1976 *Personal Computer*
1990 *ERP-Software*
1991 *WorldWideWeb*
2001 *Mobile Internet*
2006 *Cloud Computing*
2010 *In-Memory Database*

What's really important?

itelligence Key Figures

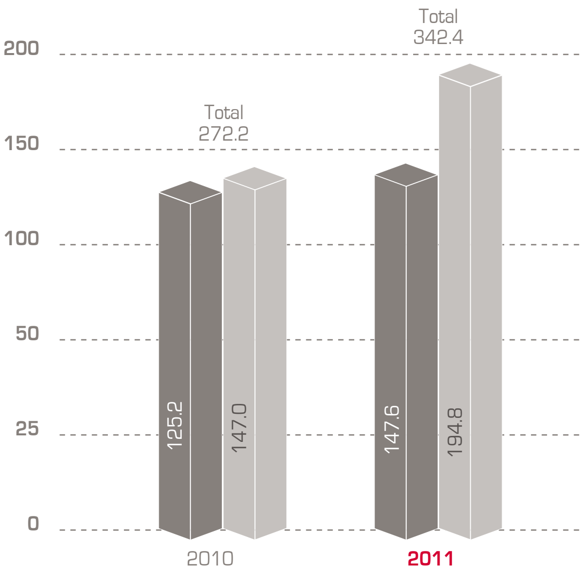
MEUR	IFRS 2011	IFRS 2010	IFRS 2009	IFRS 2008
Total revenues	**342.4**	**272.2**	**220**	**216.6**
Revenues by area				
Consulting	190.9	142.6	115.3	123.5
Licenses	37.5	33.8	28.5	31.1
Outsourcing & Services	113.1	95.3	75.8	61.6
Other	0.9	0.5	0.4	0.4
Revenues by segment				
Germany/Austria/Switzerland (DACH)	163.6	144.3	115.2	115.4
Western Europe	66.6	36.1	35.3	33.2
Eastern Europe	22.1	19.2	15.9	18.1
USA	82.0	66.9	50.2	46.6
Asia	4.1	2.3	0.1	-
Other	4.0	3.4	3.3	3.3
EBIT in MEUR	20.4	14.9	12.3	13.6
EBIT margin	6.0%	5.5%	5.6%	6.3%
EBITA in MEUR	22.5	16.4	13.1	14.3
EBITA margin	6.6%	6.0%	6.0%	6.6%
EBITDA in MEUR	30.4%	23.4	19.3	19.8
EBITDA margin	8.9%	8.6%	8.8%	9.2%
Earnings IFRS	12.8	10.0	7.2	10.8
Earnings per share	0.46	0.39	0.28	0.44
Dividend per share	0.18	0.14	0.10	0.12
Cash flow per share in EUR	0.29	-0.56	0.30	0.38
Return to sales	3.7%	3.7%	3.3%	5.0%
Cash flow in MEUR	7.1	-13.8	7.4	9.2
Balance sheet in MEUR	254.3	180.2	141.2	129.4
Equity in MEUR	68.0	61.2	53.9	54.2
Equity ratio	26.7%	34.0%	38.2%	41.9%
ROE (Return on equity)	18.9%	16.4%	13.3%	20.0%
ROA (Return on assets)	5.4%	5.4%	5.5%	8.2%
ROCE (Return on assets employed)	8.3%	8.4%	10.8%	16.7%
Investments in MEUR	32.5	30.6	13.1	11.1
Employees as of December 31	2,251	1,844	1,538	1,431
Average	2,119	1,695	1,465	1,330
– Germany	935	836	791	748
– Abroad	1,316	1,008	747	683

*Proposal for the annual general meeting.

Fiscal Year 2011

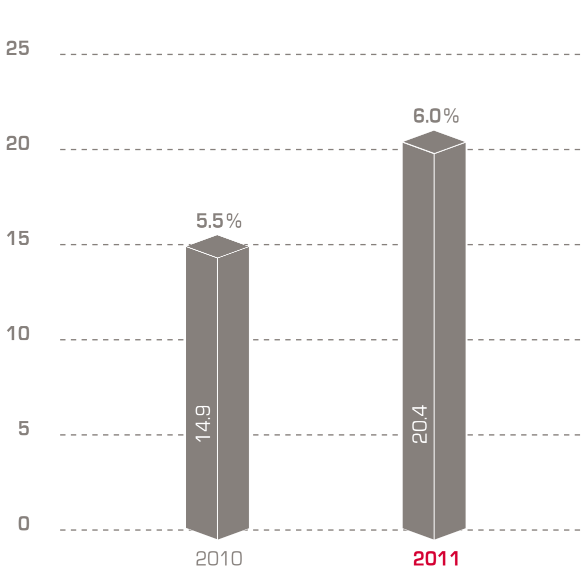
Revenue development (in MEUR)

Germany/Abroad

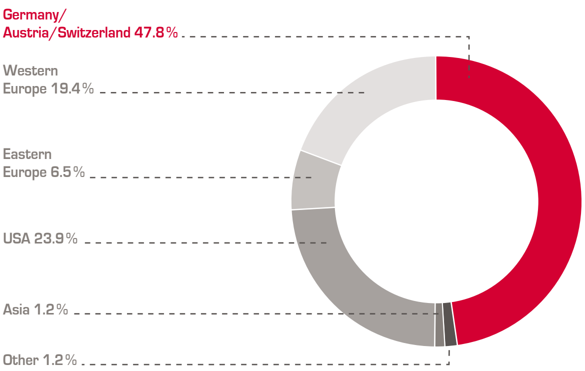


Growth in earnings (in MEUR)

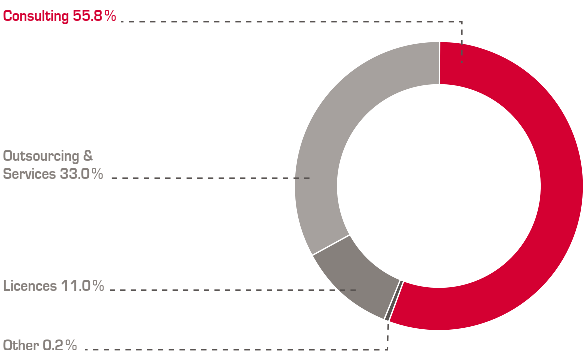
EBIT/EBIT margin



Revenue per segment 2011



Revenue by division 2011



What's really important?

Software and software services are not a means to an end. A steady flow of new functions, devices and technologies makes IT fashionable and attractive and awakens a desire for more. What really matters, and what does not, quickly takes a back seat. This Annual Report seeks to turn the spotlight back onto this question. What values remain behind the abundance of technology facing our industry and our customers? With the world seeming to turn ever faster, we believe now is the time to pause for a moment and take stock.

Dear Shareholders and Friends of the Company,

Information technology is popular and omnipresent: smart phones, tablets, new Internet-based services and effective analysis tools meant that 2011 was an exciting year. IT in general and SAP software in particular are linked with terms such as innovation, speed and effectiveness. Investments in IT serve to accelerate business development, create new revenue segments and improve the flexibility of work. The true possibilities and dimensions of this technology cannot be easily summed up at present. One thing is for sure, however: it is more than just hype.

Similarly, it is now impossible to imagine an IT world without cloud computing. Analysts are even talking about a leap forward to the next phase of IT. Cloud computing is giving rise to new partner models on the market. The way in which people use enterprise software is changing. Cloud computing is a reality at itelligence. We have been selling the SAP Business ByDesign solution for the last two years and have gained more than 30 new customers in the past year. At the same time, we are one of the first SAP partners in the world to offer the SAP Business One solution globally from our data center (cloud).

In fiscal year 2011, we again proved that itelligence is capable of meeting the growing demands made of it. For the eighth time in a row, this Annual Report tells the story of a record year in terms of our results. Whether addressing new topics, continuing with our traditional business or expanding our international presence, itelligence performed excellently across the board. We have grown more strongly than our competitors and gained market share in all areas.

The innovations in which we have invested have become a reality. Mobile solutions, business analytics and our redesigned industry solutions are leaders in the SAP market, and our overall range of services sets us apart from our competitors.

We are confident that our values in particular will guarantee itelligence's continued success. This involves a respectful and open approach, both internally and externally, as well as professionalism and a clear vision. Our employees are our most valuable capital, and this is something we must always be aware of. We must also deal fairly with our business partners, as nobody acts alone in today's business world. Above all, however, we must never forget to be a partner in whom our customers can place their trust, as it is us who can help them to make the right choice from the abundance of available options.

Accordingly, the motto for itelligence's Annual Report this year is: What's really important? The Annual Report describes the constants, the values that remain in place despite the fast pace of our environment and the new technical possibilities. Business success can only be achieved on the basis of strong foundations with a focus on values.

Reflecting the Company's strong development in the current year, the Supervisory Board and Management Board of itelligence AG will propose to the Annual General Meeting on May 31, 2012 the payment of a dividend of EUR 0.18 per share for fiscal year 2011. With this dividend proposal, our aim is to allow you – our shareholders – to again participate in itelligence AG's positive performance in fiscal year 2011 to an appropriate extent.

The management in particular is committed to upholding itelligence's principles. We can only be as good as the example that is set at the top. Some years ago, itelligence expressed these convictions in the form of its Guiding Principles. But this alone is not enough. Promoting integrity, team spirit and innovation requires continuous work. In a fast-moving environment like ours, this is a fixed constant. I am confident that we have put our Guiding Principles into practice in the past – and I promise that we will continue to do so in future.

Yours

Herbert Vogel

Herbert Vogel

Interview with the Management Board

Herbert Vogel
CEO

Norbert Rotter
CFO

Interview with the Management Board

Mr. Vogel, mid-2010 saw a positive turnaround in the IT market. Companies began to invest in IT again. Did this upturn continue throughout 2011? *Herbert Vogel* It certainly did. 2011 was an excellent year for itelligence in many respects. Business was extremely stable – although, interestingly, we saw particularly strong development in the fourth quarter, a time when people were talking about a downturn in the economy. Accordingly, we closed the fiscal year with a well-filled pipeline for 2012. Thanks to the efforts of all our employees, we have achieved a great deal both in Germany and abroad. Never before have we invested so much in new markets, innovations and data centers and strengthened our global positioning in the SAP environment. itelligence has moved to the next level. We are now looking towards annual revenues of MEUR 500.

To what do you attribute this success? *Herbert Vogel* To a combination of internal and external factors: we are permanently striving to improve our internal processes. The question of how we work has always been central to our approach. In addition, although we have a clear focus on internationalization, this does not mean neglecting the further development of our technology and the stabilization of our existing business. The construction of the second data center in Bautzen is complete, and we are currently working on a new administrative building with a state-of-the-art data center in the USA. The market has undoubtedly also given us a tailwind. The mood was completely different to how it had been in the previous years. Companies are investing in IT, and particularly in innovations, once again. On the one hand, this can be attributed to the new SAP solutions: with on-demand, business intelligence and mobile business, the Group offers an innovative and attractive product range. On the other hand, the crisis has taught many companies that software can improve their efficiency. For example, data analysis has received a new boost. Companies are drowning in a flood of information and urgently need programs to sort this information and make it usable for them.

Mr. Rotter, itelligence has been growing steadily since 2004. 2011 was another record year. How is this reflected in the Group's figures? *Norbert Rotter* Not only have we grown steadily since 2004, but we have also done so at impressive speed. itelligence's average annual growth rate is around 15%, and we even managed to significantly exceed this in the past fiscal year. Revenues increased by 25.8% to MEUR 342.4. Of this figure, 16.5% was attributable to organic growth, while acquisitions – which contributed revenues of around MEUR 25 – accounted for 9.3% of revenue growth.
In relative terms, earnings developed even more strongly despite acquisition costs of around MEUR 1. Earnings before interest and taxes increased by almost 36.9% to MEUR 20.4, meaning that the EBIT margin rose from 5.5% in the previous year to 6.0% in 2011 as forecast.
We were only able to successfully manage this growth through the targeted appointment of new, skilled professionals; indeed, we would have happily appointed even more new employees. All in all, our workforce grew by 407. Of this figure, the acquisitions in the United Kingdom, Denmark and Norway resulted in 171 new employees for itelligence.

Was this growth driven by all of itelligence's divisions, or are individual areas performing particularly well? *Norbert Rotter* We did indeed record double-digit growth across all divisions in 2011. Licenses revenues rose by 10.9%, around 50% of which was attributable to new customers in Germany and abroad. The marketing of in-house solutions developed particularly well, with growth of some 51.5%. I also see the systematic marketing of itelligence solutions as providing a good opportunity to improve our profitability on a long-term basis. The Consulting division enjoyed excellent performance, with revenue growth of 33.9%. This was driven in particular by above-average consultant utilization at a number of national subsidiaries. The Outsourcing & Services division recorded sustainable growth of 18.5%. I say "sustainable" because we have entered into long-term contracts in the areas of hosting, application management and SAP maintenance. This business requires itelligence to make extensive investment, such as in data centers and infrastructure, but also provides highly planable and profitable business.

One of itelligence's growth drivers is the expansion of its international business. This involves high demands: long distances, different time zones and language and cultural barriers make cooperation and management more difficult. What makes you so certain that itelligence is up to the task? *Herbert Vogel* Because we have already shown that we are! itelligence has been internationally active for some time now. We accompany customers into new countries, attract our own customers in different regions, and have acquired and successfully integrated foreign companies within the Group. The majority of our income is now generated outside Germany: as much as 60% in 2011. All of the regions have made their contribution to this development. The fact that we have outperformed the market in a number of countries also suggests that we are on the right track. In Western Europe, we reinforced our position in markets such as Spain and the United Kingdom in 2011 despite the economic downturn.
We also recorded strong growth in the USA, where economic development is similarly difficult. We are satisfied with our performance in Eastern Europe, although the region continues to offer a great deal of potential. The same is true for Asia, where the establishment of our business has progressed well.

Has itelligence's growth and international focus led to a change in the size of its customers and projects? *Herbert Vogel* Yes and no. We are growing in the high-end customer segment, this much is clear. With our expertise in the field of international projects and our size, we have become the right partner even for larger globally active companies. With more than 2,250 employees, we have the capacity to manage major projects. In 2011, we generated around a quarter of our revenue with companies from the large customer segment. At the same time, however, we are aiming to grow in the area of high-volume business. The SAP product Business ByDesign is primarily addressed at small companies. This does not mean that we are turning our back on traditional SMEs. They have always been and will remain our bread and butter and our core competency. We want to look after our existing customers and develop solutions for new topics and business areas with them.

Some of itelligence's growth can also be attributed to new acquisitions. What is the strategy behind the acquisitions made in 2011? *Norbert Rotter* The acquisitions are essential to the development of new regional markets. With the Danish SAP consulting firm 2C change, itelligence is closing a gap in Northern Europe. The entire Scandinavian region is an interesting area for us. The countries in question are mature markets where we can implement our business model on a one-to-one basis. 2C change has a subsidiary in Norway, meaning that we now also have a foot in the door of this market, and we are planning to expand into Sweden and Finland in the medium term. However, geographical coverage is not everything; technological expertise also plays a role when selecting potential takeover candidates. In the United Kingdom, for example, where we have become the market leader in the SAP environment, we gained a team of BusinessObjects specialists with the acquisition of Contemporary. With its transactions, itelligence is keeping its promise of staying close to the customer. One good example of this is the acquisition of the PlanOrg Industry business unit from the SAP partner PlanOrg in Jena, which has strengthened our regional presence for an improved service offering in Thuringia state while allowing us to benefit from a healthy academic environment and an interesting economic area. Jena is a growth-oriented, high-tech location that is home to a mixture of prosperous SMEs and innovative start-ups. We intend to stick to this strategy in 2012 and strengthen our position through further targeted acquisitions.

Innovative start-ups are the ideal customers for SAP Business ByDesign. The on-demand software saves them from having to make substantial initial investments while still allowing them to harness the benefits of a modern, comprehensive ERP solution. For itelligence as a service provider, however, this means providing the full infrastructure. Is this not a risky business? ***Herbert Vogel*** Every investment in a new business involves a certain risk. To claim otherwise would be naive. The main thing is that the risk must be transparent and manageable. However, when it comes to cloud computing – this being precisely what Business ByDesign involves – the experts are agreed that the technology is here to stay, and that it will lead to extensive changes on the market and at companies in the medium term. This development is already being seen internationally, whereas many German companies are dragging their heels due to security concerns. But I am confident that the penetration of cloud computing will continue to increase here in Germany, too. To date, the Business ByDesign applications have been run at SAP's data center, meaning that there is no serious issue when it comes to providing the necessary infrastructure as yet. Focusing on customers is more important. itelligence had gained its first 30 customers by the end of 2011. Although this is a promising start, it is not enough to let us talk about a successful business area just yet. Business ByDesign is a high-volume business, so our primary objective is to establish a large customer base. However, the experience of the past year has shown that the latest SAP product has also established itself on the market.

Mobile business is another relatively young technology. Combining enterprise software with mobile devices is a hot topic at present. What can mobile business achieve? ***Norbert Rotter*** The overall potential of mobile business is huge. Not only because the technology is already mature and user-friendly smart phones are available on the market, but also because mobile data transfer costs have fallen significantly. Mobile technology is interesting in all scenarios where employees are not tied to a fixed workstation. Traditional examples include sales and warehousing. By ensuring smooth data transfer to central company systems, mobile applications can accelerate workflows and, in most cases, improve data quality. Nowadays, however, data can be made available and moved in various contexts, thereby giving rise to entirely new concepts in areas such as human resources or marketing. In November 2011, itelligence demonstrated mobile customer relationship management (CRM) for the processing of CRM data using the iPad or other tablets. We will continue to direct our attention towards mobile business, developing SME-oriented products and analyzing the feasibility of business ideas together with our customers. In order to ensure that we remain on the ball, we have established an in-house team consisting of various itelligence managers that will support us in developing a comprehensive mobile strategy.

What is your take on business intelligence, a term that is doing the rounds at present in conjunction with buzzwords such as business analytics, in-memory technology and big data? Does this really represent a challenge for companies? *Herbert Vogel* What we can say is that the forecasts concerning business intelligence and business analytics have proven correct so far. Many companies are battling with increasingly complex data that needs to be structured before it can be analyzed. Having recognized this development, SAP acquired the BI specialist Business Objects three years ago. The integration of SAP Business Objects is now complete, meaning that we can offer customers comprehensive solutions for managing their data flows. The in-memory technology marketed by SAP in the form of the HANA solution enables the management and particularly rapid analysis of extreme data volumes. This technology did not yet play a large role for SMEs in the past year, but I firmly expect it to gain acceptance.

All of the key topics seem to be determined by SAP. Does itelligence have a say at all? *Herbert Vogel* We have been working with SAP for more than 20 years, and it goes without saying that we discuss new technologies and solutions together. itelligence is one of the world's most important SAP partners for small and medium-sized enterprises, as was confirmed once again by the various awards we won this year. Our relationship with SAP is extremely good, and the SME experience that itelligence brings to the table is also interesting for SAP. This is why they listen to us.

New topics, new technologies, new countries – how do you, the Management Board, succeed in enthusing employees for these developments? *Norbert Rotter* Communication is the best tool. It is the Management Board's responsibility to create the structures for an optimal exchange between countries, specialist departments and employees. We promote networking and communications between various groups in a targeted manner. For up-and-coming managers, for example, there is the one-year DELTa (Develop Expert and Leadership Talents) program, which is aimed at encouraging strategic thought, management qualities and a global mindset. The itelligence academy is another particularly important instrument. It provides our employees with an extensive range of training and development opportunities in the areas of SAP, methodology and soft skills. In 2011, we worked on further improving these services. The team was expanded and the program was reviewed in great detail and revised. We are also making good progress with itellipedia, our internal "wiki", which is being used to promote the exchange of expertise within the Group.

Herbert Vogel In addition to human resources development, we are focused on permanently improving workflows within the organization. In 2011, for example, we combined Switzerland, Austria and Germany to create the DACH organizational region. Another important step is the fact that we have completed the development of our methodologies and rolled them out globally. The way in which we implement projects is now clearly defined and supported by tools. The process is described from beginning to end, follows fixed rules from the pre-sales phase through to the go-live, and takes into account the specific characteristics of the respective customer industry. These methods are particularly widespread in our business with large customers, where they are used to facilitate project realization and employee induction. This improved professionalism is also beneficial for our customers, who can expect shorter projects and greater planability. As far as I know, itelligence is the first company to have developed a special methodology for SMEs and rolled this out internationally.

At the request of the Japanese Group parent NTT DATA, itelligence has assumed responsibility for coordinating the establishment of an international SAP service business. What does this mean in concrete terms? *Herbert Vogel* NTT DATA has been pursuing the idea of establishing a global business for SAP services for some time. In the past year, the SAP Global One Team initiative was launched, with itelligence playing a leading role. This initiative served as an informal combination of all SAP providers under the umbrella of NTT DATA, which coordinated their services and solutions and exchanged information. This has now led to the formation of a concrete organization, the NTT DATA Solution Group. To date, this group consists of NTT DATA and its subsidiaries Business Formula, Cornerstone Asia and Extend Technologies. Our task is to offer high-quality, optimized IT solutions and SAP consulting to these companies around the world. I am personally delighted that itelligence is coordinating this new global unit. This underlines NTT DATA's confidence in us and demonstrates the close relationship between the two companies.

When itelligence was acquired by NTT DATA in 2008, you concluded an agreement stating that the "itelligence" name would remain in place for at least four years and the company's shares would continue to be listed on the stock exchange. Four years have now gone by ... *Norbert Rotter* ... and renaming the company is not currently on the cards – but we are growing significantly closer and have intensified our cooperation in many areas, particularly with subsidiaries of NTT and the NTT DATA Group. This is giving itelligence access to a wide range of opportunities and huge potential: for instance, our fellow NTT subsidiary Extend Technologies, Australia, has provided us with hosting customers in Malaysia. Our team in Malaysia is another good example of the extent to which integration is progressing. It has succeeded in winning a number of customers from the Japanese environment using the data center capacities of NTT Communications. Last but not least, NTT DATA is an important pillar for our own expansion. The NTT DATA Group is already one of the top ten global IT service providers, and its aim is to break into the top five. itelligence will have an important part to play in this strategy.

Is itelligence's success also reflected in its share price? *Norbert Rotter* Our share price is extremely stable. Over the year as a whole, it fluctuated between EUR 5.75 and EUR 7.25. We also paid an increased dividend of EUR 0.14 per share in the past year, and will propose the payment of an extremely appropriate dividend to our shareholders this year. My aim is to systematically increase itelligence's value.

In 2011, itelligence enjoyed its eighth successive record year. What are your forecasts for the future? *Herbert Vogel* It currently looks as if growth will slow over the course of the year, but we will continue to grow. I expect all of itelligence's divisions to develop positively and to outperform the market once again in fiscal year 2012. The emerging areas of Business ByDesign, mobility and business intelligence will continue to be important, while traditional business will remain in demand. We are looking to press ahead in the field of application management. There is still great potential in customized services for systems in the SAP environment, and we expect to see comfortably double-digit growth in this area over the next two years. Of course, this growth will be dependent on a healthy economic environment. It is difficult to say whether the debate on government debt will lead to significant disruptions, but we do not consider this to have been the case to date.

Norbert Rotter We are forecasting further double-digit organic growth in fiscal year 2012. We expect to record revenues of MEUR 375-400. With earnings set to enjoy above-average growth once again, we are aiming for an

EBIT margin of between 6.2% and 6.4%. 2012 will again be characterized by the further internationalization of itelligence's activities. There are still some uncharted territories that we would like to enter, such as South America, South-Eastern Europe and the Middle East. With a view to further acquisitions, it is important that we do not neglect the area of integration. Integrating the new companies within itelligence is one of our most important tasks. Although different languages and cultures do not make things any easier, this is all the more reason for us to make every effort to achieve our aim. The high level of interest among our employees in taking an active part in this process is extremely encouraging.

Mr. Vogel, Mr. Rotter, the motto of the 2011 Annual Report is "What's really important". The abundance of new technological and organizational developments makes it especially difficult to differentiate between what is important and what is not. As the Management Board, what is still important for you? *Norbert Rotter* Sincerity, reliability and trust are the most important characteristics that itelligence must retain. Towards its customers, its employees and its business partners. A customer focus is unquestionably our main priority. Our strategy must always be geared towards the needs of our customers. Particularly in light of the wide range of innovations, it is our responsibility to examine the benefit for our customer's business and not to chase after every new hype. We want to have a credible market presence and to be a reliable partner. Integrity plays a key role in our business. This also applies to cooperation within the Company. itelligence's success is the success of all its employees. Our team spirit across borders and departments is a key factor in ensuring this success. As the Management Board, we are role models. We set an example in terms of what we expect of our colleagues and work to ensure that the right structures are in place to allow our business to progress. The wheel of innovation is moving ever faster, and we are part of this movement. Information is the raw material of the future, and IT is needed to process this information. This is why, as an IT company, we are at the helm of developments and can help to shape the future.

Herbert Vogel Another thing that still matters is our clear business model. We are sticking to our guns. itelligence is focused on SMEs and on SAP. This has not changed. At the same time, we are pressing ahead with our internationalization process. As the Management Board, we take responsibility for this development – for itelligence as well as for our fellow NTT subsidiaries, with whom we are cooperating around the world. It is always important for us to work professionally. Professionalism means reliability, treating each other with respect, and determination. However, professionalism also means the ability to acknowledge our mistakes and to be honest with ourselves, our colleagues and our customers. The responsibility of the Management Board must be to set clear objectives and track their implementation. At the same time, though, the Management Board must not forget to continue to celebrate the Company's successes along with its employees. ■

IDENTITY

Will IT make us into citizens of the world?

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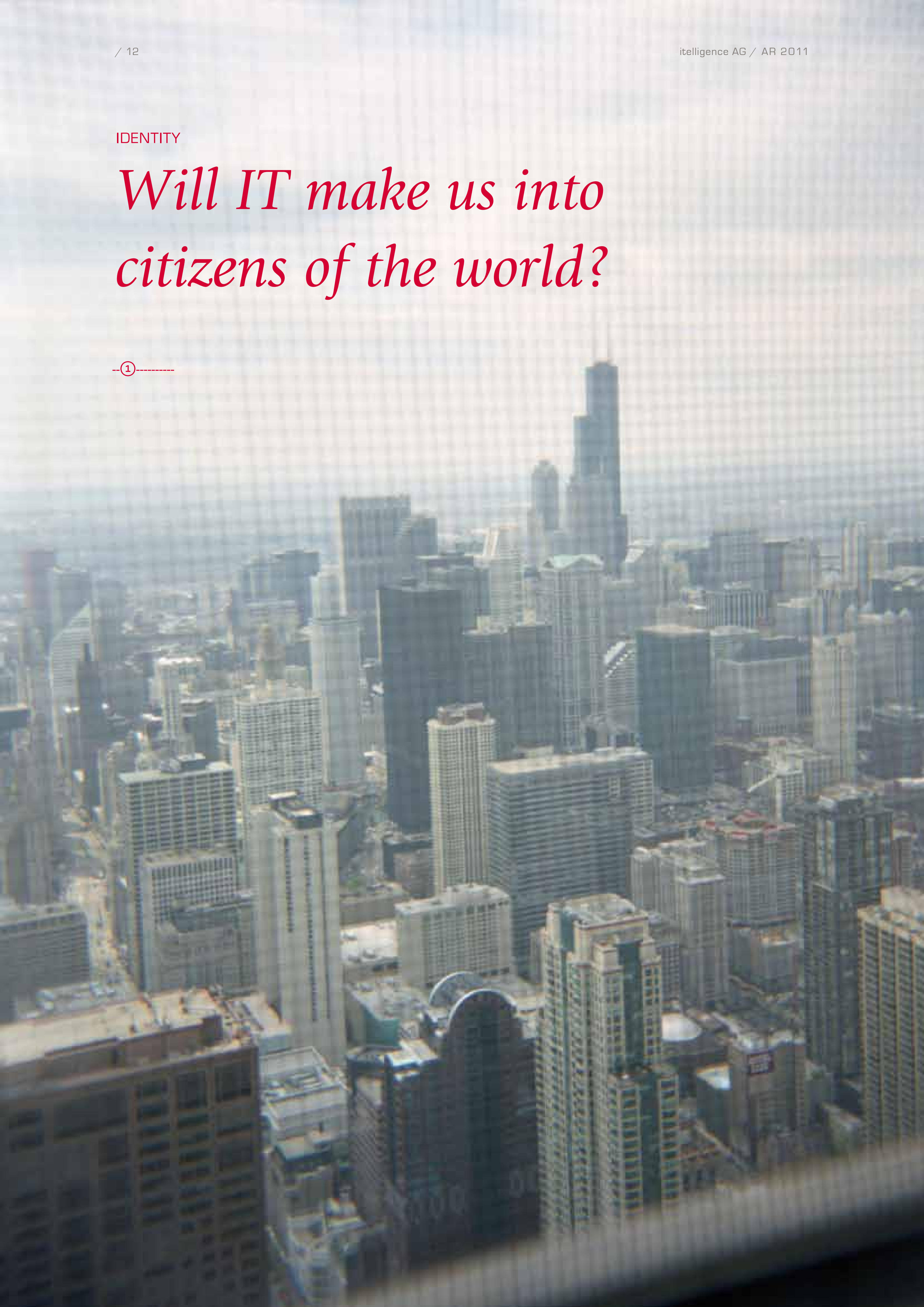


Everyone has their own identity. Personality is made up of different characteristics – both external and internal – and is what sets us apart from others. Identity is unique and unambiguous. Companies also have their own identity, composed of the sum total of their various employees, the way the company works and the way people deal with each other.

itelligence places great importance on its own identity. We believe that our shared objectives and values play an important role in the success of our work. We can only credibly present something to the outside world if we have first internalized it. Our identity is expressed in the respectful and open way in which we deal with each other. However, we also want our work to be fun and for our employees to enjoy being part of the itelligence family.

