

itelligence

Interim Report 3/2002
January 1 to September 30, 2002

Key Figures in the First Nine Months of 2002

- Improvement of EBITDA: MEUR 4.4 (2001: MEUR -0.7) and of EBIT: MEUR 1.2 (2001: MEUR -6.3)
- One-time impairment loss on financial assets: MEUR 3.8 and impairment loss after impairment test: MEUR 0.9
- Sales marginally below the prior year at MEUR 128.2 (2001: MEUR 129.3)
- Positive cash flow from operating activities at MEUR 2.8 (2001: MEUR -7.7)
- Order situation looking good with many new and follow-up orders on a long-term basis
- Sales and earnings expectations confirmed for 2002 as a whole

Dear Shareholders,

After a satisfactory first half-year I am pleased to be able to report today that business has continued to perform well. We went into the second half of the year with a further increase in profitability and are confident that this trend will continue for the year as a whole.

Our efforts over the past few months are bearing fruit, with an improvement in cost structures and profitability. As an internationally operating full-service provider for SAP, we have successfully positioned ourselves in the IT market with greater efficiency and a leading edge in expertise. Our full-service offering and close collaboration with SAP AG are convincing arguments in our favor in the marketplace. Despite noticeably stronger pressure from the competition, we succeeded in winning an unusually high number of new customers and follow-up orders on an international level in the first six months of the year. In the three months following the first half we acquired a large number of orders in our competence areas, including CRM, SCM, SAP industry solutions, SAP portal technology and outsourcing. The increasing number of long-term projects are worth mentioning. For us as SAP AG's biggest partner for small and mid-sized businesses, the joint implementation of SAP's initiative for the midmarket was another highlight in the reporting period. In this letter I would like to report on this and our business performance in the first nine months of 2002.

Good Business Performance Continues

In the first nine months of the current fiscal year 2002, our Group's sales fell marginally short of the prior year at MEUR 128.2 (2001: MEUR 129.3). This is a drop of 1 percent year-on-year. As explained in the six month report, the reasons for the decrease are a loss of sales from the customized IT consulting business, the persistently weak economy in Europe and the United States as well as unexpectedly high monetary influences.

MEUR 68.9 of total sales in the reporting period were generated in Germany, MEUR 59.3 abroad. This puts foreign sales at 46 percent of total sales (prior-year period: 48 percent). Europe (excluding Germany) achieved an 11 percent increase in sales in the first nine months of 2002 compared with the prior year. Our eastern European subsidiaries in Poland and Hungary performed particularly well, building on their success in the first half of the year. Germany and Switzerland again recorded excellent business performance. The United States contributed 17 percent to total sales in the first nine months of 2002 (prior-year period: 23 percent). This puts the United

itelligence at a Glance: January 1 to September 30, 2002 and 2001

| | Jan. 1 to Sep. 30, 2002 MEUR | Jan. 1 to Sep. 30, 2001 MEUR |
|--|---------------------------------|---------------------------------|
| Total sales | 128.2 | 129.3 |
| Consulting | 93.8 | 103.3 |
| Licenses | 12.1 | 9.2 |
| Outsourcing & Services | 20.3 | 15.6 |
| Other | 2.0 | 1.2 |
| Germany | 68.9 | 67.1 |
| Rest of Europe | 35.8 | 32.3 |
| Americas | 23.5 | 29.9 |
| EBIT | 1.2 | -6.3* |
| EBIT margin | 0.9% | -4.9% |
| EBITDA | 4.4 | -0.7 |
| Impairment loss after impairment test** | 0.9 | 0 |
| Impairment loss on financial assets | 3.8 | 0 |
| Net income/loss according to US GAAP | -6.6 | -4.8 |
| Earnings per share | -0.39 | -0.29 |

* Including MEUR 2.3 goodwill amortization.

** For further details please see "Notes to the Interim Finance Statements" on page 15.

States at the same level as in the six month report for 2002.

