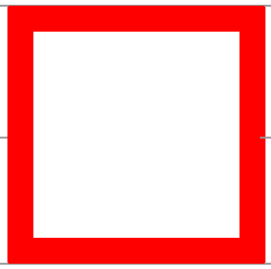
INTERSHOP™

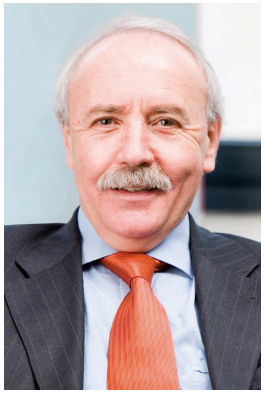
Group Management Report
For The Six Months Ended

June 30, 2009

Contents



Letter to our stockholders


Peter Mark Droste


Heinrich Göttler


Dr. Ludger Vogt

Dear stockholders and business partners,

Something is definitely going on at Intershop: the Company's largest-ever service contract, the successful start of the full-service e-commerce business, and last but not least, the extremely good response to our new version 6.3 of the Enfinity Suite software were highlights of the first six months of 2009.

Additionally, we also want to change the way we communicate with you and other capital market players. The motto here is to promote ourselves more and thus raise awareness among investors and in the media. We are one of the pioneers in the e-commerce growth market and Europe's number one provider. I am sure that many of you still associate the name Intershop with the 2000 dot-com bubble and the sudden collapse of the Neuer Markt. But these times are over. Today, Intershop is profitable and is growing with new customers despite the general economic slowdown. Nonetheless, we are aware that there will always be setbacks along our growth path. However, we can now deal with them better than in previous years.

Today, Intershop has sound finances and a clear strategy. We want to grow from being a pure-play technology supplier into an e-commerce solutions provider. This means that, in future, we aim to offer our customers the entire range of e-commerce solutions and services, from scheduling and the delivery of goods to the shop through to invoicing and aftersales support for end customers. Depending on the market opportunities, we will decide whether to provide these services on our own or with partners, and where acquisitions could potentially make sense.

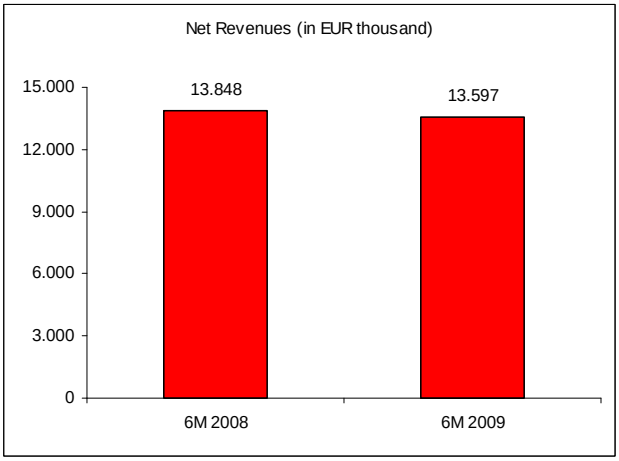
We hope you will accompany us on our journey and thank you for your trust in us.

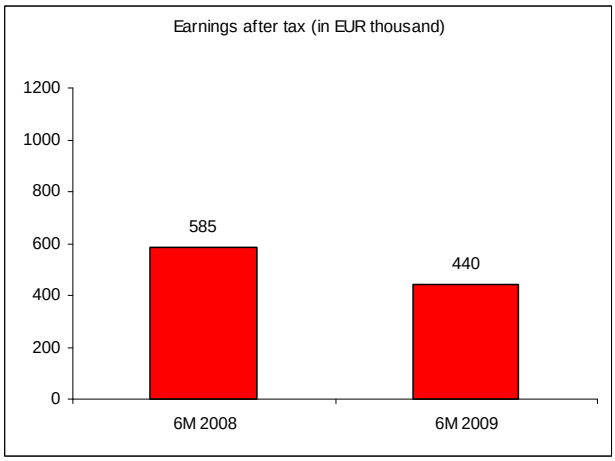
With best wishes,

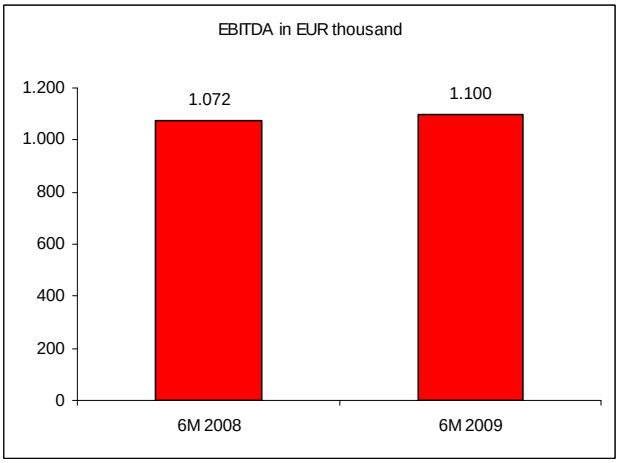
Peter Mark Droste Heinrich Göttler Dr. Ludger Vogt

