ANNUAL REPORT 2014

itelligence NTT DATA Business Solutions

25+1

2015

2014

1989

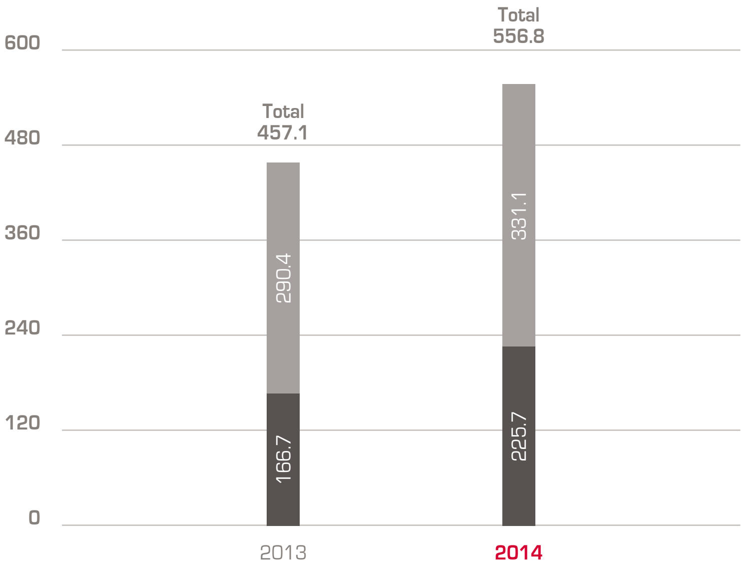
itelligence Key Figures

MEUR	IFRS 2014	IFRS 2013	IFRS 2012	IFRS 2011
Total revenues	**556.8**	**457.1**	**407.1**	**342.4**
Revenues by area				
Consulting	246.6	214.9	211.5	190.9
Licenses	56.9	56.9	38.3	37.5
Application Management	66.3	49.1	40.4	23.3
Outsourcing & Services	186.1	135.7	116.3	89.8
Other	0.9	0.5	0.6	0.9
Revenues by segment				
DACH (Germany/Austria/Switzerland)	255.0	192.9	185.0	163.6
Western Europe	120.2	104.7	86.7	66.6
Eastern Europe	63.1	48.1	32.0	22.1
USA	107.0	100.5	92.6	82.0
Asia	7.0	7.1	7.0	4.1
Other	4.5	3.8	3.8	4.0
EBIT in MEUR	22.8	22.2	19.2	20.4
EBIT margin	4.1%	4.9%	4.7%	6.0%
EBITA in MEUR	27.2	26.2	21.4	22.5
EBITA margin	4.9%	5.7%	5.2%	6.6%
EBITDA in MEUR	43.3	38.0	31.4	30.4
EBITDA margin	7.8%	8.3%	7.7%	8.9%
Earnings IFRS	6.7	16.2	13.7	12.8
Earnings per share	0.11	0.48	0.44	0.46
Cashflow per share	-0.04	-0.08	0.17	0.29
Return to sales	1.2%	3.5%	3.4%	3.7%
Cashflow in MEUR	-1.4	-2.5	4.8	7.1
Balance sheet total in MEUR	397.2	333.2	306.8	254.3
Equity in MEUR	132.9	121.8	112.0	68.0
Equity ratio	33.5%	36.6%	36.5%	26.7%
ROE (Return on equity)	5.1%	13.3%	12.3%	18.9%
ROA (Return on assets)	3.9%	4.4%	4.5%	5.4%
ROCE (Return on assets employed)	5.6%	6.4%	6.4%	8.3%
Investments in MEUR	39.3	25.7	43.1	32.5

	2014	2013	2012	2011
Employees as of December 31	4,140	3,078	2,765	2,251
Average	3,626	2,897	2,552	2,119
– Germany	1,861	1,121	1,088	935
– Abroad	2,279	1,957	1,677	1,316

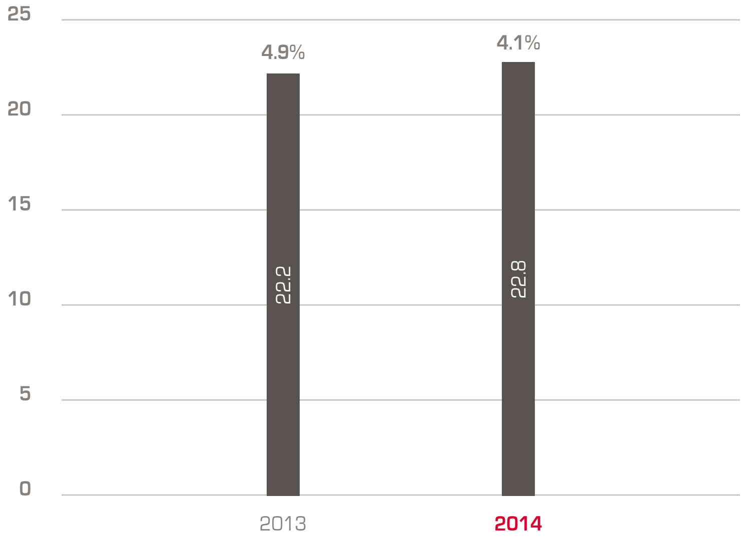
Revenue development (in MEUR)

Germany/Abroad

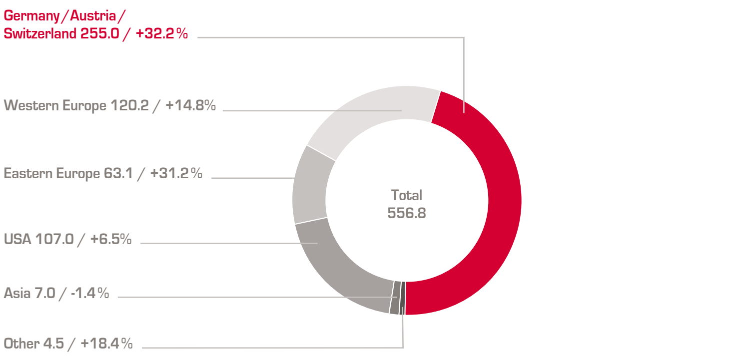


Growth in earnings (in MEUR)

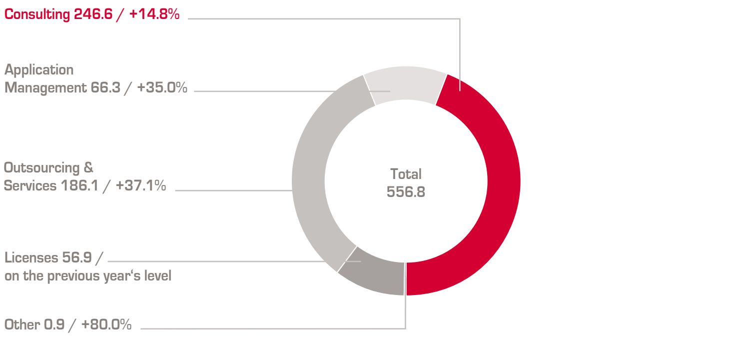
EBIT/EBIT margin



Revenue development by segment 2014 in MEUR



Revenue development by division 2014 in MEUR



25+1

Last year's Annual Report celebrated itelligence's 25-year anniversary. This year, we want to celebrate another successful year and highlight what makes itelligence special using the motto "+1". The secret of our success lies in services that go above and beyond the ordinary. The extra is itelligence's big asset – and that is what makes the difference.

Dear Friends of the Company,

Can you pause for a moment? Stand back from the constant activity of everyday life? Probably not. After all, not many people do.

Industry 4.0, the Internet of Things, cloud computing, and big data are the buzzwords that show that everything keeps on converging. But they also represent a new world in which IT is everywhere, and the pace of decision-making, work and life is getting noticeably faster. That is why “acceleration” has become one of the defining words of our age. Continued globalization, constant competition and new technologies are relentlessly driving development forward. At itelligence, as the largest SAP service provider for SMEs, we are playing our own part here. In other words, we are shaping these trends.

However, like everyone else, we can also sense this new speed, and need to learn how to handle it. 2014 was anything but quiet. On the contrary, itelligence instigated many things, made new developments and worked on various topics: We broadened our expertise, for instance in the energy sector through the acquisition of GISA GmbH. We developed new solutions, including one for running SAP HANA for reporting alongside an existing ERP installation. We are the first SAP service provider to develop solutions for the SAP S/4HANA technology, which is still in its infancy. We continued to train our employees, enabling them to meet the growing requirements of customers in terms of methodology skills and certificates. And we noticed once again that every regional market has its own circumstances that we must respond to locally as much as possible. This applies to Southern Europe as well as North America and East Westphalia.

Yet precisely because we are keeping up with the fast pace, it is sensible to pause for breath every now and then, to take a break and reflect on the responsibility that we carry.

The theme of this annual report is 25 + 1: This is the calculation that represents our age and our experience. But it is also the formula that reflects the distinctiveness, the special features of itelligence, such as industry expertise, customer focus, or technical prowess.

Another special feature is our responsibility, which we now carry more than ever. With new technologies, especially big data, IT is increasingly taking hold in areas that impact not only on processes in companies, but on our whole lives. To put it another way, the discussion on IT has moved on from the business pages to the feature pages. As proven IT experts, it is our duty to take part in this debate.

This annual report is part of our contribution. That is why, in addition to our financial indicators, we are reporting on forward-looking projects in which we and our customers are heading into the future together. And we are reporting on projects that show just how far our work extends beyond purely technical matters.

We are doing the right thing in taking this side of technological progress into account. For around 200 years, that is since the dawn of industrialization, people have been asking how far acceleration can go. When railways were invented, doctors warned that the human body was unable to withstand a speed of more than 30 kilometers per hour. Reality has long since proved them wrong. We should all play our part in promoting a more realistic approach to current developments.

This annual report may help to achieve that. Either way, we would be delighted if it makes you pause for a while.

Many thanks for your confidence in us.

Yours,

Herbert Vogel

25+1

The extra makes the difference

Extra 4.0 at the demonstration factory

University

RWTH Aachen

rwth-aachen.de / demofabrik-aachen.de

→ Page 8

Funding volume 2014
839 MEUR (thereof 330 MEUR Third-party funds)
Students WS 2014/2015
42,298
Professors
538
Assistant Professors
5.230

The extra server – HANA in the sidecar scenario

Company

Rösler Oberflächentechnik GmbH

rosler.com

→ Page 12

Industry
Surface finishing for mechanical and plant engineering
Employees 2014
1,500
Headquarter
Bad Staffelstein, Germany

The extra dashboard for business

Company

COWI A/S

cowi.com

→ Page 16

Industry
Project management

Revenue 2014
708 MEUR

Employees 2014
6,200

Headquarter
Kongens Lyngby, Denmark

Going the extra mile for the customer

Company

Boydak Holding A.Ş.

boydak.com

→ Page 20

Industry
Furniture, textiles, chemicals, steel, energy, IT and logistics

Revenue 2014
2 billion USD

Employees 2014
12,000

Headquarter
Kayseri, Turkey

The extra setup for the future

Company

Dürkopp Adler AG

duerkopp-adler.com

→ Page 24

Industry
Industrial sewing technology

Revenue 2014
118.9 MEUR

Employees 2014
1,261

Headquarter
Bielefeld, Germany


ABUS

Extra 4.0 at the demonstration factory

For more than five years, itelligence and RWTH Aachen have been working in cooperation on the digitalization of production – now known as "Industry 4.0". The original basic research has now been developed into specific applications. Science and business are working hand in hand to generate ideal software prototypes and market-ready solutions.

+1 The world is getting faster: The growing digitalization of the economy is being accompanied by changes that are revolutionizing Germany as a location and its established organizations. In future, the companies that are successful will be those that think in a digital, networked manner, using IT in all areas of their business and in every business model. Innovative products, new value chain models and additional customer segments will be at the heart of business decisions. Meanwhile, core business will change at speeds previously unseen. The crunch question is this: What can I do to harness the power of the digital wave for my company and my customers?

Since 2010, Markus Pätz and his team have been investigating this question for itelligence in cooperation with RWTH Aachen University and its Institute for Industrial Management (FIR) and Laboratory for Machine Tools and Production Engineering (WZL). "The aim of the partnership is to realize modern business requirements in prototype applications in order to support our SME customers," notes Pätz, who is the project manager. The expert for production logistics describes "Industry 4.0" as the "ability to network different, heterogeneous systems and components in a production or retail process across original communication barriers". Explaining the cooperation with RWTH Aachen, Pätz adds: "And connecting the various objects also means connecting the suppliers and service providers who are involved in the process."

When the partnership was launched five years ago, there was no indication of the dimensions that "Industry 4.0" would take on in the meantime, and the Demonstrationsfabrik in Aachen – the "demonstration factory" where real products are manufactured – was yet to become a reality. "With our it.manufacturing industry solution, we provided an SAP system for manufacturing and products that were only just beginning to emerge," the project manager recalls. On this basis, all of the processes to be performed at the Demonstrationsfabrik were established together with the research partners. The aim was to get Industry 4.0 out of the laboratory and into a real-life production environment. Bridging the gap between the research perspective and the needs of actual companies was the breakthrough, as Pätz remembers: "We had to combine only the best ideas for innovative software prototypes with optimized processes."

In recent years, an extensive think thank has established itself around the Logistics Campus Cluster in Aachen, with the business world looking for answers to the question: What does Industry 4.0 actually mean for each individual company? "The environment is ideal for moving away from the level of abstract thought and exchanging concrete ideas and experiences instead," reports the itelligence manager. The necessary room for experimentation is available: with competitors from the IT environment and state-of-the-art industrial companies, in a creative and innovative environment, and without the pressure of having to complete a customer solution on-time and on-budget. As well as benefiting itelligence's largely SME customers, the Group parent NTT DATA is also taking an interest in the project and has been supporting it from its global R&D budget for several years.

"We started with isolated islands," Pätz concedes. "But now we are in a position to combine all of the approaches and integrate various subsystems within an ERP backend." As part of the cooperation with

RWTH Aachen, itelligence is involved in three pilot projects that build upon each other:

1. Integrated, visualized production support in 3D

Many engineering companies now have product descriptions created using state-of-the-art 3D CAD systems. These can also be used for the efficient generation of installation instructions. This is where the new Visual Enterprise component from SAP, which itelligence integrates directly into the ERP level, comes into play. The installation sequences for a production order are displayed in 3D – including on mobile devices like data goggles. The installer at the Demonstrationsfabrik works simply using a touchscreen. Tapping the next installation sequence automatically generates feedback on the previous work step in the ERP system. This is one example of the challenge posed by Industry 4.0 in terms of improving the networking of PLM and ERP systems.

2. RTLS-based object tracking

The ability of objects to communicate opens up the possibility of automated feedback from the material flow. State-of-the-art sensor technology is being fitted to production facilities in order to allow the location and percentage of completion of intermediates and assemblies to be determined within the value stream. This is based on RTLS (real-time location system) tags on the installation trolleys. Feedback on processing times and when an intermediate leaves or arrives at a station is performed automatically in the first step and synchronized within the ERP system.

On completion, dedicated programs – known as metaheuristics – analyze thousands of production orders in order to identify areas where material flows and distances can be optimized. The metaheuristics used by the academics in Aachen are based not only on data from the material flow, but also on information from the production aids and tools at the various stations. As well as being used in production, this kind of "high-end control console" can be adapted for applications in other industries, such as retail or the process industry.

3. Pick by Voice + Pick by Vision

Today, barcode and RFID scanners are common tools for order picking. In future, mobile devices or data goggles will be used to display routes and objects. Together with audio information ("Pick by Voice"), which is already being used at the Demonstrationsfabrik in Aachen, this will allow the realization of "Pick by Voice/Pick by Visual" scenarios. For example, the required object can be projected onto the goggles. Once it has been physically stored or picked, the system recognizes the goods movement and enters it in the backend system – thereby lowering the error rate.

As project manager Pätz explains, this scenario is suitable for a wide range of applications where visualization and mobility are key, such as the preventive maintenance of white goods. "Washing machines permanently transfer operating data to the control center, where gradual deviations are used to identify when an assembly could fail." The ERP system then generates a maintenance order and sends this to the mobile device of the installer, who drives to the customer with the necessary spare part. On site, the data goggles then guide the installer in exchanging the defective part in the purpose-built washing machine.

The first two application scenarios – location-based visualization and material flow tracking based on RTLS technology and 3D installation instructions using mobile touchscreens – are being exhibited by the partners Ubisense (sensor technology), RWTH and itelligence at this year's HMI industrial trade fair in Hanover. Due to the innovative solutions and the close integration with SAP ERP, the showcases will be held at the SAP stand. Visitors to the trade fair will get to see the real material flow and easily comprehensible installation situations just like at the Demonstrationsfabrik in Aachen, where both I40 scenarios are being used in production.

"The objective of our cooperation with RWTH is to develop relevant applications with a focus on SMEs and to determine which objects are reasonably required to communicate with each other," notes Pätz, adding that this requires business strategies that can be realized using Industry 4.0 tools and the targeted networking of objects – "which is always context-dependent." This is one reason why itelligence is giving its key customers the opportunity to participate in working groups on the joint activities with RWTH Aachen in order to obtain information and, where applicable, influence the further development of Industry 4.0. According to the project manager, the time has come, because the technology is now capable of exchanging and evaluating data and semantics: "We are no longer talking about the requirements of tomorrow and the reality of a distant future. The requirements are already here and the reality is close at hand." ■

The extra server – HANA in the sidecar scenario

SAP HANA is complex and leads to tried-and-tested ERP structures being jumbled up? Not necessarily, because there are simple routes to implementation: Establishing SAP HANA-based reporting in parallel to the established structures in SAP ERP, for example. Both implementation and operation are quicker than might be expected.

+1 Hausen near Bad Staffelstein, on the banks of the young Main River between Banz Abbey and the Basilica of the Fourteen Holy Helpers, is home to one of the most innovative companies around – not only when it comes to vibratory finishing and shot blasting, but also in terms of reporting. “Finding a better way” is the motto of Rösler Oberflächentechnik, which has expanded from its origins in Franconia throughout the world over the past decades, and the family-owned company is true to its word: Rösler has introduced a solution for reporting based on SAP HANA that runs alongside the existing ERP system, allowing the use of the new technology to be extensively analyzed.

This “sidecar” scenario, with HANA traveling alongside ERP in a virtual sense, is still relatively new – as Torben Niemtschke, who has helped to make Rösler’s SAP projects a success on itelligence’s part, explains. “Rösler was our first sidecar implementation to go live in Germany,” the project manager recalls. In spring 2014, the customer’s management team took the decision to proceed with the “Road to HANA”. By summertime, the system was already beginning its work as the central instance for reporting.

This rapid progress was made possible by a deliberately simple approach: In the sidecar scenario, a separate HANA server is set up and the relevant ERP tables are replicated from the existing SAP ERP system 1:1 in near real-time. The SAP System Landscape Transformation Server performs the replication from the source system to the HANA system on the basis of database triggers. All of the data is available directly at the reporting level and can be analyzed using state-of-the-art self-service interfaces. “HANA allows us to process live data far more quickly and map it in the analytics tools more effectively than before,” notes Marcus Henkel, Head of Central Organization at Rösler, and hence also the company’s IT manager.

Employees in the specialist departments can analyze data structures and correlations without needing support from the IT department and share their insights with other users immediately. The direct route via the extra server has other benefits, too, as itelligence project manager Niemtschke explains: “There is no need to worry about access authorizations, as you are shown only the data you are allowed to see.” Reports are also available much more quickly than they used to be.

“The sidecar scenario also means we can learn more about HANA as a database and gain experience,” Henkel states, adding that the approach is ideal for existing customers with SAP experience who want to “test the water” with HANA. Like Rösler, which equipped itself for the future by introducing SAP in 2010 – specifically, the full SAP ERP-based industry solution it.manufacturing. The aim was to combine and consolidate existing systems and applications in order to establish, improve, and simplify standardized international processes throughout the company.

In its reporting system, Rösler was originally still working with in-house developments from controlling, standard reports from the SAP ERP system, or in the traditional manner using Excel tables. Here, too, a change was needed in order to improve efficiency, as performing the corresponding processes – from data extraction, evaluation and reporting through to visualization – using conventional means was time-consuming and not flexible enough. Rösler therefore decided to introduce HANA-based reporting, starting in its sales organization with evaluations of deliveries, incoming orders, revenues and throughput times, for example. “Self-service access to the required data allows our sales employees to make well-founded decisions quickly and based on facts," Henkel explains.

"The main value added for the customer is undoubtedly the fact that users can now prepare ad hoc analyses themselves in a management-friendly format at the click of a mouse button," adds project manager Niemtschke. Only the data that is required for reporting is replicated from the ERP system and processed in the HANA studio for subsequent visualization in the self-service interface. In this way, even employees who are less tech-savvy can analyze their data and present it in graphic form in order to get quick and simple answers to business-related questions – without always having to rely on the IT department's support.

This was also made possible by the coaching approach offered by itelligence alongside the implementation process: "We began with user training at an early stage in order to ensure a comprehensive transfer of expertise to the customer," explains Niemtschke. This project methodology was aimed at making it possible for Rösler employees to perform as much of the necessary work as possible in their own right. "itelligence consultants were at hand to provide advice and assistance whenever questions arose, meaning that the department quickly gained an extensive knowledge base," recalls Rösler IT manager Henkel. The objective was to enable the customer to stand on its own feet as quickly as possible. In turn, itelligence is learning from its customer's ideas and experiences.

The Franconian mechanical engineering company is currently developing its mobility strategy and clarifying technical issues. Henkel: "In future, our employees will be able to access their HANA reports on their tablet or smartphone." Another plan is to connect other areas, such as production, and additional applications like the CRM system to the "HANA sidecar". And the next stage on the "Road to HANA" is already on the horizon, as the Head of Central Organization explains: "A sidecar scenario also makes processes in traditional ERP considerably more streamlined and efficient." This is made possible by SAP data structures and programs that are optimized for HANA. They already use the features of SAP HANA optimally but are executed from traditionally operated ERP.

The finance solutions that are already available are currently being evaluated by Rösler with the support of itelligence AG. The company is planning to realize the corresponding project this year in order to allow it to benefit from HANA in its processes quickly without having to convert the current ERP system to HANA. In this sense, the HANA sidecar scenario is like an appetizer from the "kitchen" in Walldorf. Although the chefs do not provide HANA free of charge, the basic principle is the same, according to itelligence project manager Niemtschke: "A small bite whets the appetite." ■

The extra dashboard for business

The itelligence customer COWI uses SAP HANA for uniform reporting, company controlling, accelerating its decision-making processes and minimizing risks in its project business. And it is supplementing this with another small but perfectly formed idea: In future, the solution will expand the company's own service range, thereby also benefiting COWI's customers.

+1 COWI builds bridges, airports, tunnels. The Danish company surveys the world, examines the climate and analyses the markets. Its clients, the building owners, are primarily companies and governments or authorities. COWI is involved in project management around the world and is considered to be one of the most innovative companies in its class.

The prospects for the global construction industry are healthy. Major construction zones, like the infrastructure projects managed by COWI, are driving the market outside Europe in particular. However, the specific risks for project management companies should not be underestimated. In this market, there is a fine line between success and failure. According to industry observers, the main key is company controlling, from order acceptance and planning through to project completion.

COWI recognized this at an early stage and adapted accordingly. itelligence and COWI have been business partners for several years. Their cooperation began in 2012, when COWI decided to introduce a uniform company-wide reporting system. In order to better manage the company's business, accelerate its decision-making processes and minimize risks, a reporting system was established with the aim of providing all managers across all divisions, as well as all project managers and project controllers, with the same key figures.

itelligence Denmark designed, developed and built a solution based on the SAP BW application, which provides the parties involved with the required data views using various dashboards, thereby allowing defined key indicators to be controlled quickly and transparently. This made life easier for the finance, sales and HR departments – and formed the basis for successful growth throughout the company.

But growth alone is not enough; quality also has to be maintained. Bridge building, for example, must satisfy the most stringent of requirements, from stability, resistance, and consistency with environmental protection legislation through to aesthetics. COWI has more than 80 years of experience in bridge planning, design, construction and maintenance. Over time, it has added more and more construction projects and new areas of activity, each demanding a high quality of implementation. Today, the company is involved in constructing airports, tunnels and ports, as well as rail and road building. The group now has more than 6,000 employees, most of whom are engineers, and currently manages a portfolio of no fewer than 17,000 projects.

"Keeping track of this impressive number of different projects is the driving force behind the software implementation," explains itelligence project manager Jacob Orup Lund. Huge volumes of data have to be on hand for analyzing the course of business and simulating various scenarios for the future. This also allows the quality of project work to be guaranteed. Speed – IT performance, in other words – plays a key role. This is why COWI decided to implement software based on SAP HANA technology. "The vital factor is that data is now available immediately and in real time," adds Lund.

Despite its extensive portfolio, the company's success depends to a large extent on the success of each and every project. The market is highly competitive and mistakes are unacceptable. The costs of a job cannot be allowed to spiral out of control unexpectedly, and the company cannot afford to identify deviations in realization when it is already too late. The possibility of unforeseen events cannot be ruled out in this line of business. "But when a project fails to perform as planned, the person responsible must be in a position to respond promptly," explains the itelligence manager. As such, the new system also offers a clear benefit in terms of risk management.

The latest installation means COWI is almost certainly one of the first companies in Denmark to use SAP HANA on a broad basis. "We are seeing a few isolated companies examining HANA implementation, but COWI is undoubtedly leading the way in the market when it comes to productive roll-out on this scale," adds Lund. So far, so good.

To date, COWI – like all companies – has mainly used the analytical software and SAP HANA to accelerate its own processes. But COWI is now going one step further and looking beyond this area of application. For CIO Claus Hagen Nielsen, the potential offered by HANA is far from exhausted. One initial idea is already being realized: The new database technology will be used to expand services for the company's customers in future. After all, COWI also provides services such as environmental studies and weather analysis, which are known to be highly computing-intensive. As soon as SAP HANA supports this, COWI will be able to offer its customers even higher data quality, quicker results – or even entirely new analyses.

Nielsen, who was voted Denmark's CIO of the Year in 2014, sees this as providing clear value added: Increased quality gives his company an edge over the competition, improves its image, and ultimately allows it to offer better prices. An idea that other companies might want to consider. ■

Going the extra mile for the customer

The pace is breathtaking: In next to no time, a furniture workshop with two employees has become an international group with 12,000 employees. Boydak's growth places demands on IT systems and employees alike. itelligence staff deals with both sides.

+1 Turkish economy has always revolved mainly around Istanbul. But in recent decades, the situation has been changing. For example, Central Anatolia has evolved from a structurally weak hinterland to a modern industrial hub. Employment figures and export volumes have been consistently high for more than a decade. Thus, the cities in Anatolia have grown dynamically to earn the title "Anatolian Tigers".

Metaphorically speaking, the "capital" of the "Anatolian Tigers" is the city of Kayseri. The success story of the Boydak family also started in the surrounding area, just ten kilometers away from the city center. Mr. Mustafa Boydak, the father of the company's current owner, came from a low-income family and started his career as an apprentice in a carpenter's workshop in the 1950s. Showing real talent in his profession, he was soon making doors and windows on his own initiative. Meanwhile, he also learned to read and write himself. Eventually, he founded his first company with his brother Sami, in a simple workshop.

The small workshop is long gone. In just a few decades, the company has become a major and well-known international group with over 12,000 employees and exports to around 110 countries. Still run by family members, Boydak Holding now manages more than 40 companies in sectors such as furniture, textiles, chemicals, steel, energy, IT, and logistics. "Boydak's rise is not only an unparalleled success story," notes Dr. Abdülbahri Danış, Managing Director, Sales & Professional Services at itelligence. "Boydak's achievements also serve as benchmark for other Turkish companies."

The Holding has always been particularly innovative and the management is playing a pioneering role in terms of IT. Boydak's IT strategy is managed by the CIO of the Holding as well as IT directors and teams in the individual subsidiaries. Boydak Holding started using SAP at an early stage. itelligence has been on board from the start. Staff has gained insight into individual Holding companies through various projects. "The strategy is a long-term one," says Mr. Danış. Boydak wants a uniform, integrated system landscape for all subsidiaries of the Holding. "This makes Boydak one of the few holdings in Turkey to use IT across its entire network."

The benefits are obvious: The individual Boydak companies can collaborate more easily and the Holding management has a clear overview of the information it needs to manage the overall structure.

Even so, the most recent collaboration with Boydak is not actually an IT project. The task was to handle extensive change at the biggest subsidiary, namely Merkez Çelik, after an ERP launch. Of the 12,000-strong Boydak workforce, 2,500 are employed by Merkez Çelik, a furniture producer well-established both in Turkey and abroad. Having grown quickly, the company had to introduce integrated ERP in its systems. It initiated this process at the beginning of 2014 with the aim of completing the conversion in a year. However, this also meant revamping all central processes and turning all procedures upside down in this period.

"Change was the focal point"

Dr. Abdülbahri Danış describes the technical side of the project as less challenging. it.furniture by itelligence is a proven sector solution for the furniture industry. It is even available as a standalone version in Turkey, i.e. geared towards the specific features of the country. Combined with the best practices in ERP, the conversion to the integrated SAP world was therefore a largely smooth one.

When the project was completed on time on January 1, 2015, the SAP consultants had integrated all supply and production chains of Merkez Çelik and created seamless connection to affiliates and business partners by means of portal technology. Merkez Çelik's management team now receives its reports and financial data in real time and in a clear format, and can pass them on seamlessly to Boydak Holding.

Achieving this process required the itelligence consultants to apply industry know-how, technical expertise and, in particular, the art of change management. "Change was a focal point of the project," emphasizes Mr. Danış. Before the conversion, Merkez Çelik's employees used to perform many of the now-automated processes manually. With the project, certain activities were added and others were removed. Data transfer from one department to the other may be given as an example: From acceptance of an order and forwarding of information to Accounts, Production, Purchasing, etc. Another example is the fitting of all warehouses with mobile recording devices. This meant that the staff on-site had to adopt a whole new way of working.

Training, training, training: itelligence supported the transformation largely by training all employees – all the way through to the management level. In addition, the management team was involved in a continuous communication and information process. Consequently, resistance in the workforce was avoided, concerns were dispelled and understanding was achieved. The effort that the consultants invested in this part of the project paid off. It was clear to those involved in the project that, IT or non-IT, this would be possible only if the workforce backed the change.

"Our project manager Mr. Davut Özdemir and his team pulled off this task magnificently." Dr. Abdülbahri Danış takes a justified pride in itelligence's work: "The way Merkez Çelik now operates is nothing like it was before." He also pays respect to itelligence staff in other areas. itelligence had experts on board who knew the sector, had already introduced the systems in other projects, or had previously worked in other Boydak companies and were familiar with the Holding's processes and culture. Up to 35 consultants were constantly involved in the project, depending on what had to be done. Consequently, the customer had a team with proven experience in all aspects at its disposal.

What is more, the team members were also willing to hit the road and spend long spells working far away from their base in Istanbul. After all, Merkez Çelik's headquarters are in Kayseri – the "capital" of the "Anatolian Tigers". ■

The extra setup for the future

Dürkopp Adler produces sewing machines. With the e-commerce platform hybris, the company is modernizing its data landscape. Initially to support sales, but in the future a lot more is possible.

+1 Forget your grandmother's sewing machine! Let us now move into a completely different world. The machines that Dürkopp Adler produces have virtually nothing in common with sewing machines from private homes. There are large, specialized and high performance. Some of them sew only button holes or seams, can manufacture seats, airbags or seatbelts for cars, or are designed for producing upholstery, apparel or shoes.

The machines of the Bielefeld-based company are used around the world. More than 90% of production is exported - for the apparel and shoe industry, automobile suppliers, manufacturing of upholstery or companies that process technical textiles, for example, in producing protective clothing or tents.

In financial year 2014, revenues for the company were almost MEUR 119 and the number of employees 1,300. The group operates world-wide with a service and sales organization of seven subsidiaries, two joint ventures and over 80 authorized dealers. In terms of quality, Dürkopp Adler is one of the top players. The long-established company is one of the world's leading sewing machine manufacturers in the premium segment.

Premium means quality in production and equipment. The state-of-the-art machines excel not only due to their sophisticated technology, but also their intelligence. They are equipped with internal computer systems which can be used to manage a range of applications. At the same time, each sewing process can be meticulously documented. As an example, for the manufacturing of airbags, the machines need their own certification. "The seams of the airbag should open only on impact, not as a result of wear or poor workmanship," explains itelligence manager Achim Beckmann, project manager for the sewing machine manufacturer.

The alignment to quality has a long tradition in the company which was founded in the second half of the nineteenth century. And this tradition has a future. Dürkopp Adler continues to attach great importance to research and development and invests in improving the machines on an ongoing basis. The trend in engineering to more automation and networking does not stop at textile production – the in-phase is: Industry 4.0. In some areas this has already been transformed into reality at Dürkopp Adler. For example, the company can already control sewing machines at a customer in Bangladesh from Bielefeld. This results in lower downtimes and fewer trips from service technicians.

In terms of IT, the company has also taken a huge step towards the future. Together with itelligence, Dürkopp Adler has installed a modern platform which initially is supporting sales and the distribution partners. The system, SAP hybris Commerce, is future-proof. With its range of applications, it is flexible and convenient thanks to its interface which has been designed with a focus on user-friendliness. hybris is an e-commerce platform which assists in managing all contact points with the customer and allows sales across all channels - webshop, mobile application, call center or store-based business. And using the platform as commerce tool was not even the trigger for the project. More important was that the company was able to support its sales staff with mobile devices and to place all product data on a central system where it is updated and managed on a uniform basis. "Dürkopp Adler is establishing the solution initially to support sales and its sales partners," says Beckmann. "Later the system can be expanded to additional business partners."

