2016

2014

Shaping perspectives -
Safeguarding the future!

2012

ANNUAL REPORT

Technologies for growth markets!

InTiCa Systems

Key Figures of InTiCa Systems

The Group

	2010 EUR ´000	2011 EUR ´000	2012 EUR ´000	Change
Sales	31,245	41,492	36,339	-12.4%
Net margin	-	2%	-1%	-
EBITDA	2,913	6,162	4,507	-26.9%
EBIT	-1,350	1,232	23	-98.1%
EBT	-1,834	638	-461	-
Net profit (loss)	-2,174	831	-389	-
Earnings per share (diluted/basic in EUR)	-0.53	0.20	-0.09	-
Cash flow total	-5,158	593	1,483	150.1%
Net cash flow from operating activities	1,151	3,511	3,465	-1.3%
Capital expenditure	5,628	2,934	2,727	-7.1%

	Dec. 31, 2010 EUR ´000	Dec. 31, 2011 EUR ´000	Dec. 31, 2012 EUR ´000	Change
Total assets	39,674	37,433	33,431	-11%
Equity	18,943	19,489	19,531	0.2%
Equity ratio	48%	52%	58%	-
Employees (number)	447	420	434	3.3%

The Stock

	2010	2011	2012	(Mar 31, 2013) 2013
Closing price (in EUR)	4.20	3.54	3.02	3.10
Period high (in EUR)	5.25	5.45	3.75	3.29
Period low (in EUR)	3.75	3.30	2.47	2.82
Market capitalization at end of period (EUR million)	18.0	15.18	12.95	13.29
Number of shares	4,287,000	4,287,000	4,287,000	4,287,000

The stock prices are closing prices on XETRA

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The InTiCa Systems Group Foreword

GROUP

Dear shareholders, employees and business associates,

In 2012 we had to contend with difficult business conditions in the Industrial Electronics and Communication Technology segments. The sharp downturn on the solar power market and the unrelentingly tough competition among suppliers to the telecommunications sector resulted in substantial declines in both segments, which we were unable to offset despite the consistently positive trend in our third segment, Automotive Technology. This situation was compounded by the deterioration in economic conditions in the last two quarters of the year, which had a further negative impact on volumes. As a consequence, the Group's financial performance was down year-on-year and we were unable to prevent it making a loss. Sales contracted by about 12% year-on-year to EUR 36.3 million. However, the operating result remained positive thanks to strict cost discipline. Nevertheless, at Group level we made a net loss of EUR 0.4 million.

Thanks to a number of new product launches by the Industrial Electronics and Communication Technology segments, we have paved the way to stabilise these two segments in the coming months and years. We also expect the Automotive Technology segment to report rising sales with established customers who are using our solutions in serial production of new models. Similarly, we are anticipating business with energy-efficient hybrid drives that reduce carbon emissions to grow.

New developments in inductive components, mechatronic assemblies and analogue switching technology generate efficiency gains that would be technically impossible for our customers to achieve with conventional solutions. The added value of our solutions is therefore immediately evident to customers. At present, we are working to position newly developed products successfully on the market and opening up new applications for our technology in order to put sales and earnings in all segments back on a stable footing.

Passau, Germany
Headquarters

We would like to thank our shareholders and business associates most sincerely for the confidence they have placed in our company over the past year. We would be delighted if you would continue to support InTiCa Systems in the future. In particular, we wish to thank our employees, who have driven forward the development of InTiCa Systems in recent years through their untiring personal efforts.

Passau, April 2013

Yours,

Walter Brückl
Chairman of the Board of Directors

Günther Kneidinger
Member of the Board of Directors

Report of the Supervisory Board on Fiscal 2012

GROUP

Dear shareholders,

In fiscal 2012 the Supervisory Board performed the tasks imposed on it by law, the articles of incorporation and the rules of procedure, regularly advised the Board of Directors on the management of the company and monitored and supervised its management activities. The yardsticks for oversight were the lawfulness, correctness, cost-effectiveness and expediency of the management of the company and the Group.

Cooperation with the Board of Directors

The Board of Directors gave the Supervisory Board detailed information and reasons for 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 provided continuous, comprehensive and timely information to the Supervisory Board either verbally or in writing.

The Board of Directors' reports to the Supervisory Board centred principally on planning, business development and the business situation of InTiCa Systems AG and its subsidiary, including the risk situation, risk management, compliance and transactions of especial importance for the company. The Board of Directors drew attention to deviations between the planned and actual business development, explained them, and informed the Supervisory Board of planned corrective action. The content and scope of the reporting by the Board of Directors met the demands made by the Supervisory Board. Alongside these reports, the Supervisory Board requested supplementary information from the Board of Directors. In particular, the Board of Directors was available at meetings of the Supervisory Board to provide explanations and answer questions asked by the Supervisory Board. The Board of Directors and Supervisory Board used the meetings to agree on the strategic focus of the company and review the implementation of the strategy at regular intervals.

The Chairman of the Supervisory Board also received extensive information between meetings. Thus, the strategy, current business situation and business trends and risk management at InTiCa Systems AG were discussed regularly by the Board of Directors and Chairman of the Supervisory Board.

The Board of Directors notified the Chairman of the Supervisory Board without delay of important events that were of material significance for an assessment of the company's situation and development.

Advisory and supervisory activities

As part of its supervisory activities, the Supervisory Board satisfied itself that the Management Board conducted the management of the company in a correct and lawful manner.

The Supervisory Board's work in 2012 was dominated by regular and extensive discussion of the Group's sales and earnings trends. To this end, it received timely and extensive information on the current situation of the Group and its companies, and all business operations of material importance for the Group's profitability and liquidity (see sec. 90 paragraph 1 of the German Companies Act [AktG]). Production and sales planning and the strategic development of the Group were also discussed regularly with the Board of Directors. In addition, during the year the Supervisory Board examined the company's strategic focus especially intensively.

Composition of the Supervisory Board

In fiscal 2012 the Supervisory Board members were Mr. Werner Paletschek (Chairman), Christian Fürst (Deputy Chairman), Detlef Hölzel (until June 30, 2012) and Udo Zimmer (from July 1, 2012). Since the Supervisory Board only has three members, it has not established any committees. The full Supervisory Board discusses all relevant issues.

Meetings of the Supervisory Board

The Supervisory Board held seven meetings in 2012. Mr. Fürst was unable to attend the meeting on August 29, 2012 due to a clash of dates, but otherwise all members of the Supervisory Board attended all meetings.

The dates of the meetings and main issues addressed are outlined below:

February 8, 2012: This meeting centred on the current status of the provisional financial statements for 2011, and sales and earnings expectations for the first quarter of 2012.

April 20, 2012: The annual financial statements and management report for 2011 were outlined by the Board of Directors and the firm of auditors and discussed in detail with the Supervisory Board. Other items on the agenda were the current business trend, the company's strategic planning, resolutions to be adopted and adoption of the declaration of conformity.

June 12, 2012: This meeting focused on the present business trend, the impact of cost savings and the change in the composition of the Supervisory Board made necessary by Mr. Hölzel's resignation effective June 30.

July 2, 2012: This meeting focused on preparing for the Annual General Meeting.

August 29, 2012: The meeting focused on the current business trend.

October 18, 2012: The present business trend, provisional planning for 2013, cost-cutting potential, financing issues and the company's strategic focus were the main items on the agenda for this meeting.

November 23, 2012: The focus of this meeting was detailed business planning for 2013, which was discussed with the Board of Directors.

Annual financial statements of the company and the Group

The auditors KPWT Kirschner Wirtschaftstreuhand AG, Eggenfelden, Germany, were selected by the General Meeting to audit the annual financial statements and consolidated financial statements for the fiscal year from January 1, 2012 to December 31, 2012 and the Supervisory Board granted the audit contract in accordance with this.

The annual financial statements and management report of InTiCa Systems AG for the fiscal year from January 1 to December 31, 2012, prepared in accordance with the provisions of the German Commerical Code (HGB), were audited by KPWT Kirschner Wirtschaftstreuhand AG, Eggenfelden, which has awarded an unqualified opinion. An unqualified opinion has also been awarded to the consolidated annual financial statements and management report for the Group as December 31, 2012, which were drawn up on the basis of the International Financial Reporting Standards (IFRS), as applicable for use in the EU, and supplemented by further explanations.

The audit of inventories and the prices used for cross-charging between the companies in the Group were agreed with the auditor as the main focus of the audit.

At a meeting on April 11, 2013, the Supervisory Board discussed the provisional figures for the annual financial statements of the company and the Group for 2012 in the presence of the auditor. At a further meeting on April 18, 2013, the Supervisory Board discussed the annual financial statements for the company, the consolidated annual financial statements and the management reports for InTiCa Systems AG and the Group, all of which have received unqualified audit opinions, together with the report of the Supervisory Board and the corporate governance report. To prepare for this, the members of the Supervisory Board received extensive documentation, in some cases as draft versions, including the annual report with the consolidated financial statements prepared in accordance with the IFRS, the management reports for InTiCa Systems AG and the Group, the corporate governance report, the annual financial statements of InTiCa Systems AG

Prachatice, Czech Republic
Production Site

and the audit reports prepared by the auditor on the financial statements for the company and the Group.

The Supervisory Board examined these documents in detail and discussed them intensively in the presence of the auditor, who reported on the findings of the audit and was available for further questions and information. Following the conclusion of its own examination, the Supervisory Board agreed with the audit findings, established that it had no objections to raise, and approved the financial statements and management reports prepared by the Board of Directors. The annual financial statements of InTiCa Systems AG for fiscal 2012 and the consolidated annual financial statements are thus adopted. The Supervisory Board also approved the proposal of the Board of Directors for the distribution of the net profit and the present versions of the report of the Supervisory Board and corporate governance report.

Corporate governance

The Supervisory Board also examined the application of the German Corporate Governance Code in the company and, where necessary, took action in conjunction with the Board of Directors to meet new provisions.

The current declaration of conformity by the Board of Directors and Supervisory Board pursuant to sec. 161 of the German Companies Act (AktG) was adopted on April 18, 2013 and published on the company's website. There were no conflicts of interest on 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 enormous commitment and hard work in 2012. It also thanks InTiCa Systems' customers and partners for their trust and collaboration.

InTiCa Systems AG
Passau, April 18, 2013
The Supervisory Board

Werner Paletschek
Chairman

Company Boards

Board of Directors

Walter Brückl
Chairman
Strategy, Finance, Human Resources, Production, Manufacturing Technology, IT, Investor Relations and Public Relations

Günther Kneidinger
Sales, R & D, Materials Management and Quality Management

Supervisory Board

Werner Paletschek
Chairman
Business administration graduate
Fürstenzell
Managing director of OWP Brillen GmbH, Passau

Christian Fürst
Deputy Chairman
Business administration graduate
Thyrnau
- *Chairman of the Supervisory Board of Electrovac Hacht & Huber GmbH*
- *Managing partner of ziel management consulting gmbh*
- *Member of the Supervisory Board of UAB Baltik Vairas*

Udo Zimmer
Member of the Supervisory Board
Business administration graduate
Bad Tölz
Management consultant

Company Profile

INTICA SYSTEMS

InTiCa Systems is a European leader in the development, manufacture and commercialization of inductive components, passive analogue switching technology and mechatronic assemblies. It operates in the Communication Technology, Automotive Technology and Industrial Technology segments and has more than 434 employees at its sites in Passau (Germany), and Prachatice (Czech Republic).

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

- **Developments** with a USP
- **Quality** that meets the highest standards
- **Flexibility** in sales, development, production and logistics
- **Raising value-added** in core competencies
- **Broadening the customer base and product portfolio**
- **Internationalization** of markets and production

Manufacturing Expertise that Meets the Highest Standards

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 design our production equipment ourselves, 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 multi-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.
- 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

Automotive Technology

INTICA SYSTEMS

Tomorrow's automotive technology

The Automotive Technology segment develops, designs and produces systems and solutions for sensor technology, electronic controls and network topologies.

All manufacturing steps are carried out by the InTiCa Group, from plastics conversion to winding, soldering, welding, casting, assembly and testing. Our products are used in all well-known makes of car.

Inductive components and mechatronic modules increase the comfort and safety of cars, improve the performance of electric and hybrid vehicles and reduce CO_2 emissions.

- KEYLESS ENTRY SYSTEMS
- ENERGY AND MOTOR MANAGEMENT CONTROL
- DRIVE SYSTEMS
- POWER AND CONTROL UNITS FOR HYBRID VEHICLES
- TYRE PRESSURE MONITOR SYSTEMS
- FILTER APPLICATIONS

Automotive technology - a growth market

Our inductive components and mechatronic modules

enhance comfort and safety and reduce carbon emissions.

Ongoing global growth in automotive technology

Following a historic downturn in 2009, automotive suppliers are gradually emerging from the crisis. It is estimated that the market will grow by about 160 billion euro by 2020. Growth is mainly coming from China, with the previously dominant markets in western Europe, the USA and Japan lagging behind. The main growth drivers are regulatory requirements such as lower carbon emissions. This segment should therefore post strong growth in the future.

Industrial Electronics

INTICA SYSTEMS

Competence in innovative industrial products

InTica Systems' Industrial Electronics segment specializes in developing and manufacturing high-quality, custom-tailored inductive components, mechatronic modules and system solutions for regenerative energy sources (solar power), automation, welding, rail technology and drives.

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.

- PERFORMANCE COMPONENTS
- PFC- AND STORAGE CHOKES
- FILTERS AND NOISE SUPPRESSION
- TRANSDUCERS AND TRANSFORMERS
- COMPONENTS FOR RFID (NON-CONTACT TRANSMISSION)
- MECHATRONIC MODULES AND SYSTEMS

Advanced industrial electronics protect the environment

Our inductive components and mechatronic modules

play a key role in raising the efficiency of industrial processes and minimizing environmental impact.

Industrial electronics make products more environment-friendly

Modern industrial electronics are increasingly being used to save energy and protect the environment. Products that reduce environmental impact play an important role in environmental protection, sustainable development and preserving our natural resources. Demand for environmentally efficient technologies is global. As well as raising industrial productivity, they improve the quality of life.

Communication Technology

INTICA SYSTEMS

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 an efficient way.

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

- CPE SPLITTERS
(CUSTOMER PREMISES EQUIPMENT)
- CO SPLITTERS
(CENTRAL OFFICE)
- MDF SPLITTERS
(MAIN DISTRIBUTION FRAME)
- COAXIAL FILTERS

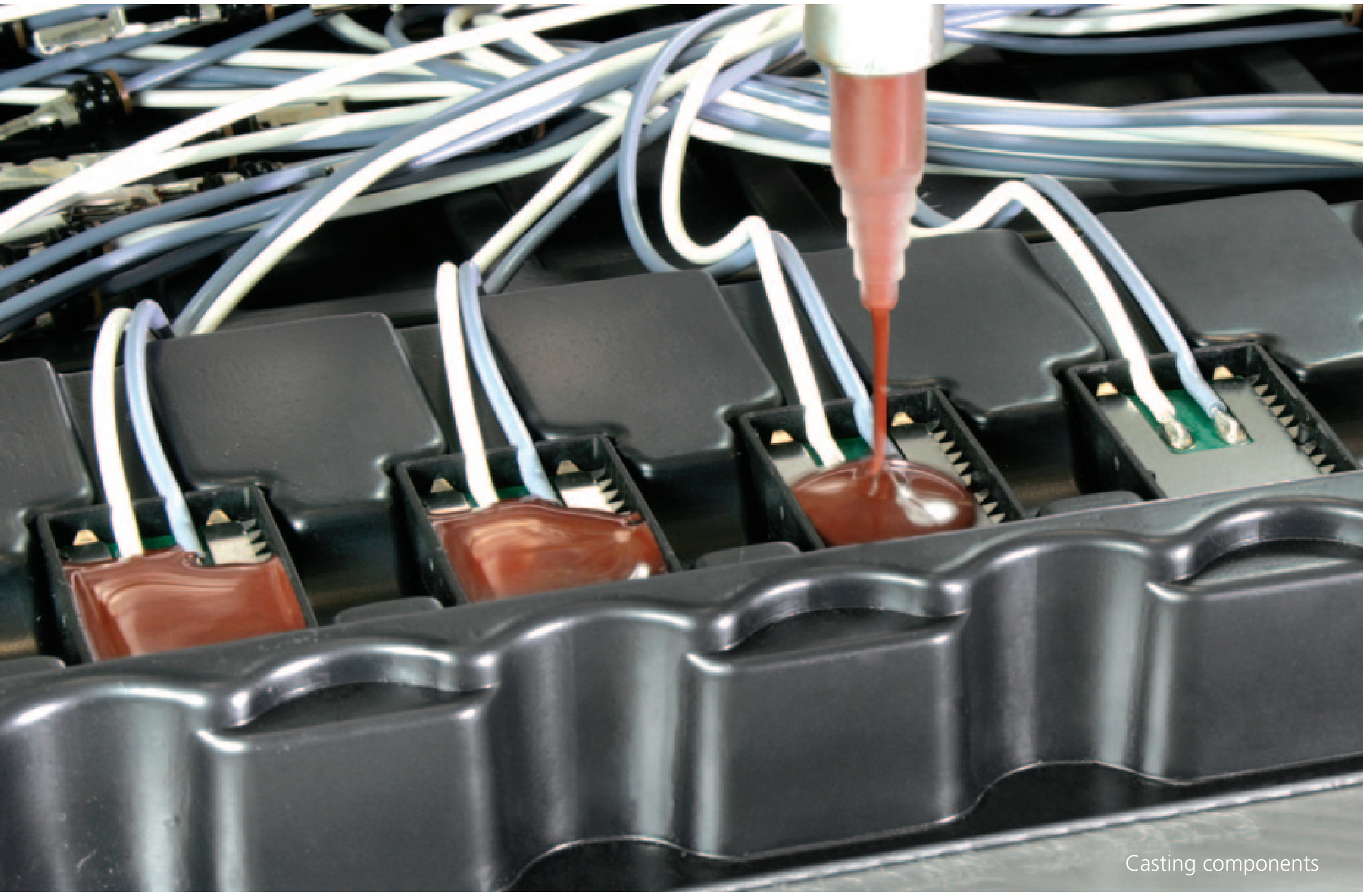
Communication technology keeps people connected

We manufacture electronic filters and modules

for rapid and uninterrupted data transmission in global networks.

The communication technology sector is changing enormously

Communication technology is the 21st century's key technology and innovation driver. As an interface technology, it is found in all areas of business and society. It will therefore be a key determinant of our economic and technological future and provide a structure for rapid and global exchange of information of all types between individuals and companies.



Casting components

Automation maximizes efficiency

- for example, in casting technology

InTiCa Systems Stock in 2012

STOCK

Price performance of shares in InTiCa Systems[1]

In the early part of the year shares in InTiCa Systems continued the steady downward trend, dropping to a low of EUR 2.65 in mid-March. However, they subsequently rallied and traded around EUR 3.00 until mid-July. At the start of August, when the original forecast for the year was revised downwards in the light of the deteriorating order situation, the share dropped to a low for the year of EUR 2.47 as a result of a short, sharp sell-off. That was followed by a rapid rally, bringing the price back to around EUR 3.00 and even higher at times. In XETRA trading, the share ended the year at EUR 3.02, around 15% lower than at year-end 2011.

The market as a whole performed far better, mainly because of the central banks' low-interest policy around the world and the high monetary base. Despite the persistent weakness of the global economy, it was clear that many return-oriented investors restructured their investments into assets such as equities, especially blue chips. This drove the German equity index, the DAX, which contains the largest companies listed on the Frankfurt Stock Exchange, back towards its all-time high. The DAX ended the year almost 29% higher than in the previous year. The TecDAX index, which contains many smaller, growth-focused technology stocks, gained about 21%, while the more broadly based DAXsector Technology index, which covers all technology stocks in the Prime Standard, only rose by about 5%. InTiCa Systems share price performance was thus well below that of the DAX and the relevant sector-specific indices in 2012.

InTiCa Systems' market capitalization was around EUR 13 million at year-end 2012. As in the previous year, the most important trading exchange for shares in InTiCa Systems was the electronic trading platform XETRA, which accounted for nearly 70% of trading in the share, followed by the Frankfurt Stock Exchange, which accounted for around 22%. Average trading volume in the company's shares in 2012 was around 97,200 shares per month (XETRA). Market-making to support the liquidity and tradability of shares in InTiCa Systems in the fully electronic XETRA trading system operated by Deutsche Börse AG was provided, as in the past, by BankM.

[1] Price data based on Xetra, source: Bloomberg

Shares in InTiCa Systems	2012	2011
Year high (XETRA® closing price)	3.75	5.45
Year low (XETRA® closing price)	2.47	3.30
Market capitalization at year end in EUR million	12.95	15.18

Closing prices	2012	2011	Change
Shares in InTiCa Systems (XETRA®)	3.02	3.54	-14.7%
DAX	7,612.39	5,898.35	29.1%
TecDAX	828.11	685.06	20.9%
DAXsector Technology	382.11	364.97	4.7%
DAXsubsector Communications Technology	68.92	71.55	-3.7%

Investor relations activities

InTiCa Systems' Investor Relations department is the company's interface to the capital market. It is responsible for ensuring open communication with present and potential investors and with other target groups among the general public. The main objectives are underpinning confidence in the company and its stock by providing extensive and transparent information for the investment community and enhancing the expectations held by the various target groups. The Board of Directors therefore personally seeks direct contact with the relevant members of the financial community.