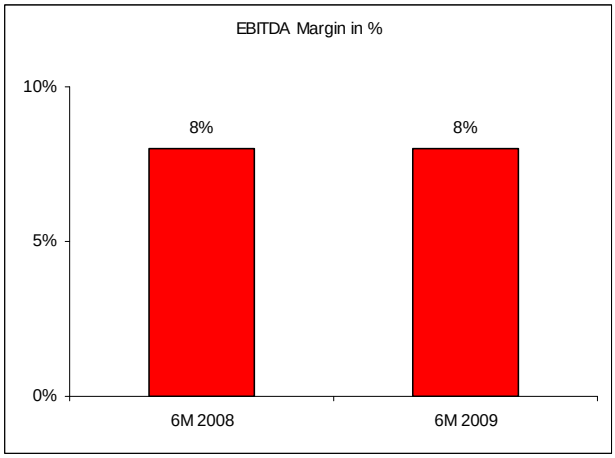
Key Figures for the group

In EUR thousand	Q1 2009	Q2 2009	6M 2009	6M 2008
Net Revenues	6,843	6,754	13,597	13,848
Gross Profit	2,906	3,085	5,991	5,124
Gross Profit Margin	42%	46%	44%	37%
EBITDA	475	625	1,100	1,072
EBITDA Margin	7%	9%	8%	8%
EBIT	98	208	306	836
EBIT Margin	1%	3%	2%	6%
Earnings After Tax	124	316	440	585
Earnings Per Share (EUR)	0.00	0.01	0.02	0.02

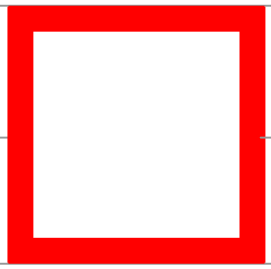








Group Management Report



Overall Economy and Industry

According to the Bundesbank, the recession in Germany weakened significantly in the second quarter of 2009. Compared with the first quarter of the year, Germany's central bank only expects a slight decline in economic output for April to June 2009. According to the country's Federal Statistical Office, the price-adjusted gross domestic product (GDP) was down 3.8% quarter-on-quarter in the first three months of 2009 and 6.7% against the prior-year period. The slump in exports was the main reason for this economic decline. However, at the end of the first half of the year, the signs that the economic situation was stabilizing intensified – industrial orders, exports, and production figures all increased. Further proof was provided by the IFO business climate index, which rose for the fourth month in succession in July. All in all, there are growing signs of a gradual recovery in the German economy in the second half of the year. This is also reflected by the trend on the equity markets. Germany's key indices slumped dramatically in the period up to March 2009, only to bounce back just as quickly in the second quarter to close in most cases at their opening levels for the year. Technology stocks were the clear winners of the general change in direction. The TecDax closed the first half of the year up 24%.

The first signs of economic recovery are also becoming visible at a global level. In July 2009, the International Monetary Fund (IMF) lifted its forecasts for global economic growth in 2010 by 0.5 percentage points to 2.5%. The background is that the massive state interventions worldwide have boosted the global economy more than the IMF experts had previously predicted, even though all leading industrialized nations are expected to record a decline in GDP in 2009. Only the emerging markets of China and India currently have any real rays of hope to offer. Although growth here has slowed, the IMF still expects it to reach 7.5% and 5.4% respectively in 2009. The Fund is assuming that, following the difficult phase in the first six months of 2009, the second half of the year will see a very slow economic recovery, although this will not be enough to reverse the recessionary trend for the year as a whole.

Despite the economic crisis, the e-commerce sector that is relevant to Intershop remains an uncontested growth market. According to analysts at Forrester Research, global e-commerce expenditure in 2010 will be double that in 2006. The Asia-Pacific region will play a key role in this – according to a MasterCard study, online shopping revenue will almost quadruple between 2007 and 2010. The main driving forces behind this trend are China and India, with their rapid growth rates due to increasing Internet penetration; these will account for 85% of total revenue for the region. According to the Forrester analysts, online retail transaction volumes (excluding vacation bookings) will be some USD 177 billion in 2010, up 13% as against 2009. In Western Europe, e-commerce is expected to grow by 14% to approximately EUR 147 billion in the same period. According to predictions by U.S. market research institute IDC and the Bundesverband Digitale Wirtschaft (German Digital Industry Association), e-commerce sales in Germany will increase from EUR 16 billion in 2006 to EUR 62 billion in 2011. By contrast, the reluctance on the part of companies to invest as a result of the crisis is having a slight effect on the German software market. According to the industry association BITKOM, the software market in Germany will contract to 2.2% in 2009 to EUR 14.1 billion, a more pronounced decline than for the European market as a whole. A moderate drop of only 0.3% to EUR 210.4 billion is expected in the area of software and IT services for Europe as a whole in 2009. Experts predict above-average growth for the IT outsourcing segment (+5% in 2009). In 2010, BITKOM expects sales for all segments in the European IT market to rise again.

Revenue Development

Intershop's revenue remained stable in the first half of 2009, despite the slump in the general economy. Intershop generated net revenues of EUR 13.6 million in H1 2009, on a par with the prior-year period. Revenues from services and maintenance accounted for some EUR 12.0 million of this and license revenues for EUR 1.6 million – the ratio of license to service revenues also remained stable. Although license revenues fell in the first six months of 2009, the trend was positive on a quarterly basis. In the second quarter, license revenues increased slightly to EUR 0.9 million following EUR 0.8 million in the first three months of the year. The greatest share of the revenues from services and maintenance (52%) related to consulting and training, followed by maintenance (34%), and online marketing (almost 10%). Maintenance revenue rose from EUR 3.4 million in the first half of 2008 to EUR 4.0 million in the period under review. Revenues from consulting and training fell by 11% to EUR 6.2 million. Online marketing revenues exhibited stable performance. Other revenues reflected the successful start into full-service e-commerce business, rising 95% to EUR 526 thousand.

The following table shows the development of net revenues by area (in EUR thousand):

Six months ended June 30,	2009	2008	Change
Licences	**1,641**	**1,961**	-16%
Maintenance	4,029	3,409	18%
Consulting / Training	6,231	7,034	-11%
Online Marketing	1,170	1,174	0%
Other revenues	526	270	95%
Service, maintenance and other	**11,956**	**11,887**	1%
Net revenue total	**13,597**	**13,848**	**-2 %**

Intershop announced the acquisition of its first key account in the full-service e-commerce segment in March. Together with partners, it redesigned the online shop and all related processes for the international fashion company Mexx. The total order volume for Intershop over five years will be up to EUR 6.0 million. Other new customers in the first half of the year included the Munich trade fair company Messe München, major tobacco corporation Imperial Tobacco, Belgian publishing group Lannoo, a new U.S. division of Xerox, and BabyOne, Germany's largest franchise chain for baby and toddler products.