The consulting business accounts for 73 percent of total sales and is traditionally our strongest division. Group-

wide we generated sales of MEUR 93.8 in the period under review (prior-year period: MEUR 103.3). The decrease in sales is largely due to staff cuts in customized IT consulting and to the decrease in consulting business in the

United States. By contrast, SAP consulting business in Germany and Switzerland performed well.

After a 17 percent increase in the license business boosted confidence in

the second quarter of 2002, this division returned to a normal level in subsequent weeks. We were able to win numerous new license contracts, especially in Germany and the United States. At MEUR 12.1 we have improved on sales year-on-year (2001: MEUR 9.2) but overall have yet to meet our expectations.

Outsourcing & Services is still performing well. This division's sales have continued to rise, up 30 percent on the prior year at MEUR 20.3. Outsourcing & Services already accounts for 16 percent of total sales.

The order situation in the third quarter is better than in the first half of the year. At group level, itelligence has been working to full target capacity in its current and completed projects and will continue to do so beyond the end of the year.

Successful SAP Partnership – Successful SAP Projects

International service, extensive industry expertise and close, global collaboration with SAP AG both for small and

mid-sized businesses and major customers are the hallmarks of our excellent positioning as a leading international full-service provider for SAP.

itelligence has an unusually high number of SAP certifications. We are one of the few SAP partners worldwide to have been recognized as Value Added Reseller, Channel Partner Hosted Solutions, Hosting Partner and Alliance Partner Services. At SAPPHIRE '02 in Lisbon the focus of attention was on the roll-out of international SAP projects for small and mid-sized businesses and major companies. This gave itelligence an opportunity to present its cross-border expertise in SAP roll-outs, especially to internationally operating companies.

Business with major customers developed very well in the period under review. We won further long-term projects in one of our fields of industrial expertise, the metal-working industry, including extensive projects for Edelstahlwerke Buderus AG (Wetzlar) and the Belgian company UMICORE ZINC (Liege).

Our success is also founded on our many years of expertise gained in ca-

tering to the needs of midmarket companies. In the first half of 2002 itelligence was one of the most successful partners of SAP Deutschland AG & Co. KG for small and mid-sized businesses in Germany. itelligence recorded above average sales, particularly from new midmarket projects, the license business and follow-up orders from existing customers.

Under SAP's initiative for the midmarket, itelligence is one of a select group of SAP partners involved in the pilot implementation of SAP Business One, the new SAP package solution for small and mid-sized businesses. itelligence's first Business One customer is Osram Light Consulting GmbH from Munich. SAP Business One is especially tailored to SAP system solutions for small and mid-sized businesses. It allows itelligence to continue pursuing its target segment, the midmarket. After Business One, the second focus of attention at Systems 2002 in Munich was SAP's new service concept, SAP One Server, which itelligence presented for the first time. itelligence now offers a complete solution package for midmarket customers on just one server. This complete solution package is

tailored to the customer's requirements and includes mySAP.com, Business Warehouse and mySAP CRM as well as itelligence's industry solutions.

With itelligence's process and technology expertise, we offer our small and mid-sized customers the best possible support in customer relationship management (CRM). After the successful implementation of CRM at Kraftverkehr Nagel, Kurt Nagel GmbH & Co., SAP AG named us "Special Expertise Partner - Service Provider". This special award emphasizes our close collaboration on technology with SAP AG. More than 25 CRM projects have already been carried out successfully across all the industries to which itelligence caters.

We have further success stories to report for the implementation of sophisticated SAP portal projects. Both Nordenia International AG and Nordzucker AG chose us as their implementation partner in the period under review. Our team set up a staff portal for Nordenia International AG's 2,900 employees spread across nine locations and five continents. At Nordzucker AG we developed a complex

information pool for customers, suppliers and employees. In the internal portal area some 4,000 employees at all locations have access to a balanced score card system as well as the usual content such as knowledge management, employee self-service, e-mail and e-procurement.

