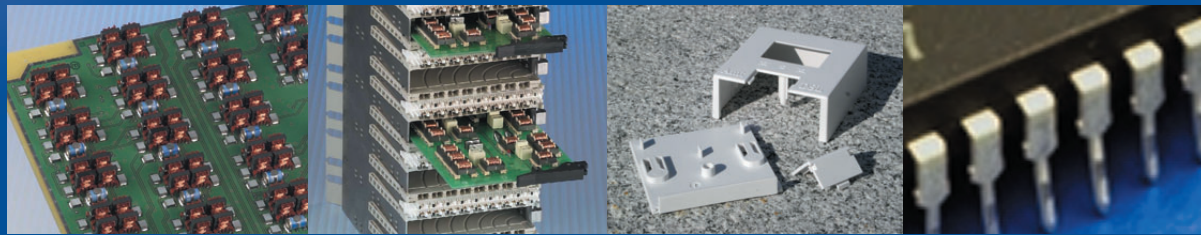


Full capacity utilisation in the first half-year 2005 requires additional development and production location

Half-year report of InTiCom Systems AG 2005

Unaudited according to IFRS

1 January 2005 – 30 June 2005



Security Identification Number (WKN) 587 484

International Security Identification Number (ISIN) DE0005874846

Stock exchange symbol IS7

InTiCom Systems



The Board of Management: Maria Grohs, Dr. Paul Grohs, Dieter Schopf

Dear shareholders, customers and business partners !

The political and economic uncertainty in Germany has slowed the general economic development and expansion in the first half-year 2005.

Telecommunications technology with the DSL business continues to be the positive antipole to this "tristesse allemande". Here the positive assessments and expectations are constantly being exceeded by the actual market development. Consumers recognise the advantages of rapid Internet access, and complete telephone and Internet packages at favourable DSL rates are being offered by way of increasing competition. These factors create the prerequisite for this trend.

InTiCom Systems also benefited in the first half of the current business year to such an extent that our capacities in the DSL business are currently being fully utilised. To satisfy the high demand we have invested much more in

our production capacities during the first six months than planned. In the first half-year we have spent nearly the entire planned investment budget (EUR 2.6 million of the planned EUR 2.9 million) for 2005 in order to eliminate the bottleneck factor of production capacity. Recent forecasts assume a total of 24 million DSL connections in Germany alone by 2010. The transfer rates should likewise be increased by a multiple. InTiCom Systems already meets these requirements today with its newest splitter development.

We will establish additional production capacities to meet the future serial production of our RFID products for the automotive sector in a new, highly automated production site in the Czech Republic (only an hour drive from our development site in Passau). Planned local serial production, which complies with the highest quality criteria of the automotive industry, will commence in mid-2006. This

coincides with the start of serial production of the first keyless go and tyre pressure control systems for a current total of four automotive manufacturers from Asia and Germany.

Innovative developments require the most recent and modern production technology and state-of-the-art production machines. In the past we have already self-developed these technologies and manufactured these machines. In the future we will assure this through our newly formed and, as of May

2005, already operating development company in Austria, which will work exclusively for InTiCom Systems.

Quality and individuality dominate our technologically innovative solutions for every single customer. It is not sales, but rather earnings and profitability growth that counts for every additional expansion of the operating business.

