INTERSHOP™

Group Management Report For The Nine Months Ended

September 30, 2011

Content

Letter to Our Stockholders

Ludwig Lutter Heinrich Göttler Dr. Ludger Vogt

Dear stockholders and business partners,

We are reviewing a very dynamic quarter, in which the Intershop team once again scored top marks. With quarterly revenues of EUR 12.5 million in the period from July through September, it's been ten years since we last were able to show that much revenue. And we did so despite the persistently tough competition. We owe this outstanding performance to our highly qualified employees whose in-depth experience and spirit of innovation have systematically enhanced the positive perception of the Intershop brand in the industry. We were particularly pleased by the favorable trend in license revenue, which increased by 69% in the first 9 months, attaining EUR 3.1 million. In total, in the period from January to September, Intershop earned net revenues of EUR 35.6 million, an improvement of 33% over the prior year. The earnings were solid as well.despite the fact that we made significant investments. In the 9-month period of 2011, Intershop achieved net earnings of EUR 1.9 million (up 89%) and Earnings before Interest and Taxes (EBIT) of EUR 1.5 million (up 35%).

Our newly acquired customers also show that we are on the right track, providing impressive proof of Intershop's positioning as a global player: Examples are Red Wing Shoes (USA), a long-established footwear and apparel company, Mir Knigi, the leading online book dealer in the Russian market, and Channel21 in Germany, the shopping channel. We also signed many new contracts with our existing customers, and extended long-term framework contracts that secure our revenue basis for the years to come.

The strategically most important event in the past quarter was the acquisition of a leading international IT corporation as a partner in the e-Commerce alliance initiated by Intershop. Thanks to the common development investments of all currently three partners, innovations can be implemented substantially faster and made available to customers on the platforms of their choice, as a standard or SaaS solution. The new partner will now be integrated step by step into the ongoing process with GSI Commerce for the development of the new platform. Due to the complexity of the project and the wide range of new features, the global launch is planned for the first half of 2012. The objective of this alliance is to be able to provide the leading e-Commerce solution on the market by accelerating innovation cycles with the ultimate goal of establishing a standard that provides unique added value for e-Commerce customers worldwide.

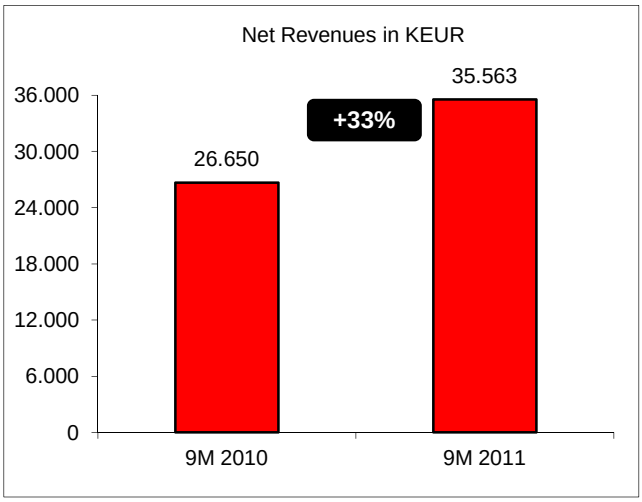
We would be pleased for to join us in this exciting development phase and we thank you for your confidence.