Intershop won its largest-ever service contract at the end of June. The client is the Australian telecommunications group Telstra, which operates several Internet portals. The order is worth the equivalent of approximately EUR 13 million over a three-year period and comprises a number of services for the auction portal, such as operational support, upgrades, testing, and support.

Existing customers who generated strong business in the first half of the year in the U.S.A. included major technology companies such as Hewlett-Packard, SUN Microsystems, and Xerox. Intershop expanded its cooperation agreement with Xerox in May. The existing contract was replaced with an agreement on more extensive services for the company's B2C business in North America.

Major German mail order specialists such as the Otto Group and the Quelle Group as well as premium accounts such as Deutsche Telekom, Daimler, and pharmaceuticals group Merck KGaA continued to be some of Intershop's highest-revenue generating customers in Europe in the first half of the year. Quelle's economic prospects have improved following the promise of government support. Nevertheless, Intershop recognized a valuation allowance as a precautionary measure here in the second quarter. The threat of insolvency that hung over the mail order specialist for a time again revealed the importance of Quelle's online business. The Internet continues to be the mail order sector's most important growth driver. In the current year, the sector expects to see growth of 15% to EUR 15.4 billion from this sales channel.

Europe continued to be Intershop's most important region in the first half of the year, with a 75% share of net revenues. The U.S.A.'s share was 11%, while Asia-Pacific accounted for 14%. The latter will continue to increase in the medium term due to the major order from, and long-term cooperation with, the Australian Telstra Group.

Earnings Development

In the first six months of 2009, Intershop managed to generate a net profit despite the difficult overall economic environment. Although the net profit for the period was down 25% on the previous year's figure at EUR 440 thousand, Intershop significantly improved its profitability as against the first three months of 2009, from EUR 124 thousand to EUR 316 thousand (+155%).

The main reason for this positive overall half-yearly result was the cost of revenues, which declined by sustainability more than revenues, dropping 13% to EUR 7.6 million. The reduction is mainly due to the discontinuation of the start-up costs in the full-service business area and improved sales margins for individual customers. Gross profit totaled approximately EUR 6.0 million in the first half of 2009, a 17% increase on the prior-year period. The gross margin saw a corresponding rise from 37% to 44% in the period under review. Operating earnings before interest, tax, depreciation, and amortization (EBITDA) amounted to EUR 1.1 million, also up on the prior-year period (+3%). The EBITDA margin was 8% as in the first half of 2008.

The "operating expenses, operating income" item rose by 33% in the first six months to EUR 5.7 million. The main causes for this are increased research and development expenses of EUR 1.8 million (+178%). Software amortization, software development costs at our subsidiary, The Bakery, and higher staff costs were key items here. The slightly higher sales and marketing expenses are due to the expansion of personnel levels in these areas. General and administrative expenses were impacted by a valuation allowance recognized on receivables from the Quelle Group in the amount of EUR 268 thousand. Other operating income mainly includes currency translation gains and subsidies.

The result from operating activities (EBIT) amounted to EUR 306 thousand as against EUR 836 thousand in the first half of 2008. The financial result was positive for the first time in the first six months of 2009 as a result of the reduction in liabilities from the convertible bond in the previous year. This means that Intershop generated half-yearly earnings before tax of EUR 419 thousand as against EUR 778 thousand in the same period of the previous year. Tax income amounted to EUR 21 thousand compared with a tax expense of EUR 193 in the first half of the previous year. Net profit totaled EUR 440 thousand, resulting in earnings per share comparable to the previous year of EUR 0.02 (basic and diluted).

Research and Development

Research and development expenses rose from EUR 0.7 million in the first half of 2008 to EUR 1.8 million. The main reasons for this are the increase in the amortization of software, the advance software development costs for The Bakery, a subsidiary acquired in February 2009, and higher staff costs.

Organisation

On April 21, 2009, Intershop announced the appointment of Peter Mark Droste as a member of the Management Board with effect from April 1, 2009. Peter Mark Droste has decades of experience in the software and hardware industry. He has worked for numerous companies including Nixdorf, Compaq Computers, Siebel, and software provider Cordys. As a member of Intershop's Management Board, Peter Mark Droste is responsible for M&A, Marketing, IR, and PR as well as the Finance, Operations, Legal, and Human Resources departments.

In addition, the Supervisory Board of Intershop Communications AG elected Joachim Sperbel as its new Chairman. There were no changes to the composition of the Supervisory Board.

Employees

Intershop employed 288 people as of June 30, 2009, 271 of whom worked in Germany and 17 in the Company's U.S. branch. The total number of employees therefore increased by 9% from the 264 employees recorded at the end of 2008. The following overview shows the breakdown of full-time employees by business area:

Employees by department (full-time equivalents)	June 30, 2009	December 31, 2008	June 30, 2008
Technical Departments (research and development and service functions)	224	202	198
Sales and Marketing departments	35	31	21
General and administrative departments	29	31	28
Total	**288**	**264**	**247**

Presentation of Net Assets and Financial Position

Total assets increased from EUR 24.9 million at year-end 2008 to EUR 25.3 million as of June 30, 2009. The main reason for this was the growth in intangible assets of 21% to EUR 9.1 million, which related to the capitalization of development expenses for the planned new version of our Enfinity software. Current assets fell by 8% to EUR 14.5 million, due primarily to the decline in cash and cash equivalents from EUR 8.1 million at year-end 2008 to EUR 6.2 million at the interim reporting date. The decrease was mainly attributable to net cash used in investing activities, the increase in receivables, and the valuation allowances recognized as a precautionary measure. Cash flows from operating activities were only slightly negative at EUR-146 thousand, while cash flows from financing activities were positive at EUR 105 thousand.

