itelligence NTT DATA Business Solutions

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itelligence at a glance

MEUR	Jan. 1 – March 31, 2013	Jan. 1 – March 31, 2012
Total revenues	**107.4**	**94.1**
Revenues by area		
Consulting	55.4	52.3
Licenses	7.3	5.7
Application Management	11.0	9.0
Outsourcing & Services	33.5	26.8
Other	0.2	0.3
Revenues by segment		
Germany/Austria/Switzerland (DACH)	45.0	43.0
Western Europe	25.0	20.6
Eastern Europe	9.3	6.8
USA	25.4	21.3
Asia	2.0	1.4
Other	0.7	1.0
EBIT	2.1	3.8
EBIT margin	2.0%	4.0%
EBITA	2.8	3.9
EBITA margin	2.6%	4.1%
EBITDA	6.0	6.4
EBITDA margin	5.6%	6.8%
IFRS net profit	1.2	2.4
IFRS earnings per share in EUR	0.02	0.08

Percentages are calculated on a KEUR basis.

Letter to the Shareholders

Key figures for the first three months at a glance

- Revenues up +14.1% year-on-year to MEUR 107.4 (after adjustment for currency translation effects: +14.7%)
- EBIT declines significantly by MEUR -1.7 year-on-year to MEUR 2.1 (EBIT margin: 2.0% after 4.0% in the previous year)
- Significant revenue growth of +25.0% in Outsourcing & Services, Consulting revenues up +5.9%, Application Management revenues up +22.2%, Licenses revenues up +28.1%
- Orders on hand of MEUR 300.2 as at March 31, 2013 (up +9.4% on prior-year figure of MEUR 274.3)

Ladies and Gentlemen,
Dear Shareholders,

itelligence AG recorded further revenue growth in the first quarter of 2013, thereby continuing the positive development seen in previous quarters. In the first three months, revenues increased by +14.1% (after adjustment for currency translation effects: +14.7%) to MEUR 107.4. Organic growth accounted for growth of +9.0%, with the companies acquired in 2012 contributing the remaining +5.1%. The Germany/Austria/Switzerland segment generated revenues of MEUR 45.0 in the first quarter (previous year: MEUR 43.0). Revenues amounted to MEUR 25.0 in Western Europe (previous year: MEUR 20.6), MEUR 9.3 in Eastern Europe (previous year: MEUR 6.8), MEUR 25.4 in the USA (previous year: MEUR 21.3), MEUR 2.0 in Asia (previous year: MEUR 1.4) and MEUR 0.7 in the Other segment (previous year: MEUR 1.0).

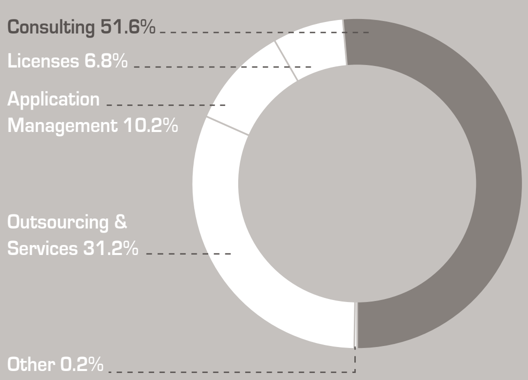
Consulting revenues increased by +5.9% year-on-year, from MEUR 52.3 to MEUR 55.4. Revenues in the Outsourcing & Services division again increased by MEUR +6.7 or +25.0% to MEUR 33.5 (previous year: MEUR 26.8). Licenses revenues increased by +28.1% year-on-year to MEUR 7.3 (previous year: MEUR 5.7). Application Management also enjoyed positive development, with revenues rising by +22.2% from MEUR 9.0 in the first quarter of the previous year to MEUR 11.0 in the period under review.

The EBIT contribution in the first three months declined by MEUR -1.7 (-44.7%) year-on-year to MEUR 2.1. The EBIT margin fell significantly by -2.0 percentage points, from 4.0% to 2.0%. This development is primarily attributable to the lower level of consultant utilization in Germany and the USA.

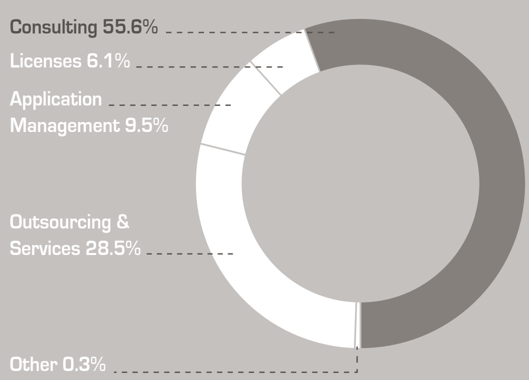
The EBIT contribution saw a particularly pronounced downturn in the Germany/Austria/Switzerland segment. EBIT fell by MEUR -1.8 to MEUR 0.3 as a result of lower contribution margins in Consulting business, a lower level of consultant utilization and weaker Licenses business. The economic slowdown in Germany made a significant contribution to the reduction in consultant utilization. The earnings contribution in Western Europe improved, with EBIT in this segment rising by MEUR +0.5 to MEUR 1.2. The earnings contribution in Eastern Europe also improved by MEUR +0.5 year-on-year to MEUR 0.6 as a result of more stable business development in Russia and Ukraine and the positive development in the Consulting division in the Czech Republic and Poland. The EBIT contribution in the USA declined by MEUR -0.8 to MEUR -0.2, largely as a result of the lower level of consultant utilization.

