INTERSHOP™

Group Management Report for the Nine Months Ended

September 30, 2006

This interim report contains forward-looking statements regarding future events or the future financial and operational performance of Intershop. Actual events or results may differ materially from the results presented in these forward-looking statements or from the results expected according to these statements. Risks and uncertainties that could lead to such differences include Intershop's limited operating history, the limited predictability of revenues and expenses, and potential fluctuations in revenues and operating results, significant dependence on large individual customer orders, customer trends, the level of competition, seasonal fluctuations, risks relating to electronic security, possible state regulation, and the general economic situation.

Group Management Report

Overall Economy and Industry

The economic consolidation and stabilization of the IT customer market seen in the first half of 2006 continued throughout the first nine months of the year. This was also the finding of the expert discussion at this year's Intershop Open 2006 in-house conference, which was held in Jena on October 10 and 11.
Online shopping is a growing segment. For years, the most important trend barometers of leading market researchers have pointed to constant growth in electronic commerce. E-commerce will fundamentally change the structures of conventional trade in the future. The Internet is the key to rationalizing cost-intensive business processes.

There has been a paradigm shift in electronic commerce, meaning that a business concept is only considered to be successful when monetary parameters such as profit and cash flow are in positive territory.

Taking into account these realities, IT decision makers expect much more than a mere e-commerce software offering from their service provider today. They demand integrated solutions that combine IT services, logistics, fulfillment, receivables management, and online marketing. The perfect harmony of e-commerce solutions, online marketing, IT services, and logistics is a prerequisite for successfully participating in this growth.

Intershop recognizes this and is now positioning itself – building on 14 years of experience in the e commerce segment – as a full-service e commerce provider on the growing market for online shopping.

Intershop announced at CeBIT 2006 that it would expand its product portfolio in future to include full-service e commerce solutions. This enables the Company to cover all e-commerce business processes – from software through online marketing to fulfillment services and logistics. In May 2006, Intershop announced that it had received its first all-round order for its new full-service e-commerce business area from a prominent brand manufacturer in a German-speaking country. Intershop entered the online marketing business - a segment with enormous growth potential - by acquiring the Frankfurt-based online marketing service provider SoQuero GmbH at the end of June 2006 and integrating it into the Intershop Group. Intershop has thus rounded off its full-service e-commerce offering.

Revenue Development

In the first nine months of 2006, Intershop's total revenues increased by 14% year-on-year from EUR 12.5 million to EUR 14.3 million. License revenues rose by 53% to EUR 3.5 million and their share of total revenues climbed to 24% (previous year: 18%). Service, maintenance, and other revenues increased by 6% to EUR 10.8 million (previous year: EUR 10.2 million), and their share of total revenues fell from 82% in the first nine months of 2005 to 76% in the first nine months of 2006.

Intershop received a major order from the American technology company Sun Microsystems end of March 2006, which will generate total revenues of EUR 4.4 million. The Company recognized EUR 2.1 million of this, or around 48% of the total volume, in the first nine months of 2006. The remaining 52% of the order volume will be recognized in the coming periods.

Europa and North America remained Intershop's key revenue regions in the first nine months of 2006. Once again, Europe was the Company's primary market in the period under review, with a 74% share of total revenues and EUR 10.6 million respectively, compared with 80% in the first nine months of 2005 (or EUR 9.9 million). Intershop generated revenues of EUR 3.7 million in North America in the first nine months of 2006, or 26% of the global total. In the first nine months of 2005, this region recorded revenues of EUR 2.6 million, or 20% of the global total.

Earnings Development

The cost of revenues was EUR 7,9 million in the first nine months of the fiscal year, compared with EUR 6,7 million in the prior-year period.

The gross profit margin on total revenues fell slightly from 46% in first nine months of 2005 to 45% in the first nine months of 2006; this corresponds to EUR 6.4 million and EUR 5.8 million.The gross profit margin on license revenues rose to 98% as against 93% in the prior-year period. The gross profit margin on service revenues (including services, maintenance, online marketing and other revenues) fell from 36% in the first nine months of 2005 to 28% in the first nine months of 2006.

Operating expenses increased from EUR 8.6 million in the first nine months of 2005 to EUR 10.3 million in the first nine months of 2006. This is mainly due to higher sales and marketing expenses from the recruitment of new sales staff. Sales and marketing expenses were EUR 5.8 million in the first nine months of fiscal year 2006, compared with EUR 4.2 million in the prior-year period. The figure includes the costs of the CeBIT 2006 trade fair in Hanover.

Provisions for restructuring costs amounted to EUR 0.4 million in the first nine months of 2006. In the first nine months of 2006, the Company received a payment of EUR 929 thousand plus interest in connection with the legal dispute with its landlord relating to the payment of a contractual penalty. As an appeal has been flled against the judgment, Intershop has recognized parts of this payment in its provision for restructuring costs as a precautionary measure.

Other operating income increased from EUR 0.8 million in the first nine months of 2005 to EUR 1.4 million. Other operating income includes the above-mentioned payments by the landlord as a result of the court judgment and government grants of EUR 0.3 million for a research and development project.

The depreciation and amortization expense was EUR 0.4 million in the first nine months of 2006, compared with EUR 0.5 million in the first nine months of 2005.

The ongoing negative result from operating activities amounted to EUR 3.9 million in the first nine months of 2006, compared with EUR 2.9 million in the prior-year period.

The interest expense included in the financial result remained at about the same level, at EUR 0.8 million. Interest expense primarily includes interest from the convertible bond. Interest expense in the first nine months of 2005 also included reversals of interest provisions amounting to EUR 0.1 million as a result of the termination of previously pending legal proceedings.

In the first nine months of 2006, Intershop‘s net loss was EUR 4.4 million, representing a loss of EUR 0.25 per share. In the first nine months of 2005, Intershop recorded a net loss of EUR 3.6 million, or EUR 0.20 per share.

Research and Development

Research and development expenses remained at about the same level, amounting to EUR 2.3 million in the first nine months of 2006 as against EUR 2.1 million in the first nine months of 2005, since there were no significant changes in the average headcount year on year.

Organization

There were no changes to the Management Board or the Supervisory Board as against December 31, 2005.

The Intershop Annual Stockholders‘ Meeting on August 1, 2006 approved the resolutions proposed by the Management Board and Supervisory Board on the approval of the actions of the Management Board, the election of the auditors, and the authorization to acquire own shares.The resolutions were adopted by a majority of more than 95 percent. The motion to approve the actions of the Supervisory Board was rejected by the meeting, which had a low turnout representing only 10.759% of the Company’s capital stock. Only 25.856% of those present voted to approve the actions of the Supervisory Board.