As a result, great care is going into setting up a sophisticated Product Information Management (PIM) with hybris. A key feature is the complexity and wide variety of sewing machines which can be put together in a convenient way for sales in this way. A catalog with 15,000 product variants is now available. On this basis, the sewing machines can be presented to the customer via a mobile device – either notebook or tablet – and technical features of different machine configurations can be compared. Last but not least, it is now possible for sales employees to enter an order and trigger production. As part of the implementation, Dürkopp Adler has also updated its website in line with the state-of-the-art character of the new system.

With the platform, Dürkopp Adler is well prepared for further growth. In line with requirements, the Bielefeld-based company can expand the use of the system, for example, by linking up additional sales partners. Or using the e-commerce tools for other target groups such as small sewing workshops. After all, it is anticipated that increasing B2B sales will be generated via the web. According to a survey implemented by hybris, more than half of all B2B buyers worldwide consider that they will do their purchasing online in the next three years. And as private customers, they expect to find consistent omnichannel flows, which provide the same processing, irrespective of whether the customer orders online, offline or by phone. 24/7 self-service options must work as must the provision of exact and up-to-date information. Dürkopp Adler is prepared for this scenario.

Those in development at the Bielefeld-based mechanical engineering company can concentrate on what they are best at – inventing innovations for sewing machines – used for seats, airbags or seatbelts for cars, upholstery, apparel or shoes. ■

spirit of optimism after silver anniversary

Herbert Vogel and Norbert Rotter on fiscal year 2014

Mr. Vogel: itelligence has had another record-breaking year. For the tenth time in a row. So was 2014 business as usual because everything took its course? *Herbert Vogel* In our business there's no such thing as business as usual. We have to face new challenges every week and every month. But it would appear that we're pretty good at it, because we're successful and keep growing from year to year. That was the story in 2014 as well, even though it wasn't easy at first. At the start of the year, SMEs especially were still hurting from the poor economic conditions, which naturally had an effect on itelligence as well. But we managed to turn the situation around and finish out very well. *Norbert Rotter* 2014 was also not like any other year because of the very different developments at the national subsidiaries. We were hit by adjustments on projects in Germany and Austria as well as write-downs on receivables, particularly in Eastern Europe and Benelux. But the strong Group-wide finish towards the end of the year helped us to get back on track, and to slightly outdo last year's record results as well. We generated more than 50% of our earnings in the fourth quarter alone.

A reconciliatory end with new record figures? *Norbert Rotter* For revenues, definitely. We saw growth here of almost MEUR 100 to MEUR 556.8, a substantial 21.8% up on the figure for the previous year. The original forecast for revenues had been MEUR 500, and we bettered that significantly. Naturally the acquisitions contributed a good portion to this as well, first and foremost GISA GmbH. But even the organic growth of more than 8% means that we outpaced the SAP market itself. And we can be more than satisfied with this. Despite a strong fourth quarter, EBIT increased only slightly to MEUR 22.8, and the EBIT margin declined to 4.1% on account of the higher revenues. This is where we have to improve.

itelligence is now represented in 22 countries by active subsidiaries. How has international business developed? *Herbert Vogel* Each country has its own rhythm and its own framework. In large parts of Europe business went very well; revenues climbed by 32.2% in the DACH region and by more than 31.2% in Eastern Europe. The Western Europe region saw an increase of 14.8% and revenues in the United States were up by 6.5%, while in Asia they remained at the level of the previous year. The background to this is simple: at the end of the 2013 we were not awarded several key projects, which had an immediate impact in the following year. *Norbert Rotter* Things have been much harder in the US in the last two years. Here we're operating on the biggest IT market in the world with an agile competitive situation, especially due to other software providers. The US market is demanding offshore models to lower implementation costs.

What defines your relationship to SAP after more than 25 years? *Herbert Vogel* We have a close global partnership with SAP, and both sides ultimately have to implement a local sales partnership. Each country is different and requires constant coordination as to which of the partners serves the individual industry and customer segments. Nonetheless, we are fully focused on SAP and that is not about to change. So the excellent relationship with SAP is important. Both in sales and development as well. *Norbert Rotter* A close connection is always a challenge and, on the other hand, a big opportunity, too. The industry is currently in a phase of upheaval: software providers, most of all SAP, are establishing themselves as cloud providers. For itelligence this means that we have to keep up with this development and the speed with which it is happening, and switch to hybrid solution concepts. This is leading to changes in the business model. It is itelligence's goal to establish itself as a "frontrunner" here. We have to adapt the new cloud products from SAP and find new sales channels.

Consulting business is the strongest pillar in your portfolio. How are the requirements changing with regard to the new solution concepts? *Norbert Rotter* Consulting business accounts for a share of 44.3% (previous year: 47.0%). This means that it really is still the biggest mainstay of our business. Consulting is still growing, even though major SAP launches are trending less and consulting on specialist topics and process consulting are on the rise. We are seeing very significant growth in our global services for application management and in hosting. SAP's cloud initiative is also opening up new opportunities for us. New products such as SuccessFactors and hybris are in demand among our existing customers. *Herbert Vogel* The big challenge is currently the technological change that our consultants have to pick up quickly. In addition, there has been an extreme rise in customers demanding internationalization from our project employees in recent years. A mastery of the project methods on which consulting business is based, and that we have standardized within our organization, should not be forgotten either. Implementing all of this for customers in a timely manner requires the very highest standards of consulting.

What has changed in terms of customer demand? *Herbert Vogel* Companies expect specific services to be supplied with a certain level of convenience as well. An example: In 2014 we merged the organization of our previously separate hosting and application management business lines in the "Managed Services" units. This was strategically necessary because the customers want these services from a single source: with uniform ticket portals and contracts, one cockpit and one point of contact. Requirements have also become more target-oriented – customers love to see what they're getting a long time before they get it. In our AddStore we therefore also offer preconfigured solutions that you can look at before they are implemented. *Norbert Rotter* But our customers expect excellent industry expertise as well. And we're very well positioned here with our industry solutions. Their specific process-orientation satisfies our customers' wishes. Moreover, we serve niches in the SAP ecosystem, such as solutions for customs handling, logistics support or updating master data.

What effect is the major issue of "Industry 4.0" having on SME requirements? Do you already have specific plans or is it more just statements of intent? *Herbert Vogel* Industry 4.0 is a key issue that the entire SME industry is currently dealing with. It is still too soon to say whether this will be a revolution or more of an evolution. Most projects are currently focused on individual facets such as predictive maintenance or augmented reality, like using data glasses in warehouses. Generally these projects are still of a prototype nature. But companies also expect that many of their customers today have expectations that a classic ERP system can no longer fully satisfy. This is about being outwardly completely open, i.e. production steps and time windows for production, or the ability to buy spare parts online. Processes have to be accelerated at the same time. The MRP run, for example, which is resource and capacity planning, should no longer be overnight, it should be done online during the day.

SMEs will be glad that they have to learn a new IT paradigm again. *Herbert Vogel* Naturally the companies are also feeling the strain of the high rate of innovation in the industry. For us this development is a good thing, because with the HANA database technology, cloud products and S/4HANA, SAP really has started a technological revolution. I can only advise company to take a very close look at these. Connecting over the Internet and using the cloud will continue to grow massively, similarly expectations in terms of the speed of decisions and processes will rise irreversibly. It's like my old Nokia cell phone and the new smartphone I had to switch to three years ago: Sure, I have to charge it more regularly now, but once you've worked properly with a smartphone there's no going back.

You talked about having to address the technological change in itelligence's organizational structure. Which technologies does this center on? *Herbert Vogel*: It's primarily the database technology HANA, which has been picked up by SMEs. So far mainly new customers are switching to the platform, but existing customers are slowly starting to make the change as well – and that will mean a second economic wave for us. In addition, in the company hybris, SAP now has a web shop in its portfolio that is increasingly being used between companies. The omni-channel business this makes possible is an interesting improvement of sales channels for many of our existing customers. And finally demand is rising for SAP's HR cloud software SuccessFactors. So we are investing heavily in our competence in relation to these technologies, gathering experience and integrating experts from other companies as well to implement cutting edge solutions.

What does this mean for itelligence's business model? *Norbert Rotter* Our customers are facing the immense challenge of finding answers to the digital change that is affecting all areas of business and altering a lot of business models. Our business model will change as well because classic ERP implementation is losing ground. By contrast, the issues of cloud computing and making IT more flexible will continue to grow and thereby influence our finances and cashflow. License and maintenance revenue are an important part of our profitability. I see many new opportunities for itelligence here also: We can establish ourselves as a long-term digitization partner for our customers. The SAP product portfolio has expanded steadily in recent years. And with S/4HANA there is a new SAP platform that signifies a technological milestone in efficiently and intelligently mastering the constant growth in data volumes.

Can you give us an example of where you are currently spending money to be prepared for the requirements the future will bring?
Norbert Rotter Hosting business is capital-intensive as we have to keep setting up and expanding our data centers all the time. Properties, new hardware and experts cost money, but it's worth it because revenues are rising consistently. Demand is fundamentally high because more and more SMEs are coming to the realization that they can no longer handle all the very specific issues that come with the SAP infrastructure alone. Another example is our efforts to grow and fill regional and technological gaps with acquisitions. We have therefore again invested eight-figure amounts in corporate transactions in 2014 and put itelligence on a broad global footing.

More than 4,100 people already work for itelligence. What does this growth mean for your workforce? *Herbert Vogel* Naturally the way we work has changed. Firstly, we expect the utmost standards of professionalism from our employees, no matter what they do. 20 years ago IT was still a kind of art, today it's an innovative industry with projects that follow clear rules. All the technical, organizational and cultural interfaces need uniform methods and documentation or they will fail. But despite all the changes it's important to preserve itelligence's special corporate culture. For example, keeping hierarchies as flat as possible. But it is just as important that every employee understands that the customer always comes first. That's what our organization is geared towards, and anyone who walks in the door at itelligence has to feel that immediately. *Norbert Rotter* But the rapid changes and the variety of options are tempting for our employees as well, because they concern technological prospects, industry knowledge, business units and internationalism. More and more, staff have to specialize on one sector or one area. There is a high degree of innovation in each and every technical field, from databases to end-to-end processes.

With the current size of the company it's not easy to keep an international organization flat. How do you keep a handle on your overheads?
Norbert Rotter Seven years ago we had revenues of less than MEUR 200, for 2015 we're aiming for more than MEUR 600. Naturally we've invested in internal processes and had to increase our overheads. But we have been able to reduce the share of revenues accounted for by administrative expenses by a little bit every year by continuing to standardize our administrative processes. We currently have administrative costs of 8.3%.

In the past seven years you've acquired 14 companies. Are you still shopping and, if so, in which areas? *Herbert Vogel* We are now planning to scale growth through acquisitions back a bit as regional acquisitions on new markets are becoming increasingly difficult for us. The areas that are still exciting are those where we have to improve our services or find the expertise that we would like to offer our customers as value added. But the slowdown in acquisitions is also important to take care of organizational bottlenecks and to improve our own processes. In recent years the organization has indeed grown very quickly.
Norbert Rotter We are an attractive buyer because companies see us as a strategic investor and we always lay our cards on the table. Even though we've had enough acquisitions in the last few years that you could say it's become routine, we look at every option very carefully. We have a lot of opportunities open to us, but the companies have to be a good cultural fit and the deal has to pay off. We never lose sight of our objective of achieving critical mass on all our key markets.

What is the weight distribution between Germany and international business? ***Norbert Rotter*** Revenues in Germany amount to around MEUR 230, so roughly 41%, which also has to do with the GISA acquisition. Before this transaction Germany accounted for a third of income and international business for two thirds. I am assuming that we will see a shift towards international business again moving ahead because business is growing more strongly at most of our international subsidiaries.

What potential does the IT market have? The segment is in upheaval and somewhere between a spirit of optimism and being a commodity. ***Norbert Rotter*** The potential is enormous. After all, digitization is a mega issue and the significance of IT is increasing all the time. There is hardly a company out there that can resist – everything is becoming more networked and no-one can barricade themselves off. Everyone needs innovation and productivity gains. We are excellently positioned for this and can only profit from it. The rapid changes naturally also entail risks, but I am optimistic that the potential will win out. We have a lot of years of experience, we are always frontrunners on new technologies and we adapted to the changes early on.

So after itelligence's 25-year anniversary last year you can now move seamlessly to the next 25 years? ***Norbert Rotter*** 25 years. To me that suggests silver weddings and looking back at a lot of great memories. But let's be clear on the fact that we cannot just extrapolate our trajectory based on the past 25 years. That won't work. In the next two to three years it is important that we set our course for the future. This is a transition that we all have to work on if we want to keep growing and hold on to the excellent employees who will stay with us for the next quarter of a century.

What are your goals for the company for the current year? ***Norbert Rotter*** We will break the MEUR 600 barrier for revenues. I'm optimistic because the economic prospects are good, the IT environment is solid and GISA GmbH will be included in consolidation for the first time. However, our primary goal is to become more profitable. If we want to continue to grow we have to keep investing in our business model. Innovation and investment depend on each other. ***Herbert Vogel*** Increasing profitability and efficiency are right at the top of our agenda, that's clear. In 2014 our EBIT margin dropped to 4.1%, and in absolute terms EBIT only rose by KEUR 600. This year we want to turn that trend around and increase our margin to more than 5%. In addition, ongoing organic growth is also on the agenda, as is the change in the portfolio. Cloud solutions offer a model where the barrier to entry for customers is not as high. This certainly means advantages for us. Project business is currently dominated by strong demand for new technologies, from which we can also hope for a strong tailwind. The trend towards investments in IT increasing competitive capability will continue to grow. ■

Friedrich Fleischmann

Chairman of the Supervisory Board

Report of the Supervisory Board

Ladies and Gentlemen, Dear Friends of the Company,

itelligence AG can look back on a successful fiscal year 2014. As in the previous years, itelligence achieved further revenue growth, thereby again generating the highest revenue volume in the Company's history. This was driven by impressive organic revenue development (+8.1%) and the targeted acquisition strategy in 2014 (inorganic growth: +13.7%). itelligence AG also recorded a slight improvement in all of its pre-tax earnings indicators. In light of current market developments, we can be extremely satisfied with our performance on the whole. Our aim for the coming years remains to generate further revenue and earnings growth.

In the year under review, the Supervisory Board performed the tasks allocated to it by law, the Articles of Association and its Rules of Procedure and regularly advised and monitored the Management Board in its management activities. As in previous years, the Supervisory Board was involved in all decisions of material importance to the Company immediately and at an early stage. The Supervisory Board voted on the reports and proposed resolutions by the Management Board following a detailed examination and discussion.

The Supervisory Board received detailed, timely information from the Management Board in both written and verbal form on the Group's position, with a particular focus on the development of its net assets, financial position and results of operations, fundamental issues of corporate planning and strategy, the financing and liquidity situation, the risk situation, risk management, compliance requirements and significant transactions. In all cases, the reporting by the Management Board met the requirements of the Supervisory Board 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. No conflicts of interest arose within the Management Board or the Supervisory Board in the year under review.

The Supervisory Board held a total of seven meetings in fiscal year 2014. The members of the Supervisory Board regularly attended the meetings of the Supervisory Board. More than half of the members were present at all meetings. In some cases, Supervisory Board members were connected by video or telephone. Members unable to attend submitted their votes on resolutions in writing.

The Supervisory Board 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 single-entity and consolidated financial statements for 2013**
2. **Commissioning of KPMG AG Wirtschaftsprüfungsgesellschaft, Berlin, as auditor for fiscal year 2014**
3. **Budget definition and budget review for 2014**
4. **Investments and planned acquisitions**
5. **Acquisition of GISA GmbH, Halle**
6. **Integration process for the acquired companies**
7. **Organizational structures**
8. **Monitoring of the risk early recognition system established by the Management Board**
9. **Management Board matters**

In fiscal year 2014, the Audit Committee met on March 19, May 27 and December 10. At these meetings, the Audit Committee intensively discussed the audit of the single-entity and consolidated financial statements, new accounting provisions and their future inclusion in the audit of the Company, and matters relating to the planning process, risk management and the compliance management system.

The Personnel Committee met on March 19 and December 10, 2014, to discuss employee development, the recruitment process and developments in the management structure. In addition, the Strategy Committee met on December 10, 2014. The meeting primarily addressed the expansion strategy, the Company's strategic focus within the NTT DATA group, and the strategic development of the SAP partnership.

The Annual General Meeting on May 27, 2014, resolved in particular on the appropriation of the unappropriated surplus, the approval of the actions of the members of the Management Board and the Supervisory Board, and formal amendments to the existing intragroup profit and loss transfer agreements.

In fiscal year 2014, 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. The Management Board and Supervisory Board of itelligence AG identify with the objectives of the German Corporate Governance Code. Compliance with and the further development of corporate governance are aimed at promoting good, trustworthy company management with a view to benefiting shareholders, employees and customers. On December 16, 2014, the Management Board and the Supervisory Board jointly submitted an updated declaration of compliance in accordance with section 161 of the German Stock Corporation Act and made this available on the Company's website.

In accordance with the resolution by the Annual General Meeting on May 27, 2014, KPMG AG Wirtschaftsprüfungsgesellschaft, Berlin, was elected as the auditor of the single-entity and consolidated financial statements for fiscal year 2014. Prior to the proposal for election, KPMG had declared to the Supervisory Board that there were no circumstances that could compromise its independence as an auditor. KPMG examined the single-entity financial statements of itelligence AG, the consolidated financial statements and the management reports of itelligence AG and the itelligence Group 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 by the auditor. The audit opinion is worded as follows:

"Following the completion of our audit in accordance with professional standards, we confirm that
a. the factual statements made in the report are correct,
b. the Company's compensation with respect to the transactions listed in the report was not inappropriately high, and
c. there are no circumstances that would justify a materially different opinion of the measures listed in the report than that held by the Management Board."

At its meeting on March 25, 2015, the Audit Committee discussed the single-entity and consolidated financial statements for 2014 and the management reports with the Management Board and the auditors. The relevant documents, including the audit reports, were provided to the members of the Audit Committee and the Supervisory Board in good time prior to the meeting. The responsible auditors informed the members of the Audit Committee of the key findings of their audit and answered additional questions. The Committee concluded by recommending that the Supervisory Board approve and adopt the financial statements.

At the meeting of the Supervisory Board to adopt the financial statements on March 26, 2015, 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 and the audit reports, the Supervisory Board did not raise any objections and approved the findings of the audit by KPMG. It thereby approved 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, 2014, meaning that the annual financial statements of itelligence AG have been adopted. Following its own examination, the Supervisory Board also approved the Management Board's proposal on the appropriation of net profit. Based on its own careful examination of the dependent company report and the audit report, the Supervisory Board did not raise any objections to the declaration by the Management Board at the end of the dependent company report and approved the findings of the audit by KPMG.

The Supervisory Board will continue to actively support itelligence AG's strategic focus and course of business in future, thereby making a contribution towards the continued positive development of the itelligence Group in close cooperation with the Management Board. The Supervisory Board would like to expressly thank the employees and the members of the Management Board for their high level of personal commitment and performance in fiscal year 2014. They have made a major contribution to another extremely successful year of business for itelligence.

Bielefeld, March 26, 2015
For the Supervisory Board

Friedrich Fleischmann
Chairman

Corporate Governance Report

The Management Board and the Supervisory Board of itelligence AG attach great importance to the ongoing development of corporate governance and are committed to the principles of the German Corporate Governance Code. 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 customers, employees and the public in the company. The Management Board and the Supervisory Board therefore largely complied with the recommendations of the Code again in fiscal year 2014.

Both bodies addressed corporate governance topics on several occasions during fiscal year 2014 and jointly submitted a revised declaration of compliance in accordance with section 161 of the German Stock Corporation Act (AktG) on December 16, 2014. 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 June 24, 2014, and deviates from these principles only 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 2014 reporting period, 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 of itelligence AG has two members: Herbert Vogel, founder and CEO, and Norbert Rotter, CFO of the company. There were no conflicts of interest in any matters that the Management Board dealt with in 2014.

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 principles of diversity and is appropriate with regard to the geographical, industry-specific, and other material requirements of the company. As in previous years, the Supervisory Board formed an Audit Committee, a Personnel Committee, and a Strategy Committee from among its members in 2014. No conflicts of interest arose within the Supervisory Board in the year under review 2014.

Information on the remuneration paid to the members of the Management Board and Supervisory Board can be found in the remuneration report in the management report 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.

Shareholder structure and Annual General Meeting

NTT DATA EUROPE GmbH & Co. KG has been the sole shareholder of itelligence AG since 2013. itelligence AG therefore no longer holds public general meetings.

Transparency

Even since it has no longer been publicly traded, itelligence AG continues to provide timely, comprehensive information to all interested parties equally. One key communication instrument is the company's website (www.itelligencegroup.com), which provides an extensive body of information in various languages, reflecting the company's international focus.

Accounting and auditing

The Management Board prepares consolidated financial statements for the full year and condensed consolidated financial statements for the half-yearly reports. Group financial reporting is consistent with the International Financial Reporting Standards (IFRS), thereby ensuring a high degree of transparency and international comparability. The audit for fiscal year 2014 was performed by the auditor chosen by the Audit Committee and the Supervisory Board, KPMG AG Wirtschaftsprüfungsgesellschaft, Berlin.

In accordance with Article 161 of the Aktiengesetz (German Stock Corporation Act), the management and supervisory boards of listed companies are obliged to issue an annual declaration stating whether the recommendations of the Government Commission on the German Corporate Governance Code, as published by the German Federal Ministry of Justice in the official section of the Bundesanzeiger (Federal Gazette), have been and are being complied with or 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

Although the shares in itelligence AG (itelligence-shares) are no longer listed, 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 Board of Management and Supervisory Board of itelligence AG endorse the recommendations and provisions of the German Corporate Governance Code and decided to issue an annual declaration on the German Corporate Governance Code, although the listing of the itelligence-shares has ended in the fiscal year 2013.

itelligence AG acted in accordance with the recommendations of the German Corporate Governance Code throughout the 2014 financial year and will continue to do so in future based on the version of the German Corporate Governance Code last amended on June 24, 2014, on which this declaration is based. itelligence AG departed from the recommendations of the German Corporate Governance Code in some aspects. Details of the individual departures are provided below. With regard to the following declaration, it should be taken into account that, after implementation of the squeeze-out in the fiscal year 2013, NTT DATA EUROPE GmbH & Co KG holds meanwhile all shares in itelligence AG and, in connection therewith, the listing of itelligence-shares has ended. Therefore, itelligence AG will no longer conduct a public General Meeting and the statutory provisions for listed stock corporations do no longer apply to itelligence AG.

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

Section 4.2.3: Severance Pay Cap

„In concluding Management Board contracts, care shall be taken to ensure that payments made to a Management Board member on premature termination of his/her contract, including fringe benefits, do not exceed the value of two years' compensation (severance pay cap) and compensate no more than the remaining term of the employment contract."

After the listing of the itelligence shares has ended, the contracts of the members of the Board of Management do no longer provide for a severance pay cap. The Company is convinced that the Supervisory Board will negotiate an adequate severance payment with a Management Board member in case of a premature termination.

Section 4.2.4 and 4.2.5 paragraph 3 and 4: Disclosure of the compensation of management board members in the compensation report

"In addition, for financial years starting after 31 December 2013, and for each Management Board member, the compensation report shall present:

- the benefits granted for the year under review including the fringe benefits, and including the maximum and minimum achievable compensation for variable compensation components,
- the allocation of fixed compensation, short-term variable compensation and long-term variable compensation in/for the year under review, broken down into the relevant reference years
- for pension provisions and other benefits, the service cost in/for the year under review.

The model tables provided in the appendix shall be used to present this information."

In the past, itelligence AG has disclosed the individual compensation of the members of the Board of Management in accordance with section 4.2.4 and section 4.2.5 paragraph 1 and 2 for each member of the Board of Management in a compensation report which was part of the Management Report. itelligence AG intends to continue to do so in the future. According to the German Corporate Governance Code, the additional requirements of section 4.2.5 paragraph 3 and 4 as well as the model tables provided in the appendix to the Code shall find application as of the financial year 2014. The Code regulates in detail how the information on the individual compensation of each of the members of the Board of Management shall be presented in the compensation report and how this information shall be illustrated in the model tables. In order to ensure the comparability with past reports and to limit the effort in connection with the reporting on the compensation of members of the Board of Management, Management Board and Supervisory Board intend to continue to disclose the compensation of the members of the Board of Management in line with past practice. As a result, the requirements of section 4.2.5, paragraph 3 and 4, are not fully complied with.

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, the number of independent Supervisory Board members within the meaning of number 5.4.2, 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 number of independent Supervisory Board members and 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. A specification and publication of concrete objectives and their periodical amendment would create a significant effort, which is not justified on account of the shareholder structure and size of the Company and the Supervisory Board.

Section 5.4.3: Elections to the Supervisory Board

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

After implementation of the squeeze-out in the fiscal year 2013, all shareholder representatives on the Supervisory Board are elected by the sole shareholder NTT DATA GmbH & Co KG without participation of minority shareholders. Against this background, the question whether elections to the Supervisory Board are made on a block basis or on a individual basis is no longer relevant.

Bielefeld, December 16, 2014
itelligence AG

For the Board of Management
Herbert Vogel

For the Supervisory Board
Friedrich Fleischmann

Financial Report 2014
itelligence AG

Group Management Report
for Fiscal Year 2014

Key Figures in Fiscal Year 2014

Consolidated revenues rise +21.8% to MEUR 556.8

- Organic growth of +8.1%
- Revenue up +13.7% as a result of acquisitions
- Revenue distribution: 59.5% outside Germany, 40.5% within Germany

Earnings before interest and taxes (EBIT) up 2.7% to MEUR 22.8 (previous year: MEUR 22.2)

- Strong fourth quarter with EBIT up 24.5% to MEUR 12.2 (previous year: MEUR 9.8)
- At 7.0%, the EBIT margin in the fourth quarter was only just below the 7.2% posted in the high-income fourth quarter of 2013
- EBIT margin of 4.1% for the fiscal year as a whole (previous year: 4.9%)
- EBIT was impacted by non-recurring acquisition costs of MEUR 1.6 in fiscal year 2014 (previous year: MEUR 0.9)

Continuous growth in orders on hand

- Orders on hand rose substantially from MEUR 351.6 at the end of 2013 to MEUR 563.5 as at December 31, 2014 (this includes orders on hand of GISA GmbH)
- Non-current orders on hand account for MEUR 248.0 (previous year: MEUR 269.7)

Number of employees increases by +34.5% to 4,140 (previous year: 3,078)

- Addition of 1,110 employees through new appointments and a further 629 employees through acquisitions
- Successful integration of acquisitions in the USA and Denmark

Forecast for 2015 as a whole

- Forecast revenues of more than MEUR 600
- Organic revenue growth of around 8% targeted
- Significant improvement in EBIT margin to over 5% expected

Basic Information on the itelligence Group

Business activities

itelligence AG was formed in 1989 as an SAP consulting company and is now a leading international full-service IT provider and partner of SAP SE with a particular focus on customers in the traditional and upper midmarket with a strong international presence. itelligence's customers currently include more than 5,000 companies managed from 54 locations in 22 countries. Accordingly, itelligence AG has been generating the majority of its revenues outside Germany for several years.

itelligence focuses on the sale of usage rights for SAP software solutions for midmarket companies and SAP consulting. Customers see itelligence as a long-term partner that shapes their IT business processes efficiently and flexibly, thereby achieving a sustainable improvement in their economic value added and company management. In addition, itelligence's SAP maintenance and global support and hosting business has been growing in strategic importance in recent years and now makes an important revenue contribution. This is where a long-term, benefit-oriented relationship of trust with its customers is particularly valuable to itelligence.

itelligence has used its extensive industry expertise to develop 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, retail, and expertise in the area of educational institutions. itelligence is also driving ahead the industry-specific integration of mobile and analytical solutions.

Organization

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

Organization of the application management and hosting areas was bundled in 2014. With its matrix organization, the newly created Managed Services unit has a global presence, enabling it to meet customer requirements for an internationally scalable range of services in the best possible way. As an international provider of managed services, itelligence AG operates state-of-the-art data centers in Germany, Poland, Malaysia, Denmark, Switzerland, and the USA. itelligence provides hosting and AMS for more than 1,000 customers from 20 local service centers supported by 5 global off- and near-shore centers, and complements its geographical and portfolio-based structure by working closely with affiliates of the NTT-Group.

In September 2013, itelligence became one of the first global partners of SAP to be certified for the "HANA Enterprise Cloud", and started the extended certification process for SAP's HANA Cloud at the end of 2014. itelligence already operates and supports numerous SAP HANA landscapes for customers, and has migrated its own SAP ERP solution to SAP HANA.

In order to ensure a uniform, consistent global market presence, itelligence established the International Sales & Operations organizational unit several years ago. It is focused on international business. Its tasks include networking the various internal competence centers and developing and driving ahead global projects and initiatives.

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 2014, the organizational structure of the itelligence Group encompasses a total of 37 subsidiaries around the world. The largest subsidiaries are located in Germany, the USA, Switzerland, the United Kingdom, Denmark, and Turkey. itelligence AG is domiciled at its head office in Bielefeld. itelligence AG is a wholly-owned subsidiary of NTT DATA EUROPE GmbH & Co. KG.

Growth strategies

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 the IT projects initiated.

itelligence's customers are faced with intensive global competition and must permanently adjust to this dynamic environment. The continuous improvement of internal structures and the value chain plays a particularly important role in this process. itelligence sees itself as a strategic partner that provides innovative IT solutions to support its customers in their challenges, particularly when it comes to managing the rapid advancement of digital technology. itelligence's aim is to ensure greater efficiency and transparency in its customers' workflows.

Growth strategies are the cornerstone of itelligence's long-term focus. This includes:

- Expansion of the successful business model to include even higher-revenue international customers
- 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
- Investments in IT innovations and their implementation as customer offerings
- Expansion of general business involving SAP cloud products (HANA Suite)
- Reinforcement and expansion of global knowledge management
- Investment in quality improvements and project management
- Becoming an even more attractive employer in the SAP environment
- Sustainable improvement in profitability to ensure continued growth

Controlling system

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. These are set out in II.5.

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 management of the itelligence Group's long-term focus, the Management Board derives 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, target and actual figures are compared on a monthly basis and provided as management information 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 segment. 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, Outsourcing & Services and Application Management units 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 presence 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.

Acquisitions

In fiscal year 2014, itelligence successfully continued its expansion by making further acquisitions, and extended its range of services in a targeted manner.

As of January 1, 2014, itelligence acquired the company 4C Management Consulting (4CMC) in Scandinavia, thereby expanding its expertise in the field of business intelligence and strategic consulting for ERP projects.

As a result, the itelligence Group has widened its range of strategic consulting services for Danish and Scandinavian companies. The acquisition enables customers to achieve even better integration between strategic performance management and their ERP solution. It represents the continuation of itelligence's dynamic investment strategy. Business intelligence and enterprise performance management are the key areas of itelligence's future service portfolio and global offering.

In May 2014, itelligence acquired 51% of GISA GmbH in Halle an der Saale. With economic effect from January 1, 2014, itelligence AG acquired this majority stake from the previous shareholders envia Mitteldeutsche Energie AG (enviaM) and MITGAS Mitteldeutsche Gasversorgung GmbH, a subsidiary of enviaM. Alongside itelligence as the new majority shareholder, enviaM and KOWISA Kommunalwirtschaft Sachsen-Anhalt GmbH & Co. Beteiligungs-KG retain shareholdings in GISA of 23.9% and 25.1% respectively.

Established in 1993, GISA is one of the leading IT and outsourcing providers with around 600 employees at five locations in Germany. GISA operates a data center with multiple certification, and invests continuously in data security and up-to-date technologies. As a long-standing SAP partner, GISA is a certified SAP partner for cloud services and application management services, as well as being certified as a customer center of expertise.

GISA GmbH's customers include companies in the energy sector and public-sector clients as well as industrial and service customers. In addition to the enviaM Group, they include Verbundnetz GAS AG, GASAG Berliner Gaswerke AG, the Free State of Saxony, BAYERNOIL Raffineriegesellschaft mbH and the Kraftanlagen Group. GISA regards its strategic partnership with itelligence AG is a source of long-term strength, and aims to keep on extending its range of services.

On October 1, 2014, itelligence Inc. (USA) announced the acquisition of Symphony Management Consulting, an SAP and SuccessFactors partner in North America based in Charlotte, North Carolina, specializing in human capital management (HCM) consulting.

This strategic acquisition further strengthens itelligence's presence in the United States and extends its regional and global market presence, especially in this high-growth SAP segment.

Through Symphony's extensive experience in relation to SuccessFactors and cloud computing, itelligence is significantly enhancing its expertise and its in-house capacity.

This acquisition enables itelligence to provide its customers with an extended range incorporating cloud solutions and hybrid cloud environment integration for their application portfolio. The Symphony team of HCM practitioners and cloud integration experts, combined with the itelligence SAP Business Suite, HANA, User Experience and mobility resources and capabilities, will give our customers a holistic innovation platform and the flexibility to adapt their IT in their companies just as they wish.