Our comprehensive offering as a full-service provider for SAP is ideally complemented by the customized IT division. This division's third quarter performance was satisfactory. Highlights include projects in the tourism industry and in the transportation sector, such as quality management consulting for IT projects of Bahn AG's travel and tourism division. With the growing integration demands of sophisticated IT landscapes and the changes in the SAP development environment, customized IT areas of IT consulting, software architecture and object-oriented software development are playing a key role in most major SAP projects. With our expertise in customized IT we can successfully implement sophisticated integration processes for our customers.

Constant Growth for Outsourcing & Services

Outsourcing & Services showed a very pleasing performance in the first nine months of 2002, with sales up 30 percent on the prior year. The continuous growth in customer demand for outsourcing services and the good utilization of capacity at our computer centers underscore our positioning as a full-service provider for SAP. Our computer centers are equipped with state-of-the-art technology and meet the exacting demands of itelligence customers. As an SAP Outsourcing Partner, itelligence AG offers its European and US customers all-round service, from process analysis to individual implementation of IT landscapes, servicing, outsourcing and ASP services. In the period under review, we won Brüggemann TraumGarten GmbH from Dortmund as a customer. The outsourcing center in Bautzen is now looking after this company's SAP R/3 system environment. The automotive supplier A. Kayser Automotive Systems GmbH entrusted us with the monitoring of its server landscape after we installed the SAP system environment. Poet Software AG assigned itelligence to

host its catalog management software for a European electronic marketplace. Pinnacle Systems has outsourced its SAP Solution Manager and Advanced Support Desk to us.

Going Global

We are more pleased with the development of sales and earnings than we were after the first two quarters. The growing international integration of projects and the supraregional character of itelligence teams provide optimum support for our cross-border projects. One of the international customers we have acquired is Seepex Seeberger GmbH & Co. (Bottrop). We are supporting the roll-out in Germany, United Kingdom, United States and France.

Earnings from business in the United States have stabilized after a round of cost cutting. Following a loss of MEUR -1.0 in the first quarter of 2002, we generated earnings of MEUR 0.3 in the second quarter and MEUR 0.4 in the third quarter. The dedicated itelligence team at the US subsidiary won numerous new orders in the last quarter, including a consulting contract with the international Behr

America, Inc. We expect clearly improved results for 2003 thanks to the restructuring and cost cutting carried out in the first six months.

In central and eastern Europe, itelligence is represented in seven countries: Poland, Russia, Slovakia, Slovenia, the Czech Republic, the Ukraine and Hungary. Our central and eastern European subsidiaries contribute 7 percent to total sales. Business at our Hungarian company has developed particularly well since the beginning of the fiscal year, with sales up 52 percent on the prior year. The Hungarian subsidiary has acquired many new customers in the SAP consulting business in the past few months. It advises companies such as Valeo Auto-Electric Magyarország Kft. and Wienerberger Téglaiipari Rt.

As in the first six months, Switzerland has continued to perform well. Business development has improved in the rest of western Europe thanks to the action taken in the second and third quarters. After a weak performance by our Spanish and Italian subsidiaries at the beginning of the year, we took extensive steps to improve profitability in the second and third quarters. We are seeing a turnaround at our Spanish subsidiary with a much

better cost structure at the end of the third quarter. A number of cost-cutting measures were also taken at our Italian subsidiary. We will take further action this year should these measures not show the desired effect on business performance in the short term.

Improved Results of Operations

During the first nine months, the average daily rates for consultants remained at the same constant level of the prior year. itelligence is still experiencing increased price pressure in the license business. The improvements in earnings mainly relate to better capacity utilization and improved cost structures.

On the cost side, we have been following strict cost controls for more than a year. Thanks to the extensive cost-cutting measures of the first six months, we can report further successes. Marketing and selling expenses fell from MEUR 13.7 (2001) to MEUR 10.9 (2002) in the first nine months. At MEUR 0.8, research and development expenses dropped well below the prior year's level of MEUR 3.6.