Share of revenues by area

First Quarter 2013



First Quarter 2012



The Asia segment broke even, meaning that its earnings contribution was MEUR +0.1 higher than in the same period of the previous year. The Other segment was unable to maintain its earnings contribution and closed the first quarter with EBIT of MEUR 0.2, down MEUR -0.2 as against the previous year.

Orders on hand at the end of the first quarter of 2013 amounted to MEUR 300.2, up MEUR +25.9 on the same period of the previous year (MEUR 274.3) and +4.7% on the figure of MEUR 286.6 at the end of 2012.

itelligence acquires SAP-based business of Software AG in North America

With effect from January 16, 2013, itelligence AG acquired the business operations of Software AG in the areas of SAP consulting, SAP licensing and SAP maintenance in Canada and the USA. This transaction means that itelligence USA's geographical presence now also encompasses the Ontario region of Canada, as well as increasing the customer base in the USA. The USA is now the second-largest region in the itelligence Group.

This acquisition of the former IDS Scheer business of Software AG provides an extremely good opportunity for itelligence to expand its market share while strengthening its recurring business. Customers include clients from the automotive, consumer goods and manufacturing industries, as well as young, dynamic start-ups in the region. They will all benefit not only from cooperation with a proven SAP partner, but also from itelligence's extensive service portfolio. itelligence is opening a new branch in Toronto for the English-speaking Canadian market.

SAP partnerships and CeBIT 2013

In the first quarter, itelligence AG was certified as part of SAP's new global quality accreditation program. Certification was performed by the SAP team for Active Quality Management (AQM) and confirms that the sale and implementation of SAP solutions at itelligence meet clearly defined quality standards. The cooperation with SAP in the area of quality management will enable itelligence to provide better customer care in projects, both before and after implementation, and ensures that projects can be executed in accordance with the relevant specifications, budget and schedule. itelligence has Gold Partner status in the SAP PartnerEdge program.

SAP has introduced a global quality accreditation program (SAP Active Quality Management) for value-added resellers (VARs) specializing in SAP Business All-in-One solutions. Accreditation is awarded to SAP partners around the world that can demonstrate the active quality management of their sales processes and delivery methodologies.

itelligence has again demonstrated its SAP HANA expertise by obtaining a further certification: itelligence can now offer SAP-certified implementation services for three rapid deployment solutions from SAP in Germany, Austria and Switzerland. In the first quarter, itelligence obtained SAP certification for itelligence implementation services for "SAP HANA Operational Reporting rapid deployment solution", itelligence implementation services for "SAP HANA Profitability Analysis rapid deployment solution" and for "SAP Electronic Data Interchange rapid deployment solution", thereby underlining its leading position in the SAP ecosystem.

itelligence is one of the midmarket partners of SAP that offers its solutions internationally and also has them certified. For itelligence's customers, this means tested and consistently high quality when it comes to projects such as the implementation of SAP HANA solutions.

itelligence operates various SAP HANA systems at its in-house data centers around the world, in productive customer environments at its data centers in Bautzen and Salzenforst, and at its test and demo labs for test drive scenarios at its data centers in Malaysia, Bielefeld, Horsens and Cincinnati. With this global concept, itelligence AG is a leading player in the provision of SAP HANA proof of concepts in the SAP partner environment.

itelligence AG exhibited at CeBIT 2013 under the motto "The POWER of itelligence", presenting innovations in the following areas: Mobility – SAP innovations for SMEs, new technologies for the SAP Business Suite powered by SAP HANA, the latest developments in itelligence's industry solutions – particularly the it.education solution and the patented software technology it.mds – and the newly opened itelligence AddStore.

itelligence launched the new itelligence AddStore at CeBIT with more than 100 software add-ons at fixed prices. The user interface and layout are clear, self-explanatory and based on the modern layout style of online stores. The itelligence AddStore can be found at http://addstore.itelligence.de. The prices of the itelligence software solutions on offer range from EUR 200 for the it.mobile SalesKit app, plus EUR 150 per user, to EUR 30,000 for the most comprehensive software package.

With the integrated campus management solution it.education, itelligence is looking to contribute to increasing the long-term competitiveness of German universities in the international environment. Modern processes – with modern tools for the university administration, lecturers and students – form the basis for increasing personal responsibility and the individuality of the respective universities. The it.education software solution developed by itelligence for universities works on an SAP basis and was presented for the first time in the German market at this year's CeBIT.

itelligence also presented it.mds, a patented software technology for rule-based data management for business solutions, at this year's CeBIT. In addition to saving time, it.mds makes an important contribution to data quality in companies, through the management and automation of basic data. In contrast to index technology, where central data is managed on portals, it.mds extends to all areas of the ERP solution. This technological approach significantly reduces the amount of manual work required.

