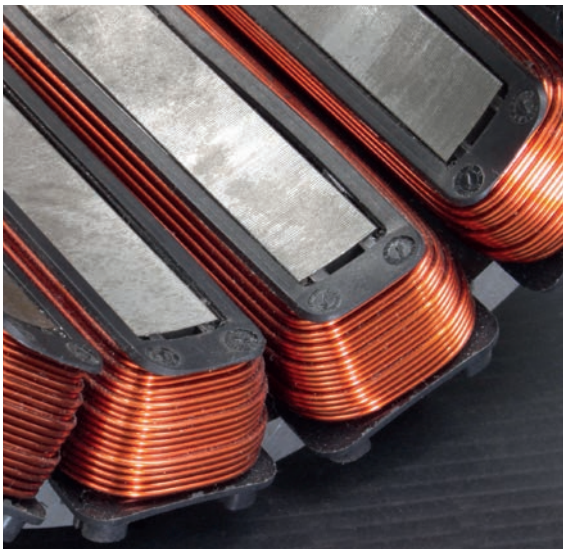

Technologies for growth markets!

2014

ANNUAL REPORT

InTiCa Systems

Key Figures of InTiCa Systems

The Group

	2012 EUR ´000	2013 EUR ´000	2014 EUR ´000	Change in %
Sales	36,339	37,838	40,509	7.1%
Net margin	-1%	1%	-6%	-
EBITDA	4,507	5,705	2,398	-58.0%
EBIT	23	1,006	-2,476	-
EBT	-461	538	-2,869	-
Net profit (loss)	-389	474	-2,430	-
Earnings per share (diluted/basic in EUR)	-0.09	0.11	-0.58	-
Cash flow total	1,483	-578	-1,646	-
Net cash flow from operating activities	3,465	3,818	3,145	-17.6%
Capital expenditure	2,727	3,709	6,199	67.1%

	Dec. 31, 2012 EUR ´000	Dec. 31, 2013 EUR ´000	Dec. 31, 2014 EUR ´000	Change in %
Total assets	33,431	32,563	34,763	6.8%
Equity	19,531	18,588	15,998	-13.9%
Equity ratio	58%	57%	46%	-
Employees incl. agency staff (number)	434	447	507	13.4%

The Stock

	2012	2013	2014	(Mar 31, 2015) 2015
Closing price (in EUR)	3.02	4.35	4.12	4.10
Period high (in EUR)	3.75	4.51	6.00	4.40
Period low (in EUR)	2.47	2.80	3.86	3.87
Market capitalization at end of period (EUR million)	12.95	18.65	17.66	17.58
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,

The unexpected insolvency of one of our Industrial Technology segment's top five customers shortly before the end of 2014 overshadowed the entire financial year and the associated extraordinary costs resulted in a net loss. However, this should not detract from the fact that InTiCa Systems AG took major steps for its future development. We expanded our market position as a solutions provider to the automotive industry and generated considerable sales growth in the Automotive Technology segment. The expertise developed over the years helps us develop innovative new products in the other segments as well. For instance, InTiCa is working intensively on the development and commercialization of actuator coils for industrial facilities and secured B sample orders from well-known customers in 2014. In addition, in the past financial year we invested significant amounts in new machinery and initiated the construction of a new production building. These measures should bring a substantial rise in production efficiency, probably from the second half of the year, and will enable us to align capacity to the increase in demand. Last but not least, in 2014 we paved the way for the construction of a new technology centre at our headquarters in Passau, which is scheduled to come into service in 2015. In this way, we are providing sustained support for the internationalization of the company and increased development of innovative new products in all segments. That is essential to gradually reduce our dependence on individual products and sectors. The insolvency of Sputnik was a painful reminder of how important this is.

Overall, the one-off costs relating to the insolvency of this major customer in the solar sector totalled around EUR 2.5 million in 2014. As a consequence, EBITDA was EUR 2.4 million (margin: 5.9%), EBIT was minus EUR 2.5 million (margin minus 6.1%) and we made a net loss of EUR 2.4 million. The equity ratio, which was materially impacted by the loss, remained acceptable at 46%. By contrast, sales were largely unaffected by the insolvency and grew 7% year-on-year to EUR 40.5 million. There is rising demand for our technologies and solutions, especially in the automotive industry. Here, InTiCa Systems AG was able to lift sales by 24.5% and is now clearly seen by customers as a development partner and solution provider. By contrast, sales declined in the Communication Technology segment and the Industrial Electronics segment (in this case due to the loss of the major customer).

The Automotive Technology segment will remain the most important driver of InTiCa Systems' business in the future. After the first three months of 2015, it is already clear that we can expect this segment to post further significant growth. As reported, the automotive industry now uses InTiCa Systems'

products in more than 300 models and our products are also being integrated into leading international car manufacturers' new volume models. Thanks to this success story, the strategic focus of our company is on the development and marketing of innovative products and system solutions in the other segments as well. Our sales and development team is working intensively on various projects in order to improve sales and earnings in the Industrial Electronics and Communication Technology segments. Thanks to our technical expertise, we can raise our value added still further and raise our systems competency, which in turn will enable us to generate higher margins.

We will be continuing to drive forward our overarching internationalization policy. Investments that are planned or have already been undertaken will provide positive support for this process in the future and will help to improve our earnings situation during this year. Our long-term objective is to realign the production concept and value flows at InTiCa Systems AG for the future. Leaner production and improved delivery performance are essential in response to the enormous increase in volume in recent months and years and will bring the desired improvement in our earnings.

At any rate, 2015 has got off to a positive start. Supported by a slight improvement in overall economic trends, orders on hand were very good at the end of the first quarter. Accordingly, we expect to report further strong sales growth and a return to profit in 2015. Together with increased vertical integration and systems solution competence, offering customerspecific solutions is a key competitive advantage for InTiCa Systems. Customer focus therefore remains a clear focus of all units and departments. The best example is the new technology centre that is presently under construction.

We would like to thank our shareholders and business associates for placing their trust in us. Special thanks are also due to our staff. Their outstanding personal performance makes them architects for our customers and the backbone of our company.

Passau, April 2015

Yours,

Dr. Gregor Wasle
Spokesman for the Board of Directors

Günther Kneidinger
Member of the Board of Directors

Report of the Supervisory Board on Fiscal 2014 GROUP

Dear shareholders,

In fiscal 2014 the Supervisory Board performed the tasks imposed on it by law and the articles of incorporation 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 outlined the discrepancy between the business planning and actual performance, together with explanations, and informed the Supervisory Board of the 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.

In 2014, the Supervisory Board looked particularly carefully at the company's strategic focus and the reorganization of the corporate management. Another focal area of discussions by the Supervisory Board was the development of the various segments. 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 their strategic development of the Group were also discussed regularly with the Board of Directors.

Composition of the Supervisory Board

In the reporting period the Supervisory Board members were Mr. Werner Paletschek (Chairman), Christian Fürst (Deputy Chairman), and Udo Zimmer.

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 nine meetings in 2014. Udo Zimmer was unable to attend the meetings on June 6 and October 2 as he was ill. Otherwise, all members of the Supervisory Board were present at all meetings.

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

January 31, 2014: The provisional data for the 2013 financial statements and the expectations for the first quarter of 2014 were discussed. Selling and development projects were another focus.

March 22, 2014: The main item on the agenda was the presentation and discussion of the corporate strategy, especially the need to increase production capacity and customers' requirements for international production concepts in the medium term.

April 11, 2014: Auditor's report on the 2013 annual financial statements and management report. Further, current business performance and the development of corporate strategy were discussed in continuation of the previous meeting.

June 6, 2014: The focus of the meeting was the report on the business trend in May and expectations for the second quarter. The discussion concentrated principally on internationalization of production and the resulting demands on the company.

July 3, 2014: Report of the Board of Directors on present business performance and expectations for the first six months. Preparations for the Annual General Meeting were another focus.