As part of its varied investor relations activities, in 2012 InTiCa Systems provided information about its business model, the development of the market and the company and the company's strategy in its various areas of business. For instance, the Board of Directors attended the Capital Markets Conference in Munich, Germany, for the first time. It used this as an opportunity to present the company to asset managers, analysts and fund managers. In addition, in 2012 background reports on InTiCa Systems and interviews with members of the Board of Directors were again published in various specialist stock-market and investment journals.

As in the past, the Board of Directors of InTiCa Systems AG provided shareholders and members of the public with timely information on the business development of the company through regular reporting. In compliance with the statutory requirements for companies listed in the Prime Standard, InTiCa Systems AG provides extensive quarterly reports, which are published in English as well as German. The investment community is notified immediately of important events, for example, when the company secures major orders, important corporate developments and the publication of financial reports through ad hoc statements or press releases and separate investor relations bulletins.

Investors and the general public still have regular opportunities to obtain timely information on corporate news and the company's business performance from the viewpoint of experienced capital market analysts and to keep abreast of their assessment of the company's future business development. Research reports are also available to investors and the general public on the Investor Relations pages on InTiCa Systems' website.

In addition to these research reports, the Investor Relations section of the website (www.intica-systems.de) contains all relevant information on the stock, a financial calendar detailing all key dates, an archive of obligatory disclosures and press releases, information on corporate governance and all information on past and upcoming General Meetings of InTiCa Systems AG.

The homepage also contains contact details and a contact form for those wishing to establish direct contact with the Investor Relations department. The Investor Relations department and Board of Directors of InTiCa Systems AG are available for all questions from private and institutional investors, analysts and financial journalists.

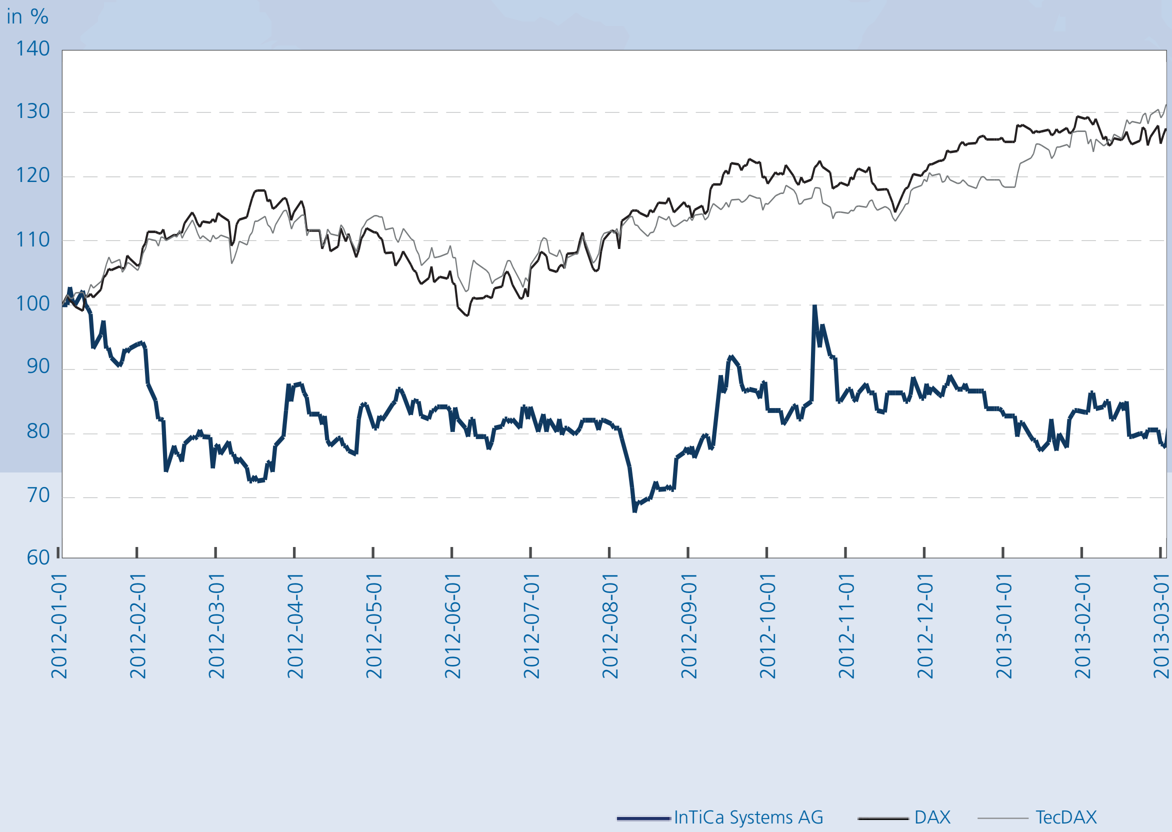
Key data on the share

ISIN	DE0005874846	Trading segment	Regulated market, Prime Standard
WKN	587 484	Trading exchanges	XETRA®, Frankfurt, Hamburg, Berlin, Munich, Stuttgart, Düsseldorf
Stock market symbol	IS7	Designated sponsor	BankM
Bloomberg ticker symbol	IS7:GR	Research coverage	Performaxx Research GmbH
Reuters ticker symbol	IS7G.DE		
No. of shares	4,287,000		

Shareholder structure

The principal shareholders on March 31, 2013 were as follows:

	Shareholding
Thorsten Wagner	over 25 %
Dr. Dr. Axel Diekmann	over 15 %
bcm Invest GmbH	over 5 %
Dr. Paul und Maria Grohs	over 3 %
Karl Kindl	over 3 %
Treasury stock	1.5 %
Management	less than 1 %



Corporate Governance Report

CORPORATE GOVERNANCE

Sec. 3.10 of the German Corporate Governance Code states that the Board of Directors and Supervisory Board should report annually on corporate governance and that this report should be published in conjunction with the declaration on corporate management. This corporate governance report for InTiCa Systems AG also contains the declaration on corporate management pursuant to sec. 289a of the German Commercial Code (HGB). Alongside the declaration of conformity to the recommendations of the German Corporate Governance Code in conformance with sec. 161 of the German Companies Act (AktG), it contains additional information on corporate management practices and describes how the Board of Directors and Supervisory Board work, and the composition and method of working of their committees.

Declaration on corporate management pursuant to sec. 289a of the German Commercial Code (HGB)

The above components of the declaration on corporate management pursuant to sec. 289a of the German Commercial Code are available on the internet at www.intica-systems.de Investor Relations / Corporate Governance.

Declaration of Conformity

The Board of Directors and Supervisory Board of public companies issue an annual declaration that they have complied with and will comply with the recommendations of the Government Commission on the German Corporate Governance Code, together with reasons why specific recommendations were not and will not be applied. This declaration must be made available permanently to the public.

The Board of Directors and Supervisory Board of InTiCa Systems AG have issued the following declaration pursuant to sec. 161 of the German Companies Act (AktG):

In previous years the company complied with the recommendations of the valid version of the German Corporate Governance Code, apart from the exceptions stated in the declaration pursuant to sec. 161 of the German Companies Act (AktG) for the relevant year. In fiscal 2012 the company complied with the recommendations of the Corporate Governance Code in the version dated May 26, 2010, as published in the electronic Federal Gazette on July 2, 2010, with the following exceptions:

Convening the General Meeting

The company does not notify financial services providers, shareholders and shareholders' associations of General Meetings or make the associated documents available by electronic means (Corporate Governance Code 2.3.2). The company publishes the invitation to its General Meetings in the electronic Federal Gazette and also provides its shareholders with invitations to General Meetings and annual reports in printed form via their custodian banks.

The invitations to General Meetings and the related documents are also available on the company's website as downloads from the date on which the General Meeting is convened. The Board of Directors and Supervisory Board are convinced that in this way they provide financial services providers, shareholders and shareholders' associations with sufficient opportunity to obtain the information and that sending out invitations to General Meetings and the related documents by electronic means is neither necessary nor expedient.

Cap on premature termination benefits

When concluding contracts with members of the Board of Directors, the Supervisory Board will ensure that an appropriate cap is agreed for benefits paid in the event of premature termination of their contract, except with cause. The Supervisory Board does not accept the recommendation that the cap should be set at two years' compensation (Corporate Governance Code 4.2.3) as it believes it is more expedient to limit such payments to the fixed salary for the remaining term of the contract and thus to exclude variable remuneration components.

Appointment of the Board of Directors and Supervisory Board

Decisions on suitable candidates for appointment as members of the Supervisory Board or Board of Directors are taken on a purely objective basis in accordance with German legislation on diversity. No age limits are set for members of the Board of Directors and Supervisory Board (Corporate Governance Code 5.1.2, 5.4.1). In compliance with the law and articles of incorporation, members of the Board of Directors and Supervisory Board may be appointed for a maximum term of office of five years. The Board of Directors and Supervisory Board believe it makes sense for the bodies responsible for appointments to examine each candidate's age at the time of initial appointment or renewed appointment and that they should be free to appoint older candidates with relevant professional or other experience without being tied to rigid age limits.

Terms of reference of the Supervisory Board and committees

The Supervisory Board has not adopted terms of reference (Corporate Governance Code 5.1.3), nor set up any committees (5.3.1, 5.3.2 and 5.3.3). The company's Supervisory Board has three members. Since it is a legal requirement that any committee that takes decisions must also have at least three members, the establishment of committees is neither necessary nor expedient. The Supervisory Board has so far refrained from adopting terms of reference since the rulings contained in legal statutes and the articles of incorporation have proven sufficient.

Publication of interim reports and consolidated financial statements

The consolidated financial statements will probably not be made available publicly within 90 days from the end of the financial year and the interim reports will probably not be available within 45 days from the end of the reporting period (Corporate Governance Code 7.1.2). The company cannot guarantee that it can meet the deadlines recommended by the Corporate Governance Code in view of the need to include its foreign subsidiary in the consolidated financial statements and interim reports. The consolidated financial statements will, however, be available within four months from the end of the financial year, while interim reports will be published within the statutory deadlines, which the Board of Directors and Supervisory Board consider to be adequate.

The Board of Directors and Supervisory Board published their declaration pursuant to sec. 161 AktG on April 18, 2013. The declarations of conformity of InTiCa Systems AG, which form part of the declaration of corporate management required by sec. 289a of the German Commercial Code (HGB), can be viewed on the company's internet site at www.intica-systems.de.

Objectives for the composition of the Supervisory Board

In accordance with the recommendation in sec. 5.4.1 paragraphs 2 and 3 of the German Corporate Governance Code, the Supervisory Board has set the following objectives for its future composition.

The principal objective when selecting members of the Supervisory Board is to ensure the Supervisory Board is best able to perform its supervisory and advisory tasks in the interests of the company. The key factors determining the selection of members of the Supervisory Board are therefore their qualifications, professional suitability and competence. Each member of the Supervisory Board should have the knowledge required to foster this objective and thus serve the company, for example, through specific knowledge and experience of the sectors and areas of technology in which the company operates and of corporate management, strategy, sales, law, finance and taxation. Further, the knowledge and abilities of the members of the Supervisory Board should be complementary to ensure optimal performance of its duties and ensure that broadest possible specialist knowledge.

Taking into account the following criteria set out in the Corporate Governance Code, it is necessary to weigh up the various interests carefully in each case to decide which requirements and qualities are most suitable for the performance of these tasks from the company's viewpoint and should thus be given priority.

» International activities:
The company is based in Germany and has a subsidiary in the Czech Republic. To enable the members of the Supervisory Board to perform their duties, especially the supervision and evaluation of decisions and processes, an in-depth knowledge of the German legal and economic framework is required, together with a basic knowledge of the legal and economic conditions in the Czech Republic.

» Conflicts of interest:
The Supervisory Board shall ensure, especially when nominating candidates for election to the Supervisory Board, that conflicts of interest are ruled out. Further, the company complies with the recommendation in sec. 5.5 of the Corporate Governance Code.

» Age limit:
The Supervisory Board will only nominate candidates for election by the General Meeting who have not reached the age of 70 at the start of their term of office.

» Diversity:
Alongside qualifications and professional suitability, which form the key criteria, in the Supervisory Board's view other characteristics such as gender, nationality, religion, etc., should take second place. The key factors for appointments to the Supervisory Board are ensuring that the personal qualities, qualifications, professional suitability and competence of the Supervisory Board members benefit the company and allow optimal performance of the supervisory and advisory functions of the Supervisory Board.

If and insofar as the Supervisory Board is required to make proposals to the General Meeting on the composition of the Supervisory Board, it will carefully examine whether there are suitable female candidates. In selecting candidates, the Supervisory Board will give precedence to qualifications and suitability.

The above objectives are still applicable. They will be put into practice as soon as the Supervisory Board is required to make new proposals to the General Meeting on the composition of the Supervisory Board.

Significant corporate management practices

InTiCa Systems regards compliance with the corporate governance guidelines as a key basis for responsible, value-driven corporate management, and as the basis for efficient collaboration between the Board of Directors and Supervisory Board, and for ensuring transparent reporting and implementing a functioning risk management system.

Through direct contact with customers, InTiCa Systems always keeps an eye on new markets and changing requirements. By linking its core competencies across all business segments, the company is able to constantly develop new products for a wide variety of business areas and market requirements. Satisfied customers, long-term business relationships and market-driven future-oriented products are the company's priorities. Quality is implemented by all employees through the way in which they think and act in their day-to-day work.

Ensuring a sustained rise in the value of the company is the guiding principle for the members of the Board of Directors and Supervisory Board of InTiCa Systems AG. Securing the confidence of investors and other stakeholders in effective and transparent management is a matter of prime significance. The aim of InTiCa Systems' investor relations activities is to achieve the level of transparency expected by the capital markets and give shareholders a true and fair view of the company. In keeping with the principle of fair disclosure, all shareholders and major target groups are treated equally in terms of the provision of information. The underlying rule is providing the company's owners with timely and reliable information on major events at their company. Transparency also constitutes an opportunity to gain new investors from Germany and other countries. The Board of Directors and Supervisory Board therefore constantly strive to optimize communication to ensure a sustained and appropriate valuation of the company's stock.

Description of how the Board of Directors and Supervisory Board work

The Supervisory Board and Board of Directors work together closely and trustfully for the benefit of the company.

The Board of Directors is responsible for the company's strategic focus, general management of the company, budget planning, and defining and overseeing the operating segments. The Board of Directors also ensures that there is an appropriate risk management and control system. Systematic risk management as part of value-driven corporate management ensures timely identification, analysis and evaluation of risks and optimization of risk positions.

The Board of Directors and Supervisory Board maintain regular contact. The Board of Directors provides the Supervisory Board with full and timely information on the development of the company, its current position, current risks and how they progress. It discusses and agrees the strategy with the Board of Directors. Progress in implementing strategic planning and possible deviations from the plans are reported to the Supervisory Board. Major decisions require the approval of the Supervisory Board. The Management Board also informs the Supervisory Board of the management of risks and opportunities in the group.

The Supervisory Board oversees the work of the Board of Directors and is directly integrated into decisions of fundamental importance for the company. The Supervisory Board receives written monthly reports on the company's financial position, assets and results of operations. It also receives a detailed explanation of any discrepancy between the planned and actual business development. Further, the Chairman of the Supervisory Board is informed directly and regularly of the current situation, important business events and significant upcoming decisions.

The company's three-member Supervisory Board has not established any committees as this is not deemed necessary or practical; all relevant issues are handled by the full Supervisory Board. This applies in particular to examination of the quarterly and annual financial statements and topics directly relating to the members of the Board of Directors. The Board of Directors regularly attends meetings of the Supervisory Board, provides written and oral reports on individual items on the agenda and preparatory papers, and answers the Supervisory Board's questions.

In conformance with the German Companies Act (AktG), the Supervisory Board appoints the members of the Board of Directors. In accordance with sec. 5 of the company's articles of incorporation, the Supervisory Board determines the number of members of the Board of Directors (according to the articles of incorporation, the Board of Directors comprises one or more persons) and can appoint one member of the Board of Directors as Chairman of the Board of Directors. The Supervisory Board drafts rules of procedure and a business allocation plan for the Board of Directors. The rules of procedure comprise a list of business activities requiring approval. The Supervisory Board decides whether the members of the Board of Directors should attend meetings of the Supervisory Board. The Chairman of the Supervisory Board outlines the work of the Supervisory Board in its annual report to the shareholders and at the Annual General Meeting.

A D&O insurance policy with a deductible has been taken out for the Board of Directors and Supervisory Board.

Members of the Board of Directors of InTiCa Systems AG in 2012	Elected from / to	Responsibilities	Further offices
Walter Brückl, date of birth July 16, 1959	April 1, 2008 to March 31, 2016	Chairman of the Board of Directors – responsible for: strategy, finance, human resources, production, production technology, IT, investor relations and public relations	None
Günther Kneidinger, date of birth November 18, 1968	January 1, 2009 to December 31, 2014	Responsible for: sales, R&D, materials management and quality	None

Members of the Supervisory Board of InTiCa Systems AG in 2012	Elected from / to	Function on Supervisory Board	Seats on other Supervisory Boards and comparable Supervisory Bodies
Werner Paletschek, business administration graduate, Managing Director of OWP Brillen GmbH, Passau	Elected on July 8, 2011 for the period until the Annual General Meeting 2015	Chairman	None
Christian Fürst, business administration graduate, Managing Partner of ziel management consulting gmbH, Passau	Elected on July 8, 2011 for the period until the Annual General Meeting 2015	Deputy Chairman	Chairman of the Supervisory Board of Electrovac Hacht & Huber GmbH, Member of the Supervisory Board of UAB Baltik Vairas
Detlef Hölzel, engineering graduate, Managing Partner of PCE-GmbH, Ingolstadt	Elected on July 8, 2011; left the Supervisory Board on June 30, 2012	Supervisory Board member	None
Udo Zimmer, business administration graduate, management consultant	Appointed on July 8, 2011 for the period until the Annual General Meeting 2015	Substitute member until June 30, 2012, full member since July 1, 2012	None

Remuneration

The contracts with the members of the Board of Directors contain variable components that are linked to the company's performance (EBIT adjusted for one-off factors). In accordance with the company's articles of incorporation, the Supervisory Board of InTiCa Systems receives fixed remuneration and a variable payment that is dependent on the company's performance (ratio of Group EBIT to sales).

Further details of the remuneration system for members of the governance bodies can be found in section 7 of the management report ("Remuneration system of the Board of Directors and Supervisory Board"). The notes to the consolidated financial statements also contain detailed information on the remuneration of the Board of Directors and Supervisory Board on an individual basis, broken down into fixed and variable components. The structure of the remuneration systems is regularly reviewed.

Shareholdings

Under sec. 15a of the German Securities Trading Act (WpHG), members of the Board of Directors and Supervisory Board of InTiCa Systems AG and senior employees, together with persons closely related to them, are required to disclose the purchase and sale of shares in InTiCa Systems and related financial instruments if the value of such transactions exceeds EUR 5,000.00 in a calendar year. On the basis of the information disclosed to InTiCa Systems AG on securities and other transactions which are in turn disclosed in compliance with the company's disclosure obligations both on its own website and on the DGAP website (Deutsche Gesellschaft für Ad-hoc Publizität mbH), the following information is hereby provided:

Members of the Board of Directors and Supervisory Board hold a small amount of the company's stock. The combined shareholdings of members of both governance bodies is well below 3%. As of March 31, 2013, Mr. Walter Brückl held 19,000 shares in InTiCa Systems AG (0.4%), Mr. Günther Kneidinger held 1,000 shares (0.02%), Mr. Werner Paletschek held 2,000 shares (0.05%) and Mr. Christian Fürst also held 2,000 shares (0.05%). The company itself held 64,430 shares (treasury stock) as of March 31, 2013 (1.5%).

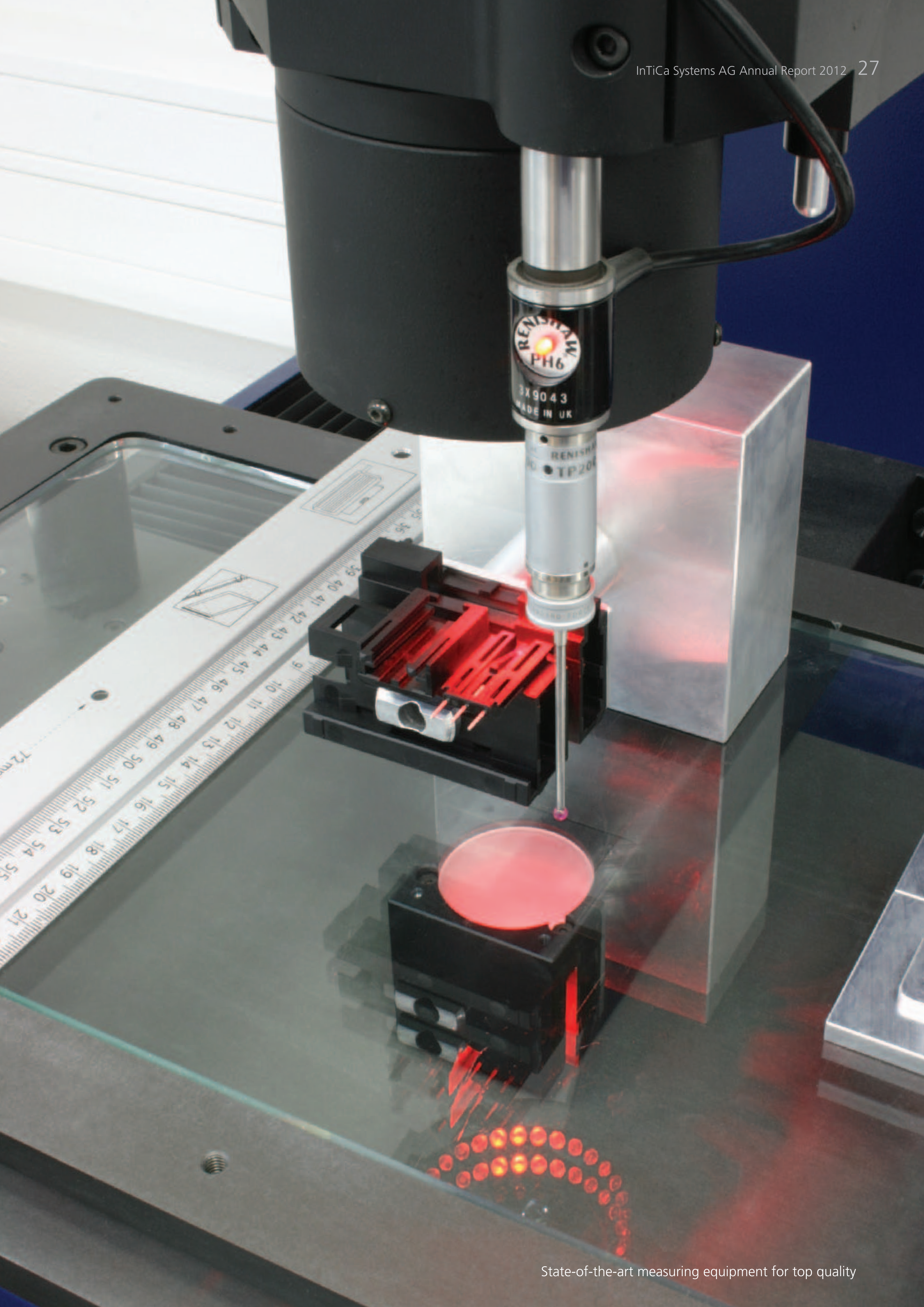
Directors' Dealings

In 2012 no securities transactions that have to be disclosed pursuant to sec. 15a of the German Securities Trading Act (WpHG) were undertaken by members of the Board of Directors and Supervisory Board of InTiCa Systems AG.