Customer projects

The online book retailer buecher.de is using the industry-specific SAP Business All-in-One solution it.trade from itelligence. At the "E-commerce Awards 2013" presented by ECC Handel, the German Trade Association and the Management Forum of the Handelsblatt publishing group in conjunction with Hermes on January 23, 2013, buecher.de was placed first in the "Books and Digital Media" category.

it.trade is a custom-made, industry-specific SAP Business All-in-One solution by itelligence AG for commerce and e-commerce. The advantages of it.trade include not only the SAP functions but also the implementation methodology provided by itelligence consultants. This takes into account the specific requirements of trading companies and features in the business processes from the very beginning.

One special feature of the successful project is that the call center processes are now mapped in the SAP solution, making the data available throughout the company. In particular, the smart interlinking options for items such as Webshop, credit checks, credit cards, loyalty programs or voucher processing and the sending of tracking information and status reports by e-mail are resulting in considerably higher customer satisfaction.

The start-up company OPW Ingredients GmbH, Viersen, is using the SAP Business ByDesign cloud solution implemented by itelligence AG to manage its business processes. OPW Ingredients GmbH trades in high-quality, natural raw materials for the processing industry.

A high-performance business IT system for managing corporate processes such as ERP, logistics and traceability is essential to the success of OPW Ingredients. itelligence AG managed the project using the integrated OnDemand solution SAP Business ByDesign. Key areas included customer relationship management (CRM), the entire purchasing and sales logistics (SCM) and integrated finance and controlling (FIN). As a young, modern company, OPW Ingredients is deploying its corporate IT on the go thanks to smartphones and tablet PCs, enabling it to respond to the relevant company figures online all over the world.

Other new customers choosing itelligence in the first quarter of 2013 included the plant engineering firm aqotec GmbH, Weißenkirchen (Austria), Czech Aeroholding, Prague (Czech Republic), Manuli Hydraulics Europe s.r.o., Pohorelice (Czech Republic), Iron-Tech Zrt., Szigetvár (Hungary), Metal Trading Center, Budapest (Hungary), Wolters Kluwer Polska S.A., Warsaw (Poland) and TIME SA, Warsaw (Poland).

itelligence secured a number of follow-up contracts from existing customers in the first quarter of 2013. This included Schauf GmbH Anzeige und Leitsysteme, Solingen (a subsidiary of Frowein & Co. Beteiligungs AG, Wuppertal), where itelligence implemented the it.compact hightronics solution for component manufacturers based on SAP Business All-in-One.

Project work primarily focused on the processing methodology of the SAP standard software. The aim is to set up the standard software to meet Schauf's requirements with as few modifications as possible and to go live with the SAP solution. itelligence is also implementing an SAP release change project at the existing customer Hetal-Werke Franz-Hettich GmbH & Co. KG, Alpirsbach.

In the first quarter, itelligence successfully went live at customers including Joh. Clouth GmbH & Co. KG, Hückeswagen, PREOL FOOD, Lovosice (Czech Republic), Kartonpack Kft., Debrecen (Hungary) and TBAI Poland Sp. z o.o., Wykroty (Poland).

Business development by segment in the first quarter of 2013

In the Germany/Austria/Switzerland segment, revenues increased by +4.7% (MEUR +2.0) year-on-year to MEUR 45.0 (after adjustment for currency translation effects: +5.1%). With the exception of Licenses, where revenues declined by MEUR -0.3 to MEUR 2.0, all of the divisions recorded revenue growth compared with the same period of the previous year. Outsourcing & Services enjoyed particularly encouraging development, with revenues improving by +12.0% to MEUR 16.8. Consulting revenues were largely unchanged year-on-year at MEUR 24.4, while Licenses revenues fell by MEUR -0.3 (-13.0%). Revenues from Application Management improved by +30.8%, from MEUR 1.3 to MEUR 1.7. At MEUR 0.3, the EBIT contribution in the Germany/Austria/Switzerland segment was MEUR -1.8 lower than in the same period of the previous year (MEUR 2.1).

The Western Europe segment recorded revenue growth of +21.4% (after adjustment for currency translation effects: +22.0%) to MEUR 25.0 after MEUR 20.6 in the same period of the previous year. This was due to the positive business development at almost all existing companies. However, business performance in Spain failed to meet expectations. Licenses saw the strongest year-on-year revenue growth of +64.7% to MEUR 2.8; this was due to the licenses concluded in the UK and the Nordic region. Outsourcing & Services also enjoyed positive development, with revenues improving by MEUR +1.7 from MEUR 3.5 to MEUR 5.2. Revenues in the Consulting division increased by MEUR +1.3 year-on-year to MEUR 15.5 (+9.2%). Revenues from Application Management improved from MEUR 1.3 to MEUR 1.5. The EBIT contribution amounted to MEUR 1.2, up MEUR +0.5 on the same period of the previous year.