August 1, 2014: Report and discussion of the increase in order call-offs by customers and the resultant demands on capacity/current delivery performance. The necessary additional investment and the associated financing requirements were also discussed.

October 2, 2014: The latest business trend, initial draft of the sales and business plan as part of an integrated planning process and the necessary additional investments were discussed and decisions were taken. A progress report was given on the projects on internationalizing production.

October 25, 2014: Business performance to date and an initial sales and earnings forecast for 2014 were discussed at this meeting. In addition, various projects for 2015/16, the present delivery situation and the necessary action were discussed.

December 1, 2014: The main topic at this meeting was the insolvency of InTiCa Systems' customer Sputnik and the short and medium-term implications for the company. In addition, adjustments to the sales and earnings forecast for 2014 were discussed, along with the budget for 2015 and the forecast for subsequent years.

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, 2014 to December 31, 2014, 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, 2014, prepared in accordance with the provisions of the German Commercial Code (HGB), were audited by KPWT Kirschner Wirtschaftstreuhand AG, Eggendfelden, Germany, 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 of December 31, 2014, 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.

It was agreed with the auditor that the audit would focus in particular on provisions and the impact of the insolvency of the Swiss customer Sputnik.

At a meeting on April 17, 2015 the provisional figures for the annual financial statements of the company and the Group for 2014 were discussed in the presence of the auditor. At a further meeting on April 22, 2015, the Supervisory Board discussed the annual financial statements for the company, the consolidated 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, the audit reports prepared by the auditor on the financial statements for the company and the Group, and the management reports.

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 2014 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 profit and the latest 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 17, 2015 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 2014. It also thanks InTiCa Systems' customers and partners for their trust and collaboration.

InTiCa Systems AG
Passau, April 22, 2015

The Supervisory Board

Werner Paletschek
Chairman

Company Boards

Board of Directors

Gregor Wasle

Spokesman for the Board of Directors

Engineering graduate

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

Günther Kneidinger

Member of the Board of Directors

Sales, R&D, Materials Management and Quality Management

Supervisory Board

Werner Paletschek

Chairman

Business administration graduate

Fürstenzell

- *Managing director of OWP Brillen GmbH, Passau*

Udo Zimmer

Member of the Supervisory Board

Business administration graduate

Burbach-Wahlbach

- *Managing director of TOP-WERK GmbH*

Christian Fürst

Deputy Chairman

Business administration graduate

Thyrnau

- *Managing partner of ziel management consulting gmbh*
- *Chairman of the Supervisory Board of Electrovac Hacht & Huber GmbH*
- *Advisory board of Eberspächer Gruppe GmbH & Co. KG*

InTiCa Systems

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 Automotive Technology and Industrial Electronics segments and has 507 employees (December 31, 2014) 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

Head office Passau, Germany

- Sales and production development
- Strategic procurement
- HR and Finance
- Employees: 86
  (April 30, 2015)

Production facility Prachatice, Czech Republic

- Modern production facilities with high degree of vertical integration, secure processes and technologies
- Employees: 442
  including 41 agency staff
  (April 30, 2015)

*How we **serve** growth markets*

Automotive Technology

Customer-specific solutions – supplied reliably

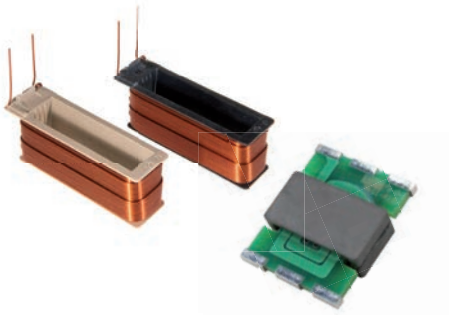
Since 2003 InTiCa Systems has proved itself as a reliable partner for different system suppliers in the automotive industry, especially in the development and manufacturing of customised inductive components and assemblies. Structured processes and procedures as well as an extensive portfolio of customised solutions ensure a reliable and sustainable collaboration. The portfolio offering includes customised solutions for electromobility, hybrid-technology, actuator engineering, driving and access authorisation systems, filters and safety technology.

Industrial Electronics

Highest quality levels – optimised for compact design, power and costs

InTiCa Systems specializes in the development and production of inductive components and mechatronic modules and systems solutions for industrial electronics. One important area here is the development of a wide variety of components and complete systems for transmission technology and high-frequency engineering up to the GHz range. Many years of experience and extensive expertise in the development of inductive components combined with state-of-the-art production facilities enable us to offer optimized solutions of the highest quality. At the same time, we can respond rapidly to enquiries and provide timely samples. Transformers, chokes, coils and transmitters from InTiCa Systems are used in power electronics, EMC filters, inverters for photovoltaic installations and automation and drive technology. The spectrum ranges from communications technology through filters to high-frequency technology.

Automotive Technology



Electromobility/Hybrid Technology

InTiCa Systems supplies tailor-made solutions for both the power train in the stators area as well as the corresponding power electronics such as EMC filters, transformers and derating. To fulfill the respective magnetic requirements, depending on the demands, iron powder materials, ferrites, and metallic alloys are used. For winding technology round wire, upright coils, rectangular wire, stranded wire or copper-foil wire will be used, depending on the application.

Actuator Engineering

InTiCa Systems has specialised in the production of the most varied types of coils and can thus serve nearly all fields of application for "handling, controlling, measuring". For electronic handling actuator coils or so-called tractive solenoid coils are used. Both open coil types as well as cast or injection-moulded actuator types are on offer.

Driving and access authorisation systems

InTiCa Systems offers both antenna as well as transponder technology for applications in driving and access authorisation. InTiCa has special development technical know-how in the electromagnetic fields sector.

Filter Technology

InTiCa Systems delivers complex components for special challenges from EMC solutions (Electro Magnetic Compatibility), which are necessary due to the increasing "electrification" of hybrid and electric vehicles.

Safety Technology

InTiCa Systems offers antenna solutions both in high and low frequency areas for safety engineering applications such as tire pressure monitoring systems.

Diverse products through continuous ***enhancement***

Industrial Electronics

EMC filters/components

EMC filters are nowadays indispensable components in nearly every electronic application. InTiCa Systems offers EMC filters that guarantee the electromagnetic compatibility of the products being used. Common Mode Chokes in all present designs, filter modules as well as filter assemblies are part of the portfolio.

Converter (photovoltaic)

InTiCa Systems develops and manufactures AC-filter chokes, boost converters and boost chokes, high-frequency transformers and inductive modules for solar converters. InTiCa Systems has specialised in the power range from 0-300 kW with a switching frequency of 16-50 kHz. Using their own test assembly to find lost power the coiled goods can be optimised at an early development stage.

Actuator Engineering

InTiCa Systems has specialised in the engineering and manufacturing of solenoid coils for numerous applications.

Automation, drive system technology

InTiCa Systems offers customised solutions for transformers, coils and hybrid transformers for frequency converters as well as stator windings for electric motors.

Filter Technology

InTiCa Systems is a specialist for all types of xDSL filter products, which are used in modern telecommunication networks. These enable the system operators to transmit speech and data signals simultaneously on the existing two-wire circuit between participants and authorities.

Transmission technology and cable applications/ high-frequency Engineering

InTiCa Systems has revised the different components of broadband cable (BC) networks for a frequency range of up to 1.5 GHz and set new standards for the EMC segment. The increasing demand for faster broadband for the so-called Tripe Play Services (TV, Video On Demand, and Internet) has led to the constant expansion of the networks.

The highest quality

Satisfied customers, long-term business relations and trend setting products that are in line with market requirements are the highest aims of InTiCa Systems.These aims are supported by a premium quality production according to quality management system ISO/TS 16949 and a sustainable environmental management system according to ISO 14001.