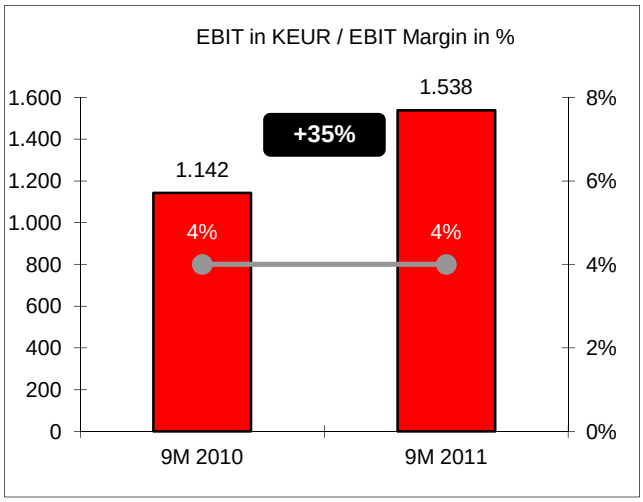
Sincerely,

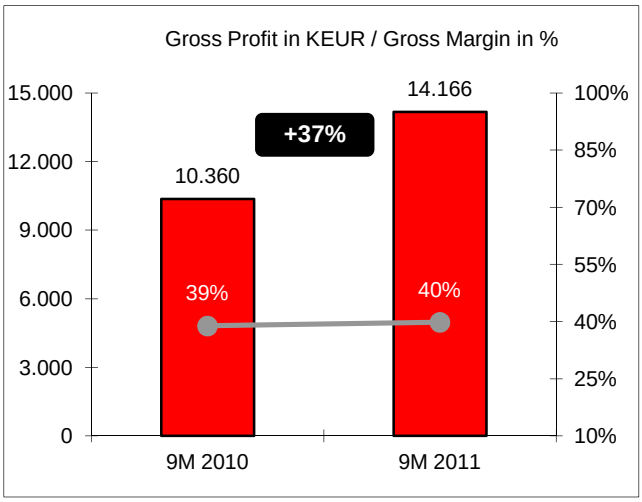
Ludwig Lutter | Heinrich Göttler | Dr. Ludger Vogt

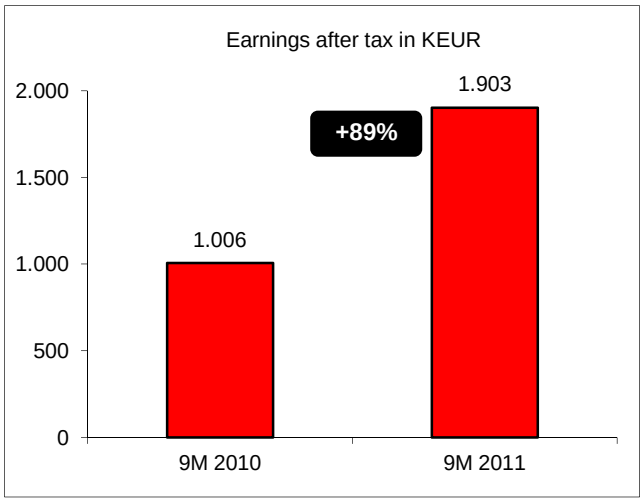
Key Figures for the Group

in EUR thousand	Q1 2011	Q2 2011	Q3 2011	9-Months 2011	9-Months 2010
Net Revenues	11,397	11,621	12,545	35,563	26,650
Gross Profit	4,291	4,557	5,318	14,166	10,360
Gross Profit Margin	38%	39%	42%	40%	39%
EBIT	319	447	772	1,538	1,142
EBIT Margin	3%	4%	6%	4%	4%
EBITDA	619	767	1,123	2,509	2,840
EBITDA Margin	5%	7%	9%	7%	11%
Earnings After Tax	322	790	791	1,903	1,006
Earnings Per Share (EUR)	0.01	0.03	0.03	0.06	0.03









Group Management Report

Overall Economy and Industry

Global economic growth slowed down noticeably in the third quarter of 2011. In its latest World Economic Outlook in September 2011, the IMF (International Monetary Fund) revised its forecasts downward for the world economy. Instead of the prior assumption of 4.3% growth, the IMF now estimates growth of merely 4.0%. The IMF economists name four causes for the unexpected downturn: the disastrous earthquake in Japan in the spring of 2011, the Euro crisis, the weakness of the US economic and the increasing risk aversion of many investors. For the USA, the IMF lowered its expectations by one percentage point to 1.5% this year. In Germany, the leading economic research institutes are still expecting a very solid increase of 2.9% in the gross domestic product. That can be seen from the latest fall forecasts, which were published in October. In the coming year, growth is predicted to be considerably weaker, due to the effects of the European debt crisis, among other things.

In the e-Commerce sector there are still no signs of noticeable economic weakening. On the contrary, more and more companies are recognizing the benefits of this inexpensive way to open up new distribution channels through e-Commerce. According to the forecasts of the Bundesverband des Deutschen Versandhandels e.V. (German E-Commerce and Distance Selling Trade Association), the revenues from the interactive exchange of goods in Germany in 2011 will increase by a total of 7% as compared to the prior year. Continued growth in the online segment has also been confirmed by a survey of the German Trade Association HDE. According to HDE, companies are looking with confidence to the traditionally strong second half of the year. HDE is expecting total e-Commerce revenues of EUR 26.1 billion in the current year.

The business climate of the overall IT and telecoms market is also marked by optimism. According to an economic survey taken by the industry-wide association BITKOM, three fourths of the suppliers of IT, telecommunications and home entertainment products are expecting higher revenues than last year. Software firms and IT service providers are especially confident about the business trend in 2011.

E-Commerce Alliance

On September 22, 2011, Intershop announced a new strategic partnership. The agreement with one of the world's leading technology company focused primarily on the joint development of e-Commerce solutions which the new partner has already been using for years, as an existing Intershop customer. The new 10-year agreement with the global IT company will provide Intershop with revenues in the mid-double-digit million euro range if the partner orders all the contractual services. That is the biggest single contract in Intershop's corporate history.