Passau, April 18, 2013

The Supervisory Board
Werner Paletschek
Christian Fürst
Udo Zimmer

The Board of Directors
Walter Brückl
Günther Kneidinger



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Group Management Report

for the period from January 1 to December 31, 2012

GROUP MANAGEMENT REPORT

The Group management report should be read in conjunction with the audited consolidated financial statements and the Notes to the consolidated financial statements. The following comments are based on a range of information, which is set out in detail in the Notes. In addition, the 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 Board of Directors 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 Board of Directors 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' business focuses on the development, production and marketing of innovative inductive components, passive analogue switches and mechatronic assemblies. 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 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, these components are extremely reliable and have little exposure to wear and tear.

This technology is used in products for high-speed data transmission in broadband networks in the telecommunications sector based on copper wire technology and coaxial cable (ADSL+, VDSL+, referred to jointly as xDSL). InTiCa Systems' Communication Technology segment serves this sector.

The Automotive Technology segment develops and manufactures products for actuators, sensors, power electronics and network topologies in vehicles. The Industrial Electronics segment, which was established in 2007, delivers modules with high-performance coils, chokes and transformers for inverters in solar systems to raise energy and cost efficiency. It also develops actuator coils and modules for a variety of industrial applications such as rail technology and welding equipment and for industrial plants.

InTiCa Systems AG mainly develops custom-tailored products for applications at the request of its customers. In other words, it does not normally develop products without a specific customer enquiry. It actively commercializes its products and developments on the international market through three segments, subdivided on the basis the underlying technologies:

1.1 Automotive Technology

InTiCa Sytems' Automotive Technology segment develops and manufactures products for keyless go/entry systems, safety systems, engine and energy management systems (for example, for electric and hybrid vehicles) for a wide range of vehicle classes from luxury limousines and high-end sports cars to less expensive compact models. These products are used by well-known European, US and Asian manufacturers and their system suppliers.

New developments such as stator systems for hybrid/electric vehicles and planar transformers for efficient battery management open up additional sales potential for InTiCa Systems with automotive producers and suppliers who are looking for smart ways of optimizing energy efficiency.

By acquiring multi-year contracts from renowned new customers, InTiCa Systems has gained access to additional sales potential in further product and application areas in the automotive sector.

Automotive Technology grew sales by around 18% year-on-year to EUR 18.1 million in 2012 (2011: EUR 15.4 million). It therefore became the Group's main sales generator in 2012. This segment's share of Group sales increased to around 50% (2011: 37%). Segment EBIT (earnings before interest and taxes) amounted to EUR 1.0 million, which was slightly lower than in the previous year (2011: EUR 1.1 million).

1.2 Industrial Electronics

Inverters and converters, which are used to transform solar power into electricity for the grid, are the main applications for the products manufactured and supplied by InTiCa Systems' Industrial Electronics segment, for example, coils, chokes and transformers. InTiCa Systems systematically focuses on its expertise and technological edge in power transfer and noise suppression components, coils and filters. For example, the components it produces for inverters for renewable energies convert renewable energy sources into power with high efficiency, i.e. low losses. The improvement in efficiency is accompanied by a reduction in dimensions, which represents an enormous benefit for customers. New developments include actuator coils to reduce the power consumption of industrial equipment and domestic appliances and voltage transformers for rail vehicles and welding equipment. This has extended the product portfolio to target a variety of industrial sectors and thus broadened the customer base.

In view of the difficult situation in the European photovoltaic industry, in 2012 the Industrial Electronics segment's sales dropped 23% year-on-year to EUR 12.3 million (2011: EUR 15.9 million). Its share of total sales therefore slipped from around 38% in 2011 to around 34% in 2012. Segment EBIT was minus EUR 0.1 million in 2012 (2011: EUR 0.2 million).

1.3 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, which represents an improvement on ADSL, was developed to offer customers "triple-play" services. This term refers to the convergence of conventional telephony services, in other words, analogue, ISDN and IP telephony, broadband internet access and IPTV.

VDSL2 is based on the discrete multitone (DMT) transmission protocol, which theoretically offers both upstream and downstream data rates of up to 50 Mbit/s.

In addition to technological upgrading of the provider side, since 2006 InTiCa Systems has been supplying telecommunications companies with the VDSL splitters required by end-users to support downward compatibility for ADSL2+ and VDSL2 data rates (up to 16 Mbit/s and up to 50 Mbit/s respectively).

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.

New developments in this segment are broadband splitters and the associated connection technology for coaxial broadband networks. These can be used to raise the efficiency of the networks and thus potentially address a mass market. These new developments mean that the company now has a variety of products for broadband networks based on copper wire technology and coaxial cable.

In the relevant market for DSL splitters, InTiCa Systems has been faced with rising competitive pressure and price erosion for many years now as a result of competition from low-wage Asian countries.

Business volume in the Communication Technology segment declined further in 2012 to EUR 5.9 million (2011: EUR 10.3 million). Its share of Group sales therefore dropped to around 16% (2011: 25%). As a consequence of this sharp drop in sales, EBIT fell to minus EUR 0.9 million (2011: EUR 2 thousand).

2. General economic conditions

Global economic growth momentum slowed further in 2012. The International Monetary Fund (IMF) calculates that it dropped to 3.2% (2011: 3.9%)[1]. Uncertainty was heightened by the European sovereign debt crisis. In addition, the necessary public-sector cuts in the euro zone and the UK held back economic development, while in the USA the economy was hampered by sluggish consumer spending. Lower demand in the industrialized countries weakened growth in the developing and emerging markets.

The euro crisis even dampened growth in the German economy last year. According to the Federal Statistics Office[2], the German economy grew by just 0.7% in 2012 (2011: 3.0%) and positive impetus only came from domestic consumption. Investment was held back by the enormous uncertainty, while exports suffered from low demand, especially from other euro-zone states.

3. Market and market conditions

3.1 Automotive Technology

The global automotive market remained robust in 2012. According to the German Automobile Industry Association (VDA)[3] it grew around 4% to about 68 million vehicles. The US, Chinese, Brazilian, Russian, Indian and Japanese markets registered sound growth but the western European markets shrank by about 8%. However, German car-makers derived above-average benefit from the dynamic trend outside western Europe. According to the VDA, they increased their share of the Chinese market to 22% and gained market share in the USA for the seventh consecutive year.

The Board of Directors of InTiCa Systems AG expects to see a further rise in demand for fittings that enhance comfort and safety and reduce fuel consumption/CO_2 emissions in the automotive engineering sector, including the mid-class and small vehicle segment.

InTiCa Systems expects to see a steady increase in sales following the introduction of its components for keyless entry/go systems, and efficient engine management to reduce fuel consumption and CO_2 emissions in leading car producers' volume models, which are now going into production. In addition, the Group could benefit particularly from the future market for electric and hybrid vehicles, where it has a promising position with European producers, for instance with high-performance chokes and planar transformers.

In 2012 InTiCa Systems signed a contract with a leading systems supplier on the development and production of important components for hybrid vehicles. The specific demands made on these components, which will be used for battery management, require a concept based on highly sophisticated technology. Use of the components in further model ranges and for other brands is currently under discussion with manufacturers and their suppliers.

3.2 Industrial Electronics

In the Industrial Electronics segment, InTiCa Systems sees renewable energies (especially solar power) and technologically advanced products for the suppression of interference in magnetic fields, energy management and welding and control technology as the primary markets for future sales growth.

[1] International Monetary Fund: World Economic Outlook (WEO) Update, January 2013
[2] German Federal Statistics Office: Press release no. 066 of February 22, 2013
[3] Verband der Automobilindustrie e.V. (VDA): Press release of January 3, 2013

Transponders

Photovoltaic systems are being installed around the world to utilize solar energy in regions with high levels of sunshine. The efficiency of energy generation from such systems can be increased considerably by using InTiCa's inductive components and mechatronic modules for inverters. As a result of Germany's shift in energy policy, the German Solar Energy Association (BSW-Solar)[4] reports that the number of photovoltaic (PV) installations increased by around 17% to about 1,280,000 in 2012 (2011: about 1,090,000). Photovoltaic capacity rose even faster to around 32,400 MWp (2011: approx. 24,800 MWp). Installed systems accounted for around 28.1 GWh electric energy (2011: 18.5 GWh), equivalent to annual power consumption by around 8 million households. That was around 5% of gross power consumption in 2012 and is expected to rise to at least 10% by 2020. At the same time, increasing mass production of solar installations should reduce the average price to end-customers of systems with up to 10 kWp from around EUR 5,100 in 2006 to around EUR 1,700 in 2013. This is mainly due to the mass market entry by Chinese producers and is putting significant pressure on the German and European solar industry.

3.3 Communication Technology

According to the Federal Association for Information Technology, Telecommunications and New Media (BITKOM)[5], sales revenues generated with telecommunication services in Germany were around EUR 66.4 billion in 2012 (2011: EUR 64.2 billion). The main sales driver was rising demand for mobile devices, especially smart phones. Investment in the telecommunications infrastructure only increased slightly to around EUR 6.0 billion (2011: EUR 5.9 billion).

The number of broadband connections in Germany is continuing to rise, but the main beneficiaries were once again cable network providers who are able to offer end-customers transmission rates of up to 128 megabits per second (Mbit/s) and triple-play products (telephony, internet and TV). Telecommunications companies such as Deutsche Telekom, Vodafone and 1&1 are currently only offering fixed-line data rates of up to 50 Mbit/s. The telecommunications companies intend to narrow this gap by investing in the fibre optic network, and introducing vectoring technology and the new mobile communication standard LTE.

[4] Statistics on the German solar sector, Bundesverband Solarwirtschaft e. V., February 2013

[5] Bitkom: ITC market figures, condensed version, November 2012

High data rates are needed to broadcast video or television smoothly in high-definition quality via the internet. Mobile broadband (mobile internet) will increasingly compete with stationary broadband connections in the future, especially LTE, which will replace the UMTS standard, and can theoretically achieve data rates of up to 300 Mbit/s.

In the splitter market InTiCa Systems does not have any serious competitors in Germany and currently has a market share of around 50%. Internationally, it is exposed to competition from a variety of Asian competitors. The Communication Technology segment is still suffering from high price pressure, mainly from Asian competitors which are expanding in the European market of relevance for InTiCa Systems.

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

In 2012 InTiCa Systems' sales and earnings were below the previous year's level. This was mainly attributable to the downturn in business in the Industrial Electronics and Communication Technology segments. The high gross profit margin reported in 2011 thanks to measures to cut costs and raise efficiency, actually improved in 2012.

The company's innovative capability is vital for its success as it drives the development of new products and access to new markets on the one hand, and the competitiveness of the existing products on the other. For example, inductive components and mechatronic assemblies developed by InTiCa Systems greatly improve efficiency, a key benefit for customers from the solar industry. Customers in the automotive industry commission InTiCa Systems to develop and manufacture inductive components, principally because its design meets their high technological and quality requirements.

Despite its technological edge, InTiCa Systems has to align its costs to market conditions. Stringent cost management, continuous optimization of vertical integration and a reduction in fixed overheads remain 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.

Building up the production facilities in Prachatice has increased vertical integration in in-house production from 27% (2007) to 83% (2012). At the same time, the customer and product portfolio has been broadened substantially. This strategic refocusing of the company safeguards know-how, reduces production costs, increases flexibility and decreases dependence on individual customers and products.

Central elements of our strategic focus are securing and expanding our technological and quality edge, accompanied by greater internationalization of sales and, in the medium term, production in Asia and North America.

InTiCa Systems is validated under ISO TS 16949, among other standards. The role of this management system is to achieve an effective improvement in systems and process quality, identify errors and risks in the production process and supply chain, eliminate their causes and check the efficacy of the corrective and preventive measures introduced in order to cut manufacturing costs and raise customer satisfaction. At its heart is avoiding rather than identifying errors.

The high quality of the products and developments and the provision of competent advice to customers play an important part in InTiCa Systems' corporate policy so ensuring that personnel have the necessary qualifications is one of the overriding tasks of the Board of Directors. Through an established vocational and ongoing training policy, the management ensures that the company's staff are highly trained. All employees receive selective ongoing training to ensure they can meet the demands made on them both now and in the future. This is based on two factors: each employee's individual responsibility to notify us of training requirements and the responsibility of managers to ensure that relevant training is offered to staff to foster personnel development. The average number of trainees in 2012 was one. In addition, one trainee was taken on by the company in mid-2012 on completion of the training programme.

In addition to the contribution made by InTiCa Systems' products to improving environmental protection, an environmental management system that meets the requirements of DIN EN ISO 14001:2009 has been integrated into the Prachatice production site. The environmental policy enshrines the Board of Directors' commitment to ensuring compliance with all relevant legislation, avoiding environmental impact, and continually improving InTiCa Systems' environmental profile. It thus forms the framework for establishing and evaluating environmental targets. The environmental policy is applicable Group-wide.

In view of the precautions taken, the Board of Directors is confident that InTiCa Systems can continue to offer customers key benefits through innovative products in the future.

5. Earnings, asset and financial position

5.1 Overall position

In 2012, sales and earnings were below the record levels achieved in 2011. While the sustained growth in the Automotive Technology segment makes us confident, the performance of the Industrial Electronics and Communication Technology segments declined. However, thanks to measures undertaken in previous years to raise efficiency and reduce costs, the Group was able to report positive EBIT. Overall, the InTiCa Systems Group nevertheless made a net loss. Equity was slightly higher than in the previous year, while both current and non-current liabilities were reduced considerably. As a result, the equity ratio was a very solid 58% at year-end (2011: 52%).

5.2 Earnings position

» Sales

Group sales were EUR 36.3 million in 2012, a decline of 12% compared with the previous year (EUR 41.5 million). The Automotive Technology segment continued its very good development, growing sales by 18% to EUR 18.1 million (2011: EUR 15.4 million). However, this could not offset the 23% drop in sales in the Industrial Electronics segment to EUR 12.3 million (2011: EUR 15.9 million) and the 42% decline to EUR 5.9 million in the Communication Technology segment (2011: EUR 10.3 million).

» Expenses

The material cost ratio (based on total output) improved from 63% to 61% in 2012. The personnel expense ratio increased from 16% in 2011 to 18% in the reporting period. The cost of agency staff at the Prachatice site, which is shown under „other expenses", declined to EUR 0.7 million (2011: EUR 0.8 million). Overall, other expenses dropped to EUR 4.3 million (2011: EUR 4.6 million). Depreciation and amortization of property, plant and equipment and intangible assets came to EUR 4.5 million in 2012 (2011: EUR 4.9 million).

» Research and development

Research and development expenses totalled EUR 2.2 million in 2012 (2011: EUR 2.2 million). Development work focused principally on the Automotive Technology and Industrial Electronics segments. Costs of EUR 0.8 million (2011: EUR 0.9 million) were expensed directly and the remainder were capitalized.

» Earnings

EBITDA (earnings before interest, taxes, depreciation and amortization) declined to EUR 4.5 million (2011: EUR 6.2 million) in line with the reduction in business volume. Despite lower sales, the gross profit margin increased to 36.9% (2011: 36.2%) thanks to a further improvement in production efficiency, and cost savings in procurement, logistics and manufacturing. Gross profit was EUR 13.4 million (2011: EUR 15.0 million).

EBIT (earnings before interest and taxes) was EUR 23 thousand in 2012 (2011: EUR 1.2 million), giving an EBIT margin of 0.06% (2011: 3.0%). Only the Automotive Technology segment posted positive EBIT (EUR 1.0 million compared with EUR 1.1 million in 2011). Industrial Electronics only reported slightly negative EBIT of minus EUR 0.1 million (2011: EUR 0.2 million) while EBIT in the Communication Technology segment was minus EUR 0.9 million (2011: EUR 2 thousand).

The financial result was minus EUR 0.5 million in 2012 (2011: minus EUR 0.6 million). Financial expense was reduced from EUR 0.64 million in 2011 to EUR 0.49 million in 2012. At the same time, financial income dropped from EUR 0.04 million to EUR 0.01 million.

The Group made a loss before taxes of EUR 0.5 million in 2012 (2011: profit of EUR 0.6 million). Taking into account tax income of EUR 0.1 million (2011: EUR 0.2 million), the Group made a net loss of EUR 0.4 million (2011: net profit of EUR 0.8 million). Earnings per share were therefore minus EUR 0.09 (2011: EUR 0.20).

5.3 Asset position

» *Capital structure*

Total assets declined from EUR 37.4 million to EUR 33.4 million in 2012. On the asset side, non-current assets decreased as a result of depreciation and amortization. Current assets also decreased: trade receivables and cash and cash equivalents increased while inventories and other financial assets dropped. On the liabilities side, equity rose while both non-current and current liabilities declined. The equity ratio therefore improved from 52% to 58% as of December 31, 2012.

» *Non-current assets*

Since depreciation of property, plant and equipment exceeded capital expenditures, property, plant and equipment declined to EUR 14.7 million in 2012 (December 31, 2011: EUR 16.1 million). Intangible assets were unchanged from the previous year at EUR 4.8 million (December 31, 2011: EUR 4.8 million). Deferred tax assets declined slightly to EUR 1.3 million (December 31, 2011: EUR 1.4 million). As a result, non-current assets declined to EUR 20.9 million as of December 31, 2012 (December 31, 2011: EUR 22.3 million).

» *Current assets*

Inventories were reduced to EUR 6.2 million in 2012 (December 31, 2011: EUR 7.5 million). Trade receivables were identical to the previous year at EUR 4.7 million as of December 31, 2012 (December 31, 2011: EUR 4.7 million). Cash and cash equivalents increased year-on-year from EUR 1.1 million to EUR 1.4 million. Other financial assets declined from EUR 1.5 million in the previous year to EUR 5 thousand as of December 31, 2012 due to repayment of a bonded loan. In all, current assets declined to EUR 12.6 million as of December 31, 2012 (December 31, 2011: EUR 15.1 million).

» *Non-current liabilities*

Non-current financial liabilities were reduced further to EUR 8.9 million in 2012 (December 31, 2011: EUR 9.7 million). The liabilities to banks comprise fixed-interest loans with a remaining term of up to four 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. Deferred taxes were EUR 1.7 million on the reporting date (December 31, 2011: EUR 1.8 million). Non-current liabilities therefore declined to EUR 10.6 million as of December 31, 2012 (December 31, 2011: EUR 11.4 million).

» *Current liabilities*

Current financial liabilities were reduced from EUR 2.4 million to EUR 1.1 million in the reporting period, and trade payables were scaled back from EUR 2.8 million to EUR 1.3 million. The current financial liabilities include an annuity loan with a carrying amount of EUR 0.4 million (December 31, 2011: EUR 0.8 million), which runs until September 2013. In all, current liabilities declined to EUR 3.3 million as of December 31, 2012 (December 31, 2011: EUR 6.5 million).

» *Equity*

Equity was around EUR 19.5 million on December 31, 2012, unchanged from the previous year (December 31, 2011: EUR 19.5 million). The capital stock of EUR 4.3 million, treasury stock of EUR 64 thousand and capital reserves of EUR 15.4 million were unchanged from the previous year. The profit reserve declined from EUR 0.4 million to EUR 0.1 million due to the net loss. Currency translation differences from the Czech subsidiary were still negative on December 31, 2012 but declined to minus EUR 0.1 million owing to the exchange rate (December 31, 2011: minus EUR 0.6 million).

5.4 Financial position

» *Liquidity and cash flow statement*

Despite the significant deterioration in net income, the net cash flow from operating activities was held at the previous year's level. It was around EUR 3.5 million at year-end (2011: EUR 3.5 million). The main positive factors were depreciation and amortization of non-current assets totalling EUR 4.5 million (2011: EUR 4.9 million) and the EUR 1.4 million reduction in inventories. At the same time, the cash flow was reduced by the net loss of EUR 0.4 million (2011: net profit of EUR 0.8 million), and the reduction of EUR 1.4 million in trade payables (2011: EUR 1.5 million).

