statement, statement of changes in equity, cash flow statement and the notes to the consolidated financial statements, together with the group management report for the business year from January 1, 2010 to December 31, 2010. The preparation of the consolidated financial statements and the group management report in accordance with IFRSs, as adopted by the EU, and the additional requirements of German commercial law pursuant to § 315a Abs. 1 HGB are the responsibility of the parent company`s management. Our responsibility is to express an opinion on the consolidated financial statements and on the group management report based on our audit.

We conducted our audit of the consolidated financial statements in accordance with § 317 HGB and German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer (IDW). Those standards require that we plan and perform the audit such that misstatements materially affecting the presentation of the net assets, financial position and results of operations in the consolidated financial statements in accordance with the applicable financial reporting framework and in the group management report are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the Group and expectations as to possible misstatements are taken into account in the determination of audit procedures. The effectiveness of the accounting-related internal control system and the evidence supporting the disclosures in the consolidated financial statements and the group management report are examined primarily on a test basis within the framework of the audit. The audit includes assessing the annual financial statements of those entities included in consolidation, the determination of entities to be included in consolidation, the accounting and consolidation principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements and group management report. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not led to any reservations.

In our opinion, based on the findings of our audit, the consolidated financial statements comply with IFRSs, as adopted by the EU, the additional requirements of German commercial law pursuant to § 315a Abs. 1 HGB and give a true and fair view of the net assets, financial position and results of operations of the Group in accordance with these requirements. The group management report is consistent with the consolidated financial statements and as a whole provides a suitable view of the Group's position and suitably presents the opportunities and risks of future development.

Bielefeld, March 10, 2011

KPMG AG
Wirtschaftsprüfungsgesellschaft

Rehnen	Lo Conte
Wirtschaftsprüfer	Wirtschaftsprüfer

Separate Financial Statements 2010 →

Income statement for the period from January 1 to December 31, 2010 (German Commercial Code)

EUR		2010		2009
1. Revenues		103,888,628.05		92,587,929.96
2. Increase in finished goods and work in progress		2,335,882.86		1,856,495.65
3. Other operating income		6,498,654.75		7,701,479.08
– of which income from currency translation EUR 207,145.24 (previous year: EUR 26,941.75)				
4. Cost of materials				
a) Cost of purchased merchandise	-14,036,236.33		-10,666,337.13	
b) Cost of purchased services	-31,027,987.53	-45,064,223.86	-28,907,949.66	-39,574,286.79
5. Personnel expenses				
a) Wages and salaries	-44,314,370.29		-41,183,403.63	
b) Social security, post-employment and other employee benefit costs	-6,267,932.99	-50,582,303.28	-5,774,462.73	-46,957,866.36
– of which in respect of old age pensions EUR -98,792.78 (previous year: EUR -65,974.98)				
6. Depreciation, amortization and write-downs				
a) Amortization and write-downs of intangible fixed assets and depreciation of tangible fixed assets	-1,166,410.68		-1,106,757.89	
b) Write-downs of current assets to the extent that they exceed the write-downs that are usual for the corporation	-1,700,575.37	-2,866,986.05	-417,044.97	-1,523,802.86
7. Other operating expenses		-21,227,259.83		-18,128,241.03
– of which expenses from currency translation EUR 688,821.95 (previous year: EUR 31,222.43)				
8. Income from long-term equity investments		2,496,988.01		670,120.61
– of which from affiliated companies EUR 2,496,221.07 (previous year: EUR 669,353.67)				
9. Income from profit and loss transfer agreements		11,775,530.72		8,005,263.17
10. Other interest and similar income		913,258.39		1,013,183.88
– of which from affiliated companies EUR 602,830.96 (previous year: EUR 604,282.70)				
11. Write-downs of long-term financial assets		0.00		-769,000.00
12. Interest and similar expenses		-490,250.25		-122,163.75
– of which to affiliated companies EUR -305,088.21 (previous year: EUR -317.11)				
13. Result from ordinary activities		**7,677,919.51**		**4,759,111.56**
14. Extraordinary result		-274,124.00		0.00
15. Taxes on income		-3,565,763.77		-2,224,753.39
16. Other taxes		-39,194.61		-27,163.15
17. Net income for the fiscal year		**3,798,837.13**		**2,507,195.02**
18. Profit carryforward		7,979,453.35		8,387,318.01
19. Dividend payment		-2,455,759.50		-2,915,059.68
20. Net retained profits		**9,322,530.98**		**7,979,453.35**