Quarterly revenues in the Eastern Europe segment increased by MEUR +2.5 or +36.8% (after adjustment for currency translation effects: +36.4%) to MEUR 9.3; this was attributable to the encouraging performance of the national subsidiaries in Poland and Hungary, as well as the revenue contribution from the company in Turkey that was acquired in 2012. This more than offset the lower level of revenues in the Czech Republic. Licenses revenues amounted to MEUR 0.2, down MEUR -0.4 on the same period of the previous year. The Outsourcing & Services division improved its revenues by 33.3% to MEUR 4.0, while Consulting revenues amounted to MEUR 4.0, up MEUR +1.5 on the same period of the previous year (+60.0%). At MEUR 0.6, the EBIT contribution in Eastern Europe was MEUR +0.5 higher than in the same period of the previous year.

Revenues in the USA segment increased by +19.2% (after adjustment for currency translation effects: +20.4%) year-on-year to MEUR 25.4. This was due to the positive performance of the existing organizations and the acquisition in Canada. Consulting revenues were up slightly year-on-year at MEUR 10.5 (+5.0%), while Licenses revenues increased by +80.0% year-on-year to MEUR 1.8. Revenues in the Outsourcing & Services division continued the positive trend recorded in previous quarters, improving by +44.4% year-on-year to MEUR 6.5. Revenues from Application Management also increased to MEUR 6.5, an increase of +12.1% as against the previous year. The EBIT contribution in the USA segment declined by MEUR -0.8 to MEUR -0.2 as a result of the lower level of consultant utilization and the reduction in daily rates in some cases. The management measures initiated will make a positive contribution to earnings in the second quarter of 2013.

The companies in Shanghai, China, and the cooperation costs with NTT Communications in Cyberjaya, Malaysia, are reported in the Asia segment. Revenues in this segment amounted to MEUR 2.0 after MEUR 1.4 in the same period of the previous year, an increase of +42.9%. The EBIT contribution improved by MEUR +0.1 year-on-year and reached the break-even point.

The Other segment contains the income and expense items for the equity interests in ITC GmbH and Recruit GmbH. Revenues amounted to MEUR 0.7, down MEUR -0.3 on the same period of the previous year, while the EBIT contribution declined by MEUR -0.2 year-on-year to MEUR 0.2.

Results of operations in the first quarter of 2013

itelligence AG's EBIT fell by a considerable MEUR -1.7 year-on-year to MEUR 2.1. EBIT profitability declined by -2.0 percentage points, from 4.0% in the first quarter of 2012 to 2.0% in the period under review.

The cost types had the following effects on EBIT profitability:

EBIT margin in the first three months of 2012	4.0%
Staff costs	-1.1%
Third-party service provider costs	+1.0%
Product costs	-2.2%
Travel costs	+0.4%
Other costs/income	-0.1%
EBIT margin in the first three months of 2013	2.0%

The ratio of staff costs to total revenues within the Group increased by +1.2 percentage points year-on-year to 65.8%. The utilization ratio for third-party service providers declined by -1.0 percentage points as against the previous year to 9.3%. The shift within the revenue segments meant that the ratio of product costs increased by +2.2 percentage points to 16.2%. The ratio of staff costs to the itelligence Group's total revenues increased by +1.1 percentage points to 56.6%.

The gross margin decreased from 25.4% in the previous year to 23.4% in the period under review. This was due to the increased utilization of third-party service providers and the lower level of consultant utilization. The ratio of marketing and selling expenses declined slightly from 11.9% in the previous year to 11.7%. The ratio of administrative expenses to the total revenues of the itelligence Group was reduced by a further 0.1 percentage points to 9.1% (previous year: 9.2%). Other operating income and expenses were MEUR -0.5 lower than in the previous year as a result of the amortization of orders on hand at the acquired companies.

itelligence AG reported net financial result of MEUR -0.5 for the first three months of 2013 (previous year: MEUR -0.5).

The reported income tax expense fell to MEUR 0.5 in the first three months of fiscal 2013 (previous year: MEUR 0.9) due to the lower level of earnings before tax compared with the first quarter of the previous year. The consolidated tax rate increased to 29.2% in the period under review (previous year: 28.3%). This development was primarily attributable to profitability in countries with higher tax rates in particular.

itelligence AG reported a consolidated net profit (profit after taxes) of MEUR 1.2 in the first quarter of 2013 compared with MEUR 2.4 in the same period of the previous year. This represents a decrease of 50.0% as against the previous year. The profit margin for the first three months of 2013 declined to 1.1% (previous year: 2.6%) as a result of the lower level of earnings accompanied by higher revenues. The share of earnings attributable to the shareholders of itelligence AG amounted to MEUR 0.7 (previous year: MEUR 2.1). Earnings per share amounted to EUR 0.02 (previous year: EUR 0.08). Earnings per share are calculated on the basis of the weighted average number of 30,014,838 shares (previous year: 24,557,595 shares).

Net assets and financial position

The total assets of the itelligence Group decreased slightly to MEUR 304.0 at March 31, 2013 compared with MEUR 306.8 at December 31, 2012.

Non-current assets accounted for 51.0% of total assets at the reporting date (December 31, 2012: 48.3%). The main items under non-current assets are intangible assets and property, plant and equipment.