Intershop sees strategic alliances as an excellent opportunity to market its leading technology platform faster, especially outside Europe, and to implement product innovations more quickly. “Code sharing” within the alliance makes joint product development an equally valuable competitive advantage for all partners. The newly acquired partner is particularly distinguished by its in-depth technical know-how, particularly in B2B, and its international nature and scope. As an e-Commerce pioneer, Intershop provides its standard software and many years of expertise in product development for multi-touchpoint marketing models. GSI Commerce enhances the alliance with its in-depth knowledge and experience within B2C e-Commerce.

Revenue Development

In the third quarter of 2011, Intershop earned some EUR 12.5 million, the highest revenue level in the past ten years. The resulting net revenue of EUR 35.6 million for the first nine months represents a 33% increase over the prior-year period. That outstanding growth

trend is attributable, above all, to continually building up our relations with existing major customers (Platinum Accounts) as well as new customers.

All business areas contributed to revenue growth in the first nine months. The license revenue grew significantly by 69% to reach EUR 3.1 million. As in previous years, the biggest share of the sales revenue was earned by Consulting & Training, with 38% growth, attaining EUR 20.1 million. Maintenance revenue grew by 6%, reaching EUR 7.5 million, and growth was seen in the other revenues segments including Full-Service (up 75% to EUR 2.4 million) and Online Marketing revenue (up 34% to EUR 2.5 million).

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

Nine Months ended September 30,	2011	2010 adjusted	Change
Licences	**3,126**	**1,851**	69%
Consulting / Training	20,069	14,504	38%
Maintenance	7,460	7,055	6%
Online Marketing	2,516	1,872	34%
Other revenues	2,392	1,368	75%
Service, maintenance and other	**32,437**	**24,799**	31%
Net revenue total	35,563	26,650	33%

The revenue growth in the first nine months was driven significantly by the acquisition of new projects and extended framework agreements with key customers. This includes the agreement with the Otto Group, which has been one of Intershop's biggest customers for years, an additional service contract with the strategic partner GSI Commerce, and the extended framework agreement with the Merck chemicals group. The Company's highest revenue-generating existing customers (Platinum Accounts) in the first nine months of 2011 included Australian telecommunications group Telstra, the mail order business Otto Group and its subsidiaries, as well as the US partner GSI Commerce. In addition, in the third quarter, Intershop signed a major contract with its new strategic partner, which will bring record revenues in the mid-double-digit million EURO range over the next ten years if the partner orders all the contractual services. Otherimportant new customers acquired in the reporting period include the TV shopping channel Channel21, which besides Intershop's e-Commerce software will also use the innovative transaction platform The Bakery and the online marketing services of SoQuero, both Intershop subsidiaries. By interconnecting various distribution channels, the TV channel intends to conquer the lead position on the German teleshopping market. SoQuero was also able to acquire Unimall as another new customer. Another important new international customer is the Red Wing Shoes Company, a US retailer of high-quality footwear and apparel. Intershop will implement a complete e-Commerce solution to support the extensive distribution network of Red Wing Shoes and the multichannel distribution network. Other important new projects in the first nine months are the extension of the contract with the Würth Group, one of the world's leading distributors of assembly and fortification materials, the new international shop for BoschRexroth's business customers, the accessories shop for Mercedes-Benz, which went live for the IAA, a B2E portal for ICT products and services in the DB Group, as well as the webshop for the biggest Russian online book dealer Mir Knigi. Further Examples of Intershop's powers of innovation are the integration of Facebook into Baur Versand's webshop, the comprehensive expansion of mobile sales for hagebau's online shop, the SmartHome platform of the RWE energy group, as well as at Novadex, which uses Enfinity Suite in its LetterMaschine for mailing processes.

The figures of the first nine months reflect Intershop's increasingly international scope. The majority our net revenues is generated outside the German home market. Our net revenues earned on the US market rose from EUR 6.6 million in the prior-year period to EUR 10.7 million, which corresponds to a 62% growth. That amounts to 30% of our total revenues. In the Asia-Pacific Region, Intershop earned net revenues of EUR 5.7 million in the first nine months of 2011 versus EUR 5.2 million in the prior-year period, a 9% increase. That region accounted for 16% of our total net revenues. A 54% share of net revenues is

attributable to Europe. Intershop earned net revenues of EUR 19.2 million in Europe in the first nine months of 2011 versus EUR 14.8 million in the year-on-year comparison.

Earnings Development

In the first nine months, Intershop had net earnings of EUR 1.9 million, amounting to an 89% increase over the prior year. Earnings per share doubled from EUR 0.03 to EUR 0.06 (diluted and undiluted). Besides the favorable operational performance, a tax refund of EUR 313 thousand contributed to the positive earnings for the period.