*New **ideas** for innovative and individual **product solutions***

The success of InTiCa Systems is based on three key factors:

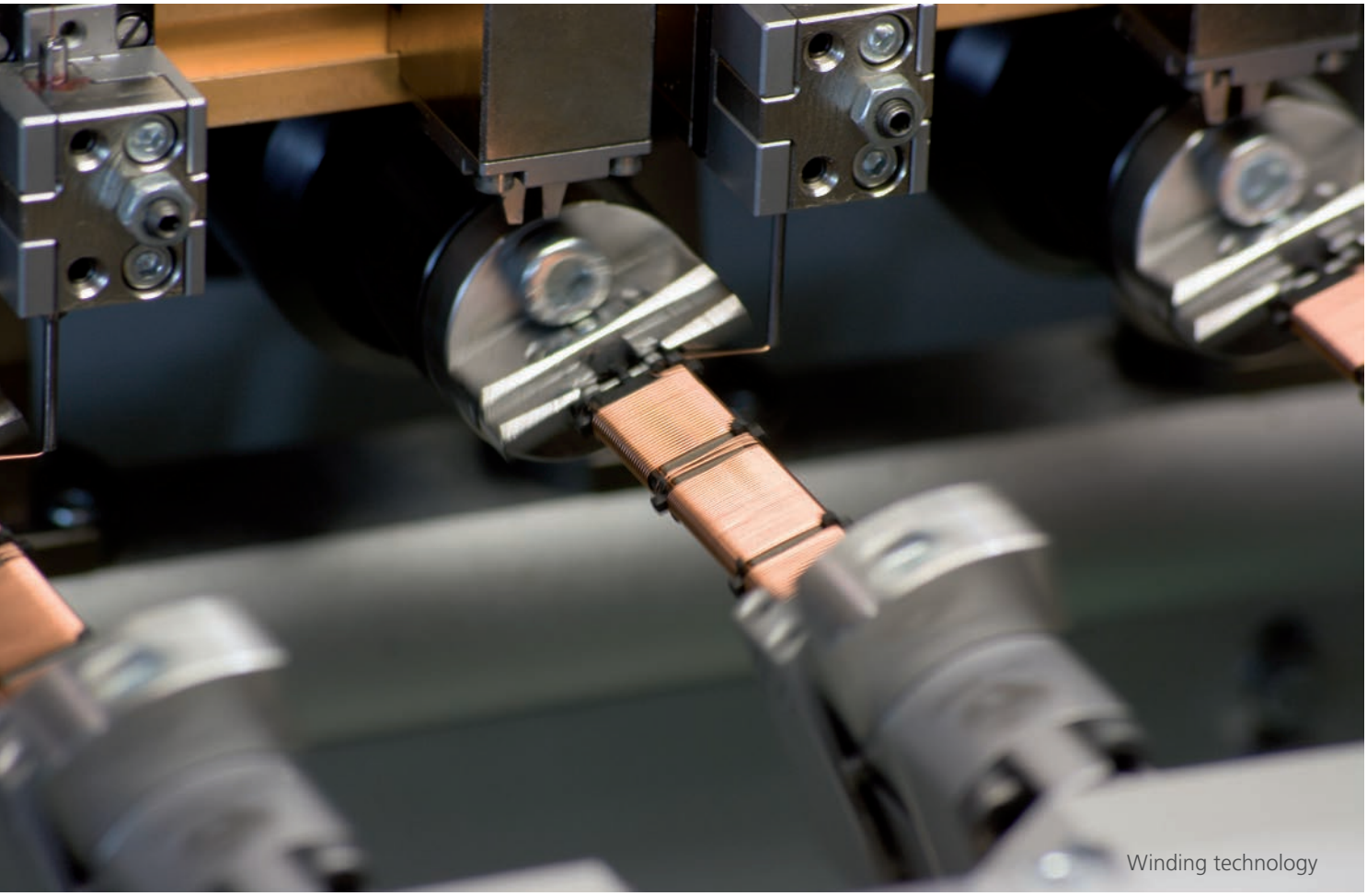
- Development and marketing of innovative products enables us to expand our product portfolio and to achieve a long lasting reduction in dependency on any one particular sales market.
- A continuous extension of our added value, reduction of manufacturing costs, development of system competence and protection of know-how.
- Confidence, reliability and responsibility to our customers and staff help us to achieve an increase in effectiveness.

Production Facility Prachatice, Czech Republic

Production capacity *for present and future* ***requirements***

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.



Winding technology

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

Extending the Prachatice facilities

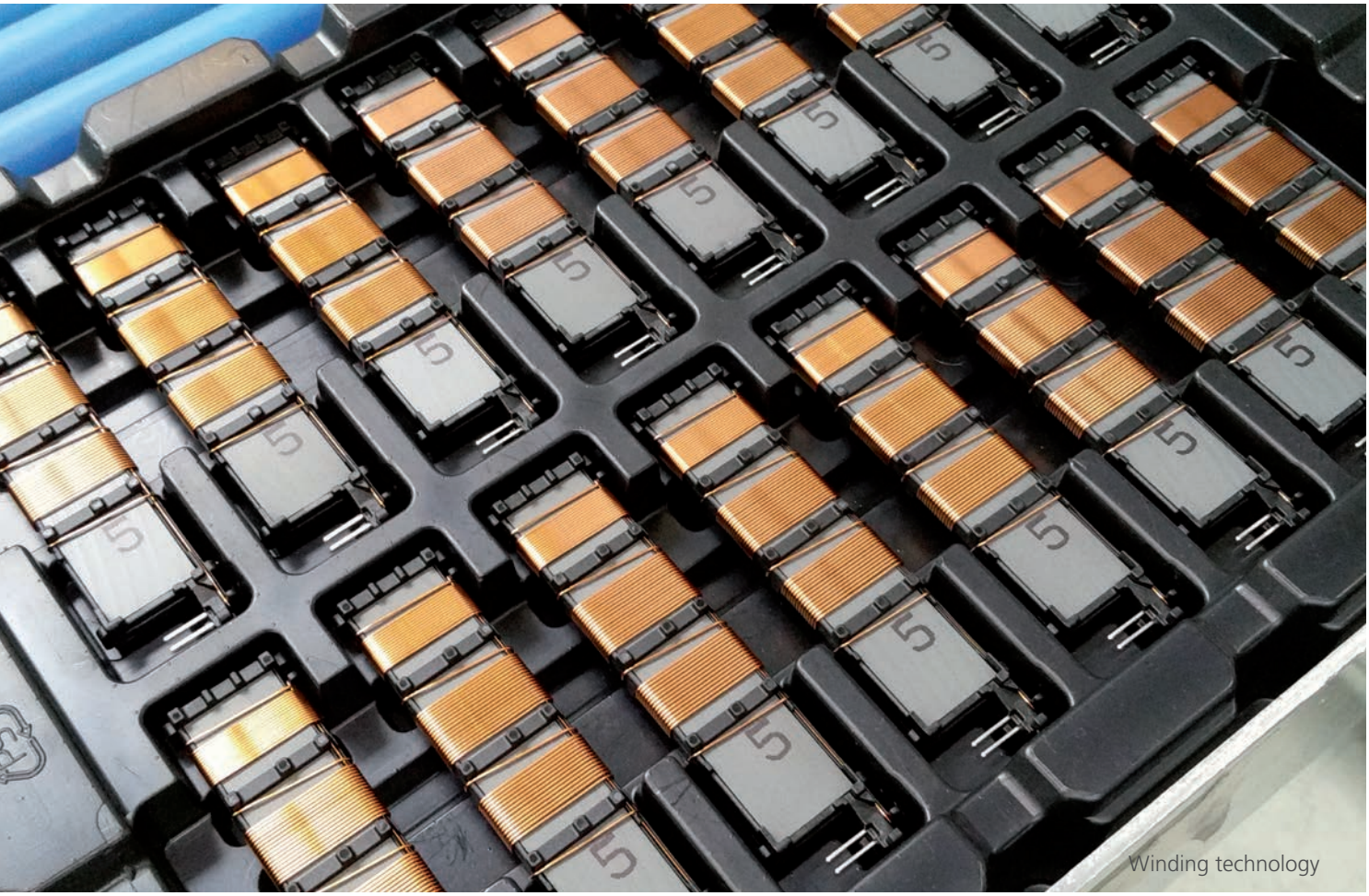
Innovation *and* ***expansion*** *for* ***progress***

Development and Manufacturing from a single source

With their own competence team of developers and manufacturing experts InTiCa Systems supports their customers in finding the most efficient solution for their individual requirements and developing their product ideas to innovative, marketable products.