On the liabilities side of the balance sheet, equity rose from EUR 16.3 million on December 31, 2008 to EUR 16.9 million at the end of June. Noncurrent liabilities remained largely stable at EUR 1.2 million, as did current liabilities, which declined by 2% to EUR 7.1 million.

Overall, Intershop Communications AG's balance sheet has an extremely sound structure. The equity ratio was up slightly from 66% at the end of 2008 to 67% as of June 30, 2009. The Company had no financial liabilities at the interim reporting date.

Group Risks

For information on the Company's risks, please refer to the detailed explanations in the 2008 Annual Report.

Intershop's risk position has not changed significantly as against the publication date of the Annual Report. The macroeconomic environment remains dominated by a downturn. However, there are increasing signs of a gradual recovery in the second half of 2009. One of the main risks associated with the continuing recession is the increased danger of corporate insolvency. As already mentioned in the management report, Intershop itself has extremely sound finances and reported an equity ratio of 67% as of June 30, 2009. However, the current market situation could cause financial bottlenecks at Intershop's (major) customers, which could in turn impact the Company's results of operations and lead to the loss of the customers. Intershop continues to regard this risk

as low. Nevertheless, a valuation allowance was recognized for one customer as a precautionary measure in the reporting period.

On June 30, 2009, Intershop announced that it had won the largest service contract in its history. The three-year contract increases the Company's planning certainty and reduces the risk associated with the heavily project-dependent Consulting and Training business area.

Events subsequent to the balance sheet date

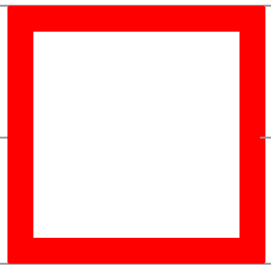
No significant events occurred after the interim reporting date of June 30, 2009.

Outlook

The economic prospects for the current year and 2010 remain depressed, despite growing signs of an end to the recession in the industrialized countries. However, the e-commerce market – the area relevant for Intershop – continues to grow. Leading research institutes are forecasting double-digit growth in global e-commerce revenue in spite of the economic crisis. BITKOM is predicting a slight decline in volumes in the German and European software markets in 2009, while 2010 should see software revenues pick up again in all regions. The mail order sector, which is particularly important for Intershop, is also upbeat about future developments. According to a recently published TNS Infratest survey, representatives are again expecting growth of 1.7% in 2009, while conventional retailers are forecasting a decline of 2%. Mail order specialists are predicting well above-average growth of 15% in Internet sales to EUR 15.4 billion. This means that, for the first time, the mail order sector will generate more than half of its estimated total revenues of EUR 29.1 billion via the World Wide Web.

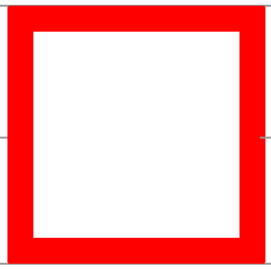
Intershop's business model is profiting from the clear trend towards online shopping. This is reflected in the Company's new customer acquisitions in the first half of 2009. Provided that the economic recovery that is on the horizon at the beginning of H2 continues and the effects of the crisis do not turn out to be a greater threat to the business situation at key customers, the Company is forecasting net revenue growth in line with the guidance of 7% to 9% it has given to date to slightly more than EUR 30 million, as well as a positive result from operating activities (EBIT).

Consolidated Balance Sheet



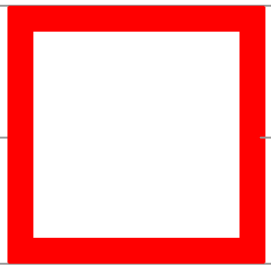
in EUR thousand	June 30, 2009	December 31, 2008
ASSETS		
Noncurrent assets		
Intangible assets	9,097	7,526
Property, plant and equipment	583	467
Other noncurrent assets	22	34
Deferred tax assets	296	296
Restricted cash	837	837
	10,835	**9,160**
Current assets		
Trade receivables	6,194	5,713
Other receivables and other assets	1,658	1,531
Restricted cash	383	383
Cash and cash equivalents	6,225	8,082
	14,460	**15,709**
TOTAL ASSETS	**25,295**	**24,869**
SHAREHOLDERS´ EQUITY AND LIABILITIES		
Shareholders´ equity		
Subscribed capital	26,239	26,193
Capital reserve	6,686	6,579
Other reserves	(15,878)	(16,437)
Minority interest	(99)	0
	16,948	**16,335**
Noncurrent liabilities		
Other noncurrent provisions	556	556
Deferred tax liabilities	24	58
Deferred revenue	625	623
	1,205	**1,237**
Current liabilities		
Other current provisions	973	703
Trade accounts payable	2,238	2,536
Income tax liabilities	579	664
Other current liabilities	897	1,394
Deferred revenue	2,455	2,000
	7,142	**7,297**
TOTAL SHAREHOLDERS´ EQUITY AND LIABILITIES	**25,295**	**24,869**