Partnerships

Partnerships are central to itelligence's business model. itelligence's primary focus is on its customers: with a global base of more than 5,000 customers 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 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 SE. itelligence is one of seven companies worldwide to have concluded this exclusive global agreement on the sale of SAP on-premise and cloud solutions. Global Value-Added Reseller (Global VAR) is the highest status in SAP SE's PartnerEdge program. Value-added resellers (VARs) sell SAP software licenses and SAP cloud applications. They also develop industry-specific solutions as well as other preconfigured adaptations on the basis of SAP platform technologies. itelligence offers a total of 12 SAP Business All-in-One industry solutions, all of which were also transferred to the in-memory technology SAP HANA in 2014. The Global VAR agreement sets out strict quality criteria that are evaluated by SAP in an extensive selection process. For the customers, that means that a global VAR such as itelligence is quality-certified and is closely involved in the latest developments, product strategies, release updates and new technologies of SAP worldwide at an early stage.

itelligence AG is one of the world's most successful SAP partners for the midmarket. This is underlined by the SAP partnerships that itelligence won once again in 2014. Since early 2013, itelligence AG has been part of the partner program of SuccessFactors, an SAP company and the leading provider of cloud-based business execution software solutions. This means that itelligence resells the SuccessFactors BizX Suite for business execution in Europe as a SuccessSales partner.

SuccessFactors is the leading provider of cloud-based business execution software, offering solutions for the areas of business alignment and employee performance for companies of all sizes across more than 60 industries. The new partnership will expand itelligence's customer base, addressing not only installed SAP customers but also new customers individually and using a scalable approach.

itelligence received a special award at the SAP Americas Field Kick-Off Meeting (FKOM) in January 2014, where it was presented with the SAP North America Regional Partner Excellence Award 2014 in the category "Top Business All-in-One Reseller". SAP gives these awards to the top-performing SAP partners in North America that have made outstanding contributions to SAP's overall sales.

Selected from SAP's wide-ranging North American partner base, the nominees for the SAP Regional Partner Excellence Awards were based on internal SAP sales figures. A steering committee composed of regional and global SAP representatives determined the winners in the individual categories according to extensive criteria including sales and performance. Awards were presented in a variety of categories, including overall sales, innovation, technology, services and solution-specific areas.

itelligence is also an award-winner in Scandinavia: SAP named itelligence "SAP Reseller of the Year" in Denmark, Norway and Sweden. Each year, SAP names its best SAP partners in each country. This year, itelligence won the prize for 2013 in Sweden, Norway and Denmark simultaneously, demonstrating its unique position in the Nordic nations: highly qualified employees, outstanding customer projects and a strong international focus.

In May 2014, SAP (Schweiz) AG presented itelligence's customer Güdel Group with the SAP Quality Award in the "SAP HANA Innovation" category within the Switzerland market unit. The project recognized by SAP was implemented by itelligence in just seven months. itelligence assisted Güdel with the launch of the itelligence-developed SAP Business All-in-One industry solution it.manufacturing based on the SAP Business Suite powered by SAP HANA. Güdel received the award at the SAP Forum on May 21, 2014 in Basel.

In July 2014, itelligence announced the successful conclusion of one of the world's most extensive re-certifications by SAP. The service and support organization of itelligence AG was one of the first SAP consultancies to be recertified by SAP SE as a "Partner Center of Expertise" (PCoE) in 18 countries, including Germany, in an audit. With this achievement, the long-standing SAP Channel Partner itelligence has reinforced the quality and professionalism of its application management services (AMS) worldwide.

Certification as a PCoE covers the support center including support staff and processes, as well as the technical infrastructure based on SAP Solution Manager. In addition, certification confirms that itelligence's support organization meets the corresponding requirements for support of SAP solutions such as SAP Business All-In-One solutions, analytics solutions and mobile solutions as well as SAP HANA.

itelligence received a special honor in Turkey in August 2014: itelligence's customer Fenerbahçe Sports Club (Istanbul) was nominated for the 2014 SAP Quality Award. The evaluations took two months, and Fenerbahçe ended up winning the SAP Gold Award in the "Rapid Delivery" category.

Since January 2014, the club has had the most advanced SAP system in the entire Turkish sports industry. The key successes in the project are improved transparency of current and future cashflow, full compliance with the UEFA Financial Fair Play Regulations, an integrated platform for all subsidiaries and the club itself, an automated booking system integrated with SAP, centralized HR management, contract-oriented remuneration and budgeting models as well as bespoke dashboards.

In November 2014, SAP conferred the Silver Quality Award on itelligence's customer Nordeon GmbH, an internationally successful manufacturer of lamps and lights based in Springe, for the excellent quality of its SAP project. The itelligence industry solution it.hightronics was introduced in just eight months. As a member of SAP's global partner quality program, itelligence AG helps SAP customers to execute projects smoothly, keep the costs under control, and ensure consistently high project quality.

In January 2015, itelligence AG won the 2015 SAP EMEA Partner Excellence Award in the "Analytics" category in the UK. This award underlines the outstanding performance of itelligence in the field of analytics, and was presented by SAP to the SAP partners with the best performance in the regions of Europe, Middle East and Africa (EMEA) as well as Central and Eastern Europe (CEE). itelligence helps its customers to adopt innovations quickly, attain results rapidly, generate sustainable growth and achieve seamless operational processes.

NTT DATA

The long-standing partnership with the Japanese NTT DATA Group is a key factor in allowing itelligence to keep on significantly expanding its own international market position. NTT DATA EUROPE GmbH & Co. KG has held all shares in itelligence AG since 2013. This relationship under company law forms the basis for a tightly-knit 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, the close relationship with NTT DATA will allow itelligence to increase 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.

NTT DATA and itelligence: NTT DATA Business Solutions Company

In 2012, NTT DATA and itelligence bundled their expertise in the newly formed NTT DATA Business Solutions Company as part of their global market strategy in the SAP environment. This created one of the largest global SAP resellers and one of the largest solutions-based SAP service providers.

Herbert Vogel, CEO and founder of itelligence AG, coordinates the Business Solutions Company here. In taking this step, itelligence is also expanding its SAP consulting range in the Asia Pacific (APAC) region and thus broadening its own global presence. The Business Solutions Company forms part of NTT DATA's global strategy of assigning its foreign subsidiaries to four regions: Americas, EMEA, APAC and China, and the international Business Solutions Company. Customers in the APAC region will have access to the world's largest jointly coordinated network of SAP consultants. The organization in the APAC 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. The aim is to achieve a leading position for SAP project implementation and consulting in the Asia Pacific region.

Other partnerships and awards

In October 2014, compamedia recognized the best consultants for SMEs for the fifth time – and itelligence AG was again awarded the honor of "Top Consultant". A total of 102 consulting companies are entitled to bear the coved "Top Consultant 2014" seal. It provides guidance in the consultancy jungle and helps SMEs to find the right consultant for them. The award-winning companies underwent an extensive audit procedure. Prof. Dietmar Fink of Bonn-Rhein-Sieg University of Applied Sciences is the lead academic.

A crucial factor in receiving the award is that the consultants can adapt to the special requirements of SMEs. After all, only those who are familiar with their distinctive features and take them into account become top consultants. This is monitored by Prof. Fink using tools including a customer survey. Ten reference customers provide information on the professionalism and consulting services of the consultant. In addition, the customer must submit an assessment and provide key figures. itelligence AG holds the seal as one of the best SAP consultants.

In November 2014 in New York, itelligence's customer Roland Berger Strategy Consultants was recognized for its innovative cloud strategy by Saugatuck Technology, one of the most highly regarded US analysts: Roland Berger Strategy Consultants wins the prestigious BEACON AWARD FOR BUSINESS INNOVATION 2014.

itelligence's customer Roland Berger Strategy Consultants uses SAP Business ByDesign, SAP's cloud ERP solution, to help its business consultants in 50 offices in 36 countries worldwide to access all essential management tools quickly and effectively.

The modular and flexible cloud solution SAP Business ByDesign is extremely scalable and can be adapted quickly if Roland Berger opens new branches or if business consultants implement new projects at national and international level.

In September 2014, Signavio GmbH, the leading manufacturer for web-based process modeling, and itelligence AG announced their strategic partnership. The aim of the cooperation is to give customers access to the BPM roundtrip with professional specialist process modeling and automation. The two companies have already worked together successfully in previous projects, and are now taking their partnership further.

itelligence also maintains a number of other 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
2014 was a successful year for itelligence AG that was included numerous SAP awards and innovative customer projects.

A large number of new customers rely on the in-depth industry expertise of itelligence AG. A wide-ranging SAP consulting project and implementation of 200 SAP licenses in conjunction with it.manufacturing, itelligence AG's SAP Business-All-in-One industry solution for the manufacturing industry, form the new foundation of the IT landscape of Marktschorgast-based textile specialist Vitrulan International GmbH. For automation of its corporate processes, the long-established company Vitrulan uses itelligence AG's SAP industry solution it.manufacturing, which maps the special features of the textile industry such as production planning and management. Through rigorous application of SAP standards in it.manufacturing, Vitrulan can now remove many interfaces from its IT system, avoid system breaks and structure its IT processes more flexibly.

Vitrulan is internationally successful and produces durable, fiberglass-woven wall and ceiling coverings for interiors in the property and private sector. In addition, Vitrulan is a specialist in reinforcement and backing fabrics, laminates and special products for the construction segment, e.g. for roofing and sealing membranes, floor coatings and panel heating systems. The specific requirements for a modern IT-system are complex. The default settings in it.manufacturing make this complexity manageable, thus preventing duplicate entries.

Another success for itelligence AG is the industry solution it.education, with which itelligence is now making significant inroads into the university market. Ulm University is the first university in Germany to obtain a comprehensive campus management system from itelligence AG. To date, the processes relating to the student lifecycle are decentralized and complex, involving multiple systems. Employees and students face equally complex and time-consuming tasks when it comes to always managing and organizing their studies and teaching promptly and correctly.

In the context of a project lasting several years, itelligence and its partners MG Consulting and Dr. Pape Consulting will implement an integrated solution for campus management. As the project progresses, the administrative processes for students from application, allocation of places, enrolment, fees management, course planning and exam organization to monitoring of student performance and the final degree with certificate creation will be transferred to itelligence's SAP industry solution it.education.

The result is a standardized platform for more than 12,000 users, including the students as well as the administrative staff and all those involved in academic teaching. The platform is being implemented with itelligence's SAP Business All-in-One industry solution it.education.

Other new customers who opted for itelligence as a consultancy firm in fiscal year 2014 included Klasmann-Deilmann GmbH in Geeste, GIGATRONIK Holding GmbH (a GIGATRONIK Group company) in Stuttgart, Danske Bank A/S, Copenhagen (Denmark), Arcus AS, Oslo (Norway), Tethys Oil AB, Stockholm (Sweden) and CEDC International Sp. z o.o. in Warsaw (Poland).

itelligence also enjoyed further success in its activities with existing customers. In 2014, ShangGong (Europe) Holding Corp. GmbH, the parent company of the long-standing customer Dürkopp Adler AG based in Bielefeld, came on board for itelligence's first hybris project. A screen personas project and a mobile documents project will also be undertaken for the first time in this hybris project.

At the Nuremberg-based Bühler Motor GmbH Group, a release change and a BW migration were successfully performed in preparation for complex project activities in 2015.

At its Hungarian customer Telenor Magyarország Zrt. in Törökbálint, itelligence is implementing a project in SAP process management, in which itelligence consultants are providing SAP consulting and development services.

After developing an archiving concept for AUDI Hungária Motor Kft. in Györ (Hungary), itelligence implemented the archiving process in 2014. In the context of the project, the itelligence consultants are applying their specialist methodology skills and incorporating the relevant car production departments in the archiving process.

The customer D-ÉG Thermoset Kft. in Budapest (Hungary) opted for implementation of SAP Business One based on SAP HANA. With 135 users, this is the biggest HANA project in Hungary to date.

In fiscal year 2014, itelligence also successfully went live at customers including Kuraray Europe GmbH, Hattersheim, United Initiators GmbH & Co. KG, Pullach, LOGSTOR A/S, Løgstør (Denmark), Nilfisk-Advance A/S, Copenhagen (Denmark), LA POSTE, Paris (France), FOTEXNET Kft., Budapest (Hungary), TS Hungária Kft., Miskolc (Hungary), Katek Hungary Kft., Györ (Hungary), Intemo SA, Piotrków Kujawski (Poland) and John Mezzalingua & Associates in Liverpool (New York, USA).

Outsourcing & Services

itelligence was also a pioneer in cloud services for HANA-based solutions in the last fiscal year. In particular, itelligence successfully stood out from competitors with its ongoing certification for "HANA Enterprise Cloud" services and its related range of managed services. For SAP HANA, itelligence generated technically and commercially innovative solutions from the itelligence cloud. These have met a positive response from the market. Our customers regard the associated flexibility as an attractive opportunity for entering and switching to this technology quickly.

In the last fiscal year, itelligence AG Outsourcing unit was strongly focused on intensifying its collaboration with other companies in the NTT Group. With particular attention to our global presence in delivery of cloud services, joint efforts were made to increase the range and diversity of our services. itelligence is therefore well on course to deliver SAP cloud services in regions and for customers that cannot be reached to the required extent with our own resources. It is helpful here that SAP is aiming to further intensify its collaboration with itelligence and the NTT Group. The integration of the Outsourcing/Hosting unit with Global AMS to form Global Managed Services, initiated by the Management Board of itelligence AG at the start of the second half of 2014, underlines how important this area is to itelligence, and provides the platform for further optimizing the range of services and increasing delivery efficiency and scalability.

Wide-ranging support of the entire SAP product range is a key feature of itelligence. As well as supporting and implementing SAP's cloud services, itelligence also focused on providing services relating to SAP hybris last year. A range of operation and application services was also developed for this e-commerce solution in the Managed Services unit. itelligence already offers a high-availability platform with extensive support for customers who want to add an e-commerce solution to their SAP application landscape.

itelligence also gained a large number of prestigious new customers in the Outsourcing & Services unit in fiscal year 2014 as a result of its innovative and high-quality range of services. In 2014, itelligence concluded a long-term outsourcing agreement with its customer Steinmüller Babcock Environment, a leading plant engineering company in the field of thermal waste disposal and waste gas purification, which therefore makes an active contribution to protecting the environment. The company's mainly turnkey systems are planned at its headquarters in Gummersbach, and are used worldwide. itelligence has been operating all the SAP ERP systems of Steinmüller Babcock Environment GmbH since January 2015.

In addition, KWS SAAT AG has entered into a close partnership with itelligence in data center operation. KWS is one of the world's leading plant cultivation companies. KWS has been run independently as a family-run company for around 160 years. It specializes in plant cultivation as well as the production and sale of corn, sugar-beet, cereal, potato and sunflower seeds and rapeseeds. itelligence AG has been operating a comprehensive SAP landscape with Oracle and SAP-HANA-databases for KWS SAAT AG since June 2014.

Aesica Pharmaceuticals, a Consort Medical Group company, is a leading pharmaceutical contract development and manufacturing organization (CDMO) in the field of active substances and finished medicinal products. Aesica Pharmaceuticals is a preferred partner of several of the world's top ten pharmaceutical firms, up-and-coming life science companies and leading generics manufacturers. itelligence has been selected as a new strategic provider of hosting services, and currently hosts the British and German validated ERP SAP landscapes of the data center in Germany. In addition, itelligence provides application managed services for the German SAP systems and users.

itelligence has also concluded an outsourcing agreement with AmRest in Poland. AmRest, the largest independent operator of restaurant chains – including KFC, Pizza Hut, Burger King and Starbucks – operates worldwide. The company has signed an agreement with itelligence for hosting the SAP E-Recruiting system. itelligence provides the technical infrastructure at the itelligence data center in Tarnowo Podgórne, data processing resources and administrative and monitoring services for the entire SAP E-Recruiting landscape.

On the US market, TSCO has opted for itelligence as an outsourcing partner. Tube Specialties Company (TSCO), founded in 1963, is a steel manufacturer based in Troutdale, Oregon. TSCO is an industry-leading company in the fields of pipe bending, pipe and pipeline manufacture, pipe punching, pipe forming, powder coating and pipe welding. After opting for SAP as an enterprise resource planning system, TSCO needed a partner for hosting and management of the SAP system. Based on the wide range of services that itelligence can provide (hosting, AMS, consulting), TSCO chose itelligence and its new data center. In 2014, TSCO opted for migration to the SAP-HANA-database.

International Application Management Services

With the ever-growing speed of technological innovations, IT managers are required to deliver constant enhancement. Topics such as Industry 4.0, the Internet of Things, growing digitization and communication, mobility, the information explosion and cloud computing are just a few of the aspects that are having a significant impact on corporate IT strategies, including their added value as well as their IT efficiency and therefore day-to-day challenges. The search for the optimum balance between a competitive edge through IT, user-friendliness and acceptance, quality, reliability and cost efficiency is increasingly becoming a differentiation criterion here.

Service providers are required to go along with and actively shape this trend, while supporting companies in this transformation process, which is already regarded as the 4th stage of the industrial revolution. This starts with consulting on the IT strategy and progresses through selection of the technological platform and business applications to operation and support. The main requirement is consulting on the right model regarding in-house operation or outsourcing, appropriate and effective application of private or public cloud scenarios and a sensible resources model that fits in with the company's situation (shoring).

It is apparent here that these trends and transformations are not only being adapted by major companies, but are also being regarded and implemented by more and more SMEs as an opportunity to further improve their own market position.

In 2014, itelligence also continued and stepped up the transformation process it started in 2011 with the aim of becoming a global application management services (AMS) provider with a local presence and customer proximity in 22 countries. Local customer and service management supported by international collaboration and global processes, tools and supply centers form an important basis for precisely-tailored and flexible services for SMEs and multinational customers, from among whom further new customers in Asia, Europe and North America have been gained. Consequently, the active customer base in AMS has risen to over 900. A trebling of AMS revenues in only three years is just one aspect of the success of this itelligence strategy.

More than 550 AMS employees in the local teams on 3 continents as well as the offshore and near-shore centers in India, Malaysia, Poland, Romania and Turkey, in conjunction with local consulting units such as the AMS teams of the NTT Group affiliates, form a global, scalable and flexible network of experts for bespoke support of our customers. The corresponding "Global One Team" initiative within the NTT Group, in which itelligence is playing a pioneering role, is the appropriate platform here for intercompany collaboration in innovation, portfolio, sales and service delivery.

The acquisition of GISA GmbH, which is focused on managed services and, on this basis, has a high level of revenues, employees and expertise in AMS, hosting and BPO, has further strengthened itelligence's position, particularly in German-speaking countries.

To enable even more efficient and consistent support for our customers while being ideally placed for the trend towards cloud services, itelligence bundled its outsourcing, (hosting) and application management services into a joint "Managed Services" unit (MS) in summer 2014. To this end, an "MS2015plus" transformation approved by the Management Board has been instigated. The Global Managed Services Unit, the regions and the countries are working closely together to deliver it. The aims are an innovative, consistent range of services with high added value for our customers, an effective locally managed sales approach supported by a global sales and marketing toolkit, and global delivery model combined with customer proximity and high-quality service management. All aspects are based on the concept of "Global capabilities – Local presence", which is well-established in AMS.

In particular, close collaboration with SAP is becoming an increasingly important element of itelligence's managed services strategy. itelligence has been involved in SAP's partnership and certification processes in the cloud environment from the outset, and its own infrastructure, hosting and AM services are geared towards the additional requirements in terms of cloud computing and HANA. Four strategic partnership initiatives in the Managed Services @ Cloud environment have been launched in conjunction with SAP. The aim is to generate additional potential benefits for customers from the symbiosis of the products and services of SAP, the NTT Group and itelligence in the cloud/HANA environment.

Another focal point in 2014 was establishing complex, global SAP application management delivery (SAP operations) for Daimler AG. With its near-shore center in Turkey, itelligence is a cornerstone of the global service agreement between Daimler and NTT DATA here.

In addition, the Global Application Management Services unit has gained many more new customers: One example is Evoqua Water Technologies in the USA. Evoqua Water Technologies is a world leader in its field and supports cities and communities as well as industrial companies when it comes to protecting and processing the world's most precious resource – water – cost-effectively. Evoqua was looking for a partner that could host its SAP system and particularly provide application managed services (AMS) to support its SAP activities. The company also wanted to create prospects for strategic SAP-related initiatives in order to improve its global business processes, expand its business aggressively and increase its profitability. Evoqua opted for itelligence as a partner and as a key component in its IT-strategy. In September 2014, itelligence began the successful conversion of AMS supports.

International Sales & Operations

SAP's announcement that it is also offering SAP HANA as the preferred database for the SAP Business Suite makes SAP's new in-memory platform relevant to practically all existing SAP customers. Particularly on the established SAP markets such as DACH, the USA, the UK and the Nordic region, most companies are expected to opt for SAP HANA as the platform for their core applications. Ultimately, the in-memory technology provides vast potential for improving in-house business processes, and above all the opportunity to reconfigure business processes towards "real-time".

In this respect, companies are increasingly thinking of doing more than migrating their SAP applications, and are also planning innovations to improve the performance of their SAP systems in terms of processes and data analyses by taking the step towards SAP HANA.

Accordingly, SAP consulting companies in particular are being asked to combine their expertise in data management and process consulting, and to show the necessary experience, certifications and references for these kinds of migration projects.

itelligence initiated this development at an early stage, and dealt with the changed requirements for implementation and migration business in a very early phase in close coordination with SAP here.

The "International Sales & Operations" organizational unit is the core element of this strategy. For instance, itelligence's existing SAP Business All-in-One solutions were transferred to SAP HANA and recertified by SAP for SAP HANA at an early stage. In addition, our consultants were giving specific training on the new products and tools, and the range of consulting services was expanded in a targeted way.

.

The aim is to create optimally efficient synergies between the respective national subsidiaries and increase their essential expertise through central development and coordination. This will ensure the fast development of innovations, along with their transfer to itelligence's full range of services.

Employees

The Group had 4,140 employees as of December 31, 2014 (previous year: 3,078), of whom 1,861 were employed in Germany (previous year: 1,121) and 2,279 outside Germany (previous year: 1,957). Compared with 2013, the number of employees rose by 34.5%, taking into account acquisitions such as that of GISA GmbH.

In addition, itelligence's recruitment team delivered organic employee growth. The HR marketing measures initiated in recent years dovetailed perfectly in 2014: A mix of social media, university marketing and attendance at job fairs for IT experts saw the number of applications rise by almost 100%. Proven measures such as the use of print media or targeted application of our poster campaign in many German cities contributed to this success. In total, itelligence attracted 186 new colleagues in Germany.

One key element in developing and retaining our employees is talent management, for which a series of measures were undertaken in 2014. This is hugely important to our corporate success. itelligence makes the various career paths attractive through innovations in compensation and benefits, and particularly through a new training and development concept. What makes itelligence's consultants so successful is our modular, in-depth yet flexible consultant training and their many years of experience. Our employees make a key contribution to successful, long-term customer relationships, make us more competitive and ensure that our quality is high.

Global networks to promote the concept "Global Mindset – Local Responsiveness" were the focus of HR activities once again in 2014. In the third tier of management, the CyNergy network created in 2013 was actively sustained by a network meeting in April 2014 accompanying measures, and progress was made with our commitment to profitable global IP solutions.

Our high-potential manager and expert development program DELTa (Develop Expert and Leadership Talent) is a strong internal driver of our globalization. The 10th year started in 2014 with workshops, project work and intercultural learning content.

The collaboration between Global HR at NTT DATA is becoming increasingly close and successful. itelligence and NTT DATA Business Solutions Company have jointly initiated the "Global HR Circle", which been achieving good results for valuable collaboration of both Groups from the outset.

Another example of the strong collaboration was itelligence's involvement in shaping the NTT DATA Global Leadership Program (GLP) and its realignment in accordance with the premises that we are already applying in the DELTa program. In addition to the redesign, the highlight was the highly successful holding of a CEO roundtables with Herbert Vogel and 12 participants selected from the latest intake of the Global Leadership Program and the GLP alumni in January 2014 in Berlin. itelligence also played an active part in the "NTT DATA Vision & Values Week" in May 2014 with two culture workshops.

Economic Report

General economic situation in 2014

itelligence is a global company that generates revenues in 22 countries with around 50 branches. itelligence AG is incorporated in the Japanese NTT Group as a wholly-owned subsidiary of NTT DATA, and supports numerous international customer projects. Global economic developments are crucial to the investment decisions of itelligence's 5,000-plus customers, and therefore significant to the commercial performance of itelligence AG.

In 2014, the global economy grew by 3.3% compared with 3.0% in the previous year according to the IMF (International Monetary Fund). Overall, global growth particularly improved in the second half of the year. Regional trends varied sharply here. There were three defining economic factors: the sharp decline in oil prices in the second half of the year to below USD 50 per barrel, central bank-driven low interest rates in the industrialized nations worldwide due to falling prices and inflation, and ultimately sharp fluctuations in exchange rates – particularly the increase in the US dollar against many other currencies such as the euro and the Japanese yen. Conflicts, especially those in Ukraine and Syria, also had a global impact.

The economic situation in the USA improved continuously as 2014 progressed. Having reached 1.9% in the previous year, economic growth rose to 2.9%, gaining momentum most notably in the fourth quarter. The unemployment rate fell to below 6%, and employment rose continuously month by month. The US FED (Federal Reserve System) announced the phase-out of its expansive monetary policy. itelligence generated 19.8% (previous year: 22.3%) of its revenues in the USA and Canada.

GDP growth (GDP: gross domestic product) in the EU totaled 1.5% in 2014 (1.2% in the euro zone), which also marked an improvement. By contrast, low investment levels and high unemployment combined with persistently high government debt is curbing the economic development of Southern European countries in particular. The German economy went on to overcome a spell of weakness in the spring. Contributing factors were a strong upturn in exports in the fourth quarter following sharp depreciation of the euro – primarily against the US dollar – and a strong domestic economic trend bolstered by lower energy prices. itelligence generated around 73% (previous year: 70.5%) of its revenues in the EU nations.

China remains a stable driver of the global economy, although economic growth slowed to 7.4% – the lowest figure for over 20 years. As the world's second-largest economy, China is a crucial trading partner for Germany in particular. itelligence AG's direct revenues in China amounted to 0.5% (previous year: 0.9%).

In the Asian emerging economies excluding China, economic growth came to around 4.5% in 2014. itelligence generated direct revenues only in Malaysia. These accounted for 0.9% (previous year: 0.8%) of total revenues.

Japan, the world's third-largest economy, is revitalizing its economy with an expansive fiscal policy as well as a flexible fiscal policy and structural reform. The fiscal policy resulted in a significant depreciation in the yen and an upturn in exports. However, economic growth for 2014 will be low at 0.1% (previous year: 1.6%). itelligence does not generate any direct revenues in Japan. However, as part of the Japanese NTT/NTT DATA-Group, economic developments in Japan are important. In addition, there are customer relationships with Japanese groups, both direct and via affiliates.

Sector developments in 2014

The IT software and services market is a global growth market. Gartner has forecast average growth rates of 6.4% for software and 3.7% for services for 2013 to 2018. For 2014, Gartner calculates global growth figures of 5.8% for the software market and 2.7% for the IT service market. Global organic growth at itelligence is 8.1%. However, there was no increase in software income, which remained at the high level of the previous year. Overall, itelligence posted higher growth than its competitors, with regional variations to be taken into account.

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, 2014	Jan. 1 – Dec. 31, 2013	Oct. 1 – Dec. 31, 2014	Oct. 1 – Dec. 31, 2013
Total revenues	**556.8**	**457.1**	**173.1**	**135.3**
Revenue division				
Consulting	246.6	214.9	72.4	56.8
Licenses	56.9	56.9	25.8	28.2
Application Management	66.3	49.1	19.8	14.5
Outsourcing & Services	186.1	135.7	54.9	35.3
Other	0.9	0.5	0.2	0.5
Revenue segment				
Germany/Austria/Switzerland (DACH)	255.0	192.9	83.8	58.0
Western Europe	120.2	104.7	35.7	29.9
Eastern Europe	63.1	48.1	19.9	18.2
USA	107.0	100.5	30.4	26.0
Asia	7.0	7.1	1.8	2.0
Other	4.5	3.8	1.5	1.2
EBIT	22.8	22.2	12.2	9.8
EBIT margin	4.1%	4.9%	7.0%	7.2%
EBITA	27.2	26.2	13.6	10.9
EBITA margin	4.9%	5.7%	7.9%	8.1%
EBITDA	43.3	38.0	18.6	14.0
EBITDA margin	7.8%	8.3%	10.7%	10.3%
IFRS net profit	6.7	16.2	3.3	8.6
IFRS earnings per share in EUR	0.11	0.48	0.06	0.27

Percentages are calculated on a KEUR basis.

Revenue development

itelligence continued to increase its market share in fiscal year 2014. Revenues rose by +21.8% from MEUR 457.1 to MEUR 556.8. Average revenue growth (CAGR) for the past ten years amounts to 15.6%. Consequently, revenue generated in fiscal year 2014 also well above the revenue target of MEUR 500.

There was year-on-year revenue growth in all quarters of fiscal year 2014. The growth rate reached +39% and +28% in the third and fourth quarters respectively. At +8.1%, organic growth was again well above the market growth rate. The companies acquired in 2014 contributed a further +13.7% to the increase in revenues (inorganic growth). This effect was particularly apparent in the third and fourth quarters, and resulted from the acquisitions in Germany (GISA GmbH), the USA (Symphony Management Consulting) and Denmark (4C Management Consulting).

itelligence reports revenues by segment and division.

45.8% of revenues were attributable to the DACH segment (previous year: 42.2%), 21.6% to Western Europe (previous year: 22.9%), 11.3% to Eastern Europe (previous year: 10.5%), 19.2% to the USA (previous year: 22.0%), 1.3% to Asia (previous year: 1.6%) and 0.8% to the Other segment (previous year: 0.8%).

In terms of the individual segments, 44.3% of revenues were attributable to Consulting (previous year: 47.0%), 10.2% to Licenses (previous year: 12.5%), 11.9% to Application Management (previous year: 10.7%), 17.8% to Outsourcing (previous year: 12.7%), 15.6% to Maintenance (previous year: 16.9%) and 0.2% to the Other segment (previous year: 0.1%).

Revenue development in the regions

The Germany/Austria/Switzerland (DACH) segment generates the highest revenues in the itelligence Group. At MEUR 255.0, revenues in the DACH region increased by +32.2% as against the previous year (after adjustment for currency translation effects: +33.1%), mainly as a result of the acquisition of GISA GmbH. With revenues of around MEUR 55, the company contributed to inorganic growth of 28.2%. Organic growth amounted to +4.0%. An analysis of revenue divisions in this segment shows that only Licensing revenues were down on the previous year, declining by MEUR -3.2 to MEUR 23.4. All other revenue divisions posted substantial increases. Outsourcing revenues enjoyed the strongest growth in percentage terms, increasing by +111.8% year-on-year to MEUR 68.0, chiefly as a result of the revenue contribution of GISA GmbH. Revenues in the Maintenance division saw slightly positive development in the region, increasing by MEUR +4.4 (+12.5%) year-on-year to MEUR 39.7. Application Management revenues rose by +75.3% or MEUR 5.5 to MEUR 12.8, while Consulting revenues increased by +21.1% (after adjustment for currency translation effects: 22.7%), from MEUR 91.5 to MEUR 110.8.

Revenues in Western Europe increased by +14.8% (after adjustment for currency translation effects: +12.5%) to MEUR 120.2 on the back of positive business performance in the UK region and in Denmark/Norway. Revenues in the UK rose by MEUR +6.9 to MEUR 46.8. In Denmark/Norway, revenues increased by MEUR +12.3 to MEUR 52.2.

Consulting revenues in Western Europe enjoyed significantly positive development in the period under review, increasing to MEUR 71.4. This is a rise of MEUR +8.4 or +13.3% (after adjustment for currency translation: 7.1%). In Denmark, Consulting revenues were up by MEUR +9.5, making up for the weaker performance of MEUR -3.4 in Benelux. Licenses revenues rose to MEUR 14.9, up MEUR +1.8 or 13.7% on the prior-year figure. Licenses business in the UK was the main contributor to this revenue growth with an increase of MEUR 4.2, making up for the lower Licenses revenues from Benelux and France/ Canada. Outsourcing also increased by +39.4% from MEUR 3.3 to MEUR 4.6. The upturn in Application Management revenues from MEUR 6.6 to MEUR 8.6 is attributable to the UK as well as the Nordic and Benelux regions.

The Eastern Europe segment recorded the second-highest revenue growth in the past fiscal year. Revenues increased by MEUR +15.0 or +31.2% year-on-year to MEUR 63.1. After adjustment for currency translation effects, revenue growth in the segment amounted to +43.1%. All national subsidiaries improved their market share year-on-year. In addition to the company in Poland, which posted the strongest revenue growth of MEUR +5.5, the company in Turkey generated revenue growth of MEUR +4.9, followed by the company in Hungary with MEUR +3.1. Performance in Russia with revenue growth of MEUR +2.7 was also pleasing, as was performance in Slovakia with MEUR +1.3 and the Czech Republic with MEUR +1.8.

Consulting revenues in the Eastern Europe segment increased by MEUR +2.4 or +12.2% year-on-year to MEUR 22.1 (after adjustment for currency translation effects: +23.5%). Application Management enjoyed particularly encouraging performance, with revenues increasing by MEUR +7.9 (+111.3%) year-on-year to MEUR 15.0, corresponding to growth of +130.8% after adjustment for currency translation effects. Outsourcing revenues increased by MEUR +1.3 year-on-year to MEUR 13.1 on the back of the positive development in Poland (MEUR +1.0) and Russia (MEUR +1.2). Licenses also saw revenue growth of MEUR +1.9 to MEUR 6.4 in fiscal year 2014, while Maintenance revenues increased by MEUR 1.4 (28.0%) to MEUR 6.4.