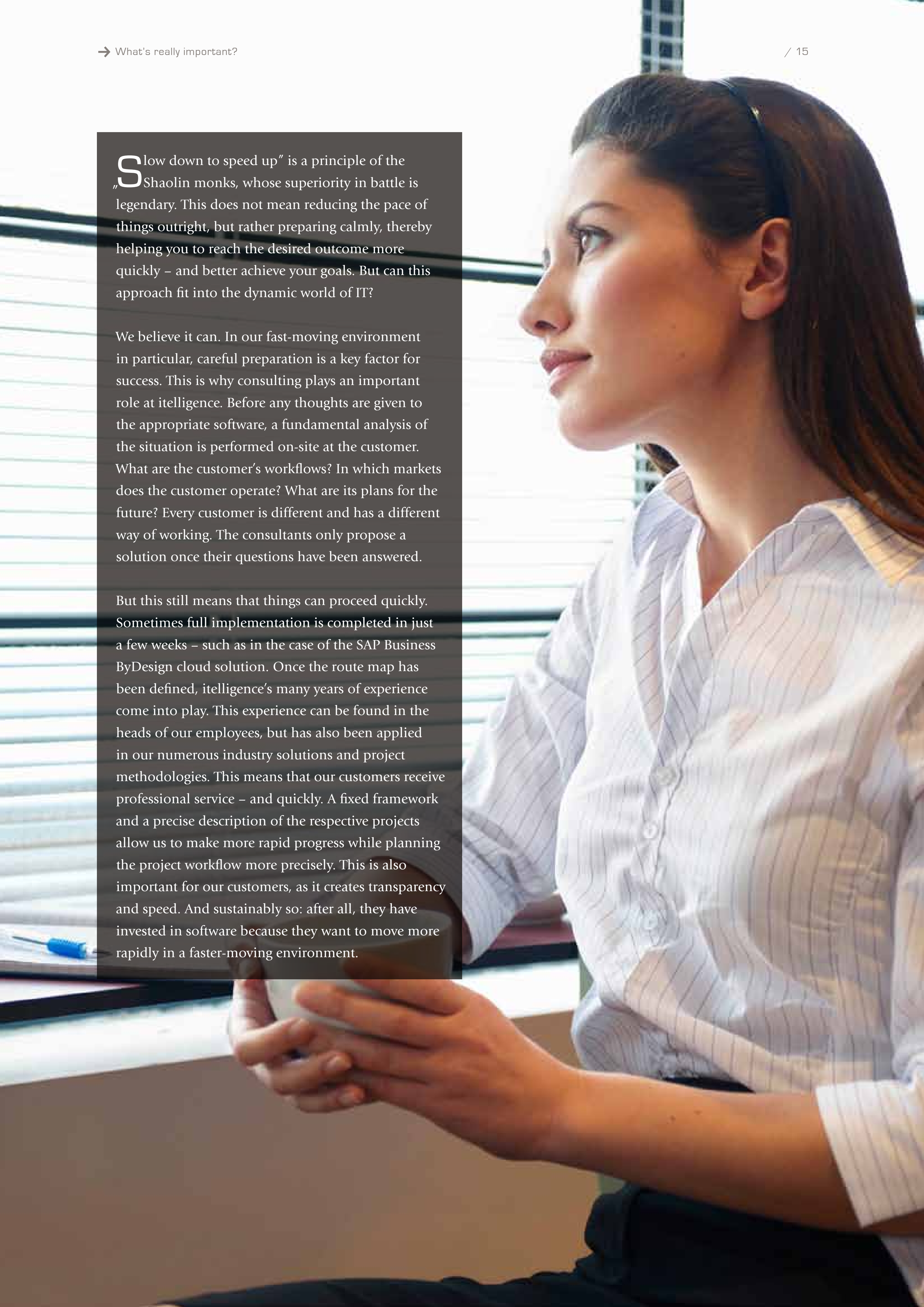
itelligence has grown considerably over recent years and has long since expanded its business to other countries and continents. This growing size makes it more difficult for us to maintain our identity. Customers and colleagues from different cultural backgrounds have become part of the Company. Our aim is not to impose an itelligence identity on them, but rather to bring together the best of all worlds. The keys are openness, tolerance and a willingness to help. This protects us from losing our identity.

itelligence's world has become bigger and more colorful. However, the heart of our identity has remained the same: customer orientation, a team focus, and motivation. Our openness towards friends and strangers alike allows us to preserve this identity, and hence the uniqueness of itelligence. This is what makes us successful and what unites us – across all national borders.

SPEED

Is speed everything when it comes to IT?

2



„Slow down to speed up" is a principle of the Shaolin monks, whose superiority in battle is legendary. This does not mean reducing the pace of things outright, but rather preparing calmly, thereby helping you to reach the desired outcome more quickly – and better achieve your goals. But can this approach fit into the dynamic world of IT?

We believe it can. In our fast-moving environment in particular, careful preparation is a key factor for success. This is why consulting plays an important role at itelligence. Before any thoughts are given to the appropriate software, a fundamental analysis of the situation is performed on-site at the customer. What are the customer's workflows? In which markets does the customer operate? What are its plans for the future? Every customer is different and has a different way of working. The consultants only propose a solution once their questions have been answered.

But this still means that things can proceed quickly. Sometimes full implementation is completed in just a few weeks – such as in the case of the SAP Business ByDesign cloud solution. Once the route map has been defined, itelligence's many years of experience come into play. This experience can be found in the heads of our employees, but has also been applied in our numerous industry solutions and project methodologies. This means that our customers receive professional service – and quickly. A fixed framework and a precise description of the respective projects allow us to make more rapid progress while planning the project workflow more precisely. This is also important for our customers, as it creates transparency and speed. And sustainably so: after all, they have invested in software because they want to move more rapidly in a faster-moving environment.

USABILITY

Do complex systems make things easier for the individual?

③

To whom do we offer SAP consulting? To companies. Our customers need software to facilitate their workflows, to work more efficiently – indeed, to be able to perform certain business activities in the first place. We must always ask ourselves the question: Cui bono? Who does this benefit? People! Our customers' employees, who have to operate the software. And it is for these people that we offer our services.

Admittedly, standardized enterprise software was not always easy to operate. Employees had to learn new abbreviations or enter data in complicated forms. Nowadays, a focus on the user's needs goes without saying. Everyone knows that IT must itself be efficient if it is to deliver the promised efficiency. It must make the user's life easier, not more difficult. Programs must be simple to operate, easily comprehensible and quick to learn.

However, ensuring that this is the case means a growing level of complexity behind the scenes. Hundreds of systems are involved in controlling the sending of e-mails, the issuing of invoices or the preparation, printing and distribution of pay slips. There is software for customer management, for the supply chain, for business analytics. The number of systems and the range of available functions is expanding constantly. These systems take up growing amounts of storage space, require increasingly clever security systems, and form ever larger and more complicated networks. Improving the ease of use for the individual employee leads to greater effort for the company.

itelligence can significantly reduce this effort – to precisely the extent desired by the customer. We can manage a company's complete IT landscape or parts thereof. This saves resources and ensures that companies remain more flexible while still providing their employees with state-of-the-art software. We also place great importance on user training, as improved efficiency and effectiveness can only truly take hold if the users of a piece of software have correctly understood how to use it. Cui bono? Our customers and their employees.

FREEDOM

Does software create greater freedom?

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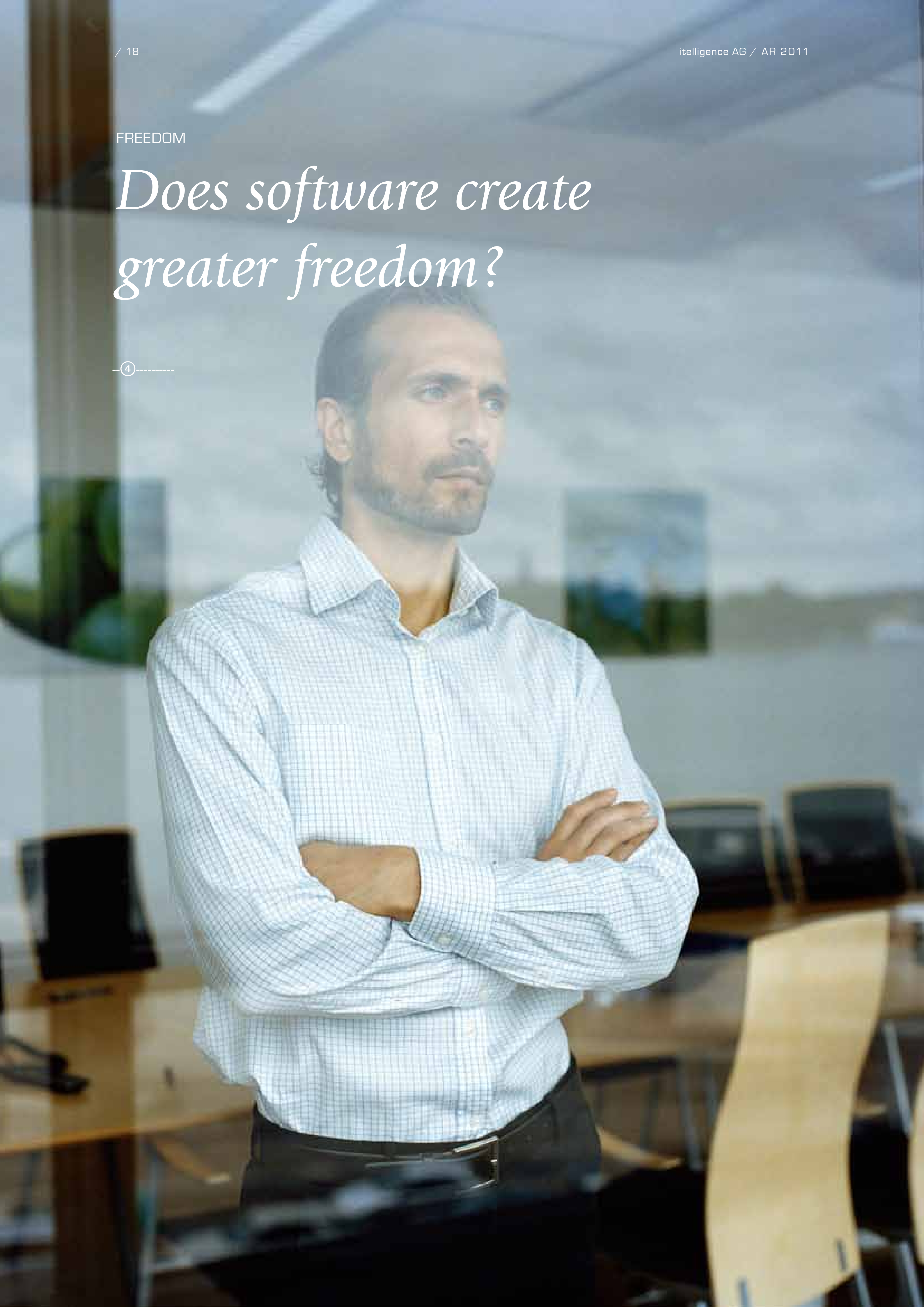
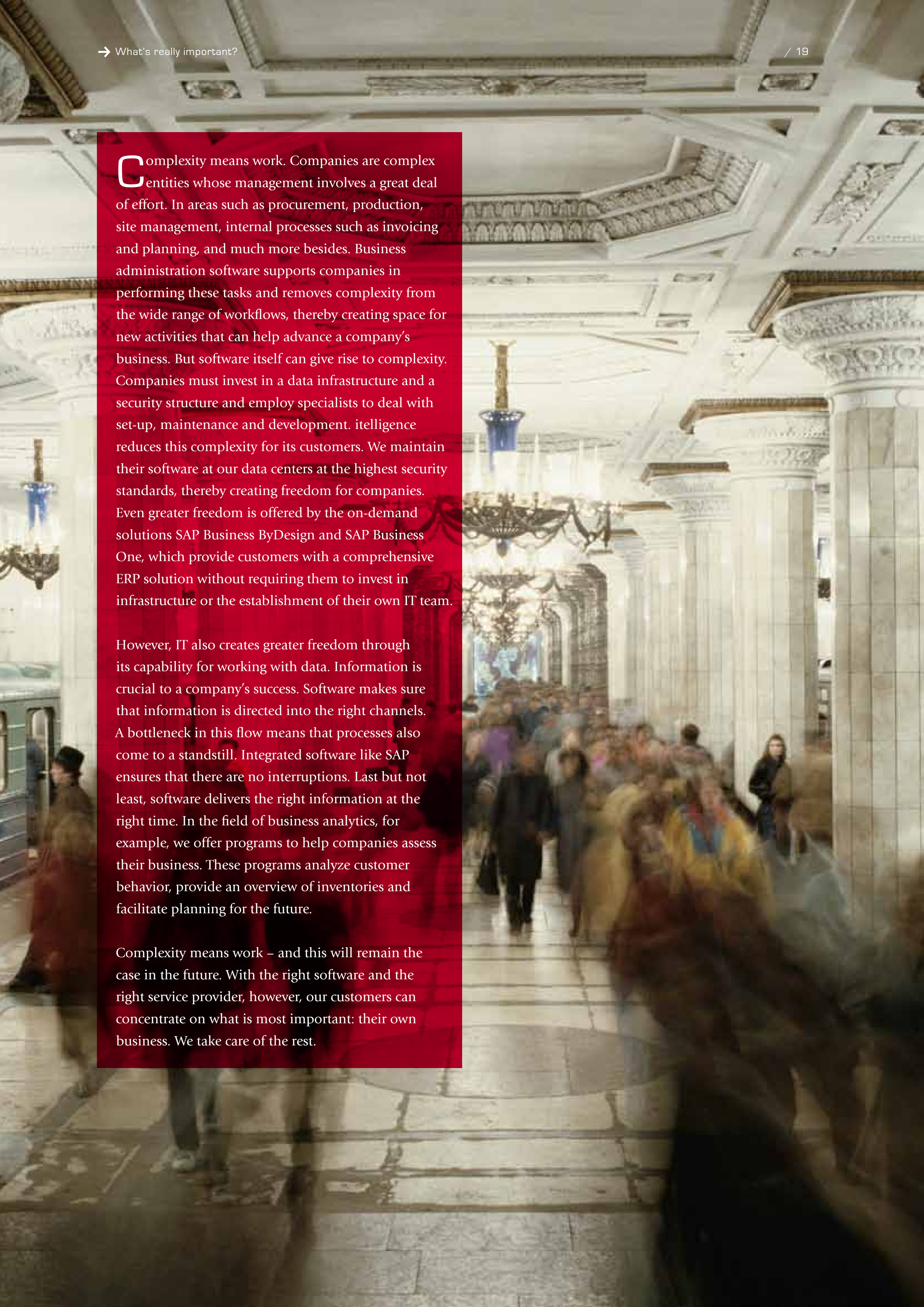




Complexity means work. Companies are complex entities whose management involves a great deal of effort. In areas such as procurement, production, site management, internal processes such as invoicing and planning, and much more besides. Business administration software supports companies in performing these tasks and removes complexity from the wide range of workflows, thereby creating space for new activities that can help advance a company's business. But software itself can give rise to complexity. Companies must invest in a data infrastructure and a security structure and employ specialists to deal with set-up, maintenance and development. itelligence reduces this complexity for its customers. We maintain their software at our data centers at the highest security standards, thereby creating freedom for companies. Even greater freedom is offered by the on-demand solutions SAP Business ByDesign and SAP Business One, which provide customers with a comprehensive ERP solution without requiring them to invest in infrastructure or the establishment of their own IT team.

However, IT also creates greater freedom through its capability for working with data. Information is crucial to a company's success. Software makes sure that information is directed into the right channels. A bottleneck in this flow means that processes also come to a standstill. Integrated software like SAP ensures that there are no interruptions. Last but not least, software delivers the right information at the right time. In the field of business analytics, for example, we offer programs to help companies assess their business. These programs analyze customer behavior, provide an overview of inventories and facilitate planning for the future.

Complexity means work – and this will remain the case in the future. With the right software and the right service provider, however, our customers can concentrate on what is most important: their own business. We take care of the rest.

MOBILITY

Are we moving towards permanent availability?

When did mobility actually begin? With mass migrations of entire populations, with horse drawn carriages, trains and cars – or with faxes, radios and telephones? Although mobility is strictly defined as the ability to move, it is mostly understood as a willingness to move. Mobility is one of the central traits of our times. The Internet, laptops and cellphones have played their part in this. And the debate on their advantages and disadvantages is understandably widespread. Technology is confronting us with a new phenomenon: permanent availability. Just because you have closed your office door doesn't mean your work is over. Messages and calls can still be received, and quick decisions can be made in the evening or at the weekend. This represents a challenge for the individual, for families, and for society as a whole. We are only at the start of this development, and it is still impossible to say what impact this permanent availability will have on us. To date, however, what we do know is that mobility sometimes makes life more hectic, whereas sometimes it can bring relief.

It certainly brings relief for companies. Mobile devices and technologies can help people in many areas: recording inventories in a warehouse, for example, or transferring data directly to a central computer when at a field meeting with a customer. Technology can also simplify and, ultimately, accelerate production workflows. itelligence is also harnessing the benefits of mobile technology. Where possible, our employees are given flexibility when it comes to their workplace, thereby saving time and making it easier for them to balance family and office life. This is a real help, and not only for the mothers and fathers among our workforce. For our customers, meanwhile, mobility means rapid access to information.

The Internet, laptops and cellphones allow our customers and employees to work more quickly and efficiently. This represents a huge step forward. But we should be sure to remember to turn our devices off again afterwards.

FLEXIBILITY

How versatile should we be?

Flexibility is one of today's hottest topics. From individuals to companies to society as a whole, the highest possible degree of flexibility and versatility is required in order to adapt to increasingly rapid changes. If you are too rigid, you risk being overrun. The need for greater flexibility arises from different requirements. For example, individuals can no longer rely on lifelong employment with the same company, while society is faced with the need to find answers to big questions such as education and the environment.

For itelligence's customers, too, the desire for greater flexibility has individual motivations. Some are looking to manage large-scale growth, while others are seeking to expand internationally. One customer may be preparing to enter new markets, while another is making plans for company mergers or acquisitions. Greater flexibility is often demanded in a company's internal workflows. Can such a wide range of requirements even be covered by standard software? We believe that it can. A standardized instrument like SAP is just the right solution for companies looking to remain flexible. It removes complexity from many situations.

This does not mean letting things run by themselves. Flexibility requires order, a defined framework. It must provide a structure – and this is exactly what our solutions achieve. Thanks to cloud computing, the degree of flexibility available to companies has increased even further. Customers looking to focus solely on their core business and not worry about IT can transfer these activities to us in full. IT resources can be added or removed as required. In this way, itelligence provides a framework within which our customers can move freely.

Report of the Supervisory Board

Dear Shareholders and Friends of the Company,

following an extremely successful 2010, itelligence AG achieved a further substantial improvement in revenues and earnings in the past fiscal year 2011, meaning that it again enjoyed the most successful year in the Company's history. This was driven by impressive organic development and a targeted acquisition strategy including the successful integration of the companies acquired within the itelligence Group. The encouraging results of recent years serve to underline the Company's strong national and international positioning.

In fiscal year 2011, 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 together with the Management Board. On December 20, 2011, 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 28 bzw. 64.

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 and regularly advised and monitored the Management Board in its management activities. The Supervisory Board was involved in all decisions of material importance to the Company immediately and at an early stage.

Dr. Lutz Mellinger

Chairman of the Supervisory Board

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 is examined on a regular basis, with a particular 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 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.

In fiscal year 2011, the Supervisory Board held a total of four meetings (March 10, May 25, September 22 and December 8), all of which were personally attended by all members. Resolutions were also passed 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 2010 Annual Financial Statements**
2./ **Commissioning of KPMG AG Wirtschaftsprüfungsgesellschaft, Berlin, as Auditor for Fiscal Year 2011**
3./ **Budget Definition and Budget Review**
4./ **Investments and Planned Acquisitions**
5./ **Integration Process for the Acquired Companies**
6./ **Future Dividend Policy of itelligence AG**
7./ **Monitoring of the Risk Early Recognition System Established by the Management Board**
8./ **Corporate Governance and Compliance**

In fiscal year 2011, the Audit Committee met on March 10 and December 7. 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, risk management and the audit by the German Financial Reporting Enforcement Panel (FREP). The Staff Committee also met on March 9, May 25, September 21 and December 7, 2011. These meetings focused on human resources development, career planning and quality assurance. The proposal on remuneration for the members of the Management Board based on annual target attainment was also developed. The Strategy Committee met on September 22, 2011 and primarily discussed medium-term planning and the strategic objectives.

At the Annual General Meeting on May 26, 2011, the Supervisory Board and Management Board proposed a dividend of EUR 0.14 per share for fiscal year 2010. The Annual General Meeting approved this proposal with a large majority.

In accordance with the resolution by the Annual General Meeting on May 26, 2011, 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 the financial statements and management reports of itelligence AG and the itelligence Group 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 an unqualified audit opinion.

At its meeting on March 14, 2012, the Audit Committee discussed the single-entity and consolidated financial statements for 2011 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 15, 2012, 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 annual financial statements of itelligence AG and the consolidated financial statements of the itelligence Group prepared by the Management Board for the year ended December 31, 2011, 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 2011. They have made a major contribution to another highly successful business year for itelligence.

Bielefeld, March 15, 2012
For the Supervisory Board

Dr. Lutz Mellinger
Chairman

Corporate Governance Report

In the past fiscal year, the Management Board and Supervisory Board of itelligence AG again placed a high degree of importance on corporate governance topics, which it pursued internally. The Management Board and Supervisory Board are committed to the principles of the German Corporate Governance Code and follow the majority of the recommendations contained therein. The aim is to ensure responsible corporate management with a view to achieving a sustainable increase in enterprise value. itelligence AG sees corporate governance as an important element of responsible corporate management that strengthens the trust of shareholders, customers, employees and the public in the Company.

The Management Board and Supervisory Board addressed corporate governance topics on several occasions during fiscal year 2011 and jointly submitted a revised declaration of compliance for 2011 in accordance with section 161 of the German Stock Corporation Act (AktG) on December 20, 2011. According to this declaration, itelligence AG continues to comply with the majority of the principles set out in the current 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.

Management Board and 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. The two executive bodies of itelligence AG strive to ensure efficient cooperation 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, industry-specific and other material requirements of the Company. In order to improve efficiency, a number of committees were formed in 2004. The committees in the year under review were the Audit Committee, the Personnel Committee and the Strategy Committee. No conflicts of interest arose within the Supervisory Board during the previous financial year.

Information on the remuneration paid to the members of the Management Board and Supervisory Board can be found in the remuneration report on page 64 of this Annual Report.

Further 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.

Shareholders and the Annual General Meeting

The shareholders of itelligence AG can exercise their rights at the Annual General Meeting, where they can 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 26, 2011 passed all agenda items with a large majority of the votes cast. The shareholders in attendance, who numbered around 50 and accounted for 90.63% of the voting rights, also approved the proposal to distribute a dividend of EUR 0.14 per share for fiscal year 2010 with a majority of the votes cast.

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 various languages, reflecting the Company's international focus. The declaration on corporate governance can also be found on itelligence AG's website. In fiscal year 2011, a total of five ad hoc releases in accordance with section 15 of the German Securities Trading Act and no directors' dealings were published.

Directors' holdings

Members of the Management Board and Supervisory Board held the following numbers of itelligence shares as of December 31, 2011:

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

In February 2012, the CEO acquired a total of 5,059 itelligence shares.

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 were 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 2011 was performed by the auditor elected by the Annual General Meeting on May 26, 2011, KPMG AG Wirtschaftsprüfungsgesellschaft, Berlin, as well as the Audit Committee and the Supervisory Board.

In accordance with section 161 of the AktG, 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 Board of Management and Supervisory Board of itelligence AG on the German Corporate Governance Code in accordance with section 161 AktG

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 2011 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 meet the recommendations of the German Corporate Governance Code. Corresponding contracts for the Supervisory Board of itelligence AG are currently in preparation.

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. Concrete objectives are not specified, and hence are not published in the Corporate Governance Report.

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 20, 2011
itelligence AG

For the Board of Management
Herbert Vogel

For the Supervisory Board
Dr. Lutz Mellinger

Shareholder Value

itelligence's shares

In fiscal year 2011, the international stock markets were unable to continue the positive development they enjoyed in the previous year. The MSCI World Index lost around 7.5% of its value in 2011. Whereas the Dow Jones in the USA recorded moderately positive performance in the second half of 2011, the German stock markets saw weak development. The DAX started January at around 7,000 points and closed the year at below 6,000 points. The first big downturn for the index, which consists of the 30 German blue clips, came in the wake of the natural disaster in Japan in March 2011. After falling to around 6,500 points, the DAX recovered quickly to reach a high for the year of more than 7,500 points before becoming caught up in the European debt crisis in August, slumping to a low for the year of just over 5,000 points in September. The benchmark German index recovered some ground towards the end of the year to close at just under 6,000 points. The TecDax saw even weaker development, closing fiscal year 2011 at below 700 points having started the year at just over 850 points.

itelligence's share price development in the past year was largely in line with that of the German stock markets, with lows in March and September; unlike the DAX and the TecDax, however, the Company's shares enjoyed slightly positive performance over the year as a whole. itelligence's shares opened the year at a price of EUR 6.68 in Xetra trading and closed at EUR 6.78 on December 30, 2011. This represents an increase of 1.5%, which was supplemented by a dividend payment for fiscal year 2010 of EUR 0.14 per share.

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 20, 2012):

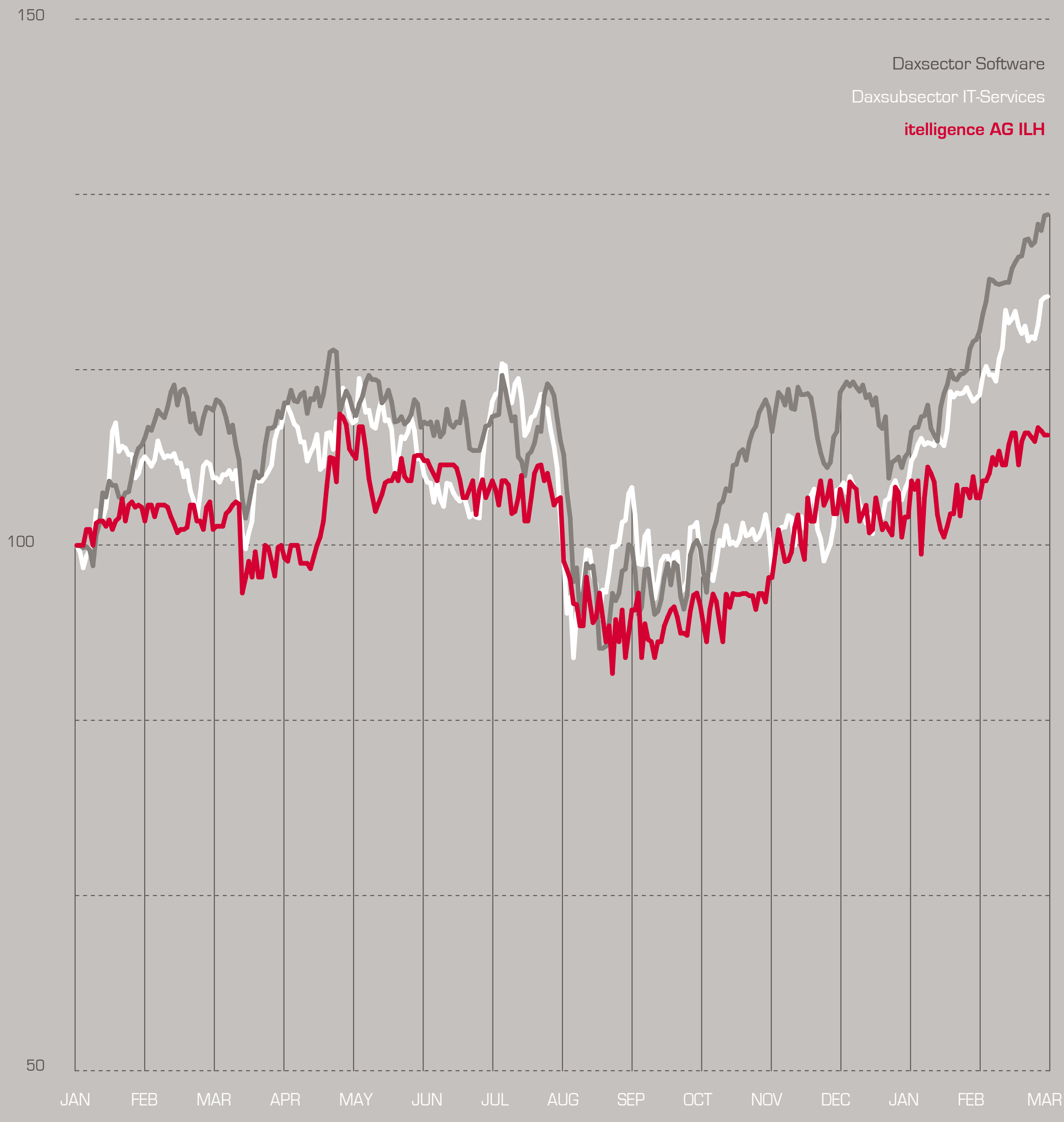
NTT DATA Europe	77.7%
NTT Communications	10.0%
Herbert Vogel	2.5%
Free float	9.8%

itelligence's key share data for 2011

WKN	730 040
ISIN	DE 000 730 040 2
Market segment	Prime Standard
Stock exchange	Frankfurter Stock Exchange
Indices	Prime All Share Index (technology industry index, Sektor Software)
Designated Sponsor	equinet Securities AG
Number of shares (Dec. 31, 2011)	24,557,595
2011 high	EUR 7.42 (Apr. 28, 2011)
2011 low	EUR 5.80 (Aug. 24, 2011)
Share price at the start of the fiscal year (Xetra)	EUR 6.68
Share price at the end of the fiscal year (Xetra)	EUR 6.78
Market capitalization/ stock market value at year-end*	MEUR 166.5
Earnings per share (EUR)	EUR 0.46
Capital stock (EUR)	MEUR 24.56

* based on the share price at year-end

Performance of the itelligence share price



Investor Relations

In the past year, itelligence AG provided its shareholders, investors, analysts and journalists with information on the latest developments at the Company in a continuous dialog. Two key events were the acquisitions in the United Kingdom and Denmark. itelligence acquired the British-based BusinessObjects partner Contemporary in May, followed by a majority interest in the Danish consulting firm 2C change in June. itelligence's reporting meets the publicity requirements of the Prime Standard, Deutsche Börse's highest transparency standards. As well as providing regular information via the Company's website and continuous reporting, itelligence AG was represented at the German Equity Forum organized by Deutsche Börse in November 2011, where it held discussions with investors, analysts and the financial media. itelligence AG's Annual General Meeting was held in Bielefeld on May 26, 2011. At the Meeting, which was attended by around 50 shareholders representing more than 90% of the voting rights, 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. The Annual General Meeting approved the payment of a dividend amounting to EUR 0.14 per share for 2010 – an increase of around 40% on the prior-year figure. ■

Financial Report 2011
itelligence AG

Group Management Report
for Fiscal Year 2011

Key Figures in Fiscal Year 2011

Significant growth in consolidated revenues of +25.8 % to MEUR 342.4

- Strong organic growth of +16.5 %
- Revenue up +9.3 % due to acquisitions
- Foreign revenues 56.9 %, domestic revenues 43.1 %

Earnings before interest and taxes (EBIT) climbs to MEUR 20.4

- Above-average EBIT growth of +36.9 %
- Non-recurring acquisition costs of MEUR 1.0 and amortization costs for capitalized customer relationships and orders on hand from acquisitions of MEUR 0.9
- EBIT margin of 6.0 % (previous year: 5.5 %)

Continuous growth in orders on hand

- Orders on hand rise 17.8 % to MEUR 235.5
- Non-current orders on hand account for MEUR 166.6 (previous year: MEUR 139.6)

Number of employees up +22.1 % to 2,251

- Addition of 236 employees through new appointments and a further 171 employees through acquisitions
- Successful integration of acquired companies in the United Kingdom, Denmark and Norway

Dividend proposal of 18 cents per share, up 28.6 % year-on-year

- Earnings per share rises to EUR 0.46 (up EUR +0.07)
- Distribution ratio of 38.8 % based on attributable consolidated net profit

Forecast for fiscal year 2012

- Revenues of MEUR 375-400 forecast
- Organic revenue growth target of 10 %
- EBIT margin to rise to between 6.2 % and 6.4 %

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 traditional and upper midmarket and a strong international presence. itelligence's customers include more than 4,000 companies who are managed from 45 locations in 20 countries. In 2011, more than half of the Group's revenues (56.9 %) were generated outside Germany.

itelligence's core business is the sale of usage rights for SAP software solutions for midmarket companies and 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 important, high-revenue pillars of itelligence's business model, which is aimed at providing benefit to the customer on the basis of a long-term, trust-based relationship.

