Half-year report 2008 of InTiCa Systems AG

unaudited according to IFRS 1 January 2008 – 30 June 2008

Start-up costs for large serial production and capital expenditures for innovative growth projects result in net loss for the first six months of 2008.

The future through innovation

InTiCa Systems

InTiCa Systems in the second quarter and the first half of 2008

The Group

The Group	Q2 2007 EUR (000)	Q2 2008 EUR (000)	HY1 2007 EUR (000)	HY1 2008 EUR (000)	Change in %
Sales	10,735	7,498	21,757	17,061	– 21.6 %
Return on sales (net income)	5.8 %	– 6.1 %	5.7 %	– 5.1 %	
EBITDA	1,219	535	2,608	1.103	– 57.7 %
EBIT	774	– 359	1,704	– 627	–
EBT	789	– 405	1,773	– 759	–
Net income for the period	626	– 454	1,239	– 868	–
Earnings per share (EUR) based on 4,287,000 shares	0.15	– 0.11	0.29	– 0.20	–
Earnings per share (EUR) undiluted	0.15	– 0.11	0.29	– 0.20	–
Cashflow from operating activities per share (EUR)	0.48	0.12	0.48	0.12	– 75.0 %
Cashflow from operating activitites	2,059	530	2,059	530	– 74.3 %
Capital expenditures	1,510	1,609	2,111	3,417	61.9 %

	2007-06-30 EUR (000)	2008-06-30 EUR (000)	2007-12-31 EUR (000)	2008-06-30 EUR (000)	Change in %
Balance sheet total	40,482	42,327	43,855	42,327	– 3.5 %
Liquidity*)	15,515	13,676	15,543	13,676	– 12.0 %
Equity	25,639	25,955	25,869	25,955	1.0 %
Equity ratio	63 %	61 %	59 %	61 %	
Employees	230	293	236	293	+ 24.2 %

The Share

The Share	2006	2007	(as of 30 June) 2008
Year end share price (XETRA in EUR)	20.00	9.15	4.39
Year high (XETRA in EUR)	29.17	19.60	9.04
Year low (XETRA in EUR)	15.60	8.50	3.89
Market capitalization at year end (EUR million)	85.7	39.2	18.8
Number of shares	4,287,000	4,287,000	4,287,000

**) The liquid funds comprise the sum of the two balance sheet items "marketable securities" and "cash and cash equivalents".*

Foreword

Dear shareholders, customers and business partners,

InTiCa Systems' sales were down approximately 22% in the first six months of 2008, falling to 17.1 million Euro. This decrease in sales is solely attributable to the trends in the telecommunications branch, while the Automotive and Other (Industry) segments showed positive growth.

The marked decrease in sales in the Telecommunications segment resulted from several factors: the loss of a customer relationship with a Northern European telecommunications company continued to have effects in the second quarter, because the revenues from this relationship were included in last year's figures. In addition, the volume of sales fell as a result of the planned cut-back in low-margin business. Finally, the product mix shifted in the second quarter from higher value added products for telephone companies to lower-margin products for consumers. In this connection the decreased capital spending by large telecommunications companies had an effect, particularly following strong sales of equipment to telephone companies in the same period last year. Positive market impulses are expected from the expansion of the VDSL network, to which Deutsche Telekom wants to add 28 cities in 2008. As the market and technology leader in the xDSL area, InTiCa Systems will profit from these developments. Due to the equipping of telephone companies, InTiCa Systems also expects increasing volume for the newly developed consumer splitters, which can service not only the current transmission rates of ADSL2+ up to 16 MBIT, but also the required VDSL transmission rates of up to 50 MBIT.

The expansion of the automobile electronics segment has been continued successfully. The customer-specific developments of innovative products in the product groups Driving and Entry Authorization Systems, Motor Management, Power Electronics/ Hybrid and Security Systems have continually expanded our market presence. Because of the long validation period for products, this segment's results are adversely affected by high start-up costs until serial production commences. On the basis of current planning we will break even starting in 2009. The goal is to have the automotive sector contribute at least as much to consolidated revenues in five years as telecommunications does.