Consolidated Statement of Comprehensive Income



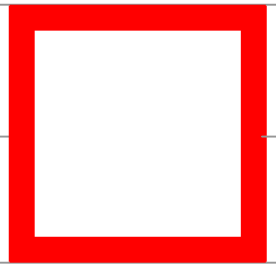
In EUR Thousand	Three months ended June 30, 2009	Three months ended June 30, 2008	Six months ended June 30, 2009	Six months ended June 30, 2008
Gross Revenues				
Licenses	861	890	1,641	1,961
Services, maintenance and other	6,680	7,113	13,912	14,165
	7,541	**8,003**	**15,553**	**16,126**
Media costs	**(787)**	**(1,095)**	**(1,956)**	**(2,278)**
Nettoumsatzerlöse				
Licenses	861	890	1,641	1,961
Services, maintenance and other	5,893	6,018	11,956	11,887
	6,754	**6,908**	**13,597**	**13,848**
Cost of revenues				
Licenses	(8)	(14)	(16)	(46)
Services, maintenance and other	(3,661)	(4,207)	(7,590)	(8,678)
	(3,669)	**(4,221)**	**(7,606)**	**(8,724)**
Gross profit	**3,085**	**2,687**	**5,991**	**5,124**
Operating expenses, operating income				
Research and development	(896)	(360)	(1,845)	(663)
Sales and marketing	(998)	(1,030)	(2,066)	(1,876)
General and administrative	(1,130)	(914)	(2,139)	(1,908)
Restructuring costs	0	0	0	6
Other operating income	156	114	403	268
Other operating expenses	(9)	(73)	(38)	(115)
	(2,877)	**(2,263)**	**(5,685)**	**(4,288)**
Result from operating activities	**208**	**424**	**306**	**836**
Interest income	100	66	113	131
Interest expense	0	(95)	0	(189)
Financial result	**100**	**(29)**	**113**	**(58)**
Earnings before tax	**308**	**395**	**419**	**778**
Income taxes	**8**	**(109)**	**21**	**(193)**
Earnings after tax	**316**	**286**	**440**	**585**
Other comprehensive income				
Exchange differences on translating foreign operations	(12)	(26)	-35	5
Total comprehensive income	**304**	**260**	**405**	**590**
Earnings after tax attributable to:				
Shareholders of INTERSHOP Communications AG	**419**	**286**	**594**	**585**
Minority interests	**(103)**	**0**	**-154**	**0**
Total comprehensive income attributable to:				
Shareholders of INTERSHOP Communications AG	**407**	**286**	**559**	**590**
Minority interests	**(103)**	**0**	**-154**	**0**
Earnings per share (EUR, basic)	0.01	0.01	0.02	0.02
Earnings per share (EUR, diluted)	0.01	0.01	0.02	0.02
Weighted average shares outstanding (basic)	26,239	26,239	26,204	26,204
Weighted average shares outstanding (diluted)	26,871	27,850	26,836	27,815

Consolidated Statement of Cash Flows



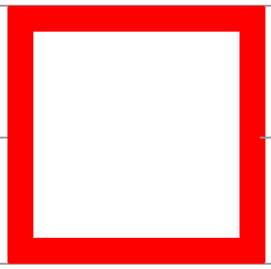
	Six months ended June 30,	
in EUR Thousand	2009	2008
CASH FLOWS FROM OPERATING ACTIVITIES		
Earnings before tax	419	778
Adjustments to reconcile net profit/loss to cash used in operating activities		
Financial result	(113)	58
Depreciation and amortization	794	236
Other noncash expenses and income	103	62
Allowances for doubtful accounts	151	146
(Gain) Loss on disposal of property and equipment	0	(1)
Changes in operating assets and liabilities		
Accounts receivable	(633)	(2,455)
Other assets	(814)	401
Liabilities and provisions	(644)	(325)
Deferred revenue	457	2,249
Net cash used in operating activities before income tax and interest	**(280)**	**1,149**
Interest received	113	130
Interest paid	0	(1)
Income taxes paid	21	(3)
Net cash used in operating activities	**(146)**	**1,275**
CASH FLOWS FROM INVESTING ACTIVITIES		
Restricted cash	0	2,353
Payments for investments in intangible assets	(1,278)	(1,046)
Purchases of property and equipment, net of capital leases	(25)	(143)
Acquisition of consolidated companies	(254)	(855)
Net cash (used in) provided by investing activities	**(1,782)**	**309**
CASH FLOWS FROM FINANCING ACTIVITIES		
Cash received for unregistered stock	57	336
Expenses of cash received for unregistered stock	(7)	(82)
Changes in the basis of consolidation	55	0
Net cash provided by financing activities	**105**	**254**
Effect of change in exchange rates on cash	(34)	(347)
Net change in cash and cash equivalents	**(1,857)**	**1,491**
Cash and cash equivalents, beginning of period	8,082	5,949
Cash and cash equivalents, end of period	**6,225**	**7,440**

Consolidated Statement of Shareholders´ Equity



in EUR thousand				Other reserves					
	Common shares	Subscribed capital	Capital reserve	Conversion reserve	Cumulative profit/ loss	Cumulative currency differences	Equity attributable to shareholders of Intershop Communications AG	Minority interest	Total share-holders´equity
Balance, January 1, 2009	**26,192,797**	**26,193**	**6,579**	**(93)**	**(18,557)**	**2,213**	**16,335**	**0**	**16,335**
Total comprehensive income					594	(35)	559	(154)	405
Changes in the basis of consolidation							0	55	55
Stock option expense			103				50		50
Issue of new shares	45,868	46	4				50		50
Balance, June 30, 2009	**26,238,635**	**26,239**	**6,686**	**(93)**	**(17,963)**	**2,178**	**17,047**	**(99)**	**16,948**
Balance, January 1, 2008	**24,878,728**	**24,879**	**5,678**	**(93)**	**(20,060)**	**1,962**	**12,366**	**0**	**12,366**
Total comprehensive income					585	5	590		590
Stock option expense			68				68		68
Issue of new shares	279,969	280	(12)				268		268
Balance, June 30, 2008	**25,158,697**	**25,159**	**5,734**	**(93)**	**(19,475)**	**1,967**	**13,292**	**0**	**13,292**

Notes to the Consolidated Financial Statements as of June 30, 2009



General disclosures

The consolidated financial statements of Intershop Communications AG as of December 31, 2008 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 June 30, 2009 was prepared in accordance with IAS 34, *Interim Financial Reporting.*

This interim report as of June 30, 2009 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 2008. 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, 2008. The 2008 Annual Report is available on the Company's web site at http://www.intershop.com/intershop/investors/financial_reports/ .

