Three-month report of InTiCom Systems AG 2008

unaudited according to IFRS 1 January 2007 – 31 March 2007

Lower sales and increased capital expenditures for innovative high-growth projects result in net loss for Q1 2008

The future through innovation

InTiCom Systems

InTiCom Systems in Q1 2008

The Group

	Q1 2006 EUR (000)	Q1 2007 EUR (000)	Q1 2008 EUR (000)	Change in %
Sales	10,211	11,022	9,563	– 13,2%
Return on sales (net income)	5.5%	5.6%	– 4.3%	
EBITDA	1,102	1,389	568	– 59,1%
EBIT	868	930	– 268	–
EBT	915	984	– 354	–
Net income of the period	559	613	– 414	–
Earnings per share (EUR) based on 4,287,000 shares	0.13	0.14	– 0.10	–
Earnings per share (EUR) undiluted	0.39	0.14	– 0.10	–
Cash flow from operating activities per share (EUR) based on 4,287,000 shares	0.36	0.40	– 0.04	–
Cash flow from operating activities	1,528	1,733	– 185	–
Capital expenditures	5,802	601	1,808	200%

	2006-12-31 EUR (000)	2007-12-31 EUR (000)	2008-03-31 EUR (000)	Change in %
Balance sheet total	38,181	43,855	42,987	– 2.0%
Liquidity*)	13,808	15,543	13,849	– 10.9%
Equity	24,614	25,869	25,827	
Equity ratio	65%	59%	60%	
Employees	155	236	260	+ 10.2%

The share

	2006	2007	(up to 31 March) 2008
Year end share price (XETRA in Euro)	20.00	9.15	4.94
Year high (XETRA in Euro)	29.17	19.60	9.04
Year low (XETRA in Euro)	15.60	8.50	4.94
Market capitalisation at year end (EUR million)	85.7	39.2	21.2
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!

InTiCom Systems' sales were down 13% in the first quarter, falling to approximately 9.6 million Euro from the same period last year (11.0 million Euro). This decrease in sales, which resulted from the loss of a customer relationship in Northern Europe and the abandonment of orders that do not contribute to the bottom line, as well as from increased personnel and depreciation costs to carry out innovative projects, had an adverse effect on earnings, resulting in a loss for the quarter in the amount of 0.4 million Euro.

In fiscal year 2008 and thereafter, the telecommunications market will continue to provide ample business opportunities in the xDSL segment, which will benefit InTiCom Systems as the market and technology leader. By the end of 2008, Deutsche Telekom intends to incorporate 28 cities into the VDSL network, with increasing trends in 2009. In addition to higher-tech telephone company splitters, we have been delivering our newly-developed subscriber splitters since the end of 2007. They can service the current ADSL2+ transmission speeds of up to 16MBIT and VDSL transmission speeds of up to 50 MBIT. For the first time, the plastic casings for these combined products were produced on the Company's own injection moulding equipment. This increases our own added value, as our increased system capabilities give us a solid competitive edge.

The Group's second pillar, the automotive electronics segment, was significantly expanded and will become increasingly important in the future as a number of new products are developed. The rigorous expansion of our marketing and development activities will give us access to the immense market potential of the product niches relevant to our Company. Four of the world's Top 10 system suppliers to the automotive industry already obtain components from InTiCom Systems, having entered into long-term agreements with us that last more than five years (and in some cases until 2016). This provides a basis for our capacity and revenue projections for the automotive segment, which is expected to see revenues of 25 to 40 million Euro in the next five to seven years. However, this will also involve additional marketing, development and start-up costs in the short term, to provide for the planned growth. While the automotive sector contributed around 13% to consolidated sales in fiscal year 2007, its revenue contributions will catch up with those of telecommunications in five years.

