INTERSHOP™

Group Management Report For The Six Months Ended

June 30, 2011

Content

Letter to Our Stockholders

Ludwig Lutter Heinrich Göttler Dr. Ludger Vogt

Dear stockholders and business partners,

In the first half of 2011, Intershop Communications AG did better than maintain its position despite tough competition. The year-on-year figures speak for themselves: revenue up 39%, EBIT up 82%, earnings up 182%, R&D up 35%, marketing and sales expenditure up 62%, staff size up 36% and all that with a virtually constant level of general and administrative costs. The Intershop team earned the best half-yearly results in eight years.

The basic components of that success are our ability to innovate, internationality, customer satisfaction and selling potential. We succeeded in building up our platinum accounts on a lasting basis while generating new customers and projects. For example, we renewed the general agreement with the Otto Group, signed another service contract with GSI and expanded our cooperation with the Würth Group.

Our team worked hard on the new Intershop Software with our GSI colleagues in the first six months of the year, and is continuing to do so. The new release of our e-Commerce platform will further consolidate our success, we're convinced that it. Trailblazing innovations, as well as more than 1,500 new features and functionalities will raise our platform to a new industry standard.

We are faced with the tough competition mentioned in the introduction on two fronts: new customers and projects, as well as competition for the best talent. From the end of June 2010 to the interim reporting date we integrated 114 new employees into our team. That required an extraordinary additional effort from everyone in parallel with our accelerated business development. We plan to continue on that path, however, so that we will be able to seize the fine growth opportunities that are available all over the world. We will very carefully build up the Intershop team, steadily and persistently.

Without our international approach, we would never have got to where we are today. Internationalization is one of our business's main growth engines. We are already earning most of our income outside Germany. We have built up our net revenue in American business by 93% compared to the prior-year period and have found a strategic partner in GSI that will open doors on the American continent that would otherwise have remained closed to us. We also see opportunities in the takeover of GSI by the online shopping corporation eBay.

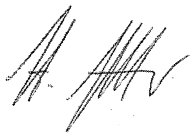
The announced growth initiative for 2011 is underway; its objective is to attain double-digit revenue growth. The core of this initiative is market observation that has been significantly improved by investing in generating and managing leads. The new marketing observation program will be set up for the long term, with a performance-oriented, balanced use of search engines, direct mailing and e-mail campaigns, telephone marketing and lead-generating events. In parallel, we set up local marketing in Q1 and Q2 in Europe.

Last but not least, we would like to welcome our new Supervisory Board member Tobias Hartmann to the Intershop team. He is replacing Michael Conn, who left the board on June 30, 2011. We are sure that Tobias Hartmann, as Chief Executive Officer, Global Operations of GSI Commerce, will give a big boost to our company's continued development.

We would be very pleased if you would accompany Intershop Communications AG along its path and we thank you for your confidence.