Employees

The number of employees increased by 22 to 244 full-time equivalents as of September 30, 2006, compared with 222 full-time equivalents as of December 31, 2005. Intershop had 220 full-time equivalents as of September 30, 2005. The increase in the workforce is a result of new hires as well as the acquisition of SoQuero GmbH in June 2006.

The technical departments (research and development and service functions) employed 166 full-time equivalents as of September 30, 2006, or 68% of the entire workforce, as against 150 as of September 30, 2005 (December 31, 2005: 150). The sales and marketing departments accounted for 47 full-time equivalents as of September 30, 2006, compared with 41 employees as of September 30, 2005 (December 31, 2005: 43 employees). 31 full-time equivalents were employed in general and administrative functions as of September 30, 2006. As of September 30, 2005 and December 31, 2005, 29 people were employed in general and administrative functions.

94% of Intershop‘s global workforce was employed in Germany as of September 30, 2006 (229 full-time equivalents). The remaining 6% belong to the U.S. branch (15 full-time equivalents). As of September 30, 2005, 204 full-time equivalents were employed in Germany and 16 in the United States (December 31, 2005: 207 full-time equivalents in Germany and 15 full-time equivalents in the United States).

Presentation of Net Assets and Financial Position

Total assets increased from EUR 23.0 million as of December 31, 2005 to EUR 23.9 million as of September 30, 2006.
Noncurrent assets rose by 12% from EUR 9.0 million to EUR 10.1 million, mainly due to the increase in intangible assets from EUR 4.5 million as of December 31, 2005 to EUR 6.3 million as of September 30, 2006. This increase is attributable to the recognition of the intangible assets belonging to our acquisition SoQuero GmbH, and the related goodwill. Details on the acquisition of SoQuero GmbH are provided in the section entitled „Basis of consolidation.“

Current assets fell from EUR 14.0 million as of December 31, 2005 to EUR 13.8 million. Trade receivables fell from EUR 3.5 million to EUR 2.6 million as of September 30, 2006. Cash and cash equivalents included in noncurrent and current assets decrease to EUR 12.8 million as of September 30, 2006, as against EUR 13.5 million as of December 31, 2005. The amount of unrestricted cash included in cash and cash equivalents decreased from EUR 7.3 million to EUR 5.2 million.

Equity increased from EUR 8.3 million as of December 31, 2005 to EUR 8.7 million as of September 30, 2006. The increase results primarily from the capital increase from Conditional Capital IV due to the conversion into shares of the Company of bonds arising from the Intershop convertible bond.

Noncurrent liabilities fell from EUR 5.8 million as of December 31, 2005 to EUR 4.2 million. Convertible bond liabilities decreased from EUR 5.6 million to EUR 2.6 million due to the conversion of convertible bonds into shares of the Company. 3,8 million convertible bonds were converted into 3,8 million shares of the Company.Other noncurrent liabilities in the amount of EUR 0.7 million relate to the discounted conditional second purchase price installment for the acquisition of SoQuero GmbH. Deferred tax liabilities totaling EUR 0.4 million were recognized for the acquisition of SoQuero GmbH and result from the measurement of intangible assets.

Current liabilities rose to EUR 11.0 million as of September 30, 2006, compared with EUR 9.0 million as of December 31, 2005. Provisions from restructuring measures increased from EUR 0.8 million to EUR 1.0 million (for further details, please see the section entitled “Restructuring costs”). Other provisions amounted to EUR 0.8 million as of both September 30, 2006 and December 31, 2005. Trade accounts payable were up from EUR 3.8 million to EUR 5.4 million. Other current liabilities decreased from EUR 1.5 million to EUR 1.1 million, while deferred revenue rose from EUR 2.0 million to EUR 2.6 million as of September 30, 2006.

In the first nine months of 2006 net cash used in operating activities amounted to a total of EUR 0.1 million, compared with net cash of EUR 6.9 million used in the first nine months of 2005.
Net cash used in investing activities amounted to EUR 2.1 million in the first nine months of 2006, compared with net cash provided by investing activities of EUR 0.4 million in the first nine months of 2005
Net cash used in financing activities amounted to EUR 4 thousand in the first nine months of 2006. By comparison, the first nine months of fiscal year 2005 saw net cash provided by financing activities of EUR 10.1 million, due to the successful placement of the zero-coupon convertible bond.

Group Risks

In the first nine months of 2006, there were no significant changes to the risks described in detail on pages 15 to 17 of the 2005 Annual Report.

Events subsequent to the balance sheet date

On October 27, 2006 Intershop announced that Peter Mark Droste, member of the Supervisory Board, left the Board at his own request for personal reasons, effective October 31, 2006. On application by the Company, Michael Sauer (62) was appointed to the Supervisory Board by order of the Jena Local Court as of November 1, 2006. The owner of Cologne-based company Musicstore, Michael Sauer is among the most successful European retailers and mail order specialists for musical instruments.

Outlook

Experts agree that online shopping revenues in European countries will quadruple to around EUR 167 billion within the next five years. The perfect harmony of e-commerce solutions, online marketing, IT services, and logistics is a prerequisite for successfully participating in this growth.

Intershop has taken on this challenge. The Company presented its strategy for “full-service e commerce” at CeBIT 2006. With this strategy, the Company is entering a whole new business field. Intershop has been known as an e-commerce software producer for 14 years now. Since the beginning of the year, the Company has been offering prospective customers a product range above and beyond the provision of technology. In addition to providing software, Intershop handles all other aspects of e-commerce with its new full-service e-commerce offering, from IT services through online marketing to receivables management, payment, logistics, and returns handling.

Going forward, Intershop will expand its business model to include two additional pillars besides full-service e-commerce.

The Company’s core business is, and will remain, the sale of e-commerce standard software. This is the proven foundation on which Intershop’s reputation as an e-commerce company rests. Intershop’s flagship product is the current generation of Enfinity Suite 6, the multi-award-winning Enfinity e-commerce software. Enfinity Suite 6‘s unique functionality enables customers to consolidate and centrally manage all online business channels on a single platform.

Intershop’s third pillar is its new online marketing portfolio. The market for online marketing services is booming. The Online Vermarkterkreis (Online Marketing Group) of the Bundesverband Digitale Wirtschaft (BVDW – German Digital Industry Association) anticipates a 46% increase in online marketing expenditures for 2006, to approximately EUR 1.3 billion. E-commerce and online marketing go hand in hand. Customer success depends on peak performance in both areas. An offering from a single source for both aspects leads to a bundling of Intershop’s competencies. Intershop is thus rounding off its claim of integrated e-commerce expertise. Intershop views its online marketing offering as integrated performance marketing, and develops customized concepts together with its customers to meet with their requirements and online marketing goals.