Current assets declined from MEUR 158.5 at December 31, 2012 to MEUR 149.0 at the reporting date. The most significant decreases were recorded in the area of cash and cash equivalents and trade receivables. Cash and cash equivalents fell by MEUR 15.3 to MEUR 28.2 compared with December 31, 2012, while trade receivables declined by MEUR 6.2 to MEUR 94.1 in the same period. The average days sales outstanding was 79 days (December 31, 2012: 89 days; March 31, 2012: 72 days). The average days sales outstanding describes the average time between an invoice being issued and the corresponding payment being received.

Net cash used in operating activities amounted to MEUR -4.5 in the first three months of the current fiscal year after MEUR -13.0 in the same period of 2012. The cash outflow was due to the reduction in trade payables of MEUR -3.9 in connection with Licenses revenues in the previous year and the payment of variable employee remuneration for fiscal 2012. These effects were partially offset by the reduction in trade receivables in the amount of MEUR 6.2. All in all, development improved significantly compared with the same period of the previous year.

Net cash used in investing activities declined slightly from MEUR -10.2 in the first three months of 2012 to MEUR -9.5 in the period under review. As in the previous reporting periods, investments in property, plant and equipment in the amount of MEUR -2.8 primarily related to the expansion of data center capacities in Germany and abroad.

Net cash used in financing activities amounted to MEUR -1.4 (previous year: net cash from financing activities of MEUR 4.5). This was due in particular to the lower level of new non-current financial liabilities, which amounted to MEUR 0.3 after MEUR 5.7 in the previous year. This was offset by repayments totaling MEUR -1.9 (previous year: MEUR -1.7).

itelligence’s equity amounted to MEUR 113.0 at March 31, 2013 compared with MEUR 112.0 at December 31, 2012. This increase is primarily due to the consolidated net profit of MEUR 1.2 for the first three months. The equity ratio improved slightly to 37.2% at March 31, 2013 compared with 36.5% at December 31, 2012.

Non-current liabilities accounted for 25.1% of total assets at March 31, 2013, down slightly on the figure of 25.8% at December 31, 2012. Accordingly, the ratio of current liabilities to total assets remained unchanged at 37.7% (December 31, 2012: 37.7%).

Employees

Of the 2,821 people employed as of March 31, 2013, a total of 1,097 were employed in Germany (March 31, 2012: 974) and 1,724 in the rest of the world (March 31, 2012: 1,352). The number of employees rose by +2.0% compared with year-end 2012 and by +21.3% compared with the same period of the previous year.

The aim of itelligence's human resources team is to shape an attractive "home for talents" through national and international talent management and needs-oriented recruitment. This is increasingly taking place at a global level in light of the continuous rise in the number of international employees, past and future acquisitions and the cooperation within the NTT DATA Business Solutions Company.

In the first quarter, national talent management activities again included appearances at the "myJob OWL" careers fair in Bad Salzuflen and the CeBIT in Hanover. At both events, itelligence made contact with potential trainees, career entrants and experts. To ensure end-to-end positioning at trade and careers fairs, a new HR brochure was designed in advance; this was distributed to potential applicants for the first time at the CeBIT.

2013 began with the annual European employee kick-off event, at which the strategies and challenges for the coming year were presented and discussed. Europe-wide talent management activities focused on the launch of a webinar series for managers. The one-hour interactive webinars contain input presentations on various aspects of management from experienced trainers.

The highlight of global talent management was an intercultural management and team development event in Australia in March. Participants from the NTT DATA Business Solutions Company APAC came together for the first time for a team development event planned and designed by Corporate HR. Another training program was held in the second quarter to promote the further direct networking of selected participants within the itelligence organization.

Opportunities and risks

The 2012 Annual Report (pages 75 to 79) provides detailed information on the fundamental opportunities and risks facing IT system houses as well as itelligence AG's specific opportunities and risks. The permanent development of the risk management organization and the risk early warning systems serves to ensure that business processes are permanently monitored.

Investor Relations

The national and international stock exchanges saw varied share price performance in the early part of the current fiscal year. While the Dow Jones enjoyed a successive upward trend in the first three months of 2013, the DAX saw little in the way of dynamic development, moving largely sideways in January and falling in February before rising to a high for the year to date of more than 8,000 points in mid-March. It then fell again to close the quarter at below 7,900 points. By contrast, the TecDax recorded continuous growth in the first quarter, rising from just over 800 points to well in excess of 900 points at the end of the quarter. Following the end of the purchase offer by NTT DATA, itelligence's share price remained relatively constant in the first three months of 2013 at around EUR 11.

Investor Relations activities in the first quarter focused on the comprehensive reporting of the successful fiscal year 2012. In addition to the usual transparent presentation of the course of business, the 2012 Annual Report was dedicated to itelligence AG's international activities, particularly with respect to NTT DATA Business Solutions Company and the cooperation with NTT DATA. As part of the Annual Report, the Management Board and the Supervisory Board also announced that they would propose a dividend of EUR 0.06 per share to the Annual General Meeting. This means that the distribution ratio based on itelligence AG's HGB net profit will increase from 68% in 2011 to 92% in 2012.