The existing resources also open up the possibility of tapping and systematically expanding business lines in the area of industrial and special electronics. The experience we gained in hybrid technologies and the resulting productions procedures provide a promising basis for attracting new customers and additional applications in power electronics. With a view to generating new revenues quickly, the focus in the Industry segment is on renewable energies (primarily solar energy), consumer electronics, automation technology and white goods. Renewable energies are at the center of attention because of the recent significant increases in the prices for fossil fuels. Around the world, land-based photo-voltaic facilities to harness solar energy are being built in sunny regions. The list of other new industrial customers, with whom InTiCa Systems is jointly developing and already producing new products, opens up far-reaching potential. These include Kathrein, the specialist for antennas and transmitters; Loewe, the high-end producer of home entertainment electronics; a significant customer in the field of white goods; and Bizerba, the unchallenged world leader in store scales and industrial weighing technology. Initial revenues will be generated as early as 2008, thanks to the synergies and the rapid market development and growth. The capital expenditures to expand this new line of business were thus a sound investment. InTiCa Systems expects this line of business to experience high revenue growth in the next five years and thereby reach approximately 10 % of consolidated revenues.

The increase in the Company's own value added in connection with its improved production structure and the positive order trends in the automotive and industrial electronics segments will lead to additional expanded capacities in Prachatice over the course of the coming year.