The net cash outflow for investing activities declined to EUR 1.2 million in the reporting period (2011: outflow of EUR 2.9 million). This comprised EUR 1.3 million (2011: EUR 1.6 million) for property, plant and equipment and EUR 1.4 million (2011: EUR 1.4 million) for intangible assets. In addition, a cash inflow of EUR 1.5 million was recorded in 2012 from the repayment of a bonded loan.

The net cash outflow for financing activities was EUR 0.8 million (2011: EUR 0.03 million). In the previous year, there was a cash inflow from the sale of treasury stock. In the reporting period, by contrast, cash flows were exclusively outflows for the scheduled loan repayment instalments totalling EUR 0.7 million and finance lease payments of EUR 0.1 million.

The total cash flow increased to EUR 1.5 million in 2012 (2011: EUR 0.6 million). Cash and cash equivalents totalled EUR 1.4 million on December 31, 2012 (2011: EUR 1.1 million). Cash and cash equivalents less utilized overdraft facilities were EUR 1.0 million as of December 31, 2012 (2011: minus EUR 0.5 million).

» Capital expenditures

Capital expenditures amounted to EUR 2.7 million in 2012 (2011: EUR 2.9 million). EUR 1.3 million (2011: EUR 1.6 million) was invested in property, plant and equipment and EUR 1.4 million (2011: EUR 1.3 million) in intangible assets. As in the previous year, on December 31, 2012 EUR 0.3 million of capital expenditures were leasing-financed.

» Employees

The headcount was 434 on December 31, 2012, including 74 agency staff (December 31, 2011: 420 including 83 agency staff). Expenses of EUR 655 thousand for agency staff (2011: EUR 808 thousand) are recognized in other operating expenses. The personnel expense ratio, including expenses for agency staff, was around 19.3% in 2012 (2011: 17.6%). Including agency staff, the Group had an average of 422 employees in 2012 (2011: 432).

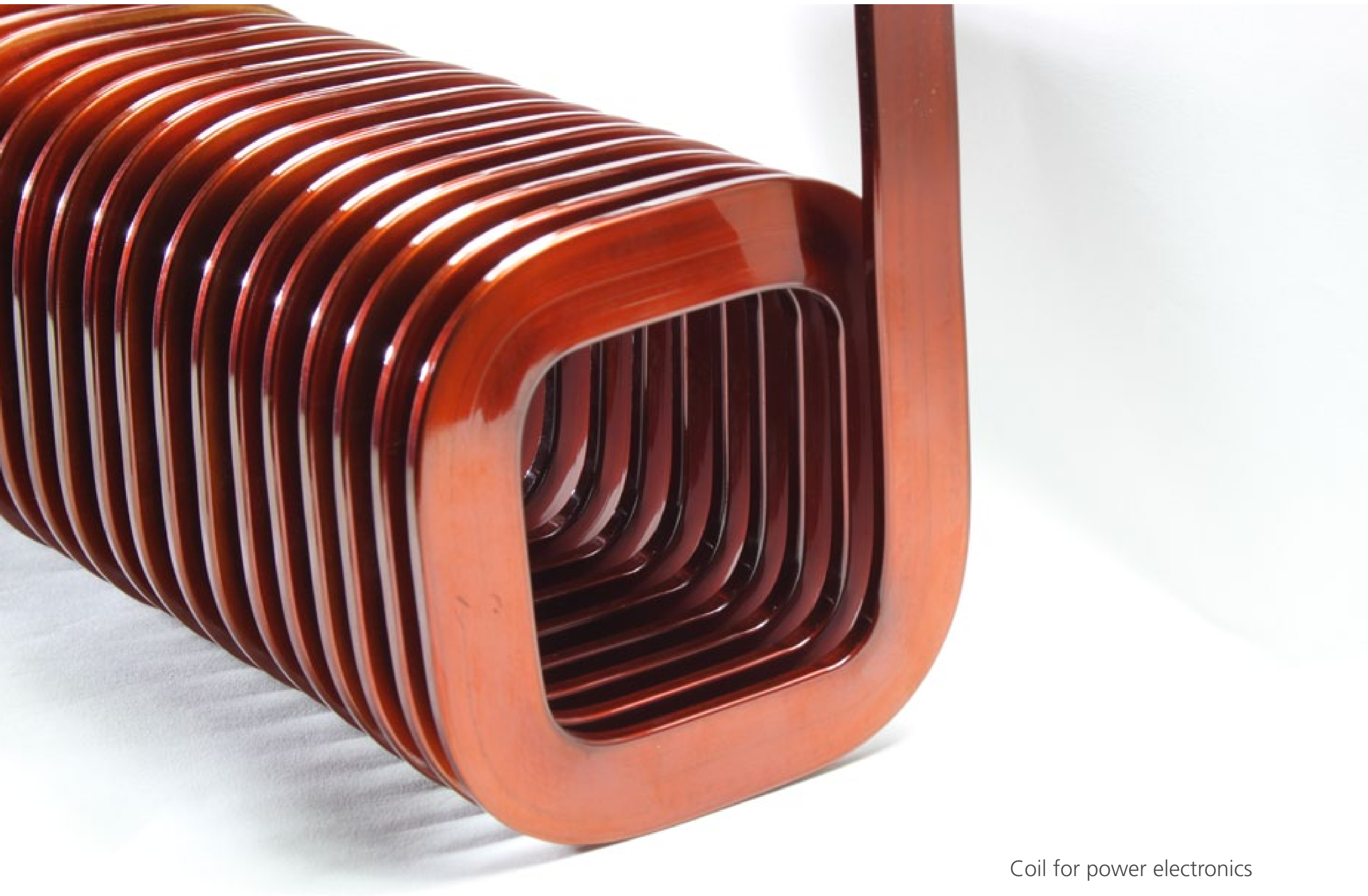
6. Segment report

On the product side, the Group is divided into a number of product and volume sales areas (primary segment).

Segment	Automotive Technology		Industrial Electronics		Communication Technology		Total	
in EUR '000	2012	2011	2012	2011	2012	2011	2012	2011
Sales	18,141	15,375	12,283	15,863	5,915	10,254	36,339	41,492
EBIT	1,024	1,062	-89	168	-912	2	23	1,232

The Group draws a geographical distinction between Germany and other countries (secondary segment).

	Germany		Other countries		Total	
in EUR '000	2012	2011	2012	2011	2012	2011
Sales	20,267	22,463	16,072	19,029	36,339	41,492
Segment assets	11,576	10,923	18,872	22,251	30,448	33,174
Average no. of employees	64	62	358	370	422	432
of which agency staff	0	0	71	87	71	87



Coil for power electronics

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

7.1 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 any 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 30.3 to the financial statements.

7.2 Remuneration of the Supervisory Board

Sec. 11 of the articles of incorporation of InTiCa Systems AG sets out the remuneration of the Supervisory Board. Alongside reimbursement of expenses and their individual value-added tax liability, each member of the Supervisory Board receives remuneration, payable after the end of the fiscal year, comprising a fixed payment of EUR 10,000.00 per fiscal year and an attendance fee of EUR 750.00 for each meeting of the Supervisory Board attended; the annual fixed payment is EUR 15,000.00 for the Chairman of the Supervisory Board and EUR 12,500.00 for the Deputy Chairman. Alongside the above amounts, the members of the Supervisory Board receive the following graduated payments for financial years in which the company reports a consolidated EBIT margin (ratio of EBIT to sales) of over 3%: 20% of their fixed remuneration if the EBIT margin is over 3%, 50% of their fixed remuneration if the EBIT margin is over 5% and 100% of their fixed remuneration if the EBIT margin is over 10%.

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 4 million and pays the associated insurance premiums. A breakdown of the individual remuneration of members of the Supervisory Board in the reporting period can be found in Note 30.3 to the financial statements.

Total expenses for both governance bodies amounted to EUR 471 thousand in fiscal 2012 (2011: EUR 453 thousand).

8. Declaration of conformity on corporate management pursuant to sec. 289a HGB

The declaration on corporate management pursuant to sec. 289a of the German Commercial Code (HGB) comprises the declaration of conformity pursuant to sec. 161 of the German Companies Act (AktG), relevant information on corporate management practices, and descriptions of how the Board of Directors and Supervisory Board work, and of the composition and method of working of their committees.

It is contained in the corporate governance report on page 22 et seq. of this annual report. In addition, the corporate governance report is available on the company's website at www.intica-systems.de Investor Relations / Corporate Governance.

9. Other information

Composition of the capital stock

The capital stock of InTiCa Systems AG comprises EUR 4,287,000 and is divided into 4,287,000 no-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 claims. The only exceptions are shares held by the company (treasury stock), which do not confer any rights on the company. The rights and obligations of the shareholders are set out in detail in the German Companies 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 Authority (BaFin) thereof. The lowest threshold for such disclosures is 3%. Mr. Thorsten Wagner and Dr. Diekmann have direct and indirect interests in the company's capital exceeding 10% of the voting rights.

Shares with special rights according rights of control

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

Methods of 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 programmes.

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

Under sec. 3 paragraph 3 of the articles of incorporation, the Board of Directors is authorized, until July 5, 2017, to increase the company's capital stock, with the consent of the Supervisory Board, by up to EUR 2,143,500.00 by issuing new shares for cash or contributions in kind in one or more tranches (authorized capital 2012/I). Further details are given in sec. 3 paragraph 3 of the company's articles of incorporation, which can be downloaded from the company's website at Company/Downloads.

On the basis of the resolution of the Annual General Meeting of May 29, 2008, the company was authorized, until November 28, 2009, to repurchase up to 10% of the capital stock of 428,700 shares at the date of the resolution. This resolution was used to purchase 263,889 shares in the company. As of December 31, 2012, InTiCa Systems still had treasury stock amounting to 64,430 shares (December 31, 2011: 64,430).

On the basis of a resolution adopted by the Annual General Meeting on July 6, 2012, the company is authorized, up to July 5, 2017, to purchase its own shares, in one or more tranches, up to a total of 10% of the capital stock at the time of adoption of this resolution or, if the capital stock is lower when this authorization is utilized, of the capital stock at the time when it is utilized.

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 Companies Act (AktG). Pursuant to the statutory provisions (sec. 179 paragraph 1 AktG) any amendment to the articles of incorporation requires a resolution of the General Meeting. Resolutions of the General Meeting are adopted on the basis of a simple majority vote (sec. 133 paragraph 1 AktG). 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, under sec. 3 paragraph 3 of the articles of incorporation, the Supervisory Board may alter the articles of incorporation in the event of a capital increase out of the authorized capital 2012/I to bring them into line with the extent of the capital increase and may make any other amendments associated with this provided that these are merely editorial.

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.

In addition, the creditor of a EUR 2 million overdraft facility has an extraordinary right to terminate this facility. This right takes effect if one other person acquires at least 30 percent of the creditor's voting rights and the parties cannot reach agreement on new terms.

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.

10. Risk management and risk report

InTiCa Systems' business is exposed to a large number of risks that are inseparably linked to entrepreneurial activity. Risks constitute the possibility of the occurrence of events that could adversely affect the economic situation of InTiCa Systems AG. Such risks are countered by adequate opportunities. InTiCa Systems AG uses effective management systems to ensure timely identification, evaluation and management of risks.

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 Companies 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, analyze 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 systems provide a variety of indicators on, for example, the following key aspects: sales and earnings trends, orders on hand and inventories, gross margins, consumption of materials, production defects, personnel, liquidity and investments. 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.

The accounting process is controlled by the parent company through the Group-wide Finance and Accounting, Controlling and Investor Relations departments. Functions and responsibilities in these areas are clearly separated/assigned and there are mutual control processes to ensure a continuous exchange of information. The internal control system for financial accounting is based on defined preventive and supervisory control mechanisms such as systematic and manual checking, and on predefined approval procedures, the separation of functions and compliance with guidelines. Appropriate IT precautions are in place to protect the financial systems used from unauthorized access. Financial accounting systems only use standard software. Uniform accounting is ensured by applying corporate accounting guidelines and standardized reporting formats. The guidelines and reporting formats are determined by the Board of Directors of the parent company and compliance is monitored continuously by employees in the Finance department. Alongside technical checks by the system, manual and analytical checks are performed. External consultants such as auditors and lawyers are consulted on changes and complex accounting issues.

The internal control and risk management system relating to the accounting process is fully integrated into the Group's quality assurance process.

The central objective of financial management at InTiCa Systems is to ensure sufficient liquidity reserves at all times, avoid financial risks and secure financial flexibility. The basis for safeguarding liquidity is integrated financial and liquidity planning. InTiCa Systems includes all consolidated subsidiaries in this planning process. The segments' operating business and the resulting cash flows are the Group's main source of liquidity. Operational planning is based on a long-term liquidity forecast.

The short and medium-term forecasts are updated monthly. Surplus funding within the Group is distributed to those areas that require it via cash pooling in order to reduce external funding requirements and optimize net interest expense. To secure its liquidity position, InTiCa Systems also uses various internal and external financing instruments such as credit agreements, which form the basis for short and medium-term financing, finance leasing and vendor loans. As a result of the company's capital base and financing arrangements, the Board of Directors is of the opinion that the main preconditions for future financing have been met.

10.1 Market and price risks

Through its Automotive Technology, Industrial Electronics and Communication Technology segments, InTiCa Systems operates in areas exposed to general economic fluctuations. In the Communication Technology and Industrial Electronics segments in particular, the Group is dependent on political and/or strategic decisions by a few key customers relating to DSL and other broadband technologies and to the increased use of renewable energies. Even though the customer base has now been expanded 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.

In general, the Communication Technology and Industrial Electronics segments are exposed to greater sector-specific fluctuations than the Automotive Technology segment.

The Automotive Technology segment is exposed to the customary economic risks in this sector, which could hold back expected growth considerably. 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 a poor general economic situation or a reduction in subsidies (for electric and hybrid vehicles).

10.2 Customer dependence

The sales split between the segments is as follows: Communication Technology 16%, Automotive Technology 50%, Industrial Electronics 34%. Within each segment, the proportion of sales generated with the largest customers is as follows: Communication Technology 39%, Automotive Technology 24% and Industrial Electronics 42%.

10.3 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 – at least in the Communication Technology segment – are based on the cable television network, satellite and radio transmission, powerline technology and fibre-optic cables. The cost of a technical upgrade of the cable television network is considerably higher than upgrading the existing copper wire telephone network for VDSL. Moreover, 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, interconnection with the copper-wire networks in homes requires the use of converters and splitters where InTiCa Systems has so far been the market leader.

The Board of Directors does not see any significant technological risk for the Industrial Electronics and Automotive Technology segments.

10.4 Personnel risks

In principle, there is a risk that key employees, especially sales and research and development personnel, could leave the company. InTiCa System counters this risk through an attractive remuneration system, social benefits and a wide range of vocational and further training offers. These reduce staff fluctuation and position the Group as an employer offering long-term security and career opportunities.

10.5 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.

10.6 Liquidity risk

InTiCa Systems currently has a bonded loan (EUR 5.0 million) from a leading German bank. Security for this is divided 50:50 between a land charge in the Czech Republic and a EUR 1.0 million fixed-term deposit. The company also has a loan from the German Reconstruction and Development Bank (KfW) (EUR 4.0 million). There is also a three-year annuity loan, which had a remaining term of just under one year as of December 31, 2012 and was valued at EUR 0.4 million (for information on further credit security, please refer to Note 3.16 in the notes to the consolidated financial statements).

All three loans are used to safeguard liquidity. In addition, InTiCa Systems has credit lines of EUR 4.1 million. EUR 0.4 million of this amount was drawn on the reporting date. Further, the company has cash and cash equivalents of EUR 1.4 million. EUR 1.0 million of this amounted is pledged as security for a credit to finance the Group.

10.7 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. Since purchases and sales in US dollars were almost identical in fiscal 2012, as in previous years the Group did not undertake currency hedging. At the start of 2012, the exchange rate for the euro versus the US dollar increased from EUR 1.2960 per USD to EUR 1.3467 per USD. In the following months, as the debt crisis in the euro zone became more acute, the euro depreciated against the US dollar, dropping to a low of EUR 1.2062 per USD at the end of July. By year-end, the euro had strengthened considerably against the US dollar again and ended the year at EUR 1.3186 per USD.

Competitive pressure from companies that produce in the US dollar zone and can export cheaply to the euro zone thanks to favourable exchange rates could increase if the euro were strong. However, due to the exchange rate, this effect could be offset by favourable procurement terms for raw materials and products in the dollar zone or goods invoiced predominantly in dollars.

InTiCa Systems' production facility in the Czech Republic sources goods from the euro zone. All deliveries are made on a euro basis, either to InTiCa Systems AG or to external manufacturers who undertake further processing steps. 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 and the related rise in wage costs for production personnel.

Currency gains and expenses arising from the payment of or cross-charging for intragroup transactions with independent subsidiaries whose functional currency is not the euro have to be regarded separately. As a result of payments received in euros, a net currency gain of EUR 0.1 million was registered in 2012.

As of December 31, 2012 there was a bullet loan of EUR 13.2 million granted by InTiCa Systems AG to its Czech subsidiary. This runs until December 31, 2025 and has a fixed interest rate of 2.35% for ten years. In view of the terms of the loan agreement, this loan is classified as a net investment. The translation gain of EUR 0.3 million recognized in connection with this loan is included in other comprehensive income.

10.8 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 another four years and the loan from a German commercial bank runs for two years. Moreover, InTiCa Systems AG has agreed fixed interest rates for these loans. 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.

10.9 Equity market risk

Neither InTiCa Systems AG nor the InTiCa Systems Group holds any shares in third party companies, and there are no plans to acquire any such shares. Equity market risk is thus confined to the treasury stock purchased in 2010 under the share buy-back programme adopted by the Board of Directors on July 2, 2008. Treasury stock currently comprises 64,430 shares. These shares are subject to normal fluctuations in market price.

10.10 Credit risk (default risk)

A credit risk arises if a customer is unable to meet its contractual commitments. Given the unclear economic situation and the fact that many companies do not have a sound liquidity base at present, the Board of Directors considers the default risk to be not inconsiderable. To counter this risk the company undertakes extensive reviews of its customers' credit standing and engages in intensive receivables management, which is steadily being improved. Nevertheless, it cannot be ruled out that customers of InTiCa Systems could unexpectedly become insolvent. In view of the increasingly diversified customer base, the risk associated with individual customers is becoming less significant.

Moreover, it should be noted that the expected economic downturn and a possible decline in volume sales entail a significant sector risk, especially in the cyclical automotive sector, which is a central market for InTiCa Systems.

The German solar sector has recently been hit by increasing competitive pressure from Asia and structural problems following a change in the legislative framework. These trends are having a direct impact on the Industrial Electronics segment. Although none of InTiCa Systems' strategic customers has yet got into economic difficulties, this cannot be ruled out in the future.

So far the company has not taken out credit insurance. InTiCa Systems does not currently grant loans to employees or to external parties.

10.11 Overall risk situation

Overall, the Board of Directors is of the opinion that the risks are limited and calculable. Based on the information currently available, the Board of Directors' assessment is that there are no major individual risks, either at present or in the foreseeable future, that could be classified as a threat the company's existence.

Since the cash flow was clearly positive, debt had declined and the company has a good equity base, the Board of Directors rates the aggregate position as regards individual risks to the development of the Group as positive.

The introduction of new products and increasing diversification of markets will help bring a sustained stabilization of earnings and increase earnings again in the future.

11. Branches and subsidiaries

The number of companies consolidated by InTiCa Systems AG has decreased compared with 2011. Alongside the parent company in Passau, Germany, only InTiCa Systems s.r.o. of Prachatice, Czech Republic is included in the consolidated financial statements. This company is a wholly owned subsidiary. InTiCa Systems Ges.mbH of Neufelden, Austria, which was included in the consolidated financial statements for 2011, has been deleted from the commercial register and is therefore no longer included in the consolidated financial statements. The annual financial statements and interim financial statements of the Group companies are drawn up as of the last day of the Group's fiscal year or the interim reporting period.

12. Opportunities

In the light of market developments in the Communication Technology and Industrial Technology segments, InTiCa Systems stepped up investment in the development and marketing of new products in these segments, and in further expansion of the Automotive Technology segment with the aim of establishing this segment as the key sales driver in the long term.

Alongside RFID solutions for keyless entry/go and safety systems for cars, InTiCa Systems supplies components for engine and energy management to reduce fuel consumption and CO_2 emissions, and high-performance chokes and planar transformers for electric and hybrid vehicles. These products are used in various classes of vehicle from luxury limousines and high-end sports cars to compact models. InTiCa's customers include well-known German, European, American and Asian systems suppliers to the automotive industry (OEMs). Many long-term orders have been secured. Serial production has already started for some while for others it has yet to start. These orders generally run for between five and eight years. However, automotive producers exert high price pressure on component suppliers, which could reduce InTiCa Systems' margins and thus its corporate performance. An unchallenged technological and quality edge is therefore extremely important as the Group can only withstand pure price competition to a limited extent.

Further, there are still plenty of new development options in new markets for the Industrial Electronics segment, which could provide further growth potential for this segment in the future. The Industrial Electronics segment develops and manufactures inductive components and modules for converters and inverters to transform solar energy into electric power for the grid, and inductive components to raise the efficiency of industrial equipment and domestic appliances.