Passau, August 2005



Maria Grohs
Board of Management



Dr. Paul Grohs
Board of Management



Dieter Schopf
Board of Management

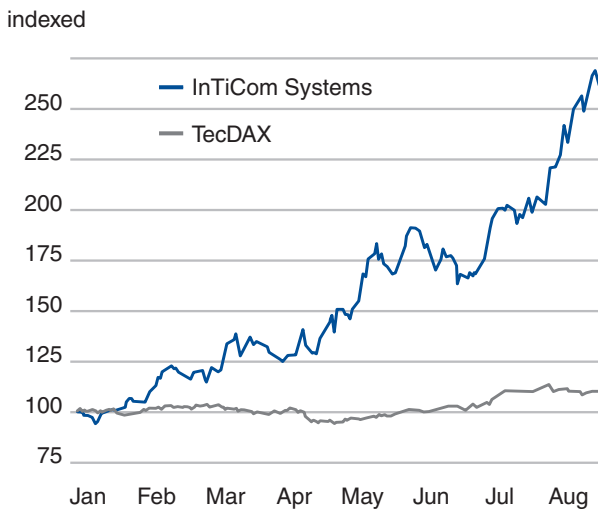
InTiCom Systems in Q2 and H1

The Group	Q2 2005	Q2 2004	H1 2005	H1 2004	△ 2005/04
	EUR 000's	EUR 000's	EUR 000's	EUR 000's	
Sales	6,067	4,232	15,219	7,399	106 %
Gross profit	2,008	1,101	3,846	1,697	127 %
EBITDA	954	368	1,835	582	215 %
Operating results (EBIT)	786	292	1,532	437	251 %
EBIT margin (in %)	13.0	6.9	9.7	5.6	n.a.
Earnings before tax (EBT)	809	285	1,584	437	262 %
Net income of the period	504	225	1,008	321	214 %
Earnings per share (EUR)*	0.39	0.17	0.78	0.25	212 %
Number of employees (30 June)	230	140	230	140	64 %

* Earnings per share refer to the number of outstanding shares as of 30 June 2005 (1,300,000 shares)

InTiCom Systems share

| Price trends InTiCom Systems against TecDAX |



Source: IS. Teledata AG, 2005

The company's real and continuous growth is also reflected in the share price development of the first eight months of 2005. Compared to the year-end 2004 share price of EUR 19.90, the

share price has soared nearly 70 % to EUR 33.75 (as of 30 June 2005). On 25 August 2005 the share traded above EUR 52.00. The share therewith clearly outperformed the benchmark TecDAX and DAX indices. The year-to-date performance through the end of August 2005 totals more than 160 %.

The Management Board and Supervisory Board possess no stock option rights according to Sect. 160 (1) No.2 and 5 Stock Corporation Act (AktG). The Supervisory Board remains in unchanged form. Otto Mayerhofer resigned from the Management Board on 30 June 2005.

Doubling of sales

In the first half-year of the 2005 business year, sales of InTiCom Systems more than doubled to TEUR 15,219 (previous year TEUR 7,399). Sales increased some 43 % to TEUR 6,067 in the individual analysis of the second quarter compared to Q2 of the previous year (TEUR

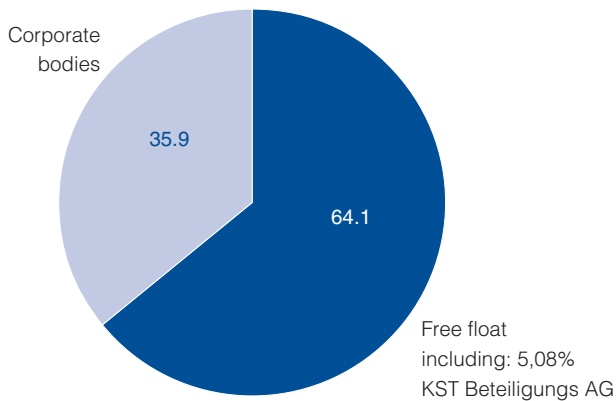
| Key figures of the InTiCom Systems-share |

(in EUR)	2004	2005 (up to 30. June)
Year end (XETRA 30.12./30.6.)	19.90	33.75
Year high	21.15	39.50
Year low	18.08	17.80
Market capitalisation in million EUR (XETRA 30.12./30.6.)	25.9	43.90
Average daily turnover (XETRA + floor in items)	20,062	11,520
Price-earnings ratio (P/E ratio) (XETRA 30.12.)	25.5	n.a.
Earnings per share (EPS)	0.78	0.78
Cash flow per share (CFPS)	1.64	2.16

| Reportable holding of securities |

Share in capital stock on 30. June 2005	Number	in %
Board of management (incl 1st. degree relatives)		
Maria Grohs and Dr. Paul Grohs together	108,200	8.3
Otto Mayerhofer	124,117	9.5
Dieter Schopf	98,600	7.6
Supervisory Board (incl 1st. degree relatives)		
Karl Kindl	120,588	9.3
Dr. Wulf-Dieter Braun	4,005	0.3
Harald Nöth	10,162	1.4

| InTiCom Systems AG shareholder structure |



4,233). DSL splitters for subscribers and national telecommunications companies continue to be the major sales contributors. A significant share of growth was generated outside of Germany.

Triplication of earnings

Earnings before tax (EBT) soared by more than 270 % year-on-year to TEUR 1,584 (previous year TEUR 427) in the first half-year 2005. This yields a gross margin of 10.4 % (previous year 5.8 %). The H1 net income of TEUR 1,008 more than tripled (previous year TEUR 321), assuming a continuously constant tax rate of around 38 %. With this, InTiCom Systems has already reached the FY 2004 level of earnings per share of EUR 0.78 in H1 2005.