The USA segment developed positively compared with the previous year. Revenues increased by +6.5% (after adjustment for currency translation effects: +7.5%), from MEUR 100.5 to MEUR 107.0. 5.9% of this increase in revenues is attributable to organic growth and 0.6% to the acquisition of Symphony. Maintenance revenues posted particularly strong growth, rising by +9.3% year-on-year to MEUR 18.8. Outsourcing revenues grew by MEUR 0.6 to MEUR 8.6 (after adjustment for currency translation effects: 8.9%) Licenses revenues were up by MEUR +0.4 to MEUR 11.3. Consulting revenues rose by MEUR +1.8 to MEUR 38.4 (after adjustment for currency translation effects: 6.1%) year-on-year.

At MEUR 7.0, revenues in the Asia segment were largely unchanged from the previous year (MEUR 7.1). Licenses revenues in China fell by MEUR -1.2 to MEUR 0.1. By contrast, outsourcing revenues amounted to MEUR 4.7, up +46.9% on the previous year.

The Other segment contains the revenues of ITC GmbH and Recruit GmbH. At MEUR 4.5, the revenues generated by these two companies was up by MEUR +0.8 on the previous year as a result of the extremely positive performance of ITC GmbH.

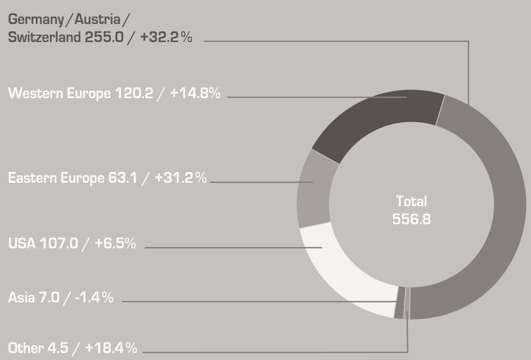
Revenue development by division

In fiscal year 2014, all revenue divisions of itelligence AG generated an increase or stable performance compared with the previous year.

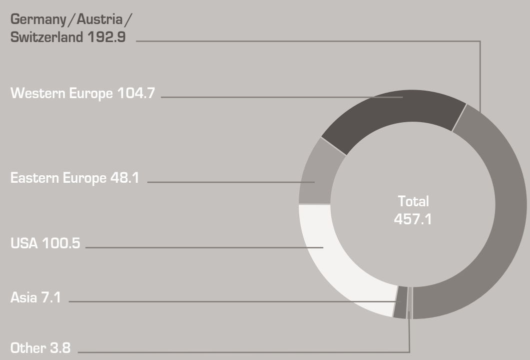
Consulting revenues increased by +14.8% year-on-year (after adjustment for currency translation effects: +15.9%) to MEUR 246.6. This is attributable to increased consultant capacity, constant daily rates and a slightly higher level of utilization for the itelligence Group. License revenues remained unchanged year-on-year at MEUR 56.9. Outsourcing revenues grew by +69.5% to MEUR 99.0, primarily as a result of the acquisition of GISA GmbH in Halle. Application Management revenues improved by +34.8% from MEUR 49.1 to MEUR 66.3. Maintenance revenues rose by MEUR +9.8, from MEUR 77.3 to MEUR 87.1.

Orders on hand at itelligence AG rose by +60.3% from MEUR 351.6 to MEUR 563.5. The acquisition of GISA GmbH was a key factor in this figure. Long-term business accounted for 44.0% of orders on hand after 77.6% in the previous year. The book-to-bill ratio for 2014 stood at 1.38, and was also positively impacted by the acquisition of GISA GmbH.

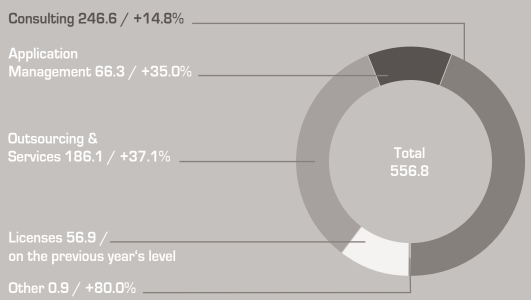
Revenue development by segment 2014 in MEUR



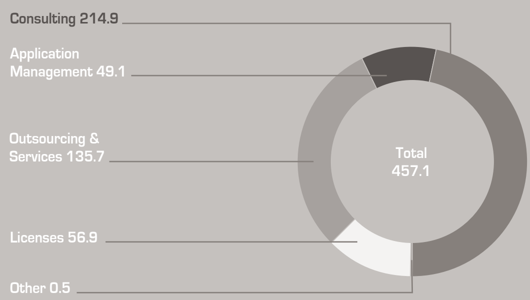
2013



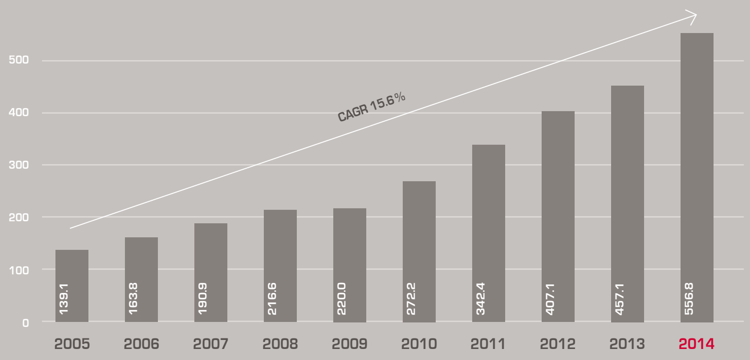
Revenue development by division 2014 in MEUR



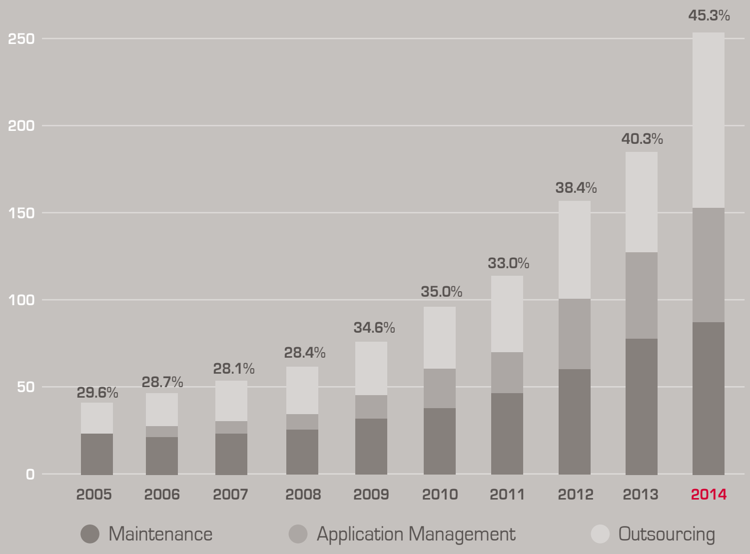
2013



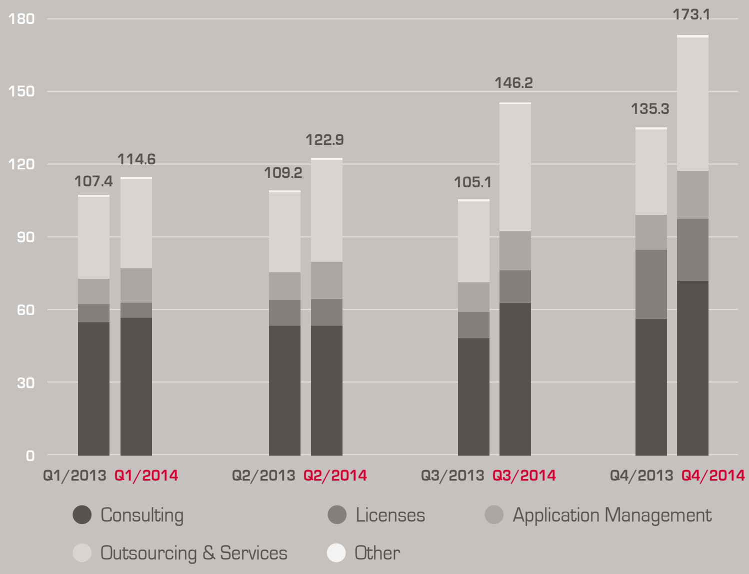
Revenue development 2005 – 2014 in MEUR



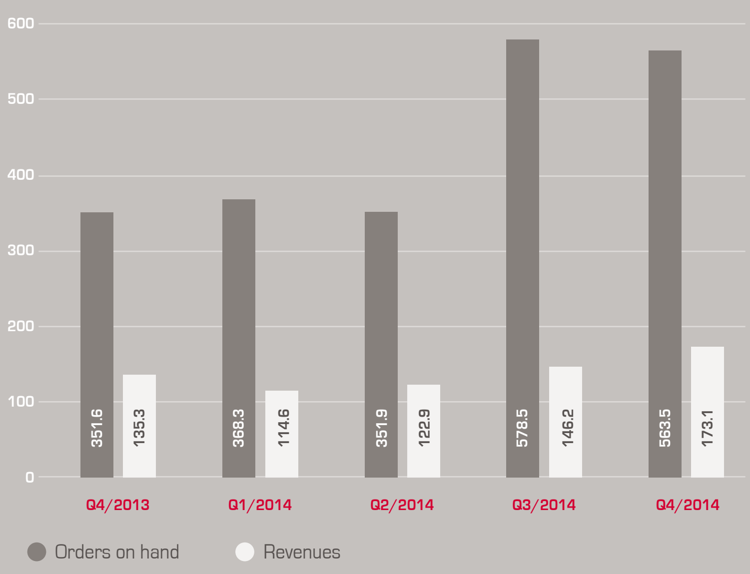
Share of total revenues attributable to recurring business in MEUR



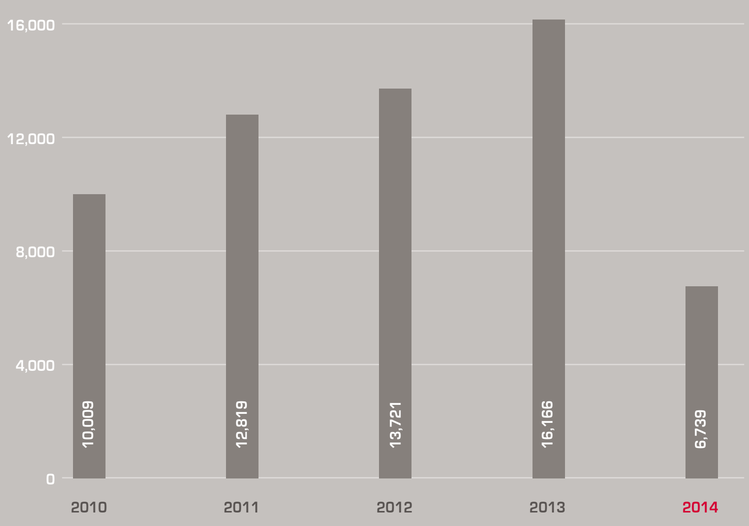
Revenues by quarter in MEUR



Orders on hand and revenues per quarter in MEUR



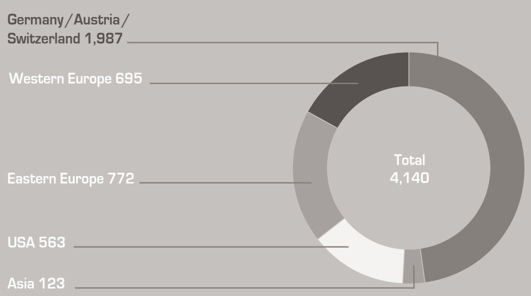
Consolidated net profit after taxes 2010 – 2014 in KEUR



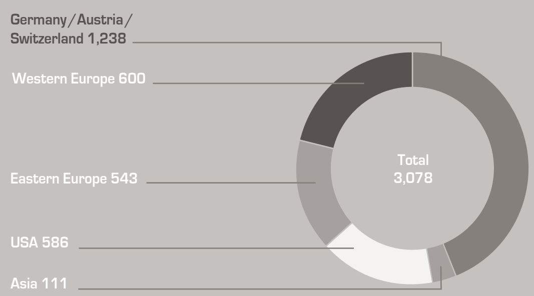
Employees by function as of December 31, 2014

as of December 31, 2013

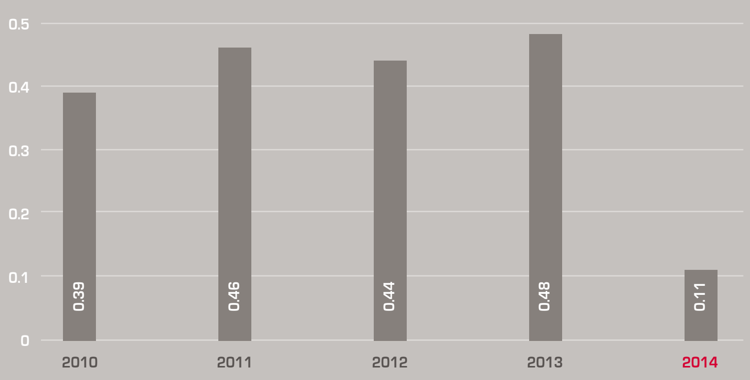
Employees by segment as of December 31, 2014



as of December 31, 2013



Earnings per share 2010 – 2014 in EUR



Net assets, financial position and results of operations

Results of operations

In fiscal year 2014, itelligence AG generated earnings before interest and taxes (EBIT) of MEUR 22.8, up MEUR +0.6 on the prior-year figure of MEUR 22.2. Earnings were hit by non-recurring costs for acquisitions in Germany, the USA and Denmark of MEUR 1.6 (previous year: MEUR 0.9). In addition, earnings included a first-time allocation from NTT DATA of MEUR 0.3. The EBIT margin fell by -0.8 percentage points from 4.9% to 4.1%. The operating EBITA margin (earnings before interest, taxes and amortization) amounted to 4.9%. The difference of 0.8 percentage points compared with the EBIT margin is due to the scheduled amortization of intangible assets in the amount of MEUR 4.4. Capitalized customer relationships and orders on hand are amortized over periods that reflect the respective contractual terms.

At MEUR 9.0, the highest absolute earnings contribution was generated by the Germany/Austria/Switzerland segment (previous year: MEUR 6.8). Despite the reduced utilization rate of in-house consultants and the lower earnings contribution from license sales, the earnings contribution in the form presented above increased, mainly as a result of the profitable business of GISA GmbH.

At MEUR 5.6, the earnings contribution in the Western Europe segment was down slightly on the prior-year figure of MEUR 5.9. Strong business performance in the Denmark/Norway sub-region and continued positive development in the UK failed to offset the slight downturn in earnings in France/Canada and the negative earnings contribution from Benelux.

The Eastern Europe segment generated the same earnings contribution as last year at MEUR 4.4. The continued strong performance in Turkey and Poland made up for the negative earnings contribution in Russia, which is due to a specific valuation allowance. The earnings contribution was bolstered by sound earnings in Hungary, Slovakia and the Czech Republic.

Profitability in the USA segment was lower than in the previous year: at MEUR 3.2, the EBIT contribution declined by MEUR -0.6 (-15.8%). This effect was due to postponed consulting projects, particularly in the first and second quarters, and the associated lower level of utilization of consultants. However, the instigated cost-saving programs prevented greater downturns in earnings. Earnings were bolstered by strong business performance in Canada. The outstanding development of License business had a positive impact on the segment here.

The earnings contribution from the Asia segment increased by MEUR +0.4 year-on-year to MEUR 0.6. As forecast, the national subsidiary in Malaysia enjoyed positive development: the earnings contribution of around MEUR 0.6 represented an improvement of MEUR +0.3 on the previous year. Business in Shanghai and China remained below expectations. In particular, License business was down by MEUR -1.3 year-on-year. Overall, earnings were just above breakeven.

The EBIT contribution in the Other segment was down on the previous year. Recruit posted a slight loss, while ITC generated an earnings contribution of MEUR 0.4 (previous year: MEUR 0.5).

Development of the EBIT margin

EBIT margin 2013	4.9%
Third-party service provider costs	-1.2%
Staff costs	-0.4%
Cost of materials	+0.6%
Travel costs	+0.6%
Other income/expenses	-0.4%
EBIT margin 2014	**4.1%**

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

The ratio of staff costs to total revenues increased by +0.4% year-on-year to 52.5%, as staff costs rose to a greater extent than revenues. The utilization ratio of third-party service providers increased by +1.2% to 9.4%. The product cost ratio fell by -0.6% to 19.1% as a result of higher license sales of proprietary solutions.

In the past fiscal year, the ratio of travel costs to total revenues decreased by -0.6 percentage points to 5.2%.

The balance of other operating expenses and income rose by +0.4%, and the EBIT margin declined.

The target of increasing the EBIT margin to over 5.5% was not met, largely due to the lower than expected level of consultant utilization in Germany, Benelux and the USA. In addition, higher value adjustments on receivables and project write-downs led to deviations.

Overall, the gross margin declined by -1.1 percentage points year-on-year from 24.6% to 23.5%. This mainly resulted from the lower earnings contributions from Consulting. Despite the further expansion of sales activities, the ratio of selling and marketing expenses to revenues fell by -0.4 percentage points to 10.3% in fiscal year 2014. At 8.3%, administrative expenses were down -0.2 percentage points on the prior-year figure of 8.5%.

Net finance costs

Net finance costs amounted to MEUR -8.6 (previous year: MEUR 1.4) This figure includes finance income from short-term investments in the amount of MEUR 0.1 (previous year: MEUR 0.2) and finance costs of MEUR 3.2 (previous year: MEUR 2.9). Net finance costs also include expenses from the remeasurement of derivatives and the exercise of options in the amount of MEUR 5.8 (previous year: income of MEUR 4.2). This results in EBT of MEUR 14.2 (previous year: MEUR 23.6).

Tax expense

Tax expense in fiscal year 2014 amounted to MEUR 7.4 (previous year: MEUR 7.4). At 52.4%, the consolidated tax rate was up significantly on the previous year (31.5%). This development is largely due to the high expenses from remeasurement and exercise of stock options, which do not affect taxation. 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 of itelligence AG for the fiscal year under review fell to MEUR 6.7, down MEUR 9.5 on the prior-year figure of MEUR 16.2.

Accordingly, earnings per share also fell from EUR 0.48 to EUR 0.11 in the last fiscal year. Earnings per share were calculated on the basis of 30,014,838 shares.

Net assets

The itelligence Group's total assets grew by MEUR 64.0 or 19.2% to MEUR 397.2 as of December 31, 2014 (previous year: MEUR 333.2). This was primarily due to the increase in assets resulting from the companies acquired in Germany and abroad.

Assets	Dec. 31, 2014	Dec. 31, 2013	Change
	MEUR	MEUR	MEUR
Intangible assets	120.9	91.5	29.4
Property, plant and equipment	72.9	59.4	13.5
Non-current receivables and other assets	7.8	6.4	1.4
Non-current assets	**201.6**	**157.3**	**44.3**
Current receivables and other assets	156.8	136.6	20.1
Cash and cash equivalents	38.8	39.3	-0.5
Current assets	**195.6**	**175.9**	**19.7**
Total assets	**397.2**	**333.2**	**64.0**

Equity and Liabilities	Dec. 31, 2014	Dec. 31, 2013	Change
	MEUR	MEUR	MEUR
Equity (incl. non-controlling interests)	**132.9**	**121.8**	**11.1**
Financial liabilities	62.4	47.4	15.0
Provisions for pensions and other provisions	9.8	1.5	8.3
Other non-current liabilities	17.4	13.5	3.9
Non-current liabilities	**89.6**	**62.4**	**27.2**
Trade payables	47.5	38.9	8.6
Financial liabilities	26.5	16.2	10.3
Other current liabilities and provisions	100.7	93.9	6.8
Current liabilities	**174.7**	**149.0**	**25.7**
Total Equity and Liabilities	**397.2**	**333.2**	**64.0**

Non-current assets increased by MEUR 44.3 in fiscal year 2014, from MEUR 157.3 to MEUR 201.6. Non-current assets accounted for 50.8% of total assets at the reporting date (previous year: 47.2%). The main items under non-current assets are goodwill in the amount of MEUR 98.9 (previous year: MEUR 80.7) and property, plant and equipment in the amount of MEUR 72.9 (previous year: MEUR 59.4). The MEUR 18.2 increase in goodwill is primarily attributable to the acquisition of the 51% stake in GISA GmbH, the 100% stake in 4C Management Consulting Denmark and the 100% stake in Symphony Management Consulting USA.

Current assets amounted to MEUR 195.6 at the end of the year under review (previous year: MEUR 175.9), thereby accounting for 49.2% of total assets at the end of 2014 (previous year: 51.7%). Trade receivables saw the strongest growth; this item increased by 8.4% year-on-year, from MEUR 119.9 to MEUR 130.0, as a result of the high Licenses revenues in the fourth quarter of 2014 and the acquisitions conducted. As of the reporting date, the average days sales outstanding rose slightly to 87 days (previous year: 86 days), whereas cash and cash equivalents declined by 1.2% to MEUR 38.8 (previous year: MEUR 39.3).

On the liability side of the consolidated statement of financial position, equity increased by MEUR 11.1 to MEUR 132.9 largely as a result of the consolidated net profit for the year. The equity fell from 36.5% in the previous year to 33.5% as a result of the increase in total assets.

Non-current liabilities accounted for 22.6% of the Group's total equity and liabilities at December 31, 2014, down on the prior-year figure of 18.7%. Within non-current liabilities, financial liabilities increased, mainly due to refinancing of acquisition costs and first-time consolidation of the new companies. Non-current financial liabilities primarily relate to the financing of the data centers in Germany and abroad as well as the Group's acquisitions.

itelligence recorded an increase in current liabilities of MEUR 25.7 to MEUR 174.7. At 44.0%, the ratio of current liabilities to total assets was down slightly on the previous year (44.7%). The increase in non-current liabilities was primarily due to higher trade payables on the back of the substantial Licenses revenues in the fourth quarter, as well as the higher level of other non-financial liabilities at year-end. The rise in other non-financial liabilities is mainly due to higher liabilities for bonuses and salaries (MEUR 5.8) as well as vacation entitlement (MEUR 1.8).

Financial position

Cashflow MEUR	Dec. 31, 2014	Dec. 31, 2013	Change
EBITDA	43.3	38.0	5.3
Cashflows from operating activities	23.8	33.8	-10.0
Cashflows from investing activities	-35.6	-25.0	-10.6
Cashflows from financing activities	10.5	-11.4	21.9
Change in liquidity	-0.5	-4.3	3.8

In the past fiscal year, net cash from operating activities fell by MEUR 10.0 to MEUR 23.8 despite a MEUR 5.3 increase in EBITDA. This development was chiefly attributable to the increase in working capital, as a result of the decrease in liabilities and provisions combined with a rise in current assets at the end of the year.

At MEUR 35.6, net cash used in investing activities was up significantly on the prior-year figure of MEUR 25.0. This was due in particular to purchase price payments for the acquisition of the new companies (less cash and cash equivalents acquired) in the amount of MEUR 19.5 (previous year: MEUR 5.6). Investments in intangible assets and property, plant and equipment (less investment subsidies and grants) amounted to MEUR 19.4 in the year under review (previous year: MEUR 19.5). Investments in intangible assets primarily related to the orders on hand and customer relationships acquired in the business areas of GISA GmbH in Germany and 4C Management Consulting in Denmark. 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.

In terms of geographical segments, the USA accounted for investments of MEUR 2.7 (previous year: MEUR 7.1), DACH for MEUR 11.5 (previous year: MEUR 7.5), and Eastern Europe for MEUR 2.8 (previous year: MEUR 3.5).

Net cash used in financing activities totaled MEUR 10.5 (previous year: MEUR 11.4). The group entered into financial liabilities of MEUR 25.3 in fiscal year 2014. This was offset by repayments in the amount of MEUR 8.8, MEUR 6.6 of which related to the Group parent. Non-current financial liabilities were primarily entered into in connection with acquisitions as well as investments in the data centers. The interest rates ranged from 1.25% to 2.45%. Due to the fixed interest agreements for the existing financing, a change in interest rates would not have a significant impact on the itelligence Group's financial position. For future growth finance, a change in interest rates would affect the Group's financial position and net interest income.

Details on the nature, maturity and interest rate structure of the liabilities can be found in note (23) "Financial liabilities" in the notes to the consolidated financial statements.

Cash and cash equivalents declined by MEUR 0.5 to MEUR 38.8 as of the reporting date (previous year: MEUR 39.3). Of this figure, MEUR 12.9 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 25.9 were invested and reported in the country-specific currencies. Translation was performed at the year-end closing rates. The consolidated financial statements will continue to be subject to currency translation effects in future. The Group's liquidity reserves were invested solely in short-term investments, meaning that fluctuations in the market interest rates for such investments on the money and capital markets can have an impact on itelligence's net interest income.

In order to increase financial flexibility, additional credit facilities of MEUR 23.5 were agreed in Germany. In the year under review, these were utilized for drawing against guarantees and loans in the amount of MEUR 4.5. In addition to credit facilities in Germany, subsidiaries also applied for credit facilities abroad. These credit facilities with a total volume of MEUR 13.9 were agreed in the respective local currencies and were partially guaranteed by itelligence AG. At the reporting date, these credit facilities were utilized by subsidiaries in the amount of MEUR 1.5.

Cash and cash equivalents of MEUR 38.8, credit facilities of MEUR 37.4 and the partnership with NTT DATA serve to guarantee the Group's financial flexibility and its ability to meet its payment obligations.

Overall assessment of the economic position

itelligence exceeded its growth targets once again in 2014. The GISA GmbH acquisition was the largest transaction in the company's history. In particular, this has enabled easier access to customers in the energy industry and the public sector in Germany. Even after the acquisition, the consolidated statement of financial position still shows a sound equity ratio of 33.5%, as against 36.5% in the previous year. itelligence holds cash and cash equivalents of MEUR 38.8, and has sufficient credit facilities of MEUR 23.4 in Germany and MEUR 13.9 abroad to guarantee sufficient financial flexibility. However, loans and financing can be concluded with the parent company NTT DATA at any time. The Management Board rates the financial scope of itelligence AG as sufficiently stable to finance the envisaged growth in Germany and abroad. Overall, itelligence AG's economic position remains highly satisfactory.

A stated aim for fiscal year 2015 is to increase profitability. Overall, the Management Board expects the economic position to improve in 2015.

Financial and non-financial performance indicators

Financial performance indicators

One of the key financial performance indicators at itelligence AG is EBIT (IFRS) and profit from ordinary activities (HGB). EBIT is defined as operating earnings before interest and taxes. Profit from ordinary activities is defined as the profit generated before extraordinary items and taxes. The performance indicators are presented to and discussed with the Management Board on a monthly basis as part of internal reporting, thereby allowing controlling measures to be initiated in a timely manner.

itelligence AG's financial indicators also encompass a wide range of operational key figures that are used to measure strategic objectives in terms of growth and efficiency improvements. In addition to total revenues, this includes utilization levels, the development of daily rates and project budget compliance in the Consulting business and revenue growth and the number of new customers in the Licenses and Maintenance business. Sales activities in all divisions are monitored and managed centrally through the regular monitoring of the sales pipeline and the development of orders on hand. Additional financial indicators such as DSO (days sales outstanding) and operating cashflow are also tracked for the purposes of debtor management.

Non-financial performance indicators

Employees

itelligence AG's business success and leadership claim as a strategic SAP full-service provider is primarily based on highly qualified and motivated employees who identify with the company. Accordingly, the company offers its employees a wide range of development opportunities. For example, individual career plans are drawn up at annual appraisal meetings and systematically pursued. With the "DELTa" (Develop Expert and Leadership Talent) high-potential program, the company has implemented an initiative for manager development and hence established the basis for recruiting new members of management from its own ranks. Selected employees are supported and challenged in international teams for a one-year period.

The Group-wide employee survey is the central instrument for measuring the progress made by the company in implementing its strategy and the development of management behavior. The survey was conducted for the fourth time in 2014. The itelligence Group has a mature corporate identity that constitutes the foundation for its success on the basis of shared core values and a uniform value system.

Customers and quality

Customer satisfaction is of central importance to the itelligence Group's business success. It forms the basis for satisfactory partnership and long-term cooperation.

The success of extensive, complex projects depends to a large extent on high-quality implementation in line with the agreed budgets and deadlines. To prevent deviations from planning that could have a negative impact on its earnings situation, itelligence has established detailed, binding requirements for the tender process as well as for project and quality management.

itelligence received a number of SAP awards in 2014, including for high-quality SAP projects.

Research and development

As itelligence does not perform any research and development in the narrower sense, it depends in particular on innovations in the area of industry solutions for the more efficient implementation of SAP as a factor in maintaining and expanding its international competitiveness.

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 2014, revenues increased by +21.8% to MEUR 556.8. This development comprised organic growth of +8.1% and inorganic growth of +13.7%. Inorganic growth stemmed from the acquisitions of GISA GmbH in Germany, Symphony in the USA and 4C in Denmark.

Product-related expenses, which contain advance expenses for software licenses and maintenance, increased by MEUR +16.3 or +18.0% year-on-year to MEUR 106.5. This absolute increase is attributable in particular to the higher maintenance volume and the corresponding costs payable to SAP SE, as well as the higher license volume. Third-party service provider costs amounted to MEUR 52.4, up MEUR 14.8 on the previous year.

itelligence AG saw a decrease in its value added in the past fiscal year. Value added currently corresponds to 54.7% of business performance (previous year: 56.9%).

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

At 94.3% (previous year: 89.9%), the largest share of value added was attributable to the itelligence Group's employees. The government accounted for 2.4% of value added in the form of taxes and levies (previous year: 2.8%).

Value Added Statement

KEUR	Origin					
	2014		2013		Change	
Revenues	556,806	99.4%	457,084	99.1%	99,722	21.8%
Other income	3,290	0.6%	3,995	0.9%	-705	-17.6%
Business performance	**560,096**	**100.0%**	**461,079**	**100.0%**	**99,017**	**21.5%**
Product-related expenses	106,514	19.0%	90,259	19.6%	16,255	18.0%
Third-party service providers	52,389	9.4%	37,599	8.2%	14,790	39.3%
Rental expenses	14,409	2.6%	10,998	2.4%	3,411	31.0%
Depreciation/amortization	20,472	3.7%	15,804	3.4%	4,668	29.5%
Other expenses	60,068	10.7%	44,276	9.6%	15,792	35.7%
Value added	**306,244**	**54.7%**	**262,143**	**56.9%**	**44,101**	**16.8%**

	Application					
	2014		2013		Change	
Employees	288,922	94.3%	235,676	89.9%	53,246	22.6%
Shareholders	0	0.0%	0	0.0%	0	0.0%
Company (retained profits)	3,286	1.1%	14,375	5.5%	-11,089	-77.1%
Lenders	3,157	1.0%	2,871	1.1%	286	10.0%
Government	7,426	2.4%	7,430	2.8%	-4	-0.1%
Minority interests	3,453	1.1%	1,791	0.7%	1,662	92.8%
Value added	**306,244**	**100.0%**	**262,143**	**100.0%**	**44,101**	**16.8%**

Remuneration Report

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 2014:

Herbert Vogel (CEO)	2014 KEUR	2013 KEUR
Non-performance-related (fixed) remuneration	500	500
Performance-related (variable) current remuneration (current year)	212	159
Performance-related (variable) non-current remuneration (current year)	120	207
Payment difference for (variable) current remuneration (previous year)	19	0
Total remuneration for the year	**851**	**866**

Norbert Rotter (CFO)	2014 KEUR	2013 KEUR
Non-performance-related (fixed) remuneration	250	250
Performance-related (variable) current remuneration (current year)	127	95
Performance-related (variable) non-current remuneration (current year)	52	90
Payment difference for (variable) current remuneration (previous year)	12	0
Total remuneration for the year	**441**	**435**

The total remuneration paid to the members of the Management Board for fiscal year 2014 was KEUR 1,292 (previous year: KEUR 1,301).

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

The remuneration components are broken down as follows:

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

- Variable remuneration consists of a short-term incentive based on the Group's achievement of its earnings goal (consolidated EBIT) for the year, the Group's revenues target (consolidated) and personal performance. It is paid within five working days after the Annual General Meeting.

- The members of the Management Board also receive a bonus with long-term incentive effect based on a comparison of two average value added contributions (consolidated EBIT) each calculated over a four-year period. This is also paid within five working days of the Annual General Meeting for the fourth fiscal year of the relevant performance period. As the activities that give rise to a claim for remuneration were performed for the long-term incentive in fiscal 2014, this is reported in the 2014 remuneration report. Any payment difference compared with the amount actually granted is included in the total remuneration for the fiscal year in which the legally binding commitment was made.

- 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 10,000 for the CEO and EUR 4,500 for the CFO. The pension commitment also includes a widow's pension amounting to 65% 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.

- From January 1, 2013, the members of the Management Board receive an invalidity pension corresponding to 75% of the respective pension.

In previous years, part of the variable remuneration was 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 share-based remuneration was replaced by the long-term incentive program described above. See also the comments under note 27 Other non-financial liabilities. Virtual itelligence shares were usually issued 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 was calculated. If this comparison of the average price at the issue date and the average price after the end of this three-year period showed an increase in the company's share price, the respective Management Board member was paid an amount equivalent to the increase in the value of the virtual shares acquired. Variable long-term remuneration is payable only after the end of the third Annual General Meeting. Share-based remuneration is included in total remuneration at the fair value at the grant date. The performance of the virtual stock options and the amounts paid are shown separately within the remuneration report. 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.