It systematically utilizes InTiCa Systems' outstanding development and manufacturing expertise in inductive components (coils, chokes, power transfer, etc.), passive analogue switches (electronic filters) and mechatronic modules (combining various inductive components in an assembly). Available synergies are also being leveraged, for example, for energy conversion in electric and hybrid vehicles. There is constant knowledge transfer and utilization of synergies between organizational units and technologies to ensure that the current products and solutions can trigger new applications.

13. Events after the reporting period

Since the reporting date on December 31, 2012 there have not been any events or developments that have a material impact on the earnings, assets or financial position of InTiCa Systems AG.

14. Outlook

Opportunities and success factors

Growth opportunities for InTiCa Systems comprise developing, manufacturing and marketing innovative products that offer customers clear additional benefits that set them apart from competing products. A strong customer focus combined with the ability to drive forward product developments fast and effectively through new manufacturing technologies is the key prerequisite for InTiCa Systems to be able to use the growth prospects offered by the market.

Expanding the Group's regional presence will play a key role in its future development. The aim is to secure a successful long-term market presence through international distribution and production alliances and branches.

Segment trends

» Automotive Technology

The Board of Directors expects to see a further rise in demand for price-efficient automotive fittings that enhance comfort and safety and reduce fuel consumption and carbon emissions in the future. This trend should also be seen in the mid and small vehicle segment. Even if overall sales volumes in the automotive industry are flat, InTiCa Systems expects its sales revenues to increase thanks to the use of its components in new models being launched by leading international car producers. The company's innovative products for e.g. keyless go/entry systems and power/engine electronics are now used in more than 250 different models.

In addition, many product innovations for electric and hybrid cars will become more important in the future and should also make a perceptible contribution to this segment's sales and earnings trends.

Sales are expected to be around EUR 21.5 million in 2013 and the Automotive Technology should make another substantial contribution to Group earnings in 2013.

» Industrial Electronics

Most sales in this segment are generated with inductive components and mechatronic assemblies for inverters for use in the solar industry. Sales declined in 2012 as a result of changes in the legislative framework for solar energy in Germany and the problems suffered by the European solar industry. The Board of Directors anticipates that the market will stabilize in 2013 and that sales volumes will pick up. The Board of Directors still believes that in the medium term regenerative energy sources remain an area of technology that could provide growth impetus for the Group.

As well as being used in energy generation, products manufactured by InTiCa Systems are used for energy management. For example, further sales potential should come from products developed by the company to reduce the power consumption of industrial equipment and domestic appliances, and from voltage transformers for rail vehicles and welding equipment.

The Board of Directors' sales guidance for the Industrial Electronics segment in 2013 is around EUR 12.5 million and it expects segment EBIT to be positive.

» Communication Technology

Tougher competition from other suppliers and transmission technology, accompanied by strong price pressure and reluctance to invest in expansion of the broadband network has resulted in a massive drop in sales in this segment since 2008.

However, by shifting production to suppliers in Asia, InTiCa Systems has achieved a significant improvement in marginal income on splitters. In addition, a variety of innovative products have been developed for other applications. These are used, for example, DSL broadband networks based on copper wire or coaxial cable technology, and to suppress interference in powerline networks.

The Board of Directors expects this segment to report sales of around EUR 6.5 million in 2013 and that operating earnings will break even.

Earnings, asset and financial position and outlook

The overall economic situation in 2013 will continue to be dominated by uncertainty. The downturn in business in the Communication Technology segment will be offset by orders on hand in the Automotive Technology segment, while the Industrial Electronics segment is expected to post a slight rise in sales. In addition, all three segments have new products that offer opportunities to gain a foothold in new markets. Customer-specific solutions combined with the increase in vertical integration and systems competence are key competitive advantages for InTiCa Systems. The Board of Directors therefore feels that in terms of costs and products InTiCa Systems is well positioned for 2013.

Capital expenditures of around EUR 1.7 million have been allocated for property, plant and equipment in 2013 to ensure selective expansion and modernization of production facilities. The major investment in expansion of production was completed in previous years.

Business performance in the first quarter of 2013 was considerably better than in the previous year, with sales of around EUR 9.9 million (2012: EUR 8.9 million). The rise was mainly due to a positive trend in the Automotive Technology and Communication Technology segments. Therefore an EBITDA of more than EUR 1.4 million and a profit before tax of almost EUR 0.2 million are expected.

For 2013 as a whole, the Board of Directors currently expects to report perceptible sales and earnings growth – based on the assumption of at least modest overall economic growth.

Overall, the Board of Directors expects Group sales in 2013 to be around EUR 40 million, with an EBIT margin of around 3%.

Orders on hand as of March 31, 2013 were around EUR 34 million, considerably higher than a year earlier (March 31, 2012: EUR 27.6 million).

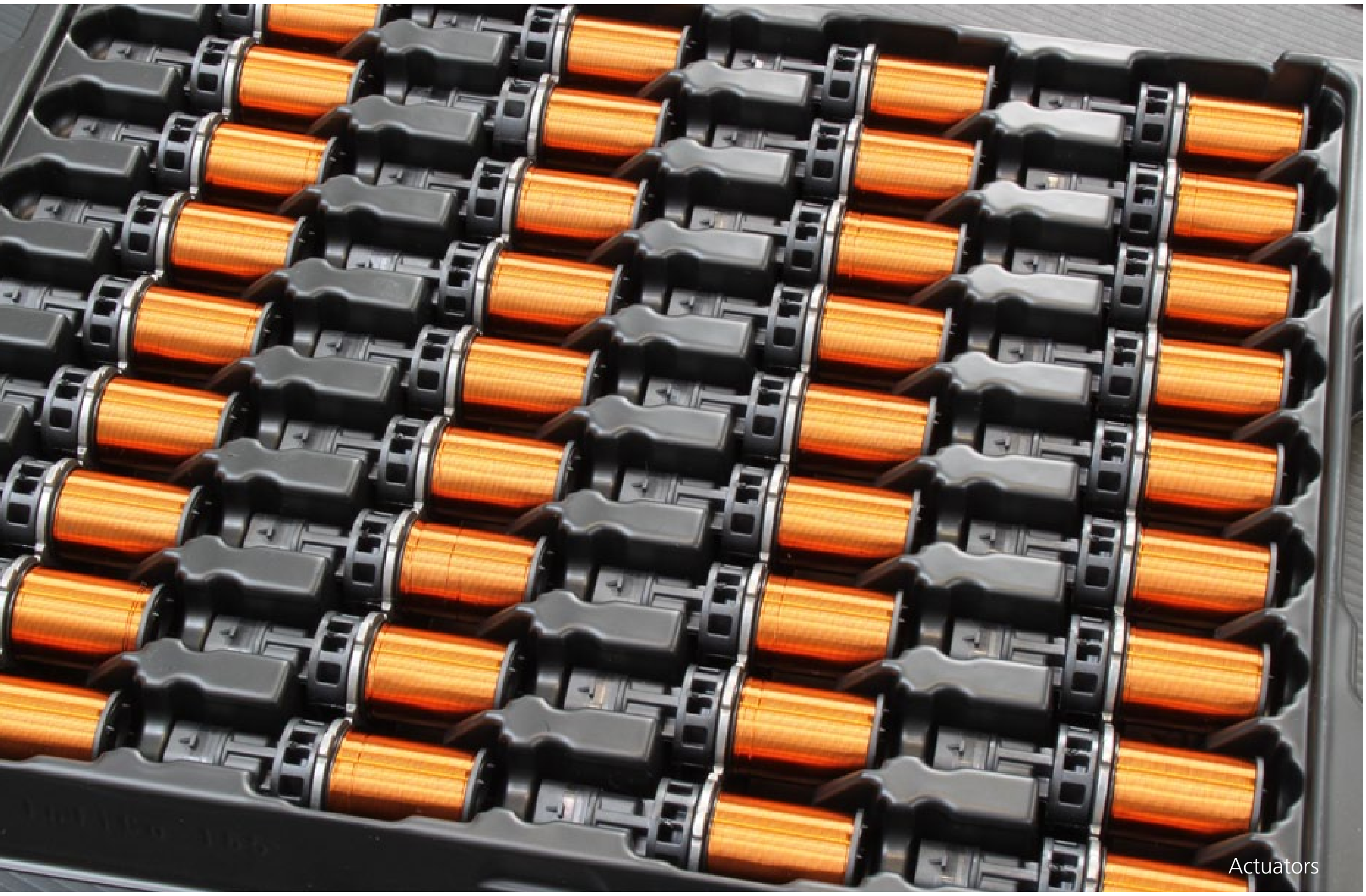
For 2014 the Board of Directors is forecasting further sales and earnings growth, providing the economic trend remains positive. EBIT should rise even faster as depreciation and amortization will be lower in 2014.

Passau, April 18, 2013

The Board of Directors

Walter Brückl
Chairman of the Board of Directors

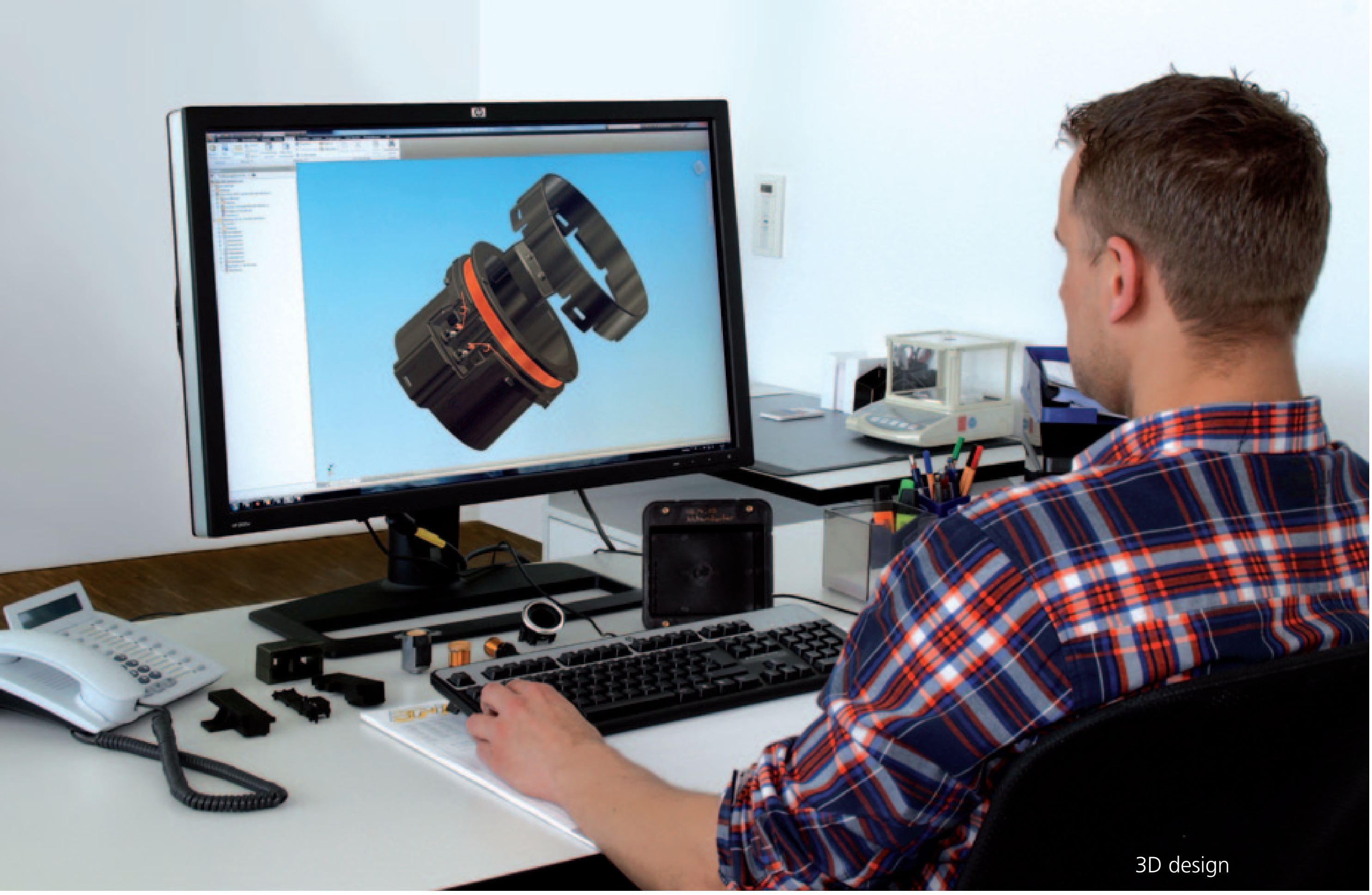
Günther Kneidinger
Member of the Board of Directors



Actuators

Consolidated Financial Statements

CONSOLIDATED FINANCIAL STATEMENTS



3D design

Designing innovative products
with state-of-the-art technology

Consolidated Balance Sheet

of InTiCa Systems in accordance with IFRS
as at December 31, 2012

Assets

	Note	Dec. 31, 2012 EUR ´000	Dec. 31, 2011 EUR ´000
Non-current assets			
Intangible assets	14	4,813	4,841
Property, plant and equipment	13	14,741	16,131
Deferred taxes	10.3	1,300	1,372
Total non-current assets		**20,854**	**22,344**
Current Assets			
Inventories	17	6,172	7,545
Trade receivables	18	4,722	4,657
Tax assets	10.2	23	17
Other financial assets	16.1	5	1,542
Other current receivables	16.2	299	200
Cash and cash equivalents	31	1,356	1,128
Total current assets		**12,577**	**15,089**
Total assets		**33,431**	**37,433**

Equity and liabilities

		Dec. 31, 2012 EUR ´000	Dec. 31, 2011 EUR ´000
Equity			
Capital Stock	19	4,287	4,287
Treasury Stock	19	-64	-64
General capital reserve	20	15,389	15,389
Profit reserve	21	60	449
Currency translation reserve	22	-141	-572
Total equity		**19,531**	**19,489**
Non-current liabilities			
Financial liabilities	23	8,931	9,651
Deferred taxes		1,644	1,788
Total non-current liabilities		**10,575**	**11,439**
Current liabilities			
Other current liabilities	24	549	850
Financial liabilities	23	1,072	2,407
Trade payables	25; 29.2	1,347	2,791
Other financial liabilities	26	201	179
Other current liabilities	27	156	278
Total current liabilities		**3,325**	**6,505**
Total equity and liabilities		**33,431**	**37,433**
Equity ratio		58%	52%

Consolidated Statement of Profit or Loss and Other Comprehensive Income

of InTiCa Systems in accordance with IFRS for the period from January 1 to December 31, 2012

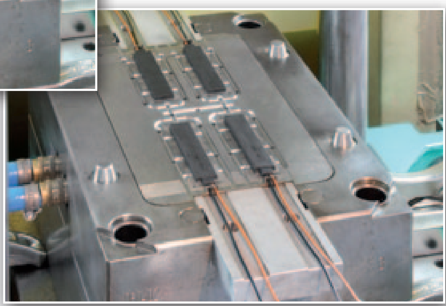
	Note	Fiscal year EUR ´000	Previous year EUR ´000
Sales	5; 6.2	36,339	41,492
Other operating Income	7	543	1,103
Change in finished goods and work in process	17	-189	940
Other own work capitalized		1,232	1,131
Raw materials and supplies		22,728	27,403
Personnel expense	11.3	6,363	6,491
Depreciation and amortization	13; 14	4,484	4,930
Other expenses	7	4,327	4,610
Operating profit (EBIT)		23	1,232
Cost of financing	9	494	638
Other financial income	8	10	44
Pre-tax loss/profit		-461	638
Income taxes	10.1	-72	-193
Net loss/profit		-389	831
Other comprehensive income after taxes			
Items that will subsequently be reclassified to profit or loss if specific conditions are met:			
Exchange differences from the translation of foreign operations		431	-1,012
Other comprehensive income, after taxes		431	-1,012
Total comprehensive income		42	-181
Earnings per share (diluted/basic in EUR)	12	-0.09	0.20

Consolidated Cash Flow Statement

of InTiCa Systems in accordance with IFRS/IAS
for the period from January 1 to December 31, 2012

	Note	Fiscal year EUR ´000	Previous Year EUR ´000
Cash flow from operating activities			
Net income/loss for the period		-389	831
Income tax payments/receipts	10.1	-72	-193
Cash outflow for borrowing costs	9	494	638
Income from financial investments	8	-10	-44
Depreciation and amortization of non-current assets	11.1	4,484	4,930
Non-cash transactions			
Net currency gains/losses		84	-689
Other transactions		2	413
Increase/decrease in assets not attributable to financing or investing activities			
Inventories	17	1,373	-1,711
Trade receivables	18	-65	1,472
Other assets		-91	40
Increase/decrease in liabilities not attributable to financing or investing activities			
Other current provisions	24	-301	167
Trade payables	29.2	-1,444	-1,461
Other liabilities		-98	-230
Cash and cash equivalents from operating activities		**3,967**	**4,163**
Income tax receipts/payments		-5	-10
Cash outflow for interest payments		-497	-642
Net cash flow from operating activities		**3,465**	**3,511**
Cash flow from investing activities			
Cash inflows from non-current receivables	16.1	1,500	0
Cash inflow from interest payments		40	45
Cash inflow from the disposal of property, plant and equipment		4	1
Cash outflow for intangible assets	14	-1,430	-1,357
Cash outflow for property, plant and equipment	13	-1,297	-1,577
Net cash flow from investing activities		**-1,183**	**-2,888**
Cash flow from financing activities			
Cash outflow for the cost of selling shares		0	-11
Cash inflow from the sale of treasury stock		0	738
Cash outflow for loan repayment installments		-721	-702
Cash outflow for liabilities under finance leases		-78	-55
Net cash flow from financing activities		**-799**	**-30**
Total cash flow		1,483	593
Cash and cash equivalents at start of period		-500	-1,093
Impact of changes in exchange rates on cash and cash equivalents held in foreign currencies		1	0
Cash and cash equivalents at end of period	31	984	-500

Plastics processing facilities



Consolidated Statement of Changes in Equity

for InTiCa Systems according with IFRS
for the period from January 1, 2011 to December 31, 2012

	Capital stock EUR ´000	Treasury stock EUR ´000	Capital reserve EUR ´000	Profit reserve EUR ´000	Currency translation reserve EUR ´000	Total equity EUR ´000
Note	19	19	20	21	22	29.1
As at January 1, 2011	**4,287**	**-210**	**14,427**	**0**	**440**	**18,944**
Net income 2011	0	0	382	449	0	831
Other comprehensive income, after taxes	0	0	0	0	-1,012	-1,012
Total comprehensive income 2011	**0**	**0**	**382**	**449**	**-1,012**	**-181**
Sale of treasury stock	0	146	591	0	0	737
Costs for the sale of treasury stock	0	0	-11	0	0	-11
As at December 31, 2011	**4,287**	**-64**	**15,389**	**449**	**-572**	**19,489**
As at January 1, 2012	**4,287**	**-64**	**15,389**	**449**	**-572**	**19,489**
Net loss 2012	0	0	0	-389	0	-389
Other comprehensive income, after taxes	0	0	0	0	431	431
Total comprehensive income 2012	**0**	**0**	**0**	**-389**	**431**	**42**
As at December 31, 2012	**4,287**	**-64**	**15,389**	**60**	**-141**	**19,531**

Notes to the Consolidated Financial Statements of InTiCa Systems AG for Fiscal 2012

NOTES

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 (HRB 3759). The company has been listed in the Prime Standard on the Frankfurt stock exchange since November 8, 2004 (ISIN DE0005874846, ticker symbol IS7).

The company's registered office is in Passau, Germany. Its address is InTiCa Systems AG, Spitalhofstrasse 94, 94032 Passau, Germany. The company has one subsidiary in the Czech Republic. The principal activities of the company and its subsidiary are described in Note 6 Segment information and Note 15 Subsidiaries.

2. Application of new and amended standards

2.1 Amended standards and interpretations that have impacted the amounts reported in the consolidated financial statements

The following amended standards, which had a material impact on the amounts stated in the consolidated financial statements, were applied for the first time in fiscal 2012.

Amended standards that impact presentation and disclosures

Revised version of IAS 1: Presentation of Items of Other Comprehensive Income

The InTiCa Systems Group has opted for early application of the amendment to IAS 1 on the presentation of items of other comprehensive income (mandatory application for annual periods starting on or after July 1, 2012). The amendment introduces new terminology for the former statement of comprehensive income. The term statement of comprehensive income has been replaced by "statement of profit or loss and other comprehensive income".

The amended version of IAS 1 permits the option of presenting the statement of profit or loss and other comprehensive income either as a single statement of profit or loss or as two separate statements immediately following each other. At the same time, the changes to IAS 1 require items of other comprehensive income to be grouped in two categories:

(a) Items that will not subsequently be reclassified to profit or loss and
(b) Items that will subsequently be reclassified to profit or loss if specific conditions are met.

The income taxes on the items of other comprehensive income must be allocated to these items. This does not exclude the possibility of presenting the items of other comprehensive income net of taxes. The amendments were applied retrospectively by

InTiCa Systems and the items of other comprehensive income have been restated accordingly. Apart from the above change in presentation, the application of the amended version of IAS 1 does not have any other implications for the presentation of the statement of profit or loss and the other comprehensive income.

2.2 Standards, interpretations and amendments to standards and interpretations that had to be applied for the first time in the fiscal year

The following amended standards were or should have been applied for the first time in the fiscal year but do not have any influence on the amounts stated in the consolidated financial statements.

Amendments to IFRS 7: Disclosures - Transfer of Financial Assets

This amendment to IFRS 7 had to be applied for the first time in fiscal 2012. It broadens the disclosure requirements for transactions relating to the transfer of financial assets to improve transparency of the risks. This amendment had no impact on the consolidated financial statements.