Number of shares (March 31, 2013):	30,014,838 shares
Three-month high:	EUR 11.82 (Feb. 22, 2013)
Three-month low:	EUR 10.855 (Jan. 4, 2013)
Share price at March 28, 2013:	EUR 11.20
Market capitalization at March 28, 2013:	MEUR 336.2

Outlook

itelligence AG's business performance in the first quarter of 2013 was varied. Consolidated revenues increased by +14.1% (of which +9.0% was attributable to organic growth). Long-term hosting, maintenance and application management still enjoyed strong revenue development (+24.3%), while Licenses revenues also increased by +28.1%. Consulting business failed to meet expectations (+5.9%), with a slowdown in growth in Germany and the USA in particular. Operating earnings (EBIT) were significantly lower than expected, with an EBIT margin of 2.0%. This was primarily due to the lower level of consultant utilization and increased staff costs.

itelligence's business model is based in particular on being a successful SAP software reseller. Accordingly, it is intensifying its investments in global sales. Our aim is to successfully sell SAP software, especially outside Germany. With the acquisition of the North American SAP business of Software AG, itelligence has expanded its customer base in the Ontario region in particular. Amortization costs of KEUR 670 in connection with acquisitions were expensed in the period under review.

There are differing assessments as to the prospects for the global economy in 2013. The International Monetary Fund (IMF) expects global economic growth to slow slightly to 3.3% in 2013 (-0.2%). While the emerging economies are continuing to record above-average growth and the USA is enjoying stable development, the economic forecasts for Germany (+0.6%) and the euro zone (-0.1%) are significantly lower than the global growth trend. It remains to be seen whether a sustained economic upturn takes hold in the second half of the year.

Despite the widespread economic uncertainty, the IT market research institute Gartner is still forecasting solid growth in global IT spending of around 4% in 2013 (previous year: 2.1%). The growth in global SAP-based business on the back of a number of product innovations is also a positive development for itelligence AG's business model.

Even allowing for the variations in economic development and the weak situation in many European countries, the Management Board expects itelligence AG to achieve its revenue and earnings targets for 2013 as a whole. Revenues are forecast at between MEUR 450 – 470, while the EBIT margin is expected to improve significantly and break the 6% barrier once again as a result of the efficiency program that has been initiated (previous year: 4.7%).

Herbert Vogel
CEO

Norbert Rotter
CFO

Shareholder structure

To the best of the Company's knowledge, itelligence's shareholder structure at the publication date of this Interim Report (April 24, 2013) was as follows:

NTT DATA EUROPE	98.43%
Free float	1.57%

Directors' holdings

No members of the Management Board or Supervisory Board held itelligence shares or financial instruments based on them as of March 31, 2013.

Service

All itelligence AG reports in German and English can be downloaded online at www.itelligence.ag. You can also register to be added to the electronic mailing list for news and press releases under Investor Relations/ Contact. You will then receive the latest news by e-mail.

Financial Calendar 2013

May 23, 2013
Annual General Meeting 2013 in Bielefeld

July 24, 2013
Publication of the interim report 2/2013

October 23, 2013
Publication of the interim report 3/2013

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Consolidated Income Statement (IFRS)

KEUR	Jan. 1 – March 31, 2013	Jan. 1 – March 31, 2012
Revenues	107,376	94,069
Cost of sales	-82,211	-70,181
Gross profit	**25,165**	**23,888**
Marketing and distribution expenses	-12,576	-11,143
Administrative expenses	-9,731	-8,692
Other operating income	706	314
Other operating expenses	-754	-419
Amortization of orders on hand	-670	-151
Total operating expenses	**-23,025**	**-20,091**
Operating earnings	**2,140**	**3,797**
Investment income	-2	0
Measurement of derivatives and exercise of options	358	156
Exchange rate differences from financing activities	-151	-85
Finance income	29	43
Finance expenses	-738	-569
Financial results	-504	-455
Earnings before tax	**1,636**	**3,342**
Tax expenses	-477	-945
Consolidated net profit	**1,159**	**2,397**
of which attributable to the shareholders of itelligence AG	**729**	**2,084**
of which attributable to non-controlling interests	**430**	**313**
Earnings per share (EUR)	EUR 0.02	EUR 0.08
Number of shares on the basis of which earnings per share were calculated	30,014,838	24,557,595

Consolidated statement of comprehensive income (IFRS)

KEUR	Jan. 1 – March 31, 2013	Jan. 1 – March 31, 2012
Consolidated net profit	1,159	2,397
Foreign exchange differences	-119	-154
Total comprehensive income	**1,040**	**2,243**
of which attributable to the shareholders of itelligence AG	**600**	**1,991**
of which attributable to non-controlling interests	**440**	**252**

Consolidated Balance Sheet (IFRS)