General and administrative expenses remained constant. Following MEUR 6.8 in each of the first two quarters of 2002, we report MEUR 6.9 for the third quarter. We expect the implemented cost-cutting measures to result in continuous improvements over the coming quarters.

The positive EBIT – continuing the trend of the first six months - fulfilled our expectations. Thus in the first nine months of 2002 our Group achieved positive EBITDA of MEUR 4.4. This was a significant year-on-year improvement (2001: MEUR -0.7). A look at the individual quarters of 2002 highlights the positive upward trend: EBITDA rose from MEUR 1.1 in the first quarter to MEUR 1.6 in the second quarter and MEUR 1.7 in the third quarter.

EBIT improved from MEUR -6.3 in the prior-year period to MEUR 1.2 in the first nine months of 2002. In the third quarter, itelligence performed an impairment test on goodwill in accordance with the provisions of the Financial Accounting Standards Board. The reported EBIT do not contain amortization of goodwill (goodwill amortization in 2001: MEUR 2.3), this being an effect from the transition from the

old to the new provisions. The impairment test resulted in an impairment loss of MEUR 0.9. This impairment loss is disclosed as an “effect of the change in accounting principles” in a separate line immediately preceding the net loss for the year. The transitional effect therefore affects net loss for the year and not EBIT. The impairment loss of MEUR 3.8 on financial assets is another special charge. In the past, we reported the decreases in the listed prices as a component of other comprehensive income. We now consider these impairments to be permanent, however, and have therefore recognized the cumulative effect as an impairment loss on financial assets in this quarter, affecting earnings. Net loss according to US GAAP is MEUR -6.6 in the period under review (2001: MEUR -4.8).

In the first and second quarters of 2002 we reported on the continued improvement of our cost structures and liquidity. In the first nine months, cash flow improved constantly, rising from MEUR -13.4 as of September 30, 2001 to MEUR 0.1 as of September 30, 2002. Operating cash flow was MEUR 2.8 as of September 30, 2002; a distinct year-on-year improvement (2001: MEUR -7.7). We anticipate po-

sitive cash flow from operating activities for 2002 as a whole.

Capital Expenditure

Capital expenditure amounted to MEUR 2.7 as of September 30, 2002 (MEUR 5.9 as of September 30, 2001). The third quarter of 2002 accounted for MEUR 0.6 of this amount. Investments were made in Outsourcing & Services and in the usual replacement investments in the period under review.

Employees

As of September 30, 2002 our Group employed 1,472 people compared with 1,502 at the same time last year. Of these, 764 employees worked in Germany and 708 abroad. It is thanks to the commitment of our employees that itelligence has managed to assert its position in a difficult market environment – with the result that we have regained our former strength. The keen sense of responsibility and the expertise of itelligence employees resulted in a considerable number of contracts being signed and projects successfully completed in the third quarter.

Letter to the Shareholders

Management

Much to our regret, Norbert Frank, who was responsible for Outsourcing & Services on the Management Board, left itelligence AG at his own request at the end of the third quarter of 2002. Within the IT-environment he is setting up his own business. Mr. Frank will remain in close contact with itelligence, however, and will work with our Company. Following the departure of Mr. Frank, Burkhard Berner will continue to look after business in the United States and Europe on the Management Board. Prof. Dr. Hermann Hueber is responsible for Finance, Investments, Products and Customized-IT. In my capacity as CEO, I will take responsibility for Outsourcing & Services in addition to my current responsibilities for Sales/Marketing, Investor Relations and the regions Germany/Austria/Switzerland.

Investor Relations

Being responsible for Investor Relations, I had numerous meetings with shareholders, analysts and the financial press in the third quarter. In view of the weak financial market at pre-

sent, it was of importance to myself and my colleagues on the Board to communicate openly on our Company and the course of business. As a Neuer Markt company, we welcome the plans of the Deutsche Börse to make the equity market more transparent with new market-segmentation. itelligence AG will apply to be listed in the Prime Standard segment. We already meet all of the international standards required for listing in Prime Standard and will continue to work on direct contact with you and the financial community.