As an integrated e-commerce enterprise, Intershop‘s Management Board believes that the Company is excellently positioned to meet market demands and future market developments.

Nevertheless, based on current knowledge, it will not be possible to achieve the positive net result forecast for fiscal year 2006.

The Management Board bases its revision of the full-year forecast for 2006 primarily on the risk of further postponements of individual major orders beyond the end of 2006. At the same time, we are working vigorously to complete these projects by the end of 2006.

Consolidated Balance Sheet
(IFRS, unaudited)

	September 30, 2006 (EUR thousand)	December 31, 2005 (EUR thousand)
ASSETS		
Noncurrent assets		
Intangible assets	6,336	4,495
Property, plant and equipment	492	483
Financial investments	59	59
Other noncurrent assets	93	105
Restricted cash	3,090	3,855
	10,070	**8,997**
Current assets		
Trade receivables	2,592	3,518
Other receivables and other assets	1,574	881
Restricted cash	4,438	2,355
Cash and cash equivalents	5,226	7,279
	13,830	**14,033**
TOTAL ASSETS	**23,900**	**23,030**
SHAREHOLDERS´ EQUITY AND LIABILITIES		
Shareholders´ equity		
Subscribed capital	21,501	17,662
Capital reserve	1,130	54
Other reserves	(13,958)	(9,444)
Treasury Stock	(15)	0
	8,658	**8,272**
Noncurrent liabilities		
Provisions for restructuring	0	17
Convertible bonds	2,601	5,600
Other noncurrent liabilities	712	0
Deferred tax liabilities	443	0
Deferred revenue	477	188
	4,233	**5,805**
Current liabilities		
Provisions for restructuring	1,030	790
Other current provisions	783	840
Trade accounts payable	5,394	3,817
Income tax liabilities	77	4
Other current liabilities	1,102	1,538
Deferred revenue	2,623	1,964
	11,009	**8,953**
TOTAL SHAREHOLDERS´ EQUITY AND LIABILITIES	**23,900**	**23,030**

Consolidated Income Statement
(IFRS, unaudited)

	Three months ended Sept. 30,		Nine months ended Sept. 30,	
	2006	2005	**2006**	2005
	(EUR thousand)	(EUR thousand)	(EUR thousand)	(EUR thousand)
Revenues				
Licenses	612	538	3,475	2,270
Services, maintenance and other	4,302	3,382	10,784	10,214
	4,914	**3,920**	**14,259**	**12,484**
Cost of revenues				
Licenses	(4)	(55)	(66)	(164)
Services, maintenance and other	(3,185)	(2,156)	(7,791)	(6,563)
	(3,189)	**(2,211)**	**(7,857)**	**(6,727)**
Gross profit	**1,725**	**1,709**	**6,402**	**5,757**
Operating expenses, operating income				
Research and development	(811)	(633)	(2,310)	(2,096)
Sales and marketing	(1,803)	(1,535)	(5,847)	(4,190)
General and administrative	(894)	(1,232)	(3,093)	(3,242)
Restructuring costs	(0)	(152)	(434)	(146)
Other operating income	335	392	1,410	842
Other operating expenses	(51)	(29)	(63)	(69)
	(3,224)	**(2,885)**	**(10,337)**	**(8,609)**
Result from operating activities	**(1,499)**	**(1,176)**	**(3,935)**	**(2,852)**
Interest income	81	47	259	127
Interest expense	(285)	(404)	(805)	(833)
Financial result	**(204)**	**(357)**	**(546)**	**(706)**
Earnings before tax	**(1,703)**	**(1,533)**	**(4,481)**	**(3,558)**
Income taxes	**71**	**1**	**69**	**1**
Earnings after tax	**(1,632)**	**(1,532)**	**(4,412)**	**(3,557)**
Consolidated net loss	**(1,632)**	**(1,532)**	**(4,412)**	**(3,557)**
Earnings per share (EUR, basic)	(0.09)	(0.08)	(0.25)	(0.20)
Earnings per share (EUR, diluted)*	(0.09)	(0.08)	(0.25)	(0.20)
Weighted average shares outstanding (basic)	18,470	18,481	17,862	17,865
Weighted average shares outstanding (diluted)*	24,109	24,120	22,431	19,765

* The diluted earnings per share were reduced to the lower undiluted earnings per share.

Consolidated Statement of Cash Flows
(IFRS, unaudited)

	Nine months ended September 30,	
	2006 (EUR thousand)	2005 (EUR thousand)
CASH FLOWS FROM OPERATING ACTIVITIES		
Earnings before tax	(4,481)	(3,558)
Adjustments to reconcile net loss to cash used in operating activities		
Financial result	546	706
Depreciation and amortization	370	529
Noncash effects from deconsolidation	0	(748)
Other noncash expenses and income	1,111	55
Allowances for doubtful accounts)	22	98
(Gain) Loss on disposal of property and equipment	(91)	(31)
Changes in operating assets and liabilities		
Accounts receivable	1,191	117
Other assets	(622)	(204)
Liabilities and provisions	1,055	(2,423)
Deferred revenue	795	(1,479)
Net cash used in operating activities before income tax and interest	**(104)**	**(6,938)**
Interest received	234	120
Interest paid	(19)	(38)
Income taxes paid	(1)	(1)
Net cash used in operating activities	**110**	**(6,857)**
CASH FLOWS FROM INVESTING ACTIVITIES		
Restricted cash	(1,319)	547
Payments for investments in intangible assets	(101)	(5)
Proceeds on disposal of equipment	93	32
Purchases of property and equipment, net of capital leases	(180)	(180)
Acquisition of consolidated companies (less funds acquired)	(599)	0
Net cash (used in) provided by investing activities	**(2,106)**	**394**
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from placement of zero-coupon convertible bond	0	11,331
Expenses of placement of zero-coupon convertible bond	0	(1,353)
Cash received for unregistered stock	20	0
Expenses of cash received for unregistered stock	(24)	0
Net cash provided by financing activities	**(4)**	**9,978**
Effect of change in exchange rates on cash	(53)	110
Net change in cash and cash equivalents	**(2,053)**	**3,405**
Cash and cash equivalents, beginning of period	7,279	1,632
Cash and cash equivalents, end of period	**5,226**	**5,037**

Consolidated Statement of Shareholders´ Equity
(IFRS, unaudited)