Gross earnings for the first nine months of the year grew by 37%, attaining EUR 14.2 million. The gross margin improved by 1%, reaching 40%. R&D expenses rose by 65% to reach EUR 4.1 million, primarily due to investments in work force. Weighing in at EUR 4.5 million, the biggest item under operating expenses were sales and marketing expenses, which increased by 57%. That was primarily due to intensified marketing activities and investments in the distribution partner network. The increased expenditure was aimed at strengthening and accelerating the future corporate development. General and administrative expenses increased by 8% to EUR 4.2 million. In total, operating expenses amounted to about EUR 12.6 million, a 37% increase relative to the prior year.

The EBITDA in the first nine months amounted to EUR 2.5 million, a 12% decline. The EBITDA margin was 7%. That decline relative to the prior year resulted from decreased depreciation and amortization. Earnings before Interest and Taxes (EBIT), in contrast, increased by the 35%, reaching EUR 1.5 million. That corresponds to an EBIT margin roughly equivalent to the prior-year figure of 4%. That means that Intershop is executing according to plan to achieve the forecasted annual earnings on the prior-year level.

Net Assets and Financial Position

Intershop's balance sheet is still convincing, thanks to its solidity and financial strength. The equity ratio is still at 68%, just as at year-end 2010. The company is therefore in a comfortable position to finance its future growth. Like in prior reporting periods , current and noncurrent liabilities do not contain any financial liabilities.

Total assets as of September 30, 2011 grew to EUR 40.1 million, from EUR 36.2 million as of the end of 2010. The main causes for such growth were a EUR 1.6 million increase in trade receivables and an increase in intangible assets. Overall, noncurrent assets increased from EUR 10.2 million to EUR 11.9 million. Current assets increased by 8% to EUR 28.1 million. That figure includes cash and cash equivalents, which as of the interim reporting date were carried on the books at EUR 16.9 million. As of December 31, 2010, unrestricted cash amounted to about EUR 16.4 million.

On the liabilities side of the balance sheet, equity grew from EUR 24.6 million to EUR 27.2 million, thanks to an increase in subscribed capital and net surplus for the period. The noncurrent liabilities, essentially composed of deferred revenue, remained nearly constant at EUR 2 million. The noncurrent liabilities amounted to EUR 10.9 million as of September 30, 2011, versus EUR 9.5 million as of the end of 2010. That change was mainly attributable to an increase in trade accounts payable.

In the period from January 1 to September 30, 2011, Intershop showed positive operating cash flow (after taxes) of EUR 2.5 million. Investment activities resulted in negative cash flow of EUR 2.7 million, while financing activities provided a positive balance of EUR 697 thousand. In total, cash and cash equivalents increased to EUR 16.9 million, up EUR 2.7 million from the prior-year period.

Research and Development

R&D expenses were primarily composed of personnel expenses, including work by subcontractors. Another factor impacting R&D expenses was the capitalization of software development costs. In total, Intershop's R&D activities amounted to EUR 4.1 million (prior year: EUR 2.5 million). Those activities focused on the continued development of the Intershop software Enfinity. The global market launch of the new release is now scheduled for the first half of 2012. All in all, the version will feature over 1,500 innovations. With the

new Design View, this release enables the Online Manager to create an exciting shopping experience for its customers over all communication channels. At the same time, the Online Manager can also considerably increase sales and margins with the new event-controlled Promotion Engine. Continuous measurement and analysis of the sales performance with the integrated multivariant testing of campaigns and products, as well as of layout and content additionally ensures constant optimization of the business processes for even better success. Like in previous versions the Online Manager can sell to business and end customers, as well as business partners, via the integrated business models. Support is also provided by the proven MultiSite Technology with extensive cross-channel functionality, enabling the next steps to be taken on the market.

Management Board and Supervisory Board

In the first nine months 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, resigned as of June 30, 2011.

Employees

Intershop Communications AG had 460 employees on the payroll as of the interim reporting date: 379 technicians, 34 sales and marketing employees, and 47 administrators. In the past twelve months alone, 125 new employees were hired. To recruit highly skilled employees, Intershop relies above all on our cooperation with research institutes and the corresponding departments of recognized institutions of higher education, including Jena University and its University of Applied Sciences, Leipzig University as well as Ilmenau Technical University. The high number of recruitments over the past months was necessary in order to ensure the sustainability of our growth trend in recent years. Intershop intends to expand its work force – the company's core capital – in the future and do so with great care.

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

Employees by department (full-time equivalents)	September 30, 2011	December 31, 2010	September 30, 2010
Technical Departments (research and development and service functions)	379	289	270
Sales and Marketing departments	34	34	30
General and administrative departments	47	36	35
Total	460	359	335

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

No particularly noteworthy events have occurred since the interim reporting date.