In fiscal year 2014, the eighth tranche of the long-term share-based remuneration, which ran from January 1, 2011 to December 31, 2013, was paid to the Management Board.

KEUR 218.3 was paid to the CEO and KEUR 218.3 to the CFO. The average Xetra closing price for itelligence shares for the period from January to May 2013 was EUR 11.062. The tranche was measured at the average Xetra closing price for 2010, which was EUR 5.604. This increase in value was multiplied by the number of virtual shares acquired. The resulting expense was recognized during the term of the tranche from 2011 to 2013.

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, 2014 CEO	Proportionate fair value Dec. 31, 2014 CFO	Expenses for stock options 2014
			EUR	EUR	EUR	EUR
Tranche 9	40,000	40,000	0,94	175,520	175,520	122,240

No loans were granted to members of the Management Board in fiscal years 2014 and 2013. There were also no similar benefits. The members of the Management Board do not receive any remuneration for mandates at Group companies.

There were no commitments for severance payments in the case of the regular termination or non-renewal of employment contracts or a change of shareholder or for transitional benefits. In the event of the early termination of a Management Board contract not resulting from justified extraordinary termination by the company, the members of the Management Board shall be paid the remainder of their contract as severance. A cap on severance has not been agreed. A post-contract prohibition on competition and post-contract customer protection has been agreed with the members of the Management Board for a period of 24 months after the end of the contract. The company undertakes to pay compensation of 50% of the final fixed remuneration of the respective members of the Management Board for the duration of the post-contract prohibition on competition. The company has the right to waive the prohibition on competition.

The company has pension obligations to the members of the Management Board in the amount of KEUR 2,848, for which total expenses of KEUR 73 were incurred in 2014.

The financing status developed as follows:

Herbert Vogel	2014 TEUR	2013 TEUR
Defined benefit obligation	2,464	1,815
Cash surrender value of the employer's pension liability insurance policy	-985	-930
Financing status	**1,479**	**885**

Norbert Rotter	2014 TEUR	2013 TEUR
Defined benefit obligation	384	202
Cash surrender value of the employer's pension liability insurance policy	-139	-113
Financing status	**245**	**89**

The company has pension obligations to former members of executive bodies in the amount of KEUR 1,211, for which expenses of KEUR 18 were incurred in 2014.

The financing status developed as follows:

	2014 TEUR	2013 TEUR
Defined benefit obligation	1,211	902
Cash surrender value of the employer's pension liability insurance policy	-530	-514
Financing status	**681**	**388**

Remuneration of the Supervisory Board

The following table provides a breakdown of the remuneration of the Supervisory Board for fiscal 2014 and the previous year:

	Fixed remuneration component	Committee remuneration	Attendance fees	2014 Total remuneration
	KEUR	KEUR	KEUR	KEUR
Friedrich Fleischmann (Chairman)	75.0	37.5	9.0	121.5
Dr. Stephan Kremeyer (Deputy Chairman)	37.5	12.5	9.0	59.0
Heiner Schumacher	25.0	27.5	8.0	60.5
Carsten Esser	25.0	5.0	9.0	39.0
Kazuhiro Nishihata	25.0	3.9	6.0	34.9
Akiyoshi Nishijima	25.0	0.0	7.0	32.0
	212.5	**86.4**	**48.0**	**346.9**

	Fixed remuneration component	Committee remuneration	Attendance fees	2013 Total remuneration
	KEUR	KEUR	KEUR	KEUR
Friedrich Fleischmann (Chairman)	75.0	37.5	14.0	126.5
Dr. Stephan Kremeyer (Deputy Chairman)	37.5	9.5	11.0	58.0
Heiner Schumacher	25.0	27.5	14.0	66.5
Carsten Esser *	15.1	3.1	6.0	24.2
Dr. Britta Lenzmann *	9.9	4.9	2.0	16.8
Kazuhiro Nishihata	25.0	0.0	7.0	32.0
Akiyoshi Nishijima	25.0	0.0	7.0	32.0
	212.5	**82.5**	**61.0**	**356.0**

* Remuneration calculated on a pro-rata basis as Supervisory Board members were not in office for the entire fiscal year.

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 December 12, 2013 introduced new provisions for the remuneration of the activities of the members of the Supervisory Board from fiscal year 2013. In line with these provisions, Supervisory Board members receive fixed remuneration in addition to the reimbursement of their expenses.

(1) Each member of the Supervisory Board receives fixed annual remuneration of EUR 25,000. 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 EUR 1,000 per day for each meeting of the Supervisory Board or of a Supervisory Board committee attended.

(2) Members of Supervisory Board committees receive additional fixed remuneration of EUR 5,000 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.

(3) Remuneration is payable quarterly after the end of each quarter. Supervisory Board members not in office for the entire quarter receive their remuneration pro rata temporis.

Members of the Supervisory Board also received performance-based remuneration geared towards the company's long-term success in previous years: After the end of the Annual General Meeting, a situation was simulated whereby the company invested 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 was EUR 15,000, while the notional investment amount for the Deputy Chairman was 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 showed an increase in the company's share price, the respective Supervisory Board member was paid an amount equivalent to the increase in the value of the virtual shares acquired in accordance with sentence 2. This performance-related remuneration was payable on the first working day after the third Annual General Meeting in accordance with sentence 4. Share-based remuneration is included in total remuneration at the fair value at the grant date. The performance of the virtual stock options and the amounts paid are shown separately within the remuneration report. 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.

In fiscal year 2014, the eighth tranche of the share-based remuneration with long-term incentive effect, which ran from January 1, 2011 to December 31, 2013, was paid out to the members of the Supervisory Board (at the time of assignment) in the amount of:

KEUR 9.7 to the former Chairman Lutz Mellinger
KEUR 7.3 to the Deputy Chairman Dr. Stephan Kremeyer
KEUR 4.9 to each member

The average Xetra closing price for itelligence shares for the period from January to May 2013 was EUR 11.062. The tranche was measured at the average Xetra closing price for 2010, which was EUR 5.604. This increase in value was multiplied by the number of virtual shares acquired. The resulting expense was recognized during the term of the tranche from 2011 to 2013.

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 9	2,248	1,124	2,996	6,368	0,94

	Proportionate fair value Dec. 31, 2014 Chairman	Proportionate fair value Dec. 31, 2014 Deputy Chairman	Proportionate fair value Dec. 31, 2014 Members	Proportionate fair value Dec. 31, 2014 Total	Expenses for stock options 2014
	EUR	EUR	EUR	EUR	EUR
Tranche 9	3,287	4,931	3,287	19,603	3,626

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.

Report on Post-Balance Sheet Date Events

By way of a purchase agreement dated February 2, 2015, itelligence Outsourcing & Services GmbH acquired a building. The purchase price was KEUR 1,973.

On February 27, 2015, the existing loans were rescheduled with the Group holding company. In addition, the loan volumes were increased by KEUR 23,807 to finance future acquisitions and the acquisition of further shares in companies in the context of agreed put and call options.

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

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. NTT DATA EUROPE GmbH & Co. KG has held all of the shares in itelligence AG since the squeeze-out came into effect on June 17, 2013. As there is neither a control or profit transfer agreement in place with NTT DATA EUROPE GmbH & Co. KG nor an incorporation was planned, 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

Opportunities and risks

The internal control system (ICS) of itelligence AG consists of corporate controlling, financial reporting and Internal Audit as well as Group-wide risk management.

In 2014, itelligence continued to simplify and harmonize the internal audit and reporting system in the Group and within the NTT DATA Group. Signing of the NTT DATA Group agreement means that itelligence's ICS is part of NTT DATA's compliance management.

Cooperation between the Internal IT, Information Security and Data Protection Partners and Risk Management was intensified in 2014. The annual risk inventory was again incorporated in the audit plans of Internal Audit last year.

Opportunity management

As a long-time partner, itelligence assumes responsibility for the success of IT initiatives implemented by customers. By combining SAP consulting, software, hosting and application management services, itelligence can offer customer-oriented solutions. Above and beyond SAP products, our proven industry solutions, process expertise, SAP technological leadership and global presence form the basis for successful collaboration.

Our successful business model is based on a full service provider approach. The management sees itelligence's long-term, sustainable business success as being dependent on its ability to make permanent improvements in the entire value chain on the basis of its existing strengths and expertise. itelligence also sees opportunities in new markets with corresponding growth potential. Technological advances such as in-memory computing, cloud computing and mobility offer sustainable growth opportunities.

Opportunities of future business development

Because of its focus as a full-service IT provider for SAP, a large number of economic growth opportunities are available to itelligence AG. These result not only from the innovation of SAP products (e.g. big data solutions, social media analytics, cloud and mobility services), but also from the international cooperation with SAP. itelligence's global partnerships allow it to provide intensive support to small and medium-sized enterprises and, in particular, upper midmarket companies with a strong international focus in Germany and abroad.

The parent company NTT DATA Corporation supports itelligence AG's dynamic growth. In addition to providing support for NTT DATA customers in Europe, activities focus in particular on the realization of joint projects and the development of markets such as Asia. itelligence uses the capital resources provided by the partnership with NTT DATA to strengthen its position through targeted acquisitions.

Risk Management

In accordance with section 91(2) AktG, the Management Board of itelligence AG has established a risk management system for the Group in order to identify risks at an early stage. This risk management system is implemented on a Group-wide basis as one of the integral components 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 comprises the integrated planning process, monitoring and controlling of business processes and the rule-compliant consolidated financial statements, which are prepared in accordance with IFRS as applicable in the EU. The defined standards are set out and published in Group-wide guidelines such as the Accounting and Account Assignment Manual, Compliance Management, the Risk Management Guideline and the Information Security Guideline. These are based on the requirements of the NTT DATA Group. Implementation of the Japanese statutory provisions based on the US Sarbanes-Oxley Act is examined and improved by itelligence's Internal Audit in cooperation with NTT DATA, with a particular focus on the areas of entity-level controls.

Monthly management meetings at which the operating divisions report on business developments, opportunities and risks of their areas of responsibility 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.

NTT DATA Corporation also intends to establish a uniform global audit and reporting system for all Group companies with the aim of bundling and analyzing the information required for efficient opportunity and risk management as quickly as possible and making the findings available to all Group members in good time.

Risks of future business development

Business environment risks

SAP partnership
itelligence offers comprehensive IT services for the traditional and upper midmarket SAP environment. Consequently, itelligence AG is dependent to a large extent on the continued market success of SAP's products. 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, embodies an economic risk for itelligence. The economic risk for itelligence will be reduced while customers continue to be provided with the most high-performance SAP products available.

Human resources risks and opportunities
Highly qualified employees and managers are a key factor in itelligence AG's success. A lack of qualifications, obsolete expertise and insufficient motivation would jeopardize the success of our projects.

In addition to an innovative working environment, human resources activities therefore focus on professional training and the international management development program.

In fiscal year 2014, the management of itelligence AG held 360-degree feedback discussions in the top and middle management tiers in order to identify potential for improvement in corporate and employee management and derive corresponding measures from this.

Despite these measures, the possibility that qualified employees will leave the company or that an insufficient number of new employees will be recruited cannot be ruled out.

Industry risks

Industry risks result from the competitive IT market and the rapid pace of technical progress. These risks affect itelligence's net assets and results of operations. The company focuses on the following risk areas:

a) Customer-oriented market risks
   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.

Performance risks

Project risk
The risk of project escalation and resulting adverse effects on itelligence's net assets and results of operations cannot be completely ruled out. itelligence works actively to reduce product risks by using qualified employees, through efficient project organization including meetings of the steering committee and by incorporating customers in project work. The information feedback system, from the project status, continuous monitoring of the project by the project manager, defined information channels and coordination structures through to escalation provisions, enables everyone involved to identify risks at an early stage and take appropriate countermeasures.

Risks in the Outsourcing & Services division
The availability and reliability of the products and services provided are key factors for the Outsourcing & Services division. Contractual and statutory provisions form the basis for resource and process planning, while clearly defined responsibilities, interfaces and workflows serve to ensure compliance. The forecast opportunities and risks must be weighed up before any new or altered technology or process is applied. The requirements in terms of technology and processes must be unequivocally defined and measurable at all times, all steps in the implementation process including the related test procedures and alternative plans must be carefully documented, and the results achieved must be evaluated impartially.

In 2014, the service management system (it.SMS) of itelligence Outsourcing & Services GmbH was recertified in accordance with ISO/IEC 20000-1:2011. These standards combine IT services management, quality management and information security, and are therefore also geared towards the practice of IT services providers such as itelligence Outsourcing & Services GmbH. Comprehensive security measures – from building access restrictions through to the internal authorization concept for the responsible employees – and regular security audits with subsequent ISO/IEC 27001:2005 recertification are important for risk minimization, particularly with regard to data center operations. itelligence Outsourcing & Services GmbH's internal control system is tested and audited in accordance with ISAE3402. The audit report highlights compliance with operational data protection measures, which exceeds the standard of other service providers.

Financial risks

Liquidity risk
itelligence has established a central finance management system that manages global liquidity. The weekly liquidity status report including a cash forecast enables Group-wide monitoring of cash and cash equivalents so that measures can be initiated at short notice as required. A constant level of cash and cash equivalents and credit facilities in Germany and abroad increases security and independence.

Interest rate fluctuations on the money and capital markets impact itelligence AG's net interest income only to a limited extent, as defined low liquidity reserves are invested conservatively and solely in the short term.

Price risk
itelligence permanently monitors exchange rate risks on the basis of items in the statement of financial position. 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 cashflows 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.

Default risk
Although itelligence has established a system enabling the early recognition of customer insolvency risk at all of its national subsidiaries, this risk cannot be ruled out altogether. All receivables within the Group are examined on a monthly basis and bad debt allowances are recognized depending on the age structure. This measure is supplemented by permanent credit checks, which also include risk provisions in the form of specific valuation allowances.

Other risks

Political risk
As an international service provider, itelligence is also exposed to political influences and their consequences. Accordingly, political risk is taken into account in all investment decisions.

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.

Overall risk situation

The Management Board does not consider there to be any individual risks that could endanger the continued existence of the itelligence Group at the date of preparation of this annual report and in the foreseeable future. Similarly, the Management Board does not consider the aggregate risk at the date of preparation of this annual report as endangering the continued existence of the itelligence Group.

Risk Reporting in Connection with the Use of Financial Instruments

The risks relating to financial instruments are discussed in detail in the “Financial instruments” section of the notes to the consolidated financial statements and in the additional disclosures on financial instruments.

Accounting-related Internal Control and Risk Management System

The internal control system is a key factor in limiting and preventing risks, particularly accounting-related risks. At itelligence, this system comprises principles, procedures and measures aimed at ensuring the effectiveness, economic efficiency and correctness of accounting. The internal guidelines relating to accounting and reporting in accordance with IFRS prescribe the uniform accounting policies to be applied at the domestic and foreign companies included in the consolidated financial statements. They also contain provisions on the schedule for the preparation of the consolidated financial statements and formalized requirements to be observed by the companies included in consolidation.

New provisions and accounting changes are analyzed in a timely manner in terms of their impact and are included and implemented in the guidelines for itelligence’s accounting processes where relevant.

itelligence has an extensive, uniform SAP platform and a uniform Group chart of accounts, as well as standardized, automated accounting processes. This standardization serves to ensure the uniform, correct and timely recognition of material transactions. Binding provisions are in place for the additional manual recognition of transactions. The accounting treatment of matters such as goodwill impairment testing is the responsibility of internal experts. In individual cases, such as the measurement of pension obligations, measurement is performed by external experts.

To prepare the consolidated financial statements of itelligence AG, the single-entity financial statements of the subsidiaries are transferred to an SAP-based IT consolidation system. The financial data transferred is examined on the basis of automated controls. The single-entity financial statements submitted by the companies included in consolidation are also reviewed centrally taking into account the reports by the auditors. The automated derivation and formalized inquiry of information that is relevant for consolidation purposes serves to ensure that intragroup transactions are eliminated properly and in full. All of the consolidation processes for the preparation of the consolidated financial statements are conducted and documented in the SAP-based IT consolidation system. The components of the consolidated financial statements, including material information for the notes and the management report, are developed on this basis.

All of the IT systems used are protected against unauthorized access to the greatest possible extent through corresponding authorization concepts and access restrictions.

Internal Audit regularly examines the correctness of the internal control systems and business processes of the subsidiaries. More specifically, it examines compliance with the relevant guidelines, organizational security measures and the key figures in the income statement and the statement of financial position. It reports directly to the Management Board and the Audit Committee of the Supervisory Board as an independent body.

Report on Expected Developments

Economic forecasts for 2015

The IMF is forecasting a stable trend in the global economy with growth rates of 3.5% in 2015 and 3.7% in 2016. The sharp fall in oil prices could contribute to an economic upturn in the established industrialized nations of the USA, Japan, Germany and the UK in particular.

According to forecasts, the euro zone will record moderate growth of 1.2% (Germany: 1.3%). Growth in Japan is forecast at around +0.6% in the wake of fiscal policy incentives ("Abenomics") and despite a highly expansive monetary policy. The IMF expects the emerging markets to record growth of 5.2% in 2015. However, this depends to a large extent on stable economic performance in China (+6.8%) and the positive development in the USA and Europe. The stability of global economic development will be affected in no small measure by the ongoing political situation in countries Russia and Ukraine as well as the nations of the Middle East. Further escalation could have a negative impact on the global economy.

Outlook for the software and IT services market

The digitization of the economy is continuing apace. In addition to cloud computing, mobility, big data and social media, topics such as the "Internet of Things", known as Industry 4.0, are becoming increasingly important. The challenge for itelligence is to manage the digital revolution. Old system landscapes need to be rationalized and new ones developed. The exponential growth in data must be analyzed systematically. IT security is increasingly in demand again, not least following the revelations concerning the NSA's global data collection activities.

SAP is addressing the implications of these developments with its extended product range. The analysis of large volumes of information will play a particularly important role. With the technical development of HANA and the recently unveiled SAP Business Suite 4 SAP HANA (SAP S/4HANA), SAP has presented the next-generation Business Suite, which constitutes a step towards real-time enterprise management.

In view of this, companies worldwide are stepping up their investment in IT technology and IT services again. Gartner has forecast growth rates of 3.7% for 2015 after adjustment for currency translation effects. This suggests growth rates of +6.8% for software and +3.9% for IT services. After several lackluster years, expenditure on hardware, devices and telecommunication equipment is finally set to rise again (+6.2%), and investment in data centers is also set for stronger growth, at 3.1%.

Expected business development at itelligence AG

itelligence AG recorded growth of 21.8% in fiscal year 2014 in a generally strong market environment. This increase in revenues is also largely attributable to the acquisitions of GISA GmbH and 4C in Denmark. Adjusted organic growth amounted to 8.1% (previous year: 6.1%). This means that itelligence's organic growth also outstripped that of the IT services market.

Recurring business (SAP maintenance, hosting and AMS) grew particularly strongly, accounting for 45.3% of revenues (previous year: 41%). Global AMS business is enjoying strong growth. The benefits of itelligence AG's membership of the global NTT DATA network are apparent here. At MEUR 56.9, Licenses reached the already high level of the previous year. Marketing of proprietary solutions and products has also been stepped up. Licenses accounted for 10.2% of total revenues (previous year: 12.5%). Consulting business remains the main revenue driver at MEUR 246.6 (previous year: MEUR 214.9).

EBIT reached a new high of MEUR 22.8 in fiscal year 2014. The EBIT margin fell to 4.1% (previous year: 4.9%). The company failed to meet its target of an EBIT margin in excess of 5.5%. This was primarily due to the lower utilization of consulting capacities in the USA and Germany and the resulting lower level of Consulting revenues, as well as higher value adjustments on receivables and project write-downs.

At the end of the year, itelligence recorded a high level of incoming orders, achieving a new record of MEUR 563.5 (previous year: MEUR 351.6), which was largely attributable to the acquisitions. itelligence has therefore established a strong springboard for 2015. The good level of incoming orders, particularly in Germany, also led to an improvement in consultant utilization at the start of fiscal year 2015. The Management Board is anticipating stable daily rates in the Consulting segment in the next fiscal year.

In light of stable economic development in the USA and Europe in particular, the Management Board of itelligence AG is forecasting strong organic growth of around 8%, with revenues expected to break through the MEUR 600 barrier for the first time after amounting to MEUR 556.8 in fiscal year 2015. The Management Board also expects to see revenue growth in fiscal year 2016 assuming the targets for the current fiscal year are met.

The extensive SAP product range include products from SAP acquisitions (SuccessFactors, hybris, Concur) and the recently unveiled SAP S/4HANA will contribute to itelligence's upturn in revenues. SAP estimates the globally addressable market for its product range at USD 350 billion, with corresponding growth potential for itelligence AG.

The management is focused on achieving a sustainable increase in profitability. On the basis of the revenue forecast, an EBIT margin of over 5% is targeted for fiscal year 2015. The medium-term objective is to raise the EBIT margin to over 6%. In addition, continued investment in the Licenses, Consulting and Outsourcing & Services divisions accompanied by substantial growth across all divisions requires systematic project and cost management in order to ensure increased profitability. Measures in the area of project management in particular, such as strengthening the role of project managers, professional training and improved project controlling, have been initiated in the past fiscal year.

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 26, 2015

itelligence AG

The Management Board

Consolidated Income Statement (IFRS)

KEUR		Jan. 1 – Dec. 31, 2014	Jan. 1 – Dec. 31, 2013
Revenues	(1)	556,806	457,084
Cost of sales	(2)	-426,189	-344,471
Gross profit		**130,617**	**112,613**
Marketing and distribution expenses	(3)	-57,620	-48,886
Administration expenses	(4)	-46,390	-38,656
Other operating income	(5)	3,290	2,882
Other operating expenses	(6)	-5,763	-3,292
Amortization of orders on hand	(11)	-1,332	-2,459
Total operating expenses		-107,815	-90,411
Operating earnings		**22,802**	**22,202**
Investment income		398	-5
Measurement of derivatives and exercise of options	(7)	-5,781	4,188
Exchange rate differences from financing activities		-246	-73
Finance income	(8)	149	155
Finance expenses	(8)	-3,157	-2,871
Net finance costs		-8,637	1,394
Earnings before tax		**14,165**	**23,596**
Income tax expenses	(9)	-7,426	-7,430
Consolidated net profit		**6,739**	**16,166**
of which attributable to the shareholders of itelligence AG		3,286	14,375
of which attributable to non-controlling interests		3,453	1,791
Earnings per share (EUR) (basic)	(10)	0.11	0.48
Earnings per share (EUR) (diluted)		0.11	0.48
Number of shares on the basis of which earnings per share were calculated:			
– basic		30,014,838	30,014,838
– diluted		30,014,838	30,014,838

Consolidated Statement of Comprehensive Income (IFRS)

KEUR	Jan. 1 – Dec. 31, 2014	Jan. 1 – Dec. 31, 2013
Consolidated net profit	6,739	16,166
Actuarial losses IAS 19*	-2,153	-840
Foreign exchange differences**	2,820	-3,262
Other result	**667**	**-4,102**
Total comprehensive income	**7,406**	**12,064**
of which attributable to the shareholders of itelligence AG	3,865	10,662
of which attributable to non-controlling interests	3,541	1,402

* Item not to be reclassified to profit or loss

** Item to be reclassified to profit or loss

Consolidated Balance Sheet (IFRS)

Assets KEUR		Dec. 31, 2014	Dec. 31, 2013
Non-current assets			
Intangible assets	(11)	120,852	91,489
Property, plant and equipment	(12)	72,856	59,377
Other financial assets	(13)	1,363	1,573
Trade receivables	(14)	2,592	1,751
Other non-financial assets	(15)	0	0
Income tax receivables		123	178
Deferred tax assets	(16)	3,781	2,952
		201,567	**157,320**
Current assets			
Inventories		634	407
Trade receivables	(14)	130,042	119,871
Income tax receivables		1,812	1,831
Other financial assets	(13)	4,084	3,795
Other non-financial assets	(15)	4,236	1,113
Cash and cash equivalents	(17)	38,764	39,246
Prepaid expenses	(18)	16,026	9,603
		195,598	**175,866**
		397,165	**333,186**

Equity and liabilities KEUR		Dec. 31, 2014	Dec. 31, 2013
Equity			
Issued capital	(19)	30,015	30,015
Capital reserves	(20)	52,768	52,768
Net accumulated profit	(21)	54,176	50,890
Other comprehensive income	(22)	-22,113	-28,232
		114,846	105,441
Non-controlling interests		18,048	16,356
		132,894	**121,797**
Non-current liabilities			
Financial liabilities	(23)	62,439	47,433
Deferred tax liabilities	(16)	10,345	7,926
Other non-current provisions	(24)	417	85
Pension provisions	(25)	9,399	1,362
Government grants	(26)	3,268	3,935
Other non-financial liabilities	(27)	3,736	1,606
		89,604	**62,347**
Current liabilities			
Trade payables	(28)	47,502	38,886
Financial liabilities	(23)	26,527	16,222
Tax provisions		2,374	3,067
Other current provisions	(24)	7,300	6,670
Income tax liabilities		1,075	1,488
Other non-financial liabilities	(27)	80,215	70,517
Deferred income		9,674	12,192
		174,667	**149,042**
		397,165	**333,186**

Consolidated Cashflow Statement (IFRS)

KEUR	Jan. 1 – Dec. 31, 2014	Jan. 1 – Dec. 31, 2013
Consolidated net profit	**6,739**	**16,166**
Amortization of intangible assets and depreciation of property, plant and equipment	20,472	15,803
Elimination of gains/losses on asset disposals	-749	2
Other non-cash expenses and income	-4,599	-2,680
Net finance costs	8,637	-1,394
Tax expenses	7,426	7,430
	37,926	**35,327**
Change in inventories	-97	-197
Change in trade receivables	4,521	-14,523
Change in other non-current assets	-1,181	-164
Change in other current assets	-2,693	-2,194
Change in prepaid expenses	-6,845	1,373
Change in trade payables	3,681	7,260
Change in provisions for pensions	1,578	897
Change in other liabilities and provisions	-5,103	15,033
Change in deferred taxes	460	-532
	32,247	**42,280**
Interest received	149	155
Dividend received	398	0
Interest paid	-3,076	-2,953
Taxes paid	-5,880	-5,650
Cashflows from operating activities	**23,838**	**33,832**
Capital expenditure for intangible assets and property, plant and equipment	-19,814	-20,180
Investment grants and subsidies received	434	693
Cash received from the disposal of property, plant and equipment and intangible assets	262	53
Cash received from the disposal of financial assets	3,010	0
Subsequent purchase price payments for acquisitions	-1,422	-1,196
Payments for acquisitions (less cash and cash equivalents acquired)	-18,112	-4,355
Cashflows from investing activities	**-35,642**	**-24,985**
Dividends paid to non-controlling interests	-132	-452
Increase in long-term deposits	720	494
Dividend payments	0	-1,800
Payment for put/call options	-6,663	-2,552
Borrowing of financial liabilities	25,341	2,576
Repayment of financial liabilities	-8,812	-9,619
Cashflows from financing activities	**10,454**	**-11,353**
Increase in cash and cash equivalents	-1,350	-2,506
Effects from exchange rate differences	868	-1,764
Cash and cash equivalents as of January 1	39,246	43,516
Cash and cash equivalents as of December 31	**38,764**	**39,246**

Cash and cash equivalents are discussed in note (17).

Consolidated Statement of Changes in Equity (IFRS)

	Number of shares	Share capital	Capital reserves	Net accumulated profit	Cumulative other equity: Foreign exchange differences	Cumulative other equity: Other equity IAS 19	Cumulative other equity: Other equity	Cumulative other equity	Equity attributable to the shareholders of the parent company	Non-controlling interests	Consolidated equity
		TEUR	TEUR	TEUR	TEUR	TEUR	TEUR	TEUR	TEUR	TEUR	TEUR
Dec. 31, 2012	30,014,838	**30,015**	**52,768**	**38,315**	-911	0	-26,398	**-27,309**	93,789	**18,196**	**111,985**
Consolidated net profit 2012				**14,375**					14,375	**1,791**	**16,166**
Actuarial losses IAS 19						-840		-840	-840		-840
Foreign exchange differences					-2,873			-2,873	-2,873	-389	-3,262
Other result					-2,873	-840		**-3,713**	-3,713	**-389**	**-4,102**
Total comprehensive income				**14,375**	-2,873	-840	0	**-3,713**	10,662	**1,402**	**12,064**
Dividend payments				-1,800					-1,800	-452	-2,252
Exercise of options (without change of control)							2,790	2,790	2,790	-2,790	0
Shareholder transactions				**-1,800**			2,790	**2,790**	990	**-3,242**	**-2,252**
December 31, 2013	30,014,838	**30,015**	**52,768**	**50,890**	-3,784	-840	-23,608	**-28,232**	105,441	**16,356**	**121,797**
Consolidated net profit 2013				**3,286**					3,286	**3,453**	**6,739**
Actuarial losses IAS 19						-2,153		-2,153	-2,153		-2,153
Foreign exchange differences					2,732			2,732	2,732	88	2,820
Other result					2,732	-2,153		**579**	579	**88**	**667**
Total comprehensive income				**3,286**	2,732	-2,153	0	**579**	3,865	**3,541**	**7,406**
Dividend payments										-132	-132
Acquisition of a subsidiary with non-controlling interests										3,823	3,823
Exercise of options (without change of control)							5,540	5,540	5,540	-5,540	0
Shareholder transactions							5,540	**5,540**	5,540	**-1,849**	**3,691**
December 31, 2014	**30,014,838**	**30,015**	**52,768**	**54,176**	**-1,052**	**-2,993**	**-18,068**	**-22,113**	**114,846**	**18,048**	**132,894**

Notes to the Consolidated Financial Statements for Fiscal 2014

A. General information

The itelligence Group is one of the world's leading SAP full-service providers. Its range comprises SAP consulting, SAP licensing, application management services and outsourcing and services through to proprietary SAP industry solutions.

The Group is represented around the world. It has international subsidiaries in the United States, Switzerland, Austria, Spain, the United Kingdom, the Czech Republic, Slovakia, the Netherlands, Belgium, Poland, Hungary, Russia, Ukraine, Canada, France, Denmark, Norway, Malaysia, Turkey, India, Sweden, and China.

The parent company of the Group is itelligence AG, based at Königsbreede 1, 33605 Bielefeld, Germany. The company is entered in the commercial register of the Bielefeld Local Court.

Since December 13, 2007, the itelligence Group has had a majority shareholder: NTT DATA EUROPE GmbH & Co. KG, Düsseldorf, which is a wholly owned subsidiary of NTT DATA CORPORATION, Japan. Following the implementation of a public purchase offer in fiscal 2012, NTT DATA EUROPE GmbH & Co. KG directly held more than 95% of the share capital of itelligence AG. Its holding in the company was increased to 100% in fiscal 2013. NTT DATA EUROPE GmbH & Co. KG is the main shareholder within the meaning of section 327a(1) sentence 1 AktG.

itelligence AG's consolidated financial statements as of December 31, 2014 are prepared and published in euro (EUR) for the fiscal year from January 1 to December 31, 2014. Within the financial statements, all figures have been rounded to thousands of euro (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 9, 2015. The Supervisory Board is responsible for examining the consolidated financial statements and declaring whether it approves them. The consolidated financial statements cannot be changed thereafter. The consolidated financial statements were approved by the Supervisory Board on March 26, 2015.

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, 2014 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 2014 were taken into account.

The following new standards to be applied in fiscal 2014 had no significant effect on the presentation in the consolidated financial statements of itelligence AG:

Amendments to IFRS 10	Consolidated Financial Statements In line with the transitional regulations of IFRS 10, the Group again assessed the control of its investees as of January 1, 2014. There were no changes.
Amendments to IFRS 11	Joint Arrangements As the itelligence Group has not consolidated any joint ventures on a pro rata basis in the consolidated financial statement the first-time application of IFRS 11 in connection with the amended IAS 28 did not result in any changes.
Amendments to IAS 27	Separate Financial Statements
Amendments IAS 28	Investments in Associates and Joint Ventures As the itelligence Group has not consolidated any joint ventures on a pro rata basis in the consolidated financial statement the first-time application of IFRS 11 in connection with the amended IAS 28 did not generally result in any changes to the structure of the consolidated income statement..
Amendments to IAS 32	Offsetting Financial Assets and Financial Liabilities
Amendments to IAS 39	Novation of Derivatives and Continuation of Hedge Accounting

The following new standards to be applied in fiscal 2014 had a significant effect on the presentation in the 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 itelligence Group complied with the extended disclosure requirements.

Amendment to IAS 36 – Recoverable Amount Disclosures for Non-Financial Assets

As part of a consequential amendment from IFRS 13, a new disclosure requirement for goodwill impairment testing in line with IAS 36 was introduced for 2013: The recoverable amount of cash-generating units must be disclosed, regardless of whether impairment is actually recognized. As this disclosure was introduced unintentionally, for 2014 it will be deleted with this amendment from May 2013.

On the other hand, this amendment now gives rise to additional disclosures when impairment actually has been recognized and the recoverable amount was calculated on the basis of fair value.

The itelligence Group complied with the extended disclosure requirements in line with this amendment.

The “New accounting standards” section contains information on the accounting provisions published by the IASB but not yet required to be applied in fiscal 2014.

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

• *EU endorsement already in place*

IFRIC 21 – Levies

IFRIC 21 is an interpretation on IAS 37. In particular, it clarifies the issue of when a present obligation arises due to government levies and when a provision or liability must be recognized. In particular, the scope of the interpretation does not include fines or levies resulting from public sector agreements or covered by another IFRS, for example IAS 12. In accordance with IFRIC 21, a liability item must be recognized for levies when the event triggering the duty to pay the levy occurs. In turn, this trigger event that gives rise to the obligation is specified by the wording of the underlying standard. Its formulation is therefore crucial to accounting.

