Annual Report 2008

InTiCa Systems

Innovation for the future

Key figures of InTiCa Systems AG

The Group

The Group	2006 EUR ´000	2007 EUR ´000	2008 EUR ’000	Change
Sales	37,483	38,104	**27,325**	-28.3%
Net margin	4.2%	2.7%	**-**	-
EBITDA	4,120	3,008	**-91**	-
EBIT	3,466	880	**-3,773**	-
EBT	3,584	804	**-3,925**	-
Net loss (profit)	2,195	1,033	**-3,333**	-
Earnings per share (diluted/basic in EUR)	0.49	0.24	**-0.79**	
Cash flow total	-984	289	**8,542**	2,856%
Net cash flow for operating activities*	745	4,214	**-2,044**	-
Capital expenditure	5,922	6,289	**4,844**	-23.0%

** In 2006 cash flow from operating activities. The 2007 and 2008 figures are calculated in a differing scheme.*

	12-31-2006 EUR ’000	12-31-2007 EUR ’000	12-31-2008 EUR ’000	Change
Total assets	38,181	43,855	**40,189**	-8.4%
Equity	24,614	25,869	**21,478**	-17.0%
Equity ratio	65%	59%	**53%**	-
Employees (number)	155	236	**241**	2.1%

The stock

The stock	2006	2007	2008	2009 (end 3-31-2008)
Closing price (XETRA in EUR)	20.00	9.15	**1.70**	1.80
Period high (XETRA in EUR)	29.17	19.60	**9.04**	2.15
Period low (XETRA in EUR)	15.60	8.50	**1.40**	1.29
Marketcapitalisation at end of period (million EUR)	85.7	39.2	**7.3**	7.7
Number of shares	4,287,000	4,287,000	**4,287,000**	4.287.000

The stock prices have been calculated based on the current number of shares amounting to 4.287 million.

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The InTiCa Systems Group

Preface

Dear shareholders, employees and business associates,

We are pleased to present our annual report for 2008. Although the past fiscal year was especially challenging for InTiCa Systems in many respects and brought many changes, we are confident that we took timely action to pave the way for the future.

2008: a year of change

Given our dependence on the German telecommunications market and the signs of economic downturn, the Board of Directors introduced timely restructuring measures to improve capacity utilization, cut costs and significantly increase competitiveness.

In parallel with this there some changes on the Board of Directors and Supervisory Board, reflecting the importance of the Automotive Technology segment and the increasing internationalization of the company.

Our co-founders and long-serving members of the Board of Directors Mrs. Maria Grohs and Dr. Paul Grohs left the Board of Directors for personal reasons at year-end. They played a key role in the development of the company over the years and will continue to support InTiCa systems through consultancy contracts. -

Mr. Günther Kneidinger was appointed to the Board of Directors to succeed them as of January 1, 2009. Within the Board of Directors, he is responsible for marketing, sales, research and development, materials management and quality management. Prior to his appointment to the Board of Directors, Mr. Kneidinger was a director with power of attorney and played a decisive role in the successful development of the automotive division as sales manager.

Mr. Harald Nöth resigned from the Supervisory Board as of October 31, 2008 for professional reasons. He has been succeeded by Dr. Walter Hasselkus. Mr. Nöth had been a member of the Supervisory Board of InTiCa Systems since the establishment of the company and made a significant contribution to the company's successful development.

Dr. Hasselkus was elected Chairman of the Supervisory Board as of January 1, 2009. He has decades of international experience in the automotive sector, most recently as a member of the Management Board of the BMW Group. The other members of this high-calibre board are Dr. Hollstein, Deputy Chairman, who contributes many years of international experience in industry, and the previous Chairman of the Supervisory Board, Dr. Wulfdieter Braun.

Challenges in 2009

InTiCa Systems faces two main challenges on the sales side in fiscal 2009:
Firstly, we have to offset the drop in volume sales and price pressure in the Communications Technology segment resulting from increasing competition and lower growth momentum in the DLS market. Secondly, the company needs to counter the general trend in the automotive and industrial electronics sectors through successful product innovations. This is most likely to be achieved through innovative products that increase comfort or safety while reducing costs.

On the production side, the focus is on continued development of the central facility in Prachatice. Components that were still produced in Greece in 2008 have to be integrated into the state-of-the-art processes in Prachatice. In addition, further expansion of this central production site is planned in response to the increasing volume of business in automotive and industrial technology.

InTiCa Systems - well-prepared for 2009 and the future

Although fiscal 2009 will be a challenging year, the company believes that timely and extensive action, technological leadership in attractive markets and extremely sound equity base position it well to handle the upcoming challenges. The measures we have introduced have paved the way for sustained, long-term growth beyond 2009.

We would particularly like to thank our shareholders, employees and customers for their confidence in our successful future as a leading edge player in passive analogue technologies.

Passau, April 2009

Yours

Walter Brückl
Chairman of the Board of Directors

Günther Kneidinger
Member of the Board of Directors

The InTiCa Systems Group

Report of the Supervisory Board on fiscal 2008

The members of the Supervisory Board in the year under review were Dr. Wulfdieter Braun (Chairman), Dr. Horst Hollstein (Deputy Chairman), Harald Nöth and Dr. Walter Hasselkus. Mr Nöth resigned from the Supervisory Board for professional reasons as of October 31, 2008. Dr. Walter Hasselkus was appointed as his successor by the responsible court as of November 1, 2008 for a term of office until the Annual General Meeting on June 5, 2009.

Since the Supervisory Board only has three members, it has not established any committees. The full Supervisory Board discusses all relevant issues.

Mrs. Maria Grohs, responsible for marketing, sales, materials management and human resources, and Dr. Paul Grohs, responsible for development, technology, IT and quality assurance, resigned from the Board of Directors for personal reasons effective December 31, 2008. The Supervisory Board thanks them both for their work in building up the company. Mr. Günther Kneidinger was appointed to the Board of Directors to succeed them as of January 1, 2009.

The Supervisory Board continuously monitored the work of the Board of Directors in the interests of the company and its shareholders and provided advice. The Board of Directors give the Supervisory Board sufficiently detailed information and explanations with regard to all business transactions and other matters requiring the approval of the Supervisory Board in compliance with the law, articles of incorporation or rules of procedure, and obtained the necessary consent. The Board of Directors ensured timely and full reporting on the economic development and financial condition of the company. It also discussed corporate planning with the Supervisory Board.

Discrepancies between planned and actual business performance and the budgets presented were explained in detail to the Supervisory Board and examined on the basis of the documents provided. The Board of Directors and Chairman of the Supervisory Board maintained close contact outside the regular meetings of the Supervisory Board. The Supervisory Board held seven regular and one extraordinary meeting in 2008. All members of the Supervisory Board attended all meetings.

The dates of the meetings and the main issues discussed were as follows:

January 17, 2008: Strategic and organizational issues were discussed. The main topic discussed was the creation of an additional post on the Board of Directors as spokesperson or CEO.

February 22, 2008: (extraordinary meeting): The strategic focus and, in particular, the organizational implications of this focus were presented, discussed and agreed. It was unanimously agreed to appoint an additional member to the Board of Directors. The new member of the Board of Directors will assume the post of CEO and be responsible within the Board of Directors for strategy, production and external communications.

April 7, 2008: The annual financial statements and management report for fiscal 2007 were approved and adopted. The other main items discussed at this meeting were resolutions and other issues connected with the preparation of the Annual General Meeting.

May 14, 2008: The current business performance and preliminary planning up to 2012 were discussed.

May 28, 2008: The planning for fiscal 2008 was discussed and approved and the presentation for the Annual General Meeting received final approval.

July 22, 2008: The current status of projects to cut costs, develop new product lines and the planned expansion of the facilities at the Prachatice site were discussed.

October 9, 2008: The Supervisory Board was informed of present business trends and the expectations for the fourth quarter of 2008. Further, Mrs. Maria Grohs and Dr. Grohs informed the Supervisory Board that they planned to resign from the Board of Directors as of December 31, 2008 for personal reasons.

December 12, 2008: The Board of Directors reported in detail on the current business performance and expectations for fiscal 2009.

The dispute with Deutsche Telekom AG about the company's name was discussed at several meetings of the Supervisory Board. Following the ban imposed by Hamburg Regional Court in April 2007 on the use of the name InTiCom, the two companies reached agreement in October 2007. At the Annual General Meeting in 2008, the Board of Directors and Supervisory Board put forward a proposal that the company's name should be changed from InTiCom Systems AG to InTiCa Systems AG. In accordance with the resolution adopted at the Annual General Meeting on May 29, 2008, the company's name was changed from InTiCom Systems AG to InTiCa Systems AG as of July 1, 2008.

The auditors Nirschl, Grössl & Koll GmbH, Eging am See, Germany, were selected by the Annual General Meeting to audit the annual financial statements and consolidated financial statements for the fiscal year from January 1, 2008 to December 31, 2008 and the Supervisory Board granted the audit contract in accordance with this.

The auditors have audited the management report and annual financial statements of InTiCa Systems Aktiengesellschaft as of December 31, 2008, prepared in accordance with the German Commercial Code (HGB), the consolidated financial statements as of December 31, 2008 prepared in accordance with IFRS/IAS and the Group management report, together with the book-keeping, and have awarded them an unqualified opinion. The following focal areas were agreed with the auditors for the audit: the valuation of accounts receivable and self-created intangible assets.

In compliance with the statutory provisions, the Group's risk management system was included in the audit. The Supervisory Board received regular progress reports from the auditors on the audit and acknowledged and approved the audit reports. The Supervisory Board has examined the management report, annual financial statements, consolidated financial statements and Group management report for 2008 submitted by the Board of Directors in detail and has no objections to raise on the basis of this examination. The annual financial statements, consolidated annual statements and management report on InTiCa Systems AG and the Group were approved by the Supervisory Board at its meeting on March 26, 2009. The auditors were present at this meeting and answered questions put by the members of the Supervisory Board on the financial statements and the audit. The financial statements are thus adopted.

The Supervisory Board also discussed issues relating to corporate governance. The current declaration of conformity by the Board of Directors and Supervisory Board pursuant to sec. 161 of the German Stock Corporation Act (AktG) was adopted on March 26, 2009 and published on the company's website. The Supervisory Board is not aware of any conflicts of interest within the Supervisory Board. Further details of corporate governance can be found in the joint report on corporate governance by the Board of Directors and Supervisory Board.

The Supervisory Board would like to thank the Board of Directors and employees of the Group for their work and commitment in fiscal 2008.

Passau, April 9, 2009

Dr. Walter Hasselkus

Chairman of the Supervisory Board

Company Boards

Board of Directors

Walter Brückl
Chairman since January 1, 2009
From April 1, 2008 to December 31, 2008
Spokesman of the Board of Directors
Strategy, Investor and Public Relations, Production, Finances (from May 29, 2008), IT and Human resources (each from January 1, 2009)

Günther Kneidinger
Member since January 1, 2009
Marketing, Sales, Materials management, Qualitiy management, research & development

Maria Grohs
Member until December 31, 2008
Materials management, Marketing, Sales and Human resources (since May 29, 2008)

Dr. Paul Grohs
Member until December 31, 2008
Development, Technology, Quality management and IT (since May 29, 2008)

Christian Schubert
Member until May 28, 2008
Controlling, Finances, IT and Human resources

Supervisory Board

Dr. Walter Hasselkus
Chairman since January 1, 2009
Menber from November 1, 2008 to December 31, 2008
Lawyer

Dr. Horst Rüdiger Hollstein
Vice-Chairman since January 1, 2008
Diplom-Kaufmann
Management consultant

Dr. Wulfdieter Braun
Member
Chairman until December 31, 2008
Diplom-Physiker
Management consultant

Harald Nöth
Member until October 31, 2008

Company Profile

InTiCa Systems´ business

InTiCa Systems is your reliable partner; we provide market leadership in high technology.

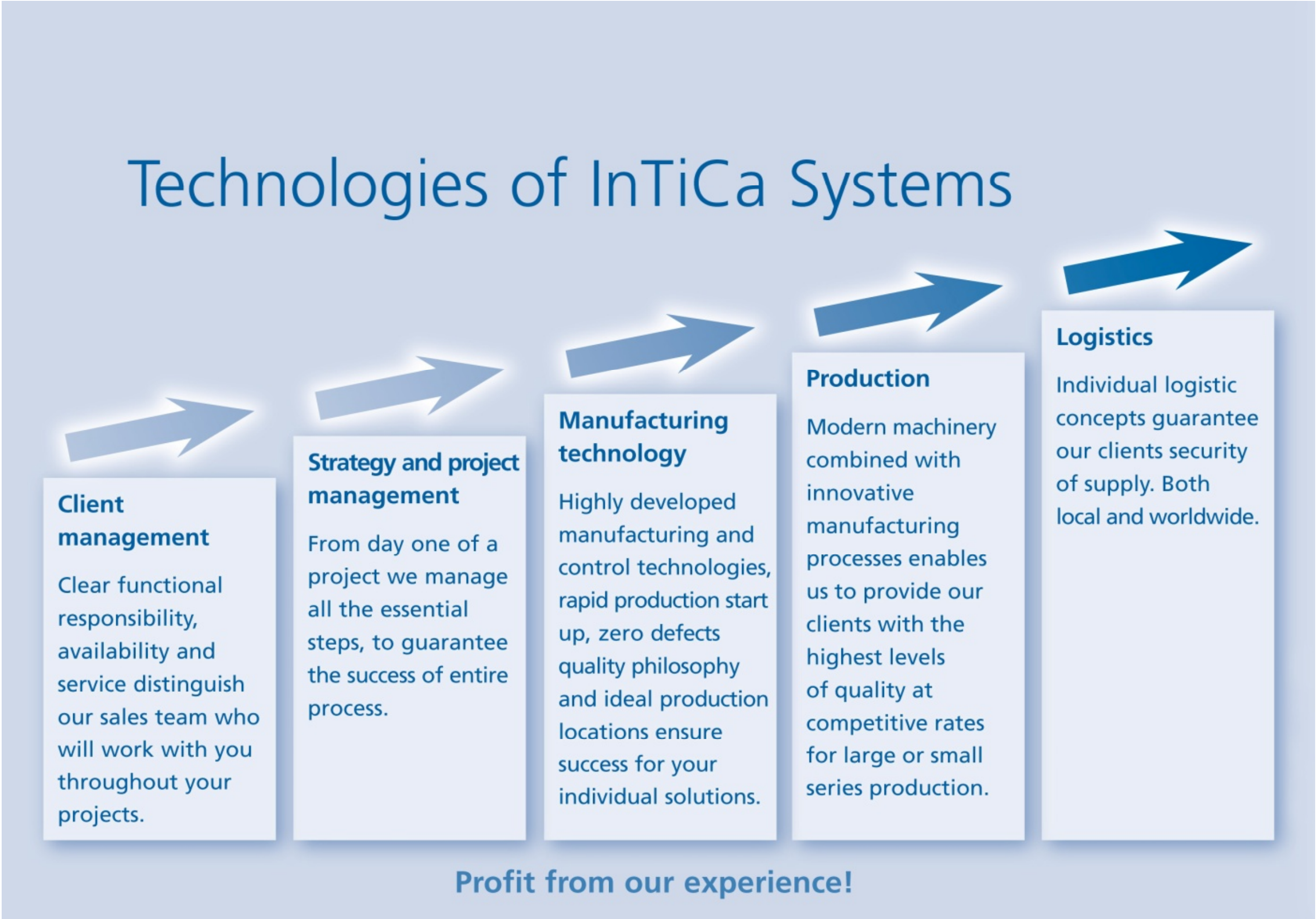
Our process capability and knowledge together with efficiency are key factors in your success. The combination of high flexibility in development and production enables us to offer forward looking, premium quality, sophisticated products to market, in a time efficient way.

By working closely with our clients, InTiCa Systems understands the changing requirements of dynamic and new markets. Our combination of core competences enables us to succeed in developing products for new and emerging business fields and markets.

Satisfied customers, long-term business relations and trend setting products that are in line with market requirements are the highest aims of InTiCa Systems. All our employees focus on quality by their thoughts and actions.

Our aims and strategies

- Development of innovative products and manufacturing technologies – leadership in technology
- Production to the highest quality level – zero defects
- Enabling competitive pricing modells
- Reducing product and sector dependencies
- Internationalisation of production and sales



At the beginning the idea...

To develop an "idea" to a product that can be manufactured is doubtless one of the biggest challenges for a production company. A key to this is the manufacturing technology we use to realise the characteristics and attributes of our clients' products.

We appreciate this fact using our team of experts, who deal exclusively with new and innovative manufacturing technologies and manufacturing processes.

Here production processes are planned and custom-made concepts for the clients' product are developed and implemented. We use our own specific manufacturing equipment, so we can ensure that we meet the demands of our clients for small as well as for large numbers.

….in the end a satisfied client!

Core competence of the manufacturing technology

- Moulding technology
  - vertical and horizontal moulding technology,
    with rotating tables option
  - insert moulding and over moulding technologies

- Winding technology
  - state-of-the-art winding technologies:
    Single and mulit-spindle, autocyclic winding,
    toroid winding technology

- Construction- and combination technology
  - soldering and welding methods
  - Ultrasonic welding, hot staking
  - Vacuum potting and gluing technology
  - Various interconnect technologies crimp,
    press fit etc.

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- PCB Assembly
  - in SMD and THT

- Measuring and test systems
  - Automatic tests of critical product characteristics, as
    - Electrical parameters
    - Dimensional conformance
    - Environmental requirement conformance
    - Optical and mechanical tests

Communication technology

Future of modern media

Triple play services, such as simultaneous internet surfing, IPTV (internet-protocol television) and VOIP (voice over IP) and increasingly mobile data transfer systems drive higher performance solutions for data transmission technology.

InTiCa Systems develops and produces products for these ultimate requirements.

System components for the next generation

Communication and data networks via cable, radio or satellite necessitate ultimate requirements in quality and safety.

Our team of experts has in-depth experience in development, construction and production of products and manufacturing technologies for advanced broadband components.

We use our skills to realise innovative projects in a short space of time, working together with our clients in a efficient way.

For many years InTiCa Systems have effectively developed and produced applications for ultimate data rates and maximum packing density.

- CPE Splitter (Customer Premises Equipment)
- CO Splitter (Central Office)
- MDF Splitter (Main Distribution Frame)

Automotive technology

Efficiency, comfort and security realised in sophisticated mechatronic systems

Comfort and security aspects are going to play an increasingly important role in the future development of new cars. The environment as well as the economic climate calls for the development of "green vehicles".

We play a key role in creating the products to meet these challenges.

Automotive technology for the future

Our core skills in the automotive technology segment are in the development, the mechanical engineering and the production of complex mechatronic systems for different applications.

To meet the demanding requirements, we build a team of expertst to enable a quick and competent realisation of your requirements and needs.

Products we offer to you as solutions for your specific requirements:

- Immobilizers, keyless go/entry systems
- Motor management
- Energy and power electronics
- Safety systems
- EMC

Industrial electronics

New ideas for the future

With InTiCa Systems you have the advantage of a "one stop shop", everything from one source – Your competent partner for inductive components and systems.

Expertise provides competitive edge for customers

Individual solutions based upon long standing experience combined with the latest manufacturing machines and close customer relations, establish a basis for future-oriented projects.

In the industrial electronics business sector, InTiCa Systems specialises in the development and production of high-value custom inductive components as well as in mechatronic modules and system solutions.

Extensive know-how in the development of inductive components combined with in-depth expert knowledge ensures that our clients receive a rapid, efficient performance, together with cost-optimised solutions to the highest quality level.

We offer you products and solutions for the following areas:

- Performance components
- PFC- and storage choke
- Filter and noise suppression
- Transducers and transformers
- Components for RIFD (non-contact transmission)
- Mechatronic modules and systems

The InTiCa Systems Stock

Internal and external challenges put a strain on share price

InTiCa Systems stock in 2008

Difficult market conditions

Overall, 2008 was a year of sharp price declines and high volatility on the stock market. The factors that ultimately dominated the financial community and stock exchanges throughout most of the year emerged in the first few weeks: in the wake of the increasing negative news flow from leading banks in connection with the subprime crisis, investors were confronted with dramatic price corrections on the international capital markets. Share prices were particularly badly affected and declined sharply on all major markets. The situation deteriorated steadily during the year, exacerbated by the simultaneous global economic downswing, which immediately impacted large areas of the economy. The first signs of an economic slowdown had started to emerge at the end of 2007 but the markets had not anticipated that it would take on such dramatic dimensions.