(in EUR thousand)	Common shares	Subscribed capital	Capital reserve	Other reserves: IFRS conversion resverve	Other reserves: Cumulative profit/loss	Other reserves: Cumulative currency differences	Treasury stock	Total share-holders´equity
Balance, January 1, 2006	**17,662,052**	**17,662**	**54**	**(93)**	**(11,607)**	**2,256**	**0**	**8,272**
Net loss					(4,412)			(4,412)
Foreign currency translation adjustments						(73)		(73)
Stock option expense			1,140					1,140
Issue of new shares	23,260	23	(24)					(1)
Convertible bond	3,815,559	3,816	(40)					3,776
Purchase of common Stock							(44)	(44)
Re-issuance of treasury stock					(29)		29	0
Balance, September 30, 2006	**21,500,871**	**21,501**	**1,130**	**(93)**	**(16,048)**	**2,183**	**(15)**	**8,658**
Balance, January 1, 2005	**25,551,412**	**25,551**	**1,948**	**(93)**	**(27,669)**	**2,919**	**(1)**	**2,655**
Net loss					(3,557)			(3,557)
Foreign currency translation adjustments						(702)		(702)
Stock option expense			54					54
Simplified withdrawal of shares	(112)							0
Simplified capital decrease	(17,034,200)	(17,034)	(3,419)		20,454			1
Convertible bond			1,452					1,452
Issue of new shares							1	1
Balance, September 30, 2005	**8,517,100**	**8,517**	**17**	**-93**	**(9,241)**	**2,649**	**(1)**	**(96)**

Notes to the Consolidated Financial Statements as of September 30, 2006

General disclosures

The consolidated financial statements of Intershop Communications AG as of December 31, 2005 were prepared in accordance with the International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB), as well as the provisions required to be applied under section 315a(1) of the Handelsgesetzbuch (HGB – German Commercial Code). Accordingly, the Group's interim report as of September 30, 2006 was prepared in accordance with IAS 34, Interim Financial Reporting.

This interim report as of September 30, 2006 is unaudited and must be read in conjunction with the consolidated financial statements and the associated notes to the consolidated financial statements for fiscal year 2005. The consolidated financial statements and the notes to the consolidated financial statements are contained in the Company's Annual Report for the fiscal year ended December 31, 2005. The 2005 Annual Report is available on the Company's website at http://www.intershop.com/company/investor_relations/financials/.

Accounting principles (compliance statement)

The consolidated financial statements of Intershop Communications AG for 2005 were prepared in accordance with the International Financial Reporting Standards (IFRSs) valid at the balance sheet date and with the Interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC), as adopted by the EU.

Since January 1, 2006, the International Accounting Standards Board (IASB) has also issued the following Standards, Interpretations, and amendments to existing Standards whose application is not yet mandatory. The Company has decided not to adopt these Standards prior to their effective date:

- IFRIC 8, Scope of IFRS 2

In January 2006, the IASB published IFRIC Interpretation 8 that addresses the scope of IFRS 2. IFRS 2, Share-based Payment must be applied to transactions in which a company receives goods or services as consideration for share-based payment. Under IFRIC 8, IFRS 2 must be applied even if the company cannot clearly identify the received goods or services. IFRIC 8 must be applied for fiscal years beginning on or after May 1, 2006.
This Interpretation will not have any effects on Intershop's future consolidated financial statements because none of the companies included in the consolidated financial statements have performed the type of transactions specified in the Interpretation and will not do so in the foreseeable future.

For details of further Standards, please refer to the 2005 Annual Report, pages 34 and 35.

Financial reporting has been prepared in accordance with the Standards and Interpretations required to be applied and gives a true and fair view of the net assets, financial position, and results of operations of the Intershop Group.

Assets and liabilities are generally measured at historical cost. The stock option plans are measured at fair value. Convertible bonds are treated as compound financial instruments, consisting of a debt and an equity component. The debt component is carried at amortized cost using the effective interest rate method.

The consolidated financial statements have been prepared in euros. Unless stated otherwise, all amounts are given as thousands of euros (EUR thousand). Figures are rounded to the nearest thousand and totals may not sum due to rounding.

Estimates and assumptions

Preparation of the consolidated financial statements requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and the accompanying notes. Estimates are based on past experience and other knowledge of transactions to be accounted for. Actual results may differ from these estimates. As a result, estimates and the assumptions on which they are based are regularly reviewed and assessed for their potential effects on the Company's financial reporting.

In particular, estimates are required to recognize and measure provisions for restructuring, legal costs and litigation risks, and guarantee provisions, as well as to assess the need for and measurement of impairment losses and valuation allowances.

Provisions for restructuring are recognized and measured on the basis of financial estimates and data available at the balance sheet date. Other provisions are recognized and measured on the basis of an estimate of the probability of a future outflow of economic benefits, as well as on the basis of historical data and the circumstances known at the balance sheet date. The actual obligation may differ from the amounts of the provisions.

Basis of consolidation
There were changes to Intershop Communications AG's basis of consolidation in the first nine months of 2006 as against December 31, 2005.

The following company was included in the basis of consolidation as of September 30, 2006:
Intershop Communications Online Marketing GmbH (formerly: SoQuero GmbH)

In addition to the parent company, the basis of consolidation therefore comprised the following companies as of September 30, 2006:

Intershop Communications, Inc., San Francisco, U.S.A.
Intershop Communications Ventures GmbH, Jena, Germany
Intershop Communications s.r.o., Prague, Czech Republic
IS Nordic AB, Stockholm, Sweden
Intershop Communications Australia Pty Ltd., Sydney, Australia
Intershop Communications Online Marketing GmbH

Acquisition of SoQuero GmbH
Intershop acquired a 100% interest in SoQuero GmbH on June 28, 2006. SoQuero GmbH, which currently employs 12 staff in Frankfurt am Main, are experts in online marketing – a key market segment with substantial growth potential. Intershop expects this move to enable it to round off its full-service e-commerce offering.

The transaction was accounted for using the purchase method in accordance with IFRS 3. For reasons of simplification, the purchase date was recorded as June 30, 2006 due to the short period of time involved.

	Carrying amount EUR thousand	**Adjustments to fair value** EUR thousand	**Fair Value** EUR thousand
Assets acquired			
Software	0	225	225
Customer orders	0	685	685
Beneficial employment contracts with the management	0	383	383
Property, plant and equipment	15	0	15
Trade receivables	397	0	397
Other receivables and other assets	32	0	32
Cash and cash equivalents	175	0	175
	619	**1,293**	**1,912**
Liabilities acquired			
Other current provision	4	0	4
Trade accounts payable	175	0	175
Income tax liabilities	56	0	56
Other current liabilities	58	0	58
Deferred tax liabilities	0	505	505
Deferred revenue	241	0	241
	534	**505**	**1,039**
Net assets acquired	**85**	**788**	**873**
Total consideration (purchase price)			**1.478**
Goodwill			**605**

The resulting goodwill relates primarily to long-term customer relationships that do not fulfill the recognition criteria for intangible assets at the date of acquisition.