Experienced specialists continuously devote their attention to the latest technology, develop customised concepts together with the customers and implement these.

The service portfolio includes the development or adoption of the specifications of the product as well as the complete manufacturing, taking all electrical, plastics and moulding relevant conditions into consideration.



Winding technology

Automation maximizes ***efficiency***

for example production of coils

InTiCa Systems' stock in 2014

STOCK

Performance of shares in InTiCa Systems[1]

InTiCa's share price rose considerably at the start of 2014, from EUR 4.35 to a high for the year of EUR 6.00 on January 7, 2014. In mid-January, the share dropped back to its original level and traded between EUR 4.00 and EUR 4.50 for the rest of the year. It briefly dipped below EUR 4.00 in August, hitting the lowest point for the year, EUR 3.86, on August 13. The share subsequently stabilized and continued to trade in a range of EUR 4.00 to EUR 4.50. It ended the year at EUR 4.12 in XETRA trading. That was 5.3% lower than at year-end 2013.

The entire market was extremely volatile in 2014. Driven on the one hand by the low-interest policy and high liquidity and on the other by moderate economic data, wars and sanctions, the German equity index DAX, which comprises the 30 largest listed German companies, traded between 10,000 and 8,500 points. This index closed the year at 9,805.55, a slight gain over the year of around 3%. The TecDAX index, which contains far smaller, growth-focused technology stocks, performed better and gained about 18%. The more broadly based DAXsector Technology index, which covers all technology stocks in the Prime Standard, rose by about 16% over the year.

InTiCa Systems' market capitalization was around EUR 17.7 million at year-end 2014 (December 31, 2013: EUR 18.6 million). 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 69% of trading in the share, followed by the Frankfurt Stock Exchange, which accounted for around 25%. Average trading volume in the company's shares in 2014 was around 163,387 shares per month (Germany). 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	2014	2013
Year high (XETRA® closing price)	6.00	4.51
Year low (XETRA® closing price)	3.86	2.80
Market capitalization at year end in EUR million	17.7	18.65

Closing prices	2014	2013	Change
Shares in InTiCa Systems (XETRA®)	4.12	4.35	-5.3%
DAX	9,805.55	9,552.16	+2.7%
TecDAX	1,371.36	1,166.82	+17.5%
DAXsector Technology	554.03	479.68	+15.5%

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 2014 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.

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. In line with the ad hoc disclosure regulations the markets were notified of the main corporate events in ad hoc or corporate news releases.

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 news 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

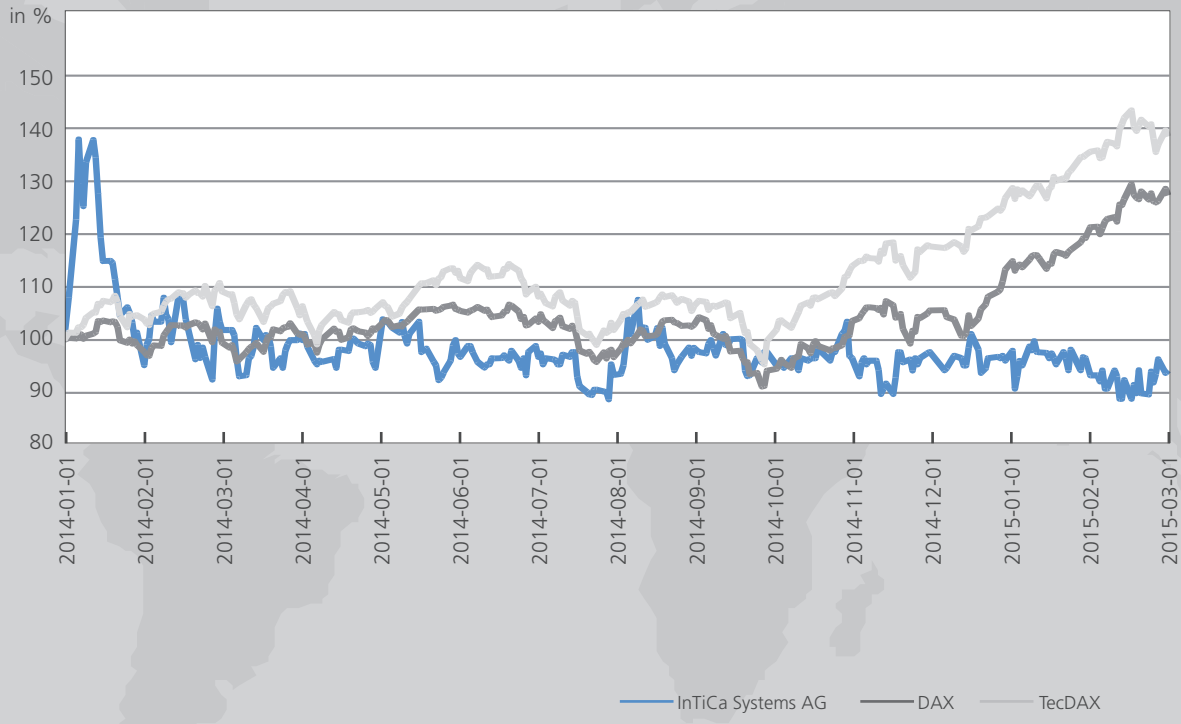
ISIN	DE0005874846
WKN	587 484
Stock market symbol	IS7
Bloomberg ticker symbol	IS7:GR
Reuters ticker symbol	IS7G.DE
No. of shares	4,287,000

Trading segment	Regulated market, Prime Standard
Trading exchanges	XETRA®, Frankfurt, Hamburg, Berlin, Munich, Stuttgart, Düsseldorf
Designated sponsor	BankM
Research coverage	Performaxx Research GmbH

Shareholder structure

The principal shareholders on March 31, 2015 were as follows:

	Shareholding
Thorsten Wagner	over 25 %
Dr. Dr. Axel Diekmann	over 20 %
bcm Invest GmbH	over 5 %
Tom Hiss	over 5 %
Dr. Paul and Maria Grohs	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.

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

The declaration on corporate management pursuant to sec. 289a of the German Commercial Code is available on the internet at www.intica-systems.de in the section 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 2015 the company will comply with the recommendations of the Corporate Governance Code in the version dated June 24, 2014, the following exceptions:

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. However, 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.

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 at the latest four months after the end of the financial year, while interim reports will be published within two months from the end of the reporting period and thus within the statutory deadlines. The Board of Directors and Supervisory Board consider this to be adequate.

The Board of Directors and Supervisory Board adopted their declaration pursuant to sec. 161 AktG on April 17, 2015. 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 personal 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 attributes 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 Board of Directors 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 2014	Appointed from / to	Responsibilities	Further offices
Walter Brückl, date of birth July 16, 1959	April 1, 2008 to December 31, 2014	Chairman of the Board of Directors – responsible for: strategy finance human resources production production technology IT investor relations and public relations	None
Dr. Gregor Wasle, date of birth August 14, 1971	January 1, 2015 to December 31, 2017	Spokesman for 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, 2019	Responsible for: sales R&D materials management and quality	None

Members of the Supervisory Board of InTiCa Systems AG in 2014	Appointed 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	Appointed 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	Appointed 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 Advisory Board of Eberspächer Gruppe GmbH & Co. KG (since February 1, 2015)
Udo Zimmer, business administration graduate, Managing Director of TOP-WERK GmbH, Burbach-Wahlbach	Appointed on July 8, 2011 for the period until the Annual General Meeting 2015	Member of the Supervisory Board	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 2.7 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, 2015, Mr. Günther Kneidinger held 4,000 shares (0.09%), Mr. Werner Paletschek held 4,000 shares (0.09%) and Mr. Christian Fürst held 3,800 shares (0.09%). The company itself held 64,430 shares (treasury stock) as of March 31, 2015 (1.5%).