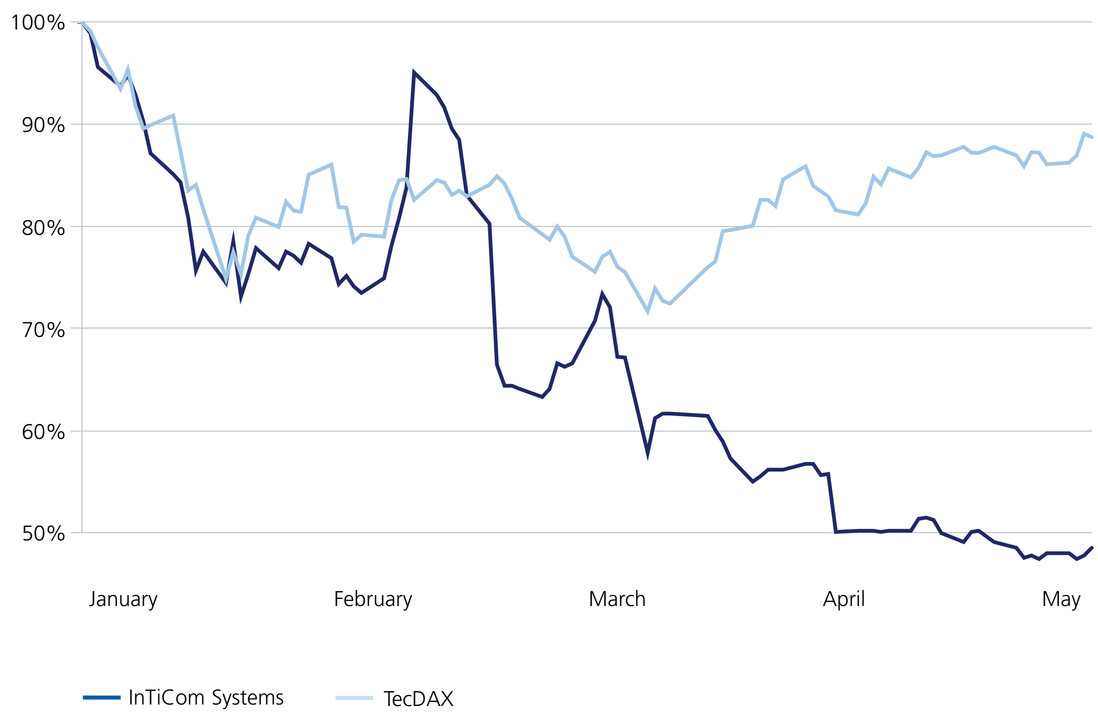
Continued systematic use of existing resources will allow us to tap into and develop new business in the segments of industrial and special electronics. The experience we have gained in the field of hybrid technologies and the resulting production procedures provide an excellent basis for attracting new customers and additional applications in power electronics. The capital expenditures to expand this new line of business were therefore a sound investment. InTiCom Systems expects strong sales growth in this business within the next five years, which will contribute approximately 10% of consolidated revenues.

As potential sources of revenue growth in the industrial segment, InTiCom Systems has prioritized the following application areas: renewable energies (primarily solar energy), consumer electronics, automation technology and white goods. Renewable energies are at the top of the list for obvious reasons: Around the world, country-based photovoltaic facilities are being built to capture solar energy in the sunny regions. The list of other industrial customers with whom InTiCom Systems is jointly developing and already manufactures products opens up wide-reaching potential for the Company. These include Kathrein, the antenna and broadcasting equipment specialist; Loewe, the producer of high-end consumer electronics; a significant customer in the field of white goods; and Bizerba, the unchallenged leader of the world market for scales and industrial weighing technology. Initial revenues will be generated here in 2008 as a result of the synergies as markets are quickly developed and expanded.

Walter Brückl	Maria Grohs	Dr. Paul Grohs	Christian Schubert
Spokesman of the Board of Directors	*Board of Directors*	*Board of Directors*	*Board of Directors*

Management Report

InTiCom Systems – Share 2008



InTiCom Systems – the Stock 2008

The negative performance of the InTiCom Systems stock price in the first quarter of this fiscal year reflects prevailing uncertainty regarding the future development of the Company's revenue and earnings growth. After falling to a low of 4.25 Euro on 8 May, the stock price again stabilized, trading at 4.35 Euro (XETRA) on 15 May 2008.