The amendments are effective for the first time for fiscal years beginning on or after June 17, 2014. The revised version of IFRIC 21 is not expected to have any effect on the future consolidated financial statements of itelligence AG.

Improvements to IFRS 2011 – 2013

Amendments were made to four standards as part of the annual improvement project. Amending the formulation of individual IFRSs is intended to clarify the existing provisions. This concerns the standards IFRS 1, IFRS 3, IFRS 13 and IAS 40.

The amendments are effective for the first time for fiscal years beginning on or after January 1, 2015. The revised version of the named IFRS is not expected to have any effect on the future consolidated financial statements of itelligence AG.

• *EU endorsement outstanding*

IFRS 9 – Financial Instruments

The IFRS 9 issued in July 2014 replaces the existing guidance in IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 contains revised guidance on the classification and measurement of financial instruments, including a new model of expected credit losses to calculate the impairment of financial assets and the new general accounting regulations for hedging transactions. It also takes up the guidance on the recognition and derecognition of financial instruments from IAS 39.

IFRS 9 is effective for the first time for fiscal years beginning on or after January 1, 2018 subject to its being endorsed 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 14 – Regulatory Deferral Accounts

As part of a comprehensive overall project on the part of the IASB, this standard is initially only an interim solution, which should simplify the transition of companies subject to rate regulation to IFRS until the IASB has issued valid regulations for all those accounting in IFRSs.

Prices regulations are to be found particularly with companies who have considerable market power – for example, in transportation or with utilities (electricity, water, gas). These regulations can lead, for example, that as a result of an increase of decrease of volume in the current fiscal year an obligation to decrease prices or the right to increase prices occurs in the subsequent year. The question whether these rights or obligations fulfilled the definition of assets or liabilities in line with IFRS is being discussed in the literature due to the fact that there is no concrete IFRS regulation. It is generally denied. In order to close this regulation gap, the IASB has initiated a comprehensive project. However, a conclusion is expected only in a few years.

The interim standard now allows those reporting in IFRSs for the first time to recognize also regulatory deferred items in IFRS financial statements. This requires that these balance sheet items have already been recognized in the previous financial statements in line with national GAAP.

The new standard is effective for the first time for fiscal years beginning on or after January 1, 2016 subject to its outstanding endorsement in EU law. If it is endorsed by the EU in its present form, IFRS 14 is not expected to affect the future consolidated financial statements of itelligence AG.

IFRS 15 – Revenue from Contracts with Customers

IFRS 15 specified a comprehensive framework to determine whether, at what level and from which time revenue is recognized. It replaced existing guidance on recognizing revenue, including IAS 18 Revenue, IAS 11 Construction Contacts and IFRIC 13 Customer Loyalty Programmes.

According to IFRS 15 the amount to be recognized as revenue is the consideration which is expected for the transfer of goods or services to customers. In terms of a point in time or over time the issue is no longer primarily the transfer of risks and rewards (risk and reward approach), but the transfer of control to the goods or services to the customer (control approach). In the future the reporter should determine in five steps when and at what level revenue is to be realized.

In the first step the contract is to be identified as defined in IFRS. In specific circumstances, contracts are to be combined.

In the second step the individual performance obligations are to be identified. This includes the contractual performance commitments and a subsequent examination of whether they are distinct as defined by the standard. Performance commitments that are not distinct are to be combined until there is a distinct performance bundle.

In the third step, the transaction price is determined. Here variable price components such as discounts and material financing components are to be taken into account.

In the fourth step the transaction prices is to be allocated to the respective performance obligations. The allocation takes place on the basis of the relative individual sales prices. Here a distinction is made whether they are observable or whether they must be estimates using a suitable method.

In the fifth step, revenue is recognized depending on the transfer of control. Depending on the performance obligation, it is to be determined whether the revenue should be recognized at a point in time or over time.

The standard also prescribes numerous disclosure obligations on the type, level, temporary trend of revenues and payment flows and the related uncertainties.

The new standard is effective for the first time for fiscal years beginning on or after January 1, 2017 subject to its endorsement in EU law. Early application is permitted. If it is endorsed by the EU in its present form, IFRS 15 is expected to affect the future consolidated financial statements of itelligence AG. The scope is currently being examined.

Amendments to IFRS 10 and IAS 28 – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The amendments address a known inconsistency between the requirements of IFRS 10 and IAS 28 (2011) in the case of the disposal of assets to an associate or a joint venture or the contribution of assets in an associate or a joint venture.

In accordance with IFRS 10, a parent must recognize the gain or loss on the disposal of a subsidiary in full in the income statement when the disposal results in a loss of control. On the other hand, the currently applicable IAS 28.28 requires that the gain on disposal in a disposal transaction between an investor and an at-equity investment – whether it is an associate or a joint venture – is to be recognized only at the level of the interest of the other in this entity.

In the future, the entire gain or loss resulting from a transaction may be recognized only if the sold or transferred assets represent a business as defined by IFRS 3. This is irrespective of whether the transaction is structured as a share deal or an asset deal. On the other hand if the assets do not form a business, only pro rata recognition of gain is permitted.

The amendments are effective for the first time for fiscal years beginning on or after January 1, 2016 subject to their being endorsed in EU law. If the amendments to IFRS 10 and IAS 28 are endorsed by the EU in their present form, they are not expected to affect the future consolidated financial statements of itelligence AG.

Amendments to IFRS 10, IFRS 12 and IAS 28 – Investment Entities: Applying the Consolidation Exception

The amendments have been made to address various issues in the application of the exception from the consolidation obligation in accordance to IFRS 10, if the parent meets the definition of an "investment entity". As a result, parent entities are also exempted from the obligations of preparing consolidation financial statements if the ultimate parent does not consolidate its subsidiaries but accounts for them at fair value in accordance with IFRS 10.

In relation to the accounting of subsidiaries of an investment entity, the following distinction now applies: Subsidiaries that themselves are investment entities should account at fair value – in line with the principle of the investment entity exception. On the other hand, subsidiaries that themselves are not investment entities but perform services that relate to the investment activities of the parent and thus are to be considered an extension of the activities of the parent are to be consolidated.

Finally it is clarified that an investor who does not meet the definition of an investment entity and which applies the equity method on an associate or a joint venture can retain the measurement at fair value which the investment entity applies to its investments in subsidiaries.

In addition, the amendments stipulate than an investment entity which measures all its subsidiaries at fair value has to disclose the information on investment entities proscribed by IFRS 12.

The amendments are effective for the first time for fiscal years beginning on or after January 1, 2016 subject to their being endorsed in EU law. If the amendments of the named standards are endorsed by the EU in their present form, they are not expected to affect the future consolidated financial statements of itelligence AG.

Amendments to IFRS 11 – Accounting for Acquisitions of Interests in Joint Operations

IFRS 11 contains provisions on the balance sheet and income statement recognition of joint ventures and joint operations. While joint ventures are recognized using the equity method, the representation IFRS 11 stipulates for joint operations is comparable with proportionate consideration.

With the amendment of IFRS 11, the IASB regulates accounting for an acquisition of interests in a joint venture that represents a business in the meaning of IFRS 3 Business Combinations. In such cases, the acquirer should apply the principles for accounting for business combinations in line with IFRS 3. In addition, the disclosure requirements of IFRS 3 apply in these cases.

The amendments are effective for the first time for fiscal years beginning on or after January 1, 2016 subject to their being endorsed in EU law. If the amendments to IAS 11 are endorsed by the EU in their present form, they are not expected to affect the future consolidated financial statements of itelligence AG.

Amendments to IAS 1 – Disclosure Initiative

The amendments relate to various disclosure issues. It is made clear that disclosure requirements are necessary only if their content is not immaterial. This also applies explicitly if an IFRS demands a list of minimum disclosures. In additional explanations on aggregation and disaggregation of items in the statement of financial position and the statement of comprehensive income are taken up. In addition, it is clarified how interests in entities measured at equity are to be presented in the statement of comprehensive income. In addition, the normal order of presentation for the notes was eliminated in favor of a consideration relevant to the individual entity.

The amendments are effective for the first time for fiscal years beginning on or after January 1, 2016 subject to their being endorsed in EU law. If the amendments to IAS 1 are endorsed by the EU in their present form, they are not expected to affect the future consolidated financial statements of itelligence AG.

Amendments to IAS 16 and IAS 38 – Clarification of Acceptable Methods of Depreciation and Amortization

With these amendments, the IASB provides further guidance on determining an acceptable method for depreciation and amortization. Thus revenue-based amortization methodology is not permitted for property, plant and equipment and for intangible assets only for specific exceptions (rebuttable presumption of unreasonableness).

The amendments are effective for the first time for fiscal years beginning on or after January 1, 2016 subject to their being endorsed in EU law. To the extent that they are adopted by the EU in their present form, the amendments to IAS 16 and IAS 38 are not expected to have an effect on the future consolidated financial statements of itelligence AG.

Amendments to IAS 16 and IAS 41 – Agriculture: Bearer Plants

In accordance with IAS 41, biological assets have been measured in profit and loss at fair value less costs to sell. This also applies to so-called bearer fruits, such as grape vines, rubber trees and oil palms, which serve to produce biological assets over several periods, without themselves being sold as agricultural produce. According to the amendments, bearer fruits are to be recognized in the same way as property, plant and equipment in line with IAS 16, as their operation is similar. However, their produce is to be recognized in line with IAS 41. In the context of the first-time adoption of the amendments, the reporter can take advantage of special exemptions. Thus for reasons of simplification, bearer fruits can be measured at fair value at the point of transition.

The amendments are effective for the first time for fiscal years beginning on or after January 1, 2016 subject to their being endorsed in EU law. To the extent that they are adopted by the EU in their present form, the amendments to IAS 16 and IAS 41 are not expected to have an effect on the future consolidated financial statements of itelligence AG.

Amendments to IAS 19 – Defined Benefit Plans: Employee Contributions

The amendments clarify the provisions concerning the allocation of employee contributions and third-party contributions to service periods when contributions are linked to service. Furthermore, convenience options were created for if contributions are dependent on the number of years of service.

The amendments are effective for the first time for fiscal years beginning on or after July 1, 2014, subject to their outstanding endorsement in EU law. If the amendments to IAS 19 are endorsed by the EU in their present form, they are not expected to affect the future consolidated financial statements of itelligence AG.

Amendments to IAS 27 – Equity Method in Separate Financial Statements

With the amendment, the equity method is reinstated as an accounting option for interests in subsidiaries, joint ventures and associates in separate financial statements. The existing options for measurement at cost or in accordance with IAS 39/IFRS 9 are retained. Since 2005, the application of the equity method for interests in the separate financial statements (of the parent) was not permitted according to IAS 27.

On the basis of complaints from IFRS reporters, also relating to the high expense for a fair value measurement on each financial reporting date, especially with unlisted associates, IASB made a change to IAS 27.

The amendments are effective for the first time for fiscal years beginning on or after January 1, 2016 subject to their being endorsed in EU law. If the amendments to IAS 27 are endorsed by the EU in their present form, they are not expected to affect the future consolidated financial statements of itelligence AG.

Improvements to IFRS 2010 - 2012

Amendments were made to seven standards as part of the annual improvement project. Amending the formulation of individual IFRSs is intended to clarify the existing provisions. In addition, there are amendments affecting disclosures in the notes. This concerns the standards IFRS 2, IFRS 3, IFRS 8, IFRS 13, IAS 16, IAS 24 and IAS 38.

Subject to their outstanding endorsement in EU law, the amendments are effective for the first time for fiscal years beginning on or after July 1, 2014, and for the amendments to IFRS 2 and IFRS 3 to transactions, which occur on or after July 1, 2014. They are not expected to have any effect on the future consolidated financial statements of itelligence AG.

Improvements to IFRS 2012 - 2014

Amendments were made to four standards as part of the annual improvement project. Amending the formulation of individual IFRS/IAS is intended to clarify the existing provisions. This concerns the standards IFRS 5, IFRS 7, IAS 19 and IAS 34.

The amendments are effective for the first time for fiscal years beginning on or after January 1, 2016 subject to their being endorsed in EU law. They are 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, 2014, or which it controls on the basis of other rights as defined by IFRS 10, have been included in the consolidated financial statements.

The following companies were included in the consolidated financial statements as follows as of December 31, 2014:

Consolidated companies	Equity interest in %	Equity KEUR	Profit/loss for the year KEUR
itelligence Services GmbH, Bielefeld/Germany	100	305	11,600[1]
itelligence International Business Service Holding GmbH, Bielefeld/Germany	100	841	-483[1]
itelligence Outsourcing & Services GmbH, Bautzen/Germany	100	1,226	8,441[1,2]
itelligence AG, Regensdorf/Switzerland	100	3,475	1,599
itelligence Business Solutions GmbH, Vienna/Austria	100	-2,677	-455
itelligence Business Solutions (UK) Ltd., London/England	100	14,782	2,318
Recruit Company GmbH, Munich/Germany	74.9	213	-37
itelligence Hungary Kft., Budapest/Hungary	100	2,319	304
itelligence Inc., Cincinnati/USA	100	22,684	829
itelligence International, Kiev/Ukraine	100	-889	-703
itelligence Ltd., Moscow/Russia	100	-714	-524
itelligence a.s., Brno/Czech Republic	95	2,081	899
itelligence Slovakia s.r.o., Bratislava/Slovakia*	95	89	-7
itelligence SP.Z.o.o., Warsaw/Poland	100	7,236	1,688
itelligence VC-Holding GmbH, Frankfurt am Main/Germany	100	-150	-8
Servicios informaticos itelligence S.A., Barcelona/Spain	100	3,857	11
ITC Information Technology Consulting Gesellschaft für Netzwerk-management und Systemintegration mbH, Detmold/Germany	56	754	298
itelligence Outsourcing MSC Sdn. Bhd., Cyberjaya/Malaysia	100	1,689	464
itelligence Asia Holding Ltd., Hong Kong	100	364	-65
itelligence Consulting Shanghai Ltd., Shanghai/China	100	62	118
itelligence BeNeLux Holding B.V., Eindhoven/Netherlands	100	231	-102
itelligence Business Solutions s.p.r.l., Brussels/Belgium*	100	-1,242	17
itelligence B.V., Eindhoven/Netherlands*	100	1,620	-1,614
2B BBIT Deutschland GmbH, Cologne/Germany*	100	-113	-4
itelligence France SAS, Paris/France	81	740	105
itelligence Canada Ltd., Montreal/Canada*	81	337	64
itelligence a/s Denmark, Horsens/Denmark	76	6,603	2,518
itelligence a/s Norway, Oslo/Norway*	70.68	2,220	1,451
itelligence Sdn. Bhd. Malaysia, Cyberjaya/Malaysia*	76	165	95
itelligence AB, Sweden, Sweden*	76	233	33
Elsys Bilgi Sistemleri a.s., Istanbul/Turkey	77.5	4,447	771
itelligence Analytic System a.s., Istanbul/Turkey	70	665	408

[1] Profit/loss for the year before profit transfer/loss absorption
[2] The company is exempt from the audit of annual financial statements and the management report in accordance with section 264(3) HGB.
*The amount of the equity interest is reported at the successive proportionate shareholding

itelligence Business Solutions Kanada Inc., Toronto/Canada	100	893	101
itelligence India Software Solutions Privat Ltd., Hyderabad/India	100	502	309
Symphony Management Consulting LLC, Charlotte/USA	100	2,003	-41
GISA GmbH, Halle an der Saale/Germany	51	9,348	3,748
ICS adminservice GmbH, Leuna/Germany	51	854	103

Equity investments	Equity interest in %	Equity KEUR	Profit/loss for the year KEUR
BfL Gesellschaft des Bürofachhandels mbH & Co. KG, Eschborn/Germany	under 1	15,801	3,810
TBV ProVital Lemgo GmbH & Co. KG, Lemgo/Germany	8.35	56	27

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 possible only after prior approval by the State Administration of Foreign Exchange (SAFE) and proof of proper tax payment. Furthermore, the Chinese currency renminbi yuan (RMB) is not fully convertible and export is prohibited.

Consolidated companies with material minorities	itelligence a/s Denmark		Elsys Bilgi Sistemleri a.s.		GISA GmbH
Attributable to non-controlling interests	2014	2013	2014	2013	2014
Equity interest (in %)	24	32	22.5	40	49
Equity in KEUR	1,585	1,304	1,118	1,326	5,319
Assets in KEUR	4,892	3,563	2,295	2,794	20,897
Liabilities in KEUR	3,307	2,259	1,177	1,468	15,578
Revenues in KEUR	8,746	7,555	4,322	5,926	26,625
Profit/loss for the year in KEUR	605	270	338	487	1,757
Total cashflow	**-554**	**521**	**-46**	**252**	**3,298**

Additions to the consolidated group in the current year

Acquisition of 100% interest in 4C Management Consulting Denmark
As of January 1, 2014, itelligence acquired the company 4C Management Consulting in Scandinavia, thereby expanding its expertise in the field of business intelligence and strategic consulting for ERP projects.

The itelligence Group has therefore widened its range of strategic consulting services for Danish and other Scandinavian companies. The acquisition will enable customers to achieve even better integration between strategic performance management and their ERP solution. It represents the continuation of itelligence's dynamic investment strategy. Business intelligence and enterprise performance management are the key areas of itelligence's future service portfolio and global offering.

The purchase price for all shares was KEUR 4,517. KEUR 1,583 of this relates to the fair value of the contingent considerations which are aligned to future growth in consulting business. The range of the contingent consideration is between KEUR 1,343 and KEUR 2,015. The goodwill capitalized as a result of the acquisition is assigned to the Western Europe segment and relates to the non-separable customer relationships and staff. Acquisition-related costs in the amount of KEUR 71 were recognized in other operating expenses. First-time consolidation took place on January 1, 2014, with the result the company contributed profits of KEUR 888 and revenues of KEUR 7,729 for twelve months.

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	684,511	684,511
Property, plant and equipment	18,566		18,566
Term deposits	21,450		21,450
	40,016	**684,511**	**724,527**
Current assets			
Trade receivables	2,009,636		2,009,636
Other current assets	130,171		130,171
Cash and cash equivalents	537,342		537,342
	2,677,149		**2,677,149**
Non-current liabilities			
Deferred taxes:	0	166,734	166,734
	0	**166,734**	**166,734**
Current liabilities			
Trade payables	363,087		363,087
Other current non-financial liabilities	1,086,017		1,086,017
	1,449,104		**1,449,104**
Net assets	**1,268,061**	**517,777**	**1,785,838**
Goodwill from the acquisition of the Group (non-tax-deductible)			2,730,736
Purchase price			**4,516,574**
of which cash to date			2,934,082
Cash and cash equivalents acquired			537,342
Actual cash outflow for the acquisition			**2,396,740**

The fair value adjustment relates to the separation of the orders on hand and the portfolio of customers.

Acquisition of 51% interest in GISA GmbH

By way of purchase agreement dated May 16, 2014, the itelligence Group acquired a 51% equity interest in GISA GmbH. GISA GmbH is a well-known IT service provider in Halle an der Saale. The company operates a data center with multiple certification and is one of the leading outsourcing suppliers.

With its majority stake, the itelligence Group is significantly extending the business volume of the existing hosting business. The purchase price for the 51% equity interest was KEUR 18,624. In addition, a contingent consideration of KEUR 1,535 was agreed. The contingent consideration was in connection with the later disposal of the acquired financial assets. The goodwill capitalized as a result of the acquisition is assigned to the DACH segment and relates to the non-separable customer relationships and staff. Acquisition-related costs in the amount of KEUR 1,085 were recognized in other operating expenses.

First-time consolidation took place on June 1, with the result the company contributed pro rata temporis profits of KEUR 3,585 and revenues of KEUR 54,336 for seven months. If the annual financial statements of GISA GmbH had been included in consolidation on January 1, 2014, the profit for the period would have amounted to KEUR 3,198 and revenues would have amounted to KEUR 89,195.

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	3,947,972	7,670,168	11,618,140
Property, plant and equipment	9,910,595		9,910,595
Long-term financial assets	2,285,156		2,285,156
Deferred taxes:	1,568,817		1,568,817
	17,712,540	**7,670,168**	**25,382,708**
Current assets			
Inventories	129,964		129,964
Trade receivables	12,219,732		12,219,732
Other current assets	672,445		672,445
Cash and cash equivalents	3,647,633		3,647,633
Prepaid expenses	2,969,982		2,969,982
	19,639,756		**19,639,756**

	Carrying amounts before acquisition EUR	Fair value adjustments EUR	Carrying amounts at the acquisition date EUR
Non-current liabilities			
Financial liabilities	2,340,509		2,340,509
Deferred taxes:		2,531,000	2,531,000
Other non-current provisions	1,838,254		1,838,254
Pension provisions	4,664,612		4,664,612
Other non-financial liabilities	906,934		906,934
Current liabilities			
Trade payables	4,430,883		4,430,883
Financial liabilities	5,514,006		5,514,006
Tax provisions	735,101		735,101
Other current provisions	3,875,179		3,875,179
Other non-financial liabilities	5,005,787		5,005,787
Deferred income	876,098		876,098
	20,437,054		**20,437,054**
Net assets	**7,164,933**	**5,139,168**	**12,304,101**
of which non-controlling interests			3,510,817
Goodwill from the acquisition of the Group (non-tax-deductible)			11,365,856
Purchase price			**20,159,140**
of which cash to date			18,624,000
Cash and cash equivalents acquired			3,647,633
Actual cash outflow for the acquisition			**14,976,367**

Trade receivables include write-downs due to specific valuation allowances for uncollectible receivables of KEUR 601.

The fair value adjustment relates to the separation of the orders on hand and the portfolio of customers.

The acquired financial assets were sold to the end of the 2014 fiscal year.

Acquisition of 100% interest in Symphony Management Consulting USA

By way of purchase agreement dated September 30, 2014, the itelligence Group acquired a 100% equity interest in Symphony Management Consulting in North America. The company is known as an SAP and Success Factors partner with a focus on human capital management consultancy.

With the acquisition of Symphony Management Consulting, itelligence is continuing to expand its presence in the United States, thus further establishing a presence on regional and global markets.

The purchase price was KEUR 2.047. KEUR 1,265 of this relates to the fair value of the contingent considerations that are aligned to the development of future earnings. The range of the contingent consideration is between KEUR 349 and KEUR 2,558. The goodwill capitalized as a result of the acquisition is assigned to the USA segment and corresponds to the non-separable customer relationships and staff.

Acquisition-related costs in the amount of KEUR 197 were recognized in other operating expenses. First-time consolidation took place on October 1, with the result the company contributed pro rata temporis profits of KEUR 41 and revenues of KEUR 621 for three months. If the annual financial statements of Symphony Management Consulting had been included in consolidation on January 1, 2014, the profit for the period would have amounted to KEUR 162 and revenues would have amounted to KEUR 2,484.

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	34,594	34,594
Property, plant and equipment	20,329		20,329
	20,329	**34,594**	**54,923**
Current assets			
Trade receivables	460,068		460,068
Other current assets	5,545		5,545
Cash and cash equivalents	41,844		41,844
	507,457	**0**	**507,457**

	Carrying amounts before acquisition EUR	Fair value adjustments EUR	Carrying amounts at the acquisition date EUR
Current liabilities			
Trade payables	140,562		140,562
Other current non-financial liabilities	147,914		147,914
	288,476	**0**	**288,476**
Net assets	**239,310**	**34,594**	**273,904**
Goodwill from the acquisition of the Group (non-tax-deductible)			1,773,515
Purchase price			**2,047,419**
of which cash			782,473
Cash and cash equivalents acquired			41,844
Actual cash outflow for the acquisition			**740,629**

Acquisition of other shares

On May 30 2014, the itelligence AG acquired a further 10% interest in the Elsys Bilgi Sistemleri Group and a further additional 7.5% interest on December 12, 2014. Accordingly 77.5% in the company since December 12 2014.

The table below shows the impact in the level of the equity interest held by itelligence AG in Elsys Bilgi Sistemleri Group.

In KEUR	
itelligence AG interest as of January 1, 2014	8,900
Exchange rate differences	-195
Impact of the increase in the ownership interest	2,818
Share in result	1,371
itelligence AG interest as of December 31, 2014	**12,894**

Also on May 30 2014, itelligence AG acquired 10% in itelligence analitik sistemleri a.s. itelligence's interest in the company therefore increased from 60% as of December 31, 2013 to 70%.

The equity interest in itelligence Benelux Holding BV Eindhoven/ Netherlands was increased by 10%. itelligence's interest in the company therefore increased from 90% as of December 31, 2013 to 100% as of July 15, 2014.

itelligence AG also acquired a further 9% interest in itelligence a.s., Brno, Czech Republic. itelligence's interest in the company therefore increased from 86% as of December 31, 2013 to 95% as of March 12, 2014.

On March 25, 2014, itelligence AG acquired 8% in itelligence a/s Denmark, Horsens/Denmark, thereby increasing the percentage of its interest to 76%.

The table below shows the impact in the level of the stakes held by itelligence AG in itelligence a/s.

In KEUR	
itelligence AG interest as of January 1, 2014	17,362
Exchange rate differences	-76
Impact of the increase in the ownership interest	2,043
Share in result	2,884
itelligence AG interest as of December 31, 2014	**22,213**

The investment in itelligence France SAS, Paris/France, was increased by 15% to 81% on May 28, 2014.

itelligence a/s Denmark, Horsens/Denmark, acquired further shares in itelligence a/s Norway, Oslo/Norway, bringing the Group's equity interest from 58.75% as of December 31, 2013 to 70.68% as of November 30, 2014.

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

Other changes in the consolidated group
Effective January 1, 2014, Aster Group Inc., Concord/USA was merged with itelligence Inc., Cincinnati/USA.

All of the mergers were performed at carrying amounts and are the result of step consolidation by the Group.

Effective June 1, 2014, itelligence Ltda. S.A., Sao Paolo/Brazil was wound up and deconsolidated. The company has had no operations for some years. In this connection foreign currency gains of KEUR 367 were reclassified from other comprehensive income to the income statement. This was reported in exchange rate difference from financing.

E. Principles of Consolidation

itelligence AG and all the subsidiaries under the company's legal and factual 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 can be measured at fair value from January 1, 2010 (full goodwill method). The fair value of non-controlling interests is derived on the basis of the purchase price for the shares already acquired.

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. No investments were consolidated using the equity method as of the end of the reporting period.

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 =	2014	2013	Dec. 31, 2014	Dec. 31, 2013
USA	USD	1.3267	1.3277	1.2141	1.3791
Switzerland	CHF	1.2146	1.2309	1.2024	1.2276
UK	GBP	0.8061	0.8491	0.7789	0.8337
Poland	PLN	4.1843	4.1966	4.2732	4.1543
Turkey	TRY	2.9047	2.5217	2.8320	2.9605
Czech Republic	100 CZK	27.5353	25.9747	27.7350	27.4270
Denmark	100 DKK	7.4549	7.4579	7.4453	7.4593
Hungary	1.000 HUF	308.669	296.906	315.540	297.040
Russia	100 RUB	50.351	42.252	72.337	45.325

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 10 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 as of the end of the reporting period 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 cashflows of the asset or cash-generating unit and the choice of an appropriate discounting rate to calculate the present value of these cashflows. Long-term earnings forecasts based on general economic conditions and industry developments must be made to estimate future cashflows.

Key judgments are required to measure the deferred tax assets and liabilities of the Group (note 16). 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 14) 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).

As part of the acquisition, the remaining shares (non-controlling interests) can be acquired over the coming years by way of put and call options (note 23). The resulting financial liabilities are measured on the basis of the respective EBIT projections. The underlying projections contain forecasts that may deviate from future events. Any deviations will result in corresponding adjustments to the financial liabilities and will be recognized in earnings (note 7).

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, expected 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 recognized in accordance with IAS 38 when the criteria are met. 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 can be measured at fair value from January 1, 2010 (full goodwill method). This is calculated on the basis of a linear extrapolation of the purchase price for the shares acquired. Incidental costs of acquisition are 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: USA, Germany/Austria/Switzerland (DACH), 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 cashflows 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 cashflow (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	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, the Group 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 financial 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 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 acquired primarily 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 company:*** 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 entered into primarily 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 includes essentially the market values of put/call options entered into in acquisitions. In accordance with IAS 32.23, these put/call options are "synthetic forwards" in the context of a business combination that, after exercising an accounting option, are measured as a non-current liability at the present value of the estimated purchase price payments. The fair value of the synthetic forwards is calculated on the basis of internal planning for the EBIT of the respective company. The offsetting entry on first-time recognition of the options is in other comprehensive income.

Changes in fair value are reported in profit or loss under net finance costs.

Fair value measurement hierarchy

Financial and non-financial assets and liabilities at fair value are measured in accordance with IFRS 13.

Where possible, the Group uses data observable on the market to determine the fair value of assets and liabilities. Based on the input factors used in the measurement methods, the fair values are assigned to different levels in the fair value hierarchy:

- Level I: quoted prices on active markets for identical assets and liabilities.
- Level II: measurement parameters that are not the quoted prices of level I, but that can be either directly or indirectly observed for the asset and liability.
- Level III: measurement parameters for assets and liabilities not based on observable market data.

If the input factors used to determine the fair value of an asset or liability can be assigned to different levels of the fair value hierarchy, the measurement at fair value as a whole is assigned to the level of the fair value hierarchy of the lowest input factor relevant overall to measurement.

The Group recognizes reclassifications between different levels of the fair value hierarchy as of the end of the reporting period in which the change occurred.

Further information on the assumptions in determining fair value can be found in the following note:
• Note 30 – Financial instruments

Inventories

Inventories consist primarily 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 (e.g. with default of delinquency of a debtor). 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 derecognized only 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 value of these interests is updated annually on the basis of the allocable earnings components. The share of losses attributable to non-controlling interests in a consolidated company may 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. The pension obligations relate to the defined benefit commitments to members of the Management Board and obligations in respect to benefits to entitled active and former employees of GISA GmbH.

The obligations relate primarily to retirement, invalidity and surviving dependents' pensions. The individual commitments generally relate to the length of service and the remuneration of the GISA employees. The Prof. Dr. Klaus Heubeck 2005G mortality tables are used to measure pension obligations.

GISA GmbH processes its retirement benefit plans via the Mitteldeutsche Wirtschaft e. V. provident fund. Gisa GmbH is liable to the beneficiaries should the pension obligations exceed the fair value of the fund assets.

Actuarial gains and losses are recognized fully in the fiscal year in which they occur. They are recognized outside the income statement as a component of other comprehensive income in the list of the recognized income and expenses.

Actuarial opinions were obtained for pension obligations.

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 recognized only 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.

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 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 recognized only for the block model. Provisions for top-up amounts are recognized for this pro rata from the conclusion of the individual agreements until the end of the active phase. The outstanding settlement amount is added in installments over the period of the working phase.

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. Tax receivables and liabilities refer to current deferred taxes. In accordance with IAS 12, deferred taxes are calculated using the 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 by geographic region and by division in accordance with the provisions of IFRS 8.

The risks and rewards of itelligence AG are determined primarily 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 USA, 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)
- Application Management
- Outsourcing & Services (hosting and servicing for SAP software)

Statement of cashflows

The statement of cashflows 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 cashflows are shown in the statement of cashflows. 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 without netting against the amounts received from investment subsidies and grants provided. In accordance with IAS 7, a distinction is made between cashflows 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:

	2014 KEUR	2013 KEUR
DACH	255,027	192,900
USA	106,937	100,518
Western Europe	120,228	104,671
Eastern Europe	63,135	48,127
Asia	6,970	7,109
Other	4,509	3,759
	556,806	**457,084**

	2014 TEUR	2013 TEUR
Consulting	246,567	214,900
Licenses	56,903	56,844
Application Management	66,346	49,225
Outsourcing & Services	186,066	135,650
Other	924	465
	556,806	**457,084**

Consulting revenues are composed of consulting and training revenues. Consulting revenues include primarily 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. In the area of application management, the itelligence Group provides application-based services to support IT organizations. Revenues in Outsourcing & Services include revenues from customer support and from IT hosting for SAP server system environments.

Revenues in the amount of KEUR 12,751 were recognized in accordance with the percentage of completion method (previous year: KEUR 8,354). Costs of KEUR 9,830 were incurred for these unbilled services (previous year: KEUR 6,296). In total, a margin of KEUR 2,921 was generated (previous year: KEUR 2,058).

No revenues of more than 10% were generated with any single customer in fiscal years 2014 and 2013.

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:

	2014	2013
	KEUR	KEUR
Purchased merchandise and services	156,732	128,582
Staff costs	216,019	171,351
Depreciation, amortization and write-downs	15,466	11,272
Other expenses	37,972	33,266
	426,189	**344,471**

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:

	2014	2013
	KEUR	KEUR
Staff costs	44,186	37,884
Depreciation, amortization and write-downs	392	174
Other expenses	13,042	10,828
	57,620	**48,886**

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:

	2014	2013
	KEUR	KEUR
Staff costs	32,336	27,544
Depreciation, amortization and write-downs	3,281	1,898
Other expenses	10,773	9,214
	46,390	**38,656**

5 / Other operating income

	2014	2013
	KEUR	KEUR
Income from investment grants and subsidies	1,572	1,334
Government grants for partial retirement	0	320
Income from the sale of non-current assets	39	7
Income from the sale of long-term financial assets	724	0
Income from exchange differences	955	1,221
	3,290	**2,882**

6 / Other operating expenses

	2014	2013
	KEUR	KEUR
Bad debt allowances on receivables	1,947	1,258
Acquisition costs in accordance with IFRS 3 (rev. 2008)	1,593	861
Cost of asset disposals	16	8
Expenses from exchange rate differences and consolidation	2,207	1,165
	5,763	**3,292**

7 / Measurement of derivatives and exercise of options

	2014	2013
	KEUR	KEUR
Income from the measurement of options	519	4,833
Expenses from the measurement of options	-4,960	-227
Expenses from the exercise of options	-1,128	-457
Income from derivatives	271	116
Expenses from derivatives	-483	-77
	-5,781	**4,188**

The put and call options agreed in the context of acquisitions can be exercised at fair value on the basis of future EBIT developments. Plan shortfalls on agreed EBIT targets resulted in income from the remeasurement of options of KEUR 519 (previous year: KEUR 4,833). Expenses from plan excess of KEUR 4,960 (previous year: KEUR 227) were incurred in this context.