Sincerely,

Ludwig Lutter

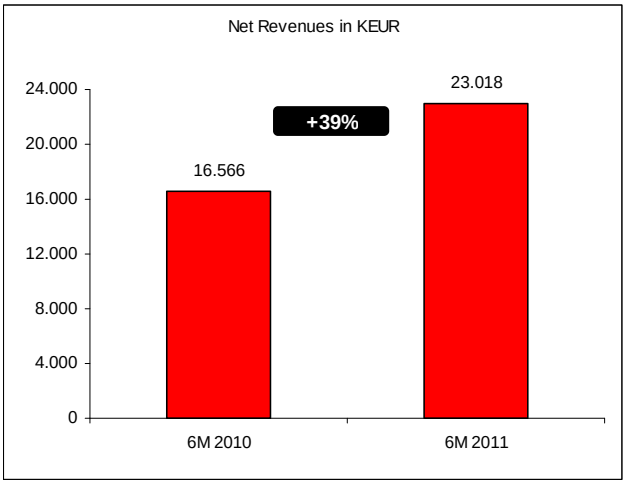


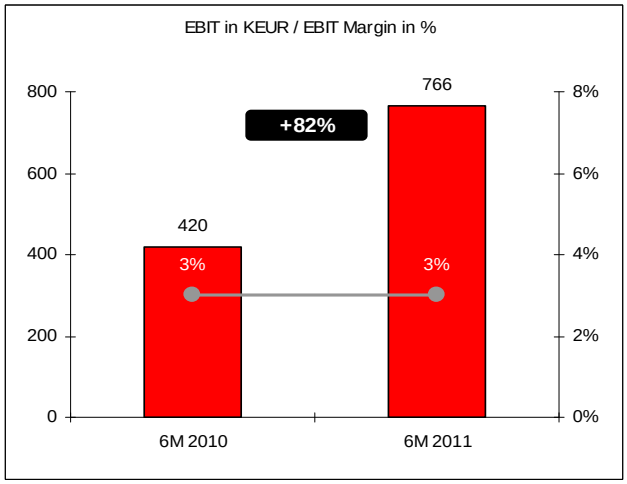
Heinrich Göttler

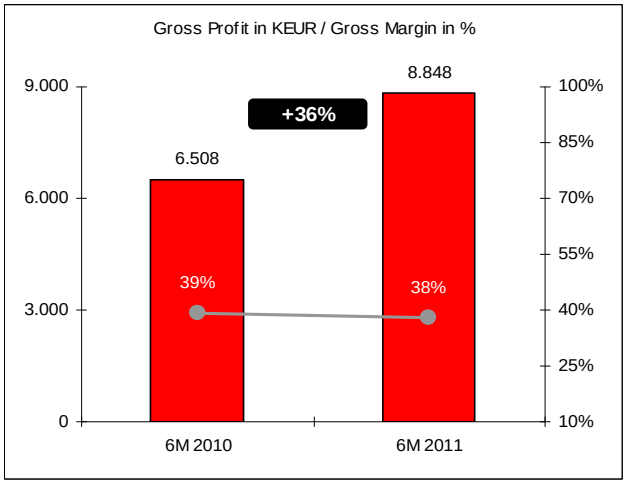
Dr. Ludger Vogt

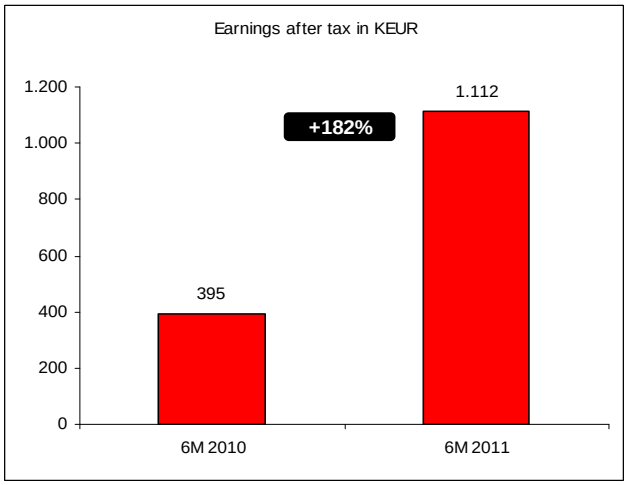
Key Figures for the Group

in EUR thousand	Q1 2011	Q2 2011	6M 2011	6M 2010
Net Revenues	11,397	11,621	23,018	16,566
Gross Profit	4,291	4,557	8,848	6,508
Gross Profit Margin	38%	39%	38%	39%
EBIT	319	447	766	420
EBIT Margin	3%	4%	3%	3%
EBITDA	619	767	1,386	1,545
EBITDA Margin	5%	7%	6%	9%
Earnings After Tax	322	790	1,112	395
Earnings Per Share (EUR)	0.01	0.03	0.04	0.01









Group Management Report

Overall Economy and Industry

The global economic trend this year is just as dynamic as it is ambivalent. According to the latest economic forecast of the International Monetary Fund (IMF), the global economy is expected to grow by 4.3% in 2011 and by 4.5% in 2012. The global economic upturn is driven by the favorable trend in the emerging economies as well as in Germany and France, where investments are currently being made on a lasting basis. Those investments are the main reason why the IMF raised its growth forecast for the euro zone for 2011 to 2.0%, an increase of 0.4%. According to the IMF, the German economy will grow by 3.2% this year.

The e-Commerce sector is continuing to follow the upswing, as well. According to the forecasts of the Bundesverband des Deutschen Versandhandels e.V. (bvh – German E-Commerce and Distance Selling Trade Association), interactive business revenues in Germany in 2011 will increase by 7% overall in comparison to the prior year. It is predicted that the online merchandising business will grow by 17%, which will raise its revenue above the EUR 20 billion mark for the first time. 66% of the total German mail order business is conducted interactively, an increase of 6% relative to 2010.

According to the surveys of the European Information Technology Observatory (EITO), the overall global IT market in 2011 will grow to EUR 963 billion, an increase of 4.3%. For 2012, the EITO is predicting a 5.4% upswing. Based on the EITO figures, the IT association BITKOM considers the prospects for the global IT market to be very good. Besides the BRIC countries, Germany and the US market are the drivers of the sector.

Strategic Alliances

Intershop Communications AG views strategic alliances as a good opportunity to put its leading technology platform on the market faster, especially outside Europe, and to implement product innovations sooner. Thanks to ”code sharing“with the partnerships, joint product development becomes a competitive advantage for all partners alike.

Revenue Development

With net revenue of EUR 11.6 million in the period from April 1 to June 30, 2011, Intershop slightly outperformed the fine revenue situation of the first quarter of the current year, with a growth of EUR 0.2 million. That means that the first half of 2011 shows a robust revenue increase by EUR 6.5 million to EUR 23.0 million, which amounts to 39% growth relative to the prior-year period. The EUR 23 million figure also marks the high-point for half-yearly revenue since 2003. That favorable trend is due to building up business with our existing key customers (platinum accounts), on the one hand, and successfully entering into new projects, on the other.

All business areas contributed to the revenue growth in the first six months. License revenues amounted to EUR 1.8 million, up 43%. With a 56% share of the total net revenue, the biggest contribution was made by the areas of consulting and training, which grew by 53% to reach EUR 12.9 million. Maintenance revenues increased by 7% to EUR 5.1 million, and online marketing revenues increased by 37% relative to the prior-year period, attaining EUR 1.6 million. The other revenue (full service and transactions platform) increased by 68% to reach EUR 1.6 million.