Some German shares suffered heavy declines during 2008. Share prices picked up briefly in the bear market rally in April and May, nourishing hopes that the crisis would soon be over. However, when it became evident that further capital injections were necessary even after the first wave of recapitalization of major banks, a growing number of investors became convinced that the financial crisis would impact economic trends in major markets and emerging economies. Nevertheless, until mid-year it was generally assumed that the impact on the real economy would be moderate. Gradually, fears grew that the economic slowdown would be far more serious than had previously been expected. Investors in Germany and abroad became increasingly concerned about developments in the financial sector as more and more banks found themselves in difficulty. This was compounded by fears of a sustained economic downswing, which were subsequently confirmed by the GDP growth figures for preceding quarters. Such fears led many investors to conclude that the downturn could last far longer than in previous recessions. From mid-autumn, the only question was how long and how deep the recession would be.

That was followed by a brief stock market rally at the end of October following announcements by many governments and regulatory authorities that they would be taking action to raise liquidity, and the introduction of the first state rescue packages. However, the rally proved short-lived and despite some brief recoveries, the stock market continued to fall for the remainder of the year.

Despite attractive valuations, no impetus came from either private or institutional investors as analysts and investors cut profit and cash flow forecasts significantly. The volatility of the international equity markets was partly due to market and portfolio-based trading strategies as many equity funds were forced to liquidate positions and restructure investments in response to a massive outflow of funds. Moreover, some investors who had leveraged their investments through borrowing were forced to liquidate positions because banks withdrew their financing. Moreover, throughout the year the equity markets suffered massive swings in sentiment and thus enormous volatility. Strikingly, the strongest days on the stock market were often those immediately preceding a particularly sharp drop in prices. For example, the three best days in the history of Germany's DAX index were all in the fourth quarter of 2008. Volatility and sentiment indicators took on dimensions last seen in the late 1980s when prices were prey to extreme and often irrational upward and downward corrections.

In all, 2008 was an extremely difficult year for the German equity market. In common with almost all major global indices, the DAX dropped more than 40%, ending the year at 4,810 points, compared with 8,067 at the end of 2007. The lowest level for the year was well below this: 4,127 points at the end of November. 2008 thus came close to matching the negative record of -44% set in 2002 and was the second weakest year for the DAX since its introduction in 1988. However, the downtrend on the German equity market was by no means an isolated phenomenon. None of the world's major markets was able to escape the effects of the financial and credit crisis.

Alongside the impact on InTiCa Systems' operating business and the restructuring introduced in the previous year, the financial and capital market trends adversely affected the performance of shares in the company.

InTiCa-Systems stock[1)]

Shares in InTiCa Systesm came under pressure at the start of the year as soon as it became clear that the company's performance in 2007 had been hampered by one-off factors and that it would not achieve its growth targets for 2008. The negative outlook for the share was exacerbated by the increasingly difficult economic conditions, especially in the telecommunications and automotive sectors, which are particularly important for InTiCa Systems. Many investors found their negative expectations confirmed in the autumn, when InTiCa Systems reported lower sales in the telecommunications business.

Although the performance of InTiCa Systems' shares initially mirrored the benchmark indices, it subsequently underperformed, especially in April and towards the end of the year. In summer 2008 it briefly outperformed the index.

Overall the share dropped nearly 81% over the year, with the share price varying between EUR 9.04 and EUR 1.40. At year-end the share was trading at EUR 1.70. The most important trading exchange was the electronic trading platform XETRA, which accounted for nearly 90% of trading in the share, followed by the Frankfurt Stock Exchange, which accounted for around 9%. An average of around 270,000 shares per month were traded via the XETRA® system in 2008.

Investors suffered sharp setbacks in 2008. The price performance of shares in InTiCa Systems was well below the benchmark indices for much of the year. Many of the sector indices calculated by Deutsche Börse performed even worse than the DAX and the TecDax, with its high weighting of renewable energy stocks. Both of these indices dropped more than 40% over the year. Deustche Börse regularly calculates sector indices for the Prime Standard segment. InTiCa Systems is included in the DAXsector Technology Index and the DAXsubsector Communications Technology Index. The DAXsector Technology Index (formerly the Prime Technology Index), which only comprises technology companies listed in the Prime Standard, posted a very poor performance of around -67%. The DAXsubsector Communications Technology Index was only slightly better, with a performance of -57%. The drop in the price of shares in InTiCa Systems was thus partly due to the poor market environment for technology stocks in general, which adversely affected all companies in this sector in 2008 and is continuing to impact them.

Overall, InTiCa Systems can only regard the performance of its shares in 2008 as exceptionally unsatisfactory.

The Board of Directors introduced a number of measures in 2008 with the overall aim of improving the performance of shares in the company.

Investor relations activities

As in the past, the Board of Directors provided timely information for private and institutional investors, analysts and representatives of the media through regular reporting in 2008. The additional capital market activities also remained at the same high level as in previous years. For instance, InTiCa Systems was present at the German Equity Forum. Organized by Deutsche Börse AG and KfW, this is Europe's best established and most successful platform on the stock market and equity financing, and attracts more than 5,000 visitors. As a company listed in the Prime Standard segment of the German stock market, the various presentation formats at this event gave InTiCa System the opportunity to give a presentation to analysts and hold one-on-one meetings to renew contacts and meet with potential institutional investors.

Regular research coverage and market-making by Bank M to support the liquidity and tradability of shares in InTiCa Systems in the Xetra system give investors timely access to independent analysts' views on the information reported by the company and estimates of InTiCa Systems' future business performance. The latest analysts' reports can always be called up via the Investor Relations pages on InTiCa Systems' website. Moreover, the estimates for key financial data are included in the websites operated by major financial portals and online brokers, thus ensuring widespread access.

InTiCa Systems will be holding roadshows and one-on-one meetings with present and future investors in 2009 on around the same scale as in 2008 to present the company to institutional investors and other multipliers.

InTiCa Systems is sticking to its policy of active, open and transparent communication with the capital markets, general public and the media. In the opinion of the Board of Directors,

1) Source: Bloomberg, all date based on XETRA

Key data on the share

ISIN	DE0005874846
WKN	587 484
Stock exchange symbol	IS7
Symbol Reuters / Bloomberg	IS7G.DE / IS7:GR
Trading segment	Regulierter Markt
Level of transparency	Prime Standard
Listed	XETRA®, Frankfurt, Hamburg, Berlin, München, Stuttgart, Düsseldorf
Prime sector	Technology
Indices	CDAX, DAXsector All Technology, DAXsector Technology, DAXsubsector All Communications Technology, DAXsubsector Communications Technology, Prime All Share, Technology All Share
Designated Sponsor	BankM
Research Coverage	BankM
Number of shares	4,287,000
Capital stock	EUR 4,287,000
Stock category	Non-par common bearer shares

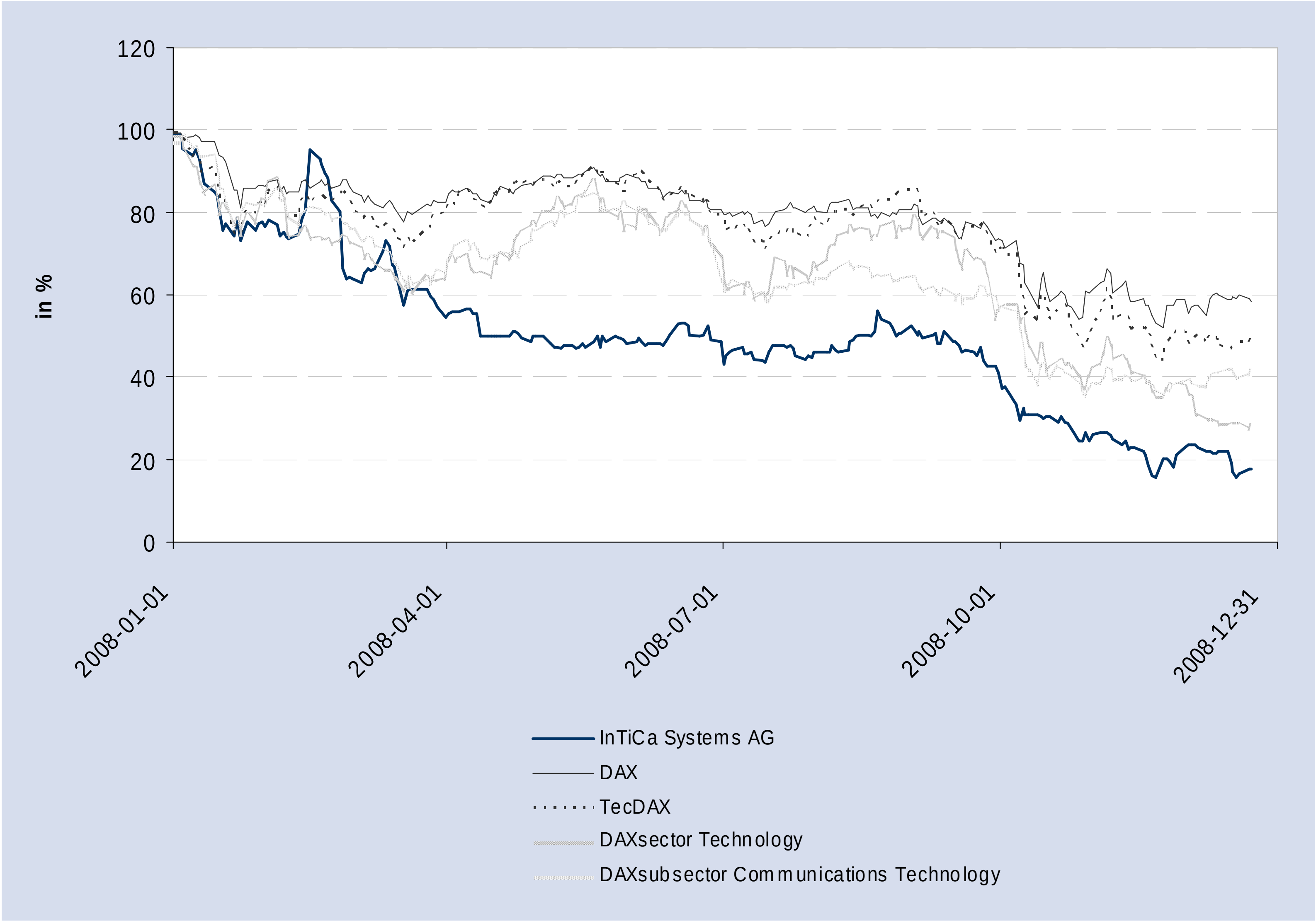
Shareholder structure

As of April 20, 2009

Shareholder	Quota
UBS Fund Management (Switzerland) AG	above 5%
KST Beteiligung AG	above 5%
UBS Global Asset Management (Deutschland) GmbH	above 3%
Karl Kindl	above 3%
Dr. Dr. Axel Diekmann	above 3%
InTiCa Systems AG	6.16%
Freefloat (<3%)	<75%

Share price development

	2008	2007	Change
Closing price year end (XETRA in EUR)	**1.70**	9.15	**-81.4%**
Year high (XETRA in EUR)	**9.04**	19.60	**-53.9%**
Year low (XETRA in EUR)	**1.40**	8.50	**-83.5%**
Marketcapitalisation at year end (in million EUR)	**7.3**	39.2	**-81.4%**
DAX	**4,810.20**	8,067.32	**-40.4%**
TecDAX	**508.31**	974.19	**-47.8%**
DAXsector Technology	**98.94**	296.97	**-66.7%**
DAXsubsector Communications Technology	**46.64**	108.66	**-57.1%**



timely information on the company's current business performance and prospects remains essential, particularly in periods of stock market weakness.

On the basis of the action taken at operating level, the Board of Directors believes that the turnaround will soon be visible in measureable results.

Corporate Governance Report

Report of the Supervisory Board for fiscal 2008

The sustainable rise in the shareholder value is the guideline for the Members of the Board of Directors and the Supervisory Board of InTiCa Systems AG (the „Company“). The trust of investors and other stakeholders in an effective and transparent management particularly plays an important role.

The German Corporate Governance Code („Code“) establishes the rules and guidelines for managing and supervising listed companies. The corporate governance report at hand explains the significant elements of Corporate Governance at InTiCa Systems. The decleration of conformity provided by the Board of Directors and Supervisory Board names the company-specific deviations from the recommendations of the Code and explains the reasons behind such deviations.

Board of Directors and Supervisory Board

In 2008 there were number of changes on the Board of Directors that are of significance for the future focus of InTiCa Systems. Mr. Christian Schubert left the company in mid-year. Mrs. Maria Grohs and Dr. Paul Grohs resigned from the Board of Directors for personal reasons as of December 31, 2008. InTiCa’s co-founders, Dr. and Mrs. Grohs, will continue to support the company in an advisory capacity for at least two years, especially in the areas of sales and development.

Mr. Günther Kneidinger was appointed to the Board of Directors to succeed them as of January 1, 2009. He has played a key role in the successful establishment of the Automotive Technology segment and is responsible for marketing, sales, material management, quality management and research and development.

Mr. Walter Brückl was appointed to the Board of Directors as of April 1, 2008. He is responsible for strategy, production, investor relations and public relations and is spokesman for the Board of Directors. In addition he assumed responsibility for finance, on May 29, 2008 and for IT and human resources on January 1, 2009. Mr. Brückl was appointed Chairman of the Board of Directors effective January 1, 2009.

In keeping with the dual management structure at German companies, the role of the Supervisory Board is to advise and oversee the Board of Directors. Dr. Walter Hasselkus became Chairman of the Supervisory Board on January 1, 2009. He was appointed to the Supervisory Board on November 1, 2008 by the district court as successor to Mr. Harald Nöth, who stepped down for personal and professional reasons effective October 31, 2008. Dr. Horst Hollstein was appointed to the Supervisory Board by the court for the period from January 1, 2008 until the Annual General Meeting on May 29, 2008, when he was confirmed in this position. Dr. Hollstein is Deputy Chairman of the Supervisory Board. Dr, Wulfdieter Braun, who was Chairman of the Supervisory Board for many years, remains a member of the Supervisory Board.

The Board of Directors informs the Supervisory Board extensively and in a timely manner on the Company's performance. Together they discuss the strategy developed by the Board of Directors. The latter also provides the Supervisory Board with reports on the status of the implementation of the strategic planning and potential deviations. Important decisions are subject to approval by the Supervisory Board. The Board of Directors informs the Supervisory Board on the Company's opportunity and risk management. The two management bodies collaborate closely to the Company's benefit.

The Supervisory Board founded no committees. All Board members are involved in dealing with the relevant topics. This primarily pertains to the audit of quarterly and annual financial statements as well as the particulars of the Board of Directors. Details can be found in the Supervisory Board report on pages 6 and 7 of this annual report.

A D&O insurance policy without a deductible has been taken out for the Board members.

Remuneration

Variable remunerations depending on the Company's success (EBT adjusted for spezial items) were agreed upon for the first time beginning in 2008. The Company previously refrained from variable components of the remuneration – contrary to the recommendations of the Code – as a result of the shareholdings of the Board of Directors in the Company´s stock. InTiCa Systems considers a variable remuneration for the Supervisory Board to be rather contrary to the control function of the Board. However, according to the Company's articles of association, the AGM is enabled to grant the Supervisory Board a participation in retained earnings. The remuneration for both boards overall in the lapsed financial year amounted to EUR 781 thousand. Additional details on the remuneration system of the Board of Directors and Supervisory Board can be found in the notes to the consolidated financial statements (Note 27.3) and in the group management report (Note 14).

Shareholdings

Members of the Board of Directors as well as of the Supervisory Board hold a limited amount of Company stock. In total, Board ownership adds up to well below 3% of all shares outstanding.

InTiCa Systems purchased 263,889 shares in the company through a share buyback program in 2008 and the treasury shareholding is now 6.16%.

Explanation of Declaration of Conformity 2008

Pursuant to sec. 161 of the German Stock Corporation Act (AktG), on March 26, 2008 the Board and Supervisory Board made a Declaration of Conformity for the financial year 2009 as follows in accordance with sec. 3.10 of the Code (version of June 6, 2008):

Calling of Annual General Meeting (Code section 2.3.2)
The Company does not use electronic means to notify the calling of the Annual General Meeting and provide notification documentation to financial service providers, shareholders and shareholder associations. The Company regards that it is sufficient to publish the call for the Annual General Meeting in the electronic Federal Gazette (Bundesanzeiger); notification documentation is available to shareholders on the Company's website and may be sent in paper form if requested.

D&O liability insurance (Code section 3.8)
The liability insurance for pecuniary damage (D& O insurance) purchased for Members of the Board and Supervisory Board does not have a contributory excess. The Company does not believe that an excess would have appreciable effect on the orderly undertaking of duties by Board Members.

Chairman of the Board (Code section 4.2.1)
Previously the Board has not had a Chairman . The Supervisory Board of the Company appointed a chairman for the Board as recently as with effect from January 1, 2009. Therefore, in the future this recommendation of the Code will be met.

Age limits for Board and Supervisory Board (Code section 5.1.2; 5.4.1)
The Company believes that technical abilities and availability of competence are more important for the selection of Members of both Boards than age. Therefore, InTiCa Systems does not have age limits for Members of the Board and Supervisory Board.

By-laws of the Supervisory Board (Code section 5.1.3)
The Supervisory Board does not have any by-laws. The Company's Articles of Association and the German Stock Corporation Law (Aktiengesetz) include comprehensive and adequate regulations regarding cooperation in the Supervisory Board.

Supervisory Board Committees (Code sections 5.3.1; 5.3.2; 5.3.3)
Due to the Comany´s size and with only three Members of the Supervisory Board, the Supervisory Board does not have any committees..

Performance-related remuneration of Supervisory Board (Code section 5.4.7)
The Members of the Supervisory Board do not receive performance-related remuneration. The Company thinks this could potentially cause conflicts of interest with the supervisory and monitoring functions of the Supervisory Board.

Publication of interim financial statements and the consolidated financial statements (Code section 7.1.2)
The consolidated financial statements shall be published within 120 days of the end of the financial year, and interim reports must be made publicly available within 60 days of the end of the relevant reporting period, unless a shorter period is stipulated by law. The publication deadlines recommended in the Code for consolidated financial statements and consolidated interim financial statements could not be met, as several foreign subsidiaries need to be included in the consolidated reporting.

Directors' Dealings

In the past financial year, the following security transactions according to sec. 15a WpHG (Securities Trading Act) were made by members of the Board of Directors (BoD) and Supervisory Board (SB) of InTiCa Systems AG:

Date	reporting person	Board member	buy/sale	amount	price in EUR	volume in EUR	exchange
12-19-2008	Maria Grohs	BoD	B	10,000	1.35	13,500	XETRA
12-15-2008	Wulfdieter Braun	SB	B	5,000	1.94	9,720	XETRA
12-4-2008	Wulfdieter Braun	SB	B	5,000	2.07	10,350	XETRA
11-25-2008	Wulfdieter Braun	SB	B	10,000	1.85	18,500	XETRA
11-24-2008	Maria Grohs	BoD	B	4,000	1.50	6,000	XETRA
11-20-2008	Walter Brückl	BoD	B	3,000	1,59	4,770	XETRA
11-20-2008	Maria Grohs	BoD	B	10,400	1.46	15,184	XETRA
11-17-2008	Walter Brückl	BoD	B	2,000	2.00	4,000	XETRA
10-24-2008	Walter Brückl	BoD	B	2,000	2.49	4,980	XETRA
10-10-2008	Walter Brückl	BoD	B	1,500	2.50	3,750	XETRA
4-2-2008	Walter Brückl	BoD	B	1,000	4.98	4,980	Frankfurt
4-1-2008	Maria Grohs	BoD	B	5,000	4.92	24,580	XETRA
2-28-2008	Christian Schubert	BoD	B	1,000	5.79	5,790	Frankfurt

Corresponding transactions are being published electronically and are documented and updated on the InTiCa Systems website

Group Management Report

for the period from January 1 until December 31, 2008

This Group management report should be read in conjunction with the audited consolidated financial statements for InTiCa Systems AG and the notes to the financial statements. The following comments are based on various assumptions which are set out in detail in the notes. In addition, the Group management report contains forward-looking statements, i.e. statements based on specific assumptions and the current plans, estimates and forecasts derived from those assumptions. Forward-looking statements are only valid at the time at which they are made. The management of InTiCa Systems AG has no obligation to revise and/or publish a revision of the forward-looking statements underlying this document in the event of new information. Forward-looking statements are always exposed to risks and uncertainties. The management of InTiCa Systems AG hereby points out that a large number of factors could lead to substantial differences in attainment of these objectives. The principal factors are outlined in detail in the section headed "Risk report".