Accounting principles (Compliance statement)

The interim consolidated financial statements of Intershop Communications AG 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.

The interim 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 interim consolidated financial statements requires management to make estimates and assumptions that affect the amounts reported in the interim consolidated financial statements. 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 legal costs and litigation risks, and guarantee provisions, and for determining the value of the options under the stock option plans as well as to assess the need for and measurement of impairment losses and valuation allowances. An estimate for the degree of completion of contracts for fixed-price projects is required when determining revenues for consulting services.

Provisions are recognized and measured on the basis of financial estimates and data, as well as on the basis of historical data and circumstances known at the balance sheet date. It must be probable that the obligation to a third party will have to be settled. 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 six months of 2009 as against December 31, 2008. The Bakery GmbH was consolidated effective February 5, 2009. In addition to the parent company, the basis of consolidation as of June 30, 2009 therefore comprised the following companies:

- Intershop Communications Inc., San Francisco, U.S.A.
- Intershop Communications Ventures GmbH, Jena, Germany
- Intershop Communications s.r.o., Prague, Czech Republic
- Intershop Communications AB, Stockholm, Sweden
- Intershop Communications Online Marketing GmbH, Frankfurt/Main, Germany
- The Bakery GmbH, Berlin, Germany

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.

The Bakery GmbH

Since February 5, 2009, Intershop has held a 60% interest in The Bakery GmbH, a newly established software house. This investment expands Intershop's expertise and development capacity in the field of supplier integration with online shops and Internet marketplaces. The shares acquired represent the same proportion of voting rights and are accounted for using the purchase method in accordance with IFRS 3. The total cost of EUR 210 thousand comprises the purchase price paid amounting to EUR 203 thousand and directly attributable transaction costs of EUR 7 thousand. Purchase price allocation resulted in goodwill from the future marketing of an electronic trading platform. The purchase price allocation is presented in the following table:

in EUR thousand	Carrying amount	Adjustments to fair value	Fair value
Assets acquired			
Property, plant and equipment	2	0	2
Other receivables and other assets	183	0	183
	185	**0**	**185**
Liabilities assumed			
Other current provisions	7	0	7
Trade accounts payable	39	0	39
	46	**0**	**46**
Net assets acquired	**139**	**0**	**139**
60% Intershop share			**83**
Cost			**210**
Goodwill			**127**

A total of EUR 210 thousand was spent on the purchase of the subsidiary, less the acquired cash and cash equivalents. The purchase price was paid in cash.

The carrying amounts resulting from the acquisition of the interest in The Bakery GmbH are provisional in accordance with IFRS 3.62. The purchase price allocation is based on assumptions by management, provisional estimates, and unaudited balance sheet amounts of The Bakery GmbH and may change in the period up to the final assessment and testing of the fair values of the acquired net assets and liabilities.

If The Bakery GmbH had been acquired on the first day of fiscal year 2009, there would not have been any changes to consolidated revenues. Consolidated profit would have fallen from EUR 440 thousand to EUR 403 thousand.

Intershop Communications Online Marketing GmbH

The cost of the subsidiary acquired in June 2008 increased by EUR 44 thousand in the first quarter of 2009 from EUR 1,583 thousand to EUR 1,627 thousand, due to a subsequent increase in the purchase price. The second purchase price installment was contingent on Intershop Communications Online Marketing GmbH generating a set EBIT figure in fiscal year 2007. As the actual EBIT exceeded the forecast, the purchase price rose in line with this. The higher purchase price increased goodwill by EUR 44 thousand, from EUR 710 thousand to EUR 754 thousand.

Accounting policies

The same accounting policies were used to prepare this interim report as for the consolidated financial statements for fiscal year 2008. The policies used are described in detail on pages 40 to 46 of the 2008 Annual Report.

Equity

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

The subscribed capital increased by EUR 45,868 as of June 30, 2009 to EUR 26,238,635 and is divided into 26,238,635 no-par value bearer shares. The change is attributable to a capital increase from Authorized Capital II due to the exercise of employee stock options.

As of June 30, 2009, the Company had authorized capital of EUR 8,343,256. Authorized Capital I was unchanged at EUR 7,038,000. As a result of the exercise of employee stock options, a capital increase in the amount of EUR 45,868 from Authorized Capital II was implemented as of April 1, 2009. Authorized Capital II was therefore reduced by this amount to EUR 1,305,256.

The Company's conditional capital remained unchanged compared with December 31, 2008. Its share capital has been increased contingently by up to EUR 826,101 in order to issue 826,101 shares. However, due to adjustments following the capital reductions and options that have expired or were not issued, a maximum of 62,361 shares may be issued from the conditional capital. The Annual Stockholders' Meeting on June 19, 2009 resolved to cancel Conditional Capital III. This amendment of the Articles of Association was not yet entered in the commercial register at the interim reporting date and was therefore not yet effective.