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

Six Months ended June 30,	2011	2010 adjusted	Change
Licences	**1,761**	**1,233**	43%
Maintenance	5,125	4,776	7%
Consulting / Training	12,891	8,413	53%
Online Marketing	1,618	1,178	37%
Other revenues	1,623	966	68%
Service, maintenance and other	**21,257**	**15,333**	39%
Net revenue total	23,018	16,566	39%

The Company's highest revenue-generating existing customers (platinum accounts) in the first six months of 2011, as in the full-year 2010, included the Australian telecommunications group Telstra, the mail order business Otto and its subsidiaries, as well as GSI. In the first six months, Intershop clinched two major contracts with the platinum accounts OTTO Group and GSI. With OTTO, we renewed the 3-year service contract which will generate revenue in a mid seven-digit Euro range. From GSI, Intershop received an order for more services until December 31, 2011, that will likewise generate a sales volume in the mid seven-digit Euro range up if the services are requisitioned.

Moreover, the existing cooperation with the Würth Group, the global market leader in assembly and fastening materials, was expanded. Now that Würth has been using the Intershop e-Commerce platform Enfinity Suite for quite a while in France, the time has come for a global roll-out.

In the first half of the year SoQuero GmbH, a wholly owned subsidiary of Intershop Communications AG, won over another prestigious customer for the company: the German Railway's travel portal ”start.de“. The online travel agency ”start.de“ is one of the most successful German online travel portals.

The regional breakdown of the net revenue reflects the international orientation of Intershop Communications AG. The bulk of the sales revenues are generated outside of the company's home country Germany. In the first half of 2011, the net revenues attributable to the American continent rose from the prior-year figure of EUR 3.6 million to EUR 7.0 million, a 93% increase. In that region which is so important for Intershop, the company has expanded its share of the total sales revenue from 22% to 30% within a 12-month period. After earning EUR 3.4 million in the first six months of 2010 in the Asia-Pacific region, Intershop recorded EUR 4.1 million by the interim reporting date in 2011, amounting to a 21% increase and an 18% share of total net revenues. Europe accounted for 52% of the revenue. In the first six months of 2011, Intershop generated net revenues of EUR 11.9 million in Europe, an increase of EUR 2.4 million or 25% relative to the same period last year.

Earnings Development

For the first half of 2011, Intershop attained net earnings of EUR 1,112 thousand, up 182% from the prior-year figure of EUR 395 thousand. That amounts to earnings per share of EUR 0.04 (diluted and undiluted) versus EUR 0.01 in the prior-year period. The reason for the positive trend was significantly higher sales together with a disproportionately low increase in expenses. The gross profit for the first six months of the year increased by 36% to EUR 8,848 thousand. At 38%, the gross margin was 1% lower than in the prior-year period, but that is primarily due to R&D costs being reclassified as production costs.

R&D expenses increased by 35% to reach EUR 2,318 thousand. That growth is primarily due to the expansion of the R&D staff, as well as more intensive involvement of external workforces.

Sales and marketing expenses rose very significantly, by 62%. They reached EUR 3,076 thousand versus EUR 1,897 in the same period last year. The spending increase was due to

highly intensified marketing activities and major investments in the distribution partner network. The purpose of the higher expenditures is to strengthen and accelerate the company's future development.

Despite the significantly expanded business activities, general and administrative expenses remained nearly constant, at EUR 2,723 thousand.

The total operating expenses amounted to EUR 8,638 thousand, a 31% increase. Other operating income reached EUR 556 thousand, up 15%.

The EBITDA in the first six months attained EUR 1,386 thousand. It was therefore down 10% from the prior-year figure for 2010, due to the smaller share of the reduced depreciation and amortization out of the total expenditure. The depreciation and amortization, especially for software development costs, were reduced significantly, from EUR 1,125 thousand to EUR 620 thousand. The EBITDA margin was 6%. The EBIT margin in the first half of 2010 increased by 37% relative to the first six months of 2009. In 2011, Intershop once again achieved a powerful improvement in that figure in the year-on-year comparison. The Earnings Before Interest and Taxes reached EUR 766 thousand, an 82% increase. The EBIT margin was 3.3% versus 2.5% in 2010. The pre-tax earnings, at EUR 800 thousand, were 91% higher than in the first half of the prior year.

Net Assets and Financial Position

Thanks to its sound fundamentals, Intershop Communications AG is able to push its business operations ahead better than ever. That is made particularly apparent by the company's net assets and financial position as of June 30, 2011. The equity ratio was 66%. The company remains unencumbered by financial liabilities.

Total assets as of June 30 of this year increased to EUR 39.3 million, versus EUR 36.2 million as of the end of 2010. The main cause of the increase was the augmentation of trade receivables by EUR 2.3 million.

Noncurrent assets totaled EUR 11.2 million, about EUR 9.2 million of which was attributable to intangible assets. The value of the plant, property and equipment reached EUR 996 thousand, an increase of EUR 291 thousand or 41%. Intershop's cash and cash equivalents at the end of the first six months amounted to EUR 16.3 million, which is still at a high level, almost identical to the balance as of Dec. 31, 2010 (EUR 16.4 million).

On the equity and liabilities side of the balance sheet, equity increased from EUR 24.6 million to EUR 26.0 million. The increase resulted from the net profit for the period as well as the share capital increase.