1. Business activity

InTiCa Systems ranks among the German and European market and technology leaders in products and solutions based on high-tech inductivity. The ability of a coil to produce voltage in its own windings by means of a magnetic field or, conversely, to generate a magnetic field in a coil if voltage is applied, is utilized by the company in the following fields of activity:

- Non-contact data transmission/RFID
- Shielding and interference suppression
- Modification of currents: voltage conversion, modulation, filtering
- Power generation by producing a magnetic field (electric motors)
- Generation of energy or electric power by movement in a magnetic field.

InTiCa Systems thus has a basic technology that can be used for a wide variety of industrial applications. The chief advantage of these passive inductive components is that they do not require any additional energy source such as mains current or a battery. Moreover, they are reliable, almost entirely free of wear and can be produced extremely cost-effectively.

This technology is used in products for high-speed data transmission in the telecommunications sector (ADSL+, VDSL+, referred to jointly as xDSL). InTiCa Systems' Communication Technology segment serves this sector. The Automotive Technology segment develops and manufactures products, solutions and complete systems for sensor technology, electronic controls and network topologies in the automotive sector. The Industrial Electronics segment established in 2007 supplies powerful chokes and transformers for inverters in solar systems and to increase energy and cost-efficiency. It also develops

components and systems for domestic appliances ("white goods"), entertainment electronics and industrial automation. InTiCa Systems actively commercializes its products and developments on the international market through three segments, subdivided on the basis the underlying technologies:

1.1 Communication Technology

InTiCa Systems develops and manufactures optimized solutions for ADSL and VDSL as a basis for broadband internet access via the present and future telephone network. VDSL was developed to offer customers "triple-play" services. This term refers to the convergence of conventional telephony services, in other words, analogue, ISD and IP telephony, broadband internet access and IPTV. Since 2008, network operators have increasingly been installing VDSL2 splitters on the provider's side in both copper wire and fibre optic technology. VDSL offers theoretical data transfer rates of up to 50 Mbit/s.

In addition to technological upgrading of the provider side, since 2007 InTiCa Systems has been supplying telecommunications companies with the VDSL splitters required by end-users to support downward compatibility for ADSL2+ (up to 16 Mbits/s) and VDSL data transfer rates (up to 50 Mbit/s).

The products normally have to meet widely differing specifications for both present and potential future customers. These comprise telecommunications companies, which require splitters for subscribers, and system suppliers to the telecommunications companies who order splitters from InTiCa Systems for the provider side. The product range is rounded out by DSLAM splitters and main distribution frame (MDF) splitters, which InTiCa Systems delivers for multifunctional curb-side boxes to bring VDSL closer to end-users' homes.

The market served by the Communication Technology segment (total segment sales in 2008: EUR 20.7 million) did not develop as originally expected as the high growth rates of preceding years, which brought xDSL connections to around 50% of households in Germany, were not maintained. Other reasons include Deutsche Telekom's reluctance to invest in the VDSL network and the debate about future transmission methods.

Although InTiCa Systems has a market share of over 50% in Germany, it was unable to prevent a drop in sales. This was caused by lower volumes and a considerable reduction in prices owing to increased competition from low-wage countries, which could not be offset by either productivity gains or foreign business with xDSL splitters.

This segment's earnings were further reduced by expenses relating to the withdrawal from a cooperation with Siemens Enterprise in Greece and to ITS in Croatia. These charges amounted to around EUR 1.1 million in fiscal 2008.

1.2 Automotive Technology

The Automotive Technology segment develops and manufactures products, solutions and complete systems for keyless systems, safety systems, engine and energy management systems (for example, for hybrid vehicles) for a wide range of vehicle classes from luxury limousines and high-end sports cars to less expensive compact models. It supplies immobilizers, keyless go/entry systems, tyre pressure sensors and engine controls for hybrid vehicles to well-known German, French, US and Asian manufacturers and their systems suppliers. In 2008 the Automotive Technology segment contributed around EUR 6.1 million of total sales. Despite contracting demand in the automotive sector, the management assumes that InTiCa Systems will continue to report rising sales in this segment as its market penetration is still low and its products offer high benefits for end-users. Moreover, its principal safety and comfort products are extremely cost-efficient.

1.3 Industrial Electronics

In recent years, InTiCa Systems has also established a new Industrial Electronics segment focusing on automation technology, entertainment electronics, domestic appliances ("white goods") and converter and inverter technology to transform solar energy into electric power for the grid. This segment makes use of the company's expertise and technological edge in power converter and interference suppression components, coils and filters and systematically utilizes synergies. These technologies are used in the Automotive Technology segment to drive the motors of hybrid vehicles and convert energy with the lowest possible losses. The same principle is used in inverters that convert renewable energies into electricity with high efficiency and minimal loss. In 2008 the Industrial Electronics segment contributed around EUR 0.5 million to total sales. In view of its very broad range of applications and the highly diversified customer base, InTiCa Systems assumes that it should be able to roughly double this segment's sales annually in the next few years.

2. Market and market conditions

2.1 Communication Technology

Although broadband DSL connections are an extremely attractive and cost-effective solution for both telecommunications companies and end-users, the current market trend is characterized by stagnation, caused by price competition resulting from the market entry of several competitors in 2007 and rising "technological competition" from cable providers. InTiCa Systems' largest customer, Deutsche Telekom AG, increasingly views broadband cable as a genuine alternative to VDSL connections.

InTiCa Systems has two serious competitors in Germany, where it currently has a market share of around 50%. Internationally there are four relevant competitors, but a high proportion of their products are supplied to other European countries. The Communication Technology segment is still exposed to high price pressure, principally from Asian competitors.

Since the EU has approved funding for expansion of the broadband network and a large proportion of households still do not have broadband internet access, volume sales could pick up again in the future.

2.2 Automotive Technology

Despite declining volume sales in the automotive sector, there is rising demand for affordable components that increase the comfort and safety of vehicles, including mid-class and compact models. As a result of the phased start-up of serial production, even if overall production is lower than originally anticipated InTiCa Systems expects to report an increase in sales from the introduction of its components into leading international carmakers' volume models. In addition, the company could benefit from the future market for hybrid vehicles, where it has a promising position with European producers.

2.3 Industrial Electronics

With a view to potential sales growth, InTiCa Systems is giving priority to applications in the fields of renewable energies (especially solar power), entertainment electronics, automation and domestic appliances. Photovoltaic systems are being installed around the world to utilize solar energy in sunny regions. The efficiency of energy generation from such systems can be increased considerably by using InTiCa Systems' inverters. InTiCa Systems also develops and manufactures products for transmission technologies in collaboration with customers such as Kathrein. In other sectors, it develops and manufactures solutions for entertainment electronics in collaboration with Loewe, for weighing technology in collaboration with Bizerba, the world market leader in scales for the retail sector and industrial weighing technology, and for industrial applications.

Although this segment has gained many new customers, especially in the field of solar technology, it is still at the start-up phase and will only be able to make a higher contribution to the company's performance in the medium term.

3. InTiCa Systems' market position and non-financial performance indicators

Despite its technological edge, InTiCa Systems has to align its costs to market conditions. Stringent cost management, optimized vertical integration and a reduction in fixed overheads are key factors in this.

At the same time, the constant innovation, rapid technological progress and rising performance requirements in all product segments in which InTiCa Systems operates can only be met with the newest and most advanced manufacturing technologies and state-of-the-art production machinery. Since the company has been developing and manufacturing production machinery itself since 2005, InTiCa Systems was consistently able to meet these technological demands in 2008. Steps have been taken to increase vertical integration and thus further reduce dependence on individual customers and products. InTiCa Systems already has impressive strengths (for example, extensive expertise in the field of inductive components, filtration and mechatronic modules) and is positioned to gain market share and thus benefit from potential cyclically driven market consolidation.

The keystones of the company's mid-term strategic objectives are developing innovative products and manufacturing technologies and achieving zero defect production at competitive prices. Even stronger internationalization is planned for both sales and production.

InTiCa Systems embarked on a new strategic focus in a year made more difficult by one-off factors and general economic conditions. Various cost-cutting programmes, refocusing on profitable product areas and strong growth in the Automotive Technology and Industrial Electronics segments are designed to place the company back on a sustained profitable growth track.

Through systematic implementation of the various cost-cutting programmes, overall costs were reduced by EUR 0.4 million in 2008 alone. The full annual savings of around EUR 2.7 million will only become visible as from fiscal 2009.

The management's aim is to continue to develop and manufacture innovative products and applications while maintaining competitive cost structures and strengthening the technological leadership of the segments.

Following the out-of-court settlement of a dispute with Deutsche Telekom AG, the Annual General Meeting on May 29, 2008 resolved to change the company's name from InTiCom (which sounded similar to T-Com) to InTiCa. The change of name was completed some months ago when it was entered in the commercial register. The dispute about the company's name did not detract at any time from the good and long-standing business relationship between InTiCa Systems and Deutsche Telekom AG, which will continue in the future. The change of name was taken as an opportunity to alter the company's corporate identity (including renaming the segments) and, in particular, to introduce a new corporate design.

4. Sales

InTiCa Systems generated sales of EUR 27.3 million in fiscal 2008, a decline of some 28% year-on-year (2007: EUR 38.1 million). Expectations that growth would continue were not fulfilled. The reduction in sales was due to stagnation and increasing competition on the telecommunications market. Although the Industrial Electronics and Automotive Technology segments continued to post sales growth, they are not yet able to offset the drop in sales in the Communication Technology segment.

5. Earnings

The company reported negative EBIT (earnings before interest and taxes) of EUR 3.8 million, compared with a non-operating profit of EUR 0.9 million in 2007 owing to the drop in sales of DSL splitters and lower margins on these products.

EBIT was also reduced by extraordinary and one-off items expensed in full in fiscal 2008, for example a severance payment of EUR 0.4 million to the former CFO Mr. Schubert and one-off charges of around EUR 1.1 million in connection with the withdrawal from some business activities.

6. Headcount

The number of employees increased to an annual average of 247 following the increase in vertical integration at the Prachatice site and the increase in additional sales and development capacity in Passau.

As of January 1, 2008, the company had 236 employees. Personnel expense was EUR 6.8 million, compared with EUR 5.4 million in the previous year.

The higher personnel expense was principally due to the increase in sales and development capacity. As a result, the personnel expense ratio rose from 14.2% to 24.9% over the last twelve months.

7. Research and development

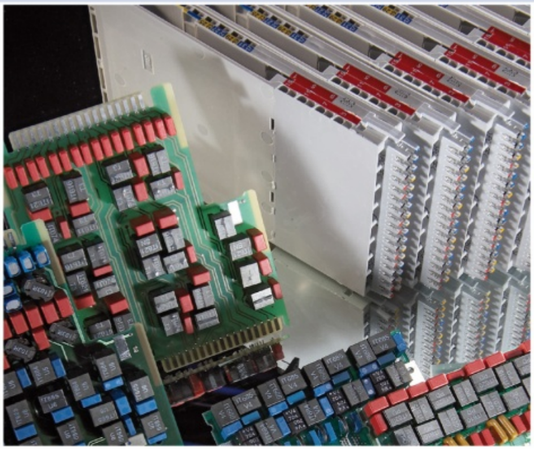
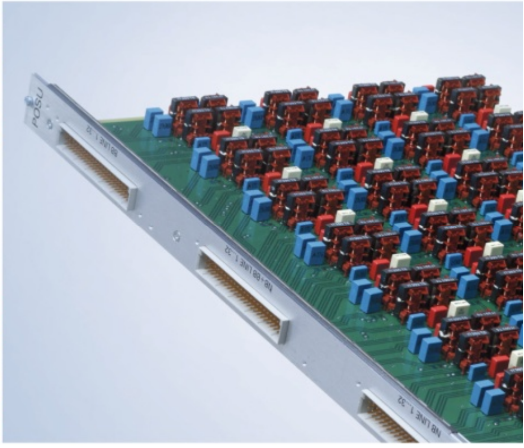
Development costs increased slightly from EUR 1.9 million in 2007 to EUR 2.1 million in 2008. EUR 0.3 million of this amount (2007: EUR 0.4 million) was recognized in the income statement.

8. Capital expenditure

EUR 4.8 million was invested in non-current assets in 2008, compared with EUR 6.3 million in 2007. The main focus of investment comprised injection moulding and coil machinery and self-created intangible assets.

9. Non-current assets

InTiCa Systems' non-current assets rose to EUR 20.5 million, compared with EUR 19.7 million in 2007, as a result of investment in property, plant and equipment, especially production facilities. Intangible assets increased from EUR 3.6 million to EUR 4.2 million, mainly due to developments in the Automotive Technology segment.

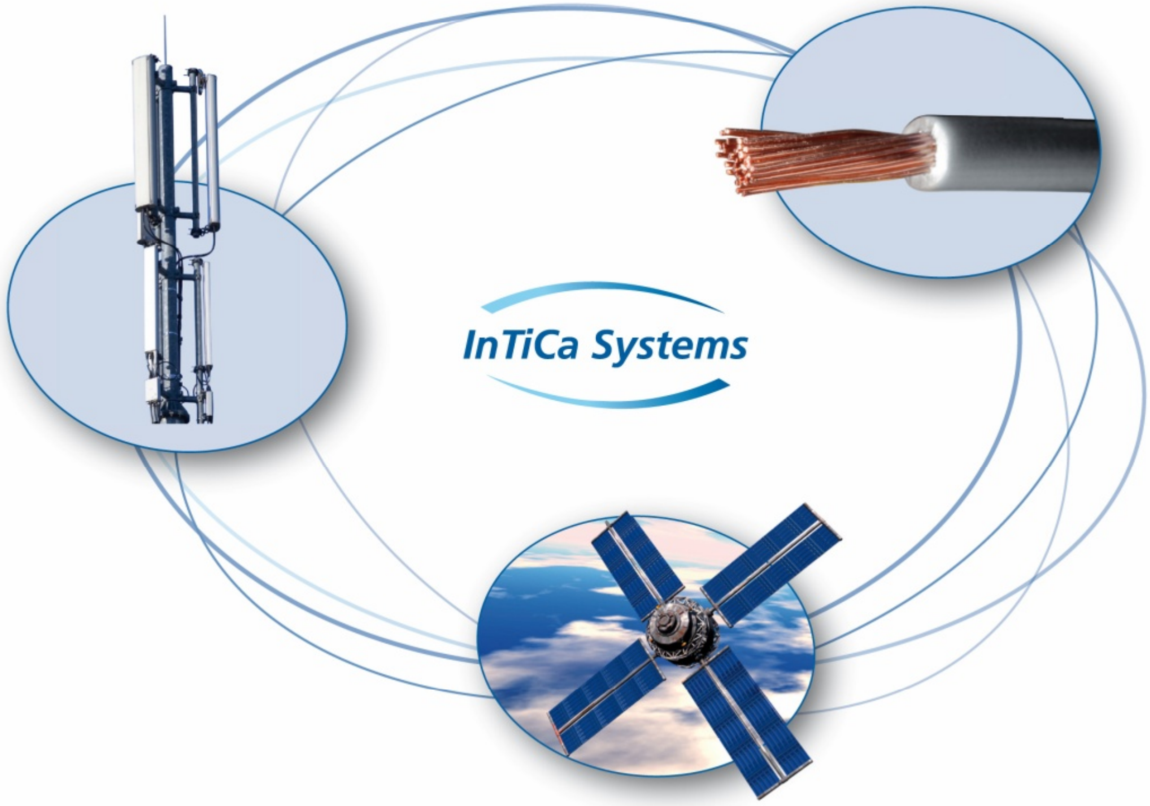



10. Cash flow

The negative cash flow from operating activities (minus EUR 2.0 million compared with plus 4.2 million in 2007) was mainly attributable to the drop in sales and the resulting loss. Other factors were the reduction in liabilities and the increase in inventories.

The Group's cash and cash equivalents, comprising readily marketable fixed-term deposits (EUR 10.0 million) as well as cash (EUR 0.4 million) amounted to EUR 10.4 million in fiscal 2008, compared with EUR 15.5 million (including securities) in fiscal 2007.

Applications of communication technology



11. Segment report as of December 31, 2008

Segment sales and segment earnings

Segment	Communication Technology		Automotlve Technology		Other		Total	
In EUR´000	2008	2007	2008	2007	2008	2007	2008	2007
Sales	20,731	33,031	6,088	4,869	506	222	27,325	38,104
Segment result (before taxes)	-3,075	893	-347	-47	-277	76	-3,699	922

The discrepancy between the sum of the segment results and the pre-tax loss of EUR 3,925 thousand in 2008 is attributable to losses of EUR 152 thousand on non-allocable assets and a negative financial result of EUR 74 thousand.

Secondary segment information (the Group draws a geographical distinction between Germany and other countries)

	Germany		Other countries		Total	
In EUR´000	2008	2007	2008	2007	2008	2007
Sales	17,943	18,005	9,391	20,099	27,325	38,104
Segment assets	11,362	8,201	16,624	18,913	27,986	27,114
Employees	48	42	199	178	247	220

12. Capital structure

Equity was EUR 21.5 million as of December 31, 2008 (2007: EUR 25.9 million), giving a very sound equity ratio of around 53% (2007: 59%), so the company continues to enjoy high credit standing.

Debt increased to EUR 18.7 million, a rise of EUR 0.7 million compared with December 31, 2007. Alongside deferred taxes, non-current financial debt includes liabilities to banks. These comprise fixed-interest loans with remaining terms of up to 7 years. With the exception of the EUR 5 million bonded loan, which is due on the maturity date, repayment is in equal half-yearly instalments. Interest rates are between 3.8% and 5.27% and are fixed until the end of the loans.

The increase in non-current liabilities from EUR 1.4 million to EUR 7.2 million results from a reclassification of finance leases and utilization of an overdraft facility.

13. Earnings, asset and financial position

The development of the Group's earnings, asset and financial position in the fiscal year reflects the specific internal and external influences affecting business activities. The Group's current assets and equity decreased and the operating cash flow was negative.

Earnings position

The decline in sales from EUR 38.1 million to EUR 27.3 million in fiscal 2008 was principally due to a sharp reduction in business volume in the Communication Technology segment, mainly as a result of a substantial drop in orders placed by the telecommunications industry for splitters. By contrast, there was a strong year-on-year increase in revenues from mechatronic systems and modules. However, this was not sufficient to offset the decline.

The increase in personnel expense from EUR 5.4 million to EUR 6.8 million was mainly due to the increase in the average number of employees from 220 in 2007 to 247 in 2008 and expenses relating to the reorganization of the Board of Directors. The increase in depreciation and amortization to EUR 3.7 million (2007: EUR 2.1 million) was due to depreciation of property, plant and equipment and amortization of intangible assets as a result of high investment in the previous year.

Earnings were also held back by other expenses totalling around EUR 1.1 million in connection with credit notes, defaults on receivables and losses on the retirement of plant and equipment.

The reduction in the financial result was mainly attributable to far higher utilization of debt, which was only partially offset by the returns from financial assets.