The goal of our investor relations activities is to make the Company better known in the capital market and to increase the perception of InTiCom Systems stock as an attractive investment in the technology sector with excellent long-term growth perspectives. Through reliable, ongoing and open communication with capital market participations, we desire to strengthen investors' confidence in the Company and achieve an appropriate value for our share. In particular, our goal is to make the positive outlook and future prospects of the Company's business known to a wider circle of investors. Therefore, our capital market communications focus on increasing external awareness of the Company's long-term success factors. To this end, the Management Board has implemented a package of active investor relations measures:

These measures included appointing BankM and HSBC Trinkaus & Burckhardt as designated sponsors. InTiCom Systems expects these working relationships to help it significantly in targeting investors in Germany, the rest of Europe and around the world. This should make a lasting improvement in the stock's liquidity. The new research coverage by BankM will boost the Company's market presence and attention by investors in Germany and abroad.

As in the past year, InTiCom Systems will present its nine-month results for 2008 to analysts and investors at Deutsche Börse AG's German Equity Forum in early November. Following this presentation, the Management Board will enter into discussions with institutional investors and analysts and make new contacts as it conducts numerous one-on-one conversations on location and on the subsequent road show.

The Management Board and the Supervisory Board do not own any stock options under Section 160 (1) No. 2 and 5 of the German Stock Corporation Act. Mr. Kindl resigned from his mandate as of December 31, 2007 because of his age. As his successor on the Board, Dr. Horst Rüdiger Hollstein was

Stock data of the InTiCom 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	Prime All Share, Tec All Share CDAX
Designated sponsor	Bank M HSBC Trinkaus & Burkhardt
Capital stock	Euro 4,287,000
Stock category	Non-par common bearer stocks

Directors' dealings

Share in the capital stock of March 31, 2008	in numbers	in %
Board of Directors		
Maria Grohs and Dr. Paul Grohs together	122,000	2,85
Christian Schubert	2,500	0.06
Total	**124,500**	**2.91**
Supervisory Board		
Dr. Wulfdieter Braun	6,015	0.14
Harald Nöth	3,786	0.09
Total	**9,801**	**0.23**

appointed by the register court as of January 1, 2008, effective until the conclusion of the Annual General Meeting on May 29, 2008.

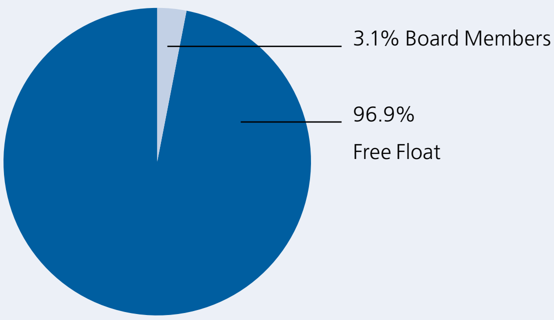
Revenues are down from last year because of the loss of a business relationship in the telecommunications industry and the cutback on low-margin orders

In the first three months of fiscal year 2008 InTiCom Systems generated revenues of approximately 9.6 million Euro, down 13.2% from the prior-year period (2007: 11.0 million Euro). Revenues declined because of the loss of a business relationship in the telecommunications industry and the cutback on low-margin orders.

Earnings in Q1 2008 were negative and lower than the prior year's figure because of the decrease in revenues, a lower gross margin and increased personnel cost and deprecation expenses to carry out innovative projects and expand new business segments

Operating earnings (EBITDA) after three months resulted in 568 thousand Euro and were roughly 0.8 million Euro below prior years figure. The negative results of ordinary operations (EBIT) in the first quarter of this year amounted to –268 thousand Euro and were thus 1.2 million Euro below the prior year's figure of 0.9 million Euro. This resulted primarily from the following factors: a lower gross margin due to changes in the product mix of revenues and the increasing margin pressure in Telecommunications, in the amount of approximately 0.5 million Euro; depreciation that was approximately 0.4 million Euro higher; and higher personnel costs, up by approximately 0.3 million Euro to carry out innovative projects and expand new business segments. EBT (earnings before taxes) fell to negative 0.35 million Euro. The loss for the quarter totalled 0.4 million Euro and benefited from significantly lower income taxes. InTiCom Systems' earnings per share at the end of Q1 2008 stood at –0.10 Euro (2007: 0.14 Euro).