The over-proportionate earnings increase is also shown in the individual analysis of the second quarter with multiplied EBT of TEUR 809 (previous year TEUR 285) and a more than doubled net income of the quarter of TEUR 504 (previous year TEUR 225).

Under-proportionate cost increase documents focus on profits

A further decline in the share of material expenses in H1 2005 to 78.2 % compared

| Moderate workforce development |

	30 June 2005	31 Dec 2004	30 June 2004
Group*	230	219	140
thereof in Germany	25	19	16
thereof abroad	205	200	124

* The workforce of the joint venture company ITS Components d.o.o. Croatia, which is consolidated at equity, is included in the number of employees.

to both the same period of the previous year (82.9 %) and Q1 2005 (80.1 %) documents the clear focus on profits despite or as the case may be due to the strong sales growth.

The share of personnel expenses also fell in H1 to 8.4 % (previous year 9.1 %) in spite of the fact that most of the workers deployed in production through April 2004 were temporary and the related costs were displayed in other operating expenditures. Since April 2004 the temporary staff has been taken on as permanent employees at the newly founded InTiCom Components GmbH.

Research and development already one (DSL) generation ahead

Development costs in the first six months of the 2005 business year amounted to TEUR 468 (previous year TEUR 350). The increase is the result of proportionate development expenses for the new Austrian location, which was founded at the end of April and has only been included in Q2 thus far. The company's own production technologies are to be developed and manufactured at this site.

The proprietary development of the next generation's first fully capable VDSL splitter is the most significant outcome of R+D in the field of DSL. Customer-specific developments of keyless go and tyre pressure control systems were

created particularly for RFID applications in the area of automotive electronics.

Capital expenditures clearly more than planned

Capital expenditures in the first half-year 2005 amounted to TEUR 2,583 and were fully financed by cash flow from operating activities. Capital expenditures had therewith already reached the FY's level of planned figures of some TEUR 2,900 at the end of the first six months. The new plan figure for the FY will amount to approximately TEUR 4,000.

Capital expenditures were entirely attributable to the expansion of production in Greece in order to create additional capacities for satisfying demand.

Liquid funds at a constantly high level

Liquid funds as of 30 June 2005 amounted to TEUR 10,551 (previous year TEUR 136) compared to TEUR 10,335 as of the 2004 balance sheet date. The constant level of cash is primarily based on the strict working capital management as well as the under-proportionate cost increase despite a sharp rise in sales and escalated capital expenditures for the expansion of production.

DSL coverage of order backlogs still around 3 months

InTiCom Systems' order backlog amounted to TEUR 7,978 (previous year TEUR 6,453) as of 30 June 2005. In light of the reported H1 2005 sales, this yields a coverage of ca. 3 months. It must be noted here that automotive orders are not yet included in the order backlog, as these will not translate into sales prior to mid-2006 due to their start-up times.

Outlook

The over-proportionate earnings growth dynamic of the first half-year 2005 will also dominate the entire business year 2005. In the DSL segment the currently fully utilised capacities limit additional sales growth in the future.

To assure innovative development and high-quality manufacture of its production equipment technologies, the newly founded and, as of May 2005, already operating development site in Austria will work exclusively for InTiCom Systems in the future.

The creation of new capacities in RFID technology through a modern and highly-automated production site in the Czech Republic starting production in mid-2006 enables the supply of already existing serial orders for keyless go and tyre pressure control systems of a total of four automotive manufacturers from Asia and Germany.

Interim report according to IFRS

The interim report from 30 June 2005 was drawn up in accordance with International Financial Reporting Standards (IFRS). For the sake of better comparability, the previous year's figures have been adjusted accordingly. This interim report of the Group contains all necessary accruals and provides a true picture of the actual asset, financial and earnings situation in the Board of Management's assessment.