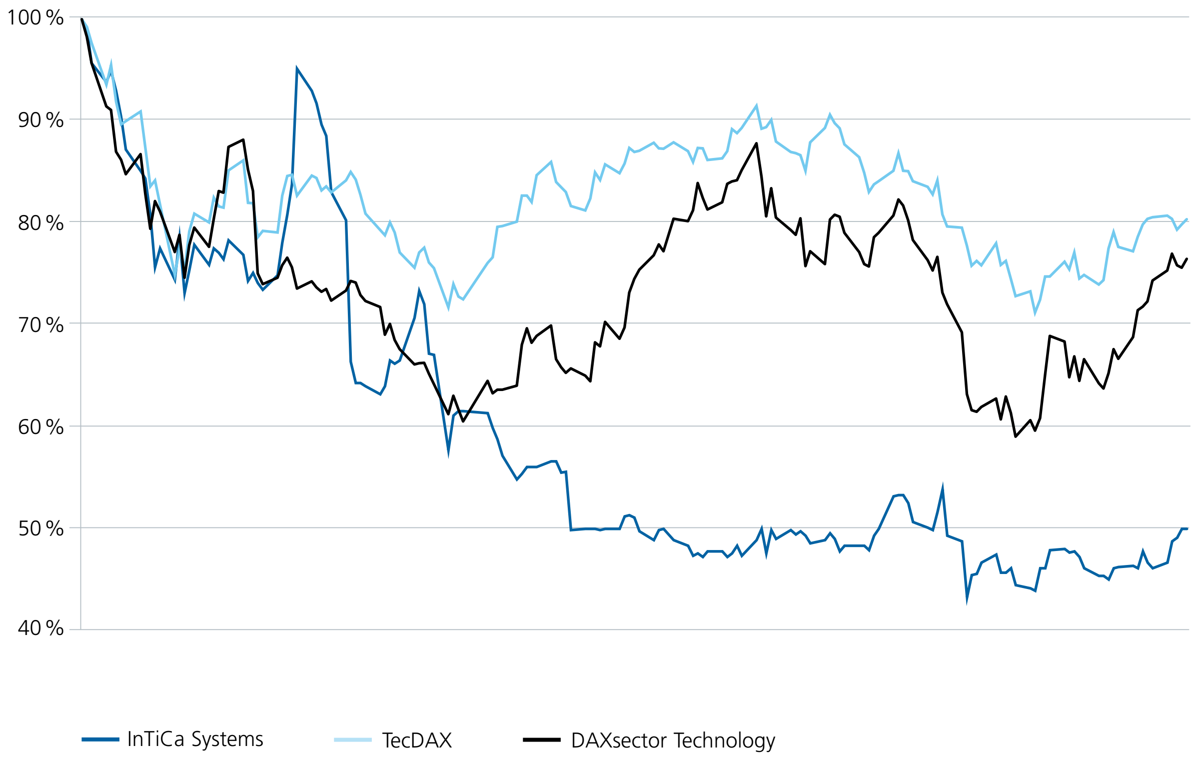

Walter Brückl
Spokesman of the Board of Directors


Maria Grohs
Board of Directors


Dr. Paul Grohs
Board of Directors

Management Report

2008 Share price performance
InTiCa Systems vs TecDAX and DAXsector Technology



InTiCa Systems – the Stock 2008

The loss in the first quarter of 2008 resulting from the Company's large-scale investments in future revenue and earnings growth caused uncertainty among investors. InTiCa Systems' stock price did not stabilize until the end of the second quarter, following significant declines in the prior months.

The bandwidth of price fluctuations has narrowed. The stock price reached a high of 5.10 Euro on April 7 and a low of 3.89 Euro on July 1 (XETRA). In comparison to the indices TecDAX and the new DAXsector Technology, the stock no longer shows any marked relative weakness. Instead, the price trend followed the general movements in the market, which were characterized by fears of a weakening economic climate.

The shareholders' meeting on 29 May gave the Company an opportunity not only to present and discuss the annual financial statements for fiscal year 2007, but also to discuss InTiCa Systems' future perspectives with shareholders in detail, thereby strengthening trust in the company's performance. With 29 % of the share capital present, all resolutions on the agenda were adopted by a large majority of over 93 %. The share price trend in the period since the shareholders' meeting shows that InTiCa Systems' repositioning is seen by its shareholders as a positive development.

In the current year InTiCa Systems will present the company to analysts and investors at the German Equity Forum organized by Deutsche Börse AG, in early November. The basis for this analysts meeting will be the current nine-month results, which can then be discussed directly with the Management Board individually at this event.

The Management Board and the Supervisory Board do not possess any stock subscription rights under § 160 (1) (2) and (5) of the Stock Corporation Act.

The Supervisory Board remains unchanged.

Stock data of the InTiCa Systems stock

ISIN	DE0005874846
WKN	587484
Stock exchange symbol	IS7
Reuters	IS7G.DE
Trading segment	Prime Standard
Prime industry	Technology
Industry Group	Communications Technology
Indices	DAXsector Technology Tec All Share Prime All Share, CDAX
Designated Sponsor	Bank M HSBC Trinkaus & Burkhardt
Capital stock	EUR 4,287,000
Stock category	Non-par common bearer stocks

Directors' dealings

Share in the capital stock as of June 30, 2008	in numbers	in %
Board of Directors		
Maria Grohs and Dr. Paul Grohs together	127,000	2.96
Walter Brückl	1,000	0.02
Total	**128,000**	**2.98**
Supervisory Board		
Dr. Wulfdieter Braun	6,015	0.14
Harald Nöth	3,786	0.09
Total	**9,801**	**0.23**

Telecommunications revenues affected by reduced spending by large equipment companies, our rejection of low-margin orders and the loss of a large customer relationship

At 17.1 million Euro in the first six months of 2008, InTiCa Systems' revenues were approximately 22 % or 4.7 million Euro lower than in the same period last year. The decrease in revenue is solely attributable to the trend in the telecommunications sector, in which the volume of business fell by 27% or 5.1 million Euro to reach 13.7 million Euro. This compared with an 8 % increase in the automotive segment, to 3.1 million Euro and revenues in other industrial segments of 0.2 million Euro, which quadrupled in comparison with the prior year.