InTiCom 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

	31 March 2008	31 Dec 2007	31 March 2007
Group	260	236	204
thereof domestic	48	44	41
thereof international	212	192	163

The cost of materials ratio increased only slightly over the prior year, despite numerous new start-ups and expansion of production

Despite numerous new start-ups and the expanded serial production of automotive electronics in the Czech Republic, the cost of materials ratio increased only slightly over the prior year quarter (Q1/2007), from 74.7% to 75.2%.

Additional staffing to increase marketing and development activities and percentage of in-house production raises personnel expense ratio

The expansion of marketing and development capacities in order to tap new markets and develop innovative new products, increase in-house manufacturing of key components of coil production in the Czech Republic and broad expansion of series production for the automotive industry increased the personnel expense ratio in the first quarter to 17.2% (2007: 11.7%).

R&D focuses on in-house development and manufacture of production technologies for automotive electronics

Research and development expenses amounted to 0.5 million Euro (2007: 0.4 million Euro) in the first three months of fiscal year 2008. This increase essentially reflects the expanded product development capacity in Passau and the costs of developing and manufacturing in-house production technologies at our location in Neufelden, Austria. Particularly with regard to RFID applications, new 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 incurred for continued expansion of serial production for automotive electronics

Capital expenditures came to roughly 1.8 million Euro in the first quarter of 2008, and were thus 1.2 million Euro above the previous year's level (2007: 0.6 million Euro). This year's expenditures were incurred for 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

Liquid assets totalled 13.8 million Euro at 31 March 2008 (2007: 16.8 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

On 1 April 2008, the Supervisory Board appointed Mr. Walter Brückl to the Management Board. Since then, as Chief Executive Officer (CEO), Mr. Brückl has been responsible for the functional areas of strategy, production, and investor and public relations, thus relieving the existing Management Board of these duties. Apart from his comprehensive expertise as a CEO, board member and managing director in international and listed technology companies, Mr. Brückl also brings thorough knowledge of the automotive industry to InTiCom Systems.

InTiCom Systems AG and Deutsche Telekom AG mutually agreed in autumn 2007 to amicably settle the dispute over the use of the company name "InTiCom Systems AG". According to the agreement, InTiCom Systems AG acknowledges that Deutsche Telekom AG has prior rights to these names. In return, InTiCom Systems AG is granted a generous transition period for renaming the company until the next Annual General Meeting to be held in May 2008. In the notice of the Annual General Meeting on 29 May 2008, the Management Board and the Supervisory Board have proposed in agenda item 6 that the name of the company be changed to InTiCa Systems AG. InTiCom Systems has already trademarked this name with a filing on 12 February 2008.

Outlook

Fiscal year 2008 brings with it fundamental changes for InTiCom Systems, which will create a solid base for profitable growth in the coming years.

Thus, for example, the Company has begun to evaluate its customer structure and let orders with less value-added and low margin contributions expire in order to release resources and capacities that can positively influence the growth in the volume segments with high value-added and thereby increase earnings. The Company's total revenues in the 2008 fiscal year will be slightly down from the previous year, due to the loss of a customer relationship with a Northern European telecommunications provider and the reduction of low-margin orders.

The decline in sales, the increased capital expenditures for investments to expand the marketing and development resources for innovative new growth projects and one-time special effects resulted in a loss for the quarter.

The growing VDSL+ business cannot make up for the loss of the customer relationship in the Telecommunications industry mentioned above over the course of the year. The orders received for telephone-company and subscriber splitters lead us to believe that revenues and earnings will be down in this segment.