As a result of the negative tax result at the parent company, deferred tax assets were capitalized. After offsetting deferred taxes relating to temporary differences, this resulted in tax income of EUR 0.6 million.

Overall, the Group made a net loss of EUR 3.3 million (2007: net profit of EUR 1.0 million), which shows that InTiCa Systems' performance in 2008 was below expectations.

Non-current assets

Non-current assets increased by around 8% from EUR 20.3 million to EUR 22.0 million. This was mainly due to the capitalization of deferred taxes resulting for tax loss carryforwards.

Current assets

Within current assets, trade receivables declined from EUR 5.9 million as of December 31, 2007 to EUR 4.9 million as of December 31, 2009 due to the reduction in sales. Inventories increased to EUR 2.6 million (2007: EUR 1.6 million) in line with the increase in vertical integration. All securities held as of December 31, 2007 were liquidated in 2008 and the proceeds were reinvested entirely in fixed-term deposits, which are included in cash and cash equivalents.

Liabilities

Other non-current liabilities as of December 31, 2007 comprised lease agreements amounting to EUR 1.7 million. As a result of the remaining term, these were reclassified in the reporting period as a result of scheduled repayment instalments, so finance leases totalling EUR 1.0 million were recognized as current liabilities in the balance sheet as of December 31, 2008.

In addition, current interest-bearing liabilities increased from EUR 0.01 million to EUR 1.2 million due to utilization of credit lines.

Equity

Equity declined to EUR 21.5 million at year-end 2008, EUR 4.4 million less than on December 31, 2007. The reduction resulted from the net loss in 2008, the purchase of treasury stock and the reduction in the translation reserve in 2008. In all, the ratio of equity to total capital decreased to 53.4% in 2008 compared with 59.0% in 2007. Total assets contracted from EUR 43.9 million on December 31, 2007 to EUR 40.2 on December 31, 2008.

Liquidity and cash flow statement

The cash flow from operating business dropped sharply to minus EUR 1.7 million in 2008, principally due to lower demand from the telecommunications market (2007: EUR +4.8 million).

The net cash flow for investing activities was EUR 10.2 million in the reporting period, compared with a net outflow of EUR 7.4 million in the prior year. The main reasons were a change in the investment strategy for liquid assets.

The net cash inflow from financing activities was EUR 0.3 million and thus significantly lower than in the previous year (2007: EUR 3.5 million). Far fewer loans were utilized in 2008 than in 2007, no loans were repaid and a share buyback programme was implemented.

The cash and cash equivalents stated on the balance sheet amounted to EUR 10.4 million on December 31, 2008 (2007: EUR 0.8 million). The cash and cash equivalents as of year-end shown in the cash flow statement do not include overdrafts (see Note 28).

14. Remuneration system of the Board of Directors and Supervisory Board

14. 1 Remuneration of the Board of Directors

The members of the Board of Directors receive a fixed monthly salary and a variable component based on the company's performance, which is payable after the end of the fiscal year. Remuneration is based on the customary remuneration in the sector and the size of the company. In addition, contributions are made to retirement pensions and each member of the Board of Directors has the use of a company car. The pension contributions are paid into a benevolent fund. The contracts with the members of the Board of Directors do not include any specific commitments in the event of termination of the contract, nor do they contain a change-of-control clause. There are no commitments for future pension or annuity payments to members of the Board of Directors. A breakdown of the individual remuneration of members of the Board of Directors can be found in Note 27.3 to the financial statements.

14.2 Remuneration of the Supervisory Board

Sec. 11 of the Articles of Incorporation of InTiCa Systems sets out the remuneration of the Supervisory Board. In addition to reimbursement of expenses and value-added tax payable on income relating to payments for their duties on the Supervisory Board, after the end of the fiscal year each member of the Supervisory Board receives a fixed fee and remuneration for attendance at meetings of the Supervisory Board. The Annual General Meeting is responsible for deciding whether to pay the Supervisory Board members a bonus based on the profit shown on the balance sheet. So far, this possibility has not been used. The Chairman of the Supervisory Board receives fixed annual remuneration of EUR 30,000, the Deputy Chairman receives EUR 25,000 and other members EUR 15,000. The attendance allowance is EUR 1,500. The company includes the members of the Supervisory Board in a Directors' and Officers' (D&O) insurance policy with an insured sum of up to EUR 3 million and pays the associated insurance premiums. A breakdown of the individual remuneration of members of the Supervisory Board can be found in Note 27.3 to the financial statements.

15. Disclosures pursuant to sec. 315 paragraph 4 of the German Commercial Code (HGB)

Composition of the capital stock

The capital stock of InTiCa Systems AG comprises EUR 4,287,000 and is divided into 4,287,000 non-par bearer shares, which constitute a theoretical pro rata share of the capital stock of EUR 1.00 per share. All shares have the same voting rights and dividend rights, with the exception of shares held by the company, which do not confer any rights on the company. The rights and obligations of the shareholders are out in detail in the German Stock Corporation Act (AktG), in particular in sec. 12, sec. 53a et seq., sec. 118 et seq. and sec.186.

Restrictions on voting rights and the transfer of shares

Restrictions on the voting rights of shares could result from statutory provisions (sec. 71b and sec. 136 AktG). The Board of Directors is not aware of any other restrictions on the exercise of voting rights or the transfer of shares.

Shareholdings exceeding 10% of the voting rights

Under the provisions of German securities trading legislation, every investor whose proportion of the voting rights in the company reaches, exceeds or falls below certain thresholds as a result of the purchase or sale of shares or in any other way must notify the company and the Federal Financial Supervisory Office (BaFin) thereof. The lowest threshold for such disclosures is 3%. No direct or indirect stakes in the company's capital that have reached or exceed the 10% threshold have been notified to the company and it is not aware of any such shareholdings.

Shares with special rights according rights of control

There are no shares in the company with special rights according rights of control.

Methods controlling voting rights where employees hold shares in the company and do not directly exercise their right of control

InTiCa Systems AG does not currently have any employee stock programs.

Statutory provisions and regulations in the Articles of Incorporation on the appointment and dismissal of members of the Board of Directors and changes to the Articles of Incorporation

The appointment and dismissal of members of the Board of Directors is governed by sec. 84 and sec. 85 of the German Stock Corporation Act (AktG). Pursuant to the statutory provisions (sec.197 paragraph 1 AktG) any amendment to the Articles of Incorporation requires a resolution of the Annual Shareholders' Meeting. Under sec. 8 paragraph 4 of the company's Articles of Incorporation, the Supervisory Board may make amendments to the Articles of Incorporation, providing these are merely editorial.

In addition, resolutions adopted by the Annual General Meetings on September 6, 2004 and May 24, 2007 authorized the Supervisory Board to amend sec. 3 of the Articles of Incorporation to reflect the utilization of the authorized capital 2004 and the authorized capital 2007 and after expiry of the deadline for utilization thereof.

Authorization of the Board of Directors to issue or buy back shares

Under sec. 3 of the Articles of Incorporation, the Board of Directors is authorized, until June 6, 2009, to increase the company's capital stock, with the consent of the Supervisory Board, by up to EUR 471,000.00 by issuing new shares for cash or contributions in kind in one or more tranches. Under sec. 3 paragraph 4 of the Articles of Incorporation, the Board of Directors is also authorized, until May 24, 2012, to increase the company's capital stock, with the consent of the Supervisory Board, by up to EUR 1,672,500.00 by issuing new shares for cash or contributions in kind in one or more tranches. Further details are given in sec. 3 paragraphs 3 and 4 of the company's Articles of Incorporation, which can be downloaded from the company's website at Company/Downloads.

On the basis of the of the resolution of the Annual General Meeting of May 29, 2008, the company is authorized, until November 28, 2009, to repurchase up to 10% of the capital stock at the date of the resolution, i.e. 428,700 shares. As of December 31, 2008 the company held treasury stock amounting to 263,889 shares.

Principal agreements entered into by the company that are governed by provisions on a change of control resulting from a takeover bid

InTiCa Systems has a EUR 5 million bonded loan which gives the lender a right of termination in the event of a change in the borrower's shareholder or ownership structure such that the shareholders or owners relinquish control over the borrower during the term of the loan or a person or group of persons acting jointly acquire more than 50% of the voting rights and/or more than 50% of the capital of the borrower, unless the prior consent of the lender is obtained.

Compensation agreements entered into by the company with members of the Board of Directors or employees in the event of a takeover bid

There are no compensation agreements with either members of the Board of Directors or employees relating to a takeover bid.

16. Risk management und risk report

The monitoring, analysis and control of risks are essential elements in the management and oversight regulations set out in sec. 91 paragraph 2 of the German Stock Corporation Act (AktG). Further, the German Commercial Code (HGB) requires a report on the company's future development and the related risks and opportunities.

InTiCa Systems has established a risk management system to identify, analyse and evaluate potential risks. Business activities are examined for opportunities and risks at planning meetings and, on the basis of the findings, targets are derived. The attainment of these targets is monitored by a controlling and a reporting system. These provide a variety of indicators on, for example, sales and earnings trends, orders on hand and inventories, gross margins, consumption of materials, production defects, personnel, liquidity and capital expenditures. The Board of Directors can access each report via the IT system and initiate appropriate counteraction.

Risk potential is updated regularly by senior managers. A monthly overview of risk potential is derived from the wide range of individual data entered. The risks are derived from the present business activities of the segments and sub-segments and corporate targets. The Board of Directors discusses the facts presented at its next meeting.

The efficiency of the risk management system as a whole is regularly monitored and assessed. If potential for improvement is identified, the Board of Directors is notified and modifications are implemented without delay. The systematization and monitoring of risks in this way includes regular documentation of the entire risk management and early warning system and checking that it is effective and fit for purpose.

16.1 Market and price risks

Through its Communication Technology, Automotive Technology and Industrial Electronics segments, InTiCa Systems operates in areas exposed to general economic fluctuations. In the Communication Technology segment in particular, the company is dependent on political and/or strategic decisions by a few key customers relating to DSL and other broadband technologies. Even though the customer base has now been expanded considerably and placed on a more international basis, dependence on political and strategic decisions still constitutes a significant risk factor. Further, competition is continuing to increase, especially from Asian companies. This would be exacerbated, in particular, if the US dollar were to depreciate against the euro.

Overall, the Communication Technology segment, which accounts for a high proportion of sales, has higher exposure to sector-specific fluctuations than the Automotive Technology and Industrial Electronics segments. The Automotive Technology segment, which is currently being built up, is subject to the cyclical risks customary in this sector, which could dampen growth expectations considerably, especially in the next two years. That would be particularly true if customers of InTiCa Systems were to postpone the start of production of new models containing new components from InTiCa Systems due to the poor economic situation.

16.2 Customer dependence

In 2008, around 44% of sales in the Communication Technology segment were generated with a single customer and around 53% of this segment's sales were generated with five further customers. InTiCa Systems has reduced its dependence on these major customers through proactive internationalization in recent years but dependence on individual customers remains high.

16.3 Technological risks

Substitution of splitter technology as a result of full digitization of landline technology is possible in the medium to long term. Solutions that could endanger the operational success of InTiCa Systems AG are based on the television cable network, satellite and radio transmission, powerline technology and fibre optic cables. The cost of a technical upgrade of the television cable network is considerably higher than upgrading the existing copper wire telephone network and powerline technology has not yet achieved a breakthrough. Similarly, in Germany, installation of a nationwide network based on fibre optic technology which currently has the highest transmission capacity, would require enormous investment. Moreover, the transfer to the copper-wire networks in homes requires the use of converters and splitters where InTiCa Systems has so far been the market leader.

16.4 Personnel risks

In view of the economic downswing, the Board of Directors sees a comparatively low risk of losing key personnel at present. Nevertheless, there is a risk that key employees, especially sales and research and development personnel, could leave the company. InTiCa System uses its remuneration system, social security benefits and a wide range of vocational and further training offers to counter this risk. These reduce staff fluctuation and position the company as a employer offering long-term security and career opportunities.

16.5 Financial risks

The financial risks mainly result from orders in foreign currencies and the parent company's financing activities. In particular, the company could sustain considerable damage if the euro were very strong, as production is mainly in the euro zone.

16.6 Liquidity risk

InTiCa Systems currently has a bonded loan from a leading German commercial bank and a loan from the German Reconstruction Bank (KfW). Both are used to safeguard long-term liquidity. The company also has unsecured credit lines totalling EUR 2.6 million and liquid assets amounting to EUR 10.4 million, providing a sound financial base.

16.7 Currency risk

The main currency risk for InTiCa Systems comprises the operating costs of its Czech production facilities and some customer contracts in US dollars. In view of the low volume of sales in US dollars, the company did not undertake currency hedging in 2008. The exchange rate for the euro versus the US dollar weakened from 1.4585 euros/US dollar on December 31, 2007 to 1.3974 euros/US dollar on December 31, 2008. Orders placed in 2008 and future orders based on the stronger US dollar will result in higher margins in euros, unless the appreciation of the US dollar is completely negated by price concessions as a result of the recessionary environment.

Price pressure from companies that produce in the US dollar zone and can export cheaply to the euro zone could increase further as exchange rates are still favourable. Due to the exchange rate, this effect could be fully offset by favourable procurement terms for materials and raw materials in the US dollar zone or goods invoiced predominantly in dollars.

InTiCa Systems' production facilities in the Czech Republic source goods from the euro zone. Deliveries to InTiCa Sytems AG and external manufacturers who carry out outsourced production steps are invoiced in euros. The currency risk with regard to the Czech koruna is therefore limited to local wages and overheads and the liabilities of the Czech subsidiary to the Group. No currency hedging was undertaken here, either. The risk comprises a further rise in the Czech koruna – unless this can be absorbed by raising efficiency, a reduction in the cost of materials or price increases.

16.8 Interest rate risk

The company's exposure to the risk of short-term changes in interest rates is limited as the loan from the KfW runs for 10 years and the loan from a German commercial bank runs for 7 years. Moreover, InTiCa Systems AG has agreed fixed interest rates for these loans. In the first half of fiscal 2008, InTiCa Systems sold its portfolio of money market bonds, which had been divided among bonds issued by several companies for purposes of risk diversification, and invested the proceeds in money market-type instruments. However, interest income is dependent on short-term money market trends and there is thus a risk that only low interest income will be earned if rates fall. A capital investment guideline has been issued to document this conservative investment strategy.

16.9 Equity market risk

The company does not currently hold any shares in third party companies and does not plan to acquire any such shares. Equity market risk is thus confined to the treasury stock of 263,889 shares purchased in 2008 under the share buy-back programme adopted by the Board of Directors on July 2, 2008. These shares are subject to normal fluctuations in market price.

16.10 Default risk

The Board of Directors is concerned that considerable default risks could result from the general economic downturn. An extensive review of credit standing and intensive receivables management are being used to counter this risk. Nevertheless, it cannot be ruled out that customers of InTiCa systems could face unexpected insolvency. In view of the highly diversified customer base, the risk associated with individual customers is becoming less significant.

Moreover, it should be noted that the economic downturn entails a significant sector risk, especially in the automotive sector, which is a key future market for InTiCa systems.

So far the company has not taken out credit insurance.

InTiCa Systems does not currently grant loans to employees or to external parties.

16.11 Established branches and subsidiaries

InTiCa Systems AG holds 100% of the shares in the following companies:

- InTiCa Systems s.r.o in Prachatice / Czech Republic
- InTiCa Systems Ges.m.b.H. in Neufelden / Austria
- InTiCom Components GmbH in Thessaloniki / Greece

The Czech location is a production location. The Austrian company develops production technologies and manufactures automation units for the Czech location.

Significant change: in the reporting period, production ceased at the Greek company and all production equipment and inventories were relocated to Prachatice in the Czech Republic. The rental contract with Siemens Enterprise Communications was terminated as of September 30, 2008 and employment of the personnel ceased on August 31, 2008. In connection with the closure of this plant, severance payments totalling EUR 110 thousand were made to employees.

The final liquidation of the company is expected to take place in the second quarter of 2009, after completion of the company's annual financial statements.

17. Opportunities

In the light of the demand situation in the Communication Technology segment, InTiCa systems is diversifying into the newer Automotive Technology and Industrial Electronics segments in order to develop these segments into additional sales drivers.

Alongside RFID solutions for remote keyless entry systems in the automotive sector and safety and control systems (tyre pressure control and power steering), the company supplies systems and components for engine and energy management systems (for example, for hybrid vehicles) and traditional assembly services. Products manufactured by InTiCa Systems are used in various classes of vehicle from luxury limousines and high-end sports cars to compact models. Within just three years, the company has managed to gain well-known German, French, US and Asian producers (or their system suppliers) as its customers. It has secured many long-term orders for which serial production has already started or where serial production is due to start in 2009. Such contracts generally run for between five and eight years. However, the price pressure exerted by automotive producers on component suppliers could reduce InTiCa Systems' margins and thus its corporate performance. An unchallenged technological edge is therefore extremely important as the company has only limited capability to withstand pure price competition.

Further, development the Industrial Electronics segment, which secured many orders and developed many products in 2008, will continue in 2009. InTiCa Systems' Industrial Electronics segment develops and manufactures components and products for automation technology, entertainment electronics, domestic appliances ("white goods") and converter and inverter technology to transform solar energy into electric power for the grid.

It systematically utilizes the company's expertise and technological edge in power transfer and noise suppression components, coils and filters. In addition, use is made of synergies, for example, the technology used for energy conversion in hybrid vehicles can also be used to convert solar energy into electricity. The transfer of know-how and utilization of synergies takes place constantly between all organizational units and technologies, ensuring that present products and solutions can initiate new applications.

18. Report on significant events after the end of fiscal 2008

Dr. Walter Hasselkus was elected Chairman of the Supervisory Board effective January 1, 2009. Dr. Horst Hollstein was confirmed in his position as Deputy Chairman of the Supervisory Board. Dr, Wulfdieter Braun, who was Chairman of the Supervisory Board for many years, remains a member of the Supervisory Board.

Co-founders and long-serving members of the Board of Directors, Mrs. Maria Grohs and Dr. Paul Grohs resigned from the Board of Directors for personal reasons as of December 31, 2008. Mr. Walter Brückl assumed responsibility for their fields of responsibility, IT and human resources, on January 1, 2009. Mr. Brückl also was appointed Chairman of the Board of Directors effective January 1, 2009.

Mr. Günther Kneidinger was appointed to the Board of Directors to succeed them as of January 1, 2009. Within the Board of Directors, he is responsible for sales, development, materials management and quality.

19. Outlook

Fiscal 2009 will bring many major changes at InTiCa Systems that are supposed to create a sound basis for profitable growth in the future. Last year, the Board of Directors initiated extensive measures to adapt cost structures and diversify the product portfolio. The aim is to provide a viable basis for profitable growth in the future, supported by a positive cash flow and stable sales. In view of the global economic situation, the company expects to report sales of more than EUR 5 million in the first quarter of 2009. However, thanks to the cost-cutting programmes, the drop in sales of around EUR 4 million, which has been caused principally by economic factors, should not have a material impact on the Group's year-on-year earnings trend. The Board of Directors assumes that over the year as a whole sales will stabilize and there will be a considerable improvement in earnings.

Communication Technology
Sound and long-standing customer relationships and funding for widespread expansion of the broadband network in Germany and Europe should help to stabilize business trends in the opinion of the Board of Directors. Moreover, InTiCa Systems expects to gain market share in Germany and abroad through our improved competitiveness. In view of the increased competition, tough price pressure and expected changes in transmission technologies, a slight decline in sales is expected in the next few years in this segment.

Automotive Technology
It is difficult to predict how the economic crisis will impact this segment's volume sales in 2009.

However, following a difficult period in the first half of the year, The Board of Directors expects to see a perceptible upturn in the second half. InTiCa Systems has many long-term orders and its innovative products are used in more than 80 models, and around 120 in the period up to 2010. On the basis of current orders, a large number of enquiries about new projects, especially in the areas of performance electronics/hybrid vehicles, and promising talks on taking over serial production projects from competitors, InTiCa Systems is confident that the ambitious mid-term growth target of 30% p.a. can be achieved.