Outlook

The positive course of business in the first half of the year continued in the third quarter despite a current sluggish phase in the IT industry. We are looking to the fourth quarter with confidence.

Much has been achieved in the first nine months of 2002 at itelligence AG. Not only have we optimized our corporate and cost structures, we have also seen our position on the market underpinned by our improved business outlook and order volumes.

The development of sales and earnings in the first nine months of the fiscal year meets our expectations. In the fourth quarter, priority will again be given to profitability over sales growth. We are confident that, in view of the anticipated order situation, we will meet our target for the year of sales at the level of the prior year, positive EBIT and an EBITDA margin of roughly 5 percent.

With regard to the market as a whole, we do not expect any significant recovery in the difficult IT environment by the end of the year. We prepared ourselves for moderate growth at the beginning of the year and communicated this in our annual forecasts. In view of the poor market situation, we consider ourselves to be well positioned as an SAP partner and full-service provider. Once again, we are aiming to become the most successful SAP partner for small and mid-sized businesses in 2002.



Herbert Vogel
CEO

Shareholders

As of September 30, 2002 itelligence AG's shares are held by:

| | |
|-------------------|--------|
| Wolfgang Schmidt: | 16.2 % |
| Vogel family: | 15.9 % |
| Petra Berner: | 9 % |
| Frank family: | 7.6 % |
| Lamb family: | 7.5 % |
| Burkhard Berner: | 4.3 % |
| Free float: | 39.5 % |

Directors Holdings

Members of the Management Board and Supervisory Board held the following numbers of itelligence shares as of September 30, 2002:

| | Shares |
|--------------------------|-----------|
| Management Board: | |
| Herbert Vogel | 1,657,286 |
| Burkhard Berner | 721,223 |
| Norbert Frank | 363,807* |
| Prof. Dr. Hermann Hueber | 22,881 |

Supervisory Board:

| | |
|----------------------|-----------|
| Dr. Markus Wenserski | 0 |
| Hans-Holger Lamb | 0 |
| Dr. Andreas Leimbach | 0 |
| Wolfgang Schmidt | 2,723,167 |

* 11,852 itelligence shares were sold by Norbert Frank between August 14 and September 4, 2002.

Neither the Management Board nor the Supervisory Board held convertible bonds of itelligence AG as of September 30, 2002.

Investor Relations Service

All itelligence AG reports can be downloaded from the Internet. At www.itelligence.de you will find reports in German and English. At this Internet address you can also register for the mailing list for news and press releases under Investor Relations/Dialog. You will then receive the latest news by e-mail.

Consolidated Balance Sheet as of September 30, 2002 and 2001
as well as of December 31, 2001 (US-GAAP)

| | Sep. 30, 2002 KEUR | Sep. 30, 2001 KEUR | December 31, 2001 KEUR |
|------------------------------------|-----------------------|-----------------------|---------------------------|
| Assets | | | |
| Current assets | | | |
| Cash and cash equivalents | 9,847 | 10,746 | 12,169 |
| Trade accounts receivable, net | 38,514 | 41,906 | 42,659 |
| Inventories, net | 1,541 | 3,294 | 2,440 |
| Prepaid expenses | 1,631 | 1,872 | 668 |
| Other current assets | 3,350 | 5,733 | 4,690 |
| Deferred tax assets | 0 | 1,754 | 0 |
| Total current assets | 54,883 | 65,305 | 62,626 |
| Non-current assets | | | |
| Deferred tax assets | 5,151 | 4,552 | 5,154 |
| Other non-current assets | 0 | 226 | 0 |
| Intangible assets, net | 16,838 | 17,811 | 18,145 |
| Property, plant and equipment, net | 9,677 | 11,972 | 12,041 |
| Financial assets | 419 | 498 | 479 |
| Total non-current assets | 32,085 | 35,059 | 35,819 |
| Total assets | 86,968 | 100,364 | 98,445 |

