

Three-month report of InTiCom Systems AG 2007

unaudited according to IFRS 1 January 2007 – 31 March 2007

Accelerated growth in profits despite capacity
expansion in the first quarter 2007

Zukunft durch Innovation



InTiCom Systems in Q1 2007

The Group	Q1 2005 EUR (000)	Q1 2006 EUR (000)	Q1 2007 EUR (000)	Change in %
Sales	9,152	10,211	11,022	7.9 %
Return on sales (net income)	5.5 %	5.5 %	5.6 %	
EBITDA	881	1,102	1,389	26.0 %
EBIT	747	868	930	7.1 %
EBT	776	915	984	7.5 %
Net income of the period	505	559	613	9.7 %
Earnings per share (EUR) based on 4,287,000 shares	0.12	0.13	0.14	9.7 %
Earnings per share (EUR) undiluted	0.39	0.39	0.14	
Cash flow from operating activities per share (EUR) based on 4,287,000 shares	0.25	0.36	0.40	11.1 %
Cash flow from operating activities	1,084	1,528	1,733	13.4 %
Capital expenditures	878	5,802	1,057	- 81.8 %
	2005-12-31 EUR (000)	2006-12-31 EUR (000)	2007-03-31 EUR (000)	Change in %
Balance sheet total	24,532	38,181	40,171	5.2 %
Liquidity*)	10,702	13,808	16,849	22.0 %
Equity	13,480	24,614	25,146	2.2 %
Equity ratio	55 %	65 %	63 %	
Employees	102	155	204	31.6 %

The share

	2005 XETRA (EUR)	2006 XETRA (EUR)	(up to 31 March) 2007 XETRA (EUR)
Year end share price	18.27	20.00	16.00
Year high	20.50	29.17	19.50
Year low	5.46	15.60	14.19
Market capitalisation at year end (EUR million)	78.3	85.7	68.6
Number of shares	4,287,000	4,287,000	4,287,000

*) The liquid funds equal the sum of the two balance sheet positions securities and cash and cash equivalents.

Foreword



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

Dear shareholders, customers and business partners!

InTiCom Systems managed to raise the sales volume by roughly 7 percent to 37.5 million Euro in the financial year 2006. This positive result in spite of all setbacks was brought about decisively by the DSL business which continues to boom, providing the company with a growth in DSL splitter unit numbers in excess of ten percent.

In 2007 the xDSL business of InTiCom Systems AG, both domestic and international, will continue to supply increasing unit numbers and sales figures. In Germany alone, growth rates comparable to 2006 are secured in the DSL segment. Additional market stimulation is provided by the domestic VDSL network, which is gradually given shape: Deutsche Telekom schedules to have as many as 26 cities connected to the VDSL network by the end of 2007; in 2008 this number is supposed to be doubled.

Telekom also pushes the development of the so-called triple play via VDSL and ADSL2+ phone connections, making it possible by means of the Internet protocol to make phone calls, surf on the Internet, and watch TV, all at the same time. Deutsche Telekom alone plans to make 17 million households triple-play compatible together with its resellers until the end of 2007; the competition bets on triple play as well, mostly via ADSL2+. That InTiCom Systems will participate in this business significantly is a fact:

Since the beginning of 2007, the company has provided the system suppliers with VDSL splitters which are already being installed on the service provider side despite the still unresolved regulation issue from the side of the EU (as of March 2007).

Due to supply contracts with major international telecommunication companies, InTiCom Systems will also benefit even more than before from the development of new DSL and VDSL markets in an increasing number of countries.

Furthermore, the company managed to break even already by the end of the year with its new business segment automotive electronics, for which production was started only in mid-year 2006 at the newly set up production location Prachatice in the Czech Republic. Among other products, InTiCom Systems develops and manufactures RFID solutions for keyless entry and tire pressure monitoring systems, anti-theft immobiliser systems, as well as inductive components and filter applications for increasingly complex automotive electronics, providing safety and comfort to vehicles of all classes.

InTiCom Systems managed within a very short period of time to work its way up from newcomer to internationally significant market participant and technology leader in the automotive segment as well.