Organization

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

The areas of application management and hosting have also been bundled internationally in order to optimally 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 sector-specific solutions.

Including the companies acquired in 2011, the organizational structure of the itelligence Group encompasses a total of 36 subsidiaries around the world. The largest subsidiaries are located in Germany, the USA, Switzerland, the United Kingdom and Denmark. 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 that supports its customers in their challenges with innovative IT solutions. 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, particularly application management and hosting
- 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
- Investment in IT innovations and the expansion of customer services to include these IT innovations
- 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 environment

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. Consulting, development and system integration in the SAP environment and 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 since 2009.
This extremely strong market position will be expanded in future through organic growth and targeted acquisitions.

In addition, itelligence again received the SAP Pinnacle Award in the category "SME Fastest Growing Channel Partner of the Year / Small and Midsize Enterprise (SME)" in May 2011. The annual SAP Pinnacle Awards are presented to leading SAP partners that have excelled in the development and expansion of their partnership with SAP and made a significant contribution to their customers' success.

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

Acquisitions

In May 2011, itelligence announced the 100 % acquisition of the British company CONTEMPORARY plc., Ascot, one of SAP's leading BusinessObjects partners, by its British subsidiary itelligence UK with retroactive effect from April 1, 2011. This acquisition serves to expand the range of services offered by itelligence in the UK in the growth segment of business analytics and SAP BusinessObjects. CONTEMPORARY was formed in 1991. In 2010, its 25 employees generated revenues of around MEUR 4.

In June 2011, itelligence acquired a 60 % interest in 2C change a/s, a software consultancy firm for SAP business solutions based in Horsens, Denmark. With this transaction, itelligence is pressing ahead with its international expansion strategy and extending its business activities to the Scandinavian market. Formed in 2002, 2C change is one of the most successful SAP resellers in the Nordic market. With around 150 employees in Denmark, Norway and Malaysia, 2C change offers in-house SAP Business All-in-One solutions and an extensive range of IT services from consultancy, SAP license sales and implementation through to hosting in the SAP environment and SAP BusinessObjects.

By way of a purchase agreement dated November 24, 2011, itelligence acquired the PlanOrg Industry SAP division of the partner PlanOrg in Jena. The purchase price amounted to TEUR 402. With this acquisition, itelligence AG is strengthening its presence in eastern Germany, particularly in the growth-oriented high-tech location of Jena. In future, small and medium-sized customers from the automotive supply and manufacturing industries and young dynamic start-ups in the region will benefit not only from a proven local SAP consultant, but also from itelligence AG's extensive international service range.

The newly acquired companies are now trading 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 2011, itelligence's Asian business developed successfully and market penetration in Asia was accelerated.

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 categories.

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 and Analytics 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 as well as other preconfigured solutions on the basis of SAP Analytics. 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 2011, itelligence received the SAP Pinnacle Award in the category "SME Fastest Growing Channel Partner of the Year / Small and Midsize Enterprise (SME)". The annual SAP Pinnacle Awards are presented to leading SAP partners that have excelled in the development and expansion of their partnership with SAP and made a significant contribution to their customers' success. The winners were selected from more than 150 candidates nominated by partners and SAP employees in 18 categories.

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

In September, itelligence AG reached the highest level in the SAP partner program for SAP Business ByDesign, meaning that it is now a gold level channel partner for SAP Business ByDesign in Germany, Austria and Switzerland as part of the SAP PartnerEdge program. This makes itelligence the first solution reseller for SAP Business ByDesign to have achieved the highest level of the SAP partner program in three European countries.

With this award, itelligence AG has underlined its expertise within the SAP ecosystem in the marketing and sales of the latest SAP technologies such as the SAP Business ByDesign on-demand solution at an international level.

Classification as part of the SAP PartnerEdge program is based on various criteria, such as sales performance and the development of new solutions. SAP also rewards participation in training and qualification measures. As an SAP gold-level channel partner for SAP Business ByDesign, itelligence will be included at an early stage in SAP's worldwide latest developments of product strategies, release updates and new technology. This fast communication leads to short project durations, even for demanding SAP Business ByDesign projects.

itelligence AG was also one of the most successful solution resellers for SAP Business ByDesign in the DACH region (Germany, Austria and Switzerland) in 2011, and hence was the Top Partner 2011 of SAP Deutschland AG & Co. KG. For itelligence AG, this is an extremely important recognition of its close cooperation with SAP.

As part of the Top 5 rankings for the past fiscal year 2011, the solution resellers for SAP Business ByDesign in Germany were assessed and carefully compared on the basis of various criteria, including the number of new on-demand customers, employee qualification, successfully realized projects, planning accuracy, and the number of marketing and sales activities conducted.

itelligence AG has been re-audited by SAP AG as "SAP Certified in Hosting Services", thereby confirming its status as "SAP Global Hosting Partner". In addition, SAP has again qualified itelligence's application management services with the global "SAP Certified in Application Management Services" certificate. With its global value-added reseller status and its position as a global services partner, this makes itelligence the only SAP partner in the world to hold four global partnerships or certifications from SAP AG.

As an SAP-certified provider of application management services and hosting services, itelligence fulfills standards and services that allow it to offer SAP services for global and regional customers that are comprehensive and standardized across the world. itelligence AG offers hosting services from six countries – Germany, Switzerland, Poland, Denmark, the USA and Malaysia – for all regions of the world and has local and global application management centers in more than 10 countries.

In order to obtain certification from SAP AG, SAP partners must demonstrate their expertise and process quality in rigorous audits. The global audits include the verification of a uniform high level of service provision worldwide and a homogeneous configuration of the service processes in all relevant regions. itelligence has been an SAP global hosting partner consistently since 2004 and its application management services have been SAP-certified since 2010.

In addition, SAP AG has awarded itelligence AG's cloud services with the global "SAP Certified in Cloud Services" certificate for the first time. This latest global certification by SAP shows that cloud services from itelligence AG form the ideal basis for the use of state-of-the-art SAP software.

Depending on customer requirements at regional and global level, the corresponding hosting and application management services fulfill all security-related requirements on the latest SAP solutions. In particular, itelligence's cloud services support the efficient use of resources and flexible service provision, meaning that they demonstrate the innovative use of current SAP technologies in practice.

itelligence announced that SAP in Austria had obtained qualification for five SAP Business All-in-One industry solutions. The solutions are qualified SAP Business All-in-One partner solutions that enable customers to combine business process knowledge from the tried-and-tested SAP applications with itelligence's industry functions.

itelligence obtained qualification for its SAP Business All-in-One solutions in five industries in Austria. The SAP-qualified solutions now include the itelligence consumer industry solution it.consumer; it.pharma for the pharmaceutical industry, the itelligence trade solution it.trade; it.hightronics, the solution for the high-tech industry; and it.wood, the solution for the furniture industry. This makes itelligence one of the SAP partners with the largest number of qualified SAP Business All-in-One partner solutions in Austria.

itelligence AG also received the "SAP Partner Impact Award" for 2011 in the category "Volume Reseller of the Year". SAP presented the SAP Partner Impact Awards to the most successful SAP channel partners and SAP services partners in the Europe, Middle East and Africa (EMEA) and Germany/Austria/Switzerland (DACH) regions in recognition of their outstanding contributions to SAP's total revenues and pipeline generation on the occasion of the SAP EMEA & DACH Field Kick-Off Meeting 2012 (FKOM), which was held in Milan from January 23-25.

The nominations from the large number of SAP partners in the EMEA and DACH regions were based on internal SAP revenue data. A steering committee consisting of regional and global SAP representatives determined the winners on the basis of various criteria, such as revenues and performance in the individual categories. The "Volume Reseller of the Year" award recognizes itelligence's position as the SAP channel partner that gained the most new customers and generated the best results. The winners can expect considerable recognition for their achievements from the SAP environment.

itelligence develops and offers preconfigured, SAP-qualified All-in-One SAP industry solutions for 12 industries. SAP qualification means that industry expertise, technical competence, the latest SAP technology and customer projects are evaluated and rewarded. The unique feature of itelligence AG's solution development is that the individual components can be flexibly combined in order to derive the optimal benefit for customers and reflect cross-industry processes. This also offers the possibility of establishing solutions for additional industries quickly and efficiently, thereby ideally reflecting individual customer and industry requirements.

The industry solutions are also developed directly with an international focus and pursue a systematic international exchange of expertise across the countries and regions in which itelligence AG is active. This is underlined by SAP AG's qualification of the solutions in various countries and itelligence's position as the leading partner for SAP Business All-in-One solution development in the SAP ecosystem.

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.

A number of joint international customer projects serve to underline the successful partnership between NTT DATA and itelligence AG.

NTT DATA und itelligence: New solution group established

In January 2012, NTT DATA and itelligence announced the next phase of their global market strategy in the SAP environment. NTT DATA, Japan, already one of the ten largest global IT consulting companies, and itelligence AG, the world's most successful SAP partner for SMEs, are bundling their expertise in the newly formed solution company. This will create the largest global SAP reseller and the largest solutions-based SAP service provider.

The solution company is coordinated by Herbert Vogel, CEO and founder of itelligence AG. With this move, itelligence AG is expanding its SAP consulting services to include the Asia Pacific (APAC) region. This latest development represents the further expansion of itelligence's global presence, which also includes its activities in the Americas region.

Coordination in the Asia Pacific region will be led by Max White, Managing Director, Extend Technologies. He will head the activities of the NTT DATA Group's SAP partners and subsidiaries in the APAC region, including Extend Technologies (Australia), Business Formula (Malaysia), and Cornerstone (Singapore and Malaysia), and will coordinate and be responsible for further expansion in growth markets such as Thailand, Indonesia, and Vietnam. The solution group forms part of NTT DATA's global strategy of assigning its foreign subsidiaries to four regions worldwide – Americas, EMEA, APAC and China – plus the globally active solution company.

Customers in the APAC region will have access to the world's largest jointly coordinated network of SAP consultants. In particular, the organization in the Asia Pacific region will serve as the point of contact for global and multinational companies, government agencies and internationally active SMEs, thereby providing an interactive, global network for the most varied of local customer requirements. This new organization is seeking to establish itself as the leader for SAP project implementation and consulting in the Asia Pacific region.

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 three years and offers the full range of SAP Hosting Services in the Asia region in conjunction with NTT Communications. The partnership with NTT Communications also allows additional infrastructure components to be included in itelligence AG's service range.

Other partnerships and awards

itelligence has been a member of the new Logistics research cluster at RWTH Aachen University since fiscal year 2010. 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. This partnership was intensified in 2011.

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

2011 was a particularly successful and innovative year for itelligence AG that was characterized, among other things, by the award of Gold Partner status for SAP Business ByDesign in Germany, Austria and Switzerland.

This was preceded by successful project completions for customers such as PDAgroup GmbH, Innsbruck, 7Twenty GmbH, Vienna, and metaio GmbH, Munich. itelligence will implement the cloud-based standard software SAP Business ByDesign for metaio GmbH. Formed in 2003, the software company metaio is seen as a leading innovator in the field of augmented reality software. Augmented reality is one of the key software trends for the coming years. Seen through a mobile device (such as a smartphone or tablet), the immediate environment becomes a user interface. Digital information on locations and objects is added naturally to the real environment, e.g. in the form of moving images or 3D animations.

The range of applications extends from extremely demanding and realistic computer games through to marketing presentations in the area of plant maintenance or digital product developments. metaio chose itelligence and SAP Business ByDesign because of the excellent price/performance ratio, the low requirements placed on its own IT infrastructure, and the expertise of itelligence AG.

At the internationally successful PDAgroup, itelligence's consultants will implement sophisticated campaign management, sales opportunity management and Exchange/Outlook integration for ten users in the first phase. This will be followed by the roll-out of SAP Business ByDesign for the various divisions.

With this move, a dynamic ERP solution is meeting an intelligent network of trainers and consultants: PDAgroup, which is one of the most successful network organizations, supports companies around the world – including SAP AG and its partners – in improving their sales efficiency and productivity in conjunction with its corporate and academic partners.

7TWENTY GmbH, Vienna, also opted for itelligence AG's consulting and integration services for the implementation of SAP Business ByDesign (ByD). 7TWENTY specializes in the design and realization of customized mobile business solutions for use in smartphones and tablets such as iPad, BlackBerry and Android.

Together with itelligence AG, the company is replacing its previous open-source CRM solution with the integrated SAP Business ByDesign. ByD usage will focus on campaign management and monitoring and managing sales opportunities. SAP Business ByDesign will also enable users to integrate MS Exchange/ Outlook with mobile applications on their Blackberry devices.

Other new customers choosing itelligence as their consulting house in fiscal year 2011 included expert networks group AG, Cologne, the sweeper specialist Stolzenberg, Georgsmarienhütte, VBH Deutschland GmbH, Korntal-Münchingen, Rastal GmbH & Co. KG, Höhr-Grenzhausen, Reflexa-Werke Albrecht GmbH, Rettenbach, Joh. Clouth GmbH & Co. KG, Hückeswagen, Estamp S.A., Terrassa / Barcelona (Spain), Multivac Packaging Activities España S.L., Madrid (Spain), GOJO Industries Inc., Akron (Ohio, USA), John Morrell & Co., Lisle (Illinois, USA), Altra Industrial Motion Inc., Braintree (Massachusetts, USA), Ball Horticultural Company, West Chicago (Illinois, USA), Inter-Team Sp. z o.o., Warsaw (Poland), ICOM transport a.s., Jihlava (Czech Republic), Barum Continental spol. s r.o., Otrokovice (Czech Republic), Equinoxe Hűtéstechnikai és Épületgépészeti Kft., Budapest (Hungary), and SARKPONT Ipari, Kereskedelmi és Szolgáltató Zrt., Kaposvár (Hungary).

itelligence also enjoyed further success in its activities with existing customers. In autumn 2011, PFW Aerospace AG, Speyer, initiated an SAP project for the optimization of production management with itelligence AG. The it.compact SME package was successfully rolled out at our long-standing customer ABZeG, Munich, in 2011. With this move, ABZeG has significantly expanded its existing ERP landscape, making its organization fit for the future. CRM groupware integration was also successfully introduced in the fourth quarter of 2011 with the aim of coupling/replication between MS Outlook and SAP CRM.

Nagel Group, a Europe-wide food logistics specialist domiciled in Versmold, commissioned itelligence AG with an ambitious SAP development project aimed at further optimizing its business processes.

Krahn Chemie GmbH, Hamburg, went live in October. The project had been initiated in 2010. At Neschen AG, Bückeburg, the it.compact CRM package developed by itelligence AG was successfully rolled out and subsequently adjusted to reflect the company's further requirements. Planning also took place at Neschen AG for a project for sales planning that builds on BW-based integrated planning.

In the third quarter of 2011, itelligence reported that it had gone live with SAP Business ByDesign at the outdoor specialist Wildnissport GmbH, Suderburg. Since July 2011, the company has been relying on SAP Business ByDesign, and hence the modern on-demand SAP solution. The company's data is now universally available thanks to the mobility connection. The SAP Business ByDesign consultancy team took only 16 weeks to install and provide mobile access to the entire range of logistics services – accounting, order processing including dispatch logistics (labeling), procurement, warehousing and invoicing. Wildnissport has improved the quality of its customer support and corporate management since the IT data are highly transparent and the company data is immediately available.

In fiscal year 2011, itelligence also successfully went live at beeline GmbH, Cologne, TVS Peiner Services GmbH and Peiner Umformtechnik GmbH, Peine, H. Gautzsch Gruppe, Münster, AKZO NOBEL INDUSTRIAL PAINTS S.A., Vallirana / Barcelona (Spain), Armored Auto-Group Inc., Danbury (Connecticut, USA), CJSC "Berlin Pharma", Moscow (Russia), and LLC "Volkswagen Group Rus", Moscow (Russia).

Outsourcing & Services

The expansion of data center capacities at the site in Bautzen, Saxony, which was planned in fiscal year 2010, was implemented in fiscal year 2011. itelligence Outsourcing & Services GmbH expanded the third data center at the location to include an extension building with state-of-the-art data center features. The cornerstone was laid in March and the technical systems had been installed by December. The finished building is scheduled for completion in March 2012.

A building with data center and office capacities has been constructed with 3,100 m2 of floor space, thereby creating room for 80 employees and technical capacities for more than 2,000 servers. 1.2 megawatts of electricity and cooling power are available. The data center complies with the Tier III+ security standard as it has a fully redundant infrastructure. Among other things, uninterrupted power supply is ensured by two independent diesel generators each with an output of 2.5 megawatts.

In addition to security, itelligence adopted a particular focus on environmental sustainability when planning the data center. Green IT measures include a highly efficient cooling system that will not require glycol additives in the medium term, water-cooled server racks, passive cooling, the use of environmentally-friendly extinguishing gas, the use of low-loss, uninterrupted power supplies, and the use of waste heat emissions to heat the building.

All in all the expansion more than doubles the available data center capacity at the Bautzen site, meaning that this investment will form the basis for further successful growth in itelligence's German outsourcing activities.

With its comprehensive service range, itelligence again won more than 30 new customers in the Outsourcing & Services division in fiscal year 2011. Pfleiderer AG is one of the world's three leading producers of wood materials, surface finishing methods and laminated flooring. With around 5,200 employees at 18 locations in North America and Western and Eastern Europe, Pfleiderer supplies the furniture industry, trade and DIY stores and the interior design industry. Customers in more than 80 countries can choose from an extensive range of substrates and finishing products. Pfleiderer and itelligence agreed a strategic SAP outsourcing partnership under which itelligence operates Pfleiderer's SAP systems and a number of core non-SAP subsystems. The level of integration within automated production workflows means that Pfleiderer requires the very highest standards in terms of the availability and performance of its IT systems. Pfleiderer's systems are operated on high-availability platforms at itelligence's data centers in Bautzen.

In the Outsourcing & Services division, itelligence also won its first public-sector client in a traditional open tender process. Sächsische Aufbaubank (SAB) is the central development agency of the Free State of Saxony. It supports the state in the performance of its public duties by distributing development funds in the areas of economy and employment, housing construction, infrastructure and community, and environment and agriculture. The various target groups, such as private individuals, associations, federations, companies, research establishments and municipalities, are provided with support in the form of grants, subsidies, loans and guarantees. itelligence is operating a highly-available, complex SAP system landscape based on Linux and Oracle for SAB in Saxony, with dual data center operations and synchronized mirroring between two remote data centers.

itelligence has also concluded a long-term SPA outsourcing agreement with beeline GmbH, Cologne. Since its formation in 1990, beeline company has grown impressively. beeline is now one of Europe's leading suppliers of fashion jewelry and accessories, with a total of 11,000 sales areas (including at C&A, Drogerie Märkte Müller, Takko and Karstadt) – including around 340 of its own stores – in 26 countries and some 4,000 employees.

Hengst GmbH & Co. KG (Hengst Automotive), based in Münster, is a renowned international development partner in filtration and fluid management and a series supplier to the automotive and engine industries including applications for industrial and consumer sectors. The company employs around 2,800 people at eight locations worldwide in Germany, Brazil, China and the USA. itelligence is operating a complex SAP system landscape for up to 700 users for this customer. itelligence's team of experts has realized a highly available enhancement of the production systems with a campus cluster for ERP and XI/PI, increased availability to 99.5 % per month and reduced the maximum unplanned downtime to four hours.

On the US market, companies including Pelican Products Inc., Torrance (California, USA) and Reliance Worldwide Corporation, Atlanta (Georgia, USA) chose itelligence as their outsourcing partner.

Pelican Products is a global leader in the development and production of high-performance protective case solutions and advanced, portable lighting systems. The company's products are used by specialists in demanding markets such as firefighting, police, the armed forces/military and aviation, as well as in entertainment, and industry and by end consumers. The company is domiciled in Torrance, California, which serves as the head office for almost 1,500 employees around the world. In addition to business activities in 12 countries with 22 offices, Pelican has six production sites in North America and Europe. Cash Acme is a division of the Reliance Worldwide Corporation, which forms part of the successful international Reliance Worldwide group with branches in the USA, the United Kingdom, France, Hong Kong, Australia and New Zealand. Reliance is one of the world's largest manufacturers of thermostatic valves for controlling water temperatures.

International Application Management

In order to reflect the continuous growth in demand for the integrated and efficient operation and support of IT solutions, itelligence AG intensified its efforts in the area of application management services (AMS) in 2011. itelligence offers its customers a rounded portfolio of SAP managed services along the entire lifecycle of its IT solutions, ranging from SAP maintenance, application management and hosting through to integrated cloud services.

In May 2011, itelligence appointed a new Global Head AMS and started to develop the existing successful local AMS solutions in 15 countries into a global service portfolio. With this move, itelligence is systematically pressing ahead with the realization of its own market positioning, with its symbiosis of international expertise and global service infrastructure combined with a local presence for its customers. This reflects the growing international orientation of its customers, including SMEs, and the resulting need for cross-border IT solutions.

To this end, a global transformation project was launched in order to create the necessary conditions for the expansion of international supply availability in the areas of positioning, portfolio, sales, marketing, supply model, organization and employees. The first milestones in 2011 were a globally consistent, ITIL-based service portfolio, international resource management and a uniform service infrastructure based on the SAP Solution Manager.

itelligence's AMS encompasses consulting, the optimization and further development of the productive SAP solution, and analysis and consulting services for the optimization of the AMS approach at the customer.

The AMS supply model was developed with the aim of maintaining and expanding customer proximity through a local presence in the respective countries while centralizing services with a low degree of direct customer communication in low-cost locations (e.g. business process monitoring). Among other things, itelligence has started to expand the supply center in Kuala Lumpur (Malaysia), which was integrated as part of the acquisition of 2C change, into an offshore center for all AMS countries.

In 2011, itelligence AG also expanded its presence in China, where it opened its first SAP AMS and Maintenance Center. With an initial 15 employees and significant growth potential, itelligence's base in Shanghai will provide customers throughout Asia with support in English, Japanese and Chinese. This is further evidence of itelligence AG's increasing global presence and confirmation of the growing importance of the Asia region and China as a business location for itelligence's customers.

In addition to internal activities, cooperation in the area of AMS was initiated with other NTT DATA Group companies in order to further improve the scalability, flexibility, availability and cost-efficiency of the services.

As well as further developing the foundations for its AMS activities as described above, itelligence recorded impressive success in its day-to-day business, thereby affirming the strategy it has adopted. itelligence now has more than 250 dedicated AMS employees around the world, while the number of strategic customers with multi-year AMS and/or SAP maintenance agreements has increased to over 700.

International Sales & Operations

Looking at developments over recent years, it is becoming ever clearer that the markets are demanding that SAP service providers increasingly perform the role of a full-service provider with a uniform international portfolio.

A few years ago, technical SAP expertise and detailed knowledge of the industry were the key decision-making criteria when selecting a certain provider. Driven by the growing degree of business process globalization, however, there has been a pronounced shift towards providers with their own local presence in the key markets, i.e. the regions of Europe, North America, Latin America and Asia.

The provision of qualified consultants in these regions using the same products and identical methods is one of the particular challenges that must be mastered by a successful SAP service provider.

itelligence initiated this development several years ago and is now one of the few established players for solution-oriented SAP implementation projects in the international environment.

The International Sales & Operations organizational unit, which focuses on the establishment of itelligence's international business, is the core element of this strategy. The central development of solutions and methods and the harnessing of synergies at a global level – including the NTT DATA Group companies – enable permanent innovation and its application throughout itelligence's entire solutions portfolio.

Accordingly, itelligence AG's international focus – reflecting the market's demand for an international provider – has become an active component of the strategic development of the solutions portfolio throughout the Company as a whole.

Employees

The Group had 2,251 employees as of December 31, 2011 (previous year: 1,844), of which 935 were employed in Germany (previous year: 836) and 1,316 outside Germany (previous year: 1,008). This meant that the number of employees as of December 31, 2011 increased by +22.1 % compared with the end of 2010 (previous year: +19.4 %).

In 2011, human resources activities focused in particular on recruitment and talent management. Investments in recruitment measures around the world more than doubled, while the level of investment in talent management, i.e. in the areas of employee retention and development and performance-based assessment, increased by more than 40 %. This meant that itelligence laid important foundations for ensuring its sustainable growth in 2011.

itelligence is taking new approaches to attracting young talents and experienced SAP experts. As well as exhibiting at the CeBIT and IT & Business trade fairs and employment fairs in southern Germany (Job40plus in Munich and Nacht der Unternehmen in Stuttgart), a three-month poster campaign was conducted in the Munich area. An itelligence after-work event was held for the first time, with invitees consisting of SAP experts from the Hamburg area.
25 IT experts discussed the topic of "Work-life balance – the arc of suspense between prototyping, go-live and private life" on the "Traumschiff SAP" boat in Hamburg harbor.

In November, the "it.skills" film project, a training film on a global SAP implementation project, was implemented in conjunction with the SAP University Alliances Program and VLBA Lab Magdeburg. The film will be used as a visual and learning aid by European universities. As in the previous German-language joint project, itelligence's SAP experts were the actors in the film. This means that itelligence has a presence at universities and can attract the attention of students and graduates.

Talent management is the term used to describe measures for the further training and development of employees. In 2011, the investment volume in this area increased by more than 40 % with the aim of providing sustainable support for the Company's growth. Around the world, the DELTa high-potential program was accompanied by international training sessions specifically aimed at managers. The employees of the newly acquired companies were also successfully integrated via local employee events and workshops. In Germany, the number of soft skills training participants increased by 80 % to 312.

All in all, the activities of the HR department were driven by the basic principle of providing end-to-end support for itelligence AG's growth strategy.

Course of Business and Economic Position

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

itelligence at a glance MEUR	Jan. 1 – Dec. 31, 2011	Jan. 1 – Dec. 31, 2010	Oct. 1 – Dec. 31, 2011	Oct. 1 – Dec. 31, 2010
Total revenues	**342.4**	272.2	**102.5**	83.3
Revenues by area				
Consulting	190.9	142.6	53.7	40.7
Licenses	37.5	33.8	17.3	16.6
Outsourcing & Services	113.1	95.3	31.1	26.0
Other	0.9	0.5	0.4	0
Revenues by segment				
DACH	163.6	144.3	49.6	44.9
Western Europe	66.6	36.1	22.0	12.4
Eastern Europe	22.1	19.2	6.8	6.0
USA	82.0	66.9	21.7	18.2
Asia	4.1	2.3	1.5	1.0
Other	4.0	3.4	0.9	0.8
EBIT	20.4	14.9	9.2	7.6
EBIT margin	6.0 %	5.5 %	9.0 %	9.1 %
EBITA	22.5	16.4	9.8	8.3
EBITA margin	6.6 %	6.0 %	9.5 %	10.0 %
EBITDA	30.4	23.4	12.0	10.2
EBITDA margin	8.9 %	8.6 %	11.7 %	12.3 %
IFRS net profit	12.8	10.0	6.9	6.7
IFRS earnings per share in EUR	0.46	0.39	0.25	0.26

Percentages are calculated on a KEUR basis.