Assets KEUR	March 31, 2013	March 31, 2012	Dec. 31, 2012
Non-current assets			
Intangible assets	86,484	66,957	80,670
Property, plant and equipment	61,803	49,782	61,095
Other financial assets	1,995	2,238	1,966
Trade receivables	1,705	1,909	1,501
Other non-financial assets	144	1,284	125
Income tax receivables	241	271	241
Deferred tax assets	2,616	2,226	2,697
	154,988	**124,667**	**148,295**
Current assets			
Inventories	213	295	210
Trade receivables	94,130	75,420	100,342
Income tax receivables	3,276	671	2,624
Other financial assets	982	794	881
Other non-financial assets	2,672	1,129	1,802
Cash and cash equivalents	28,225	19,855	43,516
Prepaid expenses	19,544	14,089	9,109
	149,042	**112,253**	**158,484**
	304,030	**236,920**	**306,779**

Equity and liabilities KEUR	March 31, 2013	March 31, 2012	Dec. 31, 2012
Equity			
Share capital	30,015	24,558	30,015
Capital reserves	52,768	21,491	52,768
Net accumulated profit	39,044	32,489	38,315
Other comprehensive income	-27,438	-21,778	-27,309
	94,389	56,760	93,789
Non-controlling interests	18,592	14,639	18,196
	112,981	**71,399**	**111,985**
Non-current liabilities			
Financial liabilities	61,387	66,709	64,524
Deferred tax liabilities	8,491	5,092	8,203
Other non-current provisions	166	256	177
Pension provisions	480	1	465
Government grants	4,675	4,566	4,812
Other non-financial liabilities	1,133	373	1,021
	76,332	**76,997**	**79,202**
Current liabilities			
Trade payables	25,773	21,108	29,648
Financial liabilities	15,712	13,224	13,631
Tax provisions	2,222	1,796	2,058
Other current provisions	2,477	2,978	2,445
Income tax liabilities	1,025	364	1,339
Other non-financial liabilities	45,713	36,367	56,297
Deferred income	21,795	12,687	10,174
	114,717	**88,524**	**115,592**
	304,030	**236,920**	**306,779**

Consolidated Cash Flow Statement (IFRS)

KEUR	Jan. 1 – March 31, 2013	Jan. 1 – March 31, 2012
Consolidated net profit	**1,159**	**2,397**
Amortization of intangible assets and depreciation of property, plant and equipment	3,898	2,627
Elimination of gains/losses on asset disposals	40	3
Other non-cash expenses and income	354	2,106
Net finance costs	504	454
Income tax expenses	477	945
	6,432	**8,532**
Change in inventories	-3	468
Change in trade receivables	6,212	10,186
Change in other non-current assets	-363	-393
Change in other current assets	-1,623	49
Change in prepaid expenses	1,186	-502
Change in trade payables	-3,875	-11,409
Change in other liabilities and provisions	-10,089	-18,064
Change in deferred taxes	0	0
	-2,123	**-11,133**
Interest received	29	43
Interest paid	-421	-211
Taxes paid	-1,984	-1,712
Cash flows from operating activities	**-4,499**	**-13,013**
Investments in property, plant and equipment and IT software	-2,831	-9,237
Cash received from the disposal of property, plant and equipment and intangible assets	0	116
Payments for acquisitions (less cash and cash equivalents acquired)	-6,553	-1,122
Subsequent purchase price payments for investments made	-129	0
Cash flows from investing activities	**-9,513**	**-10,243**
Dividends paid to non-controlling interests	-44	-44
Increase in long-term deposits	110	3
Borrowing of current financial liabilities	171	590
Repayment of current financial liabilities	-27	0
Borrowing of non-current financial liabilities	265	5,688
Repayment of non-current financial liabilities	-1,844	-1,690
Cash flows from financing activities	**-1,369**	**4,547**
Decrease/increase in cash and cash equivalents	**-15,381**	**-18,709**
Effects from exchange rate differences	90	51
Cash and cash equivalents as of January 1	43,516	38,513
Cash and cash equivalents as of March 31	**28,225**	**19,855**

Consolidated Statement of Changes in Equity (IFRS)

	Number of shares	Share capital KEUR	Capital reserves KEUR	Net accumulated profit KEUR	Other comprehensive income: Foreign exchange differences KEUR	Other comprehensive income: Other equity KEUR	Cumulative other equity KEUR	Equity attributable to the shareholders of the parent company KEUR	Non-controlling interests KEUR	Consolidated equity KEUR
Dec. 31, 2011	**24,557,595**	**24,558**	**21,491**	**30,404**	**-1,296**	**-22,431**	**-23,727**	**52,726**	**15,251**	**67,977**
Consolidated net profit				2,084				2,084	313	2,397
Foreign exchange differences					-93		-93	-93	-61	-154
Total comprehensive income				**2,084**	**-93**		**-93**	**1,991**	**252**	**2,243**
Dividend payments									-44	-44
Exercising of options						820	820	820	-820	0
Fair value for call and put options under IAS 32						1,222	1,222	1,222		1,222
March 31, 2012	**24,557,595**	**24,558**	**21,491**	**32,488**	**-1,389**	**-20,389**	**-21,778**	**56,760**	**14,639**	**71,399**
Dec. 31, 2012	**30,014,838**	**30,015**	**52,768**	**38,315**	**-911**	**-26,398**	**-27,309**	**93,789**	**18,196**	**111,985**
Consolidated net profit				729				729	430	1,159
Foreign exchange differences					-129		-129	-129	10	-119
Total comprehensive income				**729**	**-129**		**-129**	**600**	**440**	**1,040**
Dividend payments									-44	-44
March 31, 2013	**30,014,838**	**30,015**	**52,768**	**39,044**	**-1,040**	**-26,398**	**-27,438**	**94,389**	**18,592**	**112,981**

Notes to the Consolidated Interim Financial Statements

Accounting principles

The consolidated interim financial statements for the period ended March 31, 2013 were prepared in accordance with the International Financial Reporting Standards (IFRS) formulated by the International Accounting Standards Board (IASB) and required to be applied in the EU. In accordance with IAS 34, the interim financial statements are published in condensed form with selected notes.