Consolidated balance sheet of InTiCom Systems according to IFRS – ASSETS

	30 June 05 EUR 000's	31 Dec 04 EUR 000's
A. Fixed assets		
I. Property, plant and equipment		
1. Technical plant and machinery	2,326	1,379
2. Other plants, furniture and office equipment	218	138
3. Paid down-payments and construction in progress	1,580	422
II. Intangible assets	367	272
III. Financial assets / Participations	33	33
Total long-term assets	4,524	2,244
B. Current assets		
I. Liquid funds	10,551	10,335
II. Trade receivables	2,742	2,048
III. Receivables and other assets	405	161
IV. Inventories	451	1,337
V. Deferred taxes	292	292
Total short-term assets	14,441	14,173
Total ASSETS	18,965	16,417

Consolidated balance sheet of InTiCom Systems according to IFRS – LIABILITIES

	30 June 05 EUR 000's	31 Dec 04 EUR 000's
A. Short-term liabilities		
I. Short-term liabilities to banks and short-term portion of long-term loans	0	10
II. Trade payables	4,513	4,062
III. Provisions	1,517	582
IV. Other liabilities	788	624
Total short-term liabilities	6,818	5,278
B. Shareholders' equity		
I. Subscribed capital	1,300	1,300
II. Capital reserve	8,640	8,640
III. Retained earnings	51	51
IV. Balance sheet profit	2,156	1,148
Total shareholders' equity	12,147	11,139
Total liabilities and shareholders' equity	18,965	16,417

Development of InTiCom Systems' Group equity according to IFRS

	Subscribed capital (EUR 000's)	Outstanding capital contribution	Capital reserve (EUR 000's)	Retained earnings (EUR 000's)	Balance sheet profit (EUR 000's)	Total shareholders' equity (EUR 000's)
As of 01 January 2004	510	-10	0	306	138	944
Paid-in capital contributions		10				10
Capital increase from company funds	255			-255		0
Capital increase for cash	535		8,640			9,175
Net income 2004					1,010	1,010
As of 31 December 2004	1,300	0	8,640	51	1,148	11,139
Allocation to retained earnings	0	0	0	0	0	0
Capital increase from company funds	0	0	0	0	0	0
Net income 01 Jan – 30 June 2005	0		0	0	1,008	1,008
Reserve for currency fluctuations	0		0	0	0	0
As of 30 June 2005	1,300	0	8,640	51	2,156	12,147

Consolidated cash flow statement of InTiCom Systems

	1 Jan – 30 June 2005 EUR 000's	1 Jan – 30 June 2004 EUR 000's
Net income	1,008	321
+ Depreciation	303	145
Operating cash flow	1,311	466
- Increase / + decrease in current assets and other assets		
Inventories	886	-383
Trade receivables	-694	-1,051
Receivables and other assets	-244	-32
+ Increase / + decrease in liabilities and other liabilities		
Short-term provisions	935	220
Trade payables	452	-127
Other liabilities	163	106
Cash flow from operating activities	2,809	-801
- Payments for investments in fixed assets	-2,583	-172
Cash flow from investing activities	-2,583	-172
- Payments for repayment of financial liabilities	-10	643
+ Proceeds from shareholders	0	0
Cash flow from financing activities	-10	643
Changes in cash and cash equivalents	216	-330
Cash and cash equivalents at the beginning of the period	10,335	466
Cash and cash equivalents at the end of the period	10,551	136

Consolidated income statement of InTiCom Systems according to IFRS

	1.4.2005 to 30.6.2005 EUR 000's	1.4.2004 to 30.6.2004 EUR 000's	1.1.2005 to 30.6.2005 EUR 000's	1.1.2004 to 30.6.2004 EUR 000's	Change H1 2005 to 2004*)
1. Sales	6,067	4,233	15,219	7,399	106 %
2. Change in finished/unfinished goods	31	169	31	300	-90 %
3. Capitalised company-produced services	413	130	498	130	283 %
Total performance	6,511	4,532	15,748	7,829	101 %
4. Other operating income	20	89	40	110	-63 %
5. Material expenses	4,503	3,431	11,902	6,132	94 %
Gross profit	2,028	1,190	3,886	1,807	115 %
6. Personnel expenses	682	493	1,285	671	92 %
7. Depreciation	168	75	303	145	109 %
8. Other operating expenditure	392	329	766	554	38 %
9. Other interest and similar income	25	0	57	0	n.a.
10. Interest and similar expenditure	2	8	5	10	-48 %
Earnings before tax	809	285	1,584	427	271 %
11. Taxes 38 %	305	60	576	106	448 %
Net income of the period	504	225	1,008	321	214 %

*) The changes in percentage are based on exact, non-rounded figures.

Passau, August 2005

InTiCom Systems AG
Board of Management

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