Industrial Electronics

This segment has also achieved a good reputation on the market within a short time. Many orders have gone into serial production and work is under way on new projects, mainly for applications involving regenerative energies and automation and drive technologies. Since project times are normally far shorter than in the Automotive Technology and Communication Technology segments, these projects should make an increasingly significant contribution to the company's financial performance in the coming years.

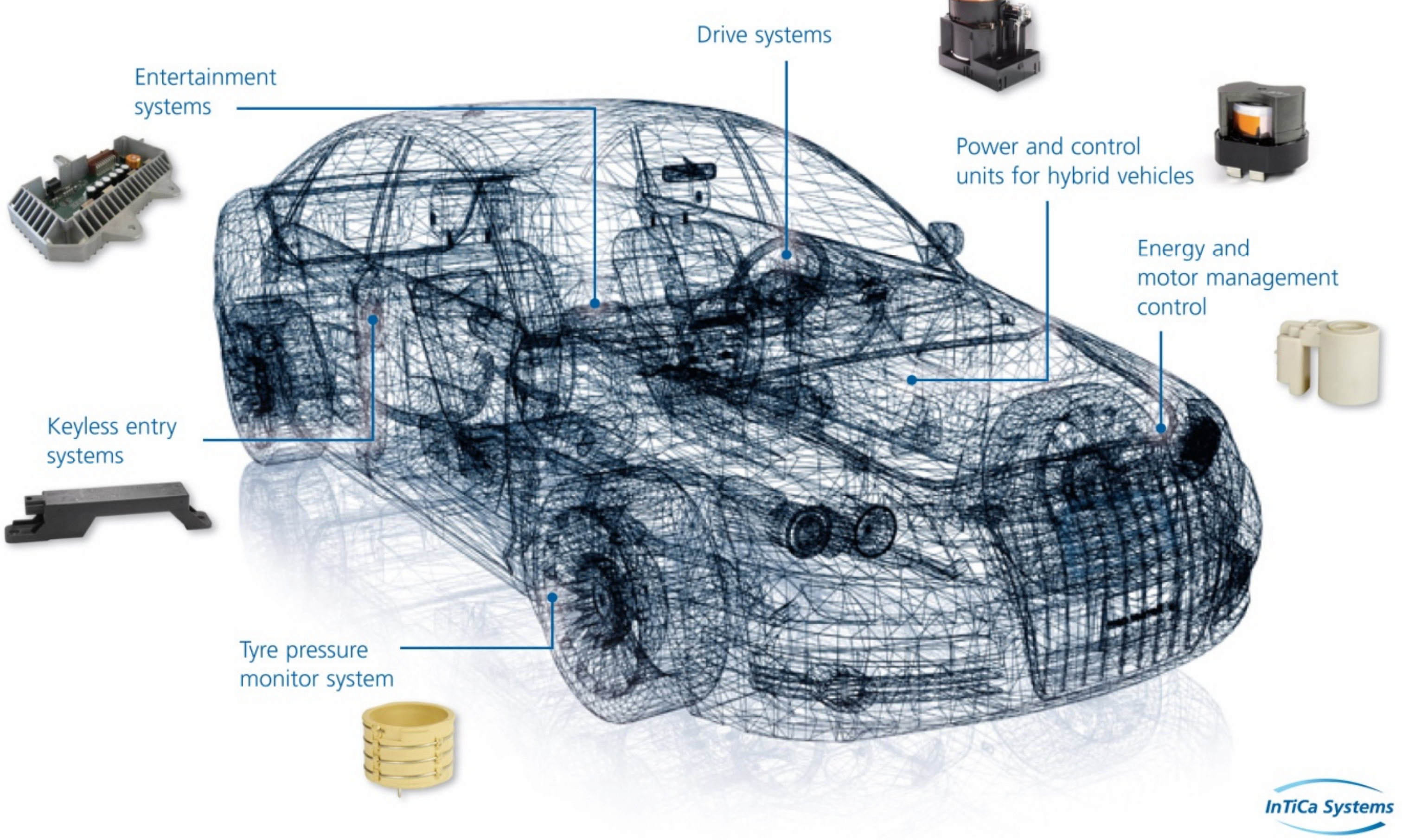
InTiCa systems expects an annual growth rate of more than 40% for this segment in the medium term.

Passau, March 2, 2009

Consolidated financial statements

for the fiscal year ended December 31, 2008

Applications of automotive technology



Consolidated balance sheet

for InTiCa Systems AG according to IFRS/IAS
as of December 31, 2008

Assets	Note	Fiscal year EUR ´000	Previous year EUR ´000
Non-current assets			
Intangible assets	14	4,195	3,567
Property, plant and equipment	13	16,325	16,117
Deferred taxes	10.4	1,490	663
Total non-current assets		**22,010**	**20,347**
Current assets			
Securities		0	14,702
Inventories	17	2,586	1,557
Trade receivables	18	4,880	5,874
Tax assets		128	343
Other current receivables	16	223	191
Cash and cash equivalents	28	10,362	841
Total current assets		**18,179**	**23,508**
Total assets		**40,189**	**43,855**

Equity and liabilities

	Note	Fiscal year EUR ´000	Previous year EUR ´000
Equity			
Capital stock	19	4,287	4,287
Treasury stock	19	-264	0
General capital reserve	20	14,650	15,088
Profit reserve	20	2,663	5,996
Currency translation reserve	20	142	498
Total equity		**21,478**	**25,869**
Non-current liabilities			
Non-current finacial liabilities	21	9,750	8,955
Other non-current liabilities		0	1,744
Deferred taxes	10.4	1,728	1,479
Total non-current liabilities		**11,478**	**12,178**
Current liabilities			
Other short-term provisions	22	605	327
Current finacial liabilities	21	1,232	6
Trade payables	23	4,051	5,010
Finance lease	25	1,014	0
Other current liabilities	24	331	465
Total current liabilities		**7,233**	**5,808**
Total equity and liabilities		**40,189**	**43,855**
Equity ratio		**53%**	**59%**

Consolidated income statement

for InTiCa Systems AG according to IFRS/IAS
for the period from January 1 until December 31, 2008

	Note	Fiscal year EUR ´000	Previous year EUR ´000	Change 2008 on 2007
Sales	6.1	**27,325**	**38,104**	-28.3%
Other operating income	7	974	446	118.4%
Changes in finished goods and work in process	17	198	311	-36.3%
Other own costs capitalized		1,926	1,966	-2.0%
Material expense		19,347	29,752	-35.0%
Personnel expense		6,823	5,391	26.6%
Depreciation and amortization	11.2	3,682	2,128	73.0%
Other expenses	7	4,344	2,676	62.3%
Operating income		**-3,773**	**880**	-
Cost of financing	9	584	520	12.3%
Other financial income	8	432	444	-2.7%
Loss (Earnings) before taxes		**-3,925**	**804**	**-**
Income taxes	10.1	-592	- 229	158.5%
Net loss (income)		**-3,333**	**1,033**	**-**
Earnings per share (diluted/basic in EUR)	12	-0.79	0.24	-
EBITDA		**-91**	**3,008**	-

Consolidated cash flow statement

for InTiCa Systems AG according to IFRS/IAS
for the period from January 1 until December 31, 2008

	Note	Fiscal year EUR ´000	Previous year EUR ´000´
Cash flow from operating activities			
Net income		-3,333	1,033
Income tax receipts		-592	-229
Cash outflow for borrowing costs		584	520
Income from financial investments		-432	-444
Depreciation and amortization of non-current assets	11.2	3,682	2,128
Other non-cash transactions		58	222
Increase/decrease in assets not attributable to financing or investing activities			
Inventories	17	*-1,029*	*-674*
Trade receivables	18	*994*	*935*
Other assets		*15*	*319*
Increase/decrease in liabilities not attributable to financing or investing activities			
Other current provisions	22	*278*	*149*
Trade payables		*-959*	*656*
Other liabilities		*-918*	*187*
Cash flow from operating activities		**-1,652**	**4,802**
Cash inflow from (2007: outflow for) income taxes		138	-145
Cash outflow for interest payments		-530	-443
Net cash flow for operating activities		**-2,044**	**4,214**
Cash flow for investing activities			
Increase/decrease in financial assets due to short-term financial management		14,702	-1,451
Cash inflow from interest payments		384	359
Cash inflow from the disposal of property, plant and equipment	14	-1,954	-1,681
Cash outflow for intangible assets	13	-2,890	-4,608
Net cash flow for investing activities		**10,242**	**-7,381**
Cash flow from financing activities			
Cash outflow for the repurchase of shares from equity holders of the parent company		-691	0
Expenses for repurchasing shares		-10	0
Cash inflow from loans		1,045	7,080
Cash outflow for loan repayment installments		0	-3,624
Net cash flow from financing activities		**344**	**3,456**
Total cash flow		**8,542**	**289**
Cash and cash equivalents at start of year	28	834	545
Impact of changes in exchange rates on cash and cash equivalents held in foreign currencies		3	0
Cash and cash equivalents at year-end	28	**9,379**	**834**

Consolidated statement of changes in equity

for InTiCa Systems AG according to IFRS/IAS
for the period from January 1 until December 31, 2008

As of January 1, 2007
Currency translation reserve
Net income 2007
As of December 31, 2007 / January 1, 2008
Share buy-back
Cost of share buy-back
Translation of foreign business operations
Deferred taxes on the translation of foreign business operations
Net loss 2008
As of December 31, 2008

	Capital stock EUR ´000	Treasury stock EUR ´000	Paid-in capital EUR ´000	Retained earnings EUR ´000	Currency translation reserve EUR ´000	Total equity EUR ´000
	4,287	**0**	**15,088**	**4,963**	**276**	**24,614**
	0	0	0	0	222	**222**
	0	0	0	1,033	0	**1,033**
	4,287	**0**	**15,088**	**5,996**	**498**	**25,869**
	0	-264	-428	0	0	-692
	0	0	-10	0	0	-10
	0	0	0	0	-265	-265
	0	0	0	0	-91	-91
	0	0	0	-3,333	0	**-3,333**
	4,287	**-264**	**14,650**	**2,663**	**142**	**21,478**

Notes to the consolidated financial statements

of InTiCa Systems for fiscal 2008

1 General Information

InTiCa Systems AG was established on August 16, 2000 and is registered in the Commercial Register at the District Court of Passau (HR B 3759). The company has been listed on the stock market since November 8, 2004.

The company's registered office is in Passau, Germany. Its address is InTiCa Systems AG, Spitalhofstrasse 94, 94032 Passau, Germany. The company holds stakes in companies in Greece, Austria and the Czech Republic. The principal activities of the company and its subsidiaries are described in Note 6.

2 Application of new and revised standards

2.1 Application of standards and interpretations

The following standards, amendments to standards and interpretations became mandatory on or after January 1, 2008:

On October 13, 2008 the IASB published amendments to IAS 39 "Financial Instruments: Recognition and Measurement" and IFRS 7 "Financial Instruments: Disclosures" to take account of recent developments on the financial markets. The amendments permit the reclassification of financial assets. The Group did not use these amendments.

In November 2006, the IASB published IFRS 8 "Operating Segments", which replaces IAS 14 "Segment Reporting". IFRS 8 requires companies to provide financial and descriptive information on their reportable segments. Reportable operating segments are components of a company or groups of operating segments that meet certain criteria. Separate financial information must be available for reportable segments and must be reviewed regularly by the chief operating decision maker to evaluate business performance and decide how to allocate resources among the operating segments. IFRS 8 is to be applied for fiscal years beginning on or after January 1, 2009. However, the Group opted for early application of IFRS 8, starting with the annual financial statements as of January 31, 2007.

2.2 Published standards and interpretations that have not yet been applied

Under the revised version of IAS 23 "Borrowing Costs" (revised 2007), borrowing costs that can be allocated directly to the acquisition, construction or production of qualifying assets have to be capitalized. It abolishes the present option of immediate recognition of borrowing costs as an expense. IAS 23 (revised 2007) is to be applied for the first time for fiscal years beginning on or after January 1, 2009. Application will not have any impact on the Group's consolidated financial statements.

In January 2008 the IASB published a revised version of IFRS 2 "Share-based Payment". This clarifies that vesting conditions may only be service conditions and performance conditions. It also sets forth provisions formerly contained in IFRS 2.28. The revised version is mandatory from January 1, 2009. The amendments have no impact on the present consolidated financial statements.

IFRIC 11 “IFRS 2 – Group and Treasury Share Transactions” clarifies how IFRS 2 is to be applied share-based payment arrangements using the company’s own equity. This interpretation is applicable for fiscal years beginning on or after March 1, 2007. Under the European Union’s („EU“) adoption procedure, it is applicable for the first time for fiscal 2009. The first-time application of this interpretation will have no impact on the present consolidated financial statements.

IFRIC 13 “Customer Loyalty Programmes” addresses the disclosure of sales revenues relating to customer loyalty awards operated by a manufacturer or service-provider or a third party. Under the European Union’s adoption procedure, it is applicable for the first time for fiscal 2009. The first-time application of this interpretation will have no impact on the present consolidated financial statements.

IFRIC 14 “IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction” was published on July 5, 2007 and supplements the regulations in IAS 19 on the asset ceiling (IAS 19.58 et seq). Since it was only endorsed by the European Union after the date set by the IASB for first-time application, this interpretation is applicable for the first time for fiscal years beginning after December 31, 2008. It will have no impact on the consolidated financial statements.

The aim of the revised version of IAS 1 “Presentation of Financial Statements” is to make it easier for users to analyse and compare financial statements. The principal amendments comprise a change in the terminology used for the income statement, balance sheet and cash flow statement, the introduction of reporting of certain changes in equity and the obligation to publish a statement of financial position at the beginning of the earliest comparative period when an entity applies an accounting policy retrospectively. The revised standard is applicable for fiscal years beginning on or after January 1, 2009. First-time application of this standard will not have a material impact on the presentation of the consolidated financial statements.

In February 2008 the IASB published amendments to IAS 32 “Financial Instruments”. The new version allows the classification of puttable financial instruments as equity under certain conditions. The revised standard permits German partnerships to classify their partnership interests as equity in consolidated financial statements prepared in accordance with the IFRS. The revised version is mandatory from January 1, 2009. It is not applicable for the company’s consolidated financial statements.

In May 2008 the IASB published amendments to IFRS 1 “First-time Adoption of IFRS” and IAS 27 “Consolidated and Separate Financial Statements”. The amendment to IFRS 1 states that in its IFRS opening balance sheet, a company may measure the carrying amounts of subsidiaries, joint ventures and associates at fair value or the previous carrying amount as of the date of transition to IFRS, rather than at cost. The amendment to IAS 27 deletes the definition of the cost method and thus the requirement that profit distributions relating to the period before the acquisition of a subsidiary should be deducted from its carrying amount. It also stipulates that if the group is reorganized the new parent company shall measure the cost of investment in the subsidiary at the carrying amount recognized in the separate financial statements of the original parent company at the date of formation of the new parent company. The changes are to be applied prospectively for fiscal years beginning on or after January 1, 2009. Since the Group is not a first-time adopter of the IFRS, the amendments are not applicable for the consolidated financial statements.

In May 2008 the IASB published “Improvements to IFRSs”, a first collection of minor amendments to standards. The standard is divided into two sections and contains amendments to 19 IFRSs, essentially to clarify the present rulings. The first section comprises accounting amendments affecting presentation, recognition or measurement. The second section contains editorial changes and changes of phraseology. The amendments are applicable for fiscal years starting on or after January 1, 2009, except where the standard itself states a different effective date. The amendments have no material impact on the consolidated financial statements.

The Group has not applied accounting standards that have been published by the IASB but which have not been adopted by the EU. The company is still evaluating the possible impact of these standards and interpretations on the consolidated financial statements and will determine this as of the date of application.

3 Principal accounting policies and valuation methods

3.1 Declaration of conformance

The consolidated financial statements have been prepared in conformance with the International Financial Reporting Standards, as applicable for use in the EU.

3.2 Basis of preparation of the consolidated financial statements

The consolidated financial statements have been drawn up on the basis of historical acquisition or production costs. The principal accounting policies and valuation methods are outlined below. Where amounts are stated in thousands of euros (EUR '000), individual items or transactions may be subject to rounding differences of +/-1.

3.3 Principles of consolidation

The consolidated financial statements comprise the financial statements of the parent company and its subsidiaries as of December 31 of the respective fiscal year. The financial statements of subsidiaries are drawn up as of the same reporting date as those of the parent company using uniform accounting and valuation policies.

All intragroup balances, transactions, income, expenses, profits and losses that are contained in the carrying amounts of assets and liabilities have been eliminated.

Subsidiaries are fully consolidated as of the date of acquisition, in other words, the date on which the Group gains control over them. Inclusion in the consolidated financial statements ends when the parent company no longer exercises control.

3.4 Revenue recognition

Sales revenues are recognized at the fair value of the consideration received or to be received, less any expected returns by customers, discounts and similar deductions.

Revenues are recognized when it is probable that the economic benefit will flow to the company and the level of the revenue can be determined reliably. In addition, the following recognition criteria must be fulfilled:

Revenues from the sale of goods are recognized when the material risks and opportunities associated with ownership thereof have passed to the buyer.

Interest income is recognized when interest is received.

3.5 Leasing

The economic substance of an agreement determines whether it is or contains a leasing agreement. This entails an assessment of whether performance of the contractual agreement is dependent on the use of a specific asset or assets and whether the agreement provides a right to use the asset.

The Group as lessee

Finance leases where all material risks and benefits associated with ownership of the asset are transferred to the Group are capitalized at the start of the lease at the fair value of the leased asset or the present value of the minimum lease payments, if this is lower. Lease payments are divided into financing costs and repayment of the leasing liability so as to produce a constant periodic rate of interest on the residual carrying amount. Financing costs are expensed immediately.

Instalments for operating leases are expensed in the income statement over the term of the lease using the straight-line method.

3.6 Foreign currency translation

The consolidated financial statements are prepared in euros, the Group's functional and reporting currency. Each company in the Group defines its own functional currency. The items included in the financial statements of each company are valued in that company's functional currency. Foreign currency transactions are initially translated between the functional currency and foreign currency using the spot rate on the date of the transaction. Monetary assets and liabilities in foreign currencies are translated into the functional currency at the closing rate. All translation differences are recognized in income for the reporting period, with the exception of translation differences relating to monetary receivables and payables in respect of foreign business operations, where realization is neither forecast nor probable. These items are recognized in the income statement at the time of disposal of the net investment. Non-monetary items which are recognized at fair value in a foreign currency are translated at the exchange rate applicable when their fair value is determined.

The functional currency of the Czech subsidiary is the Czech koruna. The assets and liabilities of this subsidiary as of the reporting date are translated for presentation in the functional currency of InTiCa Systems AG (euros) at the closing rate. Income and expenses are translated using the weighted average exchange rate for the fiscal year. The resulting translation differences are recognized as a separate component of equity. If a foreign business operation is divested, the cumulative translation differences recognized in equity for this foreign business operation are released to the income statement. The following exchange rates were used for the consolidated financial statements:

Currency	Country	Closing rate		Avarage rate	
		2008	2007	2008	2007
		EUR 1=	EUR 1 =	EUR 1=	EUR 1 =
CZK	Czech Republic	26.93	26.63	24.95	27.77

3.7 Public subsidies

Public subsidies (investment subsidies) are deducted from the cost of acquisition of the assets to which the subsidy applies. Subsidies are not disclosed as liabilities.

3.8 Taxation

Income tax expense represents the sum of current tax expense and deferred taxes.

Current taxes

Current taxes are determined on the basis of taxable income for the year. Taxable income differs from the net income shown in the consolidated income statement because it excludes income and expenses that will be taxable or tax-deductible in future periods or will never have a tax impact. The Group's current tax liability is calculated on the basis of tax rates applicable on the balance date or which will become applicable shortly after the reporting date. Since fiscal 2007 the Czech subsidiary has been exempt from tax for a ten-year period or until taxation reaches a maximum of 61% of the subsidized investment cost.