Directors' Dealings

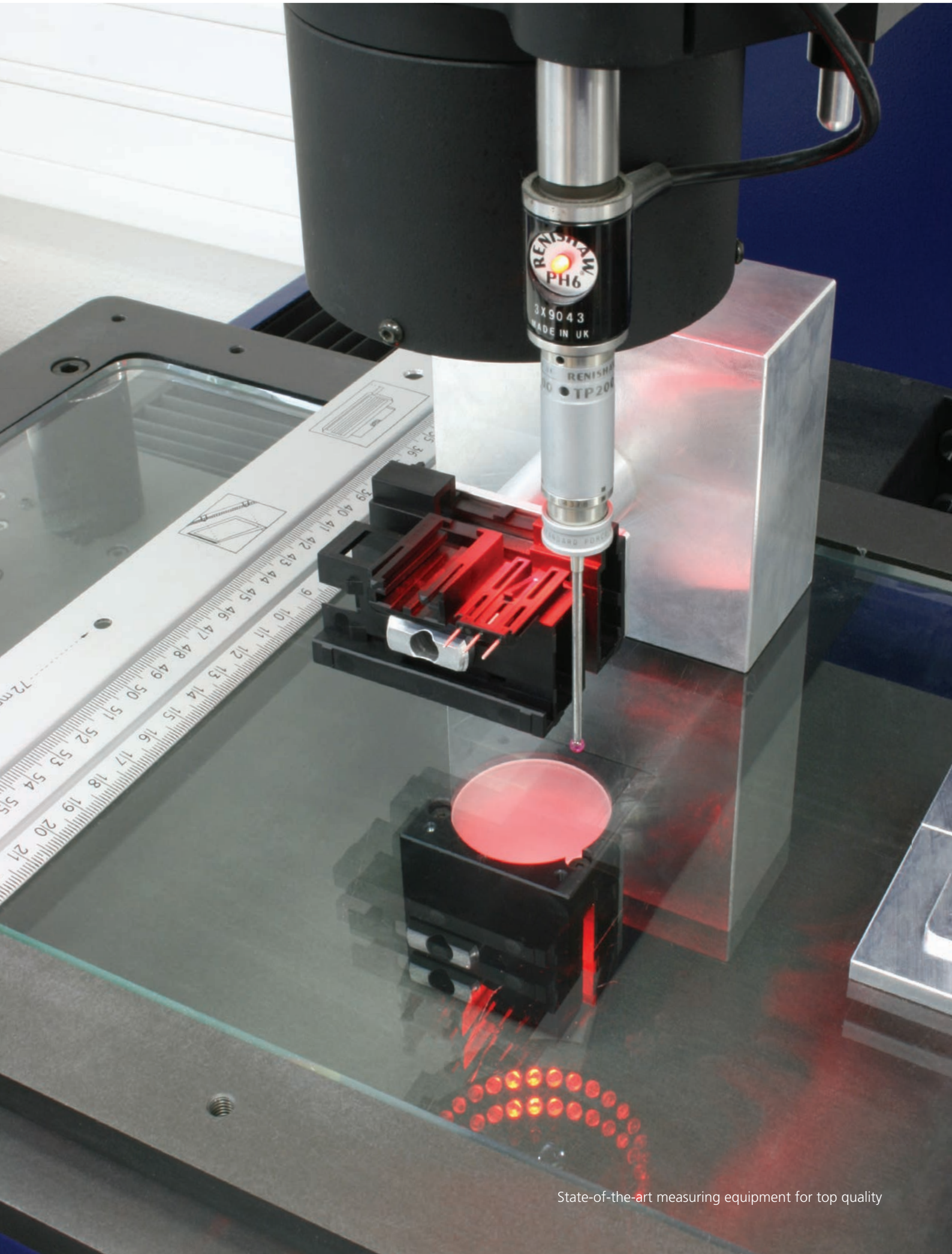
In 2014 the following securities transactions that have to be disclosed pursuant to sec. 15a of the German Securities Trading Act (WpHG) were undertaken by members of the Board of Directors and Supervisory Board of InTiCa Systems AG.

Date	Person	Board	Transaction	No. of shares	Price in EUR	Total value of transaction in EUR	Stock exchange
July 31, 2014	Werner Paletschek	Supervisory Board	Purchase	1,000	4.05	4,050.00	Frankfurt
August 8, 2014	Günther Kneidinger	Board of Directors	Purchase	1,000	3.849	3,849.00	Quotrix

Passau, April 22, 2015

The Supervisory Board
Werner Paletschek
Christian Fürst
Udo Zimmer

The Board of Directors
Dr. Gregor Wasle
Günther Kneidinger



State-of-the-art measuring equipment for top quality

Group Management Report

for the period from January 1 to December 31, 2014

GROUP MANAGEMENT REPORT

The Group management report should be read in conjunction with the audited financial data for the Group 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. Basic information on the Group

1.1 Business activities

InTiCa Systems is a European leader in the development, production and marketing of inductive components, passive analogue switches and mechatronic assemblies. It operates in the Automotive Technology, Industrial Electronics and Communication Technology segments. In these areas the company ranks among the market as 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 for:

- 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, they are extremely reliable and have little exposure to wear and tear.

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.

1.1.1 Automotive Technology

InTiCa Systems' Automotive Technology segment develops and manufactures products for actuators, sensors, power electronics and network topologies in vehicles. Its products are used for keyless entry/go 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. InTiCa Systems' products are used by well-known European, US and Asian manufacturers and their system suppliers.

Automotive Technology is now by far the most important segment for the operating business and the future development of InTiCa Systems. In 2014 this segment grew sales 24.5% to EUR 28.0 million (2013: EUR 22.5 million), increasing its share of Group sales to around 69.1% (2013: 59.4%). EBIT (earnings before interest and taxes) was EUR 1.4 million (2013: EUR 1.6 million). The main reason for the drop in earnings in this segment was the sales-based allocation of fixed costs in the Group. As a result of the drop in sales in the Industrial Electronics and Communication Technology segments, the amount borne by the Automotive Technology segment increased. In addition, higher freight charges had to be borne, especially in the fourth quarter, as a result of a rise in order call-offs by customers.

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

1.1.2 Industrial Electronics

The Industrial Electronics segment's business comprises inverters and converters. It produces and supplies inductive components and systems to transform solar power into electricity for the grid. InTiCa Systems systematically focuses on its expertise and technological edge in power transfer and noise suppression components, coils and filters. For example, the components produced by InTiCa Systems for inverters for regenerative 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 for rail vehicles and equipment to reduce emissions of exhaust gases. This has extended the product portfolio to target a variety of industrial sectors and thus broadened the customer base.

The continued consolidation of the photovoltaic industry resulted in a further drop in Industrial Electronics' sales in 2014. Segment sales fell 11.9% year-on-year to EUR 8.8 million (2013: EUR 10.0 million). This segment's share of total sales therefore slipped from around 26.3% in 2013 to around 21.7% in 2014. EBIT dropped to minus EUR 2.5 million in 2014 (2013: EUR 0.3 million) due to the insolvency of a major customer.

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

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). This segment's portfolio is rounded out by DSLAM and main distribution frame (MDF) splitters.

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.