Revision of IAS 1 Presentation of Financial Statements (as part of the Annual Improvements Project 2009-2011 Cycle, published in May 2012)

The changes arising from the revision of IAS 1 as part of the Annual Improvements Project 2009-2011 Cycle could be applied early for fiscal 2012 (mandatory effective date: periods beginning on or after January 1, 2013). IAS 1 requires companies to prepare a third balance sheet as of the start of the comparative period if the accounting and valuation principles are applied retrospectively or balance sheet items are retrospectively restated or reclassified. This amendment makes it clear that the obligation to prepare a third balance sheet is only obligatory if the retrospective restatement has a significant impact on the information in the third balance sheet. Further, it clarifies that no disclosures are required in the notes with respect to this third balance sheet. Early application of this amendment did not have any impact on the consolidated financial statements.

Amendments to IAS 12 Deferred Tax: Recovery of Underlying Assets

The amendment to IAS 12 titled „Deferred Tax: Recovery of Underlying Assets" was applicable for the financial year. For the purpose of recognizing deferred taxes, it is assumed that the economic benefits of investment property recognized at fair value in accordance with the option permitted by IAS will be recovered by sale. However, this only applies if this assumption has not been rebutted. This has no impact on the consolidated financial statements.

2.3 Standards, interpretations and amendments to published standards where application was not mandatory in 2012 and which were not applied early by the Group

The Group did not opt for early application of the following new and amended standards and interpretations:

IFRS 1	Government Loans [4]
IFRS 9	Financial Instruments [3]
IFRS 10	Consolidated Financial Statements [1]
IFRS 11	Joint Arrangements [1]
IFRS 12	Disclosures of Interests in Other Entities [1]
IFRS 13	Fair Value Measurement [1]
Amendment to IFRS 7	Disclosures – Offsetting Financial Assets and Liabilities [1]
Amendments to IFRS 9 and IFRS 7	Mandatory Effective Date of IFRS 9 and Transition Disclosures [3]
Amendments to IFRS 10, IFRS 11 and IFRS 12	Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance [1]
IAS 19 (2011)	Employee Benefits [1]
IAS 27 (2011)	Separate Financial Statements [1]
IAS 28 (2011)	Investments in Associates and Joint Ventures [1]
Amendments to IAS 32	Offsetting Financial Assets and Liabilities [2]
IFRIC 20	Stripping Costs in the Production Phase of a Surface Mine [1]

[1] To be applied for financial years beginning on or after January 1, 2013. These standards were endorsed by the EU in December 2012.

[2] To be applied for financial years beginning on or after January 1, 2014. This standard was endorsed by the EU on December 13, 2012.

[3] To be applied for financial years beginning on or after January 1, 2015. This standard has not yet been endorsed by the EU.

[4] To be applied for financial years starting on or after January 1, 2013. This standard was endorsed by the EU on March 4, 2013.

IFRS 9 Financial Instruments

IFRS 9 Financial Instruments, which was published in November 2009, contains new classification and measurement rules for financial assets. The amendments to this standard made in October 2010 comprise further rules on the classification and measurement of financial liabilities and on derecognition.

The Board of Directors assumes that future application of IFRS 9 will not have a material influence on the presentation of the Group's financial assets and financial liabilities.

New and revised standards relating to consolidation, joint arrangements, associates and disclosures in the notes to the financial statements.

In May 2011 the IASB published a package of five standards that address consolidation (IFRS 10), joint arrangements (IFRS 11), disclosure of interests in other entities (IFRS 12), separate financial statements (IAS 27 (2011)), and investments in associates and joint ventures (IAS 28 (2011).

IFRS 10 replaces the rules on consolidated financial statements set out in IAS 27 Consolidated and Separate Financial Statements. It also replaces SIC-12 Consolidation – Special Purpose Entities. In IFRS 10 the IASB prescribes the principle of control as a uniform basis for consolidation.

IFRS 11 replaces IAS 31 Interests in Joint Ventures and SIC-13 Jointly Controlled Entities – Non-Monetary Contributions by Venturers. IFRS 11 addresses the classification of joint arrangements. A joint arrangement is defined as a contractual arrangement where two or more parties have joint control of something. Accounting for jointly controlled assets is no longer addressed separately. Instead, the rules for joint operations are applied.

IFRS 12 covers disclosures in the notes to financial statements. It is applicable for companies with stakes in subsidiaries, joint arrangements (joint operations or joint ventures), associates and/or unconsolidated structured entities. In principle, the disclosures required by IFRS 12 are considerably more far-reaching than those prescribed by the standards currently in force.

The Board of Directors assumes that the above standards will only be applied when application becomes mandatory. From the present viewpoint, the standards will not have a material impact on the consolidated financial statements.

IFRS 13 Fair Value Measurement

IFRS 13 sets out uniform guidelines for fair value measurement and the associated disclosures. This standard defines the term fair value, provides a framework for measuring fair value, and prescribes the disclosures on fair value measurement.

The Board of Directors assumes that application will influence certain valuations in the consolidated financial statements and that it will result in more far-reaching disclosures.

Amendments to IFRS 7 and IAS 32 Offsetting Financial Assets and Liabilities and the associated disclosures.

The amendments to IAS 32 address current application problems relating to the conditions for offsetting financial assets and liabilities. The amendments to IFRS 7 require a description in the notes of the right of set-off for financial instruments and associated agreements that are subject to an enforceable master netting arrangement or similar arrangement.

The Board of Directors assumes that application of the amendments to IFRS 7 and IAS 32 will not result in any change in the consolidated financial statements.

IAS 19 Employee Benefits

The revision of IAS 19 alters the treatment of defined-benefit pension plans and termination benefits. The most significant change relates to the recognition in the balance sheet of changes in the defined-benefit obligation and plan assets.

Since there are no such agreements with employees, the Board of Management does not expect this to have any impact on the consolidated financial statements.

IFRIC 20

IFRIC 20 relates to the cost of removing overburden during the production phase of a surface mine. Since the Group will not have any activity of this type, the Board of Directors assumes that application of IFRIC 20 will not have any impact on the consolidated financial statements.

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 European Union.

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. Historical acquisition or production costs are generally based on the fair value of the consideration paid for the asset. 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 any business entities under its control. Control means that the company is able to determine the financial and business policy of a business entity in order to benefit from its activities. The financial statements of all consolidated companies are prepared as of the closing date for the consolidated financial statements.

Where necessary, the annual financial statements of subsidiaries are adapted to the accounting policies and valuation methods used at Group level.

All intragroup business transactions, balances, profits and losses are fully eliminated in the consolidation process.

If the Group loses control over a subsidiary or winds up a subsidiary any gain or loss charged to income. The gain or loss is calculated as the difference between (a) the total fair value of the consideration received and (b) the carrying amount of the assets and liabilities of the subsidiary.

3.4 Business combinations

Businesses acquired are accounted for using the purchase method. Acquisition costs comprise the sum of the fair values of the assets to be transferred as of the date of exchange, liabilities entered into and assumed, and equity instruments issued by the Group in exchange for control of the business entity acquired. Costs relating to the business combination are also treated as acquisition costs if they are directly attributable to the acquisition. The identifiable assets, liabilities and contingent liabilities are recognized at fair value as of the date of acquisition, providing that the corresponding recognition criteria are met. All of the parent company's present business operations were acquired by establishing new entities through cash-based capital contributions.

3.5 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 from the sale of goods are recognized when the following conditions are met:

- the Group has transferred all material risks and opportunities associated with ownership of the goods to the purchaser
- the Group does not retain either a right of control as is normally associated with ownership or effective control over the goods sold
- the sales revenues can be determined reliably
- it is probable that the economic benefit from the transaction will flow to the Group, and
- the costs incurred or to be incurred as a result of the transaction can be determined reliably.

Accordingly, revenues from the sale of goods are normally recognized when the goods are delivered and transfer of legal ownership has taken place.

Interest income is recognized when it is probable that the economic benefit will flow to the Group and the level of the revenue can be determined reliably. Interest income should be accrued over time on the basis of the outstanding nominal amount using the relevant effective interest rate. The effective interest rate is the interest rate used to discount the expected future inflows over the term of the financial assets to exactly the net carrying amounts of the assets as of the date of initial recognition.

3.6 Leasing

Leasing agreements are classified as finance leases if all material risks and benefits associated with ownership of the asset are transferred to the lessee. All other leasing agreements are classified as operating leases.

Assets held under finance leases are initially recognized by the Group as an asset at their fair value at the start of the lease agreement or, where this is lower, the present value of the minimum lease payments. The corresponding liability to the lessor is shown on the consolidated balance sheet as a financial liability.

The lease payments are divided into interest expense and payment instalments on the lease obligation in such a way that they constitute a constant charge for the remaining liability. Interest expense is recognized directly in the statement of profit or loss.

Lease payments from operating leases are recognized as an expense over the term of the lease using the straight-line method.

3.7 Foreign currencies

When preparing the financial statements for each individual Group company, business transactions in currencies other than the functional currency of that company (foreign currencies) are translated at the exchange rates applicable on the transaction date. On each reporting date, monetary items in foreign currencies are translated at the applicable exchange rate on the reporting date. Non-monetary foreign currency items that are recognized at fair value are translated at the exchange rates that were valid on the date on which the fair value was calculated. Non-monetary items that are recognized at the cost of acquisition or production are translated at the exchange rate on the date on which they are first included in the financial statements.

Translation differences arising from monetary items, including those relating to independent foreign subsidiaries, are recognized in profit or loss in the period in which they occur. This does not apply to translation differences relating to receivables or payables from/to a foreign business operation where fulfilment is neither planned nor probable (and that are consequently part of a net investment in the foreign business operation). These are initially recognized in other comprehensive income and reclassified from equity to profit or loss in the event of divestment.

When preparing the consolidated financial statements, the assets and liabilities of the Group's foreign business operations are translated into euros (EUR) at the exchange rate applicable on the reporting date. Income and expenses are translated using the average exchange rate for the fiscal year. If a foreign business operation is divested, all accumulated translation differences from this business operation that are attributable to the Group are reclassified to profit or loss.

The following exchange rates were used for the consolidated financial statements:

Country	Closing rates		Average rates	
	2012	2011	2012	2011
Czech Republic	EUR 1 CZK 25.14	EUR 1 CZK 25.80	EUR 1 CZK 25.143	EUR 1 CZK 24.585
USA	USD 1.319	USD 1.293	USD 1.285	USD 1.392

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 due to income and expenses that will be taxable or tax-deductible in future periods or will never be taxable or tax-deductible. The Group's current tax liability is calculated on the basis of tax rates applicable on the reporting date or which will become applicable shortly after the reporting date.

» Deferred taxes

Deferred taxes are recognized for the 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. 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 deferred tax assets and liabilities are not recognized if the temporary differences relating to the initial recognition of assets or liabilities result from events that do not affect taxable income or net income.

The carrying amount of deferred taxes 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 to realize the asset either in full or partially.

Deferred tax assets and liabilities are calculated on the basis of anticipated tax rates (and tax legislation) that are expected to be applicable at 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 if the liability were to be settled or the asset realized in the manner expected by the Group as of the reporting date.

» Current and deferred taxes for the reporting period

Current and deferred taxes are recognized in profit or loss unless they relate to items recognized either in other comprehensive income or directly in equity. In such cases, the current and deferred taxes are also recognized in other comprehensive income or in equity.

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 statement of profit or loss 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, plant and office buildings	10 – 30 years
▪ Technical facilities and machines	5 – 8 years
▪ Vehicles, other facilities, furniture and office equipment	3 – 14 years

Land is not depreciated. 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 costs less accumulated amortization and impairment write-downs. They are amortized over their expected useful life using the straight-line method and amortization is charged to income. 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. Borrowing costs are not capitalized.

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

- completion of the intangible asset so that it will be available for use 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. The useful life varies between 3 and 6 years and amortization is recognized using the straight-line method.

» Derecognition of intangible assets

Intangible assets are derecognized when they are disposed of, or no further economic benefit is expected to be derived from their use or disposal. The profit or loss resulting from the derecognition of an intangible asset, valued as the difference between the net proceeds and the carrying amount of the asset, is recognized as of the date of derecognition of the asset.

3.11 Impairment of property, plant and equipment and intangible assets

The Group tests the carrying amounts of property, plant and equipment and intangible assets for indications of impairment as of every reporting date. If such indications are identified, the recoverable amount of the asset is estimated to establish the scope of the potential impairment write-down. If it is not possible to estimate the recoverable amount for an individual asset, the recoverable amount is estimated for the cash generating unit to which the asset belongs. If an appropriate and stable basis can be determined for allocation, shared assets are allocated among the cash generating units. If this is not possible, they are allocated to the smallest group of cash generating units for which an appropriate and stable allocation basis can be determined.

Self-created intangible assets, including those that are not yet available for use, are tested for impairment at least once a year or if there are indications of possible impairment.

The recoverable amount is the higher of the asset's fair value less costs to sell and its value in use. To determine the value in use, the estimated future cash inflows are discounted using the pre-tax discount rate. The pre-tax discount rate takes account of the present market assessment of the time value of money and the risks inherent in the asset, insofar as this is not already been taken into account in the estimates of future cash flows.

If the estimated recoverable amount of an asset is below its carrying amount, the carrying amount is written down to the recoverable amount. The impairment write-down is immediately recognized in income. If an impairment write-down is subsequently reversed, the carrying amount of the asset is increased to the new estimate of its recoverable amount. However, the carrying amount may not exceed the carrying amount of the assets if they had not been impaired in previous years. The reversal is recognized directly in income.

3.12 Inventories

Inventories are carried at the lower of cost of acquisition or production cost and net realizable value. The cost of acquisition or production of inventories is measured using the FIFO (first-in first-out method).

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.

3.13 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.

3.14 Financial assets

Financial assets are assigned to the following categories:

- At fair value through profit or loss
- Held-to-maturity financial assets
- Available-for-sale financial assets
- 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 the carrying amount.

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

» 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 measured at fair value and 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.

» Held-to-maturity financial assets

This category comprises non-derivative financial assets with a fixed or determinable payment at a fixed maturity which the Group intends to and has the ability to hold until maturity. Following initial measurement, held-to-maturity financial assets are carried at amortized cost using the effective interest method, less impairments.

» Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are available for sale and are not classified as (a) loans and receivables, (b) held-to-maturity financial assets, or (c) financial assets held at fair value through profit or loss.

» Loans and receivables

Loans and receivables are non-derivative financial assets entailing fixed or determinable payments that are not quoted in an active market. Loans and receivables (including trade receivables, other receivables, balances with banks and cash and cash equivalents) are carried at amortized cost 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 with 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 statement of profit or loss.

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 statement of profit or loss. However, the asset may not be written back to a value above what would have been the amortized cost if an impairment had not been recognized.

» 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.

When a financial asset is fully derecognized, the difference between the carrying amount and the total consideration received or to be received is recognized in profit or loss.

In connection with the classification of financial assets and liabilities, the following abbreviations are used:
AfS = available-for-sale
FVTPL = fair value through profit or loss
LaR = loans and receivables
HfT = held for trading
OL = other liabilities

3.15 Financial liabilities

Financial liabilities are classified either as held at fair value through profit or loss or as other financial liabilities.

» Liabilities recognized at fair value through profit or loss

Financial liabilities are classified as financial liabilities recognized at fair value through profit or loss if they are held for trading. This is the case if they are assumed principally with the intention that they will be repurchased in the short term. In this case, all gains and losses resulting from the valuation of the liabilities are recognized in income. The net profit or loss shown in the consolidated statement of profit or loss includes the interest paid on the financial liability and is recognized in other income/other expenses.

» Other financial liabilities

Other financial liabilities (including borrowing) are carried at amortized cost using the effective interest method.

» Derecognition of financial liabilities

The Group derecognizes financial liabilities when the corresponding liability has been settled or eliminated or has expired. The difference between the carrying amount of the derecognized financial liabilities and the consideration received or to be received is recognized in profit or loss.

In connection with the classification of financial liabilities the abbreviations set out in the Note 3.14 are used.

3.16 Security provided

The Group has provided security for liabilities to banks through blanket assignments (see Note 18), land claims and the pledging of security (see Note 13) and attachment of cash and cash equivalents (see Note 31). In the light of the present economic trend, utilization of this security is not deemed to be probable.

Lessors have security rights under finance leases (see Note 13).

4. Principal sources of estimation uncertainty

In the application of the accounting policies outlined in Note 3, the Board of Directors 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 valuation of assets and liabilities within the following fiscal year.

» Self-created intangible assets

The Board of Directors decides on the basis of the progress of the project whether the criteria for recognition set out in IAS 38 are fulfilled. The cost of production is determined on the basis of the wage costs of the employees involved, separate lists of materials and general overhead allocations.

During the fiscal year, the Board of Directors once again tested intangible assets produced by the Group's development department for impairment. The self-created intangible assets were carried in the consolidated balance sheet at EUR 4.7 million as of December 31, 2012 (2011: EUR 4.7 million).

With the exception of three developments, projects proceeded satisfactorily and customer resonance has also confirmed previous estimates made by the management of the expected future revenues. On the basis of a sensitivity analysis, the Board of Directors has come to the conclusion that the carrying amounts of assets will be realized in full, despite the possibility of lower revenues. Adjustments will be made in subsequent fiscal years if the future market situation/demand from customers suggests that such adjustments are necessary. For information on impairment write-downs on these three developments and other projects in fiscal 2012, see Note 14.

5. Sales

The table shows the Group's sales split:

	Dec. 31, 2012 in EUR '000	Dec. 31, 2011 in EUR '000
Revenues from trading	4,747	7,244
Revenues from production	31,592	34,248
Total revenues from the sale of goods	36,339	41,492

Revenues from trading relate to goods where little or no processing was undertaken. In contrast, revenues from production comprise the sale of goods that have undergone a material production process.

6. Segment information

6.1 Products that generate revenues for the reportable segments

Under IFRS 8, business segments are defined on the basis of internal reporting to the company's chief operating decision maker in order to allocate resources between the segments and assess their profitability. The information reported to the Board of Directors as the responsible management body for the purpose of allocating resources among the company's business segments and assessing their profitability normally relates to the type of goods produced. The production site is in Prachatice (Czech Republic). The reportable segments comprise the following:

» Automotive Technology

The Automotive Technology segment develops, designs and produces 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 well-known automotive brands.

» Industrial Electronics

InTiCa Systems' Industrial Electronics segment specializes in developing and manufacturing high-quality, custom-tailored inductive components, mechatronic modules and system solutions for regenerative energy sources (solar power), and automation and drive technology.

» Communication Technology

This segment comprises DSL splitters for rapid data transfer. The Group's central business focus is the development, production and commercialization of splitter hardware for telecommunications service providers and private households. Splitters are manufactured in collaboration with cooperation partners and production covers all major components. The customer base comprises many well-known telecommunications providers.

6.2 Segment sales and segment result

	Segment sales		Segment result	
	Dec. 31, 2012 in EUR '000	Dec. 31, 2011 in EUR '000	Dec. 31, 2012 in EUR '000	Dec. 31, 2011 in EUR '000
Automotive Technology	18,141	15,375	1,024	1,062
Industrial Electronics	12,283	15,863	-89	168
Communication Technology	5,915	10,254	-912	2
Total	**36,339**	**41,492**	**23**	**1,232**
Income and expenses for non-allocable assets			0	0
Financial result			**-484**	**-594**
Pre-tax profit			-461	638

The sales revenues presented above comprise revenues from transactions with external customers. There were no intersegment transactions (2011: 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 decisions on the allocation of resources to each segment and for assessing its profitability.

6.3 Segment assets and liabilities

	Dec. 31, 2012 in EUR '000	Dec. 31, 2011 in EUR '000
Automotive Technology	18,847	16,722
Industrial Electronics	6,689	9,138
Communication Technology	4,912	7,314
Total	**30,448**	**33,174**
Assets not allocated to any segment	2,983	4,259
Total consolidated assets	**33,431**	**37,433**

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 to the segments, with the exception of the following items:

	Dec. 31, 2012 in EUR '000	Dec. 31, 2011 in EUR '000
Cash and cash equivalents	1,356	1,128
Other current receivables	299	200
Other financial assets	5	1,542
Tax receivables	23	17
Deferred taxes	1,300	1,372
Total	**2,983**	**4,259**

Liabilities are not allocated among the segments.

6.4 Other segment information

	Depreciation, amortization and impairment write-downs		of which impairment write-downs	Additions to non-current assets	
	Dec. 31, 2012 in EUR '000	Dec. 31, 2011 in EUR '000	Dec. 31, 2012 in EUR '000	Dec. 31, 2012 in EUR '000	Dec. 31, 2011 in EUR '000
Automotive Technology	2,648	2,696	6	2,008	2,072
Industrial Electronics	1,084	1,034	46	476	594
Communication Technology	752	1,200	0	243	268
Total	**4,484**	**4,930**	**52**	**2,727**	**2,934**

The total depreciation, amortization and impairment write-downs include EUR 52 thousand (2011: EUR 292 thousand) for amortization of intangible assets. For information on impairment write-downs on self-created intangible assets see Note 14.

6.5 Sales generated by the principal products

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

	Dec. 31, 2012 in EUR '000	Dec. 31, 2011 in EUR '000
Small signal electronics	4,902	6,682
Power electronics	12,653	15,872
Mechatronic components and systems	12,344	10,470
Other	6,440	8,468
Total	**36,339**	**41,492**

6.6 Geographical information

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

	Sales revenues from transactions with external customers		Non-current assets	
	Dec. 31, 2012 in EUR '000	Dec. 31, 2011 in EUR '000	Dec. 31, 2012 in EUR '000	Dec. 31, 2011 in EUR '000
Germany	20,267	22,463	6,874	6,207
Other countries	16,072	19,029	12,680	14,765
of which Switzerland	5,793	6,617		
Total	**36,339**	**41,492**	**19,554**	**20,972**
Non-allocable assets			1,300	1,372
Non-current assets, total			20,854	22,344

The data on sales in Switzerland are based on the location of the customer. Non-current segment assets in other countries comprise the company's production facilities in the Czech Republic.