The Company acquired EUR 175 thousand in cash and cash equivalents. As the purchase price had not been paid as of the reporting date, a cash inflow of EUR 175 thousand was reported in the cash flow statement.

The following intangible assets were identified and measured as part of the purchase price allocation:

- Software
- Customer orders
- Beneficial employment contracts with the management

The employment contracts with SoQuero's management will be continued for the next four years. In addition, stock options were issued under Intershop's stock option plan to facilitate their identification with the Company. These employment contracts are beneficial from Intershop's perspective.

The identified intangible assets were measured at their fair value. The amortization period is 3 years for software, 1.5 years for customer orders, and 4 years for the advantageous employment contracts. The deferred tax liabilities recognized in order to account for software, customer orders, and advantageous employment contracts will be reversed in the same way as the amortization charges in subsequent years.

The initial accounting for the acquisition of SoQuero GmbH in accordance with IFRS 3, paragraph 62, was only provisional at the end of the period under review. The purchase price allocation is based on assumptions by Intershop's Management Board, provisional estimates and SoQuero GmbH's unaudited balance sheet figures, and may therefore change until the fair values of the net assets acquired and of the liabilities and provisions assumed are finally assessed and examined by the Management Board.

On the basis of the provisional purchase price allocation, the acquisition of SoQuero GmbH resulted in goodwill of EUR 605 thousand.

The cost is EUR 1,478 thousand and comprises the following items (in EUR thousand):

1st purchase price installment – due as of July 1, 2006 – in cash:	750
Contingent 2nd purchase price installment – due as of January 31, 2008 – in cash	705
Directly attributable transaction costs	23
Cost	**1,478**

The contingent second purchase price installment of EUR 750 thousand is due in cash on January 31, 2008 if SoQuero GmbH achieves a specific EBIT figure in fiscal year 2007. The Management Board expects the company to achieve this EBIT target and therefore included the second purchase price installment in the cost. The second purchase price installment was measured at the reporting date using a discount rate of 4%. In subsequent periods, this component will be measured at amortized cost, using the effective interest method.

If SoQuero GmbH had been acquired on the first day of 2006, the Group's revenues would have increased from EUR 9,345 thousand to EUR 10,553 thousand, and the consolidated net loss would have decreased from EUR 2.780 thousand to EUR 2,771 thousand.

SoQuero GmbH was renamed Intershop Communications Online Marketing GmbH in September 2006.

Consolidation methods

The consolidated financial statements of Intershop Communications AG include the consolidated results of the Company and all its German and foreign subsidiaries over whose financial and operating policies Intershop Communications AG exercises direct or indirect control.

Subsidiaries:
Acquisition accounting for companies acquired from third parties is performed at the date of acquisition using the purchase method in accordance with IFRS 3, Business Combinations. Under this method, the cost of the acquisition is compared with the Group's interest in the carrying amount of the equity of the company concerned. The difference between the cost of the acquisition and the Group's interest in the acquiree's equity is allocated to the acquirer's share of the fair value of the acquired assets, liabilities, and contingent liabilities of the acquiree at the time of acquisition. Any excess from acquisition accounting is recognized as purchased goodwill. Any negative difference is immediately recognized as an expense.

In subsequent periods, hidden reserves and liabilities realized at the time of initial consolidation are carried, written down, or reversed according to the treatment of the corresponding assets and liabilities. In subsequent periods, purchased goodwill is tested for impairment at least once a year, and if impaired, written down to the lower recoverable amount.

Accounting policies

The same accounting policies were used to prepare this interim report as for the consolidated financial statements for fiscal year 2005. The policies used are described in detail on pages 40 to 45 of the 2005 Annual Report.

Equity

The development of Intershop Communications AG's equity is shown in the statement of equity.

The subscribed capital increased by EUR 3,200 as of June 30, 2006 to EUR 17,665,252 and is divided into 17,665,252 no-par value bearer shares. The change in the subscribed capital of EUR 3,200 is due to a capital increase from Authorized Capital II.

As of June 30, 2006, the Company had authorized capital of EUR 40,484,637. Under the Articles of Association of Intershop Communications AG, the Management Board is entitled, with the approval of the Supervisory Board, to increase the Company's share capital by issuing new ordinary shares as follows:

- By up to a total of EUR 30,835,337 against cash or noncash contributions up to December 11, 2007 (Authorized Capital I). When increasing the share capital, the Management Board is authorized to disapply the stockholders' subscription rights under certain conditions with the approval of the Supervisory Board.
- By up to a total of EUR 9,649,300 against cash contributions while disapplying the stockholders' subscription rights on the basis of the resolution adopted by the Annual Stockholders' Meeting on June 6,2002 (Authorized Capital II). The authorization of the Management Board applies until December 11, 2007. 9,600 shares were issued under the employee stock option plan in 2004; these now amount to 3,200 shares following the 3:1 reverse stock split in fiscal year 2005. By way of a resolution adopted by the Management Board, the capital increase from Authorized Capital II became legally effective on February 22, 2006. As a result, Authorized Capital II was reduced from EUR 9,652,500 to EUR 9,649,300.

The conditional capital remained unchanged as of June 30, 2006 compared with December 31, 2005.
The Company's share capital was increased conditionally by up to EUR 25,418,317 in order to issue 25,418,317 shares. Due to capital reductions and the expiry of options, however, a maximum of 3,219,373 shares were issued from the conditional capital.

On February 3, 2006, Intershop announced in the Frankfurter Allgemeine Zeitung that Heycom GmbH, Garbsen, informed the Company on January 27, 2006 that its share of Intershop's voting rights exceeded the 5% threshold on January 18, 2006 and amounts to 8.62%. Heycom GmbH also informed the Company on January 31, 2006 that its share of Intershop's voting rights fell below the 5% threshold on January 25, 2006 and now amounts to 1.11%.