Passau, May 2007

InTiCom Systems AG
The Management Board



Maria Grohs
Board of Directors



Dr. Paul Grohs
Board of Directors



Dieter Schopf
Board of Directors

Management report

InTiCom Systems – Share 2007



Source: IS.Teledata AG

InTiCom Systems – Share 2007

The negative stock price performance in January was certainly clouded by the announcement that the planned expansion of the VDSL network in Germany was delayed massively, resulting in sales shortfall. The development of the stock price since February has been virtually synchronously to the index, though showing greater volatility especially in downswing periods. The after-effects of the temporarily clouded profit situation are thus clearly noticeable. The market mirrors the prevailing insecurity with regard to the future development of the growth in sales and profit.

It is the company's goal – particularly that of investor relations – to turn this insecurity into confidence in the per-

spectives and prospects of the business activity of InTiCom Systems.

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.

Q1 sales increase of around 8 % continues positive growth trend

InTiCom Systems achieved a sales growth of around 8 % to EUR 11.0 million (previous year EUR 10.2 million) in the first three months of the 2007 fiscal year. DSL splitters for subscribers and national telecommunication companies remained the main sales driver with growth particularly

generated outside of Germany once again. The automotive electronics segment generated sales revenues of approximately EUR 1.0 million underlined by a strong growth trend.

Earnings increase of about 10 % resembles stronger increase than sales despite production and personnel expansion in automotive electronics

The profit from ordinary activities (EBT) increased by some 8 % to EUR 1.0 million in Q1 2007 (previous year EUR 0.9 million). This equals a remaining stable gross return on sales of 9.0 % despite the expansion of capacities compared to the previous year. Net income of EUR 0.6 million in the quarter exceeded the previous year's figure by approximately 10 %

Stock data of the InTiCom Systems stock

ISIN	DE0005874846
Stock exchange symbol	IS7
Trading segment	Prime Standard
Prime industry	Technology
Industry Group	Communications Technology
Indices	Prime All Share, Tec All Share, CDAX
Designated sponsor	Concord Effekten AG
Capital stock	EUR 4,287,000
Stock category	Non-par common bearer stocks

Directors' dealings

Share in the capital stock of Dec. 31, 2006	in numbers	in %
Board of Directors		
Maria Grohs and Dr. Paul Grohs together	120,000	2.8
Dieter Schopf	120,000	2.8
Supervisory Board		
Karl Kindl	150,264	3.5
Dr. Wulfdieter Braun	6,015	0.1
Harald Nöth	3,486	0.1

- under the continuously constant assumption of a tax rate of around 38 %. InTiCom Systems thus achieved earnings per share of EUR 0.14 in the first quarter 2007 (previous year EUR 0.13).

Continuously under-proportionate increase in costs despite establishment of production

A lower further decreased material cost ratio in Q1 2007 – despite the production establishment of the series production of automotive applications in the Czech Republic – of 74.7 % compared to 79.0 % in the same period of the previous year documents the company’s consistent focus on profitability.

Research and development open up new production technologies in automotive electronics

Development expenses after three months of the 2007 fiscal year amounted to EUR 400 thousand (previous year EUR 350 thousand). The increase is primarily the result of the development expenses included from the development site in Austria for the development and manufacture of the company’s own production technologies.

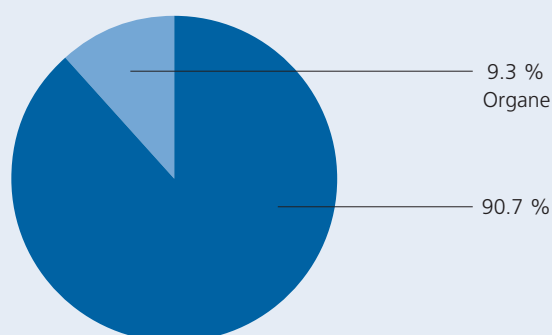
Particularly in the case of RFID expenses, additional customer-specific developments in access systems and driving rights systems as well as in tyre pressure monitor systems are

being implemented and additional developments for hybrid technology and for new customers have begun.