| | Sep. 30, 2002 KEUR | Sep. 30, 2001 KEUR | December 31, 2001 KEUR |
|--|-----------------------|-----------------------|---------------------------|
| Liability and Shareholders' Equity | | | |
| Current liabilities | | | |
| Current liabilities due to banks | 11,269 | 17,870 | 13,725 |
| Trade accounts payable | 11,576 | 13,811 | 12,164 |
| Liabilities due to associated companies | 62 | 0 | 63 |
| Advance payments received | 175 | 702 | 4,944 |
| Other current accruals | 9,365 | 9,623 | 8,902 |
| Other current liabilities | 10,505 | 8,736 | 10,108 |
| Current deferred tax assets | 138 | 409 | 212 |
| Tax accruals | 986 | 1,488 | 1,613 |
| Deferred income | 2,175 | 2,896 | 867 |
| Total current liabilities | 46,251 | 55,535 | 52,598 |
| Non-current liabilities | | | |
| Pension reserves | 252 | 622 | 224 |
| Bonds | 574 | 897 | 760 |
| Long-term liabilities due to banks net of current maturities | 4,974 | 7,671 | 5,142 |
| Other non-current liabilities | 4,725 | 0 | 5,906 |
| Deferred tax liabilities | 0 | 37 | 0 |
| Total non-current liabilities | 10,525 | 9,227 | 12,032 |
| Total liabilities | 56,776 | 64,762 | 64,630 |
| Contingent liabilities | 0 | 0 | 0 |
| Minority interests | 768 | 437 | 488 |
| Shareholders' equity | | | |
| Common stock (16,771,202 shares) | 16,771 | 16,771 | 16,771 |
| Capital reserves | 19,768 | 19,768 | 19,768 |
| Retained earnings | -6,723 | 698 | -158 |
| Accumulated other comprehensive income/loss | -392 | -2,072 | -3,054 |
| Total shareholders' equity | 29,424 | 35,165 | 33,327 |
| Total liabilities and shareholders' equity | 86,968 | 100,364 | 98,445 |

Consolidated Statement of Income for the Period January 1 to September 30, 2002 and 2001 (US-GAAP)

| (all figures in thousands of Euros except for number of shares and per-share amounts) | Jan. 1 to Sep. 30, 2002 KEUR | Jan. 1 to Sep. 30, 2001 KEUR | July 1 to Sep. 30, 2002 KEUR | July 1 to Sep. 30, 2001 KEUR |
|--|------------------------------------|------------------------------------|------------------------------------|------------------------------------|
| Sales | 128,156 | 129,267 | 41,560 | 41,869 |
| Cost of sales | -94,270 | -96,094 | -30,261 | -31,451 |
| Gross profit | 33,886 | 33,173 | 11,299 | 10,418 |
| Operating expenses | | | | |
| Selling and marketing expenses | -10,911 | -13,663 | -3,596 | -4,740 |
| General and administrative expenses | -20,476 | -18,024 | -6,905 | -5,659 |
| Research and development expenses | -758 | -3,577 | -102 | -652 |
| Goodwill amortization | 0 | -2,272 | 0 | -678 |
| Other operating income/expenses, net | -502 | -1,978 | 58 | -458 |
| Total operating expenses | -32,647 | -39,514 | -10,545 | -12,187 |
| Operating result | 1,239 | -6,341 | 754 | -1,769 |
| Other income/expenses | | | | |
| Income from investments | 34 | 58 | 1 | -141 |
| Exchange rate differences due to financial transactions | -448 | 0 | -50 | 0 |
| Impairment loss on financial assets | -3,830 | 0 | -3,830 | 0 |
| Interest income/expenses, net | -1,286 | -630 | -417 | -197 |
| Other income/expenses | -5,530 | -572 | -4,296 | -338 |
| Result before tax | -4,291 | -6,913 | -3,542 | -2,107 |
| Income taxes | -1,137 | 2,206 | -716 | 620 |
| Net income/net loss for the period before minority interests | -5,428 | -4,707 | -4,258 | -1,487 |
| Minority interests | -233 | -80 | -224 | -146 |
| Effect of the change in accounting principles | -904 | 0 | -904 | 0 |
| Net income/net loss for the period | -6,565 | -4,787 | -5,386 | -1,633 |
| Loss per share in EUR – basic | -0.39 | -0.29 | | |
| Loss per share in EUR – diluted | n/a | n/a | | |
| Weighted average number of shares used to calculate loss per share | | | | |
| – basic | 16,771,202 | 16,429,661 | | |
| – diluted | 17,438,228 | 17,029,190 | | |