On February 9, 2006, Intershop announced in the Frankfurter Allgemeine Zeitung that Mr. Sven Heyrowsky informed the Company on February 6, 2006 that his share of the Company's voting rights exceeded the 5% threshold on January 18, 2006 and amounts to 8.62%. Of this, 8.62% is attributable to Mr. Sven Heyrowsky in accordance with section 22(1) no. 1 of the Wertpapierhandelsgesetz (WpHG – German Securities Trading Act). Mr. Sven Heyrowsky also informed Intershop on February 6, 2006 that his share of the Company's voting rights fell below the 5% threshold on January 25, 2006 and now amounts to 3.94%. Of this, 2.83% is attributable to Mr. Sven Heyrowsky in accordance with section 22(1) no. 1 of the WpHG.

Treasury stock

On July 25, 2006, the Company borrowed 20,000 Intershop ordinary bearer shares free of charge from Chairman of the Supervisory Board, Hans W. Gutsch, to cover requirements under the employee stock option plan. The borrowed shares had a total value of EUR 44,200 on July 25, 2006. 13,220 Intershop shares were granted as part of the employee stock option program during the exercise periods in August and September 2006. The corresponding number of borrowed treasury shares were made available to cover this. The Company held 6,780 treasury shares with a total value of EUR 14,984 as of September 30, 2006.

Stock option plans

Option activity under the plans was as follows (in thousands of Euro, except per-share data):

Nine months ended September 30,	**2006**	**2006**	**2005**	**2005**
	Number of shares outstanding	Weighted average exercise price (Euro)	Number of shares outstanding	Weighted average exercise price (EUR)
Outstanding at beginning of period	453	18.38	523	120.60
Granted	5,266	1.19	39	3.12
Exercised	(20)	1.00	0	0
Forfeited	(196)	16.59	(65)	559.52
Outstanding at end of period	**5,503**	**2.05**	**497**	**39.02**
Exercisable options at end of period	908	5.95	318	56.49
Weighted average fair market value of options granted during the year	5,266	0.71	39	1.55

The following table summarizes information with respect to the stock options outstanding on September 30, 2006:

Range of exercise price	Number of options outstanding (EUR thousand)	Weighted average remaining contractual life (in years)	Weighted average exercise price (EUR)	Number exercisable on Sept. 31, 2006 (EUR thousand)	Weighted average exercise price (EUR)
0,01 - 17,99	5,380	8.9	1.45	786	2.49
18,00 - 20,99	36	5.3	18.13	36	18.12
21,00 - 50,99	77	4.1	23.92	77	23.92
51,00 - 149,99	9	3.8	78.75	9	79.00
150,00 - 2.274,12	1	2.6	202.92	1	202.92
	5,503	**8.8**	**2.05**	**909**	**5.95**

The values of the options were calculated at the grant date using the Black-Scholes option pricing model on the basis of the following assumptions:

		Bandwidth from/to	
Expected term	in years	3.29	4.03
Risk-free interest rate	in %	3.00	3.85
Volatility	in %	79.00	109.78
Dividend yield	in %	0.00	0.00
Exercise price	in euros	1.00	7.65
Market price	in euros	1.00	7.65
Option value	in euros	0.60	4.62

Volatility was determined by calculating the average historical volatility of the Company's share price in the past three years.

In accordance with IFRS 2.53, only options that were granted after November 7, 2002 and were not exercisable before January 1, 2005 are recognized, as well as all options granted in 2004, 2005 and 2006.

In the first nine months of 2006, the Company recognized expenses of EUR 1,140 thousand relating to the stock option plans. These expenses amounted to EUR 55 thousand in the first nine months of 2005.

Convertible bond liabilities

Convertible bonds are regarded as composite financial instruments, consisting of a debt and an equity component. In subsequent periods, the debt component is measured at amortized cost using the effective interest method. The effective interest rate is 18.026% per year.

In the second conversion window (exercise period following the 2006 Annual Shareholders' Meeting – August 4 to September 8, 2006), 3,815,559 convertible bonds were converted into 3,815,559 shares of the Company.

The liabilities from the convertible bond amounted to EUR 2,106 thousand as of September 30, 2006. The change as against December 31, 2005 was as follows (in EUR thousand):

Convertible bonds outstanding before second conversion	6,445
Bonds converted during the second conversion window	3,816
This corresponds to a proportion of	59.21%
Amortized cost as of December 31, 2005	5,600
Interest accrued on the convertible bond up to the second conversion window	776
Amortized cost before conversion	6,376
Converted portion relating to amortized cost (59.21%)	-3,775
Debt component after conversion as of September 30, 2006	**2,601**
Converted bonds	3,816
Converted portion relating to amortized cost (59.21%)	-3,775
Rounding difference for balancing	-1
Change in equity component after conversion	**-40**

2.629.039 bonds arising from the convertible bond were outstanding as of September 30, 2006. This amount is composed of the following:

Subscribed bonds	11,331,000
Bonds converted during the first conversion window (November 2005)	4,886,402
Bonds converted during the second conversion window (August / September 2006)	3.815.559
Convertible bonds outstanding as of September 30, 2006	**2.629.039**

Restructuring costs

The following tables summarize the restructuring costs recorded during the quarters ended June September, 2006 and 2005 respectively (in thousands):

	Three months ended		**Nine months ended**	
	September 30, 2006	**September 30, 2005**	**September 30, 2006**	**September 30, 2005**
Employee Related Charges	0	-152	0	-146
Facility Related Charges	434	0	434	0
Total restructuring costs	**434**	**-152**	**434**	**-146**

	Facility-related charges
Accrued restructuring costs as of December 31, 2005	807
Currency adjustments	(8)
Restructuring costs from January 1, 2006 through September 30, 2006	434
Cash payments	(203)
Accrued restructuring costs as of September 30, 2006	**1,030**

Facility-related charges
The accruals for facility-related costs mainly include the expected future payments for existing lease commitments for property no longer in use, net of sublease income. The sub lease income has been estimated based upon the contractual agreements in place as of the date the financials were prepared.

Restructuring accruals are calculated on the basis of financial estimates and data available as at September 30, 2006.

Adjustments to this restructuring costs will be made in future periods, if necessary, based upon actual events and available information at that moment in time.

In the first nine months of 2006, the Company received a payment of EUR 929 thousand plus interest in connection with the legal dispute with its landlord relating to the payment of a contractual penalty (see the section entitled „Litigation“). As an appeal has been filed against the judgment, Intershop has recognized parts of this payment in its provision for restructuring costs as a precautionary measure.

Other operating income

Other operating income includes a non-repayable income subsidy in the amount of EUR 255 thousand from Thüringer Aufbaubank for a current research and development project.