Noncurrent liabilities fell from EUR 2.1 million at year-end 2010 to EUR 1.9 million due to the reduction in deferred revenue items. Current liabilities amounted to EUR 11.4 million as of June 30, 2011 compared to EUR 9.5 million at year-end 2010. The main causes for these changes were trade accounts payable and deferred revenue items.

As of June 30, 2011, Intershop had cash and cash equivalents of EUR 16.3 million, amounting to a net change of EUR -137 thousand, so that item remained practically unchanged from the start of the reporting period. Whereas the cash flow from operating business activities in the reporting period amounted to EUR 1.2 million, the cash flow from investment activities was negative, at EUR -1,6 million. The inflow from financial activities amounted to EUR 510 thousand, representing the balance of incoming payments and the costs of share issues.

Research and Development

R&D activities at Intershop Communications AG are focused on continuously upgrading the hit product Enfinity. According to the company's business plan, a new version of the globally used e-Commerce platform will be released at the end of this year. The new release, which we are developing together with our strategic partner GSI, will contain a wealth of innovations and enhancements. In total, the product will have over 1,500 new

features. The key components such as tools for internationalization and for promotion and merchandising have been thoroughly revised. A completely renovated rule engine ensures fully rule-based processing sequences and a new reporting tool performs real-time analysis of the online customers' shopping behavior. In addition, mobile commerce functionalities have been substantially enhanced in the new version.

Besides continuously developing the software, Intershop participates in research projects on a regular basis. In the first quarter, the ”SimProgno“ project was launched to research and improve the capture of interactions in e-Commerce. The project partners are the ”Institut für angewandte Informatik e.V.” of Leipzig and the Software Engineering Department of Friedrich-Schiller University of Jena.

The extraordinary importance that Intershop Communications AG attaches to R&D is demonstrated by the fact that the company was accepted this April as a ”Preferred Business Partner“ by the Bundesverband des Deutschen Versandhandels (bvh). The title of ”Preferred Business Partner“ is awarded to experts in their field who ensure an above-average combination of know-how, innovation, customer focus and custom solutions. Companies can achieve that status only through special services rendered and at the suggestion of other members of the Association.

Against the backdrop of a significantly intensified commitment to R&D, the associated expenditure increased by 35% to reach EUR 2,318 thousand. That growth was primarily due to the expansion of resources: the staff has been expanded and outside workforces have been involved more intensively than ever.

Management Board and Supervisory Board

In the first half of 2011, there were two changes in Intershop Communications AG's managing bodies: one in the Management Board and another in the Supervisory Board.

On March 24, the Supervisory Board appointed Ludwig Lutter a member of the Management Board effective April 1, 2011. As the Chief Financial Officer at Intershop, Mr. Lutter is in charge of the areas of Finance, Mergers and Acquisitions, IR as well as the Operations, Legal and Human Resources departments. He will succeed Peter Mark Droste whose contract expired on March 31, 2011. Peter Mark Droste was appointed to the Management Board in April 2009 and made a contribution to the strategic partnership with GSI, among other things.

At the company's Annual Stockholders' Meeting on June 29, 2011 Tobias Hartmann, Chief Executive Officer, Global Operations of GSI Commerce, Inc., was elected a new Supervisory Board member effective July 1, 2011. The Supervisory Board member in office up to that time, Michael Conn, has left the board.

Employees

In the past five years, Intershop has nearly doubled its staff size. In the twelve months preceding the interim reporting date alone, 114 new full-time employees were welcomed to the team. Against the backdrop of a general lack of skilled workers in Germany, the new hiring meant an extraordinary amount of additional effort in parallel with the accelerated business development. In the future, Intership will continue to be intent on very carefully building up its staff in both a continuous and sustainable manner. Human Resources are our company's core capital.

On June 30, 2011, a total of 432 full-time employees were hired by Intershop, 36% more than a year before. By far the greatest growth occurred in the area of Service and R&D. As of the reporting date, 104 more employees were working in that area than a year before.

The following overview shows the breakdown of full-time employees by business area:

Employees by department (full-time equivalents)	June 30, 2011	December 31, 2010	June 30, 2010
Technical Departments (research and development and service functions)	356	289	252
Sales and Marketing departments	31	34	32
General and administrative departments	45	36	34
Total	432	359	318

Group Risks

For information on the Company's risks, please refer to the detailed explanations in the 2010 Annual Report.

Events subsequent to the balance sheet date

On July 20, 2011, Intershop announced that it has expanded its existing general agreement with the pharmaceuticals and chemicals corporation Merck – which had been one of Intershop's platinum accounts for two years already – by adding further licenses as well as consulting and support services. The 3-year service contract will generate total revenue of somewhere around EUR 5 million. The portion attributable to license revenues will be recognized in income in the third quarter of 2011.

Due to the issuance of shares from the Authorized Capital II, subscribed capital of the Company rose by EUR 10,137 to EUR 30,062,121 as of July 8, 2011.

Outlook

Boom, mega growth, XXL upswing, on the one hand. Uncertainty on the financial markets, upswing-slowdown in the rate of expansion, weak economic signals, on the other. If you follow what the leading German business journals and the quoted experts are saying on a daily basis about the general economic trend, then there is only one thing clear about Germany, the euro zone and the world economy: a lack of clarity.