Revenue development

In fiscal year 2011, itelligence continued on the growth path established in the previous years. Revenues increased by +25.8 %, from MEUR 272.2 to MEUR 342.4 – the highest figure in the Company's history. Average revenue growth (CAGR) for the past eight years again increased to 15.0 % after 13.2 % in the previous year.

Year-on-year revenue growth was greater than 20 % in every quarter of fiscal year 2011, with growth in the first quarter even exceeding the 30 % barrier. All in all, organic growth amounted to 16.4 %, while the acquisitions of 2C change in Denmark/Norway and Contemporary in the United Kingdom contributed MEUR 25.3 or 9.3 % to the positive revenue development.

itelligence reports its revenues by region and division.

47.8 % of revenues were attributable to the Germany/Austria/Switzerland segment (previous year: 53.0 %), 19.4 % to Western Europe (previous year: 13.3 %), 6.5 % to Eastern Europe (previous year: 7.1 %), 23.9 % to the USA (previous year: 24.6 %), 1.2 % to Asia (previous year: 0.8 %) and 1.2 % to the Other segment (previous year: 1.2 %).

Revenue distribution by division was as follows: Consulting 55.8 % (previous year: 52.4 %), Licenses 11.0 % (previous year: 12.4 %), Outsourcing & Services 33.0 % (previous year: 35.0 %), Other 0.2 % (previous year: 0.2 %).

Revenue development in the regions

The segment of the itelligence Group with the highest revenues is Germany/Austria/Switzerland, which generated year-on-year revenue growth of +13.4 % to MEUR 163.6 (after adjustment for currency translation effects: +11.3 %). This was driven in particular by the dynamic development of the Consulting division. The positive performance in the second half of 2010 continued throughout the whole of 2011, meaning that Consulting revenues in the year under review increased by MEUR +11.2 (+15.5 %) year-on-year to MEUR 83.5. Outsourcing & Services also enjoyed highly encouraging development, with revenues improving by MEUR +6.8 (+13.8 %) year-on-year to MEUR 56.2. All of the services in this division (maintenance, application management, hosting) enjoyed positive performance. Licenses revenues increased by MEUR +1.1 (+4.9 %), from MEUR 22.5 to MEUR 23.6.

The Western Europe segment continued the dynamic development recorded in previous years, with revenues rising by +84.5 % (after adjustment for currency translation effects: +85.2 %) to MEUR 66.6. In addition to the core markets of the United Kingdom, Spain and France/Canada, this particularly impressive revenue growth was driven by the acquisition of 2C change and the British company Contemporary. The company in Benelux recorded a fall in revenues of MEUR 2.0 or -10.7 %, largely as a result of weaker Consulting business.

All in all, growth was recorded in all of the revenue segments in Western Europe.

Licenses revenues doubled year-on-year to MEUR 5.9 (previous year: MEUR 2.9). This was attributable to higher Licenses revenues at the Benelux national company and the acquired company 2C change. Consulting revenues also enjoyed significantly positive growth, with revenues rising by MEUR +22.5 or +87.5 % to MEUR 48.2. This development was attributable to the existing companies as well as the newly acquired companies 2C change and Contemporary. The Outsourcing & Services division recorded revenue growth of +66.7 %, from MEUR 7.5 to MEUR 12.5.

In the Eastern Europe segment, revenues in the past fiscal year increased by MEUR +2.9 (+15.1 %) year-on-year to MEUR 22.1. After adjustment for currency translation effects, revenues were up +16.3 % on the previous year, representing the second-highest level of organic growth in the itelligence Group. In particular, the positive revenue development in Poland, Hungary, the Czech Republic and Russia more than offset the downturn in revenues from the national company in Slovenia that was sold. At MEUR 10.5, Consulting revenues were up MEUR +0.9 on the previous year (+9.4 %); after adjustment for currency translation effects, segment revenues improved by +9.7 %. Outsourcing & Services enjoyed particularly encouraging performance, with revenues increasing by MEUR +2.7 (+34.2 %) year-on-year to MEUR 10.6. After adjustment for currency translation effects, segment revenue was up

+36.8 % as against the previous year. As in the previous year, this is attributable to the continuous positive development in Poland (MEUR +1.4) and the major order that is administered in Russia and hosted in Bautzen, Germany (MEUR +1.1). However, Licenses business failed to meet expectations in the past fiscal year 2011, with revenues declining by MEUR -0.5 year-on-year to MEUR 1.0.

The USA segment saw dynamic development compared with the previous year, particularly in the first months of 2011, and reported the highest level of organic revenue growth. Revenues increased by +22.6 % (after adjustment for currency translation effects: +28.7 %), from MEUR 66.9 to MEUR 82.0. At MEUR 44.1, consulting revenues made an above-average contribution to this development, exceeding the already strong prior-year figure by +39.1 %. Outsourcing & Services revenues increased by MEUR +2.4 to MEUR 31.5 (after adjustment for currency translation effects: +13.5 %), with revenues from Application Management enjoying particularly strong growth of +7.1 %. Licenses revenues remained largely unchanged year-on-year at MEUR 6.1.

Revenues of MEUR 4.1 were generated in the Asia segment, up MEUR +1.8 or +78.3 % on the previous year. Growth in China amounted to 62.6 %, while the figure for Malaysia, where hosting services are performed, was 313.3 %.

The Other segment contains the revenues of ITC GmbH as well as the revenues of Recruit GmbH, which was formed in February 2011. At MEUR 4.0, the revenues generated by these two companies were +17.6 % higher than in the previous year.

Revenue development by division

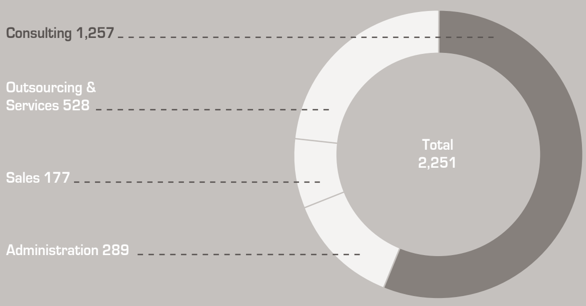
The Consulting division enjoyed the strongest development in the past fiscal year, with revenues increasing by MEUR +48.3 or +33.9 % (after adjustment for currency translation effects: +33.5 %), from MEUR 142.6 to MEUR 190.9. Revenues in the Outsourcing & Services division increased from MEUR 95.3 to MEUR 113.1, representing an increase of +18.5 % (after adjustment for currency translation effects: 20.0 %). Licenses revenues enjoyed further year-on-year growth in the fiscal year under review, thereby reaching a record level once again. At MEUR 37.5, Licenses revenues were +10.9 % higher than in the previous year (after adjustment for currency translation effects: +11.3 %).

In fiscal year 2011, too, the strong business performance meant that orders on hand increased by +17.8 %, from MEUR 199.7 to MEUR 235.5. Long-term business accounted for 70.7 % of orders on hand after 69.9 % in the previous year. The book-to-bill ratio for 2011 was almost unchanged year-on-year at 1.10 (previous year: 1.14).

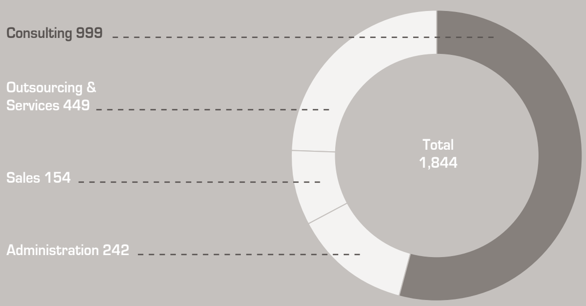
Please see also descriptive charts on pages 53 to 55. →

Employees by function

as of December 31, 2011

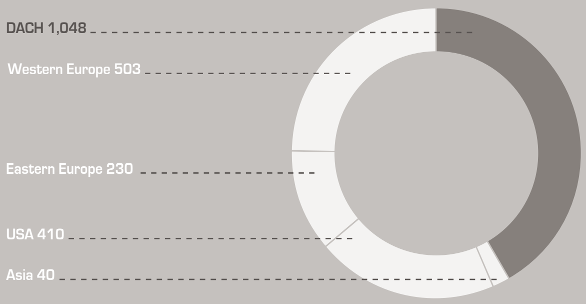


as of December 31, 2010

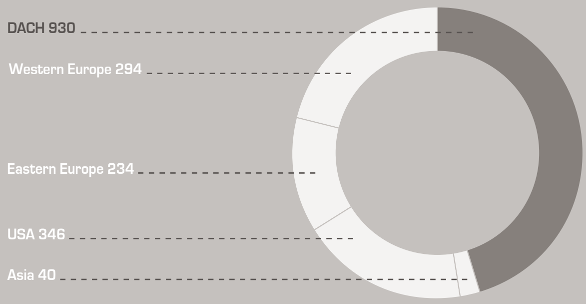


Employees by segment

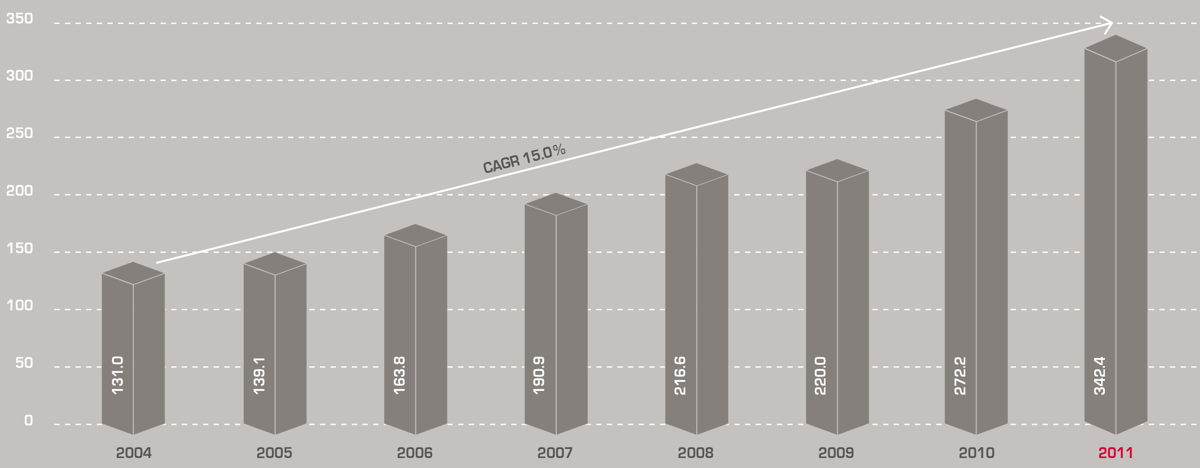
as of December 31, 2011



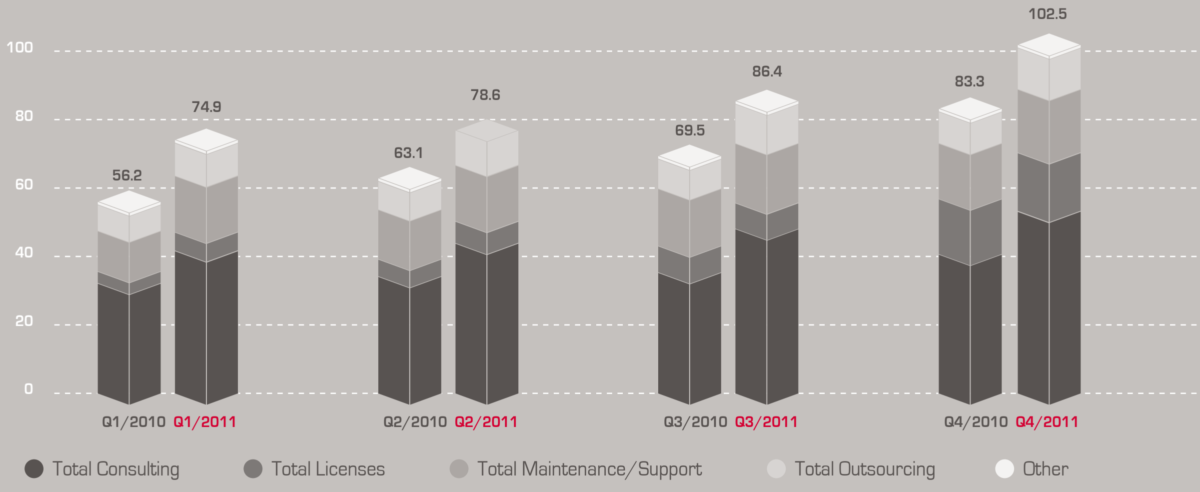
as of December 31, 2010



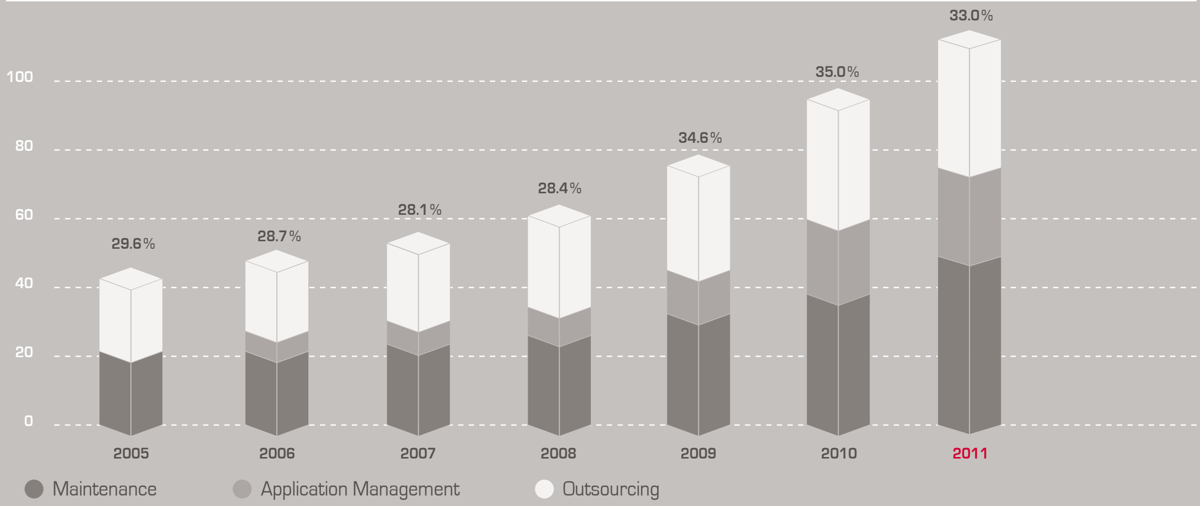
Revenue development 2004 – 2011 (in MEUR)



Revenues by quarter (in MEUR)

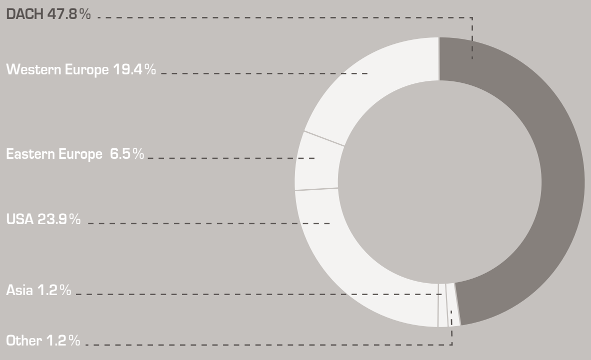


Share of total revenues attributable to recurring business (in MEUR)

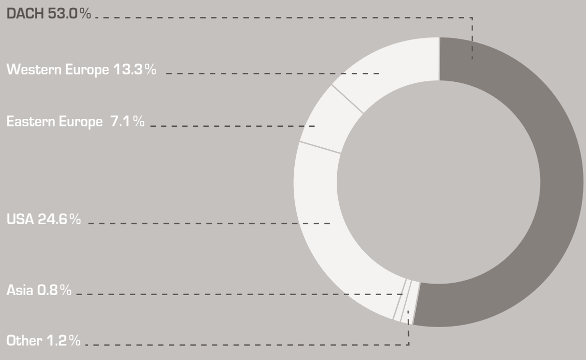


Revenue development by segment

2011

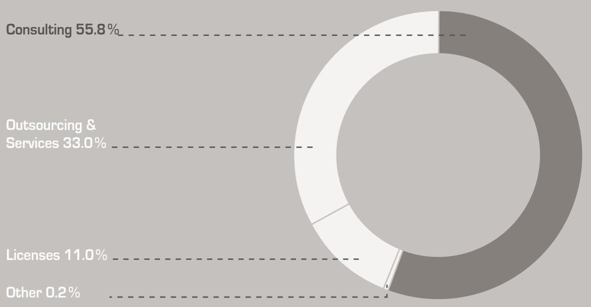


2010

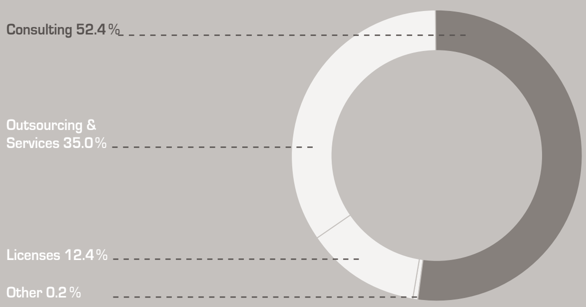


Revenue development by division

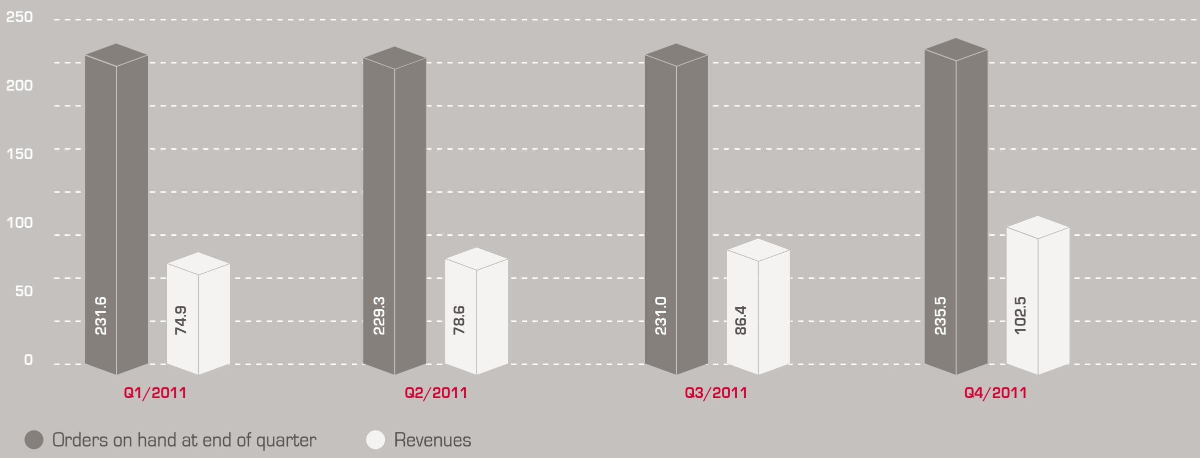
2011



2010



Orders on hand and revenues per quarter (in MEUR)



Results of Operations

In fiscal year 2011, earnings before interest and taxes (EBIT) increased by MEUR +5.5, from MEUR 14.9 to MEUR 20.4. At +36.9 %, this represents above-average growth compared with revenues. The EBIT margin increased by +0.5 percentage points, from 5.5 % to 6.0 %, while the operating EBITA margin amounted to 6.6 %. The 0.6 % percentage points difference between the EBIT margin and the EBITA margin is attributable to amortization costs of MEUR 0.9 resulting from acquisitions in previous years. Capitalized customer relationships and orders on hand are amortized over periods that reflect the respective contractual terms. The result from operations was again impacted by acquisition costs in the amount of MEUR 1.0.

At MEUR 10.1, the highest earnings contribution was generated by the Germany/Austria/Switzerland segment (previous year: MEUR 9.4). The aforementioned acquisition costs of MEUR 1.0 are reported in this segment. Despite this, the earnings contribution increased by MEUR +0.7 (+7.4 %) year-on-year.

Western Europe recorded a higher growth rate, with the earnings contribution rising by MEUR +3.1 (previous year: MEUR +0.1). In addition to encouraging business development in the United Kingdom and France/Canada, this was driven in particular by the earnings contribution from the Nordic sub-region (Denmark/Norway), which amounted to MEUR 1.8. In Spain and Benelux, profitability declined by MEUR 0.4.

The Eastern Europe segment generated an earnings contribution of MEUR 0.5, down MEUR 0.4 on the previous year. In particular, the course of business in the year under review was impacted by a negative earnings contribution from the Russian national company.

Profitability in the USA segment continued to develop extremely positively. At MEUR 6.4, the EBIT contribution improved by MEUR +1.2 (+23.1 %) year-on-year. This encouraging performance was attributable in particular to stable Consulting business with good daily rates and a higher level of consultant utilization, as well as growth in the field of Application Management.

The earnings contribution from the Asia segment was in line with expectations at MEUR 0.1, up MEUR +0.8 on the previous year. This significant improvement was due in particular to the national company in Malaysia; although this company again recorded negative earnings of MEUR 0.2 (previous year: MEUR 0.8), it made a positive earnings contribution from the fourth quarter of 2011 onwards. Meanwhile, the earnings contribution from the national company in China amounted to MEUR +0.1.

The EBIT contribution in the Other segment doubled to MEUR +0.4. The newly formed company Recruit generated positive earnings of MEUR 0.1 in its very first year, while ITC accounted for an earnings contribution of MEUR 0.3 (previous year: MEUR 0.2).

Development of the EBIT margin

EBIT margin 2010	5.5%
Third-party service provider costs	-2.0%
Product costs	+1.9%
Rental costs	+0.2%
IT/communication costs	-0.1%
Other income/expenses	+0.5%
EBIT margin 2011	**6.0%**

The various costs types had the following cumulative impact on EBIT profitability:

At 51.5 %, the ratio of staff costs to total revenues remained unchanged as against the previous year. However, third-party service provider costs increased sharply, with the utilization ratio increasing by +2.0 percentage points year-on-year, from 8.9 % to 10.9 %.

The lower level of product costs for licenses and maintenance compared with revenues had a positive earnings effect. The product cost ratio declined by -1.9 percentage points, from 18.0 % to 16.1 %. This was primarily due to the above-average increase in Consulting revenues and the resulting change in the revenue mix, as well as the sale of in-house solutions, the development costs for which are reported in staff costs.

In the past fiscal year, the ratio of rental costs to total revenues declined slightly by 0.2 percentage points to 2.4 %.

At MEUR 1.0, the balance of other operating expenses and income (including amortization of orders on hand) is MEUR -0.3 lower than in the previous year, and hence had a positive impact of 0.5 percentage points on the EBIT margin.

All in all, the gross margin increased by +1.6 percentage points year-on-year, from 24.4 % to 26.0 %, largely as a result of the change in the revenue mix. The further expansion of sales activities in fiscal year 2011 meant that the ratio of selling and marketing expenses to revenues increased by +2.0 % to 11.5 %. At 8.3 %, administrative expenses were down 0.7 percentage points on the prior-year figure of 9.0 %.

Net finance costs

Net finance costs declined to MEUR 0.9 (previous year: net finance income of MEUR 0.3). This was attributable to finance income from investments in the amount of MEUR 0.2 (previous year: MEUR 0.3) and increased finance costs of MEUR 3.2 (previous year: MEUR 1.4). The rise in finance costs is primarily connected to the financial liabilities for the acquisitions made by the Group and investments in the construction of new data centers in Germany and abroad. Net finance costs also include income from the remeasurement of derivatives and the exercise of options in the amount of MEUR 2.0 (previous year: MEUR 1.5).

Tax expense and tax rate

Tax expense in fiscal year 2011 amounted to MEUR -6.6 (previous year: MEUR 5.2). The consolidated tax rate was largely unchanged year-on-year at 34.1 % (previous year: 34.3 %). Further information on income taxes can be found in note (9) of the notes to the consolidated financial statements.

Consolidated net profit and earnings per share

Consolidated net profit for the current fiscal year amounted to MEUR 12.8, up MEUR 2.8 or 28 % on the prior-year figure of MEUR 10.0. The return on consolidated net profit was unchanged at 3.7 %.

Basic earnings per share rose by 18.0 % in the year under review, from EUR 0.39 to EUR 0.46. This was due to the higher consolidated net profit after taxes, which is proportionally attributable to the shareholders of itelligence AG. The number of shares remained unchanged.

Dividend

As in the previous years, itelligence AG is planning to allow its shareholders to participate in the net profit for fiscal year 2011 to an appropriate extent. The basis of measurement for the dividend is the reported net profit for the year of itelligence AG in accordance with the German Commercial Code (HGB), which amounted to MEUR 6.5 (previous year: MEUR 3.8). In the previous year, the distribution ratio corresponded to 91 % of the net profit in accordance with HGB and 36 % of the consolidated net profit attributable to the shareholders of itelligence AG. Adjusted for income from the remeasurement of derivatives and options, the distribution ratio corresponds to 42 % of the attributable consolidated net profit. The Supervisory Board will propose the payment of a dividend of EUR 0.18 (previous year: EUR 0.14) per entitled share for the year under review, a year-on-year increase of 28.5 %. At the reporting date December 31, 2011, a total of 24,557,595 shares (previous year: 24,557,595 shares) were entitled to dividends. This corresponds to a distribution of MEUR 4.4. Accordingly, the distribution ratio corresponds to 68 % of the net profit in accordance with the HGB and 39 % of the consolidated net profit or 47 % of the adjusted attributable consolidated net profit. Subject to the approval of the Annual General Meeting, the dividend will be paid on May 31, 2012.

Please see also descriptive charts on page 59.

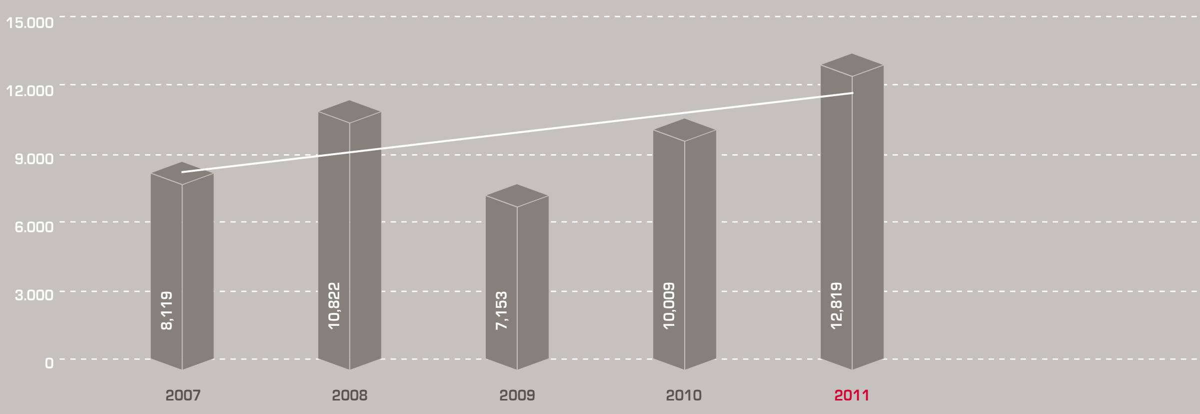
Net Assets

The itelligence Group's total assets increased by MEUR 74.1 or 41.1 % to MEUR 254.3 as of December 31, 2011 (previous year: MEUR 180.2). This was primarily due to the increase in assets following the consolidation of the acquired companies and the data centers in Germany and abroad that are currently under construction and that are being financed by borrowing.