Earnings per share

The calculation of basic and diluted earnings per share is based on the following data (in EUR thousand):

	Three months ended		Nine months ended	
	September 30, 2006	**September 30, 2005**	**September 30, 2006**	**September 30, 2005**
Basis for calculating basic earnings per share (consolidated net loss for the year)	(1,632)	(1,532)	(4,412)	(3,557)
Dilutive effect of potential ordinary shares: interest on the convertible bond	270	399	776	905
Basis for calculating diluted earnings per share	**(1,362)**	**(1,133)**	**(3,636)**	**(2,652)**

The number of shares is calculated as follows:

	Three months ended		Nine months ended	
	September 30, 2006	**September 30, 2005**	**September 30, 2006**	**September 30, 2005**
Weighted average number of ordinary shares used to calculate basic earnings per share	18,470	18,481	17,862	17,865
Dilutive effect of potential ordinary shares: convertible bond	5,639	5,639	4,569	1,900
Weighted average number of ordinary shares used to calculate diluted earnings per share	**24,109**	**24,120**	**22,431**	**19,765**

The earnings per share is calculated as follows:

	Three months ended		Nine months ended	
	September 30, 2006	**September 30, 2005**	**September 30, 2006**	**September 30, 2005**
Calculation of earnings per share (basic)				
Consolidated net loss for the year (in EUR thousand)	(1,632)	(1,532)	(4,412)	(3,557)
Weighted average number of shares (basic)	18,470	18,481	17,862	17,865
Earnings per share (basic) (in EUR)	**(0.09)**	**(0.08)**	**(0.25)**	**(0.20)**
Calculation of earnings per share (diluted)				
Basis for calculating diluted earnings per share	(1,032)	(1,133)	(3,636)	(2,652)
Weighted average number of shares (diluted)	24,109	24,120	22,431	19,765
Earnings per share (diluted) (in EUR)	(0,06)	(0.05)	(0,16)	(0.13)
Adjustment of earnings per share (diluted) (in EUR)	**(0.09)**	**(0.08)**	**(0.25)**	**(0.20)**

As the diluted earnings reduce the loss per share, an adjustment is made to the amount of basic earnings per share (antidilutive effect) in accordance with IAS 33 paragraph 43.
In accordance with IAS 33.64 the number of shares was adjusted retrospectively.

Segment Reporting

Three months ended September 30, 2006

in EUR thousand	Germany	U.S.A	Rest of the world	Consolidation	Group
Revenues from external customers					
Licenses	455	157	0	0	612
Consulting and training	1,487	474	0	0	1,961
Maintenance	1,304	367	0	0	1,671
Online Marketing	670	0	0	0	670
Others	0	0	0	0	0
Total revenues from external customers	**3,916**	**998**	**0**	**0**	**4,914**
Intersegment revenues	432	0	0	(432)	0
Total revenues	**4,348**	**998**	**0**	**(432)**	**4,914**
Net profit / loss for the period	(1,840)	(1,430)	1,741	(130)	(1,632)
Net profit / loss for the period (adjusted)	(1,513)	3	(26)	(96)	(1,632)
Noncash income	0	0	0	0	0
Noncash expenses	686	0	0	686	1,372

Three months ended September 30, 2005

in EUR thousand	Germany	U.S.A	Rest of the world	Consolidation	Group
Revenues from external customers					
Licenses	503	35	0	0	538
Consulting and training	1,628	76	0	0	1,704
Maintenance	1,352	326	0	0	1,678
Others	0	0	0	0	0
Total revenues from external customers	**3,483**	**437**	**0**	**0**	**3,920**
Intersegment revenues	4	0	0	(4)	0
Total revenues	**3,487**	**437**	**0**	**(4)**	**3,920**
Net profit/loss for the period	(22,544)	(2,011)	22,963	60	(1,532)
Net profit/loss for the period (adjusted)	(1,547)	130	(186)	71	(1,532)
Noncash income	0	0	748	0	748
Noncash expenses	417	0	0	0	417

Segment Reporting

Nine months ended September 30, 2006

in EUR thousand	Germany	U.S.A	Rest of the world	Consolidation	Group
Revenues from external customers					
Licenses	1,655	1,820	0	0	3,475
Consulting and training	4,235	836	0	0	5,071
Maintenance	4,041	984	0	0	5,025
Online Marketing	670	0	0	0	670
Others	18	0	0	0	18
Total revenues from external customers	**10,619**	**3,640**	**0**	**0**	**14,259**
Intersegment revenues	755	0	0	(755)	0
Total revenues	**11,374**	**3,640**	**0**	**(755)**	**14,259**
Net profit / loss for the period	(2,654)	(3,318)	1,666	(106)	(4,412)
Net profit / loss for the period (adjusted)	(5,234)	976	(58)	(96)	(4,412)
Noncash income	0	83	0	0	83
Noncash expenses	2,349	0	0	0	2,349

Nine months ended September 30, 2006

in EUR thousand	Germany	U.S.A	Rest of the world	Consolidation	Group
Revenues from external customers					
Licenses	1,180	1,090	0	0	2,270
Consulting and training	4,594	456	0	0	5,050
Maintenance	4,102	1,005	43	0	5,150
Others	14	0	0	0	14
Total revenues from external customers	**9,890**	**2,551**	**43**	**0**	**12,484**
Intersegment revenues	42	0	0	(42)	0
Total revenues	**9,932**	**2,551**	**43**	**(42)**	**12,484**
Net profit / loss for the period	(29,293)	(3,637)	29,475	(102)	(3,557)
Net profit / loss for the period (adjusted)	(5,097)	1,287	285	(32)	(3,557)
Noncash income	322	0	1,113	0	1,435
Noncash expenses	742	0	0	0	742

The segment reporting is prepared in accordance with IAS 14 (Segment Reporting). Segmentation reflects the Intershop Group‘s internal management and reporting. The Company has two direct sales units: Germany and the United States.

The regions are broken down as follows:

Regions in the first nine months of 2006:
The „Germany“ segment comprises the Germany sales unit including direct sales for Central Europe (Germany, Austria, Switzerland) as well as direct revenues from distributors in Denmark, Sweden, Norway, the Benelux countries, France, the United Kingdom, and Italy. The „U.S.A.“ segment comprises the U.S.A. sales unit including direct sales for North America. The „Rest of the world“ segment includes the subsidiaries in Prague, the Czech Republic, and in Sweden and Australia. The subsidiary in Australia will be liquidated. The liquidation is expected to be completed in fiscal year 2006. The parent company has issued a waiver of claim in favor of the subsidiary in this connection. The „Consolidation“ segment includes all transactions within the individual segments.