Deferred taxes

Deferred taxes are recognized for differences between the carrying amount of assets and liabilities in the consolidated financial statements and the corresponding valuation used to calculate taxable income for the fiscal authorities and recognized using the liability method. Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized if it is probable that sufficient taxable profit will be available to utilize the tax-deductible temporary differences. Such assets and liabilities are not recognized if the temporary differences relate to goodwill and liabilities resulting from events that do not affect taxable income or net income.

The carrying amount of deferred tax assets is tested annually as of the reporting date and an impairment write-down is recognized if it is no longer probable that sufficient taxable income will be available for full or partial realization of the deferred tax asset.

Deferred tax assets and liabilities are calculated on the basis of the tax rates (and tax legislation) that are expected to be applicable as of the date of performance of the liability or realization of the asset. The valuation of deferred tax assets and liabilities reflects the tax implications that would arise assuming that the liability is settled or the asset realized in the manner anticipated by the Group as of the reporting date.

Deferred tax assets and liabilities are netted if there is a legally enforceable basis for netting current tax assets and liabilities and if both relate to income taxes within the same tax jurisdiction, and the Group intends to settle its current tax assets and liabilities on a net basis.

Current and deferred taxes for the reporting period

Current and deferred taxes are recognized as income or expense unless they relate to items recognized directly in equity. In this case, the deferred taxes are also recognized in equity. Further, taxes are not recognized if the tax effect results from first-time consolidation of business combination.

3.9 Property, plant and equipment

Property, plant and equipment are recognized at acquisition or production cost – excluding ongoing maintenance expenses – less accumulated depreciation and accumulated impairment write-downs. These costs include the costs of replacing parts of such assets at the time when such costs are incurred, providing that the recognition criteria are met.

The carrying amounts of the property, plant and equipment are tested for impairment as soon as there are indications that they may exceed the recoverable amount.

Property, plant and equipment are derecognized at the date of disposal or when no further economic benefit is expected from the continued use or sale of the asset. Gains or losses resulting from derecognition of the asset are calculated from the difference between the net proceeds from the sale of the asset and its carrying amount and recognized in the income statement for the period in which the asset is derecognized.

The residual values of assets, their useful lives and the depreciation method are reviewed at the end of each fiscal year and adjusted where necessary.

Assets are depreciated over the following useful lives using the straight-line method:

Equipment, plants and office buildings	10-30 years
Technical facilities and machines	5-8 years
Vehicles, other facilities, furniture and office equipment	3-14 years

The costs of major overhauls are included in the carrying amount of the asset providing that the recognition criteria are met.

3.10 Intangible assets

Intangible assets acquired separately

Intangible assets acquired separately are recognized at acquisition or production costs less accumulated amortization and impairment write-downs. They are amortized over their expected useful life using the straight-line method and the amortization charge is recognized in the income statement. The expected useful life of intangible assets and the amortization method are reviewed at the end of each fiscal year and any revised estimates are recognized prospectively. The useful lives of intangible assets vary between 3 and 5 years.

Self-created intangible assets – research and development expenses

Research costs are expensed in the period in which they are incurred.

Self-created intangible assets resulting from development work are expensed if, and only if, it can be demonstrated that all of the following criteria are met:

- completion of the intangible asset so that it will be available for use or sale is technically feasible
- the company intends to complete and use the intangible asset
- the company has the ability to use the asset
- the way in which the intangible asset can be used to generate probable future economic benefits can be demonstrated
- adequate technical, financial and other resources are available to complete the development work and use the intangible asset
- the expenditure attributable to the intangible asset during its development can be measured reliably.

The amount initially capitalized for a self-created intangible asset is the expense incurred from the date on which the intangible asset fulfils these conditions. If a self-created intangible asset cannot be capitalized, the development costs are expensed in the period in which they are incurred.

In subsequent periods self-created intangible assets are carried at cost less accumulated amortization and impairment write-downs in the same way as intangible assets acquired separately. Their useful life varies between 3 and 5 years.

3.11 Inventories

Inventories are carried at the lower of cost of acquisition or production cost and net realizable value.

The net realizable value is the estimated price that can be obtained in normal business conditions less the estimated production and selling expenses.

Write-downs are made for obsolete and slow-moving inventories.

3.12 Provisions

Provisions are established for all legal and substantive liabilities to third parties as of the balance sheet date, where these relate to past events that will probably lead to an outflow of resources in the future and a reliable estimate can be made of the level of such outflows. They represent uncertain liabilities that are determined on the basis of the best estimate. Provisions with a term of more than one year are discounted using market interest rates that reflect the risk and period until performance. Accruals are not recognized separately by the InTiCa Group.

3.13 Financial assets

The valuation and derecognition of financial assets takes place on the trading date. This is the date on which the financial asset is purchased or sold, i.e. the date on which the contractual terms set forth the delivery of the financial asset within the customary period for the market concerned. They are initially measured at fair value plus transaction costs, except for financial assets classified as “at fair value through profit or loss”, which are initially measured at fair value without taking transaction costs into account.

Financial assets are assigned to the following categories:

- At fair value through profit or loss
- Held-to-maturity
- Available-for-sale
- Loans and receivables

Classification is based on the type and purpose of the financial asset and is made at the time of addition.

Effective interest rate method

The effective interest method is a method of calculating the amortized cost of financial assets and allocating interest income to the relevant periods. The effective interest rate is the interest rate used to discount the forecast future cash inflows (including all fees which form part of the effective interest rate, transaction costs and other premiums and discounts) over the expected term of the financial instrument or a shorter period, where applicable, to arrive at carrying amount.

Income from debt securities is recognized on the basis of the effective interest rate.

Financial assets recognized at fair value through profit or loss

Financial assets are classified to this category if they are held for trading. This applies if they are purchased principally with the intention of selling them in the near future. They are recognized at fair value. Any resultant gain or loss is recognized in profit or loss. The net gain or loss includes any dividends and interest payments on the financial asset. The method used to determine fair value is outlined in Note 26.2.

Loans and receivables

Trade receivables, loans and other receivables involving fixed or determinable payments, which are not quoted on an active market, are classified as loans and receivables. Loans and receivables are recognized at amortized cost calculated using the effective interest method, less any impairment write-downs. With the exception of current receivables, where the interest impact would be negligible, interest income is computed using the effective interest method.

Impairment write-downs of financial assets

Financial assets, with the exception of those recognized in income at fair value, are tested for indications of impairment as of every reporting date. Financial assets are written down if, as a result of one or more factors occurring after the initial recognition of the asset, there are objective signs of a negative change in expected future cash flows from the asset.

Trade receivables for which there is no individual indication of impairment are tested for impairment on a portfolio basis. An objective indication of the impairment of a portfolio of receivables could be the Group's experience of receipts in the past, an increase in the frequency of defaults within the portfolio that exceed the average credit term of 60 days, and observable changes in the national or local economic environment which could be associated defaults on receivables.

In the case of financial assets recognized at amortized cost, the impairment charge corresponds to the difference between the carrying amount of the asset and the present value of expected future cash flows calculated using the original effective interest rate for the financial asset.

Impairment results in a direct reduction in the carrying amount of all financial assets affected with the exception of trade receivables, where the carrying amount is reduced by means of an impairment account. If a trade receivable is considered to be uncollectable, the impairment write-down is recognized in the impairment account. Subsequent receipts relating to amounts that have already been written down are also booked to the impairment account. Changes in the carrying amount of the impairment account are recognized in the income statement.

If the impairment of a financial asset that is not classified as available-for-sale is reduced in a subsequent reporting period and this reduction can be objectively assigned to an event occurring after recognition of the impairment write-down, the original impairment write-down is reversed via the income statement. However, the asset may not be written back to a value above the amortized cost that would have been recognized without an impairment write-down.

Derecognition of financial assets

Financial assets are only derecognized when the contractual rights to receive cash flows from the financial asset expire or the financial asset and all material risks and opportunities associated with ownership thereof are transferred to a third party. If the Group does not transfer or receive all material risks and opportunities associated with ownership and retains a right of disposal over the asset transferred, it is remaining share in the asset is recognized, together with a corresponding liability reflecting in any amounts that may have to be paid.

3.14 Restatement of prior-year figures

The cash flow statement has been structured more transparently. The main changes relate to the inclusion of items in accordance with IAS 7.31 and 7.35 (interest and income taxes paid, interest income received). As a result, the following prior-year figures have been restated:

	12-31-2007 in EUR ´000	Restatement in EUR ´000	12-31-2007 in EUR ´000
Tax income recognized in the income statement	0	-229	-229
Borrowing costs recognized in the income statement	0	520	520
Income from financial investments recognized in the income statement	0	-444	-444
Increase/decrease in assets not attributable to investing or financing activities			
Deferred taxes	-68	68	0
Other assets	29	290	319
Increase/decrease in assets not attributable to investing or financing activities			
Other liabilities	264	-77	187
Deferred taxes	-101	101	0
Income taxes paid	0	-145	-145
Interest paid	0	-443	-443
Total		-359	
Reclassification:			
Cash flow from operating activities	4,573	-359	4,214
Interest and similar income	0	+359	359
Cash flow for investing activities	-7,740	359	-7,381

The notes to the financial statements have been restructured to improve transparency. The main changes relate to the order in which the notes on the various items are presented and a restructured presentation of some information.

4 Management assessment and main sources of estimation uncertainty

In the application of the accounting policies outlined in Note 3, the management is required to assess facts, draw up estimates and make assumptions relating to the carrying amount of assets and liabilities where these cannot be obtained from other sources. Such estimates and the underlying assumptions are based on past experience and other factors deemed to be of relevance. The actual values may differ from the estimates.

The assumptions underlying such estimates are reviewed regularly. Where changes to such estimates only affect one period, they may only be adjusted if they relate to the present or future reporting periods, in which case they may be reflected in such periods.

Principal sources of estimation uncertainty

This section outlines the main future-oriented assumptions and other major sources of estimation uncertainty as of the balance sheet date, insofar as they involve a material risk that a substantial adjustment might have to be made to the measurement of assets and liabilities in the future.

The management tested the Group's development department for impairment during the fiscal year and self-created intangible assets have been remeasured as a consequence. EUR 4.0 million is recognized in the consolidated balance sheet as of December 31, 2008 for these intangible assets.

Projects proceeded satisfactorily and customer resonance has confirmed previous estimates made by the management of the expected future revenues. However, the sluggish business development prompted the Board of Directors to review its assumption of future market trends and expected profit margins on products. Following a detailed sensitivity analysis, it has come to the conclusion that the carrying amounts of assets will be realized in full even assuming the possibility of lower revenues. The situation is being monitored closely and adjustments will be made in future years if this is rendered necessary by the market situation.

5 Sales

Sales solely result from revenues from the sale of goods.

6 Segment information

The segment report is based on IAS 8. It contains an overview of certain items from the consolidated financial statements by segment and region, based on the Group's internal reporting structure. Segmentation is designed to provide a transparent view of the earnings, assets and financial position of individual business areas and regions in which the Group operates.

6.1 Products and services that form the earnings base of the reportable segments

Communication Technology

This segment comprises DSL splitters for rapid data transfer. The Group's central business focus is the development, production and commercialisation of splitter hardware for telecommunications service providers and private households. Splitters are manufactured in collaboration with cooperation partners and production covers all major components. In 2008 the company's production sites comprised the Greek site until mid-year and the Czech site for the entire year. The customer base covers all known telecommunications providers.

Automotive Technology

The Automotive Technology segment covers the design, development and production of systems and solutions for sensor technology, electronic controls and network topologies. Most products are manufactured entirely by the Group, with production operations spanning plastics processing, coils, soldering, welding, testing, casting and assembly. This segment's customers are suppliers to all known automotive brands.

Other

The column headed "Other" in the segment report combines the other segments, which are reported together as they do not exceed the materiality threshold.

Segment sales and segment result

	Segment sales		Segment result	
	12-31-2008	12-31-2007	12-31-2008	12-31-2007
	in EUR '000	in EUR '000	in EUR '000	in EUR '000
Communication Technology	20,731	33,013	-3,075	893
Automotive Technology	6,088	4,869	-347	-47
Other	506	222	-277	76
Total	27,325	38,104	-3,699	922
Income and expenses for non-allocable assets			-152	-41
Financial result			-74	-77
Pre-tax loss (2007: pre-tax profit)			-3,925	804

The sales revenues in the above segment report comprise revenues from transactions with external customers. There were no intersegment sales (2007: zero).

The accounting and valuation methods used by the reportable segments are identical to those used by the Group as outlined in Note 3. The segment result shows each segment's EBIT. EBIT is reported to the company's chief operating decision maker as a basis for deciding on the allocation of resources to each segment and the valuation of its earning power.

6.2 Segment assets

	12-31-2008	12-31-2007
	in EUR ´000	in EUR ´000
Communication Technology	17,168	17,564
Automotive Technology	9,821	9,012
Other	997	538
Total segment assets	27,986	27,114
Non-allocable assets	12,203	16,740
Total consolidated assets	40,189	43,854

For the purpose of monitoring profitability and allocating resources between the segments, the company's chief operating decision maker monitors the tangible, intangible and financial assets allocated to each segment. Assets are allocated among the segments, with the exception of the following items:

	12-31-2008	12-31-2007
	in EUR ´000	in EUR ´000
Cash and cash equivalents	10,362	841
Other current receivables	223	191
Tax receivables	128	343
Securities	0	14,702
Deferred taxes	1,490	663
	12,203	16,740

6.3 Other segment information

	Depreciation and amortization		Additions of non-current assets	
	12-31-2008	12-31-2007	12-31-2008	12-31-2007
	in EUR ´000	in EUR ´000	in EUR ´000	in EUR ´000
Communication Technology	2,586	1,342	1,888	3,351
Automotive Technology	1,015	773	2.556	2,367
Other	81	13	399	332

6.4 Sales generated by principal products

The sales split between the Group's principal products is as follows:

	12-31-2008	12-31-2007
	in EUR ´000	in EUR ´000
Small signal electronics	12,801	25,362
Power electronics	7,716	8,128
Mechatronic modules and components	3,565	1,439
Other	3,243	3,175
	27,325	38,104

6.5 Geografphical information

The Group's principal geographical segmentation comprises Germany and other countries.

	Sales revenues from transactions with external customers		Non-current assets	
	12-31-2008	12-31-2007	12-31-2008	12-31-2007
	in EUR ´000	in EUR ´000	in EUR ´000	in EUR ´000
Germany	17,934	18,005	11,362	8,201
Other countries	9,391	20,099	16,624	18,913
Total	27,325	38,104	27,986	27,114

6.6 Information on major customers

The Group generated sales revenues of EUR 27,325 thousand from the direct sale of products in 2008 (2007: EUR 38,104 thousand). Its largest customer accounted for approximately EUR 9,171 thousand (2007: EUR 11,249 thousand) of this amount.

7 Other income and expenses

Other income

	12-31-2008	12-31-2007
	in EUR ´000	in EUR ´000
Gains from the sale of property, plant and equipment	3	20
Net gain from foreign currency translation	418	169
Change in the fair value of financial assets held for trading	144	170
Other	409	87
	974	446

Other expenses

	12-31-2008	12-31-2007
	in EUR ´000	in EUR ´000
Exchange losses	430	67
Cost of premises	423	396
Insurance premiums, contributions, levies	202	177
Vehicle expenses	262	223
Advertising costs, travel expenses	254	206
Delivery costs	346	249
Maintenance and repairs	215	35
Miscellaneous operating expenses	2,212	1,323
	4,344	2,676

8 Other financial income

	12-31-2008	12-31-2007
	in EUR ´000	in EUR ´000
Interest income:		
Balances on bank accounts	405	41
Financial assets held for trading	27	403
	432	444

Breakdown of investment in financial assets by valuation class::

	12-31-2008	12-31-2007
	in EUR ´000 R	in EUR ´000
Loans and receivables (including cash and balances on bank accounts)	405	41
Financial assets held for trading	27	403
	432	444

Note 7 contains information on the income from financial assets recognized at fair value.

9 Cost of financing

	12-31-2008	12-31-2007
	in EUR ´000	in EUR ´000
Interest on overdrafts and bank loans	524	352
Interest from finance leases	60	168
	584	520

10 Income taxes

10.1 Income taxes recognized in the income statement

	12-31-2008	12-31-2007
	in EUR ´000	in EUR ´000
Current tax expense	77	-59
Deferred taxes relating to the recognition and reversal of temporary differences	-669	-170
	-592	-229

The following reconciliation shows a breakdown of tax expense among income items in the fiscal year:

	12-31-2008	12-31-2007
	in EUR ´000	in EUR ´000
Income before taxes	-3,925	804
Theoretical tax expense	-1,170	313
Impact of changes in tax rates	0	-350
Tax effect of loss offset	95	-163
Impact of tax-exempt income/ non-deductible expenses	378	-29
Impact of unused loss carryforwards not recognized as deferred tax assets	28	0
Impact of different taxes rates applied to subsidiaries in different tax jurisdictions	77	0
	-592	-229

The tax rate used for the above reconciliation for 2008 and 2007 is the tax rate of around 30% payable by companies in Germany on taxable income in accordance with the applicable tax legislation.

10.2 Income taxes recognized directly in equity

	12-31-2008	12-31-2007
	in EUR ´000	in EUR ´000
Deferred tax assets		
Translation of foreign business operations	91	0

10.3 Current claims for tax refunds

	12-31-2008	12-31-2007
	in EUR ´000	in EUR ´000
Current claims for tax refunds	128	343

10.4 Deferred taxes

	Balance sheet		Equity		Income statement	
	12-31-2008	12-31-2007	12-31-2008	12-31-2007	12-31-2008	12-31-2007
	in EUR ´000	in EUR ´000	in EUR ´000	in EUR ´000	in EUR ´000	in EUR ´000
Deferred tax assets						
Relating to the issue of shares	401	401			0	0
Capital consolidation	3	3			0	0
Tax loss carryforwards	1.086	163			-923	-68
Relating to interim profits	0	96			96	0
Total	1,490	663				
Deferred tax liabilities						
Capitalization of non-current assets	1,247	1,117			130	-66
Finance leases	390	349			41	8
Currency translation differences relating to foreign subsidiaries	91	0	-91	0		
Fair value measurement of financial assets held for trading	0	13			-13	-44
Total	1,728	1,479				
Total deferred taxes			-91	0	-669	-170

10.5 Unrecognized deferred tax assets

	12-31-2008	12-31-2007
	in EUR ´000	in EUR ´000
The following deferred tax assets were not recognized on the reporting date:		
Taxable losses	96	0

11 Net income

11.1 Impairment write-downs of financial assets

	12-31-2008	12-31-2007
	in EUR ´000	in EUR ´000
Impairment write-downs of trade receivables	49	253
Impairment write-downs of financial assets held for trading	0	212
	49	465

11.2 Depreciation and amortization

	12-31-2008	12-31-2007
	in EUR ´000	in EUR ´000
Depreciation of property, plant and equipment	2,355	1,304
Amortization of intangible assets	1,327	824
	3,682	2,128

11.3 Research and development costs expensed immediately

	´ 12-31-2008	12-31-2007
	in EUR ´000	in EUR ´000
Research and development costs expensed immediately	291	436

12 Ergebnis je Aktie

Earnings and the average weighted number of ordinary shares used to calculate basic and diluted earnings per share are shown below:

	12-31-2008	12-31-2007
Net income (in EUR ´000)	-3,333	1,033
Weighted average ordinary shares (in thousand units)	4,224	4,287
Earnings per share (in EUR)	-0.79	0.24

13 Property, plant and equipment

	Real estate, buildings	Technical equipment and machinery	Other facilities, furniture and office equipment	Advance payments and construction in process	Total
Cost of acquisition or production					
As of January 1, 2007	3,223	7,465	595	3,414	14,697
Additions	1,151	2,324	201	693	4,369
Transfers	0	3,361	17	-3,367	11
Disposals	0	-76	-13	0	-89
Translation differences	83	20	0	136	239
As of December 31, 2007 / As of January 1, 2008	**4,457**	**13,094**	**800**	**876**	**19,227**
Additions	90	2,505	153	141	2,889
Transfers	0	364	54	-418	0
Disposals	0	-483	-35	0	-518
Translation differences	-32	-55	0	0	-87
As of December 31, 2008	**4,515**	**15,425**	**972**	**599**	**21,511**
Depreciation					
As of January 1, 2007	3	1,723	158	0	1,884
Depreciation	50	1,120	134	0	1,304
Write-backs	0	0	0	0	0
Transfers	0	0	0	0	0
Disposals	0	-66	-13	0	-79
Translation differences	0	1	0	0	1
As of December 31, 2007 / As of January 1, 2008	**53**	**2,778**	**279**	**0**	**3,110**
Abschreibungen	192	2,003	160	0	2,355
Write-backs	0	0	0	0	0
Transfers	0	-1	1	0	0
Disposals	0	-199	-21	0	-220
Translation differences	1	-60	-1	0	-60
As of December 31, 2008	**246**	**4,521**	**418**	**0**	**5,185**
Balance sheet value December 31, 2008	**4,269**	**10,904**	**554**	**599**	**16,326**
Balance sheet value December 31, 2007	4,404	10,316	521	876	16,117

In addition, the Group's liabilities under finance leases are secured through the lessor's title to the leased assets. The carrying amount of the leased assets is EUR 2,198 thousand (2007: EUR 2,664 thousand). Property, plant and equipment includes own-work capitalized amounting to EUR 243 thousand (2007: EUR 483 thousand).