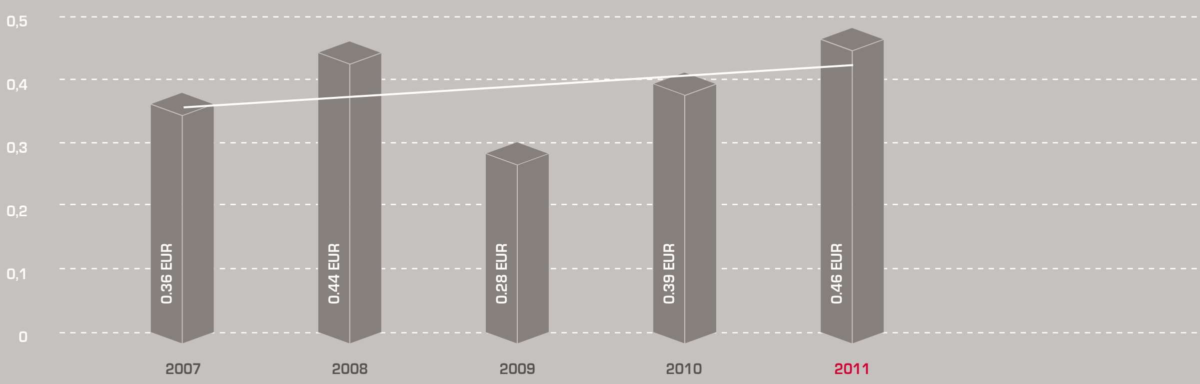
Assets	Dec. 31, 2011 MEUR	Dec. 31, 2010 MEUR	Change MEUR
Intangible assets	67.8	39.6	28.2
Property, plant and equipment and non-current financial assets	43.0	29.4	13.6
Non-current receivables and other assets	7.2	4.4	2.8
Non-current assets	**118.0**	**73.4**	**44.6**
Current receivables and other assets	97.8	75.9	21.9
Cash and cash equivalents	38.5	30.9	7.6
Current assets	**136.3**	**106.8**	**29.5**
Total assets	**254.3**	**180.2**	**74.1**

Equity and liabilities	Dec. 31, 2011 MEUR	Dec. 31, 2010 MEUR	Change MEUR
Equity (incl. non-controlling interests)	**68.0**	**61.2**	**6.8**
Financial liabilities	63.8	30.8	33.0
Provisions for pensions and other provisions	0.3	0.4	-0.1
Other non-current liabilities	9.9	6.5	3.4
Non-current liabilities	**74.0**	**37.7**	**36.3**
Trade payables	32.5	24.0	8.5
Financial liabilities	12.4	6.7	5.7
Other current liabilities and provisions	67.4	50.6	16.8
Current liabilities	**112.3**	**81.3**	**31.0**
Total equity and liabilities	**254.3**	**180.2**	**74.1**

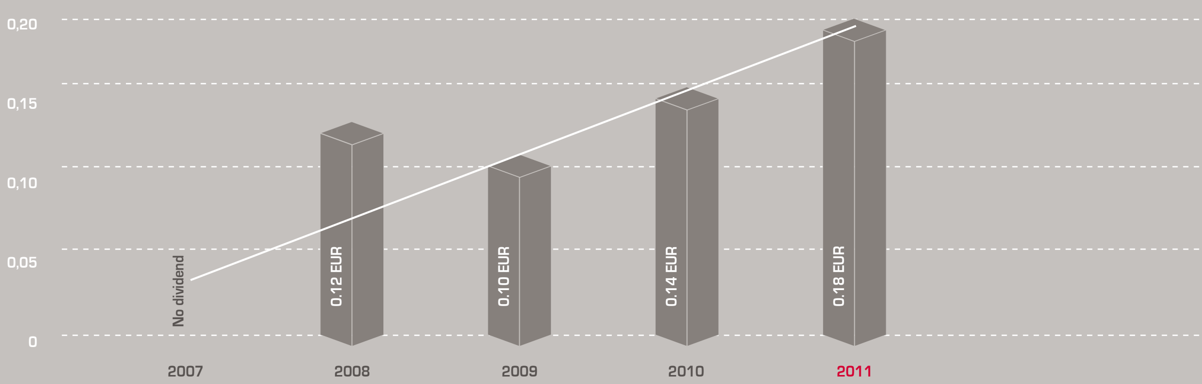
Consolidated net profit after taxes (in KEUR)



Earnings per share (in EUR)



Dividend per share (in EUR)



Non-current assets increased by MEUR 44.6 in fiscal year 2011, from MEUR 73.4 to MEUR 118.0. Non-current assets accounted for 46.4 % of total assets at the reporting date (previous year: 40.8 %). The main items under non-current assets are goodwill in the amount of MEUR 62.9 (previous year: MEUR 36.5) and property, plant and equipment in the amount of MEUR 42.8 (previous year: MEUR 29.2). The significant increase in goodwill in the amount of MEUR 26.4 is primarily attributable to the acquisition of the equity interests in 2C change a/s (MEUR 24.6) and Contemporary plc. (MEUR 1.2). In addition, the orders on hand and customer relationships from these acquisitions are recognized as intangible assets in the amount of MEUR 1.6. The MEUR 13.6 increase in property, plant and equipment relates in particular to the data centers that are under construction and capacity expansion in the Outsourcing & Services division.

Current assets totaled MEUR 136.3 at the end of the period under review (previous year: MEUR 106.8). They accounted for 53.6 % of total assets at the end of 2011 (previous year: 59.2 %). Trade receivables recorded the largest growth within this category, rising by 23.6 % from MEUR 69.3 to MEUR 85.6 as a result of the high revenues recorded in the fourth quarter and the acquisitions conducted. Cash and cash equivalents also increased by 24.9 % to MEUR 38.5 (previous year: MEUR 30.9), primarily as a result of the operating cash flow and the additional borrowing to finance the Group's investment activity.

On the liability side of the consolidated balance sheet, equity increased by MEUR 6.8 to MEUR 68.0. Despite the higher net profit for the period, the equity ratio fell from 34.0 % in the previous year to 26.7 % as a result of the rise in total assets. This effect is attributable to the sharp increase in non-current assets as a result of acquisitions and the corresponding expansion in total assets, as well as the fair value measurement of the put/call options for the acquisition of 2C change.

Non-current liabilities accounted for 29.1 % of the Group's total equity and liabilities at December 31, 2011, up on the prior-year figure of 20.9 %. Within non-current liabilities, non-current financial liabilities increased from MEUR 30.8 in the previous year to MEUR 63.8. Non-current liabilities primarily relate to the financing of the data centers in Germany and abroad that are under construction, as well as the financing of acquisitions.

itelligence recorded an increase in current liabilities of MEUR 31.0 to MEUR 112.3. The ratio of current liabilities to total equity and liabilities fell by 1 percentage point year-on-year to 44.2 %.

Financial Position

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

Figures MEUR	Dec. 31, 2011	Dec. 31, 2010	Change
Net cash from operating activities	21,7	8,4	13,3
Net cash used in investing activities	-32,5	-30,6	-1,9
Net cash from financing activities	18,0	8,4	9,6

Net cash from operating activities enjoyed extremely positive development, amounting to MEUR 21.7 in the past fiscal year after MEUR 8.4 in 2010. The cash inflow from the Company's internal financing strength therefore increased by MEUR 13.3 year-on-year on the back of the higher profitability of the Group and improved receivables management. As of the reporting date, the average days sales outstanding fell to 90 days (previous year: 92 days).

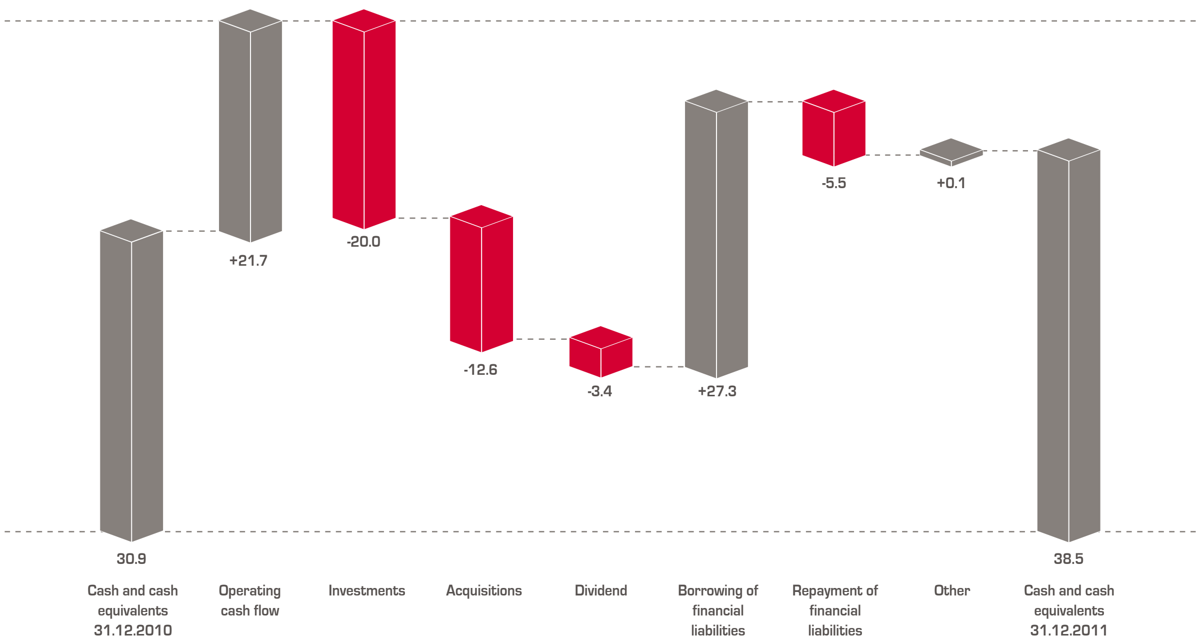
Net cash used in investing activities increased from MEUR 30.6 to MEUR 32.5. This was due in particular to payments for the acquisition of the new companies (less cash and cash equivalents acquired) in the amount of MEUR 12.2 (previous year: MEUR 16.7). Investments in the new construction of data centers and property, plant and equipment totaled MEUR 20.0 in the year under review, up on the prior-year figure of MEUR 14.2. As in the previous reporting periods, investments in property, plant and equipment primarily related to the expansion of data center capacities in Germany and abroad.

Net cash from financing activities totaled MEUR 18.0 (previous year: MEUR 8.4). This was due to borrowings of MEUR 27.3, which primarily related to the acquisitions conducted and the data centers that are under construction. The Group parent company granted loans with a volume of MEUR 24.4 to finance these investments. This was offset by repayments totaling MEUR 5.5. The interest rates for the long-term loans from the parent company NTT DATA are between 2.36 % and 3.6 %. For other loans interest rates between 2.61 % and 9.25 % apply. 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.

Net cash from financing activities for fiscal year 2011 was reduced by the dividend payment of MEUR 3.4 (previous year: MEUR 2.5).

Cash and cash equivalents increased by MEUR 7.6 to MEUR 38.5 as of the reporting date (previous year: MEUR 30.9). Of this figure, MEUR 12.0 was held in the euro zone and was not subject to exchange rate fluctuations. Cash and cash equivalents held outside the euro zone in the amount of MEUR 26.5 primarily related to cash assets in US dollars, pounds sterling and Swiss francs. 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 investments, meaning that interest rate fluctuations such investments on the money and capital markets can have an impact on itelligence AG's net interest income.

Development of Group liquidity (in MEUR)



In order to increase financial flexibility, additional credit facilities of MEUR 5.0 were agreed in Germany. In the year under review, these were utilized solely for drawing against guarantees. In addition to credit facilities in Germany, subsidiaries also applied for credit facilities abroad. These credit facilities with a total volume of MEUR 6.9 were agreed in the respective local currencies and were partially guaranteed by itelligence AG. At the reporting date, these credit facilities were utilized by the subsidiaries in the amount of MEUR 2.2.

Value Added Statement

The value added statement illustrates the origin and application of the economic performance of the itelligence companies in the year under review and the previous year.

In the statement of origin, value added is calculated as the difference between business performance and the related expenses incurred in advance, such as the cost of materials, depreciation and amortization, and other expenses.

In fiscal year 2011, business performance increased by +25.7 % to MEUR 344.5. This development was attributable to organic growth of +16.4 % and inorganic growth of +9.3 %. The latter was attributable to the acquisitions of Contemporary in the United Kingdom and 2C change in Denmark/Norway.

Product-related expenses, which contain advance expenses for software licenses and maintenance, increased by MEUR +6.1 or 12.5 % year-on-year to

MEUR 55.2. This increase is largely attributable to the higher maintenance volume and the corresponding costs payable to SAP AG, as well as the higher license volume. In addition, expenses for third-party providers, which are required to support consultant projects, rose by MEUR +13.1 or +53.7 % to MEUR 37.4.

As an IT service provider, itelligence AG generated substantial value added of 57.1 % compared with its business performance (previous year: 56.0 %).

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 88.5 % (previous year: 89.1 %), the largest share of value added was attributable to the itelligence Group's employees. The government accounted for 3.4 % of value added in the form of taxes and levies (previous year: 3.4 %). The proportion attributable to itelligence's shareholders remained unchanged year-on-year at 2.2 % based on the current dividend proposal. This meant that 3.5 % remained within the Group (previous year: 4.0 %).

Value Added Statement

KEUR	Origin					
	2011		2010		Change	
Revenues	342,360	99.4%	272,158	99.3%	70,202	25.8%
Other income	2,099	0.6%	1,828	0.7%	271	14.8%
Business performance	**344,459**	**100.0%**	**273,986**	**100.0%**	**70,473**	**25.7%**
Product-related expenses	55,177	16.0%	49,058	17.9%	6,119	12.5%
Third-party service providers	37,376	10.9%	24,317	8.9%	13,059	53.7%
Rental expenses	8,190	2.4%	7,169	2.6%	1,021	14.2%
Depreciation / amortization	10,009	2.9%	8,461	3.1%	1,548	18.3%
Other expenses	37,159	10.8%	31,667	11.6%	5,492	17.3%
Value added	**196,548**	**57.1%**	**153,314**	**56.0%**	**43,234**	**28.2%**

	Origin					
	2011		2010		Change	
Employees	173,902	88.5%	136,649	89.1%	37,253	27.3%
Shareholders	4,420	2.2%	3,438	2.2%	982	28.6%
Company (retained profits)	6,972	3.5%	6,191	4.0%	781	12.6%
Lenders	3,194	1.6%	1,419	0.9%	1,775	125.1%
Government	6,633	3.4%	5,237	3.4%	1,396	26.7%
Minority interests	1,427	0.7%	380	0.2%	1,047	275.5%
Value added	**196,548**	**100.0%**	**153,314**	**100.0%**	**43,234**	**28.2%**

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). 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 table provides a breakdown of the remuneration of the Management Board for fiscal year 2011:

Herbert Vogel (CEO)	2011 KEUR	2010 KEUR
Non-performance-related (fixed) remuneration	400	400
Performance-related (variable) remuneration (current year)	399	312
Annual remuneration = payment in 2011	799	712
Remuneration with long-term incentive effect	90	117
Expenses related to pension promise	92	92
Total annual remuneration	981	921
Expenses for variable remuneration relating to the previous year	77	2
Total expenses for the fiscal year	**1,058**	923

Norbert Rotter (CFO)	2011 KEUR	2010 KEUR
Non-performance-related (fixed) remuneration	200	175
Performance-related (variable) remuneration (current year)	266	180
Annual remuneration = payment in 2011	466	355
Remuneration with long-term incentive effect	73	98
Expenses related to pension promise	15	15
Total annual remuneration		468
Expenses for variable remuneration relating to the previous year	47	3
Total expenses for the fiscal year	**601**	471

The total remuneration paid to the members of the Management Board for fiscal year 2011 was KEUR 1,659 (previous year: KEUR 1,394).

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 members of the Management Board receive remuneration based on the Group's revenue and earnings (EBIT) development. Various quantitative and qualitative targets are also agreed depending on the respective area of responsibility. The variable short-term remuneration is measured on the basis of the degree to which targets have been attained and will be paid after itelligence's Annual General Meeting in May 2012.

- Part of the variable remuneration is paid as a long-term remuneration component based 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. Management 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.

- 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 4,000 for the Chief Financial Officer. 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 2011, the fifth tranche of the share-based remuneration with long-term incentive effect, which has a term from January 1, 2008 to December 31, 2010, was paid out to the Chief Executive Officer in the amount of KEUR 39.4 and the Chief Financial Officer in the amount of KEUR 29.6. The average Xetra closing price of itelligence's shares for the period from January to December 2010 was EUR 5.604. The tranche was measured at the average Xetra closing price for 2007, which was EUR 4.618. 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 2008 to 2010.

After the end of the Annual General Meeting on May 26, 2011, an eighth tranche with a term from January 1, 2011 to December 31, 2013 was issued for the members of the Management Board. The basis of future measurement is the average Xetra closing price for 2010, which was EUR 5.604.

The following table shows the virtual stock options granted:

	Virtual shares CEO	Virtual shares CFO	Fair value of a stock option on the grant date EUR	Proportionate fair value Dec. 31, 2011 CEO EUR	Proportionate fair value Dec. 31, 2011 CFO EUR	Expenses for stock options 2011 EUR
Tranche 6	40,000	30,000	0.997	100,880	75,660	61,273
Tranche 7	40,000	30,000	1.798	69,893	52,420	61,693
Tranche 8	40,000	40,000	1.614	19,800	19,800	39,600

No loans or similar benefits were granted to members of the Management Board in fiscal years 2011 or 2010. 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 482.6, for which expenses of KEUR 18 were incurred in 2011. The financing status changed as follows:

	2011 KEUR	2010 KEUR
Defined benefit obligation	483	438
Cash surrender value of the employer's pension liability insurance policy	-448	-416
Financing status	**35**	**22**

Remuneration of the Supervisory Board

The following table provides a breakdown of the remuneration of the Supervisory Board for fiscal year 2011 and the previous year:

	Fixed remuneration component	Committee remuneration	Attendance fees	Adjustment of attendance fees for 2010	Variable remuneration component Earnings per share	Variable remuneration component Share price performance	2011 Total remuneration
	KEUR	KEUR	KEUR	KEUR	KEUR	KEUR	KEUR
Dr. Lutz Mellinger (Chairman)	45.0	37.5	7.0	-3.0	16.2	7.7	110.4
Dr. Stephan Kremeyer (Deputy Chairman)	22.5	5.0	5.0	0.0	8.1	3.8	44.4
Fritz Fleischmann	15.0	27.5	7.0	-3.0	5.4	2.6	54.5
Dr. Britta Lenzmann	15.0	12.5	7.0	-2.0	5.4	2.6	40.5
Kazuhiro Nishihata	15.0	0.0	4.0	0.0	5.4	2.4	26.8
Akiyoshi Nishijima	15.0	0.0	4.0	0.0	5.4	2.4	26.8
	127.5	**82.5**	**34.0**	**-8.0**	**45.9**	**21.5**	**303.4**

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

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 per day 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 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 2011, the fifth tranche of the share-based remuneration with long-term incentive effect, which has a term from January 1, 2008 to December 31, 2010, was paid out to the members of the Supervisory Board in the amount of:

KEUR 3.2 to the Chairman
KEUR 1.6 to the Deputy Chairman
KEUR 1.1 to every member

KEUR 1.7 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 2010 was EUR 5.604. The tranche was measured at the average Xetra closing price for 2007, which was EUR 4.618. 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 2008 to 2010.

After the end of the Annual General Meeting on May 26, 2011, an eighth tranche with a term from January 1, 2011 to December 31, 2013 was issued for the members of the Supervisory Board. The basis of future measurement is the average Xetra closing price for 2010, which was EUR 5.604.

The following table shows the virtual stock options granted:

	Virtual shares Chairman	Virtual shares Deputy Chairman	Virtual shares Members	Virtual shares (total)	Fair value of a stock option on the grant date EUR
Tranche 6	3,613	1,806	4,817	10,236	0.997
Tranche 7	3,669	1,834	4,893	10,396	1.798
Tranche 8	2,677	1,338	3,569	7,584	1.614

	Proportionate fair value Dec. 31, 2011 Chairman EUR	Proportionate fair value Dec. 31, 2011 Deputy Chairman EUR	Proportionate fair value Dec. 31, 2011 Members EUR	Proportionate fair value Dec. 31, 2011 (total) EUR	Expenses for stock options 2011 EUR
Tranche 6	9,111	4,556	12,148	25,815	8,747
Tranche 7	6,411	3,206	8,549	18,166	8,960
Tranche 8	1,325	663	1,766	3,754	3,754

itelligence AG 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

The subscribed capital of itelligence AG amounted to EUR 24,557,595 at the reporting date and is divided into 24,557,595 no-par value shares. The shares of itelligence AG are issued as no-par value bearer shares. Each share represents a notional interest in the share capital of EUR 1.00. Each no-par value bearer share grants the holder one vote.

Re Section 315 (4) no. 2 HGB

There are no restrictions on itelligence AG's shares. A put option has been agreed with NTT DATA Europe GmbH & Co. KG for the shares of itelligence AG held by the Chief Executive Officer, Mr. Herbert Vogel (corresponding to approximately 2.5 % of subscribed capital). The shareholders NTT DATA Corporation and NTT DATA Europe GmbH & Co. KG also have a pre-emptive right in the event of the sale of the shares to a competitor of itelligence AG.

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 appointment of deputy Management Board members is permitted. The Supervisory Board may appoint a member of the Management Board as the Chairman and other members of the Management Board as Deputy Chairmen. Management Board members are appointed by the Supervisory Board for a maximum of five years. The reappointment or extension of the term of office of Management Board members, in each case for a maximum of five years, is permitted. In accordance with section 84 of the German Stock Corporation Act (AktG), the appointment of a Management Board member may be revoked by the Supervisory Board if there is good cause, such as a serious breach of duty on the part of the respective member. If a necessary Management Board member is missing, section 85 AktG states that a member may be appointed by court in urgent cases. 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 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. In accordance with section 15 of the Articles of Association, 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 at the resolution date until April 30, 2015. The Management Board did not exercise this authorization in fiscal year 2011.

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 by issuing new no-par value bearer shares in exchange for cash and/or non-cash contributions (authorized capital). The Management Board did not exercise this authorization in fiscal year 2011.

The aforementioned authorizations to issue and repurchase shares are commonplace among German companies that are comparable to itelligence AG. They give the Management Board the necessary flexibility and, in particular, provide for the possibility of using shares of itelligence AG as consideration when acquiring equity interests or borrowing on the capital markets at short notice and at favorable conditions.

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 material change in the shareholder structure of itelligence AG (for example, if a direct competitor of SAP becomes a direct or indirect shareholder)".

Shareholdings

According to the Company's own information, itelligence AG had the following shareholder structure at the reporting date:

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, 2011:

Management Board	Number of shares
Herbert Vogel (CEO)	605,738

Supervisory Board	
Dr. Britta Lenzmann (Employee representative)	155

Report on Post-Balance Sheet Date Events

In January 2012, NTT DATA and itelligence announced the next phase of their global market strategy in the SAP environment. NTT DATA and itelligence AG are bundling their expertise in a newly formed solution company. This will create the largest global SAP reseller and the largest solutions-based SAP service provider.

The solution company is coordinated by Herbert Vogel, CEO and founder of itelligence AG. With this move, itelligence AG is expanding its SAP consulting services to include the Asia Pacific (APAC) region. This latest development represents the further expansion of itelligence's global presence, which also includes its activities in the Americas region. The solution group forms part of NTT DATA's global strategy of assigning its foreign subsidiaries to four regions worldwide – Americas, EMEA, APAC and China – plus the globally active solution company.

In February 2012, the Chief Executive Officer acquired an additional 5,059 shares.

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 external and internal risks. Corporate management is based on value-oriented, responsible approaches. The organizational structure and the quality of management is such that business potential can be leveraged systematically and potential risks can be identified at an early stage and corresponding countermeasures can be initiated. The efficiency and effectiveness of these processes are 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 continuous improvements, the use of product innovations and entering new markets. 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 developing new markets and leveraging the resulting growth potential. In addition, IT trends such as in-memory computing, cloud computing and mobility will initiate a generation change over the coming years that will offer sustainable growth opportunities.

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. On the one hand, these result from the intensive cooperation with SAP, which is expressed in the form of global partnerships (SAP Global Services Partner, SAP Global Hosting Partner), among other things. This enables itelligence to serve small and medium-sized enterprises and, in particular, upper mid-size companies with a strong international focus in Germany and abroad.

The parent company NTT DATA 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. As in the previous years, itelligence can use the capital resources provided by the partnership with NTT DATA to strengthen its position in a targeted manner through acquisitions.

The market for enterprise software is a global growth market. SAP AG's innovative product portfolio and itelligence's own IT solutions will enable sustainable growth over the coming years.

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 various measures that are rooted in the internal control system. From the integrated planning process, which is supplemented by the quarterly revision of data, and the monitoring and controlling of business processes through to ensuring the preparation of the consolidated financial statements in accordance with the relevant standards, 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 and Account Assignment Manual, the Authority Guideline and the Risk Management Guideline. The implementation of the Japanese Sarbanes-Oxley Act is examined annually on the basis of the Risk Management Guideline and permanently modified. 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. The direct reporting line to the Chief Financial Officer ensures the quick and efficient flow of information. This process 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 and serves as a basis for management decisions. 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 major 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 support all of the parties involved in identifying risks at an early stage and initiating the relevant countermeasures. Despite all precautions, the risk of project escalation and resulting adverse effects 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. These 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 result from the highly competitive IT market and the rapid pace of technical progress and 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 economy in a number of industrial nations increasingly weakened over the course of 2011. Following the slump in Japanese economic output as a result of the disastrous earthquake and tsunami, attention turned to the debt, euro and banking crisis. The US rating agencies successively downgraded the countries of southern Europe in particular, thereby drawing strong criticism from the European Union, national governments and central banks. The high growth rates recorded by the emerging economies provided stability for the world economy. China increasingly established itself as a global economic power. The stock markets experienced extreme volatility in 2011, with highs in the spring followed by double-digit price losses at the end of the year.

In this environment, the German economy recorded strong growth of 3 %. This development was driven by the sustained high level of exports and, in particular, the upturn in domestic demand. Unemployment continued to decline slightly. Stabilizing trends are also emerging in the USA, although growth in the world's largest economy amounted to just 1.7 %.

According to the Organisation for Economic Co-operation and Development (OECD) and the International Monetary Fund (IMF), however, the outlook for global economic development in 2012 has deteriorated significantly. The world economy is suffering from serious uncertainty, with the euro crisis in particular still to be resolved. The IMF and the World Bank are forecasting global economic growth of between 2.5 % and 3 %, but the forecast for industrialized nations is no higher than 1.6 %. In the fourth quarter of 2011, real economic indicators that were already declining provided further signs of a weakening macroeconomic environment. The Federal Government expects Germany to record slower growth of 0.7 % – but it does not foresee a recession.

Outlook for the software and IT services market

The global economy is in the middle of a fundamental change that is being driven by the emerging markets and increasingly dynamic global competition. The shortage of resources and climate change require sustainable business operations.

In an increasingly digitalized world with a growing flood of data, modern information technology solutions play a key role. Information technology is approaching a number of technical generation changes. In-memory, on-demand and cloud computing and mobility solutions are combining new IT megatrends in the business world. When it comes to evaluating business data and analyzing the growing data flood – known as "big data" – business analytics software solutions play a decisive role.

The global market for enterprise software and the related IT services (consulting, software support, hosting and application management) is a global growth market. According to the IT market research institute Gartner, spending on software enjoyed robust development in 2011, increasing by +9.6 % and +6.9 % respectively after adjustment for currency translation effects.

Expected business development at itelligence AG

itelligence continues to enjoy dynamic development, with average annual revenue growth of around 15 % in the period from 2004 to 2011. In the last year alone, revenues increased by 25.8 % on the back of business with existing customers and, in particular, a large number of new customers. More than 4,000 customers around the world depend on itelligence when it comes to SAP solutions and services. itelligence AG's positioning as one of the leading global SAP partners and its tight integration within the NTT DATA Group, one of the world's largest IT service companies, will allow it to continue to outperform market expectations and record double-digit growth over the coming years. In the fourth quarter of fiscal year 2011 in particular, Licenses revenues and orders on hand increased significantly, thereby promising a solid first quarter of 2012.

The balance sheets of many companies have recovered considerably. In particular, small and medium-sized enterprises in Germany remain optimistic, something that is reflected in their willingness to invest in software and IT services.

In light of these developments, the Management Board is forecasting total revenues of between MEUR 375 and MEUR 400 for the current fiscal year, which would correspond to growth of between 9.6 % and 16.9 %. The Management Board also expects to see further revenue growth in fiscal year 2013 assuming the targets for the current fiscal year are met.

itelligence has succeeded in recording an above-average increase in EBIT profitability of 36.9 % to MEUR 20.4. Accordingly, the EBIT margin rose from 5.5 % in the previous year to 6.0 % in fiscal year 2011. On the back of targeted cost management and improved process management, the Management Board is forecasting an EBIT margin of between 6.2 % and 6.4 %, and hence significantly higher operating earnings, for the current fiscal year. One of itelligence's strategic objectives is to continue to improve operating profitability in the coming years.