Stock option plans

Option activity under the plans was as follows:

Six months ended June 30,	2009		2008	
	Number of shares outstanding (in thousand)	Weighted average exercise price (EUR)	Number of shares outstanding (in thousand)	Weighted average exercise price (EUR)
Outstanding at beginning of period	3,307	1.35	4,216	1.68
Granted	0	-	70	2.98
Exercised	(4)	1.00	(308)	1.32
Forfeited	(104)	2.10	(390)	3.97
Outstanding at end of period	**3,199**	**1.32**	**3,588**	**1.48**
Exercisable options at end of period	2,325	1.28	1,718	1.56
Weighted average fair market value of options granted during the year	-	-	70	1.46

The weighted average share price for the exercised options amounted to EUR 1.48 on the exercise date. The following table summarizes information with respect to the stock options outstanding on June 30, 2009:

Range of exercise price	Number of options outstanding	Weighted average remaining contractual life	Weighted average exercise price	Number exercisable on June 30, 2009	Weighted average exercise price
	(in thousand)	(in years)	(EUR)	(in thousand)	(EUR)
1.00 – 1.50	2,052	1.5	1.01	1,610	1.01
1.51 – 2.50	1,020	2.0	1.71	656	1.72
2.51 – 3.50	106	3.1	2.87	40	2.93
3.51 – 4.50	3	3.1	3.61	1	3.60
4.51 – 6.24	18	0.0	5.62	18	5.62
	3,199	**1.7**	**1.32**	**2,325**	**1.28**

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 form/to	
Expected term	in years	1.00	5.00
Risk-free interest rate	in %	2.71	4.43
Expected Volatility	in %	70.00	109.78
Dividend yield	in %	0.00	0.00
Exercise price	in Euros	1.00	6.24
Market price	in Euros	1.00	6.24
Option value	in Euros	0.56	4.62

The volatility of Intershop shares declined noticeably in the period under review as a whole. For options granted before January 1, 2006, the expected volatility was determined by calculating the average historical volatilities of the Company's stock price for the last three years. For options granted in fiscal year 2006 onwards, an expected volatility of 80% was assumed, as the historical daily volatility in 2005 fluctuated in a corridor between around 80% and around 100%. Volatility fell within a corridor of between 50% and 80% in fiscal year 2007 and fiscal year 2008. A volatility of 70% was therefore assumed for the options issued in 2007 and 2008. Intershop considers an expected volatility of 70% for the next few years to be appropriate.

In accordance with IFRS 2.53, only options that were granted after November 7, 2002 and were not exercisable before January 1, 2005, as well as all options granted from 2004 to 2008, were taken into account in the calculation of the expense incurred from option plans.

In first six months of 2009, the Company recognized expenses of EUR 103 thousand relating to the stock option plans. These expenses amounted to EUR 68 thousand in the first six months of 2008.

Other operating income

Other operating income includes government grants amounting to EUR 124 thousand, which were issued in the first half of 2009. These grants relate to research and development projects supported by the Federal Ministry of Education and Research.

Earnings per share

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

	Three months ended June 30,		Six months ended June,	
	2009	2008	2009	2008
Basis for calculating basic earnings per share (Earnings after tax)	**316**	**286**	**440**	585
Dilutive effect of potential ordinary shares: interest on the convertible bond	0	92	0	181
Basis for calculating diluted earnings per share	**316**	**378**	**440**	**766**

The number of shares is calculated as follows:

	Three months ended June 30,		Six months ended June,	
	2009	2008	2009	2008
Weighted average number of ordinary shares used to calculate basic earnings per share	26,239	26,239	26,204	26,204
Dilutive effect of potential ordinary shares:				
Weighted average number of options outstanding	632	1,611	632	1,611
Weighted average number of ordinary shares used to calculate diluted earnings per share	**26,871**	**27,850**	**26,836**	**27,815**

The earnings per share is calculated as follows:

	Three months ended June 30,		Six months ended June,	
	2009	2008	2009	2008
Calculation of earnings per share (basic)				
Earnings after tax (in EUR Thousand)	316	286	440	585
Weighted average number of shares (basic)	26,239	26,239	26,204	26,204
Earnings per share (basic) (in EUR)	**0.01**	**0.01**	**0.02**	**0.02**
Calculation of earnings per share (diluted)				
Basis for calculating diluted earnings per share (in EUR thousand)	316	378	440	766
Weighted average number of shares (diluted)	26,871	27,850	26,836	27,815
Earnings per share (diluted) (in EUR)	0.01	0.01	0.02	0.03
Adjustment of earnings per share (diluted) (in EUR)	**0.01**	**0.01**	**0.02**	**0.02**

In accordance with IAS 33.47, the stock options issued are included in the calculation of diluted earnings only if the average market price of Intershop ordinary shares during the quarter exceeds the exercise price of the stock options. As the diluted earnings reduce the loss per share or increase the earnings per share, an adjustment is made to the amount of basic earnings per share (antidilutive effect) in accordance with IAS 33.43. In accordance with IAS 33.64 the calculation of the number of shares was adjusted retrospectively for the prior year.

Segment Reporting

Three months ended June 30, 2009					
In EUR thousand	Europe	U.S.A	Asia/Pacific	Consoli-dation	Group
Net Revenues from external customers					
Licenses	804	57	0	0	861
Consulting and training	2,249	324	575	0	3,148
Maintenance	1,374	191	381	0	1,946
Online Marketing	536	0	0	0	536
Other	177	70	16	0	263
Total net revenues from external customers	**5,140**	**642**	**972**	**0**	**6,754**
Intersegment revenues	42	187	0	(229)	0
Total net revenues	**5,182**	**829**	**972**	**(229)**	**6,754**
Net profit/loss for the period	240	30	46	0	316
Noncash income	0	0	0	0	0
Noncash expenses	35	4	6	0	45

Three months ended June 30, 2008 (adjusted)					
In EUR thousand	Europe	U.S.A	Asia/Pacific	Consoli-dation	Group
Net Revenues from external customers					
Licenses	478	0	412	0	890
Consulting and training	2,283	727	617	0	3,627
Maintenance	1,370	179	174	0	1,723
Online Marketing	540	0	0	0	540
Other	93	35	0	0	128
Total net revenues from external customers	**4,764**	**941**	**1,203**	**0**	**6,908**
Intersegment revenues	192	166	0	(358)	0
Total net revenues	**4,956**	**1,107**	**1,203**	**(358)**	**6,908**
Net profit/loss for the period	197	39	50	0	**286**
Noncash income	113	22	28	0	**163**
Noncash expenses	63	13	16	0	**92**