The Automotive segment will make a significantly higher contribution to total revenues in 2008. Although this segment will post negative results in 2008 because of the necessary capital expenditures to expand this line of business and create innovative new products, it is expected to break even in 2009. Production of an entire series of orders from large international automobile manufacturers will begin in 2008, all of which are based on contracts with a term in excess of five years, with some of them remaining in effect until 2016. Revenue expectations for 2008 are already around 6.1 million Euro, and the revenues from orders already placed will increase this segment's share within the next 4 to 5 years to approximately 40% of consolidated revenues. Long-term project inquiries in the field of hybrid propulsion, particularly with regard to energy management and control of power transmission, will open up enormous medium-term growth potential in this field.

The Industry segment will contribute around 900 thousand Euro to earnings in 2008. Although this segment will post negative results in 2008 because of the necessary capital expenditures to expand this line of business and create innovative new products, it is expected to break even in 2010.

The positive trends in customer relationships in the Industry segment and the resulting initial orders for serial production, particularly in the field of renewable energy (solar energy) products and solutions, provide a solid basis for our anticipated continued growth. In the coming four to five years, revenues from the segment are expected to increase to 10% of consolidated revenues.

We have laid the foundation for solid, sustainable revenue and earnings growth over the medium term. Major growth drivers will be our planned increase in marketing and development resources and the expansion of production capacities in the Czech Republic, as well as changes in our internal structure: all processes in the value chain – from customer acquisition and customer service to administration, development, logistics, production and quality assurance to right-on-time delivery – will be further enhanced.

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 InTiCom 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 InTiCom Systems AG and its subsidiaries at 31 March 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 InTiCom Systems AG for the first quarter 2008

1 January 2008 – 31 March 2008

Consolidated statement of income

of InTiCom Systems according to IFRS/IAS

	2008-01-01 to 2008-03-31 EUR (000)	2007-01-01 to 2007-03-31 EUR (000)	Change* 2008 to 2007 in %
Sales	9,563	11,022	– 13%
Other income	179	139	29%
Change in finished/unfinished goods	– 33	– 63	–
Other capitalised company-produced services	475	445	7%
Raw materials and supplies	7,191	8,229	– 13%
Personnel expenses	1,648	1,292	28%
Depreciation	836	459	82%
Other expenditures	777	633	23%
Operating profit (EBIT)	– 268	930	–
Financial expenses	166	112	48%
Other financial income	80	166	– 52%
Earnings before taxes	– 354	984	–
Income taxes	60	371	– 84%
Net income for the period	– 414	613	–
Earnings per share (diluted/basic, in EUR)	– 0.10	0.14	–

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

Consolidated cash flow statement

of InTiCom Systems according to IFRS/IAS

		2008-01-01 to 2008-03-31 EUR (000)	2007-01-01 to 2007-03-31 EUR (000)
Net income of the period		– 414	613
+	Depreciation of fixed assets	836	459
+/–	Other non-cash transactions	372	– 81
–	Decrease in provisions	– 56	– 9
+/–	– Increase / + decrease in assets not attributable to investing or financing activities		
	Deferred taxes	0	95
	Inventories	– 111	– 6
	Trade receivables	446	1,111
	Other assets	– 189	– 7
+	+ Increase / – decrease of liabilities not attributable to investing or financing activities		
	Deferred taxes	55	103
	Trade payables	– 1,425	– 1,031
	Other liabilities	301	486
Cash flow for/from operating activities		– 185	1,733
–	Payments for investments in intangible assets	– 554	– 432
–	Payments for investments in fixed assets	– 1,254	– 169
+/–	Increase in financial assets in the scope of the short-term liquidity planning	10,060	– 456
Cash flow from/for investment activities		8,252	– 1,057
+	Proceeds from the intake of loans and finance leases	479	5,000
–	Payments for the amortisation of loans and finance leases	– 180	– 3,172
+	Proceeds from capital increase	0	0
Cash flow from financing activities		299	1,828
Cash flow total		8,366	2,504
Cash and cash equivalents at the beginning of the period		841	545
Cash and cash equivalents at the end of the period		9,207	3,049