The Communication Technology segment's sales declined 30.5% year-on-year to EUR 3.8 million in 2014 (2013: EUR 5.4 million). Its share of Group sales therefore dropped to 9.3% (2013: 14.3%). EBIT remained negative at minus EUR 1.5 million (2013: minus EUR 0.9 million). This segment's negative earnings performance was caused by delays with a new product. Its technical complexity required additional development loops, which had repercussions on the timing of start-up, sales and costs. 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. Despite the negative EBIT, all products in the Communication Technology segment generated contributions to cover fixed costs.

1.2 Corporate structure

The only company included in the consolidated financial statements apart from the parent company, InTiCa Systems AG, Passau, Germany, is InTiCa Systems s.r.o. of Prachatice, Czech Republic. The parent company has a stake of 100% in this subsidiary. 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. There has been no change in the scope of consolidation of InTiCa Systems AG compared with fiscal 2013.

1.3 Management system

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 are key factors in this. At the same time, 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. As in previous years, various financial indicators are used for the internal management of the Group. Their development is reported to the Board of Directors in a monthly report.

They include indicators showing the development of sales and earnings by segment, EBIT, EBITDA, orders on hand and inventories, gross profit margin, material consumption and production defects, headcount, liquidity and capital expenditures.

1.4 Research and development

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 for customers in the renewable energies sector. Customers in the automotive industry commission InTiCa Systems to develop and manufacture inductive components, systems and sensors, principally because its designs meet their high technological and quality requirements.

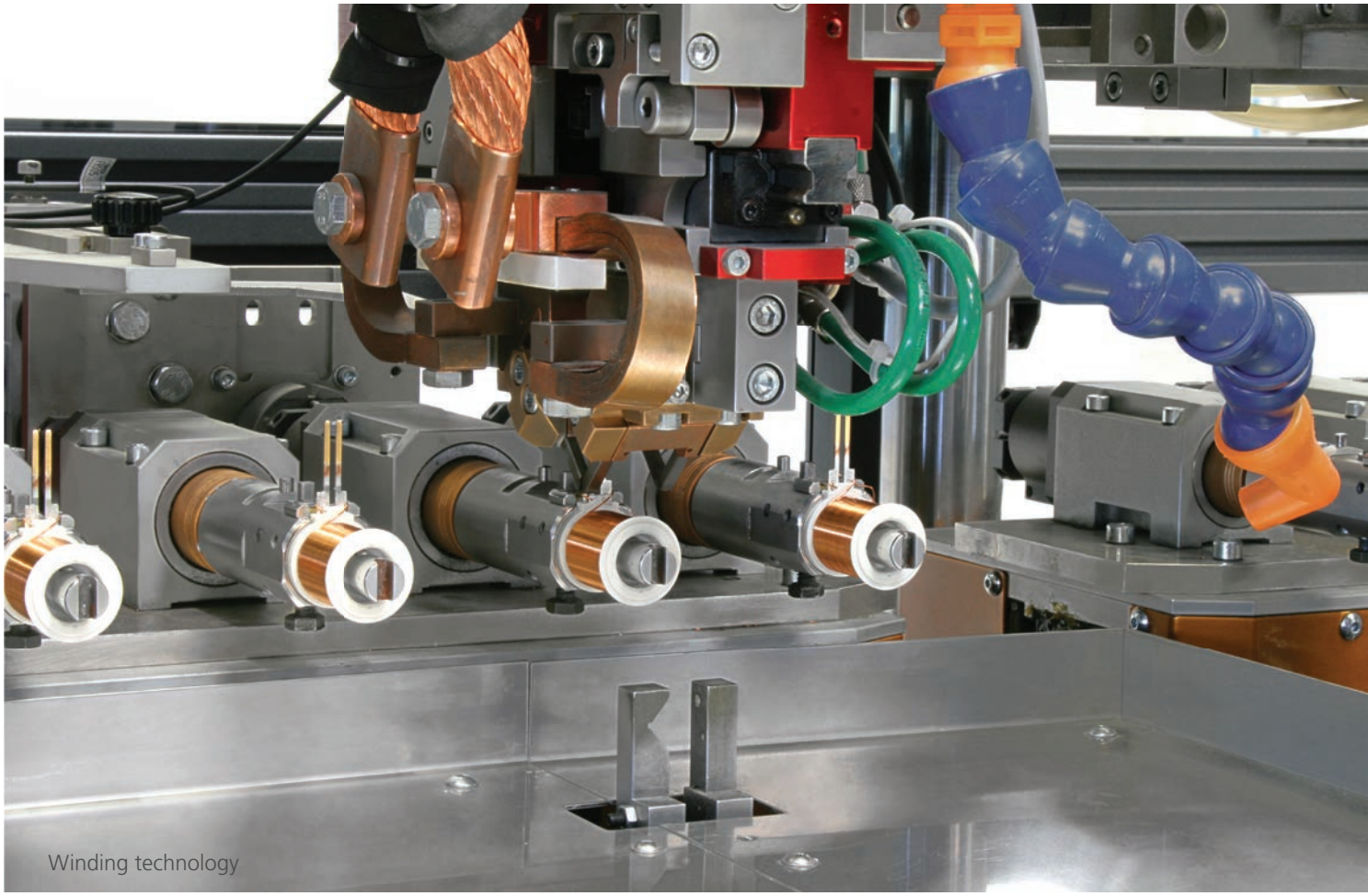
2. Economic report

2.1 General economic conditions

Global production rose very sluggishly in the first half of 2014 but was considerably stronger in the second half. The Kiel Institute for the World Economy (IfW) estimates that the global economy grew by 3.5% in 2014, compared with 3.0% in the previous year.[1] While growth in the emerging markets was 5% in 2014, half a percentage point less than in 2013 owing to slower growth in China, the economic recovery in the advanced economies made clear headway, although momentum was low here too. Overall, output in these countries increased by 1.7% in 2014 compared with 1.3% in 2013. Although the euro zone emerged from recession, the growth rate was lower at 0.9%, well behind the GDP growth rates in the USA and UK which averaged 2.4% and 2.6% respectively over the year. The German economy was between these two poles with a growth rate of 1.6%. One quarter of its growth was absorbed abroad and just over half was due to consumer spending, principally because the sharp drop in the price of crude oil strengthened consumer purchasing power considerably towards the end of the year.

This trend should continue in 2015, supported by investment by the corporate sector, which the IfW predicts could become a second pillar of the upswing. Industrial capacity utilization is already slightly above normal levels and order intake is still trending upwards. Business expectations have also brightened successively over the past four months, although the pace of this improvement has declined. Financing conditions are still very favourable and the IFW considers that this is a good basis for a substantial increase in corporate investment and further momentum for the upswing in Germany. The experts are therefore forecasting that the economy will grow by 1.8% in 2015. Geopolitical risks are having less impact on foreign trade conditions than six months ago, so global economic momentum should also rise to 3.7% in 2015.

[1] Institute for the World Economy: Kieler Konjunkturnachrichten 2015/Q1, March 2015.



Winding technology

2.2 Market and market conditions

2.2.1 Automotive Technology

According to the German Automobile Industry Association (VDA), the international automotive market remained very dynamic in 2014.[2] In particular, there was strong growth in the three big markets: Western Europe, the USA and China. The situation was particularly pleasing in Western Europe, where new car registrations rose 4.8% to 12.1 million, having declined in the previous four years. The US market grew 5.8% to a good 16.4 million vehicles in 2014, bringing it back to the pre-crisis level. Growth momentum continued unabated in China: sales of new cars in the world's largest automobile market increased further, rising 12.7% to 18.4 million vehicles. German car producers were the main beneficiaries of global demand: 5.6 million new cars rolled off German conveyor belts in 2014, an increase of over 3%. The number of new car registrations also grew by 3% in Germany to 3.0 million in 2014. According to the VDA, this shows that German automotive manufacturers have proven their competitiveness, not least in their home market.

The VDA is predicting further growth in the most important markets in 2015, although the momentum is expected to be lower. For example, it predicts that the market in Western Europe will increase by just 2%. The Board of Directors of InTiCa Systems AG and various market analyses anticipate that more and more hybrid and electric vehicles will be brought onto the market in the coming years.