6.7 Information on major customers

The Group's two largest customers accounted for around EUR 5,181 thousand (2011 EUR 6,063 thousand) and EUR 4,339 thousand (2011: EUR 4,918 thousand) respectively of direct sales of products. That was 14.3% (2011: 14.6%) and 11.9% (2011: 11.9%) of total sales. These are customers of the Industrial Electronics and Automotive Technology segments. In both 2012 and 2011 the other customers were broadly diversified and each accounted for an average of less than 10% of sales.

7. Other income and expenses

Other income

	Dec. 31, 2012 in EUR '000	Dec. 31, 2011 in EUR '000
Gains from foreign currency translation	423	905
Income from reductions in write-downs on receivables	40	0
Other	80	198
Total	543	1,103

Other expenses

	Dec. 31, 2012 in EUR '000	Dec. 31, 2011 in EUR '000
Exchange losses	314	528
Cost of premises	557	511
Insurance premiums, contributions, levies	170	180
Vehicle expenses	249	280
Advertising costs, travel expenses	168	98
Delivery costs	616	871
Maintenance and repairs	382	320
Agency staff	655	808
Other operating expenses	1,216	1,014
Total	4,327	4,610

8. Other financial income

	Dec. 31, 2012 in EUR '000	Dec. 31, 2011 in EUR '000
Interest income from		
Balances on bank accounts	6	9
Other financial assets	4	35
Total	10	44

Breakdown of investment income from assets by valuation class:

	Dec. 31, 2012 in EUR '000	Dec. 31, 2011 in EUR '000
Cash on hand and bank balances (LaR)	6	9
Financial assets recognized at amortized cost (LaR)	4	35
Total	10	44

9. Financial expenses

	Dec. 31, 2012 in EUR '000	Dec. 31, 2011 in EUR '000
Interest on overdrafts and bank loans	476	622
Interest on obligations under finance leases	18	16
Total	494	638

Breakdown of expenses from financial liabilities by valuation class:

	Dec. 31, 2012 in EUR '000	Dec. 31, 2011 in EUR '000
Financial liabilities measured at amortized cost (OL)	494	638

10. Income taxes

10.1 Income taxes recognized in the statement of profit or loss

	Dec. 31, 2012 in EUR '000	Dec. 31, 2011 in EUR '000
Current tax expense	0	1
Deferred taxes	-72	-194
Total	**-72**	**-193**

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

	Dec. 31, 2012 in EUR '000	Dec. 31, 2011 in EUR '000
Income before taxes	-461	638
Theoretical tax income (2011: tax expense)	-137	190
Impact of tax-exempt income/ non-deductible expenses	26	55
Impact of tax-exempt income from foreign subsidiaries	103	-424
Impact of unused tax loss carryforwards not recognized as deferred tax assets	0	-14
Impact of tax audit	-64	0
Total	**-72**	**-193**

The tax rate used for the above reconciliation for 2012 and 2011 is the tax rate of around 30% payable by companies in Germany on taxable income in accordance with the applicable tax legislation.

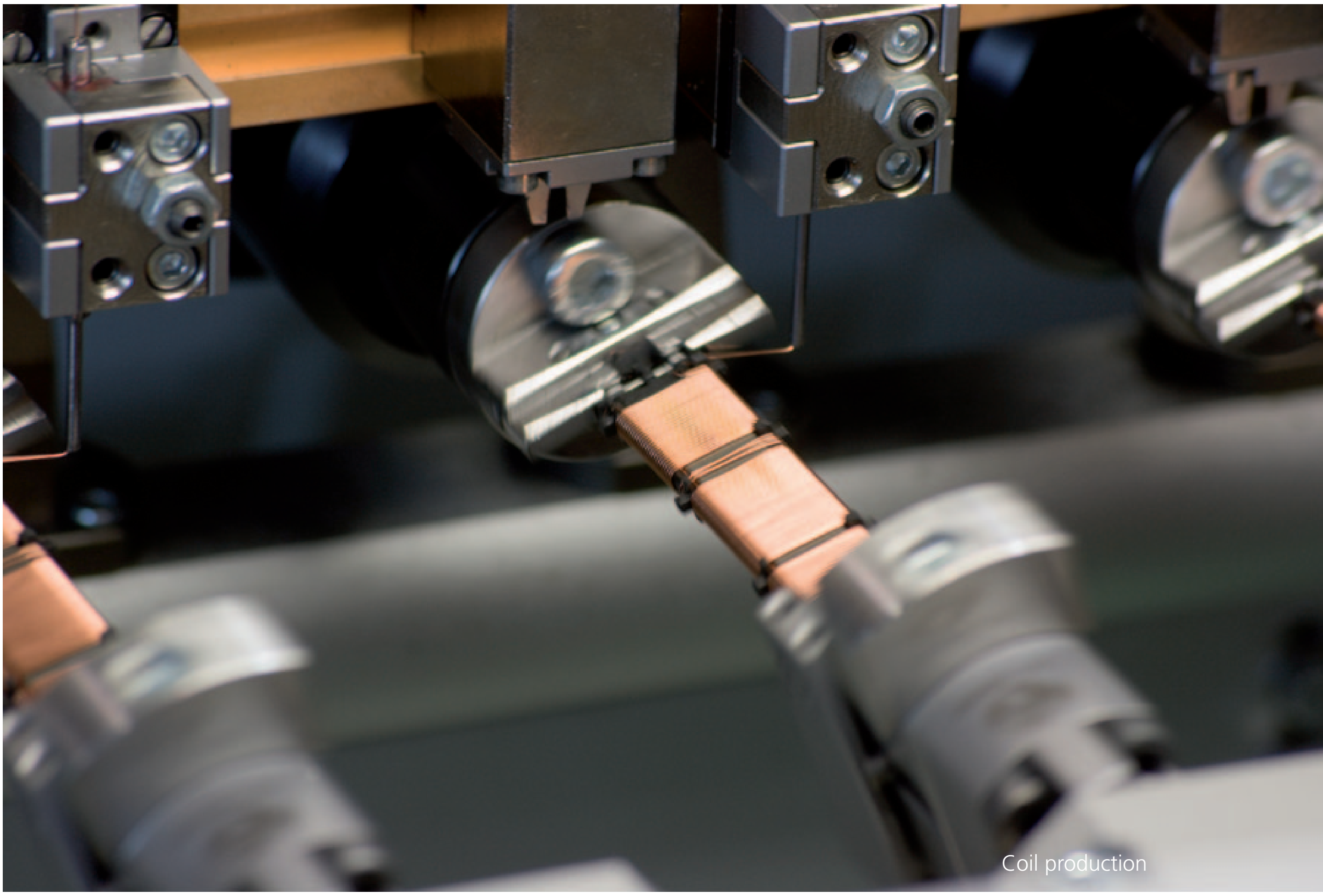
10.2 Current claims for tax refunds

	Dec. 31, 2012 in EUR '000	Dec. 31, 2011 in EUR '000
Current claims for tax refunds	23	17

10.3 Deferred taxes

2012	Initial balance in EUR '000	Recognized in profit or loss in EUR '000	Recognized in other compre-hensive income in EUR '000	Recognized directly in equity in EUR '000	End balance in EUR '000
Temporary differences					
Intangible assets	-1,384	-22	0	0	-1,406
Property, plant and equipment	-313	166			-147
Currency translation differences relating to foreign subsidiaries	-91	0	0	0	-91
Tax losses	1,372	-72	0	0	1,300
Total	**-416**	**72**	**0**	**0**	**-344**
2011					
Temporary differences					
Intangible assets	-1,555	171	0	0	-1,384
Property, plant and equipment	- 477	164			-313
Currency translation differences relating to foreign subsidiaries	-91	0	0	0	-91
Tax losses	1,513	-141	0	0	1,372
Total	**- 610**	**194**	**0**	**0**	**-416**

The tax loss carryforwards to which capitalized tax assets refer relate to tax losses at the parent company in the period 2007-2010.



10.4 Unrecognized deferred tax assets

Profits from the subsidiary in the Czech Republic are exempt from taxation up to a cumulative amount of approximately EUR 11 million. This tax exemption applies up to and including fiscal 2016. The level of the tax exemption results from investments made at the Czech site.

Further, deferred taxes were not recognized for "outside basis differences" because the company is not planning to divest its shares in associated companies and these transactions would in any case be allocated to the tax-exempt operations.

11. Net income

11.1 Depreciation, amortization and impairment write-downs

	Dec. 31, 2012 in EUR '000	Dec. 31, 2011 in EUR '000
Impairment write-downs on property, plant and equipment	0	63
Depreciation of property, plant and equipment	3,027	2,966
Impairment write-downs on intangible assets	52	292
Amortization of intangible assets	1,405	1,609
Total	4,484	4,930

For information on impairment write-downs on intangible assets in the fiscal year, see Note 14.

Head of department tracking orders

11.2 Research and development costs expensed immediately

	Dec. 31, 2012 in EUR '000	Dec. 31, 2011 in EUR '000
Research and development costs expensed in the fiscal year	818	937

11.3 Personnel-related expenses

	Dec. 31, 2012 in EUR '000	Dec. 31, 2011 in EUR '000
Benefits paid under defined-contribution plans after termination of the employment contract (see Note 34).	664	678
Other payments to employees	5,699	5,813
Total	6,363	6,491

12. Earnings per share

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

	Dec. 31, 2012 in EUR '000	Dec. 31, 2011 in EUR '000
Net profit/loss	-389	831
Weighted average ordinary shares (in thousand units)	4,223	4,210
Earnings per share (in EUR)	**-0.09**	**0.20**

The weighted average number of ordinary shares takes account of the purchase/sale of treasury stock (Note 19).

13. Property, plant and equipment
Change in non-current assets in the period January 1, 2011 to December 31, 2012
InTiCa Systems Group

In EUR '000	Land and buildings	Technical equipment and machinery	Other facilities, furniture and office equipment	Advance payments and construction in process	Total
Cost of acquisition or production					
As at January 1, 2011	6,610	19,313	1,632	509	28,064
Additions	22	1.322	214	19	1,577
Transfers	0	191	7	-198	0
Disposals	0	-312	-80	-8	-400
Translation differences	-176	-266	-24	0	-466
As at December 31, 2011 / January 1, 2012	**6,456**	**20,248**	**1,749**	**322**	**28,775**
Additions	51	1,072	161	13	1,297
Transfers	0	113	23	-136	0
Disposals	0	-68	-243	0	-311
Translation differences	155	345	3	0	503
As at December 31, 2012	**6,662**	**21,710**	**1,693**	**199**	**30,264**
Depreciation					
As at January 1, 2011	668	8,541	934	0	10,143
Depreciation	262	2,464	303	0	3,029
Write-ups	0	0	0	0	0
Transfers	0	0	0	0	0
Disposals	0	-312	-69	0	-381
Translation differences	-25	-99	-24	0	-148
As at December 31, 2011 / January 1, 2012	**905**	**10,594**	**1,144**	**0**	**12,643**
Depreciation	258	2,493	276	0	3,027
Write-ups	0	0	0	0	0
Transfers	0	0	0	0	0
Disposals	0	-68	-236	0	-304
Translation differences	17	138	2	0	157
As at December 31, 2012	**1,180**	**13,157**	**1,186**	**0**	**15,523**
Balance sheet value as at December 31, 2012	**5,482**	**8,553**	**507**	**199**	**14,741**
Balance sheet value as at December 31, 2011	5,551	9,654	605	322	16,132

Most additions of property, plant and equipment comprise capital expenditures for expansion.

Assets and land charges pledged as collateral

Land charges (EUR 1,500 thousand) have been registered for developed land owned by the Group with a carrying amount of EUR 5,252 thousand (2011: EUR 5,266 thousand) as security for the Group's liabilities to banks.

Technical facilities and machines with a carrying amount of EUR 1.2 million (2011: EUR 1.4 million) have been pledged as security for a credit liability (EUR 0.4 million).

At the end of fiscal 2012 the Group had liabilities under finance leases totalling EUR 264 thousand (2011: EUR 342 thousand) (see Note 28), which secure the rights of lessors to the leased assets. The carrying amount of leased assets in 2012 was EUR 311 thousand (2011: EUR 360 thousand).

14. Intangible assets

Change in non-current assets in the period January 1, 2011 to December 31, 2012
InTiCa Systems Group

In EUR '000	Self-created intangible assets	Other intangible assets	Total
Cost of acquisition or production			
As at January 1, 2011	10,302	470	10,772
Additions	1,274	83	1,357
Transfers	0	0	0
Disposals	-4,340	-15	-4,355
Translation differences	0	-3	-3
As at December 31, 2011 / January 1, 2012	**7,236**	**535**	**7,771**
Additions	1,397	32	1,429
Transfers	0	0	0
Disposals	-359	-37	-396
Translation differences	0	1	1
As at December 31, 2012	**8,274**	**531**	**8,805**
Amortization			
As at January 1, 2011	4,999	387	5,386
Amortization	1,848	53	1,901
Write-ups	0	0	0
Transfers	0	0	0
Disposals	-4,340	-14	-4,354
Translation differences	0	-3	-3
As at December 31, 2011 / January 1, 2012	**2,507**	**423**	**2,930**
Amortization	1,412	45	1,457
Write-ups	0	0	0
Transfers	0	0	0
Disposals	-359	-37	-396
Translation differences	0	1	1
December 31, 2012	**3,560**	**432**	**3,992**
Balance sheet value as at December 31, 2012	**4,714**	**99**	**4,813**
Balance sheet value as at December 31, 2011	4,729	112	4,841

Where the underlying projects have not been completed or no sales have been generated, self-created intangible assets (carrying amount EUR 1,766 thousand; 2011: EUR 1,785 thousand) are not yet subject to amortization.

Impairment write-downs in 2012

For development projects, the amortization recognized in the income statement includes impairment write-downs of EUR 52 thousand (2011: EUR 292) in addition to regular amortization. The impairment write-downs are due to the fact that, contrary to the original forecasts, the customers will not be placing further orders. The carrying amounts of the development projects were written down entirely because a positive net realizable value was not expected, even in the event of sale of the projects.

15. Subsidiaries

Details of subsidiaries as at December 31, 2012 are presented below:

Name of subsidiary	Head office	Stake in %	Voting rights in %	Main business activity
InTiCa Systems s.r.o.	Prachatice, Czech Republic	100	100	Production
(2011:		100	100	)

The Group wound up its Austrian subsidiary in fiscal 2012. The operations had been transferred to the remaining companies in previous years. A gain of EUR 4 thousand was recognized in current income in connection with deconsolidation of this subsidiary.

16. Other financial assets and other receivables

16.1 Other financial assets

	Dec. 31, 2012 in EUR '000	Dec. 31, 2011 in EUR '000
Receivables recognized at amortized cost		
Bonded loan	0	1,500
Other financial assets	5	42
Total	**5**	**1,542**
Non-current	0	0
Current	5	1,542
Total	**5**	**1,542**

16.2 Other current receivables

	Dec. 31, 2012 in EUR '000	Dec. 31, 2011 in EUR '000
Deferred charges	64	56
Advance payments made	96	78
Current tax receivables	139	66
Total	**299**	**200**

17. Inventories

	Dec. 31, 2012 in EUR '000	Dec. 31, 2011 in EUR '000
Raw materials and supplies	3,692	4,877
Work in process	1,417	1,609
Finished goods	1,063	1,059
Total	**6,172**	**7,545**

Total impairment write-downs on inventories recognized in profit and loss amounted to EUR 26 thousand (2011: EUR 151 thousand). They comprised EUR 18 thousand (2011: EUR 137 thousand) in the Communication Technology segment, EUR 4 thousand (2011: EUR 0) in the Automotive Technology segment and EUR 4 thousand (2011: EUR 14 thousand) in the Industrial Electronics segment. As of the reporting date the carrying amount of these inventories was EUR 17 thousand (2011: EUR 62 thousand).

18. Trade receivables

	Dec. 31, 2012 in EUR '000	Dec. 31, 2011 in EUR '000
Trade receivables	4,764	4,697
Impairment write-downs	-42	-40
Total	**4,722**	**4,657**

Payment terms for products sold are normally 30-90 days. Impairment write-downs on trade receivables are made on a case-by-case basis on receivables that are disputed by the customer.

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 371 thousand (2011: EUR 516 thousand) were due from the group's biggest customers. Trade receivables amounting to more than 5% of total trade receivables (2011: 5%) were due from 8 (2011: 6) customers.

Impairment write-downs were not recognized for trade receivables amounting to EUR 945 thousand (2011: EUR 535 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:

	Dec. 31, 2012 in EUR '000	Dec. 31, 2011 in EUR '000
1 – 30 days	837	250
between 30 and 60 days	32	71
more than 60 days	76	214
Total	**945**	**535**

Changes in impairment write-downs

	Dec. 31, 2012 in EUR '000	Dec. 31, 2011 in EUR '000
Status at start of year	40	40
Amounts written down as uncollectable during the financial year	-40	0
Impairment write-downs on receivables	42	0
Total	**42**	**40**

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 credit cluster risks as the customer base is diversified and there is no correlation within the customer base. The Board of Directors is therefore convinced that no risk provisioning is necessary beyond the impairment write-downs already recognized. The average age structure of impaired receivables was 368 days (2011: 880 days).

To secure credit lines totalling EUR 4.0 million, a blanket assignment has been made. This comprises the parent company's trade receivables. As of the reporting date, the carrying amount of the receivables was EUR 4.7 million.

19. Capital stock

Capital stock and ordinary shares

	Dec. 31, 2012 in EUR '000	Dec. 31, 2011 in EUR '000
4,287,000 fully paid-up ordinary shares	4,287	4,287
Treasury stock	-64	-64
Total	**4,223**	**4,223**

Treasury stock

	Dec. 31, 2012 in EUR '000	% of capital stock	Dec. 31, 2011 in EUR '000	% of capital stock
Status at start of year	64	1.493	210	4.899
Shares sold (nominal capital)	0	0	-146	3.406
Shares repurchased	0	0	0	0
Total	**64**	**1.493**	**64**	**1.493**

The fully paid-up ordinary shares have a theoretical nominal value of EUR 1. Each share 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 July 6, 2012 to increase the capital stock with the Supervisory Board's consent, up to July 5, 2017, by a total of up to EUR 2,143,500.00 in return for cash or contributions in kind, and may exclude shareholders' subscription rights under certain conditions **(authorized capital 2012/1)**.

20. General capital reserve

	Dec. 31, 2012 in EUR '000	Dec. 31, 2011 in EUR '000
Status at start of year	15,389	14,427
Sale of treasury stock	0	580
Pro rata net income	0	382
Total	**15,389**	**15,389**

21. Profit reserve

	Dec. 31, 2012 in EUR '000	Dec. 31, 2011 in EUR '000
Status at start of year	449	0
Net loss	-389	449
Total	60	449

22. Currency translation reserve

	Dec. 31, 2012 in EUR '000	Dec. 31, 2011 in EUR '000
Status at start of year	-572	440
Translation of foreign business operations	431	-1,012
Total	-141	-572

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 currency translation reserve.

23. Financial liabilities

	Dec. 31, 2012 in EUR '000	Dec. 31, 2011 in EUR '000
Unsecured – recognized at amortized cost		
Overdrafts	9	12
Loans	4,000	4,250
Secured – recognized at amortized cost		
Overdrafts	363	1,616
Liabilities relating to finance leases (see Note 28)	264	342
Loans	5,367	5,838
Total	10,003	12,058
Current	1,072	2,407
Non-current	8,931	9,651
Total	10,003	12,058

Summary of financing agreements:
Overdrafts are subject to variable interest during the year. Interest on loans is 1.56% - 5.89% p.a. (2011: 1.7% - 5.89% p.a.).

Non-current loans incur interest at a fixed rate averaging 4.7% p.a. (2011: 4.6% p.a.).

The non-current financial liabilities of EUR 8,931 thousand recognized in the financial year (2011: EUR 9,651 thousand) were shown separately in 2011 under non-current interest-bearing debt and other non-current liabilities.

The current financial liabilities of EUR 1,072 thousand recognized in the financial year (2011: EUR 2,407 thousand) were recognized separately in 2011 in current interest-bearing debt and liabilities relating to finance leases.

24. Provisions

	Jan. 1, 2012 in EUR '000	Utilized in EUR '000	Reversed in EUR '000	Additions in EUR '000	Dec. 31, 2012 in EUR '000
Trade-related commitments (i)	429	429	0	282	282
Personnel expense (ii)	381	381	0	237	237
Other (iii)	40	40	0	30	30
Total	850	850	0	549	549

(i) Provisions for trade-related commitments comprise provisions for expected credit notes and outstanding invoices.

(ii) The provisions for personnel expense cover employees' annual vacation entitlements and a profit-sharing component, and expected contributions to the employers' liability insurance association.

(iii) The other provisions comprise provisions for guarantees and costs for retention obligations.

The provisions presented above are current provisions; cash outflows within the next 12 months are considered probable.

25. Trade payables

Average payment terms of 14 – 60 days are granted for the purchase of certain goods. No interest is charged for this. The Group has financial risk management arrangements in place to ensure that all payables are settled within the term granted. In addition, wherever possible the payment terms for raw material suppliers have been adjusted to match customers' payment terms.