Expenses of KEUR 1,128 were generated from exercising put and call options (previous year: KEUR 457).

Currency forwards were concluded to hedge exchange rate fluctuations for items of the statement of financial position in fiscal 2014, resulting in income of KEUR 240 (previous year: KEUR 29) and expenses of KEUR 483 (previous year: KEUR 77). Furthermore, income of KEUR 31 was generated in connection with the measurement of an embedded derivative as of the end of the year (previous year: income of KEUR 87).

8 / Finance income/expenses

	2014	2013
	KEUR	KEUR
Interest income	149	155
Interest expenses	-3,157	-2,871
	-3,008	**-2,716**

Interest income contains interest received from bank balances and short-term fixed deposits (category: loans and receivables). KEUR 2,365 of interest expenses relate to the total interest expense for financial liabilities not measured at fair value through profit and loss (largely loans to the Group parent company: Liabilities measured at amortized cost).

9 / Income taxes

Tax expenses are composed as follows:

	2014 KEUR	2013 KEUR
Current tax expense		
Current year	-6,864	-6,681
Adjustments for previous years	-90	-1,281
	-6,954	**-7,962**
Deferred taxes:		
Formation and reversal of temporary differences	248	467
Recognition of tax losses not previously recognized	433	515
Loss carryforwards not utilized and written down	-1,153	-450
	-472	**532**
Tax expense	**-7,426**	**-7,430**

Current taxes are calculated on the basis of current tax rates. A combined tax rate of 31.27% (previous year: 31.33%) 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 15.44%. The slight change in the combined tax rate is due to the increase in the average corporate income tax rate.

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 31.27% (previous year: 31.33%) was assumed for Germany and a rate of between 17.0% and 35.0% (previous year: between 16.5% and 38.2%) was assumed for other countries.

The Group assumes that the tax provisions, taking into account a number of factors including the interpretations of tax law and past experience, are adequate for all outstanding tax years.

The following table contains a reconciliation of expected and reported tax expense and the reconciliation to the effective tax rate.

	2014	2014	2013	2013
		KEUR		KEUR
Earnings before income taxes		**14,165**		**23,596**
Taxes on the basis of the domestic tax rate of the company	-31.27%	-4,430	-31.33%	-7,392
Tax loss carryforwards not utilized and written down	-8.14%	-1,153	-1.91%	-450
Utilization of unrecognized loss carryforwards	3.05%	433	2.18%	515
Difference to foreign tax rates and change in tax rates	8.41%	1,192	3.37%	795
Differences due to non-tax-deductible expenses and tax-free income	-20.20%	-2,861	2.93%	691
Backpayment and reimbursement of taxes for previous years	-0.63%	-90	-5.43%	-1,281
Other differences	-3.65%	-517	-1.31%	-308
Reported income tax expense	**-52.43%**	**-7,426**	**-31.50%**	**-7,430**

10 / Earnings per share

Basic earnings

		2014	2013
Net profit after non-controlling interests	KEUR	3,286	**14,375**
Weighted average number of ordinary shares	**No.**	30,014,838	**30,014,838**
Earnings per share (basic)	EUR	**0.11**	**0.48**

I. Statement of Financial Position Disclosures

11 / Intangible assets

Development of intangible assets as of December 31, 2014:

Cost	IT software KEUR	Orders on hand and customer relationships KEUR	Goodwill KEUR	Intangible assets KEUR
January 1, 2014	**11,967**	**11,373**	**88,530**	**111,870**
Exchange differences	467	787	2,305	3,559
Additions	2,473	36	221	2,730
Additions due to business combinations	3,948	8,389	15,870	28,207
Reclassifications	83	0	0	83
Disposals	-1,244	-156	0	-1,400
December 31, 2014	**17,694**	**20,429**	**106,926**	**145,049**

Cumulative depreciation/amortization	IT software KEUR	Orders on hand and customer relationships KEUR	Goodwill KEUR	Intangible assets KEUR
January 1, 2014	**-7,884**	**-4,702**	**-7,795**	**-20,381**
Exchange differences	-252	-269	-245	-766
Additions (scheduled amortization)	-3,094	-1,332	0	-4,426
Disposals	1,226	150	0	1,376
December 31, 2014	**-10,004**	**-6,153**	**-8,040**	**-24,197**
Carrying amounts at December 31, 2014	**7,690**	**14,276**	**98,886**	**120,852**

Development of intangible assets as of December 31, 2013:

Cost	IT software KEUR	Orders on hand and customer relationships KEUR	Goodwill KEUR	Intangible assets KEUR
January 1, 2013	**9,627**	**3,456**	**84,262**	**97,345**
Exchange differences	-202	-57	-1,006	-1,265
Additions	2,515	6,037	424	8,976
Additions due to business combinations	110	248	6,539	6,897
Reclassifications	-3	1,689	-1,689	-3
Disposals	-80	0	0	-80
December 31, 2013	**11,967**	**11,373**	**88,530**	**111,870**

Cumulative depreciation/amortization	IT software KEUR	Orders on hand and customer relationships KEUR	Goodwill KEUR	Intangible assets KEUR
January 1, 2013	**-6,507**	**-2,291**	**-7,877**	**-16,675**
Exchange differences	106	48	82	236
Additions (scheduled amortization)	-1,563	-2,459	0	-4,022
Reclassifications	0	0	0	0
Disposals	80	0	0	80
December 31, 2013	**-7,884**	**-4,702**	**-7,795**	**-20,381**
Carrying amounts at December 31, 2013	**4,083**	**6,671**	**80,735**	**91,489**

Cost for IT software includes internally generated intangible assets in connection with internal SAP system changeovers in the amount of KEUR 558, the cumulative amortization for which amounts to KEUR 481 (carrying amount as of December 31, 2014: KEUR 77). 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 forecast 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 year 2014, orders on hand and customer relationships increased by a total of KEUR 8,390 (previous year: KEUR 6,285) as a result of company acquisitions. A large share relates to the acquisition of orders on hand and customer relationships from the business operations of GISA GmbH. KEUR 1,332 of orders on hand and customer relationships were worked off or amortized in the fiscal year (previous year: KEUR 2,459).

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 soon as the acquisition of an additional stake is contractually agreed. As a result of its company acquisitions, the Group added goodwill of KEUR 15,870 in fiscal 2014 (previous year: KEUR 6,539). Furthermore, goodwill was increased by KEUR 221 as a result of a subsequent purchase price adjustment within the one-year measurement period for an acquisition made in the previous year (previous year: KEUR 424).

itelligence AG constantly tests goodwill for impairment using the DCF method (fair value in use). The cashflows used in DCF measurement are based on the current business plans adopted 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. The main assumptions used in estimating recoverable amount are shown below. The values assigned for the main assumptions are the Management Board's assessment of future developments in the relevant industry and are based on past values from external and internal sources. If the actual figures differ from the significant assumptions made, this could lead to the recognition of impairment losses in the future.

	Average cost of capital		Long-term growth rate		Planned EBIT growth rate (average for next five years)	
	2014	2013	2014	2013	2014	2013
USA	9.55%	9.34%	1%	1%	26%	23%
DACH	8.89%	8.93%	1%	1%	23%	16%
Western Europe	9.72%	10.28%	1%	1%	21%	22%
Eastern Europe	13.85%	13.78%	1%	1%	14%	21%

As in the previous year, the discount rate used was based on the capital asset pricing model and derived from the weighted average cost of capital and debt. The cost of capital rate is based on a risk-free capital market rate for the relevant period taking into account the beta factor for the industry and a risk premium related to the relevant capital market. Based on the tax rate an after-tax discount rate is derived.

The terminal growth rate does not exceed the long-term growth rates of the industry in which the cash-generating units operate.

As in previous years, impairment testing for 2014 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 (e.g. increase of the discount rate by 1%) were changed within a realistic range, did not result in any indications of impairment of goodwill.

	USA KEUR	DACH KEUR	Western Europe KEUR	Eastern Europe KEUR	Total KEUR
As of December 31, 2012	**13,392**	**2,539**	**44,637**	**15,817**	**76,385**
Additions	5,572	0	0	1,391	6,963
Reclassifications	0	0	-569	-1,120	-1,689
Exchange rate differences	-557	0	-346	-21	-924
As of December 31, 2013	**18,407**	**2,539**	**43,722**	**16,067**	**80,735**
Additions	1,932	11,367	2,792	0	16,091
Reclassifications	0	0	0	0	0
Exchange rate differences	2,522	0	1,680	-2,142	2,060
As of December 31, 2014	**22,861**	**13,906**	**48,194**	**13,925**	**98,886**

12 / Property, plant and equipment

Development of property, plant and equipment as of December 31, 2014:

Cost	Land, buildings and leasehold improvements KEUR	Assets under development KEUR	IT hardware KEUR	Operating and office equipment KEUR	PPE KEUR
January 1, 2014	**36,509**	**107**	**64,535**	**15,739**	**116,890**
Exchange differences	1,508	0	2,148	-15	3,641
Additions	901	783	10,998	4,653	17,335
Additions due to business combinations	691	0	31	9,238	9,960
Reclassifications	15	-854	7,301	-6,545	-83
Disposals	0	0	-7,938	-3,219	-11,157
December 31, 2014	**39,624**	**36**	**77,075**	**19,851**	**136,586**

Cumulative depreciation / amortization	Land, buildings and leasehold improvements KEUR	Assets under development KEUR	IT hardware KEUR	Operating and office equipment KEUR	PPE KEUR
January 1, 2014	**-7,387**	**0**	**-40,608**	**-9,518**	**-57,513**
Exchange differences	-63	0	-1,107	57	-1,113
Additions	-1,915	0	-9,883	-4,248	-16,046
Reclassifications	-2	0	-3,959	3,961	0
Disposals	0	0	7,828	3,114	10,942
December 31, 2014	**-9,367**	**0**	**-47,729**	**-6,634**	**-63,730**
Carrying amounts at December 31, 2014	**30,257**	**36**	**29,346**	**13,217**	**72,856**

Development of property, plant and equipment as of December 31, 2013:

Cost	Land, buildings and leasehold improvements KEUR	Assets under development KEUR	IT hardware KEUR	Operating and office equipment KEUR	PPE KEUR
January 1, 2013	**36,554**	**82**	**59,065**	**13,279**	**108,980**
Exchange differences	-591	0	-908	-304	-1,803
Additions	530	107	7,269	3,222	11,128
Additions due to business combinations	0	0	178	37	215
Reclassifications	16	-82	95	-26	3
Disposals	0	0	-1,164	-469	-1,633
December 31, 2013	**36,509**	**107**	**64,535**	**15,739**	**116,890**

Cumulative depreciation/amortization	Land, buildings and leasehold improvements KEUR	Assets under development KEUR	IT hardware KEUR	Operating and office equipment KEUR	PPE KEUR
January 1, 2013	**-5,857**	**0**	**-34,448**	**-7,580**	**-47,885**
Exchange differences	40	0	386	148	574
Additions	-1,570	0	-7,690	-2,522	-11,782
Reclassifications	0	0	-20	20	0
Disposals	0	0	1,164	416	1,580
December 31, 2013	**-7,387**	**0**	**-40,608**	**-9,518**	**-57,513**
Carrying amounts at December 31, 2013	**29,122**	**107**	**23,927**	**6,221**	**59,377**

Property, plant and equipment (IT hardware and operating and office equipment) include carrying amounts of KEUR 17,115 relating to finance leases (previous year: KEUR 4,694). The terms of these leases are generally three to five years. Some agreements include prolongation and purchase options.

13 / Other financial assets

	Dec. 31, 2014	Dec. 31, 2013
	KEUR	KEUR
Term deposits	579	1,184
Recovery receivables from third parties	2,569	2,950
Security deposits	514	502
Loans to employees	394	344
Partial retirement receivables	545	320
Other investments	13	13
Other financial receivables	833	55
	5,447	**5,368**

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

	Dec. 31, 2014	Dec. 31, 2013
	KEUR	KEUR
Other non-current financial assets	1,363	1,573
Other current financial assets	4,084	**3,795**
Other financial assets	**5,447**	**5,368**

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. Term deposits bear interest at rates of up to 0.05% (previous year: between 0.05% and 0.3%) and serve as security for guarantees in the amount of KEUR 45 (previous year: KEUR 45).

The recovery claims from third parties consist of compensation committed to itelligence in the context of a business combination performed in the previous year.

Other investments include the shares in (<1%) and the shares acquired in TBV ProVital Lemgo (8.35%). These are financial investments in unlisted equity instruments that are measured at cost less valuation allowances.

Other financial receivables relate primarily to negative balances on supplier accounts.

14 / Trade receivables

	Dec. 31, 2014	Dec. 31, 2013
	KEUR	KEUR
Trade receivables	119,275	114,682
Trade receivables from shareholders	2,746	1,876
Receivables from unbilled services (POC)	12,751	7,242
Unbilled receivables	2,746	1,112
	137,518	124,912
Bad debt allowances	-4,884	-3,290
	132,634	**121,622**

	Dec. 31, 2014	Dec. 31, 2013
	KEUR	KEUR
Non-current trade receivables	2,592	1,751
Current trade receivables	130,042	119,871
Trade receivables	**132,634**	**121,622**

Specific valuation allowances developed as follows:

	KEUR
December 31, 2012	**3,042**
Exchange differences	-76
Reversal	-1,141
Utilization	-662
Addition	2,127
December 31, 2013	**3,290**
Exchange differences	-123
Reversal	-1,130
Utilization	-715
Addition	3,562
December 31, 2014	**4,884**

The reported amount of receivables from unbilled services (POC) of KEUR 12,751 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 223 were recognized for current projects. No amounts were retained by customers in connection with current projects as of the end of the reporting period.

15 / Other non-financial assets

	Dec. 31, 2014	Dec. 31, 2013
	KEUR	KEUR
Investment grant for data center	55	348
Prepayments for social security	1,666	0
Sales tax	890	387
Other non-financial receivables	1,625	378
	4,236	**1,113**

Other non-financial assets are reported under the following statement of financial position items:

	Dec. 31, 2014	Dec. 31, 2013
	KEUR	KEUR
Other non-current non-financial assets	0	0
Other current non-financial assets	4,236	1,113
Other non-financial assets	**4,236**	**1,113**

16 / Deferred tax assets and deferred tax liabilities

Deferred taxes are composed as follows:

	Dec. 31, 2014 KEUR	Dec. 31, 2013 KEUR
Deferred tax assets:		
Receivables	502	155
Loss carryforwards	1,033	1,241
Provisions and liabilities	6,766	1,902
Intangible assets and property, plant and equipment	2,310	985
Netted against deferred tax liabilities	-6,830	-1,331
	3,781	**2,952**
Deferred tax liabilities:		
Adjustment for percentage of completion method	2,730	1,929
Receivables	1,131	249
Provisions and liabilities	80	821
General warranty provision	217	205
Intangible assets and property, plant and equipment	13,017	6,053
Netted against deferred tax assets	-6,830	-1,331
	10,345	**7,926**

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 the 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 2014 relate to loss carryforwards of KEUR 3,579 that were measured at the future tax rate (previous year: KEUR 4,295). A tax rate of 31.27% (previous year: 31.33%) was assumed for Germany and a rate of between 17.0% and 35% (previous year: between 25.0% and 30.0%) was assumed for other countries. The tax loss carryforwards are expected to be utilized over a period of three years.

Irrespective of the probability of expected use, additional potential tax loss carryforwards are available for utilization in the amount of KEUR 3,008 (previous year: KEUR 2,348). As the trend towards profitable growth has not been fully upheld, these potential tax savings have not been capitalized. If profitable growth occurs in the coming years, the other non-recognized deferred tax assets will be recognized, which would result in additional tax income.

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) originates primarily from the following countries:

	TEUR	Forfeitability
Spain	696	After 15 years
Austria	792	Non-forfeitable
Netherlands	710	After 9 years
Russia	337	After 10 years
Ukraine	339	After 10 years
Belgium	103	Non-forfeitable
Other	31	
	3,008	

In addition to the deferred tax expenses of KEUR 472 (see note 9), netted deferred tax liabilities of KEUR 1,118 were recognized in equity. These relate to deferred tax expenses on the hidden reserves recognized in the context of company acquisitions. At the same time, the main deferred tax asset recognized in equity was on actuarial losses.

17 / Cash and cash equivalents

	Dec. 31, 2014	Dec. 31, 2013
	KEUR	KEUR
Current account balances and cash in hand	38,764	39,246
	38,764	**39,246**

Current account balances bear interest at rates of up to 0.05%.

18 / Prepaid expenses

	Dec. 31, 2014	Dec. 31, 2013
	KEUR	KEUR
Advanced payments for servicing work	9,014	3,983
Insurance	3,901	3,153
Other	3,111	2,467
	16,026	**9,603**

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

19 / Issued capital

Share capital
The corresponding amounts from the separate financial statements of itelligence AG are shown in the consolidated financial statements for share capital. The share capital amounts to EUR 30,014,838 and is divided into 30,014,838 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 utilized in the amount of EUR 5,457,243 in fiscal 2012. Since this time, authorized capital has been unchanged at EUR 6,821,554.

Contingent capital
There was no contingent capital as of December 31, 2014.

The aim of the Group is to maintain a strong capital base in order to ensure the confidence of creditors and the markets, and to guarantee the sustainable development of the company. Capital describes the equity reported in the statement of financial position. 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 at the end of fiscal 2014 was 33.46% (previous year: 36.56%).

20 / Capital reserves

The capital reserves contain the premiums from the shares issued less the external costs directly attributable to the equity transaction. There were capital reserves of KEUR 52,768 as of December 31, 2014.

21 / Net accumulated profit

	KEUR
Net accumulated profit at January 1, 2013	**38,315**
Dividend payments	-1,800
Consolidated net profit	14,375
Net accumulated profit at December 31, 2013	**50,890**
Consolidated net profit	3,286
Net accumulated profit at December 31, 2014	**54,176**

The Management Board and Supervisory Board will propose to the Annual General Meeting not to distribute a dividend from the unappropriated surplus of itelligence AG for fiscal 2014.

22 / Other comprehensive income

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

	KEUR
As of January 01, 2013	**-27,309**
Exercise of options	2,790
Actuarial losses as per IAS 19	-840
Currency translation	-2,873
As of December 31, 2013	**-28,232**
Exercise of options	5,540
Actuarial losses as per IAS 19	-2,153
Currency translation	2,732
As of December 31, 2014	**-22,113**

23 / Financial liabilities

Financial liabilities consist of loans from banks, third parties and shareholders, liabilities from put options and liabilities from financial derivatives:

	Dec. 31, 2014	Dec. 31, 2013
	KEUR	KEUR
Liabilities from put options	14,317	15,676
Liabilities from financial derivatives	745	336
Loans from shareholders	49,767	35,890
Amounts due to banks	12,522	8,401
Other loans	11,615	3,352
	88,966	**63,655**

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

	Dec. 31, 2014	Dec. 31, 2013
	KEUR	KEUR
Non-current financial liabilities	62,439	47,433
Current financial liabilities	26,527	16,222
	88,966	**63,655**

Non-current financial liabilities are broken down as follows:

	Dec. 31, 2014	Dec. 31, 2013
	KEUR	KEUR
Liabilities from put options	**7,618**	**11,199**
Liabilities from financial derivatives	605	266
Amounts due to shareholders	49,767	35,890
– of which current	-6,134	-5,978
	43,633	**29,912**
Amounts due to banks		
– to banks in Germany	5,484	2,447
– to banks outside Germany	7,038	5,954
– of which current	-8,268	-3,808
	4,254	**4,593**
From other loans		
– from other loans in Germany	9,814	381
– from other loans outside Germany	1,801	2,971
– of which current	-5,286	-1,889
	6,329	**1,463**
	62,439	**47,433**

The maturities of non-current financial liabilities are broken as follows:

	Summe KEUR	Remaining term of between 1 and 5 years KEUR	Remaining term of more than 5 years KEUR
Liabilities from put options	7,618	7,618	0
(previous year)	(11,199)	(11,199)	(0)
Liabilities from financial derivatives	605	476	129
(previous year)	(266)	(212)	(54)
Amounts due to shareholders	43,633	37,016	6,617
(previous year)	(29,912)	(19,294)	(10,618)
Amounts due to banks	4,254	4,254	0
(previous year)	(4,593)	(4,593)	(0)
From other loans	6,329	6,329	0
(previous year)	(1,463)	(1,463)	(0)
December 31, 2014	**62,439**	**55,693**	**6,746**
December 31, 2013	**(47,433)**	**(36,761)**	**(10,672)**

As part of the acquisition of shares in SAPCON a.s., Adelante SAS, 2C change as and Elsys/Intelart Bilgi Sistemleri A. S., 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 2.20% (previous year: or 2.32% and 2.91%).

A change in the forecast future EBIT development of +/-10% would result in the recognition in profit or loss of a change in reported liabilities of KEUR 1,386.

A change in the discount rate of +/-1% would result in the recognition in profit or loss of a change in reported liabilities of KEUR 121.

The discounted values for the put and call options in connection with the acquisitions performed are as follows as of December 31, 2014:

	Total TEUR	of which current TEUR	of which non-current TEUR
Liabilities from put and call options for 2C change	9,292	4,354	4,938
(Previous year)	(8,642)	(2,471)	(6,171)
Liabilities from put and call options for Benelux	0	0	0
(Previous year)	(151)	(151)	(0)
Liabilities from put and call options for SAPCON	198	0	198
(Previous year)	(184)	(184)	(0)
Liabilities from put and call options for Adelante	628	628	0
(Previous year)	(1,881)	(772)	(1,109)
Liabilities from put and call options for Turkey	4,199	1,717	2,482
(Previous year)	(4,818)	(898)	(3,920)
December 31, 2014	**14,317**	**6,699**	**7,618**
December 31, 2013	**(15,676)**	**(4,476)**	**(11,200)**

The non-current liabilities to shareholders relate to several EUR- and USD-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 and German consulting companies.

	Interest rate %	Total KEUR	of which current KEUR	of which non-current KEUR
Loan from Oct. 1, 2009/10-year term	3.596	3,784	784	3,000
(Previous year)		(4,540)	(790)	(3,750)
Loan from Jul. 15, 2010/10-year term	3.055	6,692	1,192	5,500
(Previous year)		(7,808)	(1,208)	(6,600)
Loan from Jun. 13, 2011/10-year term	3.715	9,283	1,483	7,800
(Previous year)		(10,609)	(1,509)	(9,100)
Loan from Jun. 30, 2011/5-year term	3.084	1,219	619	600
(Previous year)		(1,828)	(628)	(1,200)
Loan from Dec. 15, 2011/5-year term	2.3597	1,201	601	600
(Previous year)		(1,802)	(602)	(1,200)
Loan from Jul. 15, 2011/10-year term	3.514	3,743	586	3,157
(Previous year)		(4,278)	(594)	(3,684)
Loan from Jan. 31, 2012/10-year term	2.2161	5,074	722	4,352
(Previous year)		(5,025)	(647)	(4,378)
Loan from May 14, 2014/3-year term	1.245	18,771	147	18,624
(Previous year)		(0)	(0)	(0)
December 31, 2014		**49,767**	**6,134**	**43,633**
December 31, 2013		**(35,890)**	**(5,978)**	**(29,912)**

The other non-current loans as of December 31 2014 relate essentially to existing finance lease contracts used predominantly for expansion of data center capacity in Germany, Poland, Malaysia and the USA and well as improvements in the office building in the USA.

Liabilities from finance leases are due as follows.

in KEUR	Future minimum lease payments 2014	Future minimum lease payments 2013	Interest payments 2014	Interest payments 2013	Present value of minimum lease payments 2014	Present value of minimum lease payments 2013
Due within one year	7,717	1,549	524	50	7,193	1,499
Due between one and five years	10,226	3,537	414	309	9,812	3,228
Due after five years	0	0			0	0
	17,943	**5,086**	**938**	**359**	**17,005**	**4,727**

Within Germany, development loans for investments in the data center in Bautzen with a volume of KEUR 1,300 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. Specific inventories of itelligence OS have been assigned. The secured inventories had a carrying amount of KEUR 418 as of the end of the reporting period (previous year: KEUR 656). The long-term deposits in the amount of KEUR 274 (previous year: KEUR 556) 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:

	2014 KEUR	2013 KEUR
Germany		
Credit facilities available as of December 31	23,500	5,000
Utilization through loans	-4,184	0
Utilization through guarantees	-326	-305
Unutilized credit facilities	**18,990**	**4,695**
Abroad		
Credit facilities available as of December 31	13,912	15,222
Utilization through loans	-1,409	-1,830
Utilization through guarantees	-116	-113
Unutilized credit facilities	**12,387**	**13,279**
Average interest rate	1.8% – 5.0%;	1.5% – 6.0%

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 are broken down as follows:

	Dec. 31, 2014	Dec. 31, 2013
	KEUR	KEUR
Bank overdrafts	5,593	1,830
Loans from shareholders	6,134	5,978
Liabilities from financial derivatives	140	70
Liabilities from put options	6,699	4,476
Current portion of non-current financial liabilities		
– to banks in Germany	567	1,147
– to banks outside Germany	2,108	831
– from other loans in Germany	4,369	258
– from other loans outside Germany	917	1,632
	26,527	**16,222**

The financial liabilities as of December 31, 2014 were borrowed 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.

24 / Other provisions

Other provisions developed as follows in fiscal 2014:

	Jan. 1, 2014	Currency	Addition due to business combinations	Utilization	Reversal	Addition	Dec. 31, 2014	Of which non-current
	KEUR	KEUR	KEUR	KEUR	KEUR	KEUR	KEUR	KEUR
Provisions for potential losses	866	21	116	-534	-933	1,246	782	
Credit notes to be issued	626	-6		-34	-564	48	70	
Severance payments	24					4	28	
Warranties	663	9	1,218	-1,094	-260	833	1,369	
Court costs	364	23		-48	-2	10	347	
Partial retirement	179		2,749	-2,513		404	819	389
Miscellaneous other provisions	4,033	-29	1,630	-2,361	-197	1,226	4,302	28
	6,755	**18**	**5,713**	**-6,584**	**-1,956**	**3,771**	**7,717**	**417**

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

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 28 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, 2014, provisions of KEUR 819 were recognized on the basis of partial retirement commitments for 39 employees. The discount rates were 0.5% and 0.87% (previous year: 1.48%). Provisions were offset against plan assets. In fiscal 2014, additions of KEUR 1,105 were made to plan assets. This change was shown in utilization.

Miscellaneous other provisions relate to possible repayment of EU subsidies in the amount of MEUR 2.6. The obligations resulted from a business combination performed in the previous year. An expected reimbursement of the repayment has been recognized at the same level under other financial assets (note13).

25 / Provisions for pensions and similar obligations

Occupational pensions are made up of defined contribution and defined benefit systems. In the reporting year, a total of KEUR 22,848 was paid into defined contribution pension systems (previous year: KEUR 18,901). The expenses incurred at the German Group companies (employer contributions to statutory German pension insurance) amount to KEUR 9,198 (previous year: KEUR 5,477).

The provision for defined benefit pension systems is calculated using actuarial methods. The following assumptions are made:

	2014	2013
Underlying assumptions	%	%
Interest rate	1.4 – 1.9	3.27
Salary increases	2.75	0.0
Pension increases	2.0	2.0

If all other variables remained the same, the change of the calculated interest rate by 1 percentage point would result in a change of the pension provisions of KEUR 2,735.

For a description of the defined benefit plans for the members of the Management Board refer to note 34 e).

Defined benefit plans result in the Group assuming actuarial risks, such as longevity risk, interest rate risk and market (investment) risk.

As the assets to be transferred are to be qualified as plan assets in the sense of IAS 19, provisions for pensions and similar obligations were offset against the assets to be transferred as of December 31, 2014. Provisions are reduced accordingly.

The pension expenses for the fiscal years are reported in all functional areas in the income statement and are as follows

	2014	2013
	KEUR	KEUR
Service cost	649	105
Interest expense	347	91
Interest income from plan assets	-146	-48
Net pension expenses	**850**	**148**

	2014	2013
Changes in plan assets	KEUR	KEUR
Projected value as of January 1	1,557	1,406
Change in the scope of consolidation	3,001	0
Contributions added	318	79
Interest income from plan assets	146	48
Pension payment of the funds	-63	0
Actuarial gains (+)/losses (-)	-108	24
Value of plan assets as of December 31, 2014	**4,851**	**1,557**
Current return on plan assets	38	72

Plan assets relate primarily to pledged pension liability insurance policies concluded with renowned insurance companies. Pension liability insurance policies are concluded at the full amount for all beneficiaries.

Development of pension obligations (DBO):

	2014	2013
	KEUR	KEUR
Dynamic pension obligations as of January 1, 2014	2,919	2,214
Change in the scope of consolidation	7,666	0
Loss on remeasurement	0	493
Acquired service benefits	649	105
Interest expense for claims already acquired	347	91
Benefits paid	-81	0
Actuarial gains (-)/losses (+)	2,750	16
Dynamic pension obligations as of December 31, 2014	**14,250**	**2,919**

Development of other comprehensive income (OCI):

	2014
	TEUR
OCI as of January 1, 2014	-840
Adjustment for previous-year tax effect	263
Change in the scope of consolidation	-492
Expenses from plan assets (not including interest income)	-108
Net actuarial gains (+)/losses (-)	-1,816
OCI as of December 31, 2014	**-2,993**

KEUR 3,320 (losses) of gross actuarial gains and losses relates to financial assumptions which did not occur and KEUR 569 (gains) to experience adjustments. The changes in the pension provisions are shown in the following table:

	2014 KEUR	2013 KEUR
Dynamic pension obligations (DBO)	14,250	2,919
Cash surrender value of the employer's pension liability insurance policy	-4,851	-1,557
Pension provisions	**9,399**	**1,362**

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

	2014 KEUR	2013 KEUR	2012 KEUR	2011 KEUR	2010 KEUR
Defined benefit obligation	14,250	2,919	1,871	1,221	1,081
Cash surrender value of the employer's pension liability insurance policy	-4,851	-1,557	-1,406	-1,220	-1,069
Financing status	**9,399**	**1,362**	**465**	**1**	**12**

The Group expects to transfer contributions of KEUR 507 to plan assets in 2015.

The maturity profile of forecast pension payments (discounted) is as follows:

	TEUR
Due within one year	0
Due between one and five years	2,256
Due after five years	11,994
	14,250

The weighted average term of dynamic pension obligations is 18.5 years (previous year: 18.5 years).

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 763 (converted) were approved and paid to the Czech subsidiary itelligence a.s., Brno (previous year: KEUR 356). The subsidies are grants linked to the main condition that the company retains the new jobs created in fiscal 2014. 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 3,268 (previous year: KEUR 3,935). For subsidies not yet received, current assets of KEUR 55 were recognized (previous year: KEUR 348). In the year under review, other operating income was recognized in the amount of KEUR 1,572 (previous year: KEUR 1,334). Amounts are generally recognized in profit or loss over the useful life of the subsidized assets.

27 / Other non-financial liabilities

	Dec. 31, 2014 KEUR	Dec. 31, 2013 KEUR
Bonuses and salaries	29,911	24,156
Advance payments received	10,603	10,993
Sales tax	8,440	8,784
Wage and church taxes	4,279	3,129
Social security	3,894	4,349
Accrued vacation	8,218	6,460
Services yet to be rendered	5,387	6,107
Legal, consulting and audit costs	721	588
Purchase price obligations	5,871	3,699
Employer's liability insurance	689	350
Supervisory Board remuneration	26	52
Levy in lieu of employing the severely disabled	194	156
Restoration obligations	504	216
Other	5,214	3,084
Other non-financial liabilities	**83,951**	**72,123**

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

	Dec. 31, 2014 KEUR	Dec. 31, 2013 KEUR
Other non-current non-financial liabilities	3,736	1,606
Other current non-financial liabilities	80,215	70,517
Other non-financial liabilities	**83,951**	**72,123**

The members of the Management Board and the management team receive performance-related remuneration geared towards the company's long-term success, the members of the Supervisory Board ultimately for fiscal year 2012. Until fiscal 2012, this consisted of cash remuneration based on the company's share price (virtual stock options). Given the delisting in fiscal 2013, share price-based remuneration was replaced by a long-term incentive based on EBIT development. After the conclusion of the Annual General Meeting, share-based remuneration simulated an investment by the company of 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 was paid the amount arising from the increase in value of the virtually 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. In the fiscal years up to and including 2011, steady share price performance was assumed in measurement. Based on past experience, future volatility of 31% was assumed in the previous year. In fiscal 2012, the majority shareholder submitted a voluntary public purchase offer to the other shareholders of itelligence AG. The main shareholder held 98% of shares as of December 31, 2012 and 100% of shares from the middle of 2013. Owing to the change in the shareholder structure and the fact of the delisting, the share price was barely subject to fluctuations and was used to determine the average share price only until the Annual General Meeting on May 23, 2013. The average price for the period from January 2013 to May 23, 2013 was EUR 11.062.