2.2.2 Industrial Electronics

The main applications of relevance for Industrial Electronics' current business are renewable energies (mainly solar power at present). In addition to its power electronics components, products that reduce energy consumption by industrial equipment and domestic appliances, for example, actuators for industrial conveyors, gas combustion systems and exhaust gas regulators are gaining in importance.

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 InTiCa Systems' inductive components and mechatronic modules for inverters. According to estimates by the German Solar Energy Association (BSW-Solar), global demand for solar energy grew by at least 10% in 2014 to well over 40 Gigawatts.[3] The most important growth markets are Japan, China and the United States. In Germany, the number of photovoltaic installations increased by around 7% to approx. 1,500,000 in 2014 (2013: approx. 1,400,000).[4] Photovoltaic capacity increased to around 37,600 MWp (2013: approx.

[2] Verband der Automobilindustrie e. V. (VDA): Press releases of January 5, 2015 and January 16, 2015.

[3] Bundesverband Solarwirtschaft (BWS-Solar): Press release of January 8, 2015.

[4] Bundesverband Solarwirtschaft (BWS-Solar): Entwicklung des deutschen PV-Marktes, January 2015.

35,700 MWp). The installed PV facilities generated around 35.2 GWh electric power in 2014 (2013: 29.7 GWh), equivalent to annual power consumption by around 10 million households. That was around 6% of gross power consumption in 2014 and is expected to rise to at least 10% by 2020.

2.2.3 Communication Technology

The German telecommunications market contracted for the third consecutive year in 2014. According to the Federal Association for Information Technology, Telecommunications and New media (BITKOM), total sales revenues generated with telecommunications services in Germany declined by 0.5% to EUR 65.3 billion (2013: EUR 65.6 billion).[5] According to a study by the German Association of Telecommunications and Value-Added Service Providers (VATM), broadband revenues bucked this trend and increased by around 6% to EUR 5.1 billion.[6] The number of broadband connections in Germany is still rising. The statistics portal statista puts the number of German households with high-speed internet access at 87%. The volume of data transmitted via fixed-line broadband connections increased by more than 30% to 9.3 billion GB in 2014. Network operators are therefore planning to raise investment in their networks by 3.5% to EUR 6.5 billion in 2015.[7]

The main beneficiaries are cable network providers who are able to offer end-customers transmission rates of up to 200 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, introducing vectoring technology and investing in the new mobile communication standard LTE.

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.

2.3 Significant events in the reporting period

New spokesman for the Board of Directors

On September 30, 2014 InTiCa Systems AG announced that the Chairman of the Board of Directors, Mr. Walter Brückl, would be stepping down on December 31, 2014.

Dr. Gregor Wasle was appointed to the Board of Directors of InTiCa Systems AG with effect from January 1, 2015. As spokesman for the Board of Directors, Dr. Wasle assumes the responsibilities of the former Chairman, Walter Brückl. Together with his colleague on the Board of Directors, Mr. Günther Kneidinger, he will be driving forward the company's growth strategy. Since 2009 Dr. Wasle has been Managing Director of the Austrian company ALUTECH GmbH, which belongs to the Salzburger Aluminium Group (SAG).

Insolvency of a major customer

On December 2, 2014, InTiCa Systems AG announced that it would not be able to achieve the forecast made for fiscal 2014. This was due to the direct threat of revenue shortfalls and one-off expenses resulting from the unexpected insolvency application filed by one of the Industrial Electronics segment's biggest customers for inverters, the Swiss-based company Sputnik AG with the bankruptcy authorities in Biel, Switzerland, on November 28, 2014. The impending shortfalls had a negative impact on earnings in fiscal 2014.

The exact level of damage depends on the Swiss insolvency proceedings in respect of the assets of Sputnik AG and their outcome. However, impairment losses and write-downs of around EUR 0.75 million were recognized on receivables and own work capitalized in 2014. In addition, the insolvency affects inventories with a carrying amount of EUR 1.7 million. The Board of Directors is currently examining alternative internal and external uses for these inventories. Overall, the extraordinary costs relating to the insolvency of this major customer in the solar sector totalled around EUR 2.5 million in 2014.

2.4 Earnings, asset and financial position

2.4.1 Overall position

Since the development of the Automotive Technology segment remained very positive, InTiCa Systems AG grew sales to over EUR 40 million in 2014. By contrast, revenues declined in the Industrial Electronics and Communication Technology segments. The Group made a net loss for the year of EUR 2.4 million as a result of extraordinary expenses of around EUR 2.5 million resulting from the insolvency of a major customer, and one-off expenses, for example for the change on the Board of Directors and higher transport costs in the Automotive Technology segment (special freight transport as a result of higher order call-offs and backlogs). As soon as it became aware of the insolvency of a major customer in early December, InTiCa Sys-

[5] BITKOM: ITC market data, March 2015.
[6] Verband der Anbieter von Telekommunikations- und Mehrwertdiensten e. V. (VATM): TC market analysis Germany 2014, October 2014
[7] BITKOM: press release, January 5, 2015

tems AG reduced its forecast, which had assumed sales of over EUR 41 million and an EBIT margin of around 3%.

Equity declined from 57% to 46% due to the net loss. Another factor was the cash outflow for investing activities of EUR 6.2 million in the reporting period. In 2014 InTiCa's investments included around EUR 4.9 million for new machinery to raise production capacity. By contrast, the operating cash flow of EUR 3.1 million was very positive, allowing further capital expenditures to expand production capacity in the Automotive Technology segment. This should provide sustained support for the revenue growth anticipated from the current order situation and should help improve earnings during the year.

2.4.2 Earnings position

» Sales

Group sales advanced 7.1% year-on-year to EUR 40.5 million in 2014 (2013: EUR 37.8 million) as the Automotive Technology segment continued its very positive development. In this segment, sales rose 24.5% to EUR 28.0 million (2013: EUR 22.5 million). That was slightly below the forecast of EUR 28.5 million. This segment therefore increased its share of total sales to 69.1% (2013: 59.4%). In the Industrial Electronics segment, sales dropped 11.9% to EUR 8.8 million (2013: EUR 10.0 million), compared with a forecast of EUR 9.5 million. The difference was attributable to the sales shortfall resulting from the insolvency of a major customer. The Communication Technology segment's sales fell 30.5% to EUR 3.8 million (2013: EUR 5.4 million). Originally the Board of Directors had expected this segment to post sales of EUR 5.0 million. The significant discrepancy was attributable to delays in the commercialization of a new product.

» Expenses

Expenses for raw materials and supplies were 13.1% higher than in the previous year at EUR 25.5 million (2013: EUR 22.6 million). The material cost ratio (based on total output) therefore increased from 58.1% to 61.5% in 2014. The personnel expense ratio also increased in the reporting period, from 17.3% to 19.8% due the recruitment of new staff. The costs for temporary staff at the Prachatice production site, which are recognized in "Other expenses", amounted to EUR 0.4 million in 2014 (2013: EUR 0.6 million). Overall, other expenses increased year-on-year to EUR 5.9 million (2013: EUR 4.4 million). Depreciation and amortization of property, plant and equipment and intangible assets also rose slightly to EUR 4.9 million (2013: EUR 4.7 million).

» Research and development

Research and development expenses totalled EUR 2.1 million in 2014 (2013: EUR 2.1 million). Product development was aligned to customer-specific requirements and was mainly for the Automotive Technology segment. EUR 0.9 million was expensed directly for development work (2013: EUR 0.65 million) and the remaining EUR 1.2 million (2013: EUR 1.45 million) was capitalized. Depreciation and amortization of own work capitalized was EUR 1.6 million in the reporting period (2013: EUR 1.5 million).