Capital expenditures for the establishment of serial production in automotive electronics

Capital expenditures in Q1 2007 came out to EUR 0.2 million (previous year EUR 1.5 million) and provided the basis for the establishment of serial production for automotive electronics at the modern and highly automated production location in the Czech Republic. Production capacity will be probably doubled until the end of 2007 in order to serve the existing serial orders for keyless go and tyre pressure monitor systems,

InTiCom Systems AG shareholder structure



Free Float of which:

UBS Fund Management (Switzerland) AG	7.6 %
KST Beteiligungs AG	5.1 %

Staff development influenced by the launch of serial production in the Czech Republic

	31 March 2007	31 Dec 2006	31 March 2006
Group	204	155	133
thereof domestic	41	39	35
thereof international	163	116	98

immobiliser modules and filter applications by multiple systems suppliers and automobile manufacturers from Asia and Germany.

Considerable increase in liquid funds due to the operating business

Liquid funds as of 31 March 2007 amounted to EUR 16.8 million (previous year EUR 18.5 million) compared to EUR 13.8 million as of the balance sheet date 2006. The strong rise in liquid funds was primarily the result of the cash proceeds from ordinary business activities as well as a stringent working capital management and an increase in net-debt with a similar amount.

Order coverage remains constant at around 3 months

As of 31 March 2007, the order backlog of InTiCom Systems amounted to some EUR 12.5 million (previous year EUR 12.3 million) on a constantly high level. In light of the 2006 sales volume, coverage remains constant with a period of around 3 months. For the first time orders from the automotive industry are included in the order backlog for the upcoming three months.

Currently new contracts with major car manufacturers and suppliers to the automobile industry are closed almost by the month. In February 2007 InTiCom Systems received an order for the series production of keyless go antennas by a large global corporate group: While InTiCom Systems has manufactured such

antennas for several ranges of the renowned German corporate brand, the U.S. model ranges are to follow from the second half-year 2008. The volume amounts to approximately 1.2 million Euro at the start of production which covers an equipment rate of 15 percent of these model types – in the medium term the equipment rate is intended to be increased to 100 percent. Perhaps a second supplier will then be commissioned for reasons of security. One month later, in March 2007, the company closed a contract for the supply of roughly 250,000 modules per annum for the so-called start-stop system of a major German car manufacturer. Start of production is midyear 2008 as well. Both agreements have contract terms of five years plus. And further contracts are close to their conclusions. It appears that the production expansion scheduled for mid-2007 will be followed quickly by the next step. If necessary, this will be possible quickly and without difficulty: The infrastructure of the entire property in Prachatice is fully developed – an additional prefabricated production hall can be erected in three to four months at the most.

Outlook

The upgrade of the German DSL network for higher transmission rates (VDSL) failed to occur in 2006 to a large extent; thereby InTiCom Systems missed out on considerable sales potential in 2006. However, the field of VDSL still represents an enormous potential for InTiCom Systems as the development of the German VDSL network is only postponed, and especially due to the large number of sys-

tem providers in the other European countries determined to expand their VDSL business activities much more. Experts predict growth rates for VDSL technology at least as high as those DSL technology has enjoyed.

First earnings contributions from the automotive segment in the current financial year clarify the increasing importance of the automotive segment as the second main pillar of InTiCom Systems. In the year 2007 the full-year effect will come to bear in the automotive segment for the first time – and will become the essential driving force of future development. InTiCom Systems expects to generate sales in this field of EUR 50 to 60 million within the next 5 to 7 years.

InTiCom Systems expects for 2007 a growth in sales and net profit compared to the previous year.

Interim report according to IFRS

The interim report from 31 March 2006 was prepared according to the International Financial Reporting Standards (IFRS).

This consolidated interim report includes all necessary accruals and, in the opinion of the Management Board, gives a true and fair view of the earnings and financial position and the assets of the company.