The economic research institute ifo [Institut für Wirtschaftsforschung] recently noted that the business climate index in July unexpectedly became gloomy, reaching the worst value since October 2010. Despite all the warnings and doubts that they express, leading institutions such as the IMF and OECD are standing by their growth forecasts. The German market research institute GfK claims that uncertainty on the financial markets has dampened expectations concerning the economy and earnings, but that the inclination to purchase luxury items has remained stable. The ifo believes that the turbulence will lead to greater restraint in the German economy but continues to describe the situation as very good. Finally, the UN, in its global investment report published in late July, emphasized that globalization is picking up speed and that foreign investment increased in 2010 relative to the prior year.

In contrast, the trend in the e-Commerce sector is still stable and unambiguous: online sales channels are continuing to replace or supplement bricks-and-mortar shops. According to a recent survey of retailers taken by the consultancy firm Ernst & Young, online sales are considered to have far greater prospects than the other distribution channels. 90% of the respondents rated the chances of growth in online sales as ”good“ to ”very good“. That comes as no surprise. Prominent examples from Germany show that those who fail to jump on the e-Commerce bandwagon fall far behind the competition.

A growing world and increasingly important e-Commerce are good and challenging for Intershop's business. The top priority is controlled growth. In line with its previous forecasts, the company still assumes that organic sales growth will be on the order of 10% to 20% in 2011. Performance will be influenced by investments in product development and the necessary development of the business areas. For 2011 as a whole, Intershop is still expecting an EBIT similar to the prior-year level.

Consolidated Balance Sheet

in EUR thousand	June 30, 2011	December 31, 2010
ASSETS		
Noncurrent assets		
Intangible assets	9,181	8,517
Property, plant and equipment	996	705
Other noncurrent assets	22	28
Deferred tax assets	895	895
Restricted cash	66	72
	11,160	**10,217**
Current assets		
Trade receivables	10,359	8,099
Other receivables and other assets	1,149	1,112
Restricted cash	383	383
Cash and cash equivalents	16,253	16,390
	28,144	**25,984**
TOTAL ASSETS	39,304	36,201
SHAREHOLDERS´ EQUITY AND LIABILITIES		
Shareholders´ equity		
Subscribed capital	30,052	29,582
Capital reserve	7,686	7,630
Other reserves	(11,758)	(12,602)
	25,980	**24,610**
Noncurrent liabilities		
Other noncurrent provisions	303	303
Deferred revenue	1,613	1,751
	1,916	**2,054**
Current liabilities		
Other current provisions	789	807
Trade accounts payable	3,830	3,255
Income tax liabilities	472	472
Other current liabilities	3,199	2,775
Deferred revenue	3,118	2,228
	11,408	**9,537**
TOTAL SHAREHOLDERS´ EQUITY AND LIABILITIES	39,304	36,201

Consolidated Statement of Comprehensiv Income

	Three months ended June 30,		Six months ended June 30,	
in EUR thousand	2011	2010 (adjusted)	2011	2010 (adjusted)
Gross Revenues				
Licenses	746	400	1,761	1,233
Services, maintenance and other	12,307	9,589	24,200	18,129
	13,053	**9,989**	**25,961**	**19,362**
Media costs	**(1,432)**	**(1,415)**	**(2,943)**	**(2,796)**
Net Revenues				
Licenses	746	400	1,761	1,233
Services, maintenance and other	10,875	8,174	21,257	15,333
	11,621	**8,574**	**23,018**	**16,566**
Cost of revenues				
Licenses	(128)	(411)	(279)	(845)
Services, maintenance and other	(6,936)	(4,876)	(13,891)	(9,213)
	(7,064)	**(5,287)**	**(14,170)**	**(10,058)**
Gross profit	4,557	3,287	8,848	6,508
Operating expenses, operating income				
Research and development	(1,357)	(812)	(2,318)	(1,712)
Sales and marketing	(1,534)	(949)	(3,076)	(1,897)
General and administrative	(1,336)	(1,262)	(2,723)	(2,655)
Other operating income	390	223	556	485
Other operating expenses	(273)	(158)	(521)	(309)
	(4,110)	**(2,958)**	**(8,082)**	**(6,088)**
Result from operating activities	447	329	766	420
Interest income	27	5	36	14
Interest expense	0	0	(2)	(15)
Financial result	**27**	**5**	**34**	**(1)**
Earnings before tax	474	334	800	419
Income taxes	**316**	**(16)**	**312**	(24)
Earnings after tax	790	318	1,112	395
Other comprehensive income				
Exchange differences on translating foreign operations	(67)	304	(268)	462
Total comprehensive income	**723**	**622**	**844**	**857**
Earnings after tax attributable to:				
Shareholders of INTERSHOP Communications AG	**790**	**318**	**1,112**	**395**
Minority interest	0	0	0	0
Total comprehensive income attributable to:				
Shareholders of INTERSHOP Communications AG	**723**	**622**	**844**	**857**
Minority interest	0	0	0	0
Earnings per share (EUR, basic)	0.03	0.01	0.04	0.01
Earnings per share (EUR, basic)	0.03	0.01	0.04	0.01
Weighted average shares outstanding (basic)	30,019	30,019	29,747	29,747
Weighted average shares outstanding (diluted)	30,048	30,733	29,776	30,461