14 Intangible assets

	Selbst erstellte immaterielle Vermögens-gegenstände	Sonstige Immaterielle Vermögens-gegenstände	Gesamt
Cost of acquisition or production			
As of January 1, 2007	2,837	223	3,060
Additions	1,567	114	1,681
As of December 31, 2007 / January 1, 2008	**4,404**	**337**	**4,741**
Additions	1,863	91	1,954
Translation differences	0	1	1
As of December 31, 2008	**6,267**	**429**	**6,696**
Amortization			
As of January 1, 2007	266	84	350
Amortization	765	59	824
As of December 31, 2007 / January 1, 2008	**1,031**	**143**	**1,174**
Amortization	1,231	96	1,327
As of December 31, 2008	**2,262**	**239**	**2,501**
Balance sheet value December 31, 2008	**4,005**	**190**	**4,195**
Balance sheet value December 31, 2007	3,373	194	3,567

Intangible assets include own work capitalized amounting to EUR 1,683 thousand (2007: EUR 1,483 thousand).

15 Subsidiaries

Details of subsidiaries as of December 31, 2008 are presented below:

Name of subsidiary	Head office	Stake	Voting rights	Equity	Earnings	Main business activity
		in %	in %	in EUR ´000	in EUR ´000	
InTiCa Systems Ges.m.b.H.	Austria	100	100	22	- 98	Tool-making
(2007:		100	100	120	17)	
InTiCa Systems s.r.o.	Czech Republic	100	100	4,379	- 1,504	Production
(2007:		100	100	5,883	1,077)	
InTiCom Components GmbH	Greece	100	100	5	- 144	Production
(2007:		100	100	149	- 231)	

16 Other current receivables

	12-31-2008	12-31-2007
	in EUR ´000	in EUR ´000
Other assets recognized at depreciated cost	143	95
Prepaid expenses and deferred charges	80	96
	223	191

17 Inventories

	12-31-2008	12-31-2007
	in EUR ´000	in EUR ´000
Raw materials and supplies	1,644	814
Work in process	267	227
Finished goods	675	516
	2,586	1,557

18 Trade receivables

	12-31-2008	12-31-2007
	in EUR ´000	in EUR ´000
Trade receivables	4,929	6,127
Impairment write-downs	-49	-253
	4,880	5,874

Payment terms for products sold are normally 30-60 days. Impairment write-downs are recognized on trade receivables that have been outstanding for more than 180 days on the basis of historical experience of defaults.

The Group conducts a creditworthiness test before accepting new customers and sets individual credit limits. The customer's creditworthiness and the credit limit are reviewed once a year. On the reporting date, trade receivables totalling EUR 417 thousand (2007: EUR 1,595 thousand) were due from the Group's largest customer. Trade receivables amounting to more than 5% of total trade receivables were due from four other customers.

Impairment write-downs were not recognized for trade receivables amounting to EUR 1,013 thousand (2007: EUR 1,297 thousand) which were overdue on the reporting date because no material change in the creditworthiness of the debtors had been identified and the amounts due are expected to be paid. The Group does not have any security for these open items.

Age structure of overdue but non-impaired receivables:

	12-31-2008	12-31-2007
	in EUR ´000	in EUR ´000
1-30 days	636	711
between 30 and 60 days	263	367
More than 60 days	114	219
	1.013	1.297

Changes in impairment write-downs

	12-31-2008	12-31-2007
	in EUR ´000	in EUR ´000
Status at start of year	253	0
Amounts written down as uncollectable	-253	0
Amounts received during the fiscal year for impaired receivables	49	253
Status at year-end	49	253

All changes in the creditworthiness of customers between the date on which the payment terms were granted and the reporting date are taken into account when testing trade receivables for impairment. There are no significant cluster risks as the customer base is diversified and there is no correlation. The management is therefore convinced that no risk provisioning is necessary beyond the impairment write-downs already recognized.

19 Capital stock

	12-31-2008	12-31-2007
Capital stock	in EUR ´000	in EUR ´000
4,287,000 fully paid-up ordinary shares (2007: 4,287,000)	4,287	4,287
Shares repurchased (no. of shares)	-264	0
Total	4,023	4,287

The fully paid-up ordinary shares have a theoretical nominal value of EUR 1. Each shares confers one voting right and all shares are eligible for dividend payments.

The Board of Directors is authorized by a resolution of the Annual General Meeting of September 6, 2004 to increase the capital stock with Supervisory Board's consent, up to September 6, 2009, by a total of up to EUR 600,000.00 in return for cash or contributions in kind under exclusion of shareholders subscription rights (authorized capital 2004/I). Following partial utilization, the authorized capital created on September 6, 2009 (authorized capital 2004/I) amounts to EUR 471,000.00.

The Board of Directors is authorized by a resolution of the Annual General Meeting of May 25, 2007 to increase the capital stock with Supervisory Board's consent, up to May 24, 2012, by a total of up to EUR 1,672,500,000.00 in return for cash or contributions in kind under exclusion of shareholders subscription rights (authorized capital 2007/I).

20 Reserves

	12-31-2008	12-31-20077
	in EUR ´000	in EUR ´000
General capital reserve	14,650	15,088
Profit reserve	2,663	5,996
Translation reserve	142	498
	17,455	21,582

a) Capital reserves

	12-31-2008	12-31-2007
	in EUR ´000	in EUR ´000
Status at start of year	15,088	15,088
Share buy-back	-428	0
Cost of share buy-back	-10	0
Status at year-end	14,650	15,088

b) Profit reserve

	12-31-2008	12-31-2007
	in EUR ´000	in EUR ´000
Status at start of year	5,996	4,963
Net income	-3,333	1,033
Status at year-end	2,663	5,996

c) Currency translation reserve

	12-31-2008	12-31-2007
	in EUR ´000	in EUR ´000
Status at start of year	498	276
Translation of foreign business operations	-265	222
Deferred taxes on the translation of foreign business operations	-91	0
Status at year-end	142	498

Translation differences arising from translation from the functional currency of foreign business operations to the Group's reporting currency (EUR) are recognized directly in the translation reserve.

21 Financial liabilities

	Non-current	
	12-31-2008	12-31-2007
	in EUR ´000	in EUR ´000
Unsecured – recognized at amortized cost		
Overdrafts	0	0
Loans	9,750	8,955
Total	9,750	8,955
Secured – recognized at amortized cost		
Finance leases	0	1,744
Total	9,750	10,699

	Current	
	12-31-2008	12-31-2007
	in EUR ´000	in EUR ´000
Unsecured – recognized at amortized cost		
Overdrafts	982	6
Loans	250	0
Total	1,232	6
Secured – recognized at amortized cost		
Finance leases	1,014	0
Total	2,246	6

Summary of financing agreements:

Overdrafts are subject to variable interest during the year. Interest payments on loans ranged from 2.72% p.a. to 5.80% (2007: 3.91% to 5.27%).

The effective interest rate on finance leases was 4.2% p.a. (2007: 4.2% p.a.).

22 Provisions

	1-1-2008 in EUR ´000	Utilized in EUR ´000	Reversed in EUR ´000	Additions in EUR ´000	12-31-.2008 in EUR ´000
Provisions					
Outstanding invoices (i)	125	125	0	331	331
Personnel expense (ii)	177	177	0	145	145
Other	25	25	0	129	129
Total	327	327	0	605	605

(i) Provisions for goods and services procured for which an invoice has not yet been received.

(ii) Provisions for personnel expense include employee's annual vacation entitlements.

23 Trade payables

Average payment terms of 14-30 days are granted for the purchase of certain goods. The Group has financial risk management arrangements in place to ensure that all payables are settled within the term granted.

24 Other current liabilities

		12-31-2008	12-31-2007
		in EUR ´000	in EUR ´000
Accrued expenses		4	3
VAT		68	118
Other current liabilities		259	344
of which recognized at amortized cost	EUR 129 thousand (2007: EUR 219 thousand)		
Total		331	465

25 Liabilities relating to finance leases

The Group has finance lease agreements relating to machinery and technical equipment with terms of one year. The Group has an option to purchase such machinery and equipment at nominal value at the end of the agreed term of the lease. The liabilities relating to finance leases are secured by the lessor’s title to ownership of the leased assets.

	Minimum lease payments		Present value of minimum lease payments	
	12-31-2008	12-31-2007	12-31-2008	12-31-2007
	in EUR ´000	in EUR ´000	in EUR ´000	in EUR ´000
Remaining term up to 1 year	1,042	790	1,014	730
Remaining term more than 1 year and less than 5 years	0	1,042	0	1,014
	1,042	1,832	1,014	1,744
less: future financing costs	-28	-88	-	-
Total	1,014	1,744	1,014	1,744

The fair value of liabilities relating to finance leases is roughly equivalent to their carrying amount.

26 Financial instruments

26.1 Capital risk management

The Group manages its capital with a view to optimizing the overall return on capital through borrowing. At the same time, this ensures that all Group companies are able to operate as going concerns.

The Group's capital structure comprises interest-bearing debt, cash and cash equivalents and equity. Equity comprises paid-in shares, the capital reserve and profit reserves.

The Group's risk management system monitors gearing on a monthly basis. The key indicator is the equity ratio shown on the balance sheet. The Group specifies that the equity ratio may not drop below 45%. At year-end the equity ratio was as follows:

	12-31-2008	12-31-2007
	in EUR ´000	in EUR ´000
Equity	21,478	25,868
Total equity and liabilities	40,189	43,855
Equity ratio	53.4%	59.0%

26.2 Categories of financial instruments

	12-31-2008	12-31-2007
	in EUR ´000	in EUR ´000
Financial assets		
At fair value through profit or loss Held for trading	0	14,702
Loans and receivables, including cash and cash equivalents	15,385	6,810
Financial liabilities		
Other financial liabilities at fair value through profit or loss	16,175	15,934

Loans and receivables are valued at amortized cost. In view of their short-term nature, there are no differences between initial measurement and fair value.

Financial instruments constituting financial liabilities are carried at amortized cost. Their carrying amount on the balance sheet essentially reflects their fair value.

26.3 Financial risk management

Financial risk management comprises monitoring and managing the financial risks associated with the Group's operating units through internal risk reporting, which analyses the level and extent of risk factors. Risk factors comprise market risk (including the risk of changes in exchange rates, prices and interest rates), default risk and liquidity risk.

The Group endeavours to minimize the impact of these risks through its risk management system. A detailed description of the risk management system can be found in the Management Report.

Exchange rate risks
Certain business transactions undertaken by the Group are denominated in foreign currencies. From the Group's viewpoint, in view of the low level of business involved and the low fluctuations in the exchange rates involved, the associated exchange rate risk is considered low.

Risk of changes in interest rates
Interest rate risk comprises the risk that the value of a financial instrument could change due to changes in market interest rates.

The Group only has current assets classified as "loans and receivables, including cash and cash equivalents" with a term of up to three months. In view of their short-term nature, liabilities bearing interest at a variable rate are not exposed to any major risk of changes in exchange rates.

The market risk associated with fixed-interest financial instruments only impacts earnings if they are measured at fair value. Consequently, financial instruments recognized at amortized cost are exposed to a fair value risk.

Price risks
The Group did not have any securities or equity interests classified as held for trading on the reporting date. Consequently, it was not exposed to any equity price risk as of this date.

Default risk
Default risk is the risk that the Group will incur a loss if a contractual party fails to perform its contractual obligation. This results in a risk of full or partial default on contractually agreed payments. The main default risks relate to trade receivables. To minimize the risk of loss resulting from non-performance of obligations, the management stipulates that business relationships may only be entered into with creditworthy contractual parties. Regular customer reviews are conducted to ensure this. Current transactions are monitored continuously and aggregate exposure through transactions is managed by setting limits for each contractual party. In addition, continuous credit analyses are carried out on the financial status of receivables.

The Group is not exposed to any material default risks from a single contractual party or a group of contractual parties with similar characteristics. The maximum default risk is the carrying amount of trade receivables after recognition of impairment write-downs.

Liquidity risk

The Group manages its liquidity risk through appropriate reserves, credit lines with banks and other credit facilities and continuous monitoring of forecast and actual cash flows. This is complemented by matching the maturity profile of financial assets and liabilities. Note 28 lists the additional credit lines available to the Group to reduce future liquidity risk.

The following overview shows the term to maturity of the Group's non-derivative financial liabilities. The table is based on undiscounted cash flows relating to financial liabilities, based on the earliest date on which the Group is required to make payments. The table shows both interest and repayment instalments.

	up to 1 year	1-5 years	over 5 years	Total
	in EUR ´000	in EUR ´000	in EUR ´000	in EUR ´000
2008				
Variable-interest liabilities	1,006	0	0	1,006
Fixed-interest loans and liabilities	1,743	2,706	8,998	13,447
Total	2,749	2,706	8,998	14,453
2007				
Variable-interest liabilities	6	0	0	6
Fixed-interest loans and liabilities	1,249	3,508	8,542	13,299
Total	1,255	3,508	8,542	13,305

27 Related party transactions

27.1 Board of Directors

Maria Grohs (resigned as of December 31, 2008) - Materials management, marketing, sales and human resources (since May 29, 2008)

Dr. Paul Grohs (resigned as of December 31, 2008) - Development, quality management, technology and IT (since May 29, 2008)

Walter Brückl (from April 1, 2008) – Strategy, production, investor and public relations (since May 29, 2008 also finances and since January 1, 2009 additionally IT and human resources)

Günther Kneidinger (from January 1, 2009) – Marketing, sales, materials management, quality management, research and development

Christian Schubert (from November 1, 2007 to June 2, 2008) – Controlling, finances, IT, human resources

Dieter Schopf (resigned July 31, 2007) – Finance, administration, human resources

27.2 Supervisory Board

Dr. Walter Hasselkus (since November 1, 2008)
Chairman of the Superrvisory Board, Gräfelfing, lawyer
Chairman of the Supervisory Board of Ehlebracht AG, Enger
Member of the Supervisory Board of DAF Trucks NV, Eindhoven
Non-Executive Director of Wincanton plc, Chippenham, U.K.
Chairman of the Supervisory Board of Wincanton GmbH, Mannheim
Non-Executive Director of W.E.T.Holding S.A., Luxembourg
Mmember of the Supervisory Board of W.E.T Automotive Systems AG, Odelzhausen

Dr. Horst Rüdiger Hollstein (since January 1, 2008)
Deputy Chairman of the Supervisory Board, Jesteburg, management consultant
Member of the Supervisory Board of Otto M. Schröder Bank AG, Hamburg
Member of the Advisory Board of MAINKA Bauunternehmung August Mainka GmbH & Co., Lingen

Dr. Wulfdieter Braun (Chairman until December 31, 2008)
Passau, management consultant

Harald Nöth (resigned October 31, 2008)
Munich, Chairman of DES Data Empire Systems AG, Munich

Karl Kindl (resigned December 31, 2007)
Deputy Chairman of the Supervisory Board of Hauzenberg, entrepreneur
Member of the Supervisory Board of DES Data Empire Systems AG, Munich

27.3 Remuneration of the Board of Directors and the Supervisory Board

Remuneration of the Board of Directors

The total remuneration of the Board of Directors in the fiscal year was EUR 710 thousand (2007: EUR 625 thousand). EUR 710 thousand (2007: EUR 625 thousand) of this comprised fixed remuneration and EUR 0 thousand (2007: EUR Zero) was performance-related. Salary components with a long-term incentive character have not currently been agreed with any member of the Board of Directors.

The basic remuneration, which is not performance-related, comprises fixed salaries, supplementary payments for social security contributions, payments in kind comprising the use of company cars, and pension contributions.

The performance-related components comprise bonuses paid upon attainment of personal targets agreed with the Board of Directors.

Individual breakdown of remuneration:

	Basic remuneration in EUR ´000	Performance related remuneration in EUR ´000	Total in EUR ´000
2008			
Maria Grohs	223	0	223
Dr. Paul Grohs	223	0	223
Walter Brückl (from April 1, 2008)	173	0	173
Christian Schubert (until Mai 28, 2008)	91	0	91
Total	710	0	710
2007			
Maria Grohs	232	0	232
Dr. Paul Grohs	233	0	233
Christian Schubert (from November 1, 2007)	32	0	32
Dieter Schopf (until Juli 31, 2007)	128	0	128
Total	625	0	625

Total remuneration for former members of the Board of Directors was EUR 519 thousand in 2008 (2007: EUR 0) and related to Mr. Christian Schubert.

There are no loans to members of the Board of Directors or former members of the Board of Directors.

Remuneration of the Supervisory Board

Sec. 11 of the Articles of Incorporation of InTiCa Systems sets out the remuneration of the Supervisory Board. The remuneration comprises a fixed payment and allowance for attending meetings of the Supervisory Board.

On this basis, the members of the Supervisory Board received the following remuneration:

	Basic remuneration in EUR ´000	Attendance fee in EUR ´000	Total in EUR ´000
2008			
Dr. Wulfdieter Braun	17	9	26
Dr. Horst Rüdiger Holstein (ab 1. Januar 2008)	16	8	24
Dr. Walter Hasselkus (ab 1. November 2008)	5	0	5
Harald Nöth (bis 31. Oktober 2008)	8	8	16
Total	46	25	71
2007			
Dr. Wulfdieter Braun	5	6	11
Karl Kindl (bis 31. Dezember 2007)	4	6	10
Harald Nöth	3	6	9
Total	12	18	30

The above amounts are net amounts excluding statutory value-added tax. There are no loans to members of the Supervisory Board or former members of the Supervisory Board.

Other

InTiCa Systems AG sourced and paid for hardware and IT services from DES Data Empire Systems AG. The goods and services sourced amounted to EUR 79 thousand in 2008 (2007: EUR 103 thousand). This business relationship does not constitute remuneration for membership of the Supervisory Board. The transactions are undertaken entirely on market terms (arm's length principle) on the basis of a formal offer process.

28 Cash and cash equivalents

The cash and cash equivalents shown on the cash flow statement comprise cash on hand, balances on bank accounts and investments in money market instruments, less outstanding overdrafts. The reconciliation of cash and cash equivalents shown in the cash flow statement as of year-end and the balance sheet is as follows:

29 Finanzierungslinien

	12-31-2008	12-31-2007
	in EUR ´000	in EUR ´000
Cash and balances on bank accounts	10,362	841
Overdrafts	-982	-7
Total	9,380	834

Credit lines

	12-31-2008	12-31-2007
	in EUR ´000	in EUR ´000
Unsecured credit lines:		
Amounts drawn	982	6
Undrawn amounts	1,618	4,194
	2,600	4,200

30 Operating leases

Operating lease agreements relate to business and operating equipment and have terms of between 1 and 10 years, with extension options for up to 10 years. The Group has the option of purchasing the leased asset at market value when the lease agreement ends.