The consolidated interim financial statements should be read in conjunction with the audited consolidated financial statements for the year ended December 31, 2012 and the notes contained therein. The accounting policies applied in the consolidated interim financial statements are consistent with those applied in the consolidated financial statements for the year ended December 31, 2012.

The consolidated interim financial statements have not been audited.

The consolidated financial statements account for all current transactions and deferrals that management deems necessary to present the interim results accurately. The Company believes that the information and comments presented give a true and fair view of the net assets, financial position and results of operations of the Company.

Accounting policies

The consolidated interim financial statements were prepared in accordance with the same accounting policies as those in the consolidated financial statements for the year ended December 31, 2012, which were explained in detail in the notes contained therein. For further information, please refer to pages 103 ff. of the 2012 Annual Report.

The preparation of the consolidated interim financial statements for the period ended March 31, 2013 requires estimates and assumptions by the Management Board that affect the reported amounts of assets, liabilities, income and expenses and the reporting of contingent liabilities. In individual cases, the actual figures may differ from the assumptions and estimates made. Changes are recognized in profit or loss when more information becomes available.

In calculating income tax, the applicable tax rate at the end of the fiscal year and the expected average tax rate for the current fiscal year were applied.

Changes to the basis of consolidation and changes to the Group structure

itelligence India Software Solutions Private Limited, Hyderabad/India, was formed on January 24, 2013.

Summarized notes to the consolidated balance sheet and the consolidated income statement – unaudited

1 / Income taxes

	Jan 1. – March 31, 2013 KEUR	Jan 1. – March 31, 2012 KEUR
Earnings before income taxes	1,636	3,342
Income taxes	-477	-945
Income tax rate	**29.2%**	**28.3%**

This item includes current tax expenses of KEUR -275 (previous year: KEUR -1,096) and deferred taxes of KEUR -202 (previous year: KEUR 151).

2 / Earnings per share

		Jan 1. – March 31, 2013	Jan 1. – March 31, 2012
Net profit after non-controlling interests	KEUR	729	2,084
Weighted average number of ordinary shares	No.	30,014,838	24,557,595
Earnings per share (basic)	EUR	0.02	0.08

3 / Segment reporting

Segment reporting has been prepared in accordance with IFRS. The segments are defined in line with the Group's internal management and reporting (management approach). Internal 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 segment information for the period under review is as follows:

Please see chart page 19. →

	USA	DACH	Western Europe	Eastern Europe	Asia	Other	Group Jan. 1 – Mar. 31, 2013
	KEUR	KEUR	KEUR	KEUR	KEUR	KEUR	KEUR
Segment revenues	25,552	46,976	26,796	9,753	2,121	798	111,996
Intersegment trade	-121	-2,022	-1820	-417	-128	-112	-4,620
External segment revenues	**25,431**	**44,954**	**24,976**	**9,336**	**1,993**	**686**	**107,376**
Operating segment earnings before depreciation and amortization (EBITDA)	1,091	1,997	1,475	1,011	214	251	6,039
Depreciation and amortization	-1271	-1727	-293	-416	-179	-13	-3,899
Operating segment earnings (EBIT)	**-180**	**270**	**1,182**	**595**	**35**	**238**	**2,140**
Net financial income							-504
Profit before taxes							**1,636**
Income taxes							-477
Consolidated net profit							**1,159**

	USA	DACH	Western Europe	Eastern Europe	Asia	Other	Group Jan. 1 – Mar. 31, 2012
	KEUR	KEUR	KEUR	KEUR	KEUR	KEUR	KEUR
Segment revenues	21,735	44,262	21,655	6,957	1,529	999	97,137
Intersegment trade	-434	-1,306	-1054	-165	-109	0	-3,068
External segment revenues	**21,301**	**42,956**	**20,601**	**6,792**	**1,420**	**999**	**94,069**
Operating segment earnings before depreciation and amortization (EBITDA)	1,011	3,573	954	453	43	389	6,423
Depreciation and amortization	-419	-1491	-277	-304	-128	-7	-2,626
Operating segment earnings (EBIT)	**592**	**2,082**	**677**	**149**	**-85**	**382**	**3,797**
Net financial income							-455
Profit before taxes							**3,342**
Income taxes							-945
Consolidated net profit							**2,397**

4 / Significant events after the reporting date

There were no significant events after March 31, 2013 with an influence on the net assets, financial position and results of operations of the Company.

ITELLIGENCE AG

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