Consolidated Statement of Cash Flows

in EUR thousand	Six months ended June 30, 2011	2010
CASH FLOWS FROM OPERATING ACTIVITIES		
Earnings before tax	800	419
Adjustments to reconcile net profit/loss to cash used in operating activities		
Financial result	(34)	1
Depreciation and amortization	620	1,125
Other noncash expenses and income	16	24
Allowances for doubtful accounts	25	55
Changes in operating assets and liabilities		
Accounts receivable	(2,285)	3,670
Other assets	(30)	(578)
Liabilities and provisions	981	(1,288)
Deferred revenue	750	3,295
Net cash provided by operating activities before income tax and interest	843	6,723
Interest received	36	13
Interest paid	(2)	(14)
Income taxes received	312	0
Income taxes paid	0	(24)
Net cash (used in) operating activities	1,189	6,698
CASH FLOWS FROM INVESTING ACTIVITIES		
Restricted cash	7	0
Payments for investments in intangible assets	(1,082)	(627)
Purchases of property and equipment, net of capital leases	(493)	(207)
Net cash used in investing activities	(1,568)	(834)
CASH FLOWS FROM FINANCING ACTIVITIES		
Cash received for unregistered stock	531	3,868
Expenses of cash received for unregistered stock	(21)	(514)
Net cash provided by/used in financing activities	510	3,354
Effect of change in exchange rates	(268)	462
Net change in cash and cash equivalents	(137)	9,680
Cash and cash equivalents, beginning of period	16,390	6,314
Cash and cash equivalents, end of period	16,253	15,994

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	Common shares	Subscribed capital
Balance, January 1, 2011	**29,582,305**	**29,582**	**7,630**	**(93)**	**(14,930)**	**2,421**	**24,610**	**0**	**24,610**
Total comprehensive income					1,112	(268)	844		844
Stock option expense			16				16		16
Issue of new shares	469,679	470	40				510		510
Balance, June 30, 2011	30,051,984	30,052	7,686	(93)	(13,818)	2,153	25,980	0	25,980
Balance, January 1, 2010	**26,309,094**	**26,309**	**6,728**	**(93)**	**(16,468)**	**2,247**	**18,723**	**(327)**	**18,396**
Total comprehensive income					395	462	857		857
Changes in the basis of consolidation					(327)		(327)	327	0
Stock option expense			24				24		24
Issue of new shares	2,642,872	2,643	711				3,354		3,354
Balance, June 30, 2010	28,951,966	28,952	7,463	(93)	(16,400)	2,709	22,631	0	22,631

Notes to the Consolidated Financial Statements as of June 30, 2011

General disclosures

The consolidated financial statements of Intershop Communications AG as of December 31, 2010 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, 2011 was prepared in accordance with IAS 34, Interim Financial Reporting.

This interim report as of June 30, 2011 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 2010. 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, 2010. The 2010 Annual Report is available on the Company's web site at http://www.intershop.com/investors-financial-reports.html .

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.

Basis of consolidation

There were no changes to Intershop Communications AG's basis of consolidation in the first half of 2011 as against December 31, 2010. In addition to the parent company, the basis of consolidation therefore comprised the following companies as of June 30, 2011:

- Intershop Communications Inc., San Francisco, U.S.A.
- Intershop Communications Ventures GmbH, Jena, Germany
- Intershop Communications AB, Stockholm, Sweden
- SoQuero GmbH, Frankfurt/Main, Germany
- The Bakery GmbH, Berlin, Germany
- Intershop Communications Australia Pty Ltd, Melbourne, Austalien

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.

Accounting policies

The same accounting policies were used to prepare this interim report as for the consolidated financial statements for fiscal year 2010. The policies used are described in detail on pages 42 to 49 of the 2010 Annual Report.

In fiscal year 2010, the presentation of the quarterly and half-yearly statements was adjusted to take into account the restatement of the amortization of capitalized software development costs. The depreciation and amortization of capitalized software development costs is now carried in the license production costs, thereby reducing the R&D costs.

Equity

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

The subscribed capital increased by EUR 469,679 as of June 30, 2011 to EUR 30,051,984 and is divided into 30,051,984 no-par value bearer shares. The change is attributable to two capital increases from Authorized Capital II due to the exercise of employee stock options.

As of June 30, 2011, the Company had authorized capital of EUR 4,563,240. Authorized Capital I was unchanged at EUR 4,553,103. As a result of the exercise of employee stock options, capital increases in the amounts of EUR 382,479 and EUR 87,200 were implemented from Authorized Capital II on February 8, 2011 and May 4, 2011, respectively. Authorized Capital II was therefore reduced by the above-mentioned amounts to EUR 10,137 as of June 30, 2011. Since the interim reporting date, another capital increase has been implemented from Authorized Capital II in the amount of EUR 10,137. That increase was entered in the Trade Register on July 8, 2011 and entered into effect on the same day.

The Annual Stockholders' Meeting held on June 29, 2011 decided to raise Authorized Capital I and II while suspending the previous authorizations. Accordingly, 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 7,500,000 against cash contributions (Authorized Capital I). The Management Board's authorization is valid until July 21, 2016). The Management Board is authorized, subject to approval by the Supervisory Board, to suspend the stockholders' subscription rights in certain cases.
- By up to a total of EUR 265,000 against cash contributions with cancellation of the stockholders' subscription rights (Authorized Capital II). The authorization is valid until December 31, 2012.