Consolidated Statement of Changes in Shareholders' Equity
as of September 30, 2002 and 2001 (US-GAAP)

| | No. of shares issued and outstanding | Common stock KEUR | Capital reserve KEUR | Retained earnings KEUR | Accumulated other Compre- hensive income/ loss KEUR | Total shareholders' equity KEUR | Comprehensive income/loss KEUR |
|---|--|-------------------------|----------------------------|------------------------------|---|--|--------------------------------------|
| December 31, 2000 | 16,358,317 | 16,359 | 18,934 | 5,495 | -1,098 | 39,690 | |
| Net loss for the period/distribution | | | | -4,797 | | -4,797 | -4,797 |
| Capital increase | 412,885 | 412 | 834 | | | 1,246 | |
| Foreign currency translation | | | | | 9 | 9 | 9 |
| Valuation of securities available for sale | | | | | -983 | -983 | -983 |
| Comprehensive income/loss | | | | | | | -5,771 |
| September 30, 2001 | 16,771,202 | 16,771 | 19,768 | 698 | -2,072 | 35,165 | |
| December 31, 2001 | 16,771,202 | 16,771 | 19,768 | -158 | -3,054 | 33,327 | |
| Net loss for the period | | | | -6,565 | | -6,565 | -6,565 |
| Capital increase | | | | | | | |
| Foreign currency translation | | | | | -1,109 | -1,109 | -1,109 |
| Valuation of securities available for sale | | | | | 0 | 0 | 0 |
| Earnings effect of permanent impairments | | | | | 3,771 | 3,771 | 3,771 |
| Comprehensive income/loss | | | | | | | -3,903 |
| September 30, 2002 | 16,771,202 | 16,771 | 19,768 | -6,723 | -392 | 29,424 | |

Consolidated Statement of Cash Flow for the Period
January 1 to September 30, 2002 and 2001 (US-GAAP)