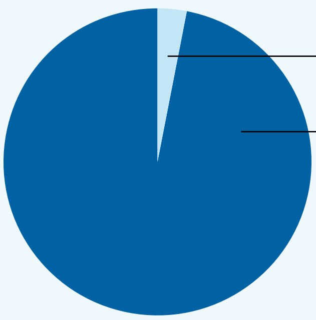
Revenue decline and start-up costs lead to negative result for the period, as planned

The operating result (EBIT) fell from 1.7 million Euro to – 0.6 million Euro. This is partially attributable to the decrease in revenue and the shifts in the product mix to products with a lower raw margin. In addition, the significant increases in personnel costs by 0.7 million Euro, depreciation by 0.8 million Euro in connection with the expansion of the automotive business and a special write-down on securities in the amount of 0.2 million Euro also had adverse effects.

The financial result, which had a negative balance of 0.1 million Euro at the end of the six months, as compared with a positive result of 0.1 million Euro last year, reflects the financing of capital expenditures for the company's future growth.

Earnings before taxes (EBT) showed a period loss of 0.8 million Euro following a profit of 1.8 million Euro last year. After subtracting the income tax, this results in a loss for the six months of 0.9 million Euro, following a profit of 1.2 million Euro in the same period last year. The loss in the second quarter amounted to 0.5 million Euro, versus the positive amount of 0.6 million Euro in the same period last year. InTiCa Systems AG's earnings per share were therefore – 0.20 Euro for the first six months (prior year: 0.29 Euro).

InTiCa Systems AG shareholder structure



Free Float of which:

UBS Fund Management (Switzerland) AG	7.6 %
KST Beteiligungs AG	5.1 %
TFG Capital AG Unternehmensbeteiligungsgesellschaft	3.0 %

The number of employees outside Germany continues to rise as we expand in-house capacities for serial production in the Czech Republic

	30 June 2008	31 Dec 2007	30 June 2007
Group	293	236	230
thereof domestic	55	44	42
thereof international	238	192	188

Staff increase to expand capacity and improve group structure continued

The number of employees increased to 293 at the end of the period. The increase abroad resulted particularly from the expansion of vertical integration for serial production in the Czech Republic and from the creation of additional sales and development resources in Germany. As a result the personnel expense ratio increased during the six months from 12.0 % to 19.5 %.

Cost of materials ratio slightly down in the six months

The cost of materials ratio fell slightly from the same period last year, from 76.2 % to 75.1 %, as a result of the decrease in low-margin orders and the ongoing increase in orders from the automotive sector. In comparison with the first quarter, the use of materials as a percentage of revenues remained unchanged.

R&D continues to focus on in-house development and manufacture of new production technologies for automotive and industrial electronics

Research and development expenses amounted to 1.1 million Euro (2007: 1.0 million Euro) in the first six months of fiscal year 2008. This slight increase essentially reflects the expanded product development capacity in Passau. Particularly with regard to RFID applications, customer-specific developments were completed for entry and driving authorization systems and tire pressure monitoring systems. Furthermore, developments are underway for the growth markets of hybrid and solar energy technology.

Capital expenditures for continued expansion of serial production for automotive electronics remain high

Capital expenditures in the first six months of 2008 increased from the previous year's level (2007: 2.1 million Euro) by 1.3 million Euro to approximately 3.4 million Euro. These expenditures again focused on the continued expansion of nearly fully-automated series production in automotive electronics and the new VDSL technology in Prachatice, Czech Republic.

Level of Liquid Assets Remains High Despite Capital Expenditures

Liquid assets totaled 13.7 million Euro at 30 June 2008 (2007: 15.5 million Euro), as compared to 15.5 million Euro at December 31, 2007. The decrease in liquid assets primarily resulted from increased capital expenditures for inventory and fixed assets to further expand series production in automotive electronics.

Subsequent Events

As part of the Company's new orientation, the contract of Christian Schubert, CFO of InTiCa Systems, has been suspended. Mr. Schubert's tasks are now performed by Mr. Walter Brückl, the Company's CEO, until further notice.