Outlook

To a large extent, the global economic growth forecasts were belied over the course of the year. For 2012, the International Monetary Fund considers a 4.0% growth, as in 2011, to be a realistic estimate. Other institutions, such as the Kiel Institute for the World Economy (IfW), assume there will be a reversal in the growth trend and expect increased global economic performance of only 3.5 %. The Kiel-based experts predict that powerful dampers will be put on the economy, especially in the Euro zone, where only 0.6% growth is expected, following 1.4% this year. Future development in Germany depends on successfully containing the Euro crisis and on the demand from the fast-growing emerging and developing nations. Unless a noticeable slowdown occurs in this area, Germany can count on a solid economic growth rate above the 1% mark for 2012.

In the e-Commerce sector, the growth trend is still clear and remainsunchanged. According to a study by the eWeb Research Center of Niederrhein University, the share contributed by e-Commerce to total retail revenue (excluding food) in Europe will increase to over 20% in 2012. According to the researchers, there is no end in sight for growth in the online sector. As the forecasts show, the online sector's contribution to the European retail trade is expected to grow to at least 30% by 2020. The 8% annual growth rate underlying that forecast is a conservative estimate according to the study. Moreover, it is assumed that in 2020 at least 20% of the bricks-and-mortar shopping will be "online-induced" through preparation on the internet, so that about half of all retail revenues (excluding food) in Europe will be classifiable as multichannel revenue.

In the light of the above Intershop remains confident for the coming years. Given the strong third quarter in 2011 and the current development of the fourth quarter, the Management Board has now raised its revenue forecast for fiscal 2011 from 10% – 20% to 20% – 25%. EBIT is expected to come out at a similar level as last year.

Consolidated Balance Sheet

in EUR thousand	September 30, 2011	December 31, 2010
ASSETS		
Noncurrent assets		
Intangible assets	9,798	8,517
Property, plant and equipment	1,156	705
Other noncurrent assets	22	28
Deferred tax assets	895	895
Restricted cash	67	72
	11,938	**10,217**
Current assets		
Trade receivables	9,674	8,099
Other receivables and other assets	1,206	1,112
Restricted cash	383	383
Cash and cash equivalents	16,850	16,390
	28,113	**25,984**
TOTAL ASSETS	40,051	36,201
SHAREHOLDERS´ EQUITY AND LIABILITIES		
Shareholders´ equity		
Subscribed capital	30,171	29,582
Capital reserve	7,759	7,630
Other reserves	(10,753)	(12,602)
	27,177	**24,610**
Noncurrent liabilities		
Other noncurrent provisions	303	303
Deferred revenue	1,706	1,751
	2,009	**2,054**
Current liabilities		
Other current provisions	771	807
Trade accounts payable	4,343	3,255
Income tax liabilities	473	472
Other current liabilities	2,919	2,775
Deferred revenue	2,359	2,228
	10,865	**9,537**
TOTAL SHAREHOLDERS´ EQUITY AND LIABILITIES	40,051	36,201

Consolidated Statement of Comprehensiv Income

	Three months ended September 30,		Nine months ended September 30,	
in EUR thousand	2011	2010 (adjusted)	2011	2010 (adjusted)
Gross Revenues				
Licenses	1,365	618	3,126	1,851
Services, maintenance and other	12,789	11,002	36,989	29,131
	14,154	**11,620**	**40,115**	**30,982**
Media costs	**(1,609)**	**(1,536)**	**(4,552)**	**(4,332)**
Net Revenues				
Licenses	1,365	618	3,126	1,851
Services, maintenance and other	11,180	9,466	32,437	24,799
	12,545	**10,084**	**35,563**	**26,650**
Cost of revenues				
Licenses	(140)	(411)	(419)	(1,256)
Services, maintenance and other	(7,087)	(5,821)	(20,978)	(15,034)
	(7,227)	**(6,232)**	**(21,397)**	**(16,290)**
Gross profit	5,318	3,852	14,166	10,360
Operating expenses, operating income				
Research and development	(1,782)	(777)	(4,100)	(2,489)
Sales and marketing	(1,457)	(996)	(4,533)	(2,893)
General and administrative	(1,467)	(1,220)	(4,190)	(3,875)
Other operating income	184	235	740	720
Other operating expenses	(24)	(372)	(545)	(681)
	(4,546)	**(3,130)**	**(12,628)**	**(9,218)**
Result from operating activities	772	722	1,538	1,142
Interest income	18	6	54	20
Interest expense	0	(7)	(2)	(22)
Financial result	**18**	**(1)**	**52**	**(2)**
Earnings before tax	790	721	1,590	1,140
Income taxes	**1**	**(110)**	**313**	**(134)**
Earnings after tax	791	611	1,903	1,006
Other comprehensive income				
Exchange differences on translating foreign operations	214	(376)	(54)	86
Total comprehensive income	**1,005**	**235**	**1,849**	**1,092**
Earnings after tax attributable to:				
Shareholders of INTERSHOP Communications AG	**791**	**611**	**1,903**	**1,006**
Minority interest	0	0	0	0
Total comprehensive income attributable to:				
Shareholders of INTERSHOP Communications AG	**1,005**	**235**	**1,849**	**1,092**
Minority interest	0	0	0	0
Earnings per share (EUR, basic)	0.03	0.02	0,06	0.03
Earnings per share (EUR, basic)	0,03	0.02	0,06	0.03
Weighted average shares outstanding (basic)	30,061	30,061	29,866	29,866
Weighted average shares outstanding (diluted)	30,097	30,730	29,902	30,535

Consolidated Statement of Cash Flows

in EUR thousand	Nine months ended September 30, 2011	2010
CASH FLOWS FROM OPERATING ACTIVITIES		
Earnings before tax	1,590	1,140
Adjustments to reconcile net profit/loss to cash used in operating activities		
Financial result	(52)	2
Depreciation and amortization	971	1,698
Other noncash expenses and income	21	39
Allowances for doubtful accounts	35	148
Changes in operating assets and liabilities		
Accounts receivable	(1,611)	2,993
Other assets	(87)	(819)
Liabilities and provisions	1,198	(1,163)
Deferred revenue	85	1,982
Net cash provided by operating activities before income tax and interest	2,150	6,020
Interest received	54	20
Interest paid	(2)	(22)
Income taxes received	313	0
Income taxes paid	0	(597)
Net cash (used in) operating activities	2,515	5,421
CASH FLOWS FROM INVESTING ACTIVITIES		
Restricted cash	5	0
Payments for investments in intangible assets	(1,914)	(833)
Purchases of property and equipment, net of capital leases	(789)	(309)
Net cash used in investing activities	(2,698)	(1,142)
CASH FLOWS FROM FINANCING ACTIVITIES		
Cash received for unregistered stock	732	4,035
Expenses of cash received for unregistered stock	(35)	(527)
Net cash provided by/used in financing activities	697	3,508
Effect of change in exchange rates	(54)	87
Net change in cash and cash equivalents	460	7,874
Cash and cash equivalents, beginning of period	16,390	6,314
Cash and cash equivalents, end of period	16,850	14,188

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	Subscribe d 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					1,903	-54	1,849		1,849
Stock option expense			21				21		21
Issue of new shares	588,679	589	108				697		697
Balance, September 30, 2011	30,170,984	30,171	7,759	(93)	(13,027)	2,367	27,177	0	27,177
Balance, January 1, 2010	**26,309,094**	**26,309**	**6,728**	**(93)**	**(16,468)**	**2,247**	**18,723**	**(327)**	**18,396**
Total comprehensive income					1,006	86	1,092		1,092
Changes in the basis of consolidation					(327)		(327)	327	0
Stock option expense			39				39		39
Issue of new shares	2,810,709	2,811	698				3,509		3,509
Balance, September 30, 2010	29,119,803	29,120	7,465	(93)	(15,789)	2,333	23,036	0	23,036

Notes to the Consolidated Financial Statements as of September 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 September 30, 2011 was prepared in accordance with IAS 34, Interim Financial Reporting.

This interim report as of September 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 nine months of 2011 as against December 31, 2010. In addition to the parent company, the basis of consolidation therefore comprised the following companies as of September 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, Australia

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 nine months 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 588,679 as of September 30, 2011 to EUR 30,170,984 and is divided into 30,170,984 no-par value bearer shares. The change is attributable to four capital increases from Authorized Capital II due to the exercise of employee stock options.

At the Annual Stockholders' Meeting on June 29, 2011, resolutions were adopted amending the Articles of Association in order to increase Authorized Capital I and II (2011 Authorized Capital), while revoking the prior authorizations and canceling the previous Authorized Capital (2007 Authorized Capital), to the extent still unused. The new levels of Authorized Capital and the corresponding amendments of the Articles of Association were entered in the trade register on July 21, 2011. As of September 30, 2011, the Company had new Authorized Capital of EUR 7,656,137. As of December 31, 2010, the now canceled Authorized Capital of 2007 amounted to EUR 5,032,919.

Under the Articles of Association, 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:

- Up to a total of EUR 7,500,000 in exchange for cash contributions (2011 Authorized Capital I). The authorization of the Management Board will remain in effect until July 21, 2016. The Management Board is authorized, subject to the Supervisory Board's approval, to cancel the stockholders' subscription rights in certain specific cases. As of December 31, 2010, the now canceled 2007 Authorized Capital I amounted to EUR 4,553,103. No capital increases were performed out of the 2007 or 2011 Authorized Capital I in the first nine months of fiscal 2011.
- Up to a total of EUR 156,137 in exchange for cash contributions, with cancelation of the stockholders' subscription rights (2011 Authorized Capital II). The authorization of the Management Board will remain in effect until December 31, 2012. As of December 31, 2010, the canceled Capital amounted to EUR 479,816, which was used up as a result of the exercising of employee stock options through the following three capital increases: More specifically, capital increases were performed out of the old Authorized Capital II on February 8, 2011 in the amount of EUR 382,479, on May 4, 2011 in the amount of EUR 87,200, and on July 8, 2011 in the amount of EUR 10,137. The 2011 Authorized Capital II was issued in the amount of EUR 265,000 with effect from July 21, 2011. On September 30, 2011, the capital was increased out of the new Authorized Capital II through the exercising of employee stock options in the amount of EUR 108,863. The 2011 Authorized Capital II therefore still amounted to EUR 156,137 as of the interim reporting date.

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:

Nine months ended September 30,	2011		2010	
	Number of shares outstanding (in thousands)	Weighted average exercise price (EUR)	Number of shares outstanding (in thousands)	Weighted average exercise price (EUR)
Outstanding at beginning of period	**903**	**1.80**	**2,861**	**1.27**
Granted	-	-	-	-
Exercised	(206)	1.69	(300)	1.05
Forfeited	(560)	1.86	(35)	1.75
Outstanding at end of period	137	1.79	2,526	1.30
Exercisable options at end of period	137	1.78	2,374	1.25
Weighted average fair market value of options granted during the year	-	-	-	-

The weighted average share price for the exercised options amounted to EUR 2.19 on the exercise date.

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

Range of exercise price	Number of options outstanding	Weighted average remaining contractual life	Weighted average exercise price	Number exercisable on Sept. 30, 2011	Weighted average exercise price
(in EUR)	(in thousands)	(in years)	(in EUR)	(in thousands)	(in EUR)
1,00 – 1,50	6	0.1	1.44	6	1.44
1,51 – 2,50	125	0.4	1.73	125	1.73
2,51 – 3,61	6	0.9	3.35	6	3.34
	137	0.5	1.79	137	1.78

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 nine months of 2011, the Company recognized expenses of EUR 21 thousand relating to the stock option plans. These expenses amounted to EUR 39 thousand in the first nine months of 2010. The liabilities under stock option programs amounted to EUR 27 thousand (prior year: EUR 36 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 nine months 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 September 30,		Nine months ended September 30,	
	2011	2010	2011	2010
Basis for calculating basic earnings per share (Earnings after tax attributable to Intershop shareholders)	**791**	**611**	**1,903**	**1,006**
Basis for calculating diluted earnings per share	**791**	**611**	**1,903**	**1,006**

The number of shares is calculated as follows:

	Three months ended September 30,		Nine months ended September 30,	
	2011	2010	2011	2010
Weighted average number of ordinary shares used to calculate basic earnings per share	**30,061**	**30,061**	**29,866**	**29,866**
Dilutive effect of potential ordinary shares:				
Weighted average number of options outstanding	36	669	36	669
Weighted average number of ordinary shares used to calculate diluted earnings per share	**30,097**	**30,730**	**29,902**	**30,535**

The earnings per share is calculated as follows:

	Three months ended September 30,		Nine months ended September 30,	
	2011	2010	2011	2010
Calculation of earnings per share (basic)				
Basis for calculating basic earnings per share (in EUR thousand)	791	611	1.903	1.006
Weighted average number of shares (basic)	30.061	30.061	29.866	29.866
Earnings per share (basic) (in EUR)	**0.03**	**0.02**	**0.06**	**0.03**
Calculation of earnings per share (diluted)				
Basis for calculating diluted earnings per share (in EUR thousand)	791	611	1,903	1,006
Weighted average number of shares (diluted)	30,097	30,730	29,902	30,535
Earnings per share (diluted) (in EUR)	**0.03**	**0.02**	**0.06**	**0.03**
Adjustment of earnings per share (diluted) (in EUR)	**0.03**	**0.02**	**0.06**	**0.03**

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 September 30, 2011					
in EUR thousand	Europe	U.S.A	Asia/ Pacific	Consoli-dation	Group
Net Revenues from external customers					
Licenses	1,324	41	0	0	**1,365**
Consulting and training	3,101	3,239	838	0	**7,178**
Maintenance	1,254	312	769	0	**2,335**
Online Marketing	898	0	0	0	**898**
Other	674	95	0	0	**769**
Total net revenues from external customers	**7,251**	**3,687**	**1,607**	**0**	**12,545**
Intersegment revenues	487	215	192	(894)	0
Total net revenues	**7,738**	**3,902**	**1,799**	**(894)**	**12,545**
Result from operating activities	**403**	**245**	**124**	**0**	**772**
Financial result					**18**
Earnings before tax					**790**
Income taxes					**1**
Earnings after tax					**791**

Three months ended September 30, 2010 (adjusted)					
in EUR thousand	Europe	U.S.A	Asia/ Pacific	Consoli-dation	Group
Net Revenues from external customers					
Licenses	538	80	0	0	**618**
Consulting and training	2,643	2,485	963	0	**6,091**
Maintenance	1,111	296	872	0	**2,279**
Online Marketing	694	0	0	0	**694**
Other	300	102	0	0	**402**
Total net revenues from external customers	**5,286**	**2,963**	**1,835**	**0**	**10,084**
Intersegment revenues	148	215	0	(363)	0
Total net revenues	**5,434**	**3,178**	**1,835**	**(363)**	**10,084**
Result from operating activities	**395**	**182**	**145**	**0**	**722**
Financial result					**(1)**
Earnings before tax					**721**
Income taxes					**(110)**
Earnings after tax					**611**

Nine months ended September 30, 2011					
in EUR thousand	Europe	U.S.A	Asia/ Pacific	Consoli-dation	Group
Net Revenues from external customers					
Licenses	2,808	318	0	0	**3,126**
Consulting and training	8,051	9,154	2,864	0	**20,069**
Maintenance	3,695	926	2,839	0	**7,460**
Online Marketing	2,516	0	0	0	**2,516**
Other	2,115	277	0	0	**2,392**
Total net revenues from external customers	**19,185**	**10,675**	**5,703**	**0**	**35,563**
Intersegment revenues	1,218	691	391	(2,300)	0
Total net revenues	**20,403**	**11,366**	**6,094**	**(2,300)**	**35,563**
Result from operating activities	**811**	**468**	**259**	**0**	**1,538**
Financial result					**52**
Earnings before tax					**1,590**
Income taxes					**313**
Earnings after tax					**1,903**

Nine months ended September 30, 2010 (adjusted)					
in EUR thousand	Europe	U.S.A	Asia/ Pacific	Consoli-dation	Group
Net Revenues from external customers					
Licenses	1,383	468	0	0	**1,851**
Consulting and training	7,172	4,743	2,589	0	**14,504**
Maintenance	3,487	956	2,612	0	**7,055**
Online Marketing	1,872	0	0	0	**1,872**
Other	935	408	25	0	**1,368**
Total net revenues from external customers	**14,849**	**6,575**	**5,226**	**0**	**26,650**
Intersegment revenues	265	547	0	(812)	0
Total net revenues	**15,114**	**7,122**	**5,226**	**(812)**	**26,650**
Result from operating activities	**642**	**274**	**226**	**0**	**1,142**
Financial result					**(2)**
Earnings before tax					**1,140**
Income taxes					**(134)**
Earnings after tax					**1,006**

Litigation

In the first nine 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 actions are baseless and that the resolution adopted in the Extraordinary Stockholders' Meeting of December 14, 2010 will remain in effect, particularly since the Ordinary Stockholders' Meeting of June 29, 2011 adopted a resolution confirming the authorization of acquisition, which was unchallenged.

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 26.15% of the shares in the Company. The sales earned with the enterprise amounted to EUR 6,051 thousand in the first nine months of 2011 (prior year: EUR 3,567 thousand). Outstanding receivables amounted to EUR 910 thousand as of September 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 September 30, 2011.

Directors' holdings and Securities transactions subject to reporting requirements

As of September 30, 2011, the Management Board member Dr. Ludger Vogt held 70,000 bearer shares of Intershop.

In the first nine 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		**9M 2011**	**2010**	**9M 2010**
Closing price[1]	in EUR	2.55	1.90	1.70
Number of shares outstanding (end of period)	in million shares	30.17	29.58	29.12
Market capitalization	in EUR million	76.94	56.21	49.50
Earnings per share	in EUR	0.06	0.07	0.03
Cashflow per share	in EUR	0.08	0.25	0.19
Carrying amount per share	in EUR	0.90	0.83	0.79
Average trading volume per day[2]	Number	100,513	64,171	44,579
Free float	in %	71	73	73

[1] Basis: Xetra

[2] Basis: all stock exchanges

Contact

Investor Relations Contact

Intershop Communications AG
Intershop Tower
07740 Jena
Germany
Phone +49 3641 50 1370
Fax +49 3641 50 1309
E-Mail ir@intershop.com
www.intershop.com

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.