Group Management Report For The Nine Months Ended

September 30, 2012

Content

Letter to Our Stockholders

Jochen Moll

Ludwig Lutter

Dear Intershop stockholders,

Intershop is still on a growth course, despite the fact that sales figures in the third quarter were lower than expected, and our projections were revised downwards for the full year at the end of September to reflect this. In the first nine months, net revenue increased by 9% to EUR 38.7 million, whereas operating profit (EBIT) was EUR 53 thousand, which was significantly lower than the prior year. The weaker result can be attributed to delays with some of the larger projects, as well as one-off expenditures.

In the last five years, we have experienced steady growth, expanded our range of services along the e-Commerce process chain, formed new strategic partnerships and continuously developed our core product, the Intershop e-Commerce platform. Since 2007, more than EUR 20 million have been invested in R&D and the number of employees in the Group has far more than doubled. Our new trend-setting e-Commerce solution, Intershop 7, is a result of these important investments. With the software platform introduced at CeBIT in March, Intershop has made its mark in the market with its power of innovation. Now it is time to establish our top product on the market even faster and in a more targeted way, and to increase our global market share. In this regard, Intershop is focusing more on the partnership business, which will play an even greater role in the years to come. Our team has accomplished a great deal, however, we have still have a long way to go.

With respect to the team, as announced at the end of September, Henry Göttler resigned from his position on the Management Board by agreement with the Supervisory Board. After ten years with the Company, he wants to dedicate himself to new areas of work. We wish him much success in his future endeavors and thank him for the good working relationship. Henry Göttler's areas of responsibility will initially be taken over by the two of us.

Dear stockholders, the third quarter showed that despite, or perhaps because of, the continued favorable market environment in the e-Commerce industry, competition for large contracts will become even more intense. However, we also expect to continue our growth trend in the next year and – after a balanced result in 2012 – to return to the profit zone.