Pursuant to a shareholders' resolution at the annual meeting on 29 May 2008 the name change from InTiCom – Systems to InTiCa Systems was completed on 3 June 2008.

Outlook

The foundation that InTiCa Systems has laid in fiscal year 2008 will be the basis for profitable growth in the coming years.

There are adverse effects in the current fiscal year because the high start-up costs for the generation of future revenues came at the same time as measures to improve the structure of the existing business. A review of the customer structure and the elimination of low-margin orders release resources and capacities that can be used for growth in the volume segments with high added value and a high contribution to earnings. However, this will cause the Company's total revenues to decrease in fiscal 2008 from last year.

The decrease in sales, the increase in costs from investments in sales and development resources for innovative new growth projects and one-time special effects will lead to a net loss for the entire fiscal year 2008.

The growing VDSL+ business cannot make up for the loss of a large customer relationship in telecommunications and increased competition for standard products over the course of the year. The orders received thus far for phone company and consumer splitters and the current information from conversations with customers leads us to expect revenues to develop below plan.

The automotive segment will make a higher contribution to total revenues in 2008. However, because of the necessary capital expenditures to expand this segment and innovative new products, the results for this segment will remain negative in 2008. We expect to break even in 2009 because the serial production for a whole series of orders from large international manufacturers in the automotive industry will begin in 2008. Our current plans call for revenues of approximately 6.1 million Euro in 2008. The percentage of consolidated revenues will increase to over 40 % in the coming four to five years on the basis of master agreements that have already been entered into. Additional growth potential results from project inquiries in the field of hybrid drives, that relate in particular to energy management and management of power transmission.

The Industry segment is expected to contribute approximately 0.8 million Euro to revenues in fiscal year 2008. Because of the capital expenditures necessary to expand the segment and development costs for innovative new products, the segment results will be negative in 2008. However, the validation periods are usually shorter in this segment than in the automotive segment, so that the changeover from product development to serial production can take place more quickly. Therefore, current plans are to reach the break-even point in 2010. The positive growth in customer relationships and the resulting initial orders for serial production, particularly in the field of products and solutions for renewable energies (solar energy) constitute a basis for steady growth. Given this situation, this segment's percentage of revenues will grow to around 10 % of consolidated revenues in the next four to five years.

The foundation has been laid for lasting revenue and earnings growth in the medium term: the expansion of sales and development resources and the expansion of production capacities in the Czech Republic in 2008 will contribute to this, as will the changes in our internal corporate structure. All processes along the value chain – from customer acquisition and customer service to administration, development, logistics, production and quality assurance to on-time delivery – will be further improved.

Risk and Opportunity Report

The risk report published in the 2007 annual report provides a detailed discussion of the risks that could jeopardize the success of the business. No material changes in InTiCa Systems' risk profile occurred during the period under review, nor were there any material transactions with related parties.

Interim Financial Statements under IFRS

The interim financial statements of InTiCa Systems AG and its subsidiaries at 30 June 2008 were prepared in accordance with International Financial Reporting Standards (IFRS), as applicable in the EU, and the additional applicable provisions of commercial law pursuant to Section 315a (1) of the German Commercial Code.

These interim consolidated financial statements contain all necessary accruals and deferrals, and in the Management Board's opinion, they present a true and fair view of the Group's financial position and results of operations.