Balance sheet as of December 31, 2010 (German Commercial Code)

Assets EUR		Dec. 31, 2010		Dec. 31, 2009
A. Fixed assets				
I. Intangible assets				
Concessions. industrial and similar rights and assets. and licences in rights and assets		156,457.00		338,276.00
II. Tangible assets				
1. Land, land rights and buildings, including buildings on third-party land	7,487,383.40		326,006.10	
2. Technical equipment and machinery	476,536.00		167,489.00	
3. Other equipment, operating and office equipment	2,238,359.00		1,063,046.00	
4. Assets under construction	1,303.05	10,203,581.45	4,712,066.75	6,268,607.85
III. Long-term financial assets				
1. Investments in affiliated companies	34,067,494.19		23,983,713.67	
2. Investments	140,225.84	34,207,720.03	10,225.84	23,993,939.51
		44,567,758.48		**30,600,823.36**
B. Current assets				
I. Inventories				
1. Work in progress	18,805,550.19		17,461,134.48	
2. Merchandise	0.00	18,805,550.19	16,500.00	17,477,634.48
II. Receivables and other assets				
1. Trade receivables – of which with a remaining term of more than one year: EUR 340,377.62 (previous year: EUR 1,268,252.49)	22,141,830.63		16,248,094.35	
2. Receivables from affiliated companies – of which with a remaining term of more than one year: EUR 6,872,756.75 (previous year: EUR 3,088,500.00)	21,433,684.35		15,050,668.66	
3. Other assets – of which with a remaining term of morethan one year: EUR 348,563.45 (previous year: EUR 1,332,611.32)	573,290.03	44,148,805.01	1,991,465.51	33,290,228.52
III. Cash-in-hand, bank balances and checks		6,267,023.58		17,599,915.83
		69,221,378.78		68,367,778.83
C. Prepaid expenses		595,805.36		411,427.96
		114,384,942.62		**99,380,030.15**

Equity and liabilities EUR	Dec. 31, 2010	Dec. 31, 2009
A. Equity		
I. Subscribed capital	24,557,595.00	24,557,595.00
II. Capital reserves	14,501,709.59	14,501,709.59
III. Net retained profits	9,322,530.98	7,979,453.35
	48,381,835.57	**47,038,757.94**
B. Provisions		
1. Provisions for pensions and similar obligations	711,298.88	1,657,526.82
2. Provisions for taxes	1,732,955.00	411,921.00
3. Other provisions	12,567,111.74	11,345,157.69
	15,011,365.62	**13,414,605.51**
C. Liabilities		
1. Liabilities to banks	0.00	127,500.00
– of which with a remaining term of up to one year		
EUR 0.00 (previous year: EUR 17,000.00)		
2. Advance payments received on account of orders	18,558,072.59	19,580,293.92
– of which with a remaining term of up to one year		
EUR 18,558,072.59 (previous year: EUR 19,580,293.92)		
3. Trade payables	10,411,614.37	8,123,033.46
– of which with a remaining term of up to one year		
EUR 10,411,614.37 (previous year: EUR 8,123,033.46)		
4. Liabilities to affiliated companies	18,684,523.86	7,999,513.42
– of which with a remaining term of up to one year		
EUR 2,784,527.86 (previous year: EUR 1,249,513.42)		
5. Other liabilities	3,273,212.21	3,081,575.90
– of which with a remaining term of up to one year EUR 3,270,568.21		
(previous year: EUR 3,019,434.90)		
– of which for taxes EUR 2,894,032.48 (previous year: EUR 2,383,282.38)		
– of which social security EUR 1,931.89 (previous year: EUR 4,424.05)		
	50,927,423.03	**38,911,916.70**
D. Deferred income	64,318.40	14,750.00
	114,384,942.62	**99,380,030.15**

Financial Calendar 2011

March 17, 2011	Publication of the annual report 2010
April 28, 2011	Publication of the interim report 1/2011
May 26, 2011	Annual General Meeting in Bielefeld
July 28, 2011	Publication of the interim report 2/2011
October 27, 2011	Publication of the interim report 3/2011
November 21–23, 2011	German Equity Capital Forum, Frankfurt

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