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

Bielefeld, March 15, 2012

itelligence AG

The Management Board

Consolidated Income Statement (IFRS)

KEUR		Jan. 1 – Dec. 31. 2011	Jan. 1 – Dec. 31. 2010
Revenues	(1)	342,360	272,158
Cost of sales	(2)	-253,197	-205,721
Gross profit		**89,163**	**66,437**
Marketing and distribution expenses	(3)	-39,517	-25,739
Administrative expenses	(4)	-28,314	-24,482
Other operating income	(5)	2,099	1,828
Other operating expenses	(6)	-2,185	-2,504
Amortization of orders on hand	(11)	-872	-639
Total operating expenses		**-68,789**	**-51,536**
Operating earnings		**20,374**	**14,901**
Investment income		28	0
Measurement of derivatives and exercise of options	(7)	2,023	1,492
Exchange rate differences from financing activities		-4	18
Finance income	(8)	225	254
Finance expenses	(8)	-3,194	-1,419
Net finance costs		-922	345
Profit before taxes		**19,452**	**15,246**
Income tax expenses	(9)	-6,633	-5,237
Consolidated net profit		**12,819**	**10,009**
of which of the shareholders of itelligence AG		11,392	9,629
of which non-controlling interests		1,427	380
Earnings per share (EUR) (basic)	(10)	EUR 0.46	EUR 0.39
Earnings per share (EUR) (diluted)		EUR 0.46	EUR 0.39
Number of shares on the basis of which earnings per share were calculated:			
– basic		24,557,595	24,557,595
– diluted		24,557,595	24,557,595

Consolidated statement of comprehensive income (IFRS)

KEUR	Jan. 1 – Dec. 31, 2011	Jan. 1 – Dec. 31, 2010
Consolidated net profit	12,819	10,009
Foreign exchange differences	748	1,345
Total comprehensive income	**13,567**	**11,354**
of which of the shareholders of itelligence AG	12,060	10,974
of which non-controlling interests	1,507	380

Consolidated Balance Sheet (IFRS)

Assets KEUR		Dec. 31, 2011	Dec. 31, 2010
Non-current assets			
Intangible assets	(11)	67,767	39,564
Property, plant and equipment	(12)	42,758	29,223
Financial assets	(13)	201	145
Income tax receivables		271	423
Deferred tax assets	(14)	2,195	1,903
Other non-current assets	(15)	4,840	2,184
		118,032	**73,442**
Current assets			
Inventories		763	222
Trade receivables	(16)	85,606	69,259
Income tax receivables		573	336
Other current assets	(17)	2,070	1,443
Cash and cash equivalents	(18)	38,513	30,853
Prepaid expenses	(19)	8,730	4,647
		136,255	**106,760**
		254,287	**180,202**

Equity and liabilities KEUR		Dec, 31, 2011	Dec, 31, 2010
Equity			
Issued capital	(20)	24,558	24,558
Capital reserve	(21)	21,491	21,491
Net accumulated profit	(22)	30,404	22,450
Other comprehensive income	(23)	-23,727	-12,411
		52,726	56,088
Non-controlling interests		15,251	5,106
		67,977	**61,194**
Non-current liabilities			
Non-current financial liabilities	(24)	63,838	30,824
Deferred tax liabilities	(14)	5,212	4,115
Other non-current provisions	(29)	286	400
Pension provisions	(25)	1	12
Government grants	(26)	4,278	1,995
Other non-current liabilities	(27)	365	310
		73,980	**37,656**
Current liabilities			
Trade payables	(28)	32,517	24,040
Current financial liabilities	(24)	12,436	6,689
Tax provisions		2,074	1,441
Other current provisions	(29)	3,184	2,357
Income tax liabilities		620	1,006
Other current liabilities	(27)	53,669	41,277
Deferred income		7,830	4,542
		112,330	**81,352**
		254,287	**180,202**

Consolidated Cash Flow Statement (IFRS)

KEUR	2011	2010
Consolidated net profit	**12,819**	**10,009**
Amortization of intangible assets and depreciation of property, plant and equipment	10,040	8,477
Elimination of gains/losses on asset disposals	17	6
Other non-cash expenses and income	-878	-1,774
Net finance costs	922	-345
Income tax expenses	6,633	5,237
	29,553	**21,610**
Change in inventories	-541	-165
Change in trade receivables	-10,209	-16,519
Change in other non-current assets	-1,422	987
Change in other current assets	-186	577
Change in prepaid expenses	-924	-2,495
Change in trade payables	5,258	4,921
Change in provisions for pensions	-11	-45
Change in other liabilities and provisions	7,328	5,493
Change in deferred taxes	835	104
	29,681	**14,468**
Interest received	225	256
Interest paid	-1,261	-923
Taxes paid	-6,956	-5,359
Cash flows from operating activities	**21,689**	**8,442**
Investments in property, plant and equipment and IT software	-20,002	-14,189
Cash received from the disposal of property, plant and equipment and intangible assets	64	339
Payments for acquisitions (less cash and cash equivalents acquired)	-12,177	-16,676
Subsequent purchase price payments for investments made	-400	-87
Cash flows from investing activities	**-32,515**	**-30,613**
Changes in minority interests	-346	-191
Increase in long-term deposits	-73	-161
Dividend payments	-3,438	-2,456
Borrowing of current financial liabilities	0	237
Borrowing of non-current financial liabilities	27,273	14,631
Repayment of non-current financial liabilities:	-5,451	-3,640
Cash flows from financing activities	**17,965**	**8,420**
Decrease/increase in cash and cash equivalents	**7,139**	**-13,751**
Effects from exchange rate differences	521	2,108
Cash and cash equivalents as of January 1	30,853	42,496
Cash and cash equivalents as of December 31	**38,513**	**30,853**

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

Consolidated Statement of Changes in Equity (IFRS)

					Other comprehensive income					
	Number of shares	Issued capital KEUR	Capital reserves KEUR	Net accumulated profit KEUR	Foreign exchange differences KEUR	Other equity KEUR	Other comprehensive equity KEUR	Equity attributable to the shareholders of the parent company KEUR	Non-controlling interests KEUR	Consolidated equity KEUR
Dec. 31, 2009	24,292,164	**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
Purchase of non-controlling interests									3,827	3,827
Exercising of options						43	43	43	-43	0
Fair value for call and put options under IAS 32						-5,243	-5,243	-5,243		-5,243
Dec. 31, 2010	24,557,595	**24,558**	**21,491**	**22,450**	-1,964	-10,447	**-12,411**	**56,088**	**5,106**	**61,194**
Consolidated net profit 2010				**11,392**				**11,392**	**1,427**	**12,819**
Foreign exchange differences					668		668	668	80	748
Total comprehensive income				**11,392**	**668**		**668**	**12,060**	**1,507**	**13,567**
Dividend payments				-3,438				-3,438	-346	-3,784
Purchase of non-controlling interests									9,317	9,317
Exercising of options						333	333	333	-333	0
Fair value for call and put options under IAS 32						-12,317	-12,317	-12,317		-12,317
Dec. 31, 2011	**24,557,595**	**24,558**	**21,491**	**30,404**	**-1,296**	**-22,431**	**-23,727**	**52,726**	**15,251**	**67,977**

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

Notes to the Consolidated Financial Statements for Fiscal Year 2011

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.

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, Hungary, Russia, the Ukraine, Canada, France, Denmark, Norway, Malaysia and Asia. The subsidiary in Brazil no longer has any active business operations.

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 have been prepared on the basis of historical cost, with the exception of certain financial instruments recognized at market value.

The Management Board of itelligence AG authorized the consolidated financial statements to be submitted to the Supervisory Board on March 2, 2012.
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. The consolidated financial statements were approved by the Supervisory Board on March 15, 2012.

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, 2011 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 2011 were taken into account. The following new standards to be applied in fiscal 2011 had no significant effect on the presentation in the consolidated financial statements of itelligence AG:

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 "New accounting standards" section contains information on the accounting provisions published by the IASB but not yet required to be applied in fiscal 2011.

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

C. New accounting standards

The following standards and interpretations published and adopted by the European Union prior to December 31, 2011 but not yet required to be applied have not been taken into consideration in the preparation of the financial statements:

Amendments to IFRS 7	Disclosures – Transfers of Financial Assets

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

Amendments to IAS 1	Presentation of Items of Other Comprehensive Income
Amendments to IAS 12	Deferred Tax on Investment Property
IAS 19 (rev. 2011)	Employee Benefits
Amendments to IAS 27	Separate Financial Statements
Amendments to IAS 28	Investments in Associates and Joint Ventures
Amendments to IAS 32	Offsetting Financial Assets and Financial Liabilities
Amendments to IFRS 1	Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters
Amendments to IFRS 7	Disclosures – Offsetting Financial Assets and Financial Liabilities
IFRS 9	Financial Instruments
IFRS 10	Consolidated Financial Statements
IFRS 11	Joint Arrangements
IFRS 12	Disclosure of Interests in Other Entities
IFRS 13	Fair Value Measurement
IFRIC 20	Stripping Costs in the Production Phase of a Surface Mine

• *EU endorsement already in place*

Amendments to 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 financial assets not fully derecognized 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 amendment is effective for the first time for annual periods beginning on or after July 1, 2011. The revised version of IFRS 7 is not expected to have a significant effect on the future consolidated financial statements of itelligence AG.

• *EU Endorsement outstanding*

Amendments to IAS 1 – Presentation of Items of Other Comprehensive Income

The amendment changes the presentation of other comprehensive income. In future, the items of other comprehensive income later reclassified to the income statement ("recycling") must be shown separately from the items of other comprehensive income never reclassified. If the items are reported gross, i.e. without netting effects of deferred taxes, deferred taxes are no longer reported as a total figure but must instead by assigned to the two groups of items.

The amendment is effective for the first time for annual periods beginning on or after July 1, 2012 subject to its outstanding endorsement in EU law. The revised version of IAS 1 is not expected to have a significant effect on the future consolidated financial statements of itelligence AG.

Amendments to 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 deferred taxes are measured on the basis of the rebuttable presumption that reversal is effected through sale.

The amendment is effective for the first time for annual periods beginning on or after January 1, 2012 subject to its outstanding endorsement in EU law. The revised version of IAS 12 is not expected to have any effect on the future consolidated financial statements of itelligence AG.

IAS 19 – Employee Benefits (revised 2011)

In addition to more extensive disclosure requirements for employee benefits, the revised standard means the following changes in particular:

There is currently an option as to how unexpected fluctuations in pension obligations, known as actuarial gains and losses, can be presented in the financial statements. These can be recognized (a) in profit or loss, (b) in other comprehensive income, or (c) after a delay using the corridor method. The revision of IAS 19 will abolish this option in favor of a more transparent and comparable presentation, which means that only direct recognition in other comprehensive income will be permitted in future. Also, the expected return on plan assets is currently calculated based on subjective management expectations of portfolio development. Under IAS 19 (revised 2011), only standardized interest on plan assets in the amount of the current discount rate for pension obligations is permitted. The amendment is effective for the first time for annual periods beginning on or after January 1, 2013 subject to its outstanding endorsement in EU law. As the itelligence Group currently applies the corridor method, the change – is applied to circumstances as of December 31, 2011 – would result in an increase in pension provisions of KEUR 364. On switching from the corridor method to the amended method, itelligence AG's income statement will be unaffected by actuarial gains and losses in future (e.g. due to interest rate fluctuations) as these will have to be recognized in other comprehensive income.

Amendments to IAS 27 – Separate Financial Statements

As part of the passing of IFRS 10 Consolidated Financial Statements, the regulations on the principle of control and the requirements to prepare consolidated financial statements will be removed from IAS 27 and then covered in IFRS 10 (see comments on IFRS 10). As a result, IAS 27 will only contain the regulations for accounting for subsidiaries, joint ventures and associated companies in IFRS separate financial statements in future.

The amendment is effective for the first time for annual periods beginning on or after January 1, 2013 subject to its outstanding endorsement in EU law. The revised version of IAS 27 is not expected to have any effect on the future consolidated financial statements of itelligence AG.

Amendments to IAS 28 – Investments in Associates and Joint Ventures

Amendments were also made to IAS 28 as a result of the passing of IFRS 11 Joint Arrangements. As in the past, IAS 28 regulates the application of the equity method. However, its range of application has been significantly expanded by IFRS 11 as investments in not just associates but also joint ventures (see IFRS 11) have to be measured at equity in future. Proportionate consolidation will also no longer apply to joint ventures.

The amendment is effective for the first time for annual periods beginning on or after January 1, 2013 subject to its outstanding endorsement in EU law. The revised version of IAS 28 is not expected to have any effect on the future consolidated financial statements of itelligence AG.

Amendments to IAS 32 und IFRS 7 – Offsetting Financial Assets and Financial Liabilities

This addition to IAS 32 clarifies the requirements for offsetting financial instruments. The addition explains the significance of the current legal right to offsetting and clarifies which methods can be considered gross or net settlement within the meaning of the standard. The regulations on disclosures in the notes in IFRS 7 were also expanded on together with these clarifications.

The amendment to IAS 32 is effective for the first time for annual periods beginning on or after January 1, 2014 subject to its outstanding endorsement in EU law. The amendment to IFRS 7 is effective for the first time for annual periods beginning on or after January 1, 2013 subject to its outstanding endorsement in EU law. The amendments to IAS 32 and IFRS 7 are not expected to have any effect on the future consolidated financial statements of itelligence AG.

Amendments to 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.

The amendment is effective for the first time for annual periods beginning on or after July 1, 2011 subject to its outstanding endorsement in EU law. The revised version of IFRS 1 is not expected to have any effect on the future consolidated financial statements of itelligence AG.

IFRS 9 – Financial Instruments

Accounting for and measurement of financial instruments under IFRS 9 will replace IAS 39. In future, financial assets will only be classified into and measured as two groups: those measured at amortized cost and those measured at fair value. The group of financial assets at amortized cost will consist of such financial assets that only provide for payments of principal and interest on the principal outstanding at set dates and that are also held as part of a business model that intends to hold assets. All other financial assets form the group at fair value. Under certain conditions, financial assets in the first category – as was previously the case – can be designated to the at fair value category (fair value option). Changes in the value of financial assets at fair value must be recognized in profit or loss. However, the option to recognize changes in value in other comprehensive income can be exercised for certain equity instruments; however, dividend claims from these assets must be recognized in profit or loss. The regulations for financial liabilities will be taken over from IAS 39. The most significant difference concerns the recognition of changes in value of financial liabilities measured at fair value. These must be broken down in future into the liability's credit risk, which is recognized in other comprehensive income, and the remainder, which is recognized in profit or loss.

IFRS 9 is effective for the first time for annual periods beginning on or after January 1, 2015 subject to its outstanding endorsement in EU law. If it is endorsed by the EU in its present form, IFRS 9 is expected to affect the future consolidated financial statements of itelligence AG.

IFRS 10 – Consolidated Financial Statements

This standard provides a new and comprehensive definition of control. If an entity controls another entity, the parent company must include the subsidiary in consolidation. Under the new concept, control exists when the potential parent company has power over the potential subsidiary on the basis of voting or other rights, it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. This new standard could affect the scope of the consolidated group, including for special-purpose entities.

The standard is effective for the first time for annual periods beginning on or after January 1, 2013 subject to its outstanding endorsement in EU law. If it is found that an investment qualifies as a subsidiary differently according to IAS 27/SIC 12 and IFRS 10, IFRS 10 must be applied retrospectively. Early adoption is only permitted at the same time as IFRS 11, IFRS 12 and the 2011 amendments to IAS 27 and IAS 28. The revised version of IFRS 10 is not expected to have any effect on the future consolidated financial statements of itelligence AG.

IFRS 11 – Joint Arrangements

IFRS 11 provides new regulations for accounting for joint arrangements. Under the new concept, it must be decided whether the arrangement is a joint operation or a joint venture. In a joint operation the parties with joint control have rights to the assets and obligations for the liabilities. The individual rights and obligations are accounted for proportionately in the consolidated financial statements. A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement. This right is accounted for using the equity method in the consolidated financial statements; the option of proportionate inclusion in the consolidated financial statements therefore no longer applies.

The standard is effective for the first time for annual periods beginning on or after January 1, 2013 subject to its outstanding endorsement in EU law. There are specific transitional regulations for transition, for example, from proportionate consolidation to the equity method. Early adoption is only permitted at the same time as IFRS 10, IFRS 12 and the 2011 amendments to IAS 27 and IAS 28. The revised version of IFRS 11 is not expected to have any effect on the future consolidated financial statements of itelligence AG.

IFRS 12 – Disclosure of Interests in Other Entities

This standard regulates the disclosure requirements for interests in other entities. The necessary information is significantly more extensive as compared to the disclosures previously required under IAS 27, IAS 28 and IAS 31.

The standard is effective for the first time for annual periods beginning on or after January 1, 2013 subject to its outstanding endorsement in EU law. The revised version of IFRS 12 is not expected to have any effect on presentation in the future consolidated financial statements of itelligence AG.

IFRS 13 – Fair Value Measurement

This standard provides uniform regulations for fair value measurement in IFRS financial statements. In future, fair value measurement as required in all other standards must be applied in line with the uniform regulations of IFRS 13; separate regulations also apply for IAS 17 and IFRS 2 only. Fair value under IFRS 13 is defined as the exit price, i.e. the price that would be received to sell an asset or paid to transfer a liability. As currently applied for the fair value measurement of financial assets, there is a three-level hierarchy graded according to the dependence on observed market prices. New fair value measurement can result in different values as compared to current provisions.

The standard is effective for the first time for annual periods beginning on or after January 1, 2013 subject to its outstanding endorsement in EU law. The revised version of IFRS 13 is not expected to have a significant effect on the future consolidated financial statements of itelligence AG.

IFRIC 20 – Stripping Costs in the Production Phase of a Surface Mine

This interpretation is intended to provide uniform regulations for accounting for stripping costs in the production phase of a surface mine. If income is expected to be generated from the further use of waste materials, the costs of stripping activity are to be accounted for as inventories in accordance with the principles of IAS 2. An intangible asset recognized together with the surface mine asset is also generated if access to ore is improved and the criteria defined in the interpretation are met. This asset is amortized over its expected useful life.

IFRIC 20 is effective for the first time for annual periods beginning on or after January 1, 2013 subject to its outstanding endorsement in EU law. The revised version of IFRIC 20 is not expected to have any effect on the future consolidated financial statements of itelligence AG.

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, 2011, 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, 2011:

Fully consolidated companies	Equity interest %	Equity KEUR	Profit/loss for the year KEUR
itelligence Services GmbH, Bielefeld/Germany	100	305	7,577[1]
itelligence International Business Service Holding GmbH, Bielefeld/Germany	100	841	491[1]
itelligence Outsourcing & Services GmbH, Bautzen/Germany	100	1,226	8,624[1]
itelligence AG, Regensdorf/Switzerland	100	2,44	817
itelligence Business Solutions GmbH, Vienna/Austria	100	-2,875	293
itelligence Business Solutions (UK) Ltd., Reading/UK	100	5,554	812
Recruit Company GmbH, Bielefeld/Germany (formerly 1. Beteiligungs GmbH)	74,9	199	95
itelligence Hungary Kft., Budapest/Hungary	100	1,195	242
itelligence Inc., Cincinnati/USA	100	11,821	2,353
TOP SAP Inc., Cincinnati/USA	100	1,022	3
itelligence Int'l, Kiev/Ukraine	100	-317	-107
itelligence Ltd., Moscow/Russia	100	-478	-347
itelligence Outsourcing Inc., Cincinnati/USA	100	2,858	780
itelligence Ltda. S.A., Sao Paolo/Brazil	100	-1,424	0
itelligence s.r.o, Bratislava/Slovakia	100	138	-7
itelligence s.r.o., Prague/Czech Republic	100	47	12
itelligence SP.Z.o.o., Warsaw/Poland	100	4,368	384
itelligence VC-Holding GmbH, Frankfurt am Main/Germany	100	-160	-13
Servicios informaticos itelligence S.A., Barcelona/Spain	100	3,742	50
ITC Information Technology Consulting Gesellschaft für Netzwerkmanagement und Systemintegration mbH, Detmold/Germany	56	554	204
SAPCON a.s., Brno/Czech Republic	66	1,612	596
itelligence Outsourcing MSC Sdn. Bhd., Cyberjaya/Malaysia	100	-1,259	-302
itelligence Asia Holding Ltd., Hong Kong	100	366	60
itelligence Consulting Shanghai Ltd., Shanghai/China	100	282	12
itelligence BeNeLux Holding B.V., Eindhoven/Netherlands	65	5,869	-265
itelligence Business Solutions s.p.r.l., Brussels/Belgium	65	-312	-159
itelligence B.V., Eindhoven/Netherlands	65	2,021	335
2B BBIT Deutschland GmbH, Cologne/Germany	65	-147	57
itelligence France SAS, Paris/France	51	797	126
itelligence Canada Ltd., Montreal/Canada	51	481	279
RPF Solutions, LLC, Woodstock/USA	55	1,52	1,197
Contemporary Plc., Ascot/England	100	528	224
2C change a/s Denmark, Horsens/Denmark	60	1,931	1,375
2C change international a/s Denmark, Horsens/Denmark	60	-1,204	-193
2C change a/s Norway, Oslo/Norway	40	309	6
2C change Sdn Bhd Malaysia, Bangsar/Malaysia	60	270	37

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

Investments	Equity interest in %	Equity KEUR	Profit/loss for the year KEUR
BfL Gesellschaft des Bürofachhandels mbH & Co. KG, Eschborn/Germany	under 1	15,53	5,621
ROC ICT Services B.V., Etten-Leur/Netherlands	10	2	0
TBV ProVital Lemgo GmbH & Co. KG, Lemgo/Germany	05. Dez	53	-529

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 Contemporary plc.
By way of purchase agreement dated May 17, 2011, the itelligence Group acquired all shares in the UK's global SAP partner for SMEs. The contractual economic acquisition was agreed as April 1, 2011. The British BusinessObjects partner of SAP UK is based in Ascot. The fixed purchase price was GBP 1.5 million.

By acquiring Contemporary plc, itelligence UK has expanded its range in the UK in the growth segment of business analytics and SAP BusinessObjects.

Purchase price allocation resulted in total goodwill of KEUR 1,168, 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, customer relationships were also identified as relevant assets as part of the acquisition. These acquired intangible assets in the amount of KEUR 224 were capitalized in full. The customer relationships will be written down over a period of nine years. Taking into account deferred taxes, the fair value of the acquired assets and liabilities amounted to KEUR 474.

Acquisition-related costs in the amount of KEUR 76 were recognized directly in profit or loss. Since first-time consolidation, pro rata temporis profits of KEUR 224 and revenues of KEUR 3,502 have been reported. If the annual financial statements of Contemporary plc had been included in consolidation on January 1, 2011, the profit for the period would have amounted to KEUR 299 with revenues of KEUR 4,669.

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

	Carrying amounts before acquisition EUR	Fair value adjustments EUR	Carrying amounts at the acquisition date EUR
Non-current assets			
Intangible assets	0	223,600	223,600
Property, plant and equipment	28,487		28,487
	28,487	**223,600**	**252,087**
Current assets			
Trade receivables	1,143,424		1,143,424
Other current assets	1,937		1,937
Cash and cash equivalents	132,199		132,199
Prepaid expenses	73,694		73,694
	1,351,254		**1,351,254**
Non-current liabilities			
Deferred tax liabilities	0	52,798	52,798
	0	**52,798**	**52,798**
Current liabilities			
Trade payables	646,051		646,051
Other current liabilities	316,830		316,830
Deferred income	113,222		113,222
	1,076,103		**1,076,103**
Net assets	**303,638**	**170,802**	**474,440**
of which non-controlling interests			0
Net assets acquired			**474,440**

Goodwill from the acquisition of Contemporary plc.	1,168,454
Purchase price	1,642,894
of which cash	1,642,894
Cash and cash equivalents acquired	132,199
Actual cash outflow for the acquisition	**1,510,695**

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

Acquisition of the majority interest in 2C change a/s
By way of purchase agreement dated June 14, 2011, the itelligence Group acquired 60% of shares in the Danish SAP consulting company 2C change a/s based in Horsens, Denmark. The company holds the following interests:

100%	2C change International a/s	Horsens, Denmark
100%	2C change Sdn. Bhd.	Malaysia
66%	2C change a/s Norway	Norway

The purchase price for the shares included a fixed amount of DKK 92.03 million, plus an amount of not more than DKK 12.0 million based on earnings for 2011. As the agreed earnings for the year have since been achieved, the amount was recognized in full under other current liabilities.

The remaining 40% of shares in 2C change a/s Denmark and the 34% of shares in 2C change a/s Norway can be acquired by way of put and call options in the coming years.

This strategic acquisition has allowed the itelligence Group to expand its market presence in Northern Europe significantly. With employees in Denmark, Norway and Malaysia, 2C change offers an extensive range of IT services from consultancy, SAP license sales and implementation through to hosting in the SAP environment and SAP BusinessObjects.

Purchase price allocation resulted in total goodwill of KEUR 24,600. This goodwill will be tested for impairment once a year and whenever there are indications of impairment. Exercising the accounting option under IFRS 3 (2008), non-controlling interests are measured at fair value (full goodwill method). 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, customer relationships and orders on hand were also identified as relevant assets as part of the acquisition. These acquired intangible assets in the amount of KEUR 925 were capitalized in full. The customer relationships will be written down over a period of 15 years and the orders on hand over twelve months. Taking into account deferred taxes, the fair value of the acquired assets and liabilities amounted to KEUR -1,372.

Acquisition-related costs in the amount of KEUR 937 were recognized directly other operating expenses. First-time consolidation was on June 1, 2011, meaning that the company contributed KEUR 1,225 to the Group's profits pro rata temporis for seven months and reported revenues of KEUR 18,469. If the annual financial statements of 2C change had been included in consolidation on January 1, 2011, the profit for the period would have amounted to KEUR 2,100 with revenues of KEUR 31,661.

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

	Carrying amounts before acquisition EUR	Fair value adjustments EUR	Carrying amounts at the acquisition date EUR
Non-current assets			
Intangible assets	37,427	925,294	962,721
Property, plant and equipment	559,246		559,246
Deferred tax assets	313,908		313,908
Intangible assets	139,707		139,707
	1,050,288	**925,294**	**1,975,582**
Current assets			
Trade receivables	4,995,442		4,995,442
Other current assets	30,229		30,229
Cash and cash equivalents	1,702,465		1,702,465
Prepaid expenses	19,390		19,390
	6,747,526		**6,747,526**
Non-current liabilities			
Non-current financial liabilities	2,423,486		2,423,486
Deferred tax liabilities	0	231,323	231,323
	2,423,486	**231,323**	**2,654,809**
Current liabilities			
Trade payables	842,668		842,668
Current financial liabilities	2,340,170		2,340,170
Other current liabilities	4,149,480		4,149,480
Deferred income	107,766		107,766
	7,440,084		**7,440,084**
Net assets	**-2,065,756**	**693,971**	**-1,371,785**
of which non-controlling interests			-548,714
Net assets acquired			**-823,071**

Goodwill from the acquisition of 2C change a/s	24,600,169
of which non-controlling interests	(9,840,068)

Purchase price	13,937,030
of which cash	12,368,322
Cash and cash equivalents acquired	1,702,465
Actual cash outflow for the acquisition	**10,665,857**

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

Acquisition of assets of PlanOrg
By way of purchase agreement dated November 24, 2011, itelligence acquired the SAP business unit PlanOrg Industry from its partner PlanOrg in Jena. The purchase price amounted to KEUR 402. The acquisition allows itelligence AG to expand its presence in the former East Germany, particularly at the growth-oriented high tech location of Jena. In future, SME customers in the automotive supply and manufacturing industry plus young and dynamic start-ups in the region will benefit not just from their proven local SAP consulting company but also from itelligence AG's extensive range of international services.

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

Acquisition of other shares
itelligence AG acquired a further 10% in SAPCON a.s. in Brno in fiscal 2011. Its interest in the company therefore rose from 56% as of December 31, 2010 to 66% as of December 31, 2011.

Furthermore, the itelligence Group increased its equity investment in the US consulting company RPF Solutions LLC, Woodstock, by 4%. Its interest in the company therefore rose from 51% as of December 31, 2010 to 55% as of December 31, 2011.

The equity investment in itelligence Benelux Holding BV was increased by 5% in the fiscal year. Its interest in the company therefore rose accordingly from 60% to 65% as of December 31, 2011.

All acquisitions were performed by exercising the agreed put and call options.

Disposals from the consolidated group in the current year
By way of an agreement dated June 8, 2011, all shares in itelligence d.o.o., Slovenia, were sold. The company was included in consolidation until its disposal. The disposal price was KEUR 135 on net assets in the Group of KEUR 90. The transaction resulted in a gain for the Group of KEUR 45.

Other changes in the consolidated group
Effective August 1, 2011, Chelford SAP Solutions Ltd. was merged with itelligence Business Solutions (UK). The merger was performed at carrying amounts and is the result of a step consolidation by 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 financial statements of the subsidiaries were all prepared in accordance with IFRS as of the end of the Group's reporting period.

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. Exercising the accounting option under IFRS 3 (2008), non-controlling interests in business combinations are measured at fair value from January 1, 2010 (full goodwill method).

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 for which there are no quoted prices on active markets and whose fair value cannot be reliably estimated are accounted for using the cost method, providing that 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 at the end of the reporting period, 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 statements of financial position 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 at the end of the reporting period	
	1 EUR =	2011	2010	Dec. 31, 2011	Dec. 31, 2010
USA	USD	1.3904	1.3243	1.2939	1.3362
Switzerland	CHF	1.2318	1.3795	1.2156	1.2504
UK	GBP	0.8675	0.8576	0.8353	0.8608
Poland	PLN	4.1085	3.9937	4.4580	3.975
Czech Republic	CZK 100	24.5817	25.2831	25.787	25.061
Denmark	DKK 100	7.4507	n/a	7.4342	n/a
Hungary	HUF 1,000	278.55	275.22	314.58	277.95

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 and consistent with the previous year.

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 customer-specific 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 end of the reporting period. Onerous losses from these construction contracts are recognized in full under profit or loss and reported under other provisions.

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. Exercising the accounting option under IFRS 3 (2008), non-controlling interests in 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 tests goodwill at the level of the regions/segments: 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 profit or loss.

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 statement of financial position 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. Financial instruments are recognized at trade date amounts.

In accordance with IAS 39, financial instruments 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 liabilities measured at amortized cost

Financial assets

- *Held-to-maturity financial investments:* Financial assets with fixed or determinable payments and fixed maturity that an entity has the positive intention and ability to hold to maturity – other than loans and receivables originated by the company – are classified as held-to-maturity investments and measured at amortized cost.
- *Held-for-trading financial assets*: Financial assets that were primarily acquired with the intention of achieving a profit from short-term price fluctuations and asset derivatives not used as hedges are classified as financial assets held for trading and measured at fair value through profit or loss. Changes in fair value are reported in profit or loss under net finance costs.
- *Loans and receivables originated by the enterprise:* Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not traded on an active market and that are not intended for short-term sale. This category includes cash and cash equivalents, trade receivables and loans and receivables included in other financial assets. The company recognizes loans and receivables at amortized cost less write-downs. Write-downs on items assigned to this category are recognized in operating earnings, interest on the basis of the effective interest method in net finance costs.
- *Available-for-sale financial assets:* This category includes all financial instruments that cannot be assigned to different categories. Such financial assets are measured at fair value outside profit or loss.

Financial liabilities

- *Financial liabilities measured at amortized cost:* This group of financial liabilities includes trade payables and financial liabilities. The company recognizes these financial liabilities when there is a contractual obligation to transfer cash or other financial assets to another enterprise. Financial liabilities are measured at fair value on first-time recognition including the transaction costs directly attributed to financial liabilities not measured at fair value through profit or loss. All non-derivative financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest income relating to these items is recognized in net finance costs.