	12-31-2008	12-31-2007
	in EUR ´000	in EUR ´000
Payments recognized as expenses:		
Minimum lease payments	389	395
Term of lease agreements:		
Up to 1 year	362	329
More than 1 year and up to 5 years	800	822
More than 5 years	539	645
	1;701	1;796

31 Events after the reporting date

Dr. Walter Hasselkus was elected Chairman of the Supervisory Board effective January 1, 2009. Dr. Horst Hollstein was confirmed in his position as Deputy Chairman of the Supervisory Board. Dr, Wulfdieter Braun, who was Chairman of the Supervisory Board for many years, remains a member of the Supervisory Board.

Co-founders and long-serving members of the Board of Directors, Mrs. Maria Grohs and Dr. Paul Grohs resigned from the Board of Directors for personal reasons as of December 31, 2008.

The Supervisory Board appointed Mr. Günter Kneidinger as a member of the Board of Directors as of January 1, 2009. Mr. Kneidinger is responsible for sales, materials management, quality and research and development.

32 Approval of the financial statements and disclosures

The Board of Directors is going to submit the financial statements to the Supervisory Board on March 3, 2009 and the Supervisory Board expectedly will decide on its publication at its meeting on March 26, 2009.

The annual financial statements and management report of InTiCa Systems AG and the consolidated annual financial statements and Group management report for fiscal 2008 will be published in the electronic Federal Gazette.

In fiscal 2008 InTiCa Systems AG received the following notifications of reportable investments in accordance with sec. 21 paragraph 1 of the German Securities Trading Act (WpHG):

"On January 31, 2008 UBS Global Asset Management (Deutschland) GmbH notified us pursuant to sec. 21 paragraph 1 WpHG that its shares in InTiCom Systems Aktiengesellschaft, Passau, Germany, ISIN: DE0005874846, WKN: 587484 dropped below the 3% threshold on January 21, 2008 and that as of this date it holds 2.712% (corresponding to 116,250 voting rights).

“On February 26, 2008 Universal-Investment-Gesellschaft mbH, Frankfurt am Main, Germany, notified us pursuant to sec. 21 paragraph 1 WpHG that its shares in InTiCom Systems Aktiengesellschaft, Passau, Germany, ISIN: DE0005874846, WKN: 587484 dropped below the 3% threshold on this date and that as of this date it holds 2.26% (corresponding to 97,000 voting rights). 2.26% of the voting rights (corresponding to 97.000 voting rights) are attributable to Unversal-Investment-Gesellschaft mbH pursuant to sec. 22 paragraph 1, sentence 1, no. 6."

“On March 10, 2008 Union Investment Privatfonds GmbH, Frankfurt, Germany, notified us pursuant to sec. 21 paragraph 1 WpHG that its shares in InTiCom Systems Aktiengesellschaft, Passau, Germany, ISIN: DE0005874846, WKN: 587484 dropped below the 3% threshold on this date and that as of this date it holds 2.18% (corresponding to 93,500 voting rights).

“On November 11, 2008 Wochenblatt Verlagsgruppe Beteiligungs GmbH, Passau, Germany, notified us pursuant to sec. 21 paragraph 1 WpHG that its shares in InTiCa Systems Aktiengesellschaft, Passau, Germany, ISIN: DE0005874846, WKN: 587484 exceeded the 3% threshold on October 28, 2008 and that as of this date it holds 3.01% (corresponding to 128,873 voting rights). 3.01% of these voting rights (corresponding to 128,873 voting rights) are attributable to Wochenblatt Verlagsgruppe Beteiligungs GmbH pursuant to sec. 22 paragraph 1 sentence 1, no. 1 WpHG. The voting rights attributable to Wochenblatt Verlagsgruppe Beteiligungs GmbH are held by the following company under its control, whose share of the voting rights of InTiCa Systems AG is 3% or more:

- Wochenblatt Verlagsgruppe GmbH & Co KG”

“On November 5, 2008 Wochenblatt Verlagsgruppe Beteiligungs GmbH & Co KG, Landshut, Germany, notified us pursuant to sec. 21 paragraph 1 WpHG that its shares in InTiCa Systems Aktiengesellschaft, Passau, Germany, ISIN: DE0005874846, WKN: 587484 exceeded the 3% threshold on October 28, 2008 and that as of this date it holds 3.01% (corresponding to 128,873 voting rights). 1.52% of these voting rights (corresponding to 65,373 voting rights) are attributable to Wochenblatt Verlagsgruppe GmbH & Co KG pursuant to sec. 22 paragraph 1 sentence 1, no. 1 WpHG.

“On November 5, 2008 Dr. Axel Diekmann, Germany, notified us pursuant to sec. 21 paragraph 1 WpHG that his shares in InTiCa Systems Aktiengesellschaft, Passau, Germany, ISIN: DE0005874846, WKN: 587484 exceeded the 3% threshold on October 28, 2008 and that as of this date he holds 3.01% (corresponding to 128,873 voting rights). 3.01% of these voting rights (corresponding to 128,873 voting rights) are attributable to Dr. Axel Diekmann pursuant to sec. 22 paragraph 1 sentence 1, no. 1 WpHG. The voting rights attributable to Dr. Axel Diekmann are held by the following companies under his control, whose share of the voting rights of InTiCa Systems AG is 3% or more:

- Wochenblatt Verlagsgruppe GmbH & Co KG
- Wochenblatt Verlagsgruppe Beteiligungs GmbH

“On January 1, 2009 InTiCa Systems AG provided notification in accordance with sec. 26, paragraph 1, sentence 2, WpHG that its treasury shares in InTiCa Systems AG, Passau, Germany, ISIN: DE0005874846, WKN: 587484 had exceeded the 3% threshold on November 3, 2008 and is now 3.03% (corresponding to 130,004 voting rights). On January 1, 2009 InTiCa Systems AG provided notification in accordance with sec. 26, paragraph 1, sentence 2, WpHG that its treasury shares in InTiCa Systems AG, Passau, Germany, ISIN: DE0005874846, WKN: 587484 had exceeded the 5% threshold on November 28, 2008 and is now 5.01% (corresponding to 214,839 voting rights)”.

The principal shareholders on the reporting date were:

	12-31-2008	12-31-2007
	in %	in %
UBS Fund Management (Switzerland) AG	more than 5	more than 5
KST Beteiligung AG	more than 5	more than 5
TFG Capital AG Unternehmens-beteiligungsgesellschaft	more than 3	more than 3
Dr. Dr. Axel Diekmann	more than 3	-
Karl Kindl	more than 3	more than 3
UBS Global Asset Management (Deutschland) GmbH	-	more than 3
Universal-Investment-Gesellschaft mbH	-	more than 3
Union Investment Privatfonds GmbH	-	more than 3

Shareholdings by members of the Board of Directors and Supervisory Board (including related parties):

	12-31-2008	12-31-2007
	No. of shares	No. of shares
Dr. Paul und Maria Grohs	151,000	122,000
Dr. Wulfdieter Braun	26,015	6,015
Walter Brückl	9,500	n.a.
Harald Nöth	n. a.	3,786
Christian Schubert	n. a.	1,500
Karl Kindl	n. a.	150,264

33 Staff

The average number of employees in fiscal 2008 was 247 (2007: 220).

	12-31-2008	12-31-2007
	in EUR ´000	in EUR ´000
Salaried employees	57	51
Industrial employees	183	163
Trainees	3	3
Low-wage part-time staff	4	3
	247	220

34 Auditor's fees

The following fees were charged to expenses in the fiscal year for services rendered by the auditor, Nirschl, Grössl & Koll. GmbH Wirtschaftsprüfungsgesellschaft, Eging:

	12-31-2008	12-31-2007
	in EUR ´000	in EUR ´000
Audit	47	32
Other consulting services	0	0
	47	32

The audit fees principally comprise fees for the audit of the consolidated financial statements and the financial statements of the parent company.

35 German Corporate Governance Code

The Board of Directors and Supervisory Board of InTiCa Systems AG issue a declaration of the extent to which they comply with and have complied with the recommendations of the Government Commission German Corporate Governance Code" published by the Federal Ministry of Justice in the electronic Federal Gazette.

The declaration of conformity is made permanently available to investors on the www.intica-systems.de at Company/Managing Board.

Passau, March 2, 2009

The Board of Directors

Responsibility Statement

According to sec. 37y para. 1 WpHG

Responsibility Statement

„We assure to the best of our knowledge that the consolidated financial statements provide a presentation of the Group's financial position and results from 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."

Passau, March 19, 2009

The Board of Directors

Walter Brückl Günther Kneidinger

Auditor´s certificate

for the consolidated financial statements

Auditor´s certificate

We have audited the consolidated financial statements prepared by InTiCom Systems AG, Passau – including consolidated balance sheet, consolidated income statement, consolidated cash flow statement, consolidated statement of changes in equity and notes to the consolidated financial statements – as well as the group management report for the fiscal year ended December 31, 2008. The preparation of consolidated financial statements and group management report according to IFRS as applicable in the European Union and the additional provisions of commercial law as applicable according to sec. 315a para. 1 HGB (German Commercial Code) are the responsibility of the company's board of directors. It is our responsibility to issue an assessment of the consolidated financial statements and the group management report on the basis of our audit.

In compliance with sec. 317 HGB, we have conducted our audit in accordance with the German accounting principles established by the Institut der Wirtschaftsprüfer (IDW). These principles require the audit to be planned and performed in such a way that inaccuracies and violations which materially effect the disclosure of financial position and results from operations as presented by the group management report and the consolidated financial statements with regard to applicable accounting provisions are identified with sufficient reliability. In establishing the audit procedures, knowledge of the business activity, the group's economic and legal framework, and an anticipation of possible mistakes are taken into consideration. Within the context of the audit, the effectiveness of the internal accounting control system as well as proof for the disclosures made in the consolidated financial statements and the group management report are examined predominantly on the basis of random sampling. The audit contains assessments of the financial statements of the companies included in the consolidated financial statements, the definition of the basis of consolidation, the accounting and consolidation principles applied, and the material estimates made by the Board of Directors, as well as an evaluation of the overall presentation of the consolidated financial statements and the group management report. It is our opinion that our audit provides a sufficiently reliable basis for our assessment.

Our audit has not resulted in any objections.

According to our assessment based on the conclusions from our audit, the consolidated financial statements are compliant with the IFRS as applicable in the European Union and the additional provisions of commercial law as applicable according to sec. 315a para. 1 HGB, and they communicate – with regard to these provisions – a presentation of the group's financial position and results from operations which corresponds to the actual conditions. The group management report is consistent with the consolidated financial statements, communicates an overall correct impression of the situation of the group, and describes the chances and risks of the future development coherently.

Eging am See, March 20, 2009

Nirschl, Grössl & Koll. GmbH
Wirtschaftsprüfungsgesellschaft

G. Nirschl
Wirtschaftsprüfer

Technical glossary

Technical terms relating to InTiCa Systems´ daily business

ADSL Asymmetric Digital Subscriber Line; broadband technology on the basis of conventional telephone lines allowing higher data transmission rates for downloads than for uploads.

ADSL2 The maximum data rate of ADSL2 is higher than the one provided by ADSL, leading to higher relative data rates for a given distance due to improved signal processing and coding. The data transmission rate of ADSL2 is theoretically as high as up to 12 Mbit/s downstream and 1 Mbit/s upstream at a bandwidth of 1.1 MHz.

ADSL2+ New transmission standard allowing for higher downstream speed than previously possible. ADSL2+ expands the bandwidth of the ADSL signal to 2.2 MHz and thus increases the maximum data rate to 24 Mbit/s downstream and 1 MBit/s upstream. This is possible only via relatively short and high-grade phone lines and therefore not available everywhere.

Antennas Antennas in the sense of RFID technology are sender as well as receiver antennas on the basis of winding technology (inductive components or coils).

Automation technology Automation technology aims at making a machine or plant work completely autonomously and independent of human input. The closer you get at reaching this goal, the higher is the degree of automation. Often human staff is needed for supervision, supplies, conveyance of finished goods, maintenance, and similar jobs. Automation technology addresses the most diverse issues of building and plant automation, e.g. measuring, controlling, monitoring, defect analysis, and the optimization of process sequences.

Bit Binary Digit; Smallest digital information unit, or rather a computer's smallest memory unit. It can assume the values one or zero.

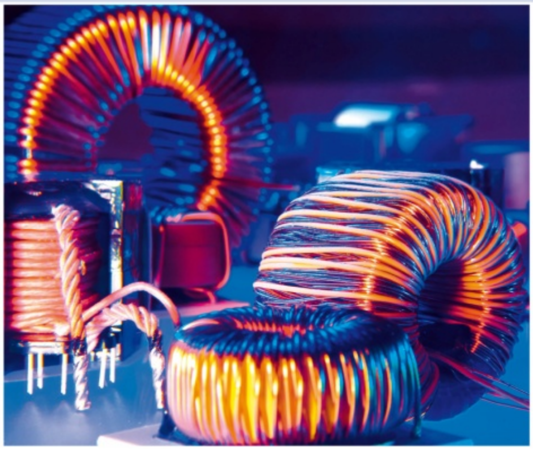
Coil See under inductive components or Inductors

Customizing Customizing is the term for adjusting a series product, e.g. automobiles or computer software, to a customer's requirements.

Download Download means the transfer of all kinds of data from the Internet to a computer.

DSL Digital Subscriber Line: broadband technology (fast data transfer via the Internet) on the basis of conventional Telefone lines. With a download speed of 768 kbit and more per second, it is much faster than both analog modems and ISDN (using one line). The upload speed of 128 kbit/s is as high as the parallel use of both ISDN lines.

Ferrites Ferrites are poorly or non-electroconductive ferrimagnetic ceramic materials consisting of ferric oxide hematite (Fe_2O_3), less commonly magnetite (Fe_3O_4) and other metallic oxides. If not saturated, ferrites conduct the magnetic flux very



well and provide a high magnetic permeability. These materials thus usually provide low magnetic resistance.

Filter, Filter coils See under inductive components; electronic component for the separation of different signal sources.

High-end-manufacturers High-end manufacturers manufacture goods using particularly advanced technologies.

Hub magnets Hub magnets are magnetic actuators finding preferred use for valve control and other applications.

Hybrid vehicles Hybrid vehicles are cars containing at least two transducers and two installed energy storage systems for the purpose of powering the vehicle. Transducers are for instance electric motors and Otto and diesel engines, energy storage systems are for instance batteries and gas tanks.

Immobilizers Immobilizers are devices installed in vehicles for preventing unauthorized operation. There are mechanical, electronic and involuntary immobilizers.

Inductors, Solenoid, Coil Inductors are inductive components in the realm of electrical engineering and electronics. The terms inductor and solenoid or coil are not clearly defined and used synonymously.

Inductive components Inductive components usually consist of a ferrite core, a plastic coil body and copper wire for the transmission, filtering, and sending or receiving of electric signals. They are functional independent of external energy input.

Inductivity, High-tech inductivity Inductivity is an electric property of an energized electric conductor due to the environing magnetic field created by the current flow. It describes the ratio between the magnetic flux linked with the counductor and the current flowing through the conductor.

Industrial weighing technology Industrial scales contain a multitude of electronic components. Particularly weight sensors and voltage supply are interesting applications for spezial inductive components.

Internet The term was initially derived from "interconnecting network", i. e. a network that connects separate networks with each other. Today the Internet consists of an immense number of regional and local networks all over the world, together creating the "networks' network". The Internet applies a uniform addressing scheme as well as TCP/IP protocols for the transfer of data. Initially this global digital network used to primarily interconnect computers in research centers.

Inverter An inverter is an electronic device converting direct tage into alternating voltage or direct current into alternating current. Depending on the circuit, inverters can come equipped for the generation of single-phase alternating current or threephase alternating current (rotary current).

IPTV IPTV (Internet Protocol Television) stands for the digital transmission of broadband applications such as TV programs and movies via a digital data network. The Internet Protocol (IP) is applied for the transmission of those data..

ISDN Integrated Services Digital Network. ISDN uses the e-xisting telephone lines, only the transfer of all data is digital instead of analog as previously. By a concerted use of several channels, a transmission rate of 128 kbit/s is achieved.

KBit/s Kilo bits per second; unit for the transmission rate or speed of data transfer.

Keyless Entry, Keyless Go, Remote Keyless Entry New technology for locking and unlocking vehicles; instead of a key there is only a chip card that exchanges signals with the vehicle. As soon as the card holder approaches the car or touches the door handles, the door will open. The motor is started by touching a pushbutton or starter button.

MDF Main distribution frame technology; the telecommunication companies' network nodes for subscriber connections.

Offshore-Windpark Accumulations of several separate wind power stations constructed as stationary structures offshore in windy spots. In a narrower sense the term describes wind farms situated outside the national territorial waters, i.e. more than 12 sea miles off the shore. Since the EEG (Renewable Energy Sources Act) has come into force, wind power stations are promoted; national law provides for fixed prices and guaranteed buy-off of power feed to the operators of wind power stations.

Photovoltaic power plants Photovoltaic (solar) power plants are power stations transforming a part of the solar radiation into electric power by means of solar cells. This immediate way of energy conversion is called photovoltaics.

Powerline Powerline technology facilitates data transfer on the Internet via the public power supply system.

RFID Radio Frequency Identification; wireless transmission system for the detection of objects.

Sensor A sensor is a technological component that is able to detect certain physical or chemical properties (e.g. thermal radiation, temperature, humidity, pressure, sound, brightness, or acceleration) and/or the material condition or texture of ist environment with respect to quality or quantity, as a measurand. These factors are detected by the use of physical or chemical effects and transformed into other processible quantities (mostly electric signals).

Solar inverter The inverter transforms the direct current generated by the solar modules into an alternating current comparable to the conventional electricity network. This makes it possible to feed the self-produced solar energy in the public power supply system.

Splitter Electronic component for merging or separating voice and data signals.

Time to Market Time to market (TTM) means the period of time from product development to placing the product in the market.

Transmitter A transmitter is a device for creating and radiating electromagnetic waves. It basically consists of at least one oscillator and one transmitting antenna. If its intended use is telecommunication, a device for oscillation modulation is required as well.

Triple Play TP is a marketing term introduced around 2005 in telecommunications for the combined offer of the three communication services audiovisual entertainment (television, video-on-demand), (IP) telephony, and Internet.

U-ADSL Universal Asymmetric Digital Subscriber Line; VDSL and U-ADSL are advancements of the present DSL system for realizing higher data transmission rates – both systems are still at the developing stage.

Upload Upload means transferring data from a computer to the Internet.

VDSL Very High Data Rate Digital Subscriber Line; is a DSL technology that provides signficantly higher data transmission rates via conventional phone lines than for instance ADSL or ADSL2+.

VDSL2 (see under VDSL) VDSL2 bases on the transmission procedure Discrete Multitone (DMT) and provides theoretically attainable data transmission rates of up to 200 Mbit/s for both upstream and downstream at a cut-off frequency of 30 MHz.

VoIP (Voice over Internet Protocol) IP telephony means telephoning via computer networks set up according to Internet standards. Information typical for telecommunication, i.e. voice signals as well as information required for establishing the connection, is transmitted over a network otherwise used for data transfer as well. Either computers, special IP telephony terminals, or conventional phones plugged in with a spezial adapter can be used at the subscriber side for providing the connection to the phone network.

xDSL Collective term for the data transmission technologies DSL, ADSL, VDSL, U-ADSL, etc.

Financial calendar 2009

April 24, 2009	Announcement of consolidated financial statements for 2008
April 24, 2009	Bilanzpressekonferenz / Conference Call
May 20, 2009	Announcement of 3M financial statements
June 05, 2009	Annual General Meeting in Passau
August 19, 2009	Announcement of 6M financial statements
November 09, 2009	Announcement of 9M financial statements
November 09 - November 11, 2009	German Equity Forum in Frankfurt/Main

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InTiCa Systems
Locations at a glance

The site selection plays an important role for market success and quality of supply.

At InTiCa Systems the locations for product development (Passau/Germany), development of test and manufacturing technologies (Neufelden/Austria) and production (Prachatice/Czech Republic) are arranged within a radius of 80 km. Therefore we are able to offer rapid reaction times for all our clients.

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