Regions in the first nine months of 2005:
The „Germany“ segment comprises the Germany sales unit including direct sales for Central Europe (Germany, Austria, Switzerland). The „U.S.A.“ segment comprises the U.S.A. sales unit including direct sales for North America. The „Rest of the world“ segment includes the subsidiaries in the United Kingdom, Sweden, Australia, and Dubai. The subsidiaries in Dubai and Japan and United Kingdom were deconsolidated in the first nine months of 2005. The „Consolidation“ segment includes all transactions within the individual segments.

Notes to the content of the individual line items:

- Revenues from external customers represent revenues from the regions with third parties outside the Group.
- Intersegment revenues include revenues from intersegment relationships.
- The net profit/loss for the period (adjusted) is arrived at as follows: The net profit/loss for the period was adjusted for interest income and expense between group companies and income and expense from deconsolidation.
- The „net profit/loss for the period“ segment variable is the consolidated net profit or loss as reported in the income statement.
- Segment assets are composed of noncurrent and current assets, while segment liabilities comprise noncurrent and current liabilities.
- Depreciation and amortization relates to segment assets allocated to the individual regions.
- Acquisitions of noncurrent assets relate to investments in tangible and intangible assets in the respective reporting period.
- Noncash income includes the reversal of provisions for restructuring and provisions for legal and litigation costs, as well as income from deconsolidation. Noncash expenses include interest on the convertible bond and provisions for legal and litigation costs, provision for restructuring and expenses relating to the stock options plans.

Litigation

In the first nine months of 2006, the following changes occurred with respect to the litigation described in the 2005 Annual Report:

On April 25, 2006, the Gera Regional Court heard a claim by the Company for payment of a contractual penalty in the amount of around EUR 929 thousand, and a claim by the landlord for payment of rent and ancillary costs in the amount of around EUR 470 thousand.

In the proceedings brought by the Company for payment of a contractual penalty, which were conducted as a claim based solely on documentary evidence („Urkundsklage“), the court issued a provisional judgment at the hearing that requires the landlord to pay around EUR 929 thousand plus interest. The landlord paid the amount sued for after the judgment was served. An appeal has been fled against the judgment.

In the proceedings brought by the landlord for payment of rent and ancillary costs, the court heard evidence from a witness on the issue of the agreement of the contractual penalty. The court issued an order to take evidence at the hearing to announce the decision on August 24, 2006, under which an expert appraisal as to the existence of faults in the entry area of the rental property must be obtained. The expert is scheduled to examine the rental property on October 26, 2006.

In the proceedings brought by the investment bank for the payment of a consulting fee of around EUR 594 thousand, the competent court issued an opinion during a hearing that the consulting fee being sued for is a performance-related fee, and that the investment bank must therefore prove that it had acted successfully on behalf of the Company. The investment bank then argued during the proceedings that the agreement on a performance-related fee had subsequently been terminated by oral agreements. The court then ordered evidence to be taken with regard to this claim, and heard a certain amount of evidence on this matter. Following discovery, the court dismissed the investment bank's claim on September 27, 2006.

Related party disclosures

Related parties in accordance with IAS 24 are companies or persons that control or are controlled by the Intershop Group, provided that they are not already included in the consolidated financial statements. Control exists if a shareholder holds more than half of the voting rights of Intershop Communications AG or has the power to influence the operating policies of the Intershop Group's management by virtue of provisions of the Articles of Association or contractual agreements.
The Intershop Group did not have any relationships with unconsolidated subsidiaries, joint ventures, or associates as of September 30, 2006.

Members of Intershop Communications AG's Supervisory Board are also members of supervisory boards of other companies, with which the Intershop Group has no business relationships.

Directors' holdings

As of September 30, 2006, the following members of the Company's executive bodies held Intershop Communications AG ordinary bearer shares or options to purchase such shares, as well as shares in the 2004/2008 zero-coupon convertible bond issued by the Company.

Name	Title, Function	Shares held *	Stock options held*, **	Convertible bonds
Hans W. Gutsch	Chairman of the Supervisory Board	135,018	-	-
Peter Mark Droste	Member of the Supervisory Board	100,000	-	-
Wolfgang Meyer	Member of the Supervisory Board	-	-	-
Dr. Jürgen Schöttler	Chairman of the Management Board	111,519	253,333	-
Ralf Männlein	Member of the Management Board	50,000	123,333	50,000

* All information post 5:1 reverse stock split in 2002 and the 3:1 reverse stock split in 2005.

** The stock options were granted at the conditions of the 1999 stock option plan. Details on the 1999 stock option plan can be found in the annual report 2005 on page 42. Jürgen Schöttler's stock options have an average reverse stock split adjusted exercise price of EUR 3.59 per share, and Ralf Männlein's stock options have an exercise price of EUR 2.06 per share.

Securities transactions subject to reporting requirements

In the first nine months of 2006, the members of the Company's executive bodies made the following dealings of Intershop ordinary bearer shares or shares in the 2004/2008 zero-coupon convertible bond issued by the Company:

Name	Date	Type of security	Type of transaction	Amount	Total value (EUR)
Supervisory Board:					
Hans W. Gutsch	July 25, 2006	Share	Lending	20,000	44,200*
Management Board:					
Ralf Männlein	February 21, 2006	Bond	Purchase	50,000	57,450

* The Chairman of the Supervisory Board, Hans W. Gutsch, lent the Company 20,000 Intershop ordinary bearer shares free of charge to cover requirements under the employee stock option plan.

Intershop Shares

Intershop shares began the first quarter at EUR 1.02 on January 2, 2006, and closed at EUR 1.64 on September 30, 2006. They reached a high of EUR 3.84 in first nine months of 2006, and recorded a low of EUR 0.85. The average trading volume was around EUR 133 thousand.

Key figures for Interhop shares		**September 30, 2006**	**September 30, 2005**	**December 31, 2005**
Closing price*	in EUR	1.64	1.73	1.00
Number of shares outstanding	Number (thousand)	21,501	8,517	17,662
Number of shares - diluted	Number (thousand)	24,130	19,848	24,107
Market capitalization	in EUR million	35.3	14.7	17.7
Market capitalization - diluted	in EUR million	39.6	34.3	24.1
Free float	in %	100	100	100
Shareholders´ equity	in EUR million	8.7	0.1	8.3
Earnings per share	in EUR	(0.25)**	(0.20)**	(0.35)***

* in Xetra
** nine months ended
** Year 2005

Investor Relations Contact:

Investor Relations
Annett Körbs
Phone: +49-3641-50-1370
Fax: +49-3641-50-1309
E-Mail: ir@intershop.com
www.intershop.com/investors

Adress:
Intershop Communications AG
Intershop Tower
D-07740 Jena, Germany