These amendments to the Articles of Association were entered in the Trade Register after the interim reporting date on July 21, 2011, and entered into effect on that same day.

The Company's conditional capital remained unchanged compared with December 31, 2010. Its share capital has been increased conditionally by up to EUR 59,584 in order to issue 59,584 shares. Due to options that have expired or were not issued, however, a maximum of 12,500 shares may be issued in future from the conditional capital.

Stock option plans

Option activity under the plans was as follows:

Six months ended June 30,	2011		2010	
	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	**903**	**1.80**	**2,861**	**1.27**
Granted	-	-	0	-
Exercised	(200)	1.70	(132)	1.11
Forfeited	(554)	1.86	(19)	1.52
Outstanding at end of period	149	1.77	2,710	1.28
Exercisable options at end of period	149	1.77	2,511	1.23
Weighted average fair market value of options granted during the year	-	-	-	-

The weighted average share price for the exercised options amounted to EUR 2.18 on the exercise date.

The following table summarizes information with respect to the stock options outstanding on June 30, 2011:

Range of exercise price	Number of options outstanding	Weighted average remaining contractual life	Weighted average exercise price	Number exercisable on June 30, 2011	Weighted average exercise price
(in EUR)	(in thousand)	(in years)	(in EUR)	(in thousand)	(in EUR)
1,00 – 1,50	10	0.4	1.43	10	1.43
1,51 – 2,50	133	0.7	1.73	133	1.73
2,51 – 3,61	6	1.2	3.35	6	3.34
	149	0.7	1.77	149	1.77

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	1.00	5.00
Risk-free interest rate	in %	2.71	4.43
Expected Volatility	in %	70.00	96.14
Dividend yield	in %	0.00	0.00
Exercise price	in Euros	1.00	3.61
Market price	in Euros	1.00	3.61
Option value	in Euros	0.56	3.37

In first six months of 2011, the Company recognized expenses of EUR 16 thousand relating to the stock option plans. These expenses amounted to EUR 24 thousand in the first six months of 2010. The liabilities under stock option programs amounted to EUR 221 thousand (prior year: EUR 13 thousand) as of the reporting date.

Other operating income

Other operating income includes government grants amounting to EUR 160 thousand (prior year: EUR 153 thousand), which were issued in the first half of 2011. 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:

	Three months ended June 30,		Six months ended June 30,	
	2011	2010	2011	2010
Basis for calculating basic earnings per share (Earnings after tax attributable to Intershop shareholders)	**790**	**318**	**1,112**	**395**
Basis for calculating diluted earnings per share	**790**	**318**	**1,112**	**395**

The number of shares is calculated as follows:

	Three months ended June 30,		Six months ended June 30,	
	2011	2010	2011	2010
Weighted average number of ordinary shares used to calculate basic earnings per share	**30,019**	**30,019**	**29,747**	**29,747**
Dilutive effect of potential ordinary shares:				
Weighted average number of options outstanding	29	714	29	714
Weighted average number of ordinary shares used to calculate diluted earnings per share	**30,048**	**30,733**	**29,776**	**30,461**

The earnings per share is calculated as follows:

	Three months ended June 30,		Six months ended June 30,	
	2011	2010	2011	2010
Calculation of earnings per share (basic)				
Basis for calculating basic earning per share (in EUR thousand)	790	318	1,112	395
Weighted average number of shares (basic)	30,019	30,019	29,747	29,747
Earnings per share (basic) (in EUR)	**0.03**	**0.01**	**0.04**	**0.01**
Calculation of earnings per share (diluted)				
Basis for calculating diluted earnings per share (in EUR thousand)	790	318	1.112	395
Weighted average number of shares (diluted)	30,048	30,733	29,776	30,461
Earnings per share (diluted) (in EUR)	**0.03**	**0.01**	**0.04**	**0.01**
Adjustment of earnings per share (diluted) (in EUR)	**0.03**	**0.01**	**0.04**	**0.01**

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, 2011					
in EUR thousand	Europe	U.S.A	Asia/ Pacific	Consoli-dation	Group
Net Revenues from external customers					
Licenses	710	36	0	0	**746**
Consulting and training	2,460	2,918	1,003	0	**6,381**
Maintenance	1,308	305	979	0	**2,592**
Online Marketing	808	0	0	0	**808**
Other	1,007	87	0	0	**1,094**
Total net revenues from external customers	**6,293**	**3,346**	**1,982**	**0**	**11,621**
Intersegment revenues	402	236	147	(785)	0
Total net revenues	**6,695**	**3,582**	**2,129**	**(785)**	**11,621**
Result from operating activities	**250**	**126**	**71**	**0**	**447**
Financial result					**27**
Earnings before tax					**474**
Income taxes					**316**
Earnings after tax					**790**