Consolidated Financial Statements of InTiCa Systems AG for the first half-year 2008

1 January 2008 – 30 June 2008

Consolidated statement of income

of InTiCa Systems according to IFRS/IAS

	2008-04-01 to 2008-06-30 EUR (000)	2007-04-01 to 2007-06-30 EUR (000)	2008-01-01 to 2008-06-30 EUR (000)	2007-01-01 to 2007-06-30 EUR (000)	Change 2008 to 2007 in %
Sales	7,498	10,735	17,061	21,757	– 21.58
Other income	193	50	372	189	96.83
Change in finished/unfinished goods	403	264	370	201	84.08
Other capitalised company-produced services	473	450	948	895	5.92
Raw materials and supplies	5,622	8,340	12,813	16,569	– 22.67
Personnel expenses	1,676	1,325	3,324	2,617	27.02
Depreciation	894	445	1,730	904	91.37
Other expenditures	734	615	1,511	1,248	21.07
Operating profit (EBIT)	**– 359**	**774**	**– 627**	**1,704**	
Financial expenses	145	91	311	203	53.20
Other financial income	99	106	179	272	– 34.19
Earnings before taxes	**– 405**	**789**	**– 759**	**1,773**	
Income taxes	49	163	109	534	– 79.59
Net income for the period	– 454	626	– 868	1,239	
Earnings per share (diluted/basic, in EUR)	– 0.11	0.15	– 0.20	0.29	

Consolidated cash flow statement

of InTiCa Systems according to IFRS/IAS

		2008-01-01 to 2008-06-30 EUR (000)	2007-01-01 to 2007-06-30 EUR (000)
Net income of the period		– 868	1,239
+	Depreciation of fixed assets	1,730	904
+/–	Other non-cash transactions	954	– 214
–	Decrease in provisions	– 47	– 12
+/–	– Increase / + decrease in assets not attributable to investing or financing activities		
	Deferred taxes	0	40
	Inventories	– 852	– 471
	Trade receivables	2,468	1,266
	Other assets	– 268	– 221
+/–	+ Increase / – decrease of liabilities not attributable to investing or financing activities		
	Deferred taxes	100	251
	Trade payables	– 2,794	– 820
	Other liabilities	107	97
Cash flow from operating activities		530	2,059
–	Payments for investments in intangible assets	– 1,441	– 901
–	Payments for investments in fixed assets	– 1,976	– 1,210
–	Increase in financial assets in the scope of the short-term liquidity planning	10,540	– 1,534
Cash flow for investment activities		7,123	– 3,645
+	Proceeds from the intake of loans and finance leases	1,381	5,000
–	Payments for the amortisation of loans and finance leases	– 361	– 3,348
Cash flow from financing activities		1,020	1,652
Cash flow total		8,673	66
Cash and cash equivalents at the beginning of the period		841	545
Cash and cash equivalents at the end of the period		9,514	611

Consolidated balance sheet

of InTiCa Systems according to IFRS/IAS

Assets	2008-06-30 EUR (000)	2007-12-31 EUR (000)
Long-term assets		
Other intangible assets	3,978	3,567
Property, plant and equipment	17,393	16,117
Deferred taxes	663	663
Total long-term assets	**22,034**	**20,347**
Current assets		
Securities	4,162	14,702
Inventories	2,409	1,557
Trade receivables	3,406	5,874
Tax assets	424	343
Other current receivables	378	191
Cash and cash equivalents	9,514	841
Total current assets	**20,293**	**23,508**
Total assets	**42,327**	**43,855**

Consolidated balance sheet

of InTiCa Systems according IFRS/IAS

Equity and Liabilities

	2008-06-30 EUR (000)	2007-12-31 EUR (000)
Equity		
Subscribed capital	4,287	4,287
Capital reserve	15,088	15,088
Revenue reserve	5,127	5,996
Currency translation reserve	1,453	498
Total equity	**25,955**	**25,869**
Long-term liabilities		
Long-term interest-bearing debt	10,000	8,955
Other long-term liabilities	1,383	1,744
Deferred tax liabilities	1,579	1,479
Total long-term liabilities	**12,962**	**12,178**
Short-term liabilities		
Other short-term provisions	280	327
Short-term interest-bearing debt	342	6
Trade payables	2,216	5,010
Other short-term liabilities	572	465
Total short-term liabilities	**3,410**	**5,808**
Total equity and liabilities	42,327	43,855