Six months ended June 30, 2009					
In EUR thousand	Europe	U.S.A	Asia/Pacific	Consoli-dation	Group
Net Revenues from external customers					
Licenses	1,467	57	117	0	1,641
Consulting and training	4,452	923	856	0	6,231
Maintenance	2,777	395	857	0	4,029
Online Marketing	1,170	0	0	0	1,170
Other	375	119	32	0	526
Total net revenues from external customers	**10,241**	**1,494**	**1,862**	**0**	**13,597**
Intersegment revenues	158	309	0	(467)	0
Total net revenues	**10,399**	**1,803**	**1,862**	**(467)**	**13,597**
Net profit/loss for the period	332	46	62	0	440
Noncash income	0	0	0	0	0
Noncash expenses	78	11	14	0	103

Six months ended June 30, 2008 (adjusted)					
In EUR thousand	Europe	U.S.A	Asia/Pacific	Consoli-dation	Group
Net Revenues from external customers					
Licenses	901	66	994	0	1,961
Consulting and training	4,500	1,377	1,157	0	7,034
Maintenance	2,753	342	314	0	3,409
Online Marketing	1,174	0	0	0	1,174
Other	199	71	0	0	270
Total net revenues from external customers	**9,527**	**1,856**	**2,465**	**0**	**13,848**
Intersegment revenues	384	332	0	(716)	0
Total net revenues	**9,911**	**2,188**	**2,465**	**(716)**	**13,848**
Net profit/loss for the period	401	79	105	0	585
Noncash income	117	23	29	0	169
Noncash expenses	283	55	74	0	412

The segment reporting is prepared in accordance with IFRS 8, "Operating Segments," which supersedes the previous Standard, IAS 14. Segmentation reflects the Intershop Group's internal management and reporting. In the course of reshaping the organizational and management structure, changes were made to the reporting and therefore to the segment reporting as well. The modified segment presentation better reflects the risk and return structure of the individual segments. The geographical segment was determined mainly by the different geographical regions in which business activities take place. In this context, Intershop distinguishes between Europe, the U.S.A., and the Asia-Pacific region. In identifying the business segment, the key criterion was the nature of the products and services. Here, Intershop distinguishes between the sale of software licenses (licenses) and various services for those licenses, which in turn are broken down into consulting and training, maintenance, online marketing, and other, with the latter consisting primarily of full service.

The regions are broken down as follows:

The "Europe" segment comprises the sales activities of INTERSHOP Communications AG and Intershop Communications Online Marketing GmbH in Europe. The "U.S.A." segment consists of sales by Intershop Communications Inc., which focus on North America. The "Asia-Pacific" segment includes the Company's sales in that region. The "Consolidation" segment includes all transactions within the individual segments.

Notes to the content of the individual line items:

- Net 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 is the net profit/loss attributable to the individual segments.

- Noncash income includes the reversal of provisions for restructuring.

- Noncash expenses include interest on the convertible bond, provisions for restructuring, and expenses relating to the stock option plans.

Litigation

No changes occurred with respect to the litigation described on page 69 of the 2008 Annual Report in the first six months of fiscal year 2009. In addition to the litigation described in detail in the Annual Report, the Company is a defendant in various other actions arising from the normal course of business. Although the outcome of these actions cannot be forecast with certainty, the Company believes that the outcome of the actions will not have any material effects on its net assets and results of operations.

Related party disclosures

No significant changes occurred with respect to relationships with related parties compared with December 31, 2008.

Responsibility statement

To the best of our knowledge, and in accordance with the applicable reporting principles for interim financial reporting, the interim consolidated financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the group, and the interim management report of the group includes a fair review of the development and performance of the business and the position of the group, together with a description of the principal opportunities and risks associated with the expected development of the group for the remaining months of the financial year.

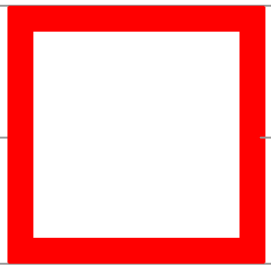
Directors' holdings and Securities transactions subject to reporting requirements

As of June 30, 2009 the following members of the Company´s executive bodies held direct and indirect INTERSHOP Communications AG ordinary bearer shares:

Name	Function	Shares
Michael Sauer	Deputy Chairman of the Supervisory Board	1,092,413
Peter Mark Droste	Member of the Management Board	100,000

No Intershop ordinary bearer shares were purchased or sold by members of the Company's executive bodies or related parties in the first six months of fiscal year 2009.

Intershop Shares



Stock Market Data on Intershop Shares	
ISIN	DE000A0EPUH1
WKN	A0EPUH
Stock market symbol	ISH2
Admission segment	Prime Standard / Regulated market
Sector	Software
Membership of Deutsche Börse indices	CDAX, Prime All Share, Technology All Share

Intershop shares began the year at EUR 1.60 on January 2, 2009, and closed at EUR 1.56 on June 30, 2009. They reached a high of EUR 1.86 in first six months of 2009, and recorded a low of EUR 1.15. The average trading volume was around 29,000 shares.

Key figures for Intershop shares		June 30, 2009	December 31, 2008	June 30, 2008
Closing price[1]	In EUR	1.56	1.56	2.21
Number of shares outstanding	Number (thousand)	26,239	26,193	25,159
Number of shares – diluted	Number (thousand)	26,239	26,193	26,788
Market capitalization	In EUR million	40.9	40.9	55.6
Market capitalization – diluted	In EUR million	40.9	40.9	59.2
Free float	In %	85	85	85
Shareholder Equity	In Mio. EUR	16.9	16.3	13.3
Earnings per share	In EUR	0.02	0.06[2]	0.02

[1] In Xetra

[2] Year 2008

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This interims 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.