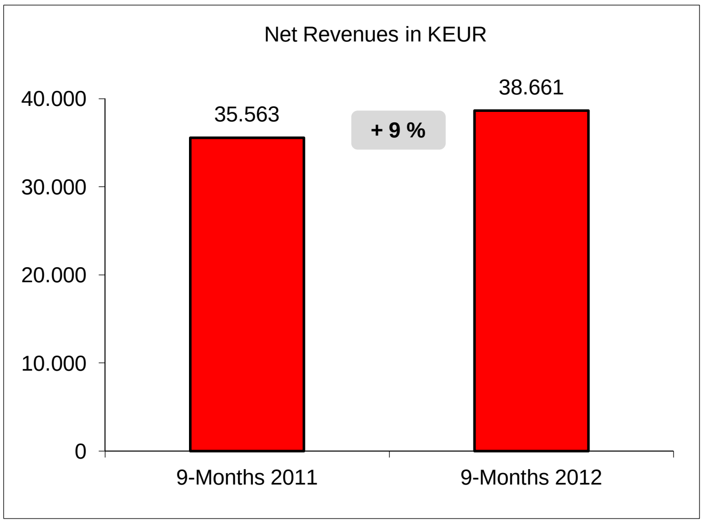
Sincerely,

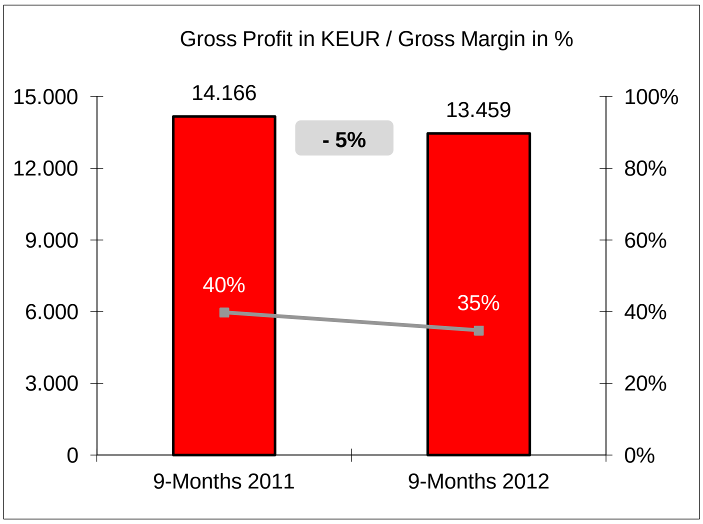
Jochen Moll

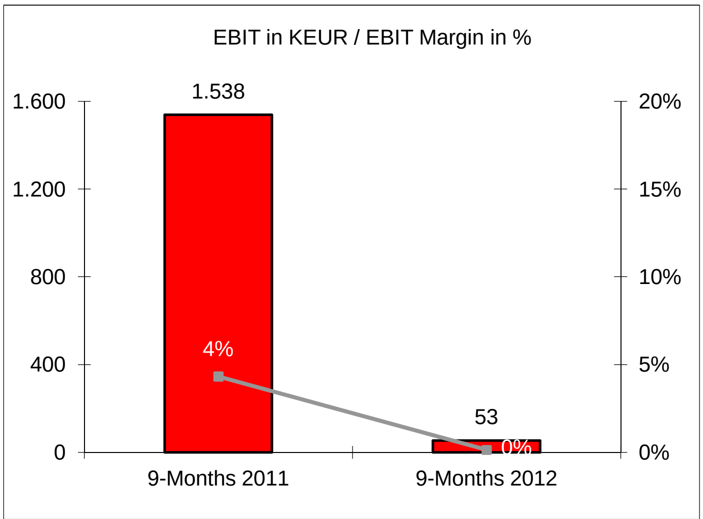
Ludwig Lutter

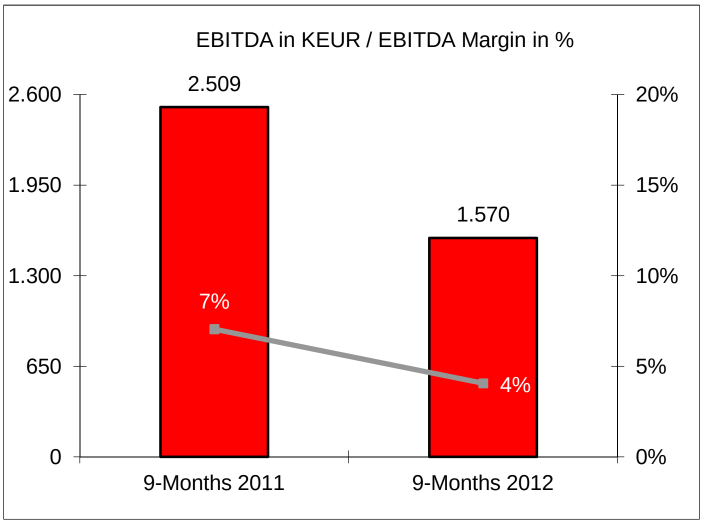
Key Figures for the Group

in EUR thousand	Q1 2012	Q2 2012	Q3 2012	9-Months 2012	9-Months 2011
Net Revenues	13,325	13,116	12,220	38,661	35,563
Gross Profit	4,705	4,933	3,821	13,459	14,166
Gross Profit Margin	35%	38%	31%	35%	40%
EBIT	-160	497	-284	53	1,538
EBIT Margin	-1%	4%	-2 %	0%	4%
EBITDA	52	1,140	378	1,570	2,509
EBITDA Margin	0%	9%	3%	4%	7%
Earnings After Tax	-150	385	-213	22	1,903
Earnings Per Share (EUR)	0.00	0.01	-0.01	0.00	0.06









Group Management Report

Overall Economy and Industry

In its latest assessment on global economic development, the IMF still sees major global risks. In recent months, growth in the world economy has slowed down significantly due to the sovereign debt crisis in Europe and fiscal policy risks in the US. The IMF now expects global growth of 3.3% for 2012. IMF experts predict a decline of 0.4% in Europe's economic performance in 2012, whereas the German economy stands out considerably from other euro countries with a projected 0.9% growth.

In 2012, the mail order and online business in Germany is growing considerably faster than the economy as a whole. According to the Bundesverband des deutschen Versandhandels (BVH) [German E-Commerce and Distance Selling Trade Association], total revenue in the mail order business in the current year will reach around EUR 38 billion, which is 11.8% more than in 2011. The e-Commerce share comes to 72%, which corresponds to revenue of around EUR 27.5 billion. This means an above average increase of 26.5% compared to the prior-year level. In total, the willingness to buy of the German consumer is the best it has been in five years. In November, the GfK consumer confidence index increased to its highest level since October 2007.

The global figures also speak for the e-Commerce market. According to analysts at Goldman Sachs, global online sales this year will increase to US$820 billion. According to projections of the market research institute, Forrester, this year e-Commerce revenue in Europe will exceed the US$100 billion mark for the first time with an increase to US$103 billion.

According to a current survey of the German industry association, BITKOM, the software industry is also developing favorably this year. More than three-quarters of all the providers of IT services and software surveyed report increased sales. They benefit from new technologies, such as cloud computing and the growing demand for mobile applications for smartphones and tablet computers. The industry association has increased its projections for the entire year to EUR 152 billion. This constitutes a growth of 2.8% over 2011.