Consolidated balance sheet

of InTiCom Systems according to IFRS/IAS

Assets	2008-03-31 EUR (000)	2007-12-31 EUR (000)
Long-term assets		
Intangible assets		
Other intangible assets	3,787	3,567
Property, plant and equipment	16,869	16,117
Deferred taxes	663	663
Total long-term assets	**21,319**	**20,347**
Current assets		
Securities	4,642	14,702
Inventories	1,668	1,557
Trade receivables	5,428	5,874
Tax assets	380	343
Other current receivables	343	191
Cash and cash equivalents	9,207	841
Total current assets	**21,668**	**23,508**
Total assets	42,987	43,855

Consolidated balance sheet

of InTiCom Systems according to IFRS/IAS

Equity and Liabilities	2008-03-31 EUR (000)	2007-12-31 EUR (000)
Equity		
Subscribed capital	4,287	4,287
Capital reserve	15,088	15,088
Revenue reserve	5,582	5,996
Currency translation reserve	870	498
Total equity	**25,827**	**25,869**
Long-term liabilities		
Long-term interest-bearing debt	9,370	8,955
Other long-term liabilities	1,564	1,744
Deferred tax liabilities	1,534	1,479
Total long-term liabilities	**12,468**	**12,178**
Short-term liabilities		
Other short-term provisions	271	327
Short-term interest-bearing debt	70	6
Trade payables	3,585	5,010
Other short-term liabilities	766	465
Total short-term liabilities	**4,692**	**5,808**
Total equity and liabilities	42,987	43,855

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 2007-01-01	4,287	15,088	4,963	276	24,614
Currency translation reserve	0	0	0	– 81	– 81
Net income Q1/2007	0	0	613	0	613
As of 2007-03-31	4,287	15,088	5,576	195	25,146
Currency translation reserve	0	0	0	303	303
Net income Q2-Q4 2007	0	0	420	0	420
As of 2007-12-31	4,287	15,088	5,996	498	25,869
Currency translation reserve	0	0	0	372	372
Net income Q1 2008	0	0	– 414	0	– 414
As of 2008-03-31	4,287	15,088	5,582	870	25,827

Notes to the Consolidated Financial Statements of InTiCom Systems AG for the first quarter 2008

1 January 2008 – 31 March 2008

Accounting in accordance with International Financial Reporting Standards (IFRS)

The interim consolidated financial statements at 31 March 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.inticom-systems.de*.

Basis of consolidation

The basis of consolidation of InTiCom 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 568 thousand Euro. Personnel expenses increased from 1,292 thousand Euro to 1,648 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 9,207 thousand Euro.

Subsequent events

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

Selection of key figures from the Consolidated income statement

	Q1 2008 Euro (000)	Q1 2007 Euro (000)	Change 2008 to 2007 absolute	Change 2008 to 2007 in %
Personnel expenses	1,648	1,292	356	27.6%
EBITDA	568	1,389	– 821	– 59.1%
Depreciation	836	459	377	82.1%

Segment report

	Communication		Automotive		Others		Total	
	Q1 2008 Euro (000)	Q1 2007 Euro (000)	Q1 2008 Euro (000)	Q1 2007 Euro (000)	Q1 2008 Euro (000)	Q1 2007 Euro (000)	Q1 2008 Euro (000)	Q1 2007 Euro (000)
Sales	8,323	9,910	1,124	1,080	116	32	9,563	11,022
EBIT	176	995	– 196	– 15	– 114	– 20	– 134	960

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.inticom-systems.de.

Statutory Declaration

"We affirm to the best of our knowledge that the consolidated interim financial statements provide a presentation of the Group's financial position and results of operations that corresponds to the actual conditions, in accordance with applicable accounting standards, and that the Group management report presents the course of business including the business result and situation of the Group in a way that corresponds to the actual conditions and describes the material risks and opportunities of the Group's expected future development."

The Management Board
InTiCom Systems AG

Financial calendar

20 May 2008	Release of the three-month report
29 May 2008	Annual shareholders' meeting in Passau
30 May 2008	Annual press conference/conference call
19 August 2008	Release of the six-month report
10 November 2008	Release of the nine-month report
10-12 November 2008	Analysts conference during the German Equity Forum in Frankfurt/Main

Imprint

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