» Earnings

EBITDA (earnings before interest, taxes, depreciation and amortization) declined considerably year-on-year to EUR 2.4 million (2013: EUR 5.7 million). The EBITDA margin was 5.9% (2013: 15.1%). The gross profit fell slightly to EUR 14.9 million in the reporting period (2013: EUR 15.0 million) and the gross profit margin therefore dropped to 36.7% (2013: 39.7%).

EBIT (earnings before interest and taxes) was minus EUR 2.5 million in 2014 (2013: EUR 1.0 million), giving an EBIT margin of minus 6.1% (2013: 2.7%). The Board of Directors forecast an EBIT margin of 3.5% for 2014. In view of the insolvency of a major customer and the associated one-off expenses, plus unexpectedly high special transport costs in the Automotive Technology segment and costs for the change on the Board of Directors, which had not been taken into account, the company fell short of this forecast. In the Automotive Technology segment EBIT slipped slightly from EUR 1.6 million to EUR 1.4 million. In the Industrial Electronics segment, the insolvency of a major customer pushed EBIT well into negative territory at minus EUR 2.5 million (2013: EUR 0.3 million), and in the Communication Technology segment it remained negative at minus EUR 1.5 million (2013: minus EUR 0.9 million).

The financial result was minus EUR 0.4 million in 2014 (2013: minus EUR 0.5 million). Financial expense declined slightly year-on-year from EUR 472 thousand to EUR 393 thousand and financial income dropped from EUR 4 thousand to EUR 0 thousand.

The Group made a pre-tax loss of EUR 2.9 million in 2014 (2013: profit of EUR 0.5 million). Taking into account tax income of EUR 439 thousand (2013: tax expense of EUR 64 thousand), a net loss of EUR 2.4 million was recorded (2013: net profit of EUR 0.5 million). Earnings per share were therefore minus EUR 0.58 (2013: EUR 0.11).

2.4.3 Asset position

» Capital structure

Total assets increased from EUR 32.6 million to EUR 34.8 million in the reporting period. Both non-current and current assets increased. By contrast, cash and cash equivalents declined slightly from EUR 1.3 million to EUR 1.1 million. On the liabilities side, equity declined owing to the net loss for the period. The equity ratio therefore dropped from 57% as of December 31, 2013 to 46% as of December 31, 2014. At the same time, current liabilities increased considerably due to an increase in financial liabilities and trade payables, while non-current liabilities were basically stable.

» Non-current assets

Property, plant and equipment increased to EUR 14.4 million in the reporting period (December 31, 2013: EUR 12.9 million) as capital expenditures for new machinery exceeded depreciation of property, plant and equipment. Intangible assets declined slightly year-on-year to EUR 4.5 million (December 31, 2013: EUR 4.8 million), while deferred taxes increased to EUR 1.5 million (December 31, 2013: EUR 1.1 million). Overall, non-current assets increased to EUR 20.3 million as of December 31, 2014 (December 31, 2013: EUR 18.7 million).

» Current assets

Inventories decreased to EUR 6.7 million in the reporting period (December 31, 2013: EUR 7.2 million). At the same time, higher sales led to an increase in trade receivables to EUR 6.5 million (December 31, 2013: EUR 5.2 million). Cash and cash equivalents decreased slightly year-on-year from EUR 1.3 million to EUR 1.1 million. Overall, current assets rose to EUR 14.5 million as of December 31, 2014 (December 31, 2013: EUR 13.8 million).

» Non-current liabilities

Non-current financial liabilities remained stable at EUR 7.6 million in the reporting period (December 31, 2013: EUR 7.6 million). The liabilities to banks comprise fixed-interest loans with a remaining term of up to six years. The loan from KfW is repaid in fixed half-yearly instalments. In November 2013, a new loan was concluded for the bonded loan maturing in 2014. Interest rates on non-current liabilities are between 2.3% and 4.0%.

Deferred tax liabilities were EUR 1.4 million on the reporting date (December 31, 2013: EUR 1.5 million). Overall, non-current liabilities thus decreased to EUR 9.0 million as of December 31, 2014 (December 31, 2013: EUR 9.1 million).

» Current liabilities

Current financial liabilities rose from EUR 2.2 million to EUR 5.0 million in the reporting period as new loans were taken out. At the same time, trade payables increased from EUR 1.6 million to EUR 3.0 million. Current liabilities therefore rose to EUR 9.8 million as of December 31, 2014 (December 31, 2013: EUR 4.9 million).

» Equity

Equity totalled EUR 16.0 million as of December 31, 2014, which was below the previous year's level (December 31, 2013: EUR 18.6 million). This was mainly due to the change in the profit reserve, which decreased from EUR 0.5 million to minus EUR 1.9 million due to the consolidated net loss for the period. In addition, the negative effect of currency translation differences from the Czech subsidiary increased to minus EUR 1.7 million (December 31, 2013: minus EUR 1.6 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.

2.4.4 Financial position

» Liquidity and cash flow statement

Despite the net loss, InTiCa Systems AG generated a net cash inflow from operating activities of EUR 3.1 million in 2014 (2013: EUR 3.8 million). The main positive factors were depreciation and amortization of non-current assets amounting to EUR 4.9 million (2013: EUR 4.7 million), an increase of EUR 1.4 million in trade payables (2013: EUR 0.3 million) and the reduction in inventories of EUR 0.4 million (2013: increase of EUR 1.0 million). By contrast, the cash flow was reduced by an increase of EUR 1.3 million (2013: EUR 0.4 million) in trade receivables.

The net cash outflow for investing activities was EUR 6.2 million in the reporting period (2013: EUR 3.7 million). This comprised EUR 4.9 million (2013: EUR 2.2 million) for property, plant and equipment and EUR 1.3 million (2013: EUR 1.5 million) for intangible assets.

The net cash inflow for financing activities was EUR 1.4 million in the reporting period (2013: outflow of EUR 0.7 million). Cash outflows comprised EUR 1.5 million for scheduled loan repayment instalments and EUR 0.1 million for instalments on finance leases, while inflows from borrowing amounted to EUR 3.0 million.

The total cash flow in 2014 comprised an outflow of EUR 1.6 million (2013: outflow of EUR 0.6 million). Cash and cash equivalents totalled EUR 1.1 million on December 31, 2014 (2013: EUR 1.3 million). Cash and cash equivalents less utilized overdraft facilities therefore amounted to minus EUR 1.2 million as of December 31, 2014 (2013: EUR 0.4 million).

» Capital expenditures

Capital expenditures increased to EUR 6.2 million in 2014 (2013: EUR 3.7 million). EUR 4.9 million (2013: EUR 2.2 million) was invested in property, plant and equipment and EUR 1.3 million (2013: EUR 1.5 million) in intangible assets. Most of the capital expenditures for property, plant and equipment comprised investment in new plant to raise production capacity in the Automotive Technology segment. In addition, construction of a new production building started at the Prachatice site in the Czech Republic. Investment in intangible assets was also mainly for projects in the Automotive Technology segment.

Further capital expenditures for property, plant and equipment of around EUR 7.1 million are planned for 2015. The company's ongoing growth in industrial and automotive technology and expansion of the range of products require speed in customer-specific product development and the associated production technology. To meet its own standards and customers' requirements, in 2015 InTiCa Systems AG is continuing to invest in modern production facilities and in a technology and training centre. This will be used for research and trials on new areas of application and to test the functioning of new machinery and tools to ensure optimum efficiency and quality if they are subsequently used for serial production.

» Employees

The headcount increased to 507 on December 31, 2014, compared with 447 as of December 31, 2013. This figure includes 54 agency staff (December 31, 2013: 62). Expenses of EUR 432 thousand (2013: EUR 566 thousand) for agency staff are included in other operating expenses. The personnel expense ratio, including expenses for agency staff, was 20.8% in 2014 (2013: 18.8%). On average, the Group had 422 employees and 51 agency staff in the reporting period (2013: 371 and 64).

2.4.5 Financial management

The central objective of financial management at InTiCa Systems is to ensure sufficient liquidity reserves at all times, minimize financial risk 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 inflows 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.