| | Sep. 30, 2002 KEUR | Sep. 30, 2001 KEUR |
|--|-----------------------|-----------------------|
| Cash Flow from operating activities | | |
| Net income/net loss for the period | -6,565 | -4,787 |
| Adjustments to net loss for the period | | |
| Minority interests | 233 | 80 |
| Depreciation and amortization | 3,165 | 5,602 |
| Impairment loss after impairment test | 904 | 0 |
| Earnings effect of permanent impairments | 3,830 | 0 |
| Change in deferred taxes | -71 | -2,770 |
| Change in pension reserves | 28 | 331 |
| Change in inventories | 899 | -642 |
| Change in trade accounts receivable | 4,145 | 9,993 |
| Change in other current assets | 377 | 992 |
| Change in other non-current assets | 0 | -235 |
| Change in trade accounts payable and advance payments received | -5,357 | -13,839 |
| Change in other current liabilities and accruals | 1,256 | -2,403 |
| Other non-cash income/expenses | 0 | 0 |
| Cash Flow from operating activities | 2,844 | -7,678 |
| Cash Flow from investing activities | | |
| Investments in intangible assets and property, plant and equipment | -1,761 | -5,914 |
| Investments in financial assets | 0 | 0 |
| Investments in minority interests, investments and loans | -913 | 0 |
| Cash Flow from investing activities | -2,674 | -5,914 |
| Cash Flow from financing activities | | |
| Capital increases and contributions to increase capital | 0 | 412 |
| Cash received from the increase in the capital reserve | 0 | 834 |
| Changes in capital reserves from transactions not affecting earnings | 0 | 0 |
| Dividend distribution | 0 | 0 |
| Changes in minority interests | 72 | -1,419 |
| Issue of bonds | -186 | 403 |
| Bank liabilities repaid/raised | 78 | -12 |
| Loans raised | 0 | 0 |
| Cash Flow from financing activities | -36 | 218 |
| Foreign currency translations | 0 | 14 |
| Net change in cash and cash equivalents | 134 | -13,360 |
| Cash and cash equivalents at the beginning of the period | -1,556 | 6,236 |
| Cash and cash equivalents at the end of the period | -1,422 | -7,124 |
| Composition of cash and cash equivalents at the end of the period | | |
| Balances at banks, cash on hand | 9,847 | 10,746 |
| Liabilities due to banks (current) | -11,269 | -17,870 |
| Cash and cash equivalents at the end of the period | -1,422 | -7,124 |

Notes to the Interim Financial Statements

General Information

The consolidated interim financial statements for the period ended September 30, 2002 were prepared in accordance with United States Generally Accepted Accounting Principles (US GAAP). The consolidated financial statements were not reviewed by the auditor. The consolidated interim financial statements account for all current transactions and cut-offs that management deems necessary to present the interim results accurately.

The Company

itelligence AG was formed in May 2000 by a non-cash contribution. Under the merger agreement signed in May 2000, the principal shareholders of SVC AG, Schmidt Vogel Consulting, Bielefeld, and the shareholders of APCON AG, Hamburg, subscribed for approx. 45 percent and approx. 55 percent, respectively, of the Company's shares.

itelligence AG is a leading international full-service provider for SAP. The Company's services range from SAP consulting and licensing, outsourcing & services to proprietary SAP industry solutions and individual software technologies.

New Accounting Principles

Under SFAS No. 141/142, goodwill and intangible assets with indefinite lives are no longer subject to regular amortization but are to undergo an impairment test at least once a year. For more details please refer to pages 43 and 44 of the Annual Report 2001.

The Company performed its first impairment test in the third quarter. The result was an impairment loss of MEUR 0.9. This impairment loss is disclosed in a separate line immediately preceding the net loss for the year, it being an effect of the transition from the old to the new principles. The transitional effect therefore does not affect EBIT.

Segment Reporting

The Company has one operating segment according to the requirements of SFAS No. 131. Please refer to the key figures for the revenue of the divisions.

Depreciation and Amortization

Depreciation of property, plant and equipment and amortization of intangible assets came to a total of MEUR 3.17 (prior year: MEUR 3.33) in the functions of production, sales and marketing, research and development and administration.

Exchange Differences From Financing

The strong euro in relation to the Polish zloty influenced the loan financing in Poland very negatively. The loan is for the financing of the computer center in Poznan.

Impairment Losses on Financial Assets

Long-term investments are classified as available-for-sale securities (trading securities). They are recognized at their fair value on the balance sheet date. The Company previously assumed a temporary loss in value and reported the decreases in the listed prices as a component of other comprehensive income, outside earnings. However, as the Company now considers the impairment to be permanent, the cumulative effect of the decrease in prices has been recognized as an impairment loss on financial assets, affecting earnings.

Important Events in 2002/2003

2002

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| November 26 | Financial Forum, Analysts' Conference, Frankfurt |
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2003

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| Beginning of February | Publication of Provisional Results for 2002 |
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| March | Publication of the Annual Report 2002 |
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| May 13 | Publication of the Three Month Report |
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| August 7 | Publication of the Six Month Report |
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| November 6 | Publication of the Nine Month Report |
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