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 450 under "Bonuses and salaries" and "Supervisory Board remuneration". One tranche was measured as of the end of the reporting period (9/2011).

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, 2014 EUR	Value increase EUR	Supervisory Board virtual shares	Management Board virtual shares	Management virtual shares	Virtual shares (total)	Fair value as of Dec. 31, 2014 EUR
Tranche 9	6.674	11.062	4.388	6,368	80,000	17.980	104,348	449,540

The number of virtual shares developed as follows:

	Supervisory Board virtual shares	Management Board virtual shares	Management virtual shares	Virtual shares (total)
Number of shares as of December 31, 2011	28,216	220,000	99,586	347,802
Allocation of tranche 9	6,368	80,000	25,472	111,840
Payment	-10,236	-70,000	-36,127	-116,363
Number of shares as of December 31, 2012	24,348	230,000	88,931	343,279
Payment	-10,396	-70,000	-46,541	-126,937
Number of shares as of December 31, 2013	13,952	160,000	42,390	216,342
Payment	-7,584	-80,000	-24,410	-111,994
Number of shares as of December 31, 2014	**6,368**	**80,000**	**17,980**	**104,348**

The total expenses recorded in the period under review amounted to KEUR 4 for the Supervisory Board, KEUR 122 for the Management Board and KEUR 18 for the management team.

28 / Trade payables

	Dec. 31, 2014 KEUR	Dec. 31, 2013 KEUR
Trade payables to third parties	40,296	33,831
Trade payables to shareholders	1,673	454
Trade payables from outstanding invoices	5,533	4,601
	47,502	**38,886**

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.

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

Financial liabilities, except for derivative financial instruments, 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. The fair value of fixed-rate loans is calculated using available market prices or by discounting cashflows 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:

December 31, 2014	Note	Held for trading KEUR	Available for sale KEUR	Held to maturity KEUR	Loans and receivables KEUR	Financial liabilities measured at amortized cost KEUR	Carrying amounts KEUR	Fair value KEUR
Cash and cash equivalents	17	-	-	-	38,764	-	38,764	38,764
Trade receivables	14	-	-	-	132,634	-	132,634	132,634
Other financial assets	13	-	13	1,347	4,087	-	5,447	5,447
Financial assets		**-**	**13**	**1,347**	**175,485**	**-**	**176,845**	**176,845**
Trade payables	28	-	-	-	-	-47,502	-47,502	-47,502
Financial liabilities								
– Loans	23	-	-	-	-	-73,904	-73,904	-74,103
– Derivative financial instruments	23	-15,062	-	-	-	-	-15,062	-15,062
Financial liabilities		**-15,602**	**-**	**-**	**-**	**-121,406**	**-136,468**	**-136,667**

December 31, 2013	Note	Held for trading KEUR	Available for sale KEUR	Held to maturity KEUR	Loans and receivables KEUR	Financial liabilities measured at amortized cost KEUR	Carrying amounts KEUR	Fair value KEUR
Cash and cash equivalents	17	-	-	-	39,246	-	39,246	39,246
Trade receivables	14	-	-	-	121,622	-	121,622	121,622
Other financial assets	13	-	13	557	4,798	-	5,368	5,368
Financial assets		**-**	**13**	**557**	**165,666**	**-**	**166,236**	**166,236**
Trade payables	28	-	-	-	-	-38,886	-38,886	-38,886
Financial liabilities								
– Loans	23	-	-	-	-	-47,643	-47,643	-48,262
– Derivative financial instruments	23	-16,012	-	-	-	-	-16,012	-16,012
Financial liabilities		**-16,012**	**-**	**-**	**-**	**-86,529**	**-102,541**	**-103,160**

In calculating the market values of the loans, interest rates between 2.2% and 2.7% were applied.

For the financial instruments not recognized at fair value but for which a fair value is provided in the above table, the calculation is made on the basis of discounted cashflow.

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).

December 31, 2014	Held-for-trading derivative financial assets KEUR	Held-for-trading financial liabilities KEUR	Total as of Dec. 31, 2014 KEUR
Total	0	-15,062	-15,062
of which level I	0	0	0
of which level II	0	-745	-745
of which level III	0	-14,317	-14,317

December 31, 2013	Held-for-trading derivative financial assets KEUR	Held-for-trading financial liabilities KEUR	Total as of Dec. 31, 2013 KEUR
Total	0	-16,012	-16,012
of which level I	0	0	0
of which level II	0	-336	-336
of which level III	0	-15,676	-15,676

The impact on earnings is shown in note (7).

The level III financial instruments are the put and call options in connection with the acquisitions performed. The measurement is made by Group Account and is based on business planning as adopted by the Supervisory Board. The appropriateness of the measurement is examined during the year on a quarterly basis and on the basis of the new business planning is adjusted after one year at the latest. The measurement model takes into account the present value of the expected value (on the basis of the forecast EBIT development), discounted with a discount rate specific to the risk. The significant unobservable inputs are the forecast annual growth rates for revenues (6.0% to 7.0%) and the forecast EBIT margins (7.7% to 10.0%).

The table below shows the reconciliation between the opening and closing balances for level III financial instrument liabilities:

Liabilities from put and call options	KEUR
As of January 1, 2014	-15,676
Income from the measurement of options	519
Expenses from the exercise of options	-1,128
Expenses from the measurement of options	-4,960
Interest expenses	-445
Exercise of options outside profit or loss	7,373
As of December 31, 2014	**-14,317**

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 6,667 in fiscal 2014 (previous year: KEUR 5,800).

The maturity structure of future, other financial obligations as of December 31, 2014 is as follows:

	KEUR
Due within one year	29,523
Due between one and five years	32,066
Due after five years	7,638
	69,227

These relate essentially 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 that can be exercised at fair value from December 31, 2018.

32 / Segment reporting

Segment reporting has been prepared in accordance with IFRS 8. The segments are defined in line with the Group's internal management and reporting (management approach). Internal financial reporting to the management and supervisory bodies is performed on a regional basis.

The geographical regions are the USA, Germany/Austria/Switzerland (DACH), Western Europe, Eastern Europe, Asia and Other.

Segment report as of December 31, 2014 and the previous year:

	USA	DACH	Western Europe	Eastern Europe	Asia	Other and consolidation	Group 2014
	KEUR	KEUR	KEUR	KEUR	KEUR	KEUR	KEUR
Segment revenues	107,732	261,704	125,886	65,289	7,849	5,106	573,566
Intersegment trade	-795	-6,677	-5,658	-2,154	-879	-597	-16,760
External segment revenues	**106,937**	**255,027**	**120,228**	**63,135**	**6,970**	**4,509**	**556,806**
EBITDA	7,075	20,855	6,710	7,104	1,470	60	43,274
Depreciation and amortization	-3,880	-11,843	-1,146	-2,660	-888	-55	-20,472
EBIT	**3,195**	**9,012**	**5,564**	**4,444**	**582**	**5**	**22,802**
Investment income	0	398	0	0	0	0	398
Measurement of derivatives and exercise of options	0	-5,781	0	0	0	0	-5,781
Exchange rate differences from financing activities	0	-273	27	0	0	0	-246
Interest income	2	98	31	17	0	1	149
Interest expenses	-217	-2,522	-251	-163	-4	0	-3,157
Earnings before tax	**2,980**	**932**	**5,371**	**4,298**	**578**	**6**	**14,165**
Income taxes	**-1,015**	**-3,352**	**-2,074**	**-864**	**12**	**-133**	**-7,426**
Consolidated net profit	**1,965**	**-2,420**	**3,297**	**3,434**	**590**	**-127**	**6,739**

	USA KEUR	DACH KEUR	Western Europe KEUR	Eastern Europe KEUR	Asia KEUR	Other and consolidation KEUR	Group 2014 KEUR
Segment revenues	101,199	199,910	110,266	49,725	7,571	4,200	472,871
Intersegment trade	-681	-7,010	-5,595	-1,598	-462	-441	-15,787
External segment revenues	**100,518**	**192,900**	**104,671**	**48,127**	**7,109**	**3,759**	**457,084**
EBITDA	8,113	14,140	7,078	6,720	878	1,082	38,011
Depreciation and amortization	-4,345	-7,297	-1,129	-2,346	-641	-51	-15,809
EBIT	**3,768**	**6,843**	**5,949**	**4,374**	**237**	**1,031**	**22,202**
Investment income	0	-5	0	0	0	0	-5
Measurement of derivatives and exercise of options	0	4,188	0	0	0	0	4,188
Exchange rate differences from financing activities	0	-124	96	-109	0	64	-73
Interest income	5	109	1	38	0	1	154
Interest expenses	-122	-2,244	-333	-171	0	0	-2,870
Earnings before tax	**3,651**	**8,767**	**5,713**	**4,132**	**237**	**1,096**	**23,596**
Income taxes	**-1,314**	**-3,080**	**-1,944**	**-940**	**-16**	**-136**	**-7,430**
Consolidated net profit	**2,337**	**5,687**	**3,769**	**3,192**	**221**	**960**	**16,166**

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 KEUR	DACH KEUR	Western Europe KEUR	Eastern Europe KEUR	Asia KEUR	Other KEUR	Group 2014 KEUR
Investments in property, plant and equipment and intangible assets	2,688	11,515	1,002	2,799	1,820	53	19,877
Depreciation and amortization	-3,880	-11,843	-1,146	-2,660	-888	-55	-20,472

							Group 2013
Investments in property, plant and equipment and intangible assets	7,130	7,490	757	3,458	726	120	19,681
Depreciation and amortization	-4,345	-7,297	-1,129	-2,346	-641	-51	-15,809

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

	Consulting KEUR	Licenses KEUR	Application Management KEUR	Outsourcing & Services KEUR	Other (unallocated) KEUR	Group 2014 KEUR
Segment revenues	246,567	56,903	66,346	186,066	924	556,806

	KEUR	KEUR	KEUR	KEUR	KEUR	Group 2013 KEUR
Segment revenues	214,900	56,844	49,225	135,650	465	457,084

33 / Other disclosures

a) Cost of materials

The cost of materials calculated using the nature of expense method totaled KEUR 156,727 in fiscal 2014 (previous year: KEUR 128,582). Inventories of KEUR 107,556 (previous year: KEUR 91,427) were recognized as an expense in the reporting period. Of this figure, KEUR 49,171 related to the cost of purchased services (previous year: KEUR 37,155).

b) Staff costs

Staff costs calculated using the nature of expense method totaled KEUR 292,541 in fiscal 2014 (previous year: KEUR 236,779).

c) Number of employees

The itelligence Group employed an average of 3,939 people in fiscal 2014 (previous year: 2,930). An average of 476 persons were employed in administration, 277 in sales, 1,934 in consulting and 1,252 in outsourcing & services. The Group had a total of 4,140 employees on December 31, 2014.

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 executive bodies of enterprises not belonging to the itelligence Group (as of December 31, 2014)
Herbert Vogel CEO	Member of the Supervisory Board of Cayago AG Member of the Advisory Board of TBV ProVital Lemgo GmbH & Co. KG Member of the Advisory Board of symmedia GmbH
Norbert Rotter CFO	

Supervisory Board	Membership of other executive bodies:
Friedrich Fleischmann, Chairman Independent business consultant Senior Managing Director Central Europe Adobe Systems GmbH retired	
Dr. Stephan Kremeyer, Deputy Chairman Employee representative, Customer Manager SAP Consulting	
Carsten Esser Employee representative SAP Service Senior Professional	
Kazuhiro Nishihata Executive Vice President, Managing Director, Global Business, NTT DATA Corporation, Tokyo, Japan	
Akiyoshi Nishijima Deputy Head of Fourth Enterprise Sector, Enterprise IT Services Company, NTT DATA Corporation, Tokyo, Japan	
Prof. Heiner Schumacher Independent auditor and business consultant, business consulting expert, Partner at KAP1 Consulting, Düsseldorf, honorary professor of business studies at the University of Bielefeld, specializing in external accounting	Member of the shareholders' advisory board of SOS Kinderdörfer Global Partner GmbH

e) Remuneration of the Management Board and the Supervisory Board

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 2014:

Herbert Vogel, CEO	2014 KEUR	2013 KEUR
Non-performance-related (fixed) remuneration	500	500
Performance-related (variable) current remuneration (current year)	212	159
Performance-related (variable) non-current remuneration (current year)	120	207
Payment difference for (variable) current remuneration (previous year)	19	0
Total remuneration for the year	**851**	**866**

Norbert Rotter, CFO	2014 KEUR	2013 KEUR
Non-performance-related (fixed) remuneration	250	250
Performance-related (variable) current remuneration (current year)	127	95
Performance-related (variable) non-current remuneration (current year)	52	90
Payment difference for (variable) current remuneration (previous year)	12	0
Total remuneration for the year	**441**	**435**

The total remuneration paid to the members of the Management Board for fiscal 2014 was KEUR 1,292 (previous year: KEUR 1,301).

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

The remuneration components are broken down as follows:

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

- Variable remuneration consists of a short-term incentive based on the Group's achievement of its earnings goal (consolidated EBIT) for the year, the Group's revenues target (consolidated) and personal performance. It is paid within five working days after the Annual General Meeting.

- The members of the Management Board also receive a bonus with long-term incentive effect based on a comparison of two average value added contributions (consolidated EBIT) each calculated over a four-year period. This is also paid within five working days of the Annual General Meeting for the fourth fiscal year of the relevant performance period. As the activities that give rise to a claim for remuneration were performed for the long-term incentive in fiscal 2014, this is reported in the 2014 remuneration report. Any payment difference compared with the amount actually granted is included in the total remuneration for the fiscal year in which the legally binding commitment was made.

- 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 10,000 for the CEO and EUR 4,500 for the CFO. The pension commitment also includes a widow's pension amounting to 65% 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.

- From January 1, 2013, the members of the Management Board receive an invalidity pension corresponding to 75% of the respective pension.

In previous years, part of the variable remuneration was 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 share-based remuneration was replaced by the long-term incentive program described above. See also the comments under note 27 Other non-financial liabilities.

Virtual itelligence shares were usually issued 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 was calculated. If this comparison of the average price at the issue date and the average price after the end of this three-year period showed an increase in the company's share price, the respective Management Board member was paid an amount equivalent to the increase in the value of the virtual shares acquired. Variable long-term remuneration is payable only after the end of the third Annual General Meeting. Share-based remuneration is included in total remuneration at the fair value at the grant date. The performance of the virtual stock options and the amounts paid are shown separately within the remuneration report. 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.

In fiscal 2014, the eighth tranche of the long-term share-based remuneration, which ran from January 1, 2011 to December 31, 2013, was paid to the Management Board:

KEUR 218.3 was paid to the CEO and KEUR 218.3 to the CFO. The average Xetra closing price for itelligence shares for the period from January to May 2013 was EUR 11.062. The tranche was measured at the average Xetra closing price for 2010, which was EUR 5.604. This increase in value was multiplied by the number of virtual shares acquired. The resulting expense was recognized during the term of the tranche from 2011 to 2013.

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, 2014 CEO EUR	Proportionate fair value Dec. 31, 2014 CFO EUR	Expenses for stock options 2014 EUR
Tranche 9	40,000	40,000	0.94	175,520	175,520	122,240

No loans were granted to members of the Management Board in fiscal years 2014 and 2013. There were also no similar benefits. The members of the Management Board do not receive any remuneration for mandates at Group companies.

There were no commitments for severance payments in the case of the regular termination or non-renewal of employment contracts or a change of shareholder or for transitional benefits. In the event of the early termination of a Management Board contract not resulting from justified extraordinary termination by the company, the members of the Management Board shall be paid the remuneration for the remainder of their contract as severance. A cap on severance has not been agreed. A post-contract prohibition on competition and post-contract customer protection has been agreed with the members of the Management Board for a period of 24 months after the end of the contract. The company undertakes to pay compensation of 50% of the final fixed remuneration of the respective members of the Management Board for the duration of the post contract prohibition on competition. The company has the right to waive the prohibition on competition.

The company has pension obligations to the members of the Management Board in the amount of KEUR 2,848, for which total expenses of KEUR 73 were incurred in 2014.

The financing status developed as follows:

Herbert Vogel	2014 KEUR	2013 KEUR
Defined benefit obligation	2,464	1,815
Cash surrender value of the employer's pension liability insurance policy	-985	-930
Financing status	**1,479**	**885**

Norbert Rotter	2014 KEUR	2013 KEUR
Defined benefit obligation	384	202
Cash surrender value of the employer's pension liability insurance policy	-139	-113
Financing status	**245**	**89**

The company has pension obligations to former members of executive bodies in the amount of KEUR 1,211, for which expenses of KEUR 18 were incurred in 2014.

The financing status developed as follows:

	2014 KEUR	2013 KEUR
Defined benefit obligation	1.211	902
Cash surrender value of the employer's pension liability insurance policy	-530	-514
Financing status	**681**	**388**

Remuneration of the Supervisory Board
The following table provides a breakdown of the remuneration of the Supervisory Board for fiscal 2014 and the previous year:

	Fixed remuneration KEUR	Committee remuneration KEUR	Attendance fees KEUR	2014 total remuneration KEUR
Friedrich Fleischmann (Chairman)	75.0	37.5	9.0	121.5
Dr. Stephan Kremeyer (Deputy Chairman)	37.5	12.5	9.0	59.0
Heiner Schumacher	25.0	27.5	8.0	60.5
Carsten Esser	25.0	5.0	9.0	39.0
Kazuhiro Nishihata	25.0	3.9	6.0	34.9
Akiyoshi Nishijima	25.0	0.0	7.0	32.0
	212.5	**86.4**	**48.0**	**346.9**

	Fixed remuneration KEUR	Committee remuneration KEUR	Attendance fees KEUR	2013 total remuneration KEUR
Friedrich Fleischmann (Chairman)	75.0	37.5	14.0	126.5
Dr. Stephan Kremeyer (Deputy Chairman)	37.5	9.5	11.0	58.0
Heiner Schumacher	25.0	27.5	14.0	66.5
Carsten Esser	15.1	3.1	6.0	24.2
Dr. Britta Lenzmann*	9.9	4.9	2.0	16.8
Kazuhiro Nishihata	25.0	0.0	7.0	32.0
Akiyoshi Nishijima	25.0	0.0	7.0	32.0
	212.5	**82.5**	**61.0**	**356.0**

* Remuneration calculated on a pro-rata basis as Supervisory Board members were not in office for the entire fiscal year.

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 December 12, 2013 introduced new provisions for the remuneration of the activities of the members of the Supervisory Board from fiscal 2013. In line with these provisions, Supervisory Board members receive fixed remuneration in addition to the reimbursement of their expenses.

(1) Each member of the Supervisory Board receives fixed annual remuneration of EUR 25,000. 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 EUR 1,000 per day for each meeting of the Supervisory Board or of a Supervisory Board committee attended.

(2) Members of Supervisory Board committees receive additional fixed remuneration of EUR 5,000 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.

(3) Remuneration is payable quarterly after the end of each quarter. Supervisory Board members not in office for the entire quarter receive their remuneration pro rata temporis.

(4) Members of the Supervisory Board also received performance-based remuneration geared towards the company's long-term success in previous years. After the end of the Annual General Meeting, a situation was simulated whereby the company invested 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 was EUR 15,000, while the notional investment amount for the Deputy Chairman was 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 showed an increase in the company's share price, the respective Supervisory Board member was paid an amount equivalent to the increase in the value of the virtual shares acquired in accordance with sentence 2. This performance-related remuneration was payable on the first working day after the third Annual General Meeting in accordance with sentence 4. Share-based remuneration is included in total remuneration at the fair value at the grant date. The performance of the virtual stock options and the amounts paid are shown separately within the remuneration report. 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.

In fiscal 2014, the eighth tranche of the share-based remuneration with long-term incentive effect, which ran from January 1, 2011 to December 31, 2013, was out to the members of the Supervisory Board (at the time of assignment) in the amount of:

KEUR 9.7 to the former Chairman Lutz Mellinger
KEUR 7.3 to the Deputy Chairman Dr. Stephan Kremeyer
KEUR 4.9 to each member

The average Xetra closing price for itelligence shares for the period from January to May 2013 was EUR 11.062. The tranche was measured at the average Xetra closing price for 2010, which was EUR 5.604. This increase in value was multiplied by the number of virtual shares acquired. The resulting expense was recognized during the term of the tranche from 2011 to 2013.

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 9	2,248	1,124	2,996	6,368	0.94

	Proportionate fair value as of Dec. 31, 2014 Chairman	Proportionate fair value as of Dec. 31, 2014 Deputy Chairman	Proportionate fair value as of Dec. 31, 2014 Members	Proportionate fair value as of Dec. 31, 2014 Total	Expenses for stock options 2014
	EUR	EUR	EUR	EUR	EUR
Tranche 9	3,287	4,931	3,287	19,603	3,626

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) 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 and German 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	3,784	784	3,000
(Previous year)		(4,540)	(790)	(3,750)
Loan from Jul. 15, 2010 / 10-year term	3,055	6,692	1,192	5,500
(Previous year)		(7,808)	(1,208)	(6,600)
Loan from Jun. 13, 2011 / 10-year term	3.715	9,283	1,483	7,800
(Previous year)		(10,609)	(1,509)	(9,100)
Loan from Jun. 30, 2011 / 5-year term	3.084	1,219	619	600
(Previous year)		(1,828)	(628)	(1,200)
Loan from Dec. 15, 2011 / 5-year term	2.3597	1,201	601	600
(Previous year)		(1,802)	(602)	(1,200)
Loan from Jul. 15, 2011 / 10-year term	3.514	3,743	586	3,157
(Previous year)		(4,278)	(594)	(3,684)
Loan from Jan. 31, 2012 / 10-year term	2.2161	5,074	722	4,352
(Previous year)		(5,025)	(647)	(4,378)
Loan from May 14, 2014 / 3-year term	1.245	18,771	147	18,624
(Previous year)		(0)	(0)	(0)
December 31, 2014		**49,767**	**6,134**	**43,633**
December 31, 2013		**(35,890)**	**(5,978)**	**(29,912)**

The interest rates are standard market interest rates.

In fiscal 2014, 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:

Income	KEUR
Consulting	4,930
Licenses	99
Application Management	892
Outsourcing & Services	4,162
Other	193
	10,276

Expenses	
Consulting	3,356
Outsourcing & Services	385
Administration	1,519
Other	21
Interest expense	1,211
	6,492

The negotiated prices are standard market prices for third parties. With TBV Lemgo, itelligence AG has an advertising agreement with an annual volume of KEUR 200. It runs to June 30, 2016.

g) 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 that are not within the company's control.

Resource-dependent risks include primarily 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 cashflows, 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 in particular is 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 5,593 as of

December 31, 2014 and KEUR 1,830 as of December 31, 2013), 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 2.92% by 100 basis points would have resulted in a reduction or increase in market value of KEUR 1,680.

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 cashflows. The same applies to the measurement of put-call options. Fluctuations in capital costs on the capital markets can 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. Credit risk arises from trade receivables. itelligence AG limits this risk by assessing its partners primarily on the basis of external ratings. 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 4,884 (previous year: KEUR 3,290). 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, 90% of the potential default is secured. The maximum credit risk is Germany is KEUR 3,427. Outside Germany, the carrying amounts of trade receivables of KEUR 98,368 is equal to the maximum credit risk (previous year: KEUR 82,631).

The maturity structure of current trade receivables as of December 31, 2014 is as follows:

Total KEUR	Up to 20 days	Up to 40 days	Up to 80 days	Up to 100 days	über 100 days
122,021	95,148	8,810	5,114	2,285	10,664
100%	78.0%	7.2%	4.2%	1.9%	8.7%
of which impaired					
4,884	0	0	0	0	4,884

The Management Board assumes that the amounts up to 100 days past due will be paid in full. This assessment is based on past payment behavior and extensive analyses in respect to the customer credit risk. This includes customer ratings, to the extent they are available.

Current trade receivables that are not past due and not written down relate to customers with a good credit rating and are not considered to be impaired.

On December 31, 2014 the Group held cash and cash equivalents of KEUR 38,764 (previous year: KEUR 39,246). This figure is therefore also the maximum credit risk in connection with these assets. Cash and cash equivalents are deposited only with banks or financial institutions of good to very good credit quality.

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	More than 5 years	Total
Financial liabilities	26,527	55,693	6,746	88,966
Trade payables	47,502	0	0	47,502
Interest payments	1,886	3,077	231	5,194
Cashflows from financial liabilities as of December 31, 2014	**75,915**	**58,770**	**6,977**	**141,662**

Working capital, which is the net current assets of an entity (current assets less current liabilities), amounted to KEUR 20,931 as of the end of the year (previous year: KEUR 26,824). The excess of current assets over current liabilities is available to the itelligence Group for the maintenance and expansion of its business activities.

itelligence AG has a central financial management system for global liquidity management. Its overriding aim 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.

On December 31, 2014 the Group held cash and cash equivalents of KEUR 38,764 (previous year: KEUR 39,246), consisting of current account balances and cash in hand of KEUR 38,764 (previous year: KEUR 39,246). Liquidity reserves bear interest at rates of up to 0.05%.

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

h) Auditor's fees and services

At the Annual General Meeting on May 27, 2014, the shareholder of itelligence AG elected KPMG AG Wirtschaftsprüfungsgesellschaft as the auditor of the separate and consolidated financial statements of itelligence AG for fiscal 2014.

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 HGB:

	2014	2013
	KEUR	KEUR
Fees for audits of financial statements by KPMG AG	215	150
Fees for tax advisory services	87	115
Fees for other services	63	37
	365	**302**

i) Group affiliation

NTT CORPORATION, Tokyo, Japan, prepares the consolidated financial statements for the smallest and largest group of companies.

34 / Events after the end of the reporting period

By way of a purchase agreement dated February 2, 2015, itelligence Outsourcing & Services GmbH acquired a building. The purchase price was KEUR 1,973.

On February 27, 2015, the existing loans were rescheduled with the Group holding company. In addition, the loan volumes were increased by KEUR 23,807 to finance future acquisitions and the acquisition of further shares in companies in the context of agreed put and call options.

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

Bielefeld, March 26, 2015
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 cashflows and the notes to the consolidated financial statements, together with the group management report for the business year from January 1, 2013 to December 31, 2013. 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 26, 2015

KPMG AG
Wirtschaftsprüfungsgesellschaft

Hunke	Lo Conte
Wirtschaftsprüfer	Wirtschaftsprüfer

Income statement for the period from January 1 to December 31, 2014 (German Commercial Code)

EUR		2014		2013
1. Revenues		147,081,859.82		151,241,035.94
2. Decrease (previous year: increase) in services in progress		1,307,948.70		-7,337,562.83
3. Other operating income		15,273,085.38		10,974,050.44
4. Cost of materials				
a) Cost of purchased merchandise	-13,419,157.64		-15,646,728.54	
b) Cost of purchased services	-60,689,578.82	-74,108,736.46	-52,303,809.61	-67,950,538.15
5. Personnel expenses				
a) Wages and salaries	-66,099,747.38		-62,854,015.47	
b) Social security, post-employment and other employee benefit costs – of which in respect of old-age pensions EUR -83,129.88 (previous year: EUR -168,255.39)	-9,302,763.77	-75,402,511.15	-8,769,219.22	-71,623,234.69
6. Depreciation, amortization and write-downs				
a) Amortization and write-downs of intangible assets and deprecation and write-downs of tangible assets	-1,705,978.59		-1,504,950.75	
b) Write-downs of current assets to the extent that they exceed the write-downs that are usual for the corporation	-1,879,602.87	-3,585,581.46	-2,609,197.94	-4,114,148.69
7. Other operating expenses		-30,630,506.68		-28,862,526.87
8. Income from long-term equity investments – of which in respect of affiliated companies EUR 1,191,449.27 (previous year: EUR 1,726,776.38)		1,192,216.21		1,727,543.32
9. Income from profit and loss transfer agreements		19,558,866.91		20,956,862.00
10. Other interest and similar income – of which in respect of affiliated companies EUR 1,531,287.10 (previous year: EUR 1,833,420.90)		1,547,803.19		1,916,464.16
11. Write-downs of long-term financial assets		0.00		-1,727,250.00
12. Interest and similar expenses – of which in respect of affiliated companies EUR -1,255,846.24 (previous year: EUR -1,237,924.13)		-1,619,643.98		-1,430,326.02
13. Result from ordinary activities		**614,800.48**		**3,770,368.61**
14. Income taxes		-1,472,536.75		-3,543,237.68
15. Net loss for the year (previous year: Net profit for the period)		**-857,736.27**		**227,130.93**
16. Retained profits carried forward		8,371,237.69		9,944,997.04
17. Dividend payment		0.00		-1,800,890.28
18. Net accumulated profits		**7,513,501.42**		**8,371,237.69**

Balance sheet as of December 31, 2014 (German Commercial Code)

Assets EUR	Dec. 31, 2014		Dec. 31, 2013	
A. Fixed assets				
I. Intangible assets				
Purchased concessions, industrial property rights and similar rights and assets and licences in such rights and assets		1,559,685.00		1,173,821.00
II. Tangible assets				
1. Land, land rights and buildings including buildings on third-party land	6,679,585.00		6,880,061.00	
2. Technical equipment and machinery	201,736.00		241,931.00	
3. Other assets, operating and office equipment	2,343,246.62	9,224,567.62	2,571,036.25	9,693,028.25
III. Long-term financial assets				
1. Investments in affiliated companies	94,862,363.70		65,708,146.27	
2. Loans to affiliated companies	16,728,941.91		16,265,698.18	
3. Investments	10,225.84	111,601,531.45	10,225.84	81,984,070.29
		122,385,784.07		**92,850,919.54**
B. Current assets				
I. Inventories				
1. Work in progress		27,455,023.25		26,147,074.55
II. Receivables and other assets				
1. Trade receivables – thereof with a residual term of more than one year EUR 2,591,642.36 (previous year: EUR 1,750,296.64)	25,429,003.31		28,777,442.66	
2. Receivables from affiliated companies – thereof with a residual term of more than one year EUR 2,758,527.40 (previous year: EUR 0.00)	28,579,448.35		30,130,409.40	
3. Other assets – thereof with a residual term of more than one year EUR 139,200.22 (previous year: EUR 296,945.00)	494,709.39	54,503,161.05	1,657,696.44	60,565,548.50
III. Cash in hand, bank balances and checks		279,940.71		4,753,189.03
		82,238,125.01		**91,465,812.08**
C. Prepaid expenses and deferred income		1,526,981.99		1,188,691.23
		206,150,891.07		**185,505,422.85**

Equity and liabilities EUR	Dec. 31, 2014	Dec. 31, 2013
A. Equity		
I. Subscribed capital	30,014,838.00	30,014,838.00
II. Capital reserves	45,880,856.84	45,880,856.84
III. Net accumulated profit	7,513,501.42	8,371,237.69
	83,409,196.26	**84,266,932.53**
B. Provisions		
1. Provisions for pensions and similar obligations	856,316.00	659,287.00
2. Tax provisions	1,278,800.00	1,982,550.00
3. Other provisions	16,382,401.38	14,968,990.93
	18,517,517.38	**17,610,827.93**
C. Liabilities		
1. Amounts due to banks	3,839,697.60	0.00
2. Advance payments received	26,138,793.38	28,203,857.02
– thereof with a remaining term of less than one year EUR 26,138,793.38 (previous year: EUR 28,203,857.02)		
3. Trade payables	11,340,159.28	14,409,737.03
– thereof with a remaining term of less than one year EUR 11,340,159.28 (previous year: EUR 14,409,737.03)		
4. Liabilities to affiliated companies	56,263,077.45	36,797,521.69
– thereof with a remaining term of less than one year EUR 12,630,564.99 (previous year: EUR 6,886,074.12)		
5. Other non-financial liabilities	6,064,196.15	3,841,784.81
– thereof with a remaining term of less than one year EUR 3,968,886.71 (previous year: EUR 3,833,781.81)		
– thereof relating to taxes EUR 3,780,988.64 (previous year: EUR 3,508,112.69)		
– thereof relating to social security EUR 2,129.23 (previous year: EUR 11,486.10)		
	103,645,923.86	**83,252,900.55**
D. Prepaid expenses and deferred income	578,253.57	374,761.84
	206,150,891.07	**185,505,422.85**

Service & Imprint

Contact partners

Financial Communication
Katrin Schlegel, Head of Mergers & Acquisitions
Phone +49 (0)5 21/9 14 48 106
Fax +49 (0)5 21/9 14 45 201
E-Mail katrin.schlegel@itelligence.de

Public Relations
Silvia Dicke, Press Spokesperson
Phone +49 (0)5 21/9 14 48 107
Fax +49 (0)5 21/9 14 45 201
E-Mail silvia.dicke@itelligence.de

Company Address
itelligence AG
Königsbreede 1, 33605 Bielefeld
Phone +49 (0)5 21/9 14 48 0
Fax +49 (0)5 21/9 14 45 100
www.itelligencegroup.com

Concept

itelligence AG

Concept, Design

visuphil®

Text

Alex Jake Freimark

Michael Müller

Riem Sarsam

Photography

Rüdiger Nehmzow

Page 2, 6–7, 26–27, 32

plainpicture

Page 14–15

iStock

Page 10–11, 18–19, 22–23

ITELLIGENCE AG

KÖNIGSBREEDE 1 33605 BIELEFELD PHONE +49 (0)5 21/9 14 48 0 FAX +49 (0)5 21/9 14 45 100 WWW.ITELLIGENCEGROUP.COM DIALOG@ITELLIGENCE.DE