Consolidated Financial Statements of InTiCom Systems AG for the first quarter 2007

1 January 2007 – 31 March 2007

Consolidated statement of income

of InTiCom Systems according to IFRS/IAS

	2007-01-01 to 2007-03-31 EUR (000)	2006-01-01 to 2006-03-31 EUR (000)	Change* 2007 to 2006
Sales	11,022	10,211	8 %
Other income	139	64	117 %
Change in finished/unfinished goods	- 63	- 87	
Other capitalised company-produced services	445	286	56 %
Raw materials and supplies	8,229	8,062	2 %
Personnel expenses	1,292	832	55 %
Depreciation	459	234	96 %
Other expenditures	633	478	32 %
Operating profit (EBIT)	930	868	7 %
Financial expenses	112	42	167 %
Other financial income	166	89	87 %
Earnings before taxes	984	915	8 %
Income taxes	371	356	4 %
Net income for the period	613	559	10 %

*) Changes in percent were calculated on exact not rounded figures.

Consolidated cash flow statement

of InTiCom Systems

	2007-01-01 to 2007-03-31 EUR (000)	2006-01-01 to 2006-03-31 EUR (000)
Net income of the period	613	559
+ Depreciation of fixed assets	459	234
+/- Other non-cash transactions	-81	51
- Decrease in provisions	-5	250
-/+ - Increase / + decrease in assets not attributable to investing or financing activities		
Deferred taxes	95	-112
Inventories	-6	86
Trade receivables	1,111	-180
Other assets	-7	-611
+/- + Increase / - decrease of liabilities not attributable to investing or financing activities		
Deferred taxes	103	31
Trade payables	-1,031	1,060
Other liabilities	477	410
Cash flow from operating activities	1,733	1,528
- Payments for investments in intangible assets	-432	-287
- Payments for investments in fixed assets	-169	-1,503
- Increase in financial assets in the scope of the short-term liquidity planning	-456	-4,012
Cash flow for investment activities	-1,057	-5,802
+ Proceeds from the intake of loans and finance leases	5,000	0
- Payments for the amortisation of loans and finance leases	-3,172	-1,214
+ Proceeds from capital increase	0	9,323
Cash flow from financing activities	1,828	8,109
Cash flow total	2,504	3,835
Cash and cash equivalents at the beginning of the period	545	1,529
Cash and cash equivalents at the end of the period	3,049	5,364

Consolidated balance sheet

of InTiCom Systems according to IFRS/IAS

Assets	2007-03-31 EUR (000)	2006-12-31 EUR (000)
Long-term assets		
Intangible assets		
Other intangible assets	3,011	2,710
Property, plant and equipment	12,654	12,813
Deferred taxes	500	595
Total long-term assets	16,165	16,118
Current assets		
Securities	13,707	13,251
Inventories	889	883
Trade receivables	5,698	6,809
Tax assets	246	242
Other current receivables	324	321
Cash and cash equivalents	3,142	557
Total current assets	24,006	22,063
Total assets	40,171	38,181

Consolidated balance sheet

of InTiCom Systems according IFRS/IAS

Equity and Liabilities	2007-03-31 EUR (000)	2006-12-31 EUR (000)
Equity		
Subscribed capital	4,287	4,287
Capital reserve	15,088	15,088
Revenue reserve	5,576	4,963
Currency translation reserve	195	276
Total equity	25,146	24,614
Long-term liabilities		
Long-term interest-bearing debt	6,875	1,875
Other long-term liabilities	2,195	2,367
Deferred tax liabilities	1,683	1,580
Total long-term liabilities	10,753	5,822
Short-term liabilities		
Other short-term provisions	169	178
Tax liabilities	35	3
Short-term interest-bearing debt	93	3,012
Trade payables	3,323	4,354
Other short-term liabilities	652	198
Total short-term liabilities	4,272	7,745
Total equity and liabilities	40,171	38,181

Statement of changes in shareholders' equity

of InTiCom 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 2006-01-01	1,300	8,640	3,394	146	13,480
Capital increase	129	9,306			9,435
Capital increase from Company funds	2,858	-2,858			0
Currency translation reserve				130	130
Net income 2006			1,569		1,569
As of 2006-12-31	4,287	15,088	4,963	276	24,614
Currency translation reserve				-81	-81
Net income of the period 2007-01-01 to 2007-03-31			613		613
As of 2007-03-31	4,287	15,088	5,576	195	25,146

Financial calendar

22 May 2007 Release of the three-month report

30 August 2007 Release of the six-month report

30 November 2007 Release of the nine-month report

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