Three months ended June 30, 2010 (adjusted)					
in EUR thousand	Europe	U.S.A	Asia/ Pacific	Consoli-dation	Group
Net Revenues from external customers					
Licenses	400	0	0	0	**400**
Consulting and training	2,234	1,481	905	0	**4,620**
Maintenance	1,212	329	895	0	**2,436**
Online Marketing	628	0	0	0	**628**
Other	296	185	9	0	**490**
Total net revenues from external customers	**4,770**	**1,995**	**1,809**	**0**	**8,574**
Intersegment revenues	55	176	0	(231)	0
Total net revenues	**4,825**	**2,171**	**1,809**	**(231)**	**8,574**
Result from operating activities	**194**	**71**	**64**	**0**	**329**
Financial result					**5**
Earnings before tax					**334**
Income taxes					**(16)**
Earnings after tax					**318**

Six months ended June 30, 2011					
in EUR thousand	Europe	U.S.A	Asia/ Pacific	Consoli-dation	Group
Net Revenues from external customers					
Licenses	1,484	277	0	0	**1,761**
Consulting and training	4,950	5,915	2,026	0	**12,891**
Maintenance	2,441	614	2,070	0	**5,125**
Online Marketing	1,618	0	0	0	**1,618**
Other	1,441	182	0	0	**1,623**
Total net revenues from external customers	**11,934**	**6,988**	**4,096**	**0**	**23,018**
Intersegment revenues	731	476	199	(1,406)	0
Total net revenues	**12,665**	**7,464**	**4,295**	**(1,406)**	**23,018**
Result from operating activities	**408**	**223**	**135**	**0**	**766**
Financial result					**34**
Earnings before tax					**800**
Income taxes					**312**
Earnings after tax					**1,112**

Six months ended June 30, 2010 (adjusted)					
in EUR thousand	Europe	U.S.A	Asia/ Pacific	Consoli-dation	Group
Net Revenues from external customers					
Licenses	845	388	0	0	**1,233**
Consulting and training	4,529	2,258	1,626	0	**8,413**
Maintenance	2,376	660	1,740	0	**4,776**
Online Marketing	1,178	0	0	0	**1,178**
Other	635	306	25	0	**966**
Total net revenues from external customers	**9,563**	**3,612**	**3,391**	**0**	**16,566**
Intersegment revenues	117	332	0	(449)	0
Total net revenues	**9,680**	**3,944**	**3,391**	**(449)**	**16,566**
Result from operating activities	**247**	**92**	**81**	**0**	**420**
Financial result					**(1)**
Earnings before tax					**419**
Income taxes					**(24)**
Earnings after tax					**395**

Litigation

In the first six months of fiscal 2011, the following changes occurred with respect to the litigation described on pages 72 to 73 of the 2010 Annual Report:

In the legal dispute with one of the enterprise's contract partners, the Company and the contract partner have stated their positions on the transcript of the oral proceedings. No further orders from been delivered by the Regional Court yet. The Company is still of the opinion that the claims are unfounded, both with respect to the underlying grounds and the amount.

The action to rescind and set aside agenda item 1 of the extraordinary Stockholders' Meeting of December 14, 2010 (supervisory board election) has been resolved through a settlement. The settlement between the Company and the shareholder was published in the electronic federal gazette on 7 April 2011 pursuant to §249a and §149 (2) of the Stock Corporation Act [AktG].

The other three actions to rescind and set agenda item 3 of the extraordinary Stockholders' Meeting of December 14, 2010 (authorization for acquisition) have been combined. The Company assumes that the complaints are unfounded and that the resolution adopted in the extraordinary Stockholders' Meeting of December 14, 2010 will remain in effect, especially since the Annual Stockholders' Meeting on June 29, 2011 adopted a resolution confirming the authorization for acquisition.

Related party disclosures

In addition to its business relations with the consolidated subsidiaries, Intershop had relations with a company that has investments in Intershop. As of the interim balance sheet date, GSI Commerce Solutions Inc. owned 26.25% of the shares in the Company. The sales earned with the enterprise amounted to EUR 4,713 thousand in the first half of 2011 (prior year: EUR 1,586 thousand). Outstanding receivables amounted to EUR 2,141 thousand as of June 30, 2011. The receivables were made up of trade receivables. Intershop did not procure any goods or services from GSI and there were no liabilities as of June 30, 2011.

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 material 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, 2011, the Management Board member Dr. Ludger Vogt held 70,000 bearer shares of Intershop.

In the first six months of fiscal year 2011, one of the company's board members performed the following reportable securities trade with Intershop ordinary bearer shares:

Name	Date	Type of transaction	Amount	Total value (EUR)
Management Board:				
Dr. Ludger Vogt	04/12/2011	Lending*	57,700	0

* By way of security for the employee stock option plan, Dr. Vogt loaned the company the shares free of charge. The company had returned those shares to Dr. Vogt by the interim reporting date.

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

Key figures for Intershop shares		6M 2011	2010	6M 2010
Closing price[1]	in EUR	2.80	1.90	1.73
Number of shares outstanding (end of period)	in million shares	30.05	29.58	28.95
Market capitalization	in EUR million	84.15	56.21	50.09
Earnings per share	in EUR	0.04	0.07	0.01
Cashflow per share	in EUR	0.04	0.25	0.23
Carrying amount per share	in EUR	0.86	0.83	0.78
Average trading volume per day[2]	Number	81,870	64,171	67,930
Free float	in %	74	73	73

[1] Basis: Xetra

[2] Basis: all stock exchanges

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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.