- *Held-for-trading financial liabilities:* Financial liabilities that were primarily entered into with the intention of achieving a profit from short-term price fluctuations and liability derivatives not used as hedges are classified as financial liabilities held for trading and measured at fair value through profit or loss. This category essentially includes the market values of put-call options entered into in acquisitions. Changes in fair value are reported in profit or loss under net finance costs.

Fair value measurement hierarchy

Under IFRS 7, financial instruments measured 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

Trade receivables are reported at amortized cost net of write-downs. 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. These receivables are only derecognized in the event of permanent default on payment, e.g. insolvency.

Customer receivables from service contracts for consulting projects not yet concluded as of the end of the reporting period are measured using the percentage of completion method and reported as receivables from unbilled services under trade receivables. These 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 end of the reporting period. 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 non-financial assets

Other non-financial 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 at the end of the reporting period. Changes in fair value are recognized in net finance costs.

Non-controlling interests

Non-controlling interests include their share of the fair values of identifiable assets and liabilities on acquisition of respective subsidiary. The share of losses attributable to non-controlling interests in a consolidated company can exceed the share of equity attributable to the non-controlling interests of the company.

In line with the accounting option provided under IFRS 3 (2008), the goodwill attributable to non-controlling interests is capitalized on first-time consolidation and reported under non-controlling 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 non-controlling interests is extrapolated on this basis.

Non-controlling interests are reported as a component of equity in the consolidated statement of financial position 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 other 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 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 statement of financial position under non-current liabilities and taken to profit or 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 statement of financial position 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 at the end of the reporting period.

Other non-financial liabilities

Other non-financial liabilities with fixed or determinable payments that are not quoted in an active market are mainly due to obligations to employees and tax authorities and are recognized at nominal or repayment amount.

Prepaid expenses and deferred income

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

Deferred income comprises income recognized prior to the end of the reporting period 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 statement of financial position 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 the end of each reporting period, 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/Switzerland (DACH), 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)

Statement of cash flows

The statement of cash flows 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 statement of cash flows. 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. The payments for investments in subsidized assets are shown netted against the corresponding amounts received from investment subsidies and grants provided. 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 end of the reporting period

Events after the end of the reporting period which provide new information and affect the financial position of the Group at the end of the reporting period are taken into account in the consolidated financial statements. Events after the end of the reporting period which are not required to be included in the consolidated financial statements at the end of the reporting period 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:

	2011 KEUR	2010 KEUR
DACH	163,552	144,322
USA	81,923	66,895
Western Europe	66,529	36,135
Eastern Europe	22,170	19,164
Asia	4,104	2,289
Other	4,082	3,353
	342,360	**272,158**

	2011 KEUR	2010 KEUR
Consulting	191,021	142,567
Licenses	37,493	33,844
Outsourcing & Services	112,934	95,292
Other	912	455
	342,360	**272,158**

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 5,079 were recognized in accordance with the percentage of completion method. Costs of KEUR 3,756 were incurred for these unbilled services. In total, a margin of KEUR 1,323 was generated.

No revenues of more than 10% were generated with any single customer in the fiscal years 2011 and 2010.

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:

	2011 KEUR	2010 KEUR
Purchased merchandise and services	91,163	73,058
Staff costs	126,185	101,797
Depreciation/amortization	7,652	6,832
Other expenses	28,197	24,034
	253,197	**205,721**

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:

	2011 KEUR	2010 KEUR
Staff costs	29,301	17,737
Depreciation/amortization	121	158
Other expenses	10,095	7,844
	39,517	**25,739**

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:

	2011 KEUR	2010 KEUR
Staff costs	21,331	16,412
Depreciation/amortization	1,361	830
Other expenses	5,622	7,240
	28,314	**24,482**

5 / Other operating income

	2011 KEUR	2010 KEUR
Income from investment grants and subsidies	1,424	984
Government grants for partial retirement	222	0
Income from asset disposals	0	9
Income from exchange differences	453	835
	2,099	**1,828**

6 / Other operating expenses

	2011 KEUR	2010 KEUR
Bad debt allowances on receivables	672	440
Acquisition costs in accordance with IFRS 3 (rev. 2008)	1,014	1,258
Cost of asset disposals	14	15
Expenses from exchange rate differences and consolidation	485	791
	2,185	**2,504**

7 / Measurement of derivatives and exercise of options

	2011 KEUR	2010 KEUR
Income from the measurement of options	2,474	1,938
Income from the exercise of options	152	44
Expenses from the measurement of options	-580	-141
Income from derivatives	51	160
Expenses from derivatives	-74	-509
	2,023	**1,492**

The income of KEUR 2,474 (previous year: KEUR 1,938) from the measurement of options includes measurement corrections of other liabilities as of the end of the fiscal year for the put and call options in connection with the acquisitions performed. 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 2011, leading to the adjustment of the forecasts for subsequent years as part of the regular planning process in October/November 2011. The fair value reviews conducted on the basis of the adjusted forecasts as of December 31, 2011 resulted in valuation adjustments for the discounted liabilities recognized. Expenses for exceeding planning of KEUR 580 (previous year: KEUR 141) were incurred in this context.

Income of KEUR 152 (previous year: KEUR 44) was generated from exercising put and call options.

Currency forwards were concluded to hedge exchange rate fluctuations for items of the statement of financial position in fiscal 2011, resulting in income of KEUR 26 (previous year: KEUR 160) and expenses of KEUR 74 (previous year: KEUR 61). Furthermore, income of KEUR 25 was generated in connection with the measurement of an embedded derivative as of the end of the year (previous year: expense of KEUR 448).

8 / Finance income/expenses

	2011 KEUR	2010 KEUR
Interest income	225	254
Interest expenses	-3,194	-1,419
	-2,969	**-1,165**

Interest income contains interest received from bank balances and short-term fixed deposits (category: loans and receivables). Interest expenses essentially result from loans to the Group parent company (category: liabilities measured at amortized cost).

9 / Tax expenses

Tax expenses are composed as follows:

	2011 KEUR	2010 KEUR
Current taxes:		
Income taxes within Germany	-3,324	-3,651
Income taxes outside Germany	-2,474	-1,124
	-5,798	**-4,775**
Deferred taxes:		
Germany	-5	689
Abroad	-830	-1,151
	-835	**-462**
Total tax expenses	**-6,633**	**-5,237**

Current taxes are calculated on the basis of current tax rates. A combined tax rate of 30.61% (previous year: 30.51%) 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 14.79%. 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 of KEUR 277 (previous year: KEUR 766).

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 31.07% (previous year: 30.51%) was assumed for Germany and a rate of 16.5% to 37% (previous year: 16.5% to 37%) 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:

	2011 KEUR	2010 KEUR
Earnings before income taxes	**19,452**	**15,246**
Expected income taxes (30.61%; previous year: 30.51%)	-5,954	-4,651
Tax loss carryforwards not utilized and written down	-319	-539
Utilization of unrecognized loss carryforwards	671	594
Difference to foreign tax rates and change in tax rates	38	-144
Differences due to non-tax-deductible expenses	-586	-43
Back-payment of taxes for previous years	-277	-766
Other differences	-206	312
Reported income tax expense	**-6,633**	**-5,237**

10 / Earnings per share

Basic earnings

		2011	2010
Net profit after non-controlling interests	KEUR	11,392	9,629
Weighted average number of ordinary shares	Number	24,557,595	24,557,595
Earnings per share (basic)	EUR	**0,46**	**0,39**

I. Statement of financial position disclosures

11 / Intangible assets

Development of intangible assets as of December 31, 2011:

	IT software	Orders on hand and customer relationships	Goodwill	Intangible assets
Cost	KEUR	KEUR	KEUR	KEUR
Jan. 1, 2011	**6,521**	**1,775**	**44,388**	**52,684**
Exchange differences	-40	24	630	614
Additions	2,117	0	0	2,117
Additions due to business combinations	1	1,571	25,769	27,341
Reclassifications	312	0	0	312
Disposals	-56	0	0	-56
Dec. 31, 2011	**8,855**	**3,370**	**70,787**	**83,012**

	IT software	Orders on hand and customer relationships	Goodwill	Intangible assets
Cumulative amortization	KEUR	KEUR	KEUR	KEUR
Jan. 1, 2011	**-4,507**	**-760**	**-7,853**	**-13,120**
Exchange differences	45	-15	-61	-31
Additions	-1,257	-872	0	-2,129
Reclassifications	0	0	0	0
Disposals	35	0	0	35
Dec. 31, 2011	**-5,684**	**-1,647**	**-7,914**	**-15,245**
Carrying amounts at Dec. 31, 2011	**3,171**	**1,723**	**62,873**	**67,767**

Development of intangible assets as of December 31, 2010:

Cost	IT software KEUR	Orders on hand and customer relationships 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 and customer relationships 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**

Additions to cost for IT software include internally generated intangible assets in connection with an SAP system changeover of KEUR 282, the cumulative amortization on which amounts to KEUR 100 (carrying amount as of December 31, 2011: KEUR 182). 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 and customer relationships of its acquired subsidiaries in first-time consolidation. Orders on hand are measured in the amount of fore-cast discounted earnings on the basis of full costs. Orders on hand are amortized according to the contract terms. Customer relationships are also measured in terms of income using the multi-period excess earnings method. The fair value is determined by calculating the income from business relationships in place as of the measurement date based on a multi-period business plan. The loss of customers is taken into account when calculated income in the form of a natural churn rate derived from past data material. Customer relationships are written down over the planning period. The utilization of orders on hand and customer relationships is shown separately in the income statements as amortization. In fiscal 2011, orders on hand and customer relationships increased by a total of KEUR 1,571 (previous year: KEUR 1,488) as a result of company acquisitions. KEUR 872 (previous year: KEUR 639) of orders on hand and customer relationships were worked off or written down 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 25,769 (previous year: KEUR 18,021) in fiscal 2011.

itelligence constantly examines the changes in the value of its investment portfolio using the DCF method (fair value in use). 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 (rising revenues coupled with rising margins). 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 9.9% (previous year: 10.14%) were used to discount cash flows for the US region, 9.18% (previous year: 9.43%) for the DACH region, 9.37% (previous year: 9.68%) for the Western Europe region and 13.02% (previous year: 14.68%) for the Eastern Europe region.

As in previous years, impairment testing for 2011 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.

	USA	DACH	Western Europe	Eastern Europe	Asia	Total
	KEUR	KEUR	KEUR	KEUR	KEUR	KEUR
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
As of Dec. 31, 2010	**13,230**	**2,539**	**16,881**	**3,885**	**0**	**36,535**
Additions	0	0	25,769	0	0	25,769
Exchange rate differences	416	0	391	-238	0	569
As of Dec. 31, 2011	**13,646**	**2,539**	**43,041**	**3,647**	**0**	**62,873**

12 / Property, plant and equipment

Development of property, plant and equipment as of December 31, 2011:

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, 2011	**18,552**	**402**	**35,515**	**8,273**	**62,742**
Exchange differences	-324	-3	150	-370	-547
Additions	1,833	10,291	7,326	2,100	21,550
Additions due to business combinations	42	0	484	70	596
Reclassifications	-14	-313	17	-2	-312
Disposals	-29	0	-404	-567	-1,000
Dec. 31, 2011	**20,060**	**10,377**	**43,088**	**9,504**	**83,029**

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, 2011	**-3,805**	**0**	**-24,252**	**-5,462**	**-33,519**
Exchange differences	102	0	-109	226	219
Additions	-958	0	-5,687	-1,266	-7,911
Reclassifications	0	0	0	0	0
Disposals	8	0	416	516	940
Dec. 31, 2011	**-4,653**	**0**	**-29,632**	**-5,986**	**-40,271**

Carrying amounts at Dec. 31, 2011	**15,407**	**10,377**	**13,456**	**3,518**	**42,758**

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
Jan. 1, 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**

The additions to cost for assets under development include capitalized interest of KEUR 177 (previous year: KEUR 112) in the current fiscal year based on interest rates of between 2.4% and 5.0%.

13 / Financial assets

	Dec. 31, 2011 KEUR	Dec. 31, 2010 KEUR
Equity investments	201	145

Equity investments include the shares in BfL (< 1%), ROC ICT Services B.V., Etten-Leur/Netherlands and the shares acquired in TBV ProVital Lemgo (5.12%).

14 / Deferred tax assets and deferred tax liabilities

Deferred taxes are composed as follows:

	Dec. 31, 2011 KEUR	Dec. 31, 2010 KEUR
Deferred tax assets:		
Receivables	128	12
Loss carryforwards	1,582	1,226
Other provisions and liabilities	1,770	968
Write-downs	792	735
Netted against deferred tax liabilities	-2,077	-1,038
	2,195	**1,903**
Deferred tax liabilities:		
Adjustment for percentage of completion method	1,950	1,177
Receivables	656	319
Provisions and liabilities	364	319
General warranty provision	174	151
Write-downs	4,145	3,187
Netted against deferred tax assets	-2,077	-1,038
	5,212	**4,115**

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

When reporting deferred tax assets and liabilities in the consolidated statement of financial position, they are classified as non-current assets and liabilities.

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 2011 relate to loss carryforwards of KEUR 5,409 (previous year: KEUR 4,291) that were measured at the future tax rate. A tax rate of 31.07% (previous year: 30.51%) was assumed for Germany and a rate of 25% to 34% (previous year: 16.5% to 30%) 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 2,639. 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:

	KEUR	Forfeitability
Germany	853	Non-forfeitable
Spain	697	After 15 years
Austria	696	Non-forfeitable
The Netherlands	195	After 9 years
Other	198	
	2,639	

15 / Other non-current assets

	Dec. 31, 2011	Dec. 31, 2010
	KEUR	KEUR
Non-current deposits	1.770	1.697
Trade receivables with a residual term of more than 1 year	1.879	402
Investment grant for data center	869	0
Other assets with a residual term of more than 1 year	322	85
	4.840	**2.184**
of which deposited for bank guarantees	45	45

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 three to five years, which is longer than the useful lives of the assets to be financed. The increase as against the previous year results from the contractually agreed gradual saving of repayment amounts. Term deposits bear interest at rates of between 0.75% and 1.50% (previous year: 0.75% to 0.90%).

Specific valuation allowances developed as follows:

	KEUR
Jan. 1, 2010	**4,034**
Exchange differences	106
Reversal	-1,857
Utilization	-1,041
Addition	2,583
Dec. 31, 2010	**3,825**
Exchange differences	-15
Reversal	-951
Utilization	-462
Addition	974
Dec. 31, 2011	**3,371**

The reported amount of receivables from unbilled services of KEUR 5,079 includes the total of the costs incurred and reported gains less any reported losses and partial bills. As of the end of the reporting period, advance payments of KEUR 291 were recognized for current projects. No amounts were retained by customers in connection with current projects as of the end of the reporting period.

16 / Trade receivables

	Dec. 31, 2011	Dec. 31, 2010
	KEUR	KEUR
Trade receivables	82,969	68,935
Trade receivables from shareholders	929	582
Receivables from unbilled services (POC)	5,079	3,567
	88,977	73,084
Bad debt allowances	-3,371	-3,825
	85,606	**69,259**

17 / Other current assets

	Dec. 31, 2011	Dec. 31, 2010
	KEUR	KEUR
Investment grant for data center	646	592
Receivables from employees	489	412
VAT receivables and other taxes	285	73
Partial retirement receivables	106	62
Creditors with debit balances	63	89
Security deposits	127	82
Other	354	133
	2,070	**1,443**

18 / Cash and cash equivalents

	Dec. 31, 2011 KEUR	Dec. 31, 2010 KEUR
Current account balances and cash in hand	38,513	26,743
Short-term fixed deposits	0	4,110
	38,513	**30,853**

Short-term fixed deposits bear interest at rates of between 0.75% and 1.05%.

19 / Prepaid expenses

	Dec. 31, 2011 KEUR	Dec. 31, 2010 KEUR
Advanced payments for servicing work	4,518	1,665
Insurance	2,085	1,394
Other	2,127	1,588
	8,730	**4,647**

Prepaid expenses for insurance essentially relate to payments to the voluntary and statutory pension fund for itelligence in Switzerland. Other prepaid expenses include costs of marketing and headhunting.

20 / Issued capital

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

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 share capital 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 2011.

Contingent capital
There was no contingent capital as of December 31, 2011.

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 2011 was 26.7% (previous year: 34.0%).

21 / Capital reserves

The capital reserves contain the premiums from the shares issued less the external costs directly attributable to the equity transaction. As in the previous year, capital reserves amounted to KEUR 21,491.

22 / Net accumulated profit

	KEUR
Net accumulated profit as of Jan. 1, 2010	**15,277**
Dividend payments	-2,456
Consolidated net profit	9,629
Net accumulated profit as of Dec. 31, 2010	**22,450**
Dividend payments	-3,438
Consolidated net profit	11,392
Net accumulated profit as of Dec. 31, 2011	**30,404**

A dividend of KEUR 3,438 (EUR 0.14 per share) was distributed in fiscal 2011.

Through its dividend policy, itelligence AG wishes to allow its shareholders to participate directly in the company's earnings. However, a core premise of this is that sufficient financial leeway is always maintained for further business development and additional growth through acquisitions.

The Management Board and Supervisory Board will propose to the Annual General Meeting the distribution of a dividend of EUR 0.18 per share from the unappropriated surplus of itelligence AG. In accordance with the German Stock Corporation Act (AktG), the dividend distributable to shareholders is based on the unappropriated surplus 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, 2011, 24,557,595 shares (previous year: 24,557,595) bear dividend rights, corresponding to a distribution of EUR 4.4 million. The dividend will be paid on May 31, 2012 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 Dec. 31, 2010	**-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**
Fair value for call and put options under IAS 32	-11,984
Currency translation	668
Balance as of Dec. 31, 2011	**-23,727**

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:

	Dec. 31, 2011 KEUR	Dec. 31, 2010 KEUR
Liabilities from put options	21,567	8,824
Liabilities from financial derivatives	1,010	448
Loans from shareholders	40,754	17,965
Amounts due to banks	9,412	7,678
Other loans	3,531	2,598
	76,274	**37,513**

Financial liabilities are reported under the following statement of financial position items:

	Dec. 31, 2011	Dec. 31, 2010
	KEUR	KEUR
Non-current financial liabilities	63,838	30,824
Current financial liabilities	12,436	6,689
	76,274	**37,513**

Non-current financial liabilities break down as follows:

	Dec. 31, 2011	Dec. 31, 2010
	KEUR	KEUR
Liabilities from put options	19,597	7,363
Liabilities from financial derivatives	1,010	448
Amounts due to shareholders	40,754	17,965
– of which current	-5,467	-2,065
	35,287	**15,900**
Amounts due to banks		
– to banks in Germany	4,143	4,865
– to banks outside Germany	5,269	2,813
– of which current	-3,675	-2,101
	5,737	**5,577**
From other loans		
– from other loans in Germany	1,379	2,294
– from other loans outside Germany	2,152	304
– of which current	-1,324	-1,062
	2,207	**1,536**
	63,838	**30,824**

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

	Total	Remaining of between 1 and 5 years	of more than 5 year
	KEUR	KEUR	KEUR
Liabilities from put options	19,597	19,597	0
(previous year)	(7,363)	(7,363)	(0)
Liabilities from financial derivatives	1,010	287	723
(previous year)	(448)	(287)	(161)
Amounts due to shareholders	35,287	19,505	15,782
(previous year)	(15,900)	(7,400)	(8,500)
Amounts due to banks	5,737	5,570	167
(previous year)	(5,577)	(4,955)	(622)
From other loans	2,207	2,207	0
(previous year)	(1,536)	(1,536)	(0)
31. Dec. 31, 2011	**63,838**	**47,166**	**16,672**
31. Dec. 31, 2010	**(30,824)**	**(21,541)**	**(9,283)**

As part of the acquisition of shares in itelligence BeNeLux B.V. SAPCON a.s., Adelante SAS, 2C change as and RPF Solutions, LLC, the remaining shares (non-controlling 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, discounted with a matched-maturity cost of capital rate of 2.31% (previous year: 3.8%).

The discounted values for the put and call options in connection with the acquisitions performed are as follows as of December 31, 2011:

	Total KEUR	of which current KEUR	of which non-current KEUR
Liabilities from put and call options for 2C change	14,604	510	14,094
(previous year)	(0)	(0)	(0)
Liabilities from put and call options for BeNeLux	1,058	190	868
(previous year)	(2,590)	(219)	(2,371)
Liabilities from put and call options for SAPCON	635	112	523
(previous year)	(832)	(84)	(748)
Liabilities from put and call options for Adelante	1,594	0	1,594
(previous year)	(2,398)	(0)	(2,398)
Liabilities from put and call options for RPF Solutions	3,676	1,158	2,518
(previous year)	(3,004)	(1,158)	(1,846)
Dec. 31, 2011	**21,567**	**1,970**	**19,597**
Dec. 31, 2010	**(8,824)**	**(1,461)**	**(7,363)**

The non-current liabilities to shareholders relate to several EUR-denominated loans granted by NTT DATA Corporation, Japan. The loans were used to finance new buildings at the Bielefeld, Bautzen and Cincinnati locations and to acquire international consulting companies. The details of the loans are as follows:

	Interest rate	Total	of which current	of which non-current
	%	KEUR	KEUR	KEUR
Loan from Oct. 1, 2009/10-year term	3.596	6,054	804	5,250
(previous year)		(6,811)	(811)	(6,000)
Loan from Jul. 15, 2010/10-year term	3,055	10,039	1,239	8,800
(previous year)		(11,154)	(1,254)	(9,900)
Loan from Jun. 13, 2011/10-year term	3.715	13,264	1,564	11,700
(previous year)		(0)	(0)	(0)
Loan from Jun. 30, 2011/5-year term	3.084	3,046	646	2,400
(previous year)		(0)	(0)	(0)
Loan from Dec. 15, 2011/5-year term	2.3597	3,003	603	2,400
(previous year)		(0)	(0)	(0)
Loan from Jul. 15, 2011/10-year term	3.514	5,348	611	4,737
(previous year)		(0)	(0)	(0)
Dec. 31, 2011		**40,754**	**5,467**	**35,287**
Dec. 31, 2010		(17,965)	(2,065)	(15,900)

The non-current amounts due to banks abroad as of December 31, 2011 essentially 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 2.76% to 7.08%. The loans are due in monthly installments until 2016. itelligence AG provided a guarantee to secure the loans and the credit facility. Inventories were also secured; the carrying amount at the end of the reporting period was KEUR 2,913.

Within Germany, development loans for investments in the data center in Bautzen with a volume of KEUR 4,143 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 of itelligence OS have been assigned. The secured inventories had a carrying amount of KEUR 1,197 as of the end of the reporting period (previous year: KEUR 1,722). The long-term deposits in the amount of KEUR 1,685 (previous year: KEUR 1,585) 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 end of the reporting period:

	2011	2010
	KEUR	KEUR
Germany		
Credit facilities available as of Dec. 31	5,000	5,000
Utilization through loans	0	0
Utilization through guarantees	-566	-425
Unutilized credit facilities	**4,434**	**4,575**
Abroad		
Credit facilities available as of Dec. 31	6,855	4,080
Utilization through loans	-2,118	-559
Utilization through guarantees	-114	-116
Unutilized credit facilities	**4,623**	**3,405**
Average interest rate	2.25% - 7.0%;	2.25% - 7.0%

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, 2011	Dec. 31, 2010
	KEUR	KEUR
Bank overdrafts outside Germany	1,957	559
Loans from shareholders	5,467	2,065
Liabilities from put options	1,970	1,461
Current portion of non-current financial liabilities		
– to banks in Germany	765	722
– to banks outside Germany	953	819
– from other loans in Germany	695	918
– from other loans outside Germany	629	145
	12,436	**6,689**

The financial liabilities as of December 31, 2011 were raised by various companies in different countries within the itelligence Group. Their ratings and basic interest rates vary greatly. Furthermore, different agreements were made regarding collateral and pre-amortization, which also affect interest rates. The agreed interest rates did not change significantly in proportion to interest rates as of the end of the reporting period. In light of this, the amounts recognized for financial liabilities are essentially their market values.

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. 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 reported under administrative expenses and are as follows:

	2011	2010
	KEUR	KEUR
Service cost	65	49
Interest expenses	69	65
Amortization of actuarial losses	27	6
Expected return on plan assets	-51	-44
Net pension expenses	**110**	**76**

	2011	2010
Changes in plan assets:	KEUR	KEUR
Projected value as of January 1	1,069	926
Contributions added	121	121
Expected return on plan assets	51	44
	1,241	1,091
Actuarial losses	-21	-22
Value of plan assets as of Dec. 31	**1,220**	**1,069**
Current return on plan assets	21	14

Development of pension obligations (DBO):

	2011	2010
	KEUR	KEUR
Dynamic pension obligations as of Jan. 1	1,620	1,192
Acquired service benefits	65	49
Interest expense for claims already acquired	69	65
Actuarial gains (-)/losses (+)	-169	314
Dynamic pension obligations as of Dec. 31	**1,585**	**1,620**

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

	2011	2010
	KEUR	KEUR
Dynamic pension obligations (DBO)	1,585	1,620
Actuarial losses not yet amortized	-364	-539
Cash surrender value of the employer's pension liability insurance policy	-1,220	-1,069
Pension provisions	**1**	**12**
Assumptions:		
Interest rate	4.81%	4.28%
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:

	2011	2010	2009	2008	2007
	KEUR	KEUR	KEUR	KEUR	KEUR
Defined benefit obligation	1,221	1,081	983	903	824
Cash surrender value of the employer's pension liability insurance policy	-1,220	-1,069	-926	-790	-640
Financing status	**1**	**12**	**57**	**113**	**184**

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 2012.

Staff costs for the fiscal year include expenses for defined contribution pension plans of KEUR 14,907 (previous year: KEUR 10,669). The expenses incurred in the German Group companies (employer contributions to statutory German pension insurance) amount to KEUR 4,430 (previous year: KEUR 3,988).

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. Additional jobs must also be created.

In the fiscal year, EU subsidies of KEUR 443 (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 new jobs created in fiscal 2012. 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.

As of the end of the reporting period, the company reported non-current liabilities in connection with government grants in the amount of KEUR 4,278 (previous year: KEUR 1,995). Current assets in the amount of KEUR 646 (previous year: KEUR 592) and non-current assets of KEUR 869 (previous year: KEUR 0) were recognized for subsidies not yet received. In the year under review, other operating income was recognized in the amount of KEUR 1,424 (previous year: KEUR 984). Amounts are generally recognized in profit or loss over the useful life of the subsidized assets.

27 / Other liabilities

	Dec. 31, 2011 KEUR	Dec. 31, 2010 KEUR
Bonuses and salaries	23,072	18,217
Advance payments received	8,377	5,454
Sales tax		5,526
Wage and church taxes	2,290	2,190
Social security	2,033	2,806
Accrued vacation	5,293	3,135
Services yet to be rendered	3,133	1,660
Legal, consulting and audit costs	468	522
Purchase price obligations	1,831	586
Employer's liability insurance	281	242
Supervisory Board remuneration	222	57
Levy in lieu of employing the severely disabled	106	93
Restoration obligations	150	104
Other	1,361	995
Other liabilities	**54,034**	**41,587**

Other liabilities are reported under the following statement of financial position items:

	Dec. 31, 2011 KEUR	Dec. 31, 2010 KEUR
Other non-current liabilities	365	310
Other current liabilities	53,669	41,277
Other current liabilities	**54,034**	**41,587**

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 pro rata fair value at the end of each reporting period. 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. Based on past experience, future volatility of 31% (previous year: 35%) 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 555 under "Bonuses and salaries" and "Supervisory Board remuneration". Three tranches were measured as of the end of the reporting period (6/2008, 7/2010, 10/2010).

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, 2011 EUR	Increase in value EUR	Supervisory Board virtual shares	Management Board virtual shares	Management virtual shares	Virtual shares (total)	Fair value as of Dec. 31, 2011 EUR
Tranche 6	4.152	6.674	2.522	10,236	70,000	36,127	116,363	293,468
Tranche 7	4.088	6.709	2.621	10,396	70,000	36,693	117,089	204,594
Tranche 8	5.604	7.089	1.485	7,584	80,000	26,767	114,351	56,604

The number of notional shares developed as follows:

	Supervisory Board virtual shares	Management Board virtual shares	Management virtual shares	Virtual shares (total)
Number of shares as of Jan. 1, 2009	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
Allocation of tranche 8	7,584	80,000	26,767	114,351
Payment	-9,203	-70,000	-32,483	-111,686
Number of shares as of Dec. 31, 2011	**28,216**	**220,000**	**99,586**	**347,802**

The total expenses recorded in the period under review amounted to KEUR 22 for the Supervisory Board, KEUR 163 for the Management Board and KEUR 77 for the management team.

28 / Trade payables

	Dec. 31, 2011 KEUR	Dec. 31, 2010 KEUR
Trade payables to third parties	28,789	21,106
Trade payables to shareholders	177	42
Trade payables from outstanding invoices	3,551	2,892
	32,517	**24,040**

29 / Other provisions

Other provisions developed as follows in fiscal 2011:

	Jan. 1, 2011 KEUR	Currency KEUR	Utilization KEUR	Reversal KEUR	Addition KEUR	Dec. 31, 2011 KEUR	of which non-current KEUR
Provisions for potential losses	1,007	7	-325	-224	1,226	1,691	
Credit notes to be issued	49		-41	-6	92	94	
Severance payments	32			-19		13	
Warranties	520	11	-116	-83	237	569	
Court costs	168	-5	-53			110	
Partial retirement	544		-129			415	286
Miscellaneous other provisions	437	-6	-293	-1	441	578	
	2,757	**7**	**-957**	**-333**	**1,996**	**3,470**	**286**

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 13 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, 2011, provisions of KEUR 415 were recognized on the basis of partial retirement commitments for 13 employees. The discount rate was 3.38% (previous year: 3.46%).