Statement of changes in shareholders' equity

of InTiCa Systems according to IFRS/IAS

	Subscribed capital EUR (000)	Capital reserve EUR (000)	Revenue reserve EUR (000)	Currency translation reserve EUR (000)	Total equity EUR (000)
As of 2007-01-01	4,287	15,088	4,963	276	24,614
Currency translation reserve				– 214	– 214
Net income first half-year 2007			1,239		1,239
As of 2007-06-30	4,287	15,088	6,202	62	25,639
Currency translation reserve				436	436
Net income Q3-Q4 2007			– 206		– 206
As of 2007-12-31	4,287	15,088	5,996	498	25,869
Currency translation reserve				954	954
Net income first half-year 2008			– 868		– 868
As of 2008-06-30	4,287	15,088	5,128	1,452	25,955

Notes
to the Consolidated Financial Statements
for the first half-year 2008

1 January 2008 – 30 June 2008

Accounting in accordance with International Financial Reporting Standards (IFRS)

The interim consolidated financial statements at 30 June 2008, which were prepared in accordance with International Accounting Standard (IAS) 34 "Interim Financial Reporting", were prepared using essentially the same accounting policies as for the consolidated financial statements for fiscal year 2007, which were prepared in accordance with International Financial Reporting Standards and interpretations. For a detailed description of these methods, please see the 2007 Annual Report, which is available in the Investor Relations/Publications section of our website at http://www.intica-systems.de.

Basis of consolidation

The basis of consolidation of InTiCa Systems AG did not change from fiscal year 2007. In addition to the parent company, three foreign subsidiaries are included in the consolidated financial statements. All of these companies are wholly owned subsidiaries.

Consolidated income statement

Because of the disproportionate growth in depreciation, EBITDA remained positive, at 1,103 thousand Euro. Personnel expenses increased from 2,617 thousand Euro to 3,324 thousand Euro as a result of increased staffing in Passau and the subsidiaries.

Consolidated balance sheet

In accordance with the new capital market investment directive, a major portion of the marketable securities were redeemed and converted into money market instruments. This increased the item "cash and cash equivalents" from 841 thousand Euro to 9,514 thousand Euro.

Post-balance-sheet events

There were no material events after the date of the interim balance sheet.

Selection of key figures from the Consolidated income statement

	2008-01-01 to 2008-06-30 EUR (000)	2007-01-01 to 2007-06-30 EUR (000)	Change 2008 to 2007 absolute	Change 2008 to 2007 in %
Personnel expenses	3,324	2,617	707	27.0 %
EBITDA	1,103	2,608	– 1,505	– 57.7 %
Depreciation	1,730	904	826	91.4 %

Segment report

	Communication		Automotive		Others		Total	
	2008 EUR (000)	2007 EUR (000)	2008 EUR (000)	2007 EUR (000)	2008 EUR (000)	2007 EUR (000)	2008 EUR (000)	2007 EUR (000)
Sales	13,682	18,794	3,137	2,904	242	59	17,061	21,757
EBIT	– 195	1,785	– 230	– 20	– 111	– 10	– 536	1,755

German Corporate Governance Code

The current statements by the Management Board and the Supervisory Board, as required by Section 161 of the German Stock Corporation Act regarding the German Corporate Governance Code, are available to shareholders at all times on the Internet at http://www.intica-systems.de.

Review

The interim consolidated financial statements at hand have neither been audited according to Section 317 HGB (Commercial Code) nor reviewed by an auditor.

Statutory Declaration

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

Passau, August 2008

The Board of Directors
InTiCa Systems AG

Financial Calendar

19 August 2008	Release of the six-month report
10 November 2008	Release of the nine-month report
10-12 November 2008	Analyst conference during the German Equity Forum in Frankfurt/Main

Imprint

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Wertpapier-Kenn-Nummer (WKN) 587 484
International Security Identification Number (ISIN) DE0005874846
Stock exchange symbol IS7