26. Other financial liabilities

	Dec. 31, 2012 in EUR '000	Dec. 31, 2011 in EUR '000
At amortized cost		
Other financial liabilities	201	179

27. Other current liabilities

	Dec. 31, 2012 in EUR '000	Dec. 31, 2011 in EUR '000
Accrued expenses	0	6
Advance payments received	9	125
Other liabilities	147	147
Total	156	278

28. Liabilities relating to finance leases

The Group currently has the following finance leases:

	Minimum lease payments		Present value of minimum lease payments	
	Dec. 31, 2012 in EUR '000	Dec. 31, 2011 in EUR '000	Dec. 31, 2012 in EUR '000	Dec. 31, 2011 in EUR '000
With a residual term of up to 1 year	109	96	96	78
With a residual term of between 1 and 5 years	178	287	168	264
Total	**287**	**383**	**264**	**342**
less Future financing costs	-23	-41		
Present value of minimum lease payments	264	342	264	342
Shown in the consolidated financial statements as:				
- Current liabilities (see Note 23)			83	78
- Non-current liabilities (see Note 23)			181	264
Total			264	342

These relate to a residual value lease agreement for two injection moulding machines, which were leased for a period of 48 months from April 2011 at a leasing rate of 5.8%. At the end of the leasing period, the Group can purchase the machines at the residual value of EUR 71 thousand (corresponding to 18% of the cost of acquisition).

29. Financial instruments

29.1 Capital risk management

The Group manages its equity and debt with the clear aim of optimizing the income, costs and assets of the individual companies in the Group to ensure sustained profitability and sound balance sheet structures. Financial leveraging capacity, sufficient liquidity at all times, and a clear focus on cash-related ratios and management indicators play an important role in ensuring this, in keeping with the Group's strategic focus and long-term objectives.

This ensures that all Group companies are able to operate on the going concern principle. In addition, authorized capital ensures that the Group has the flexibility to raise further equity capital in order to utilize future market opportunities.

The Group's capital structure comprises interest-bearing financial liabilities, cash and cash equivalents and the equity of the parent company. The equity comprises paid-in shares, the capital reserve and the profit reserve.

The Group's risk management regularly reviews the development of the capital structure. In this context, increasing attention is paid to net financial debt as well as to the equity ratio. The ratio of net financial debt to EBITDA is calculated. Thus, further optimal development requires very strong financing capacity (EBITDA) as a basis for the ability to raise debt.

The equity ratio, net debt ratio and EBITDA are shown in the table:

	Dec. 31, 2012 in EUR '000	Dec. 31, 2011 in EUR '000
Equity	19,531	19,489
Total assets	33,431	37,433
Equity ratio	58.4%	52.1%

	Dec. 31, 2012 in EUR '000	Dec. 31, 2011 in EUR '000
Interest-bearing financial liabilities	10,003	12,058
Cash and cash equivalents (-)	1,356	1,128
Net financial debt	**8,647**	**10,930**
EBIT	23	1,232
Depreciation, amortization and impairment write-downs	4,484	4,930
EBITDA	4,507	6,162
Net financial debt/EBITDA	**1.92**	**1.77**

29.2 Categories of financial instruments

	Category	Dec. 31, 2012 in EUR '000	Dec. 31, 2011 in EUR '000
Financial assets		**6,083**	**7,326**
Cash on hand and bank balances	LaR	1,356	1,128
Trade receivables	LaR	4,722	4,656
Financial assets recognized at amortized cost	LaR	5	1,542
Financial liabilities		**11,551**	**15,028**
Financial liabilities recognized at amortized cost	OL	10,204	12,237
Trade payables	OL	1,347	2,791

Financial assets 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.

29.3 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, namely in USD and CZK. Risks relating to the CZK arise during the year in connection with the settlement of receivables and liabilities relating to transactions cross-charged between InTiCa Systems AG and its Czech subsidiary and the netting of receivables and liabilities in the consolidation of liabilities. Converting liabilities into a non-current loan (see Note 22) and recognizing this loan as a net investment has reduced the risks and the volatility of the Group's net income by reducing the open items as it ensures timely settlement of liabilities.

The following table shows the sensitivity of open items in USD to a rise or fall in the euro on the relevant reporting date and the sensitivity of the CZK based on the net amount calculated as the relevant reporting data as a result of debt consolidation.

The parameters used for the sensitivity analysis (USD: +/- 10%, CZK +/- 3.5%) represent the Board of Directors' assessment of a reasonable potential change in the exchange rate. If the euro had appreciated (depreciated) by these percentages against each of these currencies as of December 31, 2012, the impact of the change in the USD exchange rate on Group net income would have been a decline (increase) of around EUR 26 thousand (2011: EUR 13 thousand), while a change in the CZK exchange rate of this magnitude would have increased (decreased) net income by around EUR 59 thousand (2011: EUR 118 thousand).

	Nominal amount as of		Nominal amount as of	
	Dec. 31, 2012 in EUR '000	2012 in EUR '000	Dec. 31, 2011 in EUR '000	2011 in EUR '000
Change in USD (+/-10%)	262	26	170	13
Change in CZK (+/-3.5%)	1,685	59	3,373	118

» Risk of changes in interest rates

Fixed interest rates have been agreed for the vast majority of the Group's interest-bearing receivables and liabilities. Changes in market interest rates would only have an impact if the financial instruments were recognized at fair value. Since this is not the case, the financial instruments bearing fixed interest rates do not entail a risk of changes in interest rates within the meaning of IFRS 7.

Sensitivity analyses were performed for liabilities with variable interest rates. The results were as follows: If the market interest rate had been 100 basis points higher (lower) as of December 31, the result would have been EUR 1 thousand lower (higher).

» Price risks

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

» Risk of default

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 credit 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 the aggregate exposure arising from such 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. The following list shows additional and drawn credit lines available to the Group to reduce future liquidity risk.

	Dec. 31, 2012 in EUR '000	Dec. 31, 2011 in EUR '000
Credit lines		
Amounts drawn	372	1.628
Undrawn amounts	3,728	2,372
Total	**4,100**	**4,000**

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.

	1 year in EUR '000	up to 1–5 years in EUR '000	over 5 years in EUR '000	Total in EUR '000
2012				
Variable-interest financial liabilities	378	0	0	378
Fixed-interest financial liabilities	1,129	9,261	0	10,390
Total	**1,507**	**9,261**	**0**	**10,768**
2011				
Variable-interest financial liabilities	1,683	0	0	1,683
Fixed-interest financial liabilities	1,239	10,272	0	11,511
Total	**2,922**	**10,272**	**0**	**13,194**

30. Related party transactions

30.1 Board of Directors

- **Walter Brückl** Chairman
  Strategy, finance, human resources, production, manufacturing technology, IT, investor relations and public relations
- **Günther Kneidinger**
  Sales, R&D, materials management and quality management

30.2 Supervisory Board

- **Werner Paletschek**
  Chairman of the Supervisory Board, Fürstenzell
  Managing Director of OWP Brillen GmbH
- **Christian Fürst**
  Deputy Chairman of the Supervisory Board, Thyrnau,
  Managing Director of Ziel Management Consulting GmbH,
  Chairman of the Supervisory Board of Electrovac
  Hacht & Huber GmbH (Electrovac Hermetic Packages division),
  Member of the Supervisory Board of UAB Baltik Vairas
- **Detlef Hölzel (until June 30, 2012)**
  Ingolstadt,
  Managing Director of PCE-GmbH
- **Udo Zimmer (from July 1, 2012)**
  Bad Tölz,
  Management consultant

30.3 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 fiscal 2012 was EUR 418 thousand (2011: EUR 402 thousand).

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 members of the Board of Directors.

Individual breakdown of remuneration:

	Performance-unrelated remuneration in EUR '000	Performance-related remuneration in EUR '000	Total in EUR '000
2012			
Walter Brückl	225	0	225
Günther Kneidinger	193	0	193
Total	418	0	418
2011			
Walter Brückl	211	0	211
Günther Kneidinger	191	0	191
Total	402	0	402

The remuneration does not contain any long-term incentives. There are no loans to members or former members of the Board of Directors.

» Remuneration of the Supervisory Board

Sec. 11 of the articles of incorporation of InTiCa Systems AG, which was amended in this respect in 2011, governs the remuneration of the Supervisory Board. This comprises a fixed payment and an allowance for attending meetings of the Supervisory Board (attendance fee).

Alongside the above amounts, the members of the Supervisory Board receive the following graduated payments for financial years in which the company reports a consolidated EBIT margin (ratio of EBIT to sales) of over 3%: 20% of their fixed remuneration if the EBIT margin is over 3%, 50% of their fixed remuneration if the EBIT margin is over 5% and 100% of their fixed remuneration if the EBIT margin is over 10%. No performance-related remuneration was paid for the fiscal year.

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

	Performance-related remuneration in EUR '000	Attendance fee in EUR '000	Total in EUR '000
2012			
Werner Paletschek	15	4.5	19.5
Christian Fürst	12.5	4.5	17
Udo Zimmer	5	3.8	8.8
Detlef Hölzel	5	2,2	7,2
Total	37.5	15	52.5
2011			
Werner Paletschek	15	4,5	19,5
Christian Fürst	12.5	4.5	17
Detlef Hölzel	10	4.5	14.5
Total	37.5	13.5	51

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

30.4 Share ownership

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

	Shareholding (units)	
	Dec. 31, 2012	Dec. 31, 2011
Walter Brückl	19,000	19,000
Günther Kneidinger	1,000	1,000
Werner Paletschek	2,000	2,000
Christian Fürst	2,000	2,000
Detlef Hölzel	n.a.	2,000

Major shareholders

	Shareholding in %	
	Dec. 31, 2012	Dec. 31, 2011
Thorsten Wagner	more than 25	more than 15
Dr. Dr. Axel Diekmann	more than 10	more than 10
bcm invest gmbh	more than 5	more than 5
Karl Kindl	more than 3	more than 3
Dr. Paul und Maria Grohs	more than 3	more than 3
InTiCa Systems AG	1.5	1.5

31. Cash and cash equivalents

The cash and cash equivalents shown in 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 to the corresponding balance sheet items is as follows:

	Dec. 31, 2012 in EUR '000	Dec. 31, 2011 in EUR '000
Cash and balances on bank accounts	1,356	1,128
Overdrafts	-372	-1,628
Total	984	-500

EUR 1.0 million of the balances on bank accounts comprises security for long-term bank loans and is only available for use if other security is provided. The fair value of cash and cash equivalents corresponds to the carrying amount.

32. Payment obligations

	Dec. 31, 2012 in EUR '000	Dec. 31, 2011 in EUR '000
Commitments to acquire property, plant and equipment	612	449

33. Operating leases

Operating lease agreements relate to furniture and operating equipment and business premises and have terms of between 1 and 4 years. For the business premises there is an extension option for a further 10 years.

	Dec. 31, 2012 in EUR '000	Dec. 31, 2011 in EUR '000
Payments recognized as expenses:		
Lease payments	308	295
Non-cancellable lease agreements:		
up to 1 year	285	283
between 1 and 5 years	625	772
more than 5 years	0	0
Total	910	1,055

34. Defined-contribution pension plans

The Group's employees belong to a state pension plan which is managed by the state authorities ("statutory pension insurance"). The parent company and subsidiary are required to pay a certain percentage of personnel expense into the pension plan to fund benefits. The only obligation relating to this pension plan is the payment of these defined contributions. In addition, voluntary premiums are paid to insurance companies for some employees and the Board of Directors. The expenses recognized in the consolidated statement of profit or loss (Note 11.3) comprise the Group's contributions to these pension plans on the basis of the agreed contributions.

35. Events after the reporting date

No reportable events have occurred since the reporting date.

36. Disclosures

The Board of Directors approved the consolidated financial statements for publication on April 24, 2013.

In fiscal 2012 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 February 22, 2012 UBS Global Asset Management (Deutschland) GmbH, Germany, notified us pursuant to sec. 21 paragraph 1 WpHG that its share of the voting rights in InTiCa Systems Aktiengesellschaft, Passau, Germany, ISIN: DE0005874846, WKN: 587484 dropped below the 5% threshold on February 21, 2012 and that as of this date it holds 4.75% of the total voting rights (corresponding to 203,700 voting rights).

On February 24, 2012 Mr. Thorsten Wagner, Germany, notified us pursuant to sec. 21 paragraph 1 WpHG that his share of the voting rights in InTiCa Systems Aktiengesellschaft, Passau, Germany, ISIN: DE0005874846, WKN: 587484 exceeded the 20% threshold on February 21, 2012 and that as of this date he holds 20.17% of the total voting rights (corresponding to 864,563 voting rights). 20.17% of these voting rights (corresponding to 864,563 voting rights) are attributable to Mr. Thorsten Wagner pursuant to sec. 22 paragraph 1 sentence 1, no. 1 WpHG. The attributable voting rights are held via Global Derivative Trading GmbH, whose voting rights in InTiCa Systems AG are 3% or more.

On February 23, 2012 Global Derivative Trading GmbH, Lehrte, Germany, notified us pursuant to sec. 21 paragraph 1 WpHG that its share of the voting rights in InTiCa Systems Aktiengesellschaft, Passau, Germany, ISIN: DE0005874846, WKN: 587484 exceeded the 20% threshold on February 21, 2012 and that as of this date it holds 20.16% of the total voting rights (corresponding to 864,263 voting rights).

Correction to the disclosure made on February 29, 2012 pursuant to sec. 26 paragraph WpHG
Printad Verlags-GmbH, Landshut, Germany, notified us pursuant to sec. 21 paragraph 1 WpHG that its share of the voting rights in InTiCa Systems Aktiengesellschaft, Passau, Germany, ISIN: DE0005874846, WKN: 587484 exceeded the 3%, 5% and 10% thresholds on February 22, 2012 and that as of this date it holds 11.77% of the total voting rights (corresponding to 504,409 voting rights).

On March 26, 2012 UBS Global Asset Management (Deutschland) GmbH, Germany, notified us pursuant to sec. 21 paragraph 1 WpHG that its share of the voting rights in InTiCa Systems Aktiengesellschaft, Passau, Germany, ISIN: DE0005874846, WKN: 587484 dropped below the 3% threshold on March 22, 2012 and that as of this date it holds 0.00% of the total voting rights (corresponding to 0 voting rights).

On September 14, 2012 Mr. Thorsten Wagner, Germany, notified us pursuant to sec. 21 paragraph 1 WpHG that his share of the voting rights in InTiCa Systems Aktiengesellschaft, Passau, Germany, ISIN: DE0005874846, WKN: 587484 exceeded the 25% threshold on September 12, 2012 and that as of this date he holds 25.11% of the total voting rights (corresponding to 1,076,659 voting rights). 25.11% of these voting rights (corresponding to 1,076,659 voting rights) are attributable to Mr. Thorsten Wagner pursuant to sec. 22 paragraph 1 sentence 1, no. 1 WpHG. The attributable voting rights are held via Global Derivative Trading GmbH, whose voting rights in InTiCa Systems AG are 3% or more.

On September 14, 2012 Global Derivative Trading GmbH, Lehrte, Germany, notified us pursuant to sec. 21 paragraph 1 WpHG that its share of the voting rights in InTiCa Systems Aktiengesellschaft, Passau, Germany, ISIN: DE0005874846, WKN: 587484 exceeded the 25% threshold on September 12, 2012 and that as of this date it holds 25.11% of the total voting rights (corresponding to 1,076,659 voting rights).

In addition, in 2013, while preparing the annual financial statements, InTiCa Systems AG received the following notifications of reportable investments pursuant to sec. 21, paragraph 1 WpHG:

On January 25, 2013 Dr. Axel Diekmann, Germany, notified us pursuant to sec. 21 paragraph 1 WpHG that his share of the voting rights in InTiCa Systems Aktiengesellschaft, Passau, Germany, ISIN: DE0005874846, WKN: 587484 exceeded the 15% threshold on January 22, 2013 and that as of this date he holds 15.02% of the total voting rights (corresponding to 643,944 voting rights). 15.02% of these voting rights (corresponding to 643,944 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:
- printad Verlags-GmbH
- Wochenblatt Verlagsgruppe GmbH & Co KG
- Wochenblatt Verlagsgruppe Beteiligungs GmbH

On January 25, 2013 printad Verlags-GmbH, Landshut, Germany, notified us pursuant to sec. 21 paragraph 1 WpHG that its share of the voting rights in InTiCa Systems Aktiengesellschaft, Passau, Germany, ISIN: DE0005874846, WKN: 587484 exceeded the 15% threshold on January 22, 2013 and that as of this date it holds 15.02% of the total voting rights (corresponding to 643,944 voting rights).

On January 25, 2013 Wochenblatt Verlagsgruppe Beteiligungs GmbH, Landshut, Germany, notified us pursuant to sec. 21 paragraph 1 WpHG that its share of the voting rights in InTiCa Systems Aktiengesellschaft, Passau, Germany, ISIN: DE0005874846, WKN: 587484 exceeded the 15% threshold on January 22, 2013 and that as of this date it holds 15.02% of the total voting rights (corresponding to 643,944 voting rights). 15.02% of these voting rights (corresponding to 643,944 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 companies under its control, whose share of the voting rights of InTiCa Systems AG is 3% or more:
- printad Verlags-GmbH
- Wochenblatt Verlagsgruppe GmbH & Co KG

On January 25, 2013 Wochenblatt Verlagsgruppe GmbH & Co. KG, Landshut, Germany, notified us pursuant to sec. 21 paragraph 1 WpHG that its share of the voting rights in InTiCa Systems Aktiengesellschaft, Passau, Germany, ISIN: DE0005874846, WKN: 587484 exceeded the 15% threshold on January 22, 2013 and that as of this date it holds 15.02% of the total voting rights (corresponding to 643,944 voting rights). 15.02% of these voting rights (corresponding to 643,944 voting rights) are attributable to Wochenblatt Verlagsgruppe GmbH & Co. KG pursuant to sec. 22 paragraph 1 sentence 1, no. 1 WpHG. The attributable voting rights are held via printad Verlags-GmbH, whose voting rights in InTiCa Systems AG are 3% or more.

37. Staff

The average number of employees in fiscal 2012 was 351 (2011: 345).

	Dec. 31, 2012	Dec. 31, 2011
Salaried employees	77	76
Industrial employees	269	261
Trainees	1	3
Low-wage part-time staff	4	5
Total	**351**	**345**

38. Auditor's fees

The following fees for services rendered by the auditor were charged to expenses in the fiscal year:

	Dec. 31, 2012 in EUR '000	31.12.2011 in TEUR
Audit services for the fiscal year	60	60
Audit services for the previous year	0	9
Total	**60**	**69**

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

39. German Corporate Governance Code

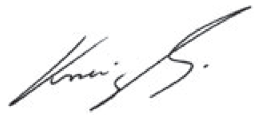
The Board of Directors and Supervisory Board of InTiCa Systems AG issue a declaration of the extent to which they comply with and have complied with the recommendations of the Government Commission on the German Corporate Governance Code published by the Federal Ministry of Justice in the electronic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

The declaration of conformity is part of the declaration on corporate management and is permanently available to investors in the Investor Relations/Corporate Governance section of the company's website: www.intica-systems.de.

Passau, April 18, 2013

The Board of Directors

Walter Brückl
Chairman of the Board of Directors



Günther Kneidinger
Member of the Board of Directors

Offices in Passau

Responsibility Statement

RESPONSIBILITY

We hereby declare that, to the best of our knowledge and in accordance with the applicable reporting principles, the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group and that the management report for the Group includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal opportunities and risks associated with the expected development of the Group.

Passau, April 18, 2013

The Board of Directors

Walter Brückl
Chairman of the Board of Directors

Günther Kneidinger
Member of the Board of Directors

Production area for coils

Growth driven by innovation

- for a secure future

Auditor´s Certificate

AUDITOR´S CERTIFICATE

We have audited the consolidated financial statements prepared by InTiCa Systems AG, Passau – comprising the consolidated balance sheet, consolidated statement of comprehensive income, consolidated statement of changes in equity, consolidated cash flow statement, and notes to the consolidated financial statements – as well as the group management report for the fiscal year ended December 31, 2012. 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 affect the disclosure of financial position and results from operations as presented by the consolidated financial statements and the group management report and with regard to applicable accounting provisions are identified with sufficient reliability.

In establishing the audit procedures, knowledge of the business activities, 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.

Validating a power module

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.

Eggenfelden, April 18, 2013

KPWT Kirschner Wirtschaftstreuhand Aktiengesellschaft
Wirtschaftsprüfungsgesellschaft · Steuerberatungsgesellschaft

Diplom-Kaufmann	Diplom-Betriebswirt (FH)
Karl Unterforsthuber	Albert Schick
Wirtschaftsprüfer (Auditor)	Wirtschaftsprüfer (Auditor)

Technical Glossary

TECHNICAL GLOSSARY

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 autonomous 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 telephone lines. With a download speed of 768 kbit and more per second, it is much faster than both analogue 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_{2O3}), less commonly magnetite (Fe_{3O4}) 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 conductor 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 special 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 voltage 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 existing telephone lines, only the transfer of all data is digital instead of analogue as previously. By a concerted use of several channels, a transmission rate of 128 kbit/s is achieved.

KBit/s Kilobits 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.

Photovoltaic power plants Photovoltaic (solar) power plants are power stations transforming 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 its 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 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 2013

April 24, 2013	Publication of annual report for 2012
April 24, 2013	Press conference / Conference call
May 23, 2013	Publication of interim financial statements for Q1 2013
July 05, 2013	Annual General Meeting in Passau
August 21, 2013	Publication of interim financial statements for H1 2013
Nov. 20, 2013	Publication of interim financial statements for Q3 2013

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