J. Other disclosures

30 / Additional information on financial instruments

The fair values were calculated on the basis of the prevalent market conditions at the end of the reporting period 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.

The financial assets are equity investments in non-listed companies. These equity investments are therefore measured at cost.

Cash and cash equivalents, trade receivables and other non-derivative financial assets are mainly of a short-term nature. It is therefore assumed that their fair values are approximately their carrying amounts.

Trade payables predominantly have short remaining terms. As these liabilities are mainly of a short-term nature, it is assumed that their carrying amounts as of the end of the reporting period are approximately their fair value.

Non-current and current financial liabilities are measured at fair value on recognition and subsequently carried at amortized cost with the exception of derivative financial liabilities. The carrying amounts of floating-rate financial liabilities to banks are generally equal to their respective fair values. 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 fair value of fixed-rate loans is calculated using available market prices or by discounting cash flows with the market interest rates in effect at December 31.

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

Dec. 31, 2011	Note	Held-for-trading KEUR	Available-for-sale KEUR	Held-to-maturity KEUR	Loans and receivables KEUR	Financial liabilities KEUR	Carrying amounts KEUR	Fair value KEUR
Cash and cash equivalents	18	-	-	-	38,513	-	38,513	38,513
Trade receivables	16	-	-	-	85,606	-	85,606	85,606
Financial assets	13	-	201	-	-	-	201	201
Other financial assets								
– Other non-derivative financial assets	15/17	-	-	172	3,667	-	3,839	3,839
Financial assets		**-**	**201**	**172**	**127,786**	**-**	**128,159**	**128,159**
Trade payables	28	-	-	-	-	-32,517	-32,517	-32,517
Financial liabilities								
– Loans	24	-	-	-	-	-53,697	-53,697	-53,697
– Derivative financial instruments	24	-22,577	-	-	-	-	-22,577	-22,577
Financial liabilities		**-22,577**	**-**	**-**	**-**	**-86,214**	**-108,791**	**-108,791**

Dec. 31, 2010	Note	Held-for-trading KEUR	Available-for-sale KEUR	Held-to-maturity KEUR	Loans and receivables KEUR	Financial liabilities KEUR	Carrying amounts KEUR	Fair value KEUR
Cash and cash equivalents	18	-	-	-	30,853	-	30,853	30,853
Trade receivables	16	-	-	-	69,259	-	69,259	69,259
Financial assets	13	-	145	-	-	-	245	145
Other financial assets								
– Other non-derivative financial assets	15/17	-	-	127	2,143	-	2,270	2,270
– Derivative financial instruments	17	9	-	-	-	-	9	9
Financial assets		**9**	**145**	**127**	**102,255**	**-**	**102,536**	**102,536**
Trade payables	28	-	-	-	-	-24,040	-24,040	-24,040
Financial liabilities								
– Loans	24	-	-	-	-	-28,241	-28,241	-28,241
– Derivative financial instruments	24	-9,272	-	-	-	-	-9,272	-9,272
Financial liabilities		**-9,272**	**-**	**-**	**-**	**-52,281**	**-61,553**	**-61,553**

The following tables show the financial instruments reported in the statement of financial position 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).

Dec. 31, 2011	Held-for-trading derivative financial assets KEUR	Held-for-trading financial liabilities KEUR	Total as of Dec. 31, 2011 KEUR
Total	0	-22,557	-22,557
of which level I	0	0	0
of which level II	0	-587	-587
of which level III	0	-21,970	-21,970

Dec. 31, 2010	Held-for-trading derivative financial assets KEUR	Held-for-trading financial liabilities KEUR	Total as of Dec. 31, 2010 KEUR
Total	9	-9,272	-9,263
of which level I	0	0	0
of which level II	9	0	9
of which level III	0	-9,272	-9,272

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 or loss. The expenses amounted to a total of KEUR 4,584 in fiscal 2011 (previous year: KEUR 4,254).

The maturities of future, other financial obligations as of December 31, 2011 are as follows:

	KEUR
Due within one year	9,763
Due in between one and five years	17,345
Due after five years	12,138
	39,246

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.

There are also purchase commitments of KEUR 10,807 in connection with new buildings in Bautzen and Cincinnati.

The company has contingent liabilities from guarantees in the amount of KEUR 643 (previous year: KEUR 502). Guarantees can 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

Segment reporting has been prepared in accordance with IFRS. The segments are defined in line with the Group's internal management and reporting (management approach).

Internal management and reporting were changed in fiscal 2011 as part of a reorganization. In the past, segments distinguished between the US, Germany/ Austria, Western Europe, Eastern Europe, Asia and Other. As part of the internal reorganization at the start of the current fiscal year, Switzerland was added to the Germany and Austria region. The new "DACH" region comprises the Group's German companies, the company in Austria and the company in Switzerland.

The information for 2010 has been restated in line with the new reporting structure.

Segment report as of December 31, 2011 and the previous year:

	USA KEUR	DACH KEUR	Western Europe KEUR	Eastern Europe KEUR	Asia KEUR	Other and consolidation KEUR	Group 2011 KEUR
Segment revenues	82,676	167,308	68,498	22,899	4,251	4,082	349,714
Intersegment trade	-753	-3,756	-1,969	-729	-147	0	-7,354
External segment revenues	**81,923**	**163,552**	**66,529**	**22,170**	**4,104**	**4,082**	**342,360**
EBITDA	7,889	15,899	4,256	1,742	182	436	30,404
Depreciation and amortization	-1,538	-5,845	-1,060	-1,220	-329	-38	-10,030
EBIT	**6,351**	**10,054**	**3,196**	**522**	**-147**	**398**	**20,374**
Investment income	0	-17	0	45	0	0	28
Measurement of derivatives and exercise of options	-384	-208	2,520	95	0	0	2,023
Exchange rate differences from financing activities	0	-1	5	0	-8	0	-4
Interest income	12	176	13	20	0	4	225
Interest expenses	-288	-2,662	-163	-81	0	0	-3,194
Earnings before tax	**5,691**	**7,342**	**5,571**	**601**	**-155**	**402**	**19,452**
Income taxes	**-2,173**	**-3,567**	**-458**	**-340**	**30**	**-125**	**-6,633**
Consolidated net profit	**3,518**	**3,775**	**5,113**	**261**	**-125**	**277**	**12,819**

	USA	DACH	Western Europe	Eastern Europe	Asia	Other and consolidation	Group 2010
	KEUR	KEUR	KEUR	KEUR	KEUR	KEUR	KEUR
Segment revenues	66.956	146.448	37.222	20.257	2.375	3.353	276.611
Intersegment trade	-61	-2.125	-1.088	-1.093	-36	0	-4.453
External segment revenues	**66.895**	**144.323**	**36.134**	**19.164**	**2.289**	**3.353**	**272.158**
EBITDA	6.451	14.888	879	1.744	-832	248	23.378
Depreciation and amortization	-1.274	-5.453	-757	-846	-124	-23	-8.477
EBIT	**5.177**	**9.435**	**122**	**898**	**-956**	**225**	**14.901**
Measurement of derivatives and exercise of options	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	459	2	13	0	-247	254
Interest expenses	-298	-1.080	-192	-67	-33	251	-1.419
Earnings before tax	**4.906**	**8.465**	**1.154**	**1.481**	**-989**	**229**	**15.246**
Income taxes	**-1.854**	**-3.178**	**103**	**-210**	**-13**	**-85**	**-5.237**
Consolidated net profit	**3.052**	**5.287**	**1.257**	**1.271**	**-1.002**	**144**	**10.009**

Intersegment revenues are reported separately and eliminated. The transfer prices are 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).

	USA	DACH	Western Europe	Eastern Europe	Asia	Other	Group 2011
	KEUR	KEUR	KEUR	KEUR	KEUR	KEUR	KEUR
Investments in property, plant and equipment and intangible assets	8,729	12,416	1,298	1,558	969	32	25,002
Depreciation and amortization	-1,538	-5,845	-1,060	-1,220	-329	-38	-10,030

	USA	DACH	Western Europe	Eastern Europe	Asia	Other	Group 2010
	KEUR	KEUR	KEUR	KEUR	KEUR	KEUR	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	-5,453	-757	-846	-124	-23	-8,477

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

	Consulting	Licenses	Outsourcing & Services	Other (unallocated)	Group 2011
	KEUR	KEUR	KEUR	KEUR	KEUR
Segment revenues	191,021	37,493	112,934	912	342,360

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

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 91,777 in fiscal 2011 (previous year: KEUR 73,058).

b) Staff costs
Staff costs calculated using the nature of expense method totaled KEUR 170,907 in fiscal 2011 (previous year: KEUR 135,946).

c) Number of employees
In fiscal 2011, the itelligence Group employed an average of 2,119 persons (previous year: 1,734). Of this figure, an average of 269 were employed in administration, 172 in sales, 1,183 in consulting and 495 in outsourcing and services. The Group had a total of 2,251 employees as of December 31, 2011.

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, 2011):
Herbert Vogel (CEO)	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	Membership of other boards:
Dr. Lutz Mellinger Chairman Divisional Manager, Deutsche Bank, retired	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	
Dr. Britta Lenzmann Employee representative, SAP Sales	
Kazuhiro Nishihata Senior Vice President, Managing Director, Global Business, NTT DATA Corporation, Tokyo, Japan	Member of the Supervisory Board of ValueTeam S.p.A.
Akiyoshi Nishijima Deputy Senior Executive Manager, Global IT Service Company, NTT DATA Corporation, Tokyo, Japan	Member of the Supervisory Board of Cirquent GmbH

e) Remuneration of the Management Board and the Supervisory Board
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). 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 table provides a breakdown of the remuneration of the Management Board for fiscal 2011:

Herbert Vogel (CEO)	2011 KEUR	2010 KEUR
Non-performance-related (fixed) remuneration	400	400
Performance-related (variable) remuneration (current year)	399	312
Annual remuneration	799	712
Remuneration with long-term incentive effect	90	117
Expenses related to pension promise	92	92
Total annual remuneration	981	921
Expenses for variable prior-year remuneration	77	2
Total expenses for the fiscal year	**1,058**	923

Norbert Rotter (CFO)	2011 KEUR	2010 KEUR
Non-performance-related (fixed) remuneration	200	175
Performance-related (variable) remuneration (current year)	266	180
Annual remuneration	466	355
Remuneration with long-term incentive effect	73	98
Expenses related to pension promise	15	15
Total annual remuneration	554	468
Expenses for variable prior-year remuneration	47	3
Total expenses for the fiscal year	**601**	471

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:

(1) 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.

(2) The amount of the variable short-term remuneration depends on the achievement of certain targets based on the company's performance and personal targets. The members of the Management Board receive remuneration based on the Group's revenue and earnings (EBIT) development. Various quantitative and qualitative targets are also agreed depending on the respective area of responsibility. 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 2012.

(3) Part of the variable remuneration is paid as a long-term remuneration component based 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. Management 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.

(4) The members of the Management Board are entitled to a life-long 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 CEO and EUR 4,000 for the CFO. The pension commitment also includes a widow's pension amounting to 60% of the 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 2011, the fifth tranche of the share-based remuneration with long-term incentive effect, which has a term from January 1, 2008 to December 31, 2010, was paid out to the CEO in the amount of KEUR 39.4 and the CFO in the amount of KEUR 29.6. The average Xetra closing price of itelligence's shares for the period from January to December 2010 was EUR 5.604. The tranche was measured at the average Xetra closing price for 2007, which was EUR 4.618. 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 2008 to 2010.

After the end of the Annual General Meeting on May 26, 2011, an eighth tranche with a term from January 1, 2011 to December 31, 2013 was issued for the members of the Management Board. The basis of future measurement is the average Xetra closing price for 2010, which was EUR 5.604.

The following table shows the virtual stock options granted:

	Virtual shares CEO	Virtual shares CFO	Fair value of a stock option on the grant date	Proportionate fair value Dec. 31, 2011 CEO	Proportionate fair value Dec. 31, 2011 CFO	Expenses for stock options 2011
			EUR	EUR	EUR	EUR
Tranche 6	40,000	30,000	0.997	100,880	75,660	61,273
Tranche 7	40,000	30,000	1.798	69,893	52,420	61,693
Tranche 8	40,000	40,000	1.614	19,800	19,800	39,600

No loans were granted to members of the Management Board in fiscals 2011 and 2010. 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 482.6, for which expenses of KEUR 18 (previous year: KEUR 18) were incurred in 2011. The financing status developed as follows:

	2011 KEUR	2010 KEUR
Defined benefit obligation	483	438
Cash surrender value of the employer's pension liability insurance policy	-448	-416
Financing status	**35**	**22**

Remuneration of the Supervisory Board
The following table provides a breakdown of the remuneration of the Supervisory Board for fiscal 2011 and the previous year:

	Fixed remunera-tion compo-nent KEUR	Committee remuneration KEUR	Attendance fees KEUR	Correction of attendance fees for 2010 KEUR	Variable remuneration component: earnings per share KEUR	Variable remuneration component: share price performance KEUR	2011 Total remunera-tion KEUR	2010 Total remunera-tion KEUR
Dr. Lutz Mellinger (Chairman)	45.0	37.5	7.0	-3.0	16.2	7.7	110.4	111.5
Dr. Stephan Kremeyer (Deputy Chairman)	22.5	5.0	5.0	0.0	8.1	3.8	44.4	45.3
Fritz Fleischmann	15.0	27.5	7.0	-3.0	5.4	2.6	54.5	60.4
Dr. Britta Lenzmann	15.0	12.5	7.0	-2.0	5.4	2.6	40.5	43.3
Kazuhiro Nishihata	15.0	0.0	4.0	0.0	5.4	2.4	26.8	14.4
Akiyoshi Nishijima	15.0	0.0	4.0	0.0	5.4	2.4	26.8	14.4
	127.5	**82.5**	**34.0**	**-8.0**	**45.9**	**21.5**	**303.4**	**309.1[1]**

1 Including the remuneration of Takashi Enomoto (member until May 27, 2010) and Kazuyuki Arata (member until May 27, 2010).

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 per day 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 2011, the fifth tranche of the share-based remuneration with long-term incentive effect, which has a term from January 1, 2008 to December 31, 2010, was paid out to the members of the Supervisory Board in the amount of:

KEUR 3.2 to the Chairman
KEUR 1.6 to the Deputy Chairman
KEUR 1.1 to each member

KEUR 1.7 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 2010 was EUR 5.604. The tranche was measured at the average Xetra closing price for 2007, which was EUR 4.618. 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 2008 to 2010.

After the end of the Annual General Meeting on May 26, 2011, an eighth tranche with a term from January 1, 2011 to December 31, 2013 was issued for the members of the Supervisory Board. The basis of future measurement is the average Xetra closing price for 2010, which was EUR 5.604.

The following table shows the virtual stock options granted:

	Virtual shares Chairman	Virtual shares Deputy Chairman	Virtual shares Members	Virtual shares (total)	Fair value of a stock option on the grant date EUR
Tranche 6	3,613	1,806	4,817	10,236	0.997
Tranche 7	3,669	1,834	4,893	10,396	1.798
Tranche 8	2,677	1,338	3,569	7,584	1.614

	Proportionate fair value Dec. 31, 2011 Chairman	Proportionate fair value Dec. 31, 2011 Deputy Chairman	Proportionate fair value Dec. 31, 2011 Members	Proportionate fair value Dec. 31, 2011 (total)	Expenses for stock options 2011
	EUR	EUR	EUR	EUR	EUR
Tranche 6	9,111	4,556	12,148	25,815	8,747
Tranche 7	6,411	3,206	8,549	18,166	8,960
Tranche 8	1,325	663	1,766	3,754	3,754

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, Furthermore, itelligence did not 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 the following loans to finance new buildings and the acquisition of international consulting companies:

	Interest rate	Total	of which current	of which non-current
	%	KEUR	KEUR	KEUR
Loan from Oct. 1, 2009/10-year term	3.596	6,054	804	5,250
(previous year)		(6,811)	(811)	(6,000)
Loan from Jul. 15, 2010/10-year term	3,055	10,039	1,239	8,800
(previous year)		(11,154)	(1,254)	(9,900)
Loan from Jun. 13, 2011/10-year term	3.715	13,264	1,564	11,700
(previous year)		(0)	(0)	(0)
Loan from Jun. 13, 2011/5-year term	3.084	3,046	646	2,400
(previous year)		(0)	(0)	(0)
Loan from Dec. 15, 2011/5-year term	2.3597	3,003	603	2,400
(previous year)		(0)	(0)	(0)
Loan from Jul. 15, 2011/10-year term	3.514	5,348	611	4,737
(previous year)		(0)	(0)	(0)
Dec. 31, 2011		**40,754**	**5,467**	**35,287**
Dec. 31, 2010		(17,965)	(2,065)	(15,900)

The interest rates are standard market interest rates.

In fiscal 2011, companies of the itelligence Group generated the following income and expenses from activities with companies of the NTT Group that are not also companies of the itelligence subgroup:

	KEUR
Income	
Consulting	248
Licenses	30
Outsourcing & Service	784
Other	703
	1,765

Expenses	
Consulting	334
Other	278
Interest expense	955
	1,567

The negotiated prices are standard market prices for third parties.

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

The operating companies of the itelligence Group predominantly settle their activities in their respective functional currency. Managing these income and expenses within local currency provides a natural hedging of cash flows, as a result of which the currency risk within the Group can be rated as low. Differences from the translation of financial statements in foreign currency into Group currency as part of the preparation of the consolidated financial statements do not influence currency risk as the respective changes in foreign currency are shown outside profit or loss in equity.

Interest rate risk

Interest rate risks arise from fluctuations in interest rates on money and capital markets and as a result of market changes in exchange rates.

The Group is subject to interest rate fluctuations on both sides of its statement of financial position.

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, interest expenses on current financial liabilities in connection with the utilization of credit facilities and other debt items are exposed to the risk of changing interest rates. Given the low utilization of current credit facilities (KEUR 2,118 as of December 31, 2011 and KEUR 559 as of December 31, 2010), there is very little interest rate risk here.

As of the end of the reporting period, 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. A sensitivity analysis was performed to quantify interest rate risk. An increase or reduction in the average interest rate of 3.39% by 100 basis points would have resulted in a reduction or increase in amortized cost of KEUR 1,889.

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. The same applies to the measurement of put-call options. 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 banks of good credit standing. 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 3,371 (previous year: KEUR 3,825). 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, 2011 is as follows:

Total in KEUR	Up to 20 days	Up to 40 days	Up to 80 days	Up to 100 days	More than 100 days
83,898	65,182	8,566	3,932	1,407	4,811
100%	77.7%	10.2%	4.7%	1.7%	5.7%
of which impaired					
3,371	0	0	0	0	3,371

The remaining portfolio of receivables past due but not written down relates to customers with good credit rating and are not considered impaired.

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 to 5 years	> 5 years	Total
Financial liabilities	12,436	47,890	15,948	76,274
Trade payables	32,517			32,517
Other liabilities	54,289	365		54,654
Interest payments	2,015	4,727	1,273	8,015
Cash flows from financial liabilities as of Dec. 31, 2011	**101,257**	**52,982**	**17,221**	**171,460**

Working capital, which is the net current assets of an entity (current assets less current liabilities), amounted to KEUR 23,925 at year-end (previous year: KEUR 25,408). 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, 2011, the Group had cash and cash equivalents of KEUR 38,513 (previous year: KEUR 30,853), composed of current account balances and cash in hand of KEUR 38,513 (previous year: KEUR 26,743) and short-term fixed deposits of KEUR 0 (previous year: KEUR 4,110). The liquidity reserves are invested for short-term periods only and bear interest at between 0.75% and 1.05%.

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 26, 2011, the shareholders of itelligence AG elected KPMG AG Wirtschaftsprüfungsgesellschaft as the auditor of the separate and consolidated financial statements of itelligence AG for fiscal 2011.

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:

	2011 KEUR	2010 KEUR
Fees for audits of financial statements by KPMG AG	204	177
Fees for tax advisory services	89	42
Fees for other assurance services	37	40
Fees for other services	0	0
	330	**259**

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 / Events after the end of the reporting period

NTT DATA and itelligence announced the next step for their global market strategy in the SAP field in January 2012. NTT DATA and itelligence AG are bundling their competence in a newly formed solution company. This will create the world's biggest SAP reseller and its biggest solution-based SAP service provider. The solution company will be coordinated by Herbert Vogel, CEO and founder of itelligence AG. In taking this step, itelligence AG is expanding its SAP consulting range in the Asia-Pacific (APAC) region as well. This current development means further growth in its global presence, which includes, for example, activities in the Americas region as well. The solutions group is part of the global NTT DATA strategy of dividing overseas subsidiaries around the world into four regions: Amercias, EMEA, APAC and China, plus the international solution company.

The CEO acquired 5,059 additional shares in February 2012.

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

Bielefeld, March 15, 2012
itelligence AG

Herbert Vogel
CEO

Norbert Rotter
CFO

Statement of Changes in Consolidated Non-current Assets in Fiscal Year 2011

	Cost					
	Jan. 1, 2011	Currency translation	Additions	Reclassifi-cations	Disposals	Dec. 31, .2011
		KEUR	KEUR	KEUR	KEUR	KEUR
Intangible assets						
IT software	6,521	-40	2,118	312	-56	8,855
Orders on hand	1,775	24	1,571	0	0	3,370
Goodwill	44,388	630	25,769	0	0	70,787
	52,684	**614**	**29,458**	**312**	**-56**	**83,012**
Property, plant and equipment						
Land, buildings and leasehold improvements	18,552	-324	1,875	-14	-29	20,060
Assets under development	402	-3	10,291	-313	0	10,377
IT hardware	35,515	150	7,810	17	-404	43,088
Operating and office equipment	8,273	-370	2,170	-2	-567	9,504
	62,742	**-547**	**22,146**	**-312**	**-1,000**	**83,029**
Non-current financial assets						
Investments	145	0	75	0	0	220
	115,571	**67**	**51,679**	**0**	**-1,056**	**166,261**

Cumulative depreciation/amortization						Carrying amounts	
Jan. 1, 2011	Currency translation	Depreciation and amortization in the fiscal year	Reclassifi-cations	Disposals	Dec. 31, .2011	Dec. 31, .2010	Dec. 31, .2010
KEUR	KEUR	KEUR	KEUR	KEUR	KEUR	KEUR	KEUR
-4,507	45	-1,257	35	-5,684	3,171	3,171	2,014
-760	-15	-872	0	-1,647	1,723	1,723	1,015
-7,853	-61	0	0	-7,914	62,873	62,873	36,535
-13,120	**-31**	**-2,129**	**35**	**-15,245**	**67,767**	67,767	39,564
-3,805	102	-958	8	-4,653	15,407	15,407	14,747
0	0	0	0	0	10,377	10,377	402
-24,252	-109	-5,687	416	-29,632	13,456	13,456	11,263
-5,462	226	-1,266	516	-5,986	3,518	3,518	2,811
-33,519	**219**	**-7,911**	**940**	**-40,271**	**42,758**	42,758	29,223
0	0	-19	0	-19	201	201	145
-46,639	**188**	**-10,059**	**975**	**-55,535**	**110,726**	110,726	68,932

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 15, 2012
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 statement of financial position, income statement, statement of comprehensive income, statement of changes in equity, statement of cash flows and the notes to the consolidated financial statements, together with the group management report for the business year from January 1, 2011 to December 31, 2011. 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 15, 2012

KPMG AG
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Separate Financial Statements 2011 →

Income statement for the period from January 1 to December 31, 2011 (German Commercial Code)

EUR		2011		2010
1. Revenues		111,476,605.88		103,888,628.05
2. Increase in finished goods and work in progress		5,126,063.42		2,335,882.86
3. Other operating income		11,881,044.47		6,498,654.75
4. Cost of materials				
a) Cost of purchased merchandise	-14,122,929.22		-14,036,236.33	
b) Cost of purchased services	-39,213,883.85	-53,336,813.07	-31,027,987.53	-45,064,223.86
5. Personnel expenses				
a) Wages and salaries	-51,104,361.44		-44,314,370.29	
b) Social security, post-employment and other employee benefit costs – of which in respect of old age pensions EUR -91,496.18 (previous year: EUR -98,792.78)	-6,885,416.71	-57,989,778.15	-6,267,932.99	-50,582,303.28
6. Depreciation, amortization and write-downs				
a) Amortization and write-downs of intangible fixed assets and depreciation of tangible fixed assets	-1,195,115.88		-1,166,410.68	
b) Write-downs of current assets to the extent that they exceed the write-downs that are usual for the corporation	-1,330,363.00	-2,525,478.88	-1,700,575.37	-2,866,986.05
7. Other operating expenses		-23,086,903.52		-21,227,259.83
8. Income from long-term equity investments – of which from affiliated companies EUR 2,459,236.98 (previous year: 2,496,221.07)		2,460,003.92		2,496,988.01
9. Income from profit and loss transfer agreements		16,692,472.38		11,775,530.72
10. Other interest and similar income – of which from affiliated companies EUR 1,047,163.28 (previous year: EUR 602,830.96)		1,151,234.09		913,258.39
11. Write-downs of long-term financial assets		-886,714.73		0.00
12. Interest and similar expenses – of which to affiliated companies EUR -960,837.15 (previous year: EUR -305,088.21)		-1,232,836.41		-490,250.25
13. Result from ordinary activities		**9,728,899.40**		**7,677,919.51**
14. Extraordinary result		0.00		-274,124.00
15. Taxes on income		-3,199,145.19		-3,565,763.77
16. Other taxes		-11,225.79		-39,194.61
17. Net income for the fiscal year		**6,518,528.42**		**3,798,837.13**
18. Profit carryforward		9,322,530.98		7,979,453.35
19. Dividend payment		-3,438,063.30		-2,455,759.50
20. Net retained profits		**12,402,996.10**		**9,322,530.98**

Balance sheet as of December 31, 2011 (German Commercial Code)

Assets EUR		Dec. 31, 2011		Dec. 31, 2010
A. Fixed assets				
I. Intangible assets				
Concessions. industrial and similar rights and assets. and licences in rights and assets		521,063.00		156,457.00
II. Tangible assets				
1. Land, land rights and buildings, including buildings on third-party land	7,281,013.00		7,487,383.40	
2. Technical equipment and machinery	379,141.00		476,536.00	
3. Other equipment, operating and office equipment	2,536,292.00		2,238,359.00	
4. Assets under construction	0.00	10,196,446.00	1,303.05	10,203,581.45
III. Long-term financial assets				
1. Investments in affiliated companies	48,732,027.16		34,067,494.19	
2. Loans to affiliated companies	13,228,980.94		2,937,182.74	
3. Investments	196,511.11	62,157,519.21	140,225.84	37,144,902.77
		72,875,028.21		**47,504,941.22**
B. Current assets				
I. Inventories				
1. Work in progress	23,723,906.02		18,805,550.19	
2. Merchandise	479,295.00	24,203,201.02	0.00	18,805,550.19
II. Receivables and other assets				
1. Trade receivables – of which with a remaining term of more than one year: EUR 1,714,788.11 (previous year: EUR 340,377.62)	21,575,387.10		22,141,830.63	
2. Receivables from affiliated companies – of which with a remaining term of more than one year: EUR 3,473,000.00 (previous year: EUR 3,935,574.01)	23,725,113.40		18,496,501.61	
3. Other assets – of which with a remaining term of morethan one year: EUR 270,519.00 (previous year: EUR 348,563.45)	656,586.23	45,957,086.73	573,290.03	41,211,622.27
III. Cash-in-hand, bank balances and checks		9,447,312.96		6,267,023.58
		79,607,600.71		66,284,196.04
C. Prepaid expenses		631,010.00		595,805.36
		153,113,638.92		**114,384,942.62**

Equity and liabilities EUR	Dec. 31, 2011	Dec. 31, 2010
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	12,402,996.10	9,322,530.98
	51,462,300.69	**48,381,835.57**
B. Provisions		
1. Provisions for pensions and similar obligations	590,018.51	711,298.88
2. Provisions for taxes	2,128,273.19	1,732,955.00
3. Other provisions	15,127,741.61	12,567,111.74
	17,846,033.31	**15,011,365.62**
C. Liabilities		
1. Liabilities to banks	24,676,369.47	18,558,072.59
– of which with a remaining term of up to one year EUR 24,676,369,47 (previous year: EUR 18,558,072.59) –		
2. Advance payments received on account of orders	12,616,543.07	10,411,614.37
– of which with a remaining term of up to one year EUR 12,616,543.07 (previous year: EUR 10,411,614.37)		
3. Trade payables	41,546,012.20	18,684,523.86
– of which with a remaining term of up to one year EUR 6,259,312.20 (previous year: EUR 2,784,527.86)		
4. Liabilities to affiliated companies	4,716,753.18	3,273,212.21
– of which with a remaining term of up to one year EUR 4,712,028.18 (previous year: EUR 3,270,568.21)		
– of which for taxes EUR 2,599,678.11 (previous year: EUR 2,894,032.48)		
– of which social security EUR 3,213.93 (previous year: EUR 1,931.89)		
	83,555,677.92	**50,927,423.03**
D. Deferred income	249,627.00	64,318.40
	153,113,638.92	**114,384,942.62**

Financial Calendar 2012

March 20, 2012
Publication of the annual report 2011

April 24, 2012
Publication of the interim report 1/2012

May 31, 2012
Annual General Meeting 2012 in Bielefeld

July 24, 2012
Publication of the interim report 2/2012

October 23, 2012
Publication of the interim report 3/2012

November 12–14, 2012
German Equity Forum 2012 in Frankfurt

Service & Imprint

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