Revenue Development

In the first nine months, Intershop realized net revenue of EUR 38.7 million and thus an increase of 9% compared to the prior-year period. This confirms Intershop's growth trend, even if the third quarter of 2012 was somewhat weaker than the performance in the first half of the year. From July to September, net revenue was EUR 12.2 million, while in the first and second quarter revenue of EUR 13.3 million and EUR 13.1 million, respectively, was achieved. Business with the existing major customers (Platinum Accounts), as well as acquiring new projects in the reporting period, contributed to the growth in the first nine months.

All segments with the exception of the maintenance area realized considerable growth in the first nine months of 2012. The important licensing business showed a favorable development with an increase of 11% to EUR 3.5 million, even though, as announced at the end of September by way of ad hoc disclosure, only low license sales were recorded in the third quarter due to delays with some potential license customers. Revenue of EUR 21.6 million for consulting and training, which continue to be the top sellers, was 8% over the prior-year level; in addition, an increase of 23% was generated for online marketing with EUR 3.1 million and other revenues increased from EUR 2.4 million in the nine-month period of 2011 to EUR 3.7 million, which is an improvement of 55%. Other revenues consist of full-service business and revenues from the transaction platform TheBakery. Only the maintenance division showed a decline in revenue in the reporting period. There was a decrease of 9% here, which is mainly attributable to the lower maintenance revenue with the key accounts, Telstra and HP.

The following table shows the trend in net sales revenue by area (in EUR thousand):

Nine Months ended September 30,	2012	2011	Change
Licenses	**3,479**	**3,126**	11%
Consulting / Training	21,616	20,069	8%
Maintenance	6,769	7,460	-9%
Online Marketing	3,088	2,516	23%
Other revenues	3,709	2,392	55%
Service, maintenance and other	**35,182**	**32,437**	8%
Net Revenue total	38,661	35,563	9%

With the new cross-channel software Intershop 7, successor to the "Enfinity Suite 6.4," as well as the innovative cloud solution "Commerce Cloud Services," introduced at the CeBIT IT trade fair in March of this year, Intershop has made a clear impact in the industry. At the end of August, the design features with Version 7.1 in setting up an online shop and the capabilities for international campaign management were enhanced once again. This allows multi-channel retailers to use their international advertising campaigns to respond even better to individual customer requests in the respective brands and to have complete control of their entire shop activities at any time.

Overall, Intershop 7 is one of the most innovative e-Commerce solutions on the market. Initiative Mittelstand rated Intershop 7 as the “BEST OF 2012.” This ranks the solution in the top group of the over 2,500 entries submitted.

Implementation of the first shops based on the new e-Commerce platform are going according to plan. The largest new customer, who will use Intershop 7 to run its Europe-wide shop in the future, is a leading European retail business in the fashion industry. The planned B2B shop of the Styrolution Group GmbH, a worldwide leading provider of styrene plastics, is also based on Intershop 7. Worldwide roll-out of the business customer platform for styrene plastics is planned by September 2013.

In the first half of the year, LEDON Lamp GmbH, a subsidiary of the publicly-traded Austrian Zumtobel AG; the French Raja Group, one of the leading distributors for packaging solutions in Europe; and the Pottermore Shop (shop.pottermore.com), were already at the starting line. The latter is the exclusive retailer of e-books and digital audio books of the Harry Potter series. Intershop’s comprehensive e-Commerce solution is the foundation of the whole Pottermore shopping experience.

Also in the first half of the year, Intershop and the London-based Chapter Media formed a partnership to better serve the e-Commerce market in the entertainment and media industry. Other partnerships were formed with the Javelin Group, Europe's leading consulting company and system integrator for the multi-channel business and e-Commerce, as well as with the Swedish Sigma AB. The goal of the partnership with Sigma is the marketing of Intershop's e-Commerce solutions in Scandinavia.

The Company's highest revenue-generating existing customers (platinum accounts) in the first nine months of 2012 included the U.S. group HP, the Australian telecommunications group Telstra, as well as the mail order business Otto and its subsidiaries. One of the most important strategic goals of Intershop is to continue to qualitatively and quantitatively expand the cooperation with the platinum accounts.

Intershop continues to generate the biggest share of its net revenue in Europe. The respective share for the first nine months of 2012 was 58%, which was 3.7 percentage points above the comparable figure for 2011. Revenue in the US increased in comparison to the prior-year figure by around EUR 1.0 million to EUR 11.7 million. This corresponds to a revenue share of 30%. In contrast, net revenue in the Asia Pacific region remained below the figure of the prior year. In the time period under consideration, net revenue of EUR 4.7 million was generated, which was around EUR 1.0 million less than in the prior year. The resulting share in net revenue is 12%. The reason for the decline in this region is mainly attributable to the lower maintenance revenue with the major customer Telstra.

Earnings Development

Once the net revenue in the third quarter was lower than the Company had expected, as previously announced, Intershop reported an operating loss (EBIT) of EUR 284 thousand from July to September 2012. Therefore, a slightly positive EBIT of EUR 53 thousand remained in the first nine months of the current year following EUR 1.5 million in the same period of the prior year. The decline in earnings is attributable to delays with some larger projects, higher marketing costs for the market launch of the new software platform Intershop 7, as well as one-off effects. Net profit amounted to EUR 22 thousand (earnings per share: EUR 0.00) compared to EUR 1.9 million (EUR 0.06 per share) in the first nine months of the prior year. In addition, a tax refund of EUR 0.3 million in 2011 contributed to the positive result.

In the first nine months of 2012, gross profit decreased slightly by 5% to EUR 13.5 million, which corresponds to a gross margin of 35%. The reason for the lower gross profit was mainly attributable to the weaker margin for consulting revenue. Operating expenses increased by 6% to EUR 13.4 million, which can mainly be attributed to expenditures for sales and marketing, which rose by 32%. In the first nine months of the year, they amounted to EUR 6.0 million, which is an increase of EUR 1.5 million compared to the prior-year period. R&D expenses decreased to EUR 3.7 million and general administrative costs showed an increase of 9% to EUR 4.6 million due to one-off effects.

Earnings before interest, taxes, depreciation and amortization (EBITDA) fell from EUR 2.5 million to EUR 1.6 million for the first nine months of 2012 compared to the respective prior-year period. The EBITDA margin was 4% following 7% a year earlier.

Net Assets and Financial Position

Intershop Communications AG continues to finance its business from the cash flow. The Company is free of financial liabilities and as of September 30, 2012 has available liquidity of EUR 15.5 million (December 31, 2011: EUR 16.9 million). As of the September 30 reporting date, total assets came to EUR 40.2 million, which was around EUR 1.0 million less than at year end 2011. The equity capital position increased slightly to EUR 28.3 million. This result in a very comfortable equity ratio of 70.3%, which is an increase of 1.8 percentage points compared to December 31 of the prior year.

On the assets side, intangible assets increased by 18% to EUR 11.5 million. In contrast, trade receivables decreased by 15% to EUR 10.1 million. Non-current liabilities, which exclusively reflect deferred revenue, amounted to EUR 1.4 million. Current liabilities decreased by 8% to EUR 10.6 million mainly due to a decrease in trade payables.

The Company showed a positive operating cash flow of EUR 2.1 million in the first nine months of 2012. The cash outflow from investment activities came to EUR 3.5 million, while cash flow from financing activities was EUR 10 thousand. On balance, there was a net outflow of EUR 1.4 million in the reporting period.

Research and Development

Research and development at Intershop focuses on the continued development of the Company's e-Commerce platform. The Company presented a completely new software generation for the flexible cross-channel commerce during the CeBIT in March. Intershop 7, the successor to Enfinity Suite 6.4, offers more than 1,500 new features and is a multi-channel solution for Internet, mobile devices, call centers or points of sale. Additionally, in cooperation with HP, Intershop developed a new cloud solution for online shopping based on Intershop 7 – a flexible, secure and cost efficient alternative to traditional local implementation or hosting.

Already in August 2012, Intershop had presented the first enhancement of the new platform in Version 7.1 with additional design features, new functions for campaign management, as well as other internationalization functions, like additional languages and currencies.

Management Board and Supervisory Board

During the first nine months of 2012, three changes in the executive bodies of Intershop Communications AG took place - one in the Supervisory Board and two in the Management Board.

The local court Jena in its decision dated January 26, 2012 appointed Bob van Dijk, Vice President eBay Europe, to the Supervisory Board of Intershop Communications AG effective February 1, 2012 until the next Annual Stockholders' Meeting. The Supervisory Board member James MacIntyre stepped down from his post effective January 31, 2012. During the Company's Annual Stockholders' Meeting on May 30, 2012, Bob van Dijk was elected a member of the Supervisory Board for the period ending with the conclusion of the Annual Stockholders' Meeting that passes a resolution on the approval of the boards' activities during the fiscal year 2016.

The Supervisory Board appointed Jochen Moll a member of the Management Board of the Company effective April 1, 2012. Jochen Moll, who has more than 20 years management experience in the IT sector, replaced the long-term Management Board member Dr. Ludger Vogt and was appointed Spokesman of the Management Board.

Effective September 30, 2012, by agreement with the Supervisory Board, Henry Göttler resigned from his position on the Management Board of the Company. After more than ten years in the Company, he wants to dedicate himself to new functions outside of his previous work area. His portfolio product areas and new services will initially be jointly assumed by the members of the Management Board, Ludwig Lutter and Jochen Moll.

Employees

Since the beginning of 2011, Intershop's staff has grown by around 47% to 526 full-time employees. Compared to September 30, 2011, the Company employed 66 additional employees as of the end of the reporting period. Most of the additions were in the technical departments with an increase of 51 employees; the sales and marketing team added ten employees and the administration department added five.

In the following months, Intershop will expand the workforce selectively, especially in the areas of sales and marketing; in the technical areas, the focus will be on the integration of the new team members and the efficient distribution of resources.

The following overview shows the breakdown of full-time employees by business unit.

Employees by department (full-time equivalents)	September 30, 2012	December 31, 2011	September 30, 2011
Technical Departments (research and development and service functions)	430	384	379
Sales and Marketing departments	44	38	34
General and administrative departments	52	48	47
Total	526	470	460

Group Risks

Regarding risks, please see the detailed description in the 2011 annual report.

Events subsequent to the balance sheet date

No significant events took place after the interim reporting date.

Outlook

The IMF expects global economic growth of 3.6% for 2013, which is 0.3 percentage points more than in 2012. Experts predict that Europe will experience a decrease in economic output of 0.4% in 2012 and then a slight recovery of 0.2% in 2013. As in 2012, strong above average growth of 1.0% is expected for the German economy.

Online shopping has been thriving in Germany as well as worldwide and an end of the growth is nowhere in sight. The internet business has become an important pillar of the economy and Intershop is one of the most important players providing a comprehensive e-Commerce solution. However, competition for major contracts has intensified, which has also been brought about by the increasing acceptance of cloud-based solutions. In this regard, Intershop and the platform which it has developed together with HP, sees itself as well positioned to offer customers a cost-effective alternative to traditional local implementations or hostings.

All of the projections in the e-Commerce area also expect strong growth in 2013. According to Goldman Sachs analysts, the volume of online business worldwide will reach just under the US$1 billion mark next year. The expected increase is 17%. Forrester projects an increase of 10% to US$113.8 billion in Europe.

The high market dynamics, as well as intensified competition for large orders with considerable price discounts by competitors operating at a deficit in some cases, make it difficult for Intershop to give predictions concerning its own business development. The high degree of uncertainty could be seen in the third quarter of 2012, where there were some delays with larger projects. This resulted in the reduction of the revenue and profit forecast for the full year 2012 announced in the ad hoc disclosure of September 24. According to this, the management expects an increase in net revenue of between 5% and 10% and a balanced operating result for 2012. Previously, management had predicted revenue and operating result to increase by 10 to 20% compared with the prior year.

Consolidated Balance Sheet

in EUR thousand	September 30, 2012	December 31, 2011
ASSETS		
Noncurrent assets		
Intangible assets	11,451	9,741
Property, plant and equipment	1,368	1,098
Other noncurrent assets	31	24
Deferred tax assets	895	895
	13,745	**11,758**
Current assets		
Trade receivables	10,080	11,794
Other receivables and other assets	839	676
Restricted cash	65	67
Cash and cash equivalents	15,469	16,884
	26,453	**29,421**
TOTAL ASSETS	40,198	41,179
SHAREHOLDERS´ EQUITY AND LIABILITIES		
Shareholders´ equity		
Subscribed capital	30,183	30,171
Capital reserve	7,751	7,753
Other reserves	(9,674)	(9,705)
	28,260	**28,219**
Noncurrent liabilities		
Other noncurrent provisions	0	78
Deferred revenue	1,353	1,344
	1,353	**1,422**
Current liabilities		
Other current provisions	535	1,029
Trade accounts payable	4,272	5,580
Income tax liabilities	451	579
Other current liabilities	3,039	2,763
Deferred revenue	2,288	1,587
	10,585	**11,538**
TOTAL SHAREHOLDERS´ EQUITY AND LIABILITIES	40,198	41,179

Consolidated Statement of Comprehensive Income

	Three months ended September 30,		Nine months ended September 30,	
in EUR thousand	2012	2011	2012	2011
Gross Revenues				
Licenses	724	1,365	3,479	3,126
Services, maintenance and other	12,543	12,789	39,049	36,989
	13,267	**14,154**	**42,528**	**40,115**
Media costs	**(1,047)**	**(1,609)**	**(3,867)**	**(4,552)**
Net Revenues				
Licenses	724	1,365	3,479	3,126
Services, maintenance and other	11,496	11,180	35,182	32,437
	12,220	**12,545**	**38,661**	**35,563**
Cost of revenues				
Licenses	(412)	(140)	(824)	(419)
Services, maintenance and other	(7,987)	(7,087)	(24,378)	(20,978)
	(8,399)	**(7,227)**	**(25,202)**	**(21,397)**
Gross profit	3,821	5,318	13,459	14,166
Operating expenses, operating income				
Research and development	(1,248)	(1,782)	(3,723)	(4,100)
Sales and marketing	(1,858)	(1,457)	(6,000)	(4,533)
General and administrative	(1,301)	(1,467)	(4,587)	(4,190)
Other operating income	349	184	1,021	740
Other operating expenses	(47)	(24)	(117)	(545)
	(4,105)	**(4,546)**	**(13,406)**	**(12,628)**
Result from operating activities	(284)	772	53	1,538
Interest income	9	18	61	54
Interest expense	(1)	0	(2)	(2)
Financial result	**8**	**18**	**59**	**52**
Earnings before tax	(276)	790	112	1,590
Income taxes	**63**	**1**	**(90)**	**313**
Earnings after tax	(213)	791	22	1,903
Other comprehensive income				
Exchange differences on translating foreign operations	(28)	214	9	(54)
Total comprehensive income	**(241)**	**1,005**	**31**	**1,849**
Earnings after tax attributable to:				
Shareholders of INTERSHOP Communications AG	**(213)**	**791**	**22**	**1,903**
Total comprehensive income attributable to:				
Shareholders of INTERSHOP Communications AG	**(241)**	**1,005**	**31**	**1,849**
Earnings per share (EUR, basic)	(0.01)	0.03	0.00	0.06
Earnings per share (EUR, basic)	(0.01)	0.03	0.00	0.06
Weighted average shares outstanding (basic)	30,183	30,183	30,177	30,177
Weighted average shares outstanding (diluted)	30,183	30,219	30,177	30,213

Consolidated Statement of Cash Flows

in EUR thousand	Nine months ended September 30, 2012	2011
CASH FLOWS FROM OPERATING ACTIVITIES		
Earnings before tax	112	1,590
Adjustments to reconcile net profit/loss to cash used in operating activities		
Financial result	(59)	(52)
Depreciation and amortization	1,517	971
Other noncash expenses and income	(49)	56
Changes in operating assets and liabilities		
Accounts receivable	1,776	(1,611)
Other assets	(441)	(87)
Liabilities and provisions	(1,610)	1,198
Deferred revenue	695	85
Net cash provided by operating activities before income tax and interest	1,941	2,150
Interest received	61	54
Interest paid	(2)	(2)
Income taxes received	66	313
Income taxes paid	(10)	
Net cash (used in) operating activities	2,056	2,515
CASH FLOWS FROM INVESTING ACTIVITIES		
Restricted cash	0	5
Payments for investments in intangible assets	(2,795)	(1,914)
Proceeds on disposal of equipment	(68)	0
Purchases of property and equipment, net of capital leases	(632)	(789)
Net cash used in investing activities	(3,495)	(2,698)
CASH FLOWS FROM FINANCING ACTIVITIES		
Cash received for unregistered stock	25	732
Expenses of cash received for unregistered stock	(15)	(35)
Net cash provided by/used in financing activities	10	697
Effect of change in exchange rates	14	(54)
Net change in cash and cash equivalents	(1,415)	460
Cash and cash equivalents, beginning of period	16,884	16,390
Cash and cash equivalents, end of period	15,469	16,850

Consolidated Statement of Shareholders´ Equity

in EUR thousand				Other reserves			
	Common shares (Number shares)	Subscribed capital	Capital reserve	Conversion reserve	Cumulative profit/ loss	Cumulative currency differences	Subscribed capital
Balance, January 1, 2012	**30,170,984**	**30,171**	**7,753**	**(93)**	**(11,890)**	**2,278**	**28,219**
Total comprehensive income					22	9	31
Issue of new shares	12,500	12	(2)				10
Balance, September 30, 2012	30,183,484	30,183	7,751	(93	(11,868)	2,287	28,260
Balance, January 1, 2011	**29,582,305**	**29,582**	**7,630**	**(93)**	**(14,930)**	**2,421**	**24,610**
Total comprehensive income					1,903	(54)	1,849
Stock option expense			21				21
Issue of new shares	588,679	589	108				697
Balance, September 30, 2011	30,170,984	30,171	7,759	(93)	(13,027)	2,367	27,177

Notes to the Consolidated Financial Statements as of September 30, 2012

General disclosures

The consolidated financial statements of Intershop Communications AG as of December 31, 2011 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, 2012 was prepared in accordance with IAS 34, Interim Financial Reporting.

This interim report as of September 30, 2012 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 2011. 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, 2011. The 2011 Annual Report is available on the Company's web site at http://www.intershop.com/investors-financial-reports.

Accounting principles (Compliance statement)

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

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

Basis of consolidation

In the first nine months of fiscal year 2012, the scope of consolidation of the entities of INTERSHOP Communications AG has not changed relative to December 31, 2011. That means that at September 30, 2012, the scope of consolidation includes, besides the parent, the subsidiaries Intershop Communications, Inc., SoQuero GmbH, The Bakery GmbH, Intershop Communications Australia Pty Ltd, Intershop Communications AB, Aktienbolaget Grundstenen 137724 and Intershop Communications Ventures GmbH. 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 2011. The policies used are described in detail on pages 44 to 50 of the 2011 Annual Report.

Equity

The change in equity of INTERSHOP Communications AG is shown in the consolidated statement of changes in equity.

As of September 30, 2012, the subscribed capital amounted to EUR 30,183,484. It is divided into 30,183,484 non-par value bearer shares. The change of EUR 12,500 compared to December 31, 2011 was caused by the issuance of new shares from the Conditional Capital I.

The Authorized Capital remained unchanged. As of September 30, 2012, the Company's Authorized Capital amounted to EUR 7,656,137. The Authorized Capital I amounted to EUR 7,500,000 and the Authorized Capital II to EUR 156,137.

By resolution adopted by the stockholders during the Annual Stockholders' Meeting on May 30, 2012, the Conditional Capital I was cancelled. The cancellation was entered in the commercial register on June 28, 2012. In the first quarter 2012, 12,500 stock options under the 1999 stock option plan were exercised and 12,500 new shares were issued from the Conditional Capital I on March 28, 2012 to cover those options. As a result, the Conditional Capital I decreased to EUR 47,084. The declaratory entry in the commercial register was made on April 24, 2012. Due to forfeiture and non-issuance of options, no additional shares from the Conditional Capital I were issued and, therefore, the Conditional Capital I was cancelled by resolution adopted by the stockholders during the Annual Stockholders' Meeting on May 30, 2012.

Stock option plans

Option activity under the plans was as follows:

Nine months ended September 30,	2012		2011	
	Number of shares outstanding (in thousand)	Weighted average exercise price (in EUR)	Number of shares outstanding (in thousand)	Weighted average exercise price (in EUR)
Outstanding at beginning of period	**131**	**1.80**	**903**	**1.80**
Granted	0	-	0	-
Exercised	(13)	2.10	(206)	1.69
Forfeited	(115)	1.72	(560)	1.86
Outstanding at end of period	3	3.61	137	1.79
Exercisable options at end of period	3	3.61	137	1.78

The weighted average share price for the exercised options amounted to EUR 2.98 on the exercise date. The options outstanding and exercisable as of September 30, 2012 have a weighted exercise price of EUR 3.61. The weighted remaining contractual term for options outstanding is 0.1 years.

In first nine months of 2012, the Company recognized expenses of EUR 0.1 thousand relating to the stock option plans. These expenses amounted to EUR 21 thousand in the first nine months of 2011. There were no outstanding liabilities from stock options programs as of the balance sheet date (prior year: EUR 27 thousand).

Other operating income

Other operating income consists of government grants in the amount of EUR 431 thousand (prior year: EUR 160 thousand), which were disbursed in the first nine months of 2012. Those grants are related to an R&D project sponsored by the Federal Ministry of Education and Research and by the Thüringer Aufbaubank.

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,	
	2012	2011	2012	2011
Basis for calculating basic earnings per share (Earnings after tax attributable to Intershop shareholders)	**-213**	**791**	**22**	**1,903**
Basis for calculating diluted earnings per share	**-213**	**791**	**22**	**1,903**

The number of shares is calculated as follows:

	Three months ended September 30,		Nine months ended September 30,	
	2012	2011	2012	2011
Weighted average number of ordinary shares used to calculate basic earnings per share	**30,183**	**30,183**	**30,177**	**30,177**
Dilutive effect of potential ordinary shares:				
Weighted average number of options outstanding	0	36	0	36
Weighted average number of ordinary shares used to calculate diluted earnings per share	**30,183**	**30,219**	**30,177**	**30,213**

The earnings per share is calculated as follows:

	Three months ended September 30,		Nine months ended September 30,	
	2012	2011	2012	2011
Calculation of earnings per share (basic)				
Basis for calculating basic earnings per share (in EUR thousand)	-213	791	22	1,903
Weighted average number of shares (basic)	30,183	30,183	30,177	30,177
Earnings per share (basic) (in EUR)	**-0.01**	**0.03**	**0.00**	**0.06**
Calculation of earnings per share (diluted)				
Basis for calculating diluted earnings per share (in EUR thousand)	-213	791	22	1,903
Weighted average number of shares (diluted)	30,183	30,219	30,177	30,213
Earnings per share (diluted) (in EUR)	**-0.01**	**0.03**	**0.00**	**0.06**
Adjustment of earnings per share (diluted) (in EUR)	**-0.01**	**0.03**	**0.00**	**0.06**

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, 2012					
in EUR thousand	Europe	U.S.A	Asia/ Pacific	Consoli-dation	Group
Net Revenues from external customers					
Licenses	708	11	5	0	**724**
Consulting and training	3,161	2,985	740	0	**6,886**
Maintenance	1,442	247	590	0	**2,279**
Online Marketing	1,079	0	0	0	**1,079**
Other	1,032	220	0	0	**1,252**
Total net revenues from external customers	**7,422**	**3,463**	**1,335**	**0**	**12,220**
Intersegment revenues	38	150	0	(188)	0
Total net revenues	**7,460**	**3,613**	**1,335**	**(188)**	**12,220**
Result from operating activities	**(172)**	**(90)**	**(22)**	**0**	**(284)**
Financial result					**8**
Earnings before tax					**(276)**
Income taxes					**63**
Earnings after tax					**(213)**

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**

Nine months ended September 30, 2012					
in EUR thousand	Europe	U.S.A	Asia/ Pacific	Consoli-dation	Group
Net Revenues from external customers					
Licenses	2,965	349	165	0	**3,479**
Consulting and training	9,050	10,008	2,558	0	**21,616**
Maintenance	4,123	683	1,963	0	**6,769**
Online Marketing	3,088	0	0	0	**3,088**
Other	3,036	673	0	0	**3,709**
Total net revenues from external customers	**22,262**	**11,713**	**4,686**	**0**	**38,661**
Intersegment revenues	311	685	0	(996)	0
Total net revenues	**22,573**	**12,398**	**4,686**	**(996)**	**38,661**
Result from operating activities	**24**	**15**	**14**	**0**	**53**
Financial result					**59**
Earnings before tax					**112**
Income taxes					**(90)**
Earnings after tax					**22**

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**

Litigation

In the first nine months of fiscal 2012, the following changes occurred with respect to the litigation described on pages 67 to 68 of the 2011 Annual Report:

Because of the duration of the legal proceedings so far as well as the duration still anticipated, the legal dispute about the reversal of contracts regarding a software license and purchased services dating from the fiscal year 2006 was resolved through a settlement agreement dated May 24, 2012 and payment of a part of the sum claimed. The settlement also resolves the counterclaim. The settlement payment is lower than the reserve already set aside.

A final ruling on the costs relating to the three annulment and rescission lawsuits dating from January 2011 was issued on June 27, 2012. In accordance with Art. 248a, 249 para. 1, 149 para. 2 AktG (Aktiengesetz, German Stock Corporation Law), we refer to the publication in the Bundesanzeiger (German Federal Gazette) on July 14, 2012.

Related party disclosures

Besides its business relations with the consolidated subsidiaries, Intershop has relations with a company that holds an equity interest in Intershop. GSI Commerce Solutions Inc. held 26.14% of the Company’s shares at the interim reporting date. The sales revenue earned with GSI Commerce Solutions Inc. amounted to EUR 2.996 thousand in the first nine months of 2012 (prior year: EUR 6,051 thousand). The outstanding receivables amounted to EUR 797 thousand at September 30, 2012 (prior year: EUR 910 thousand). The accounts receivables consist of trade receivables. Intershop did not purchase any goods or services from GSI and has no accounts payable as at September 30, 2012.

Directors' holdings and Securities transactions subject to reporting requirements

No member of the Company’s executive bodies held Intershop ordinary bearer shares as of September 30, 2012. No Intershop ordinary bearer shares were purchased or sold by members of the Company's executive bodies or related parties in the first nine months of fiscal year 2012.

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 2012**	**2011**	**9M 2011**
Closing price[1]	in EUR	1.94	2.06	2.55
Number of shares outstanding (end of period)	in million shares	30.18	30.17	30.17
Market capitalization	in EUR million	58.56	62.15	76.94
Earnings per share	in EUR	0.00	0.10	0.06
Cashflow per share	in EUR	0.07	0.10	0.08
Carrying amount per share	in EUR	0.94	0.94	0.90
Average trading volume per day[2]	Number	53,515	85,310	100,513
Free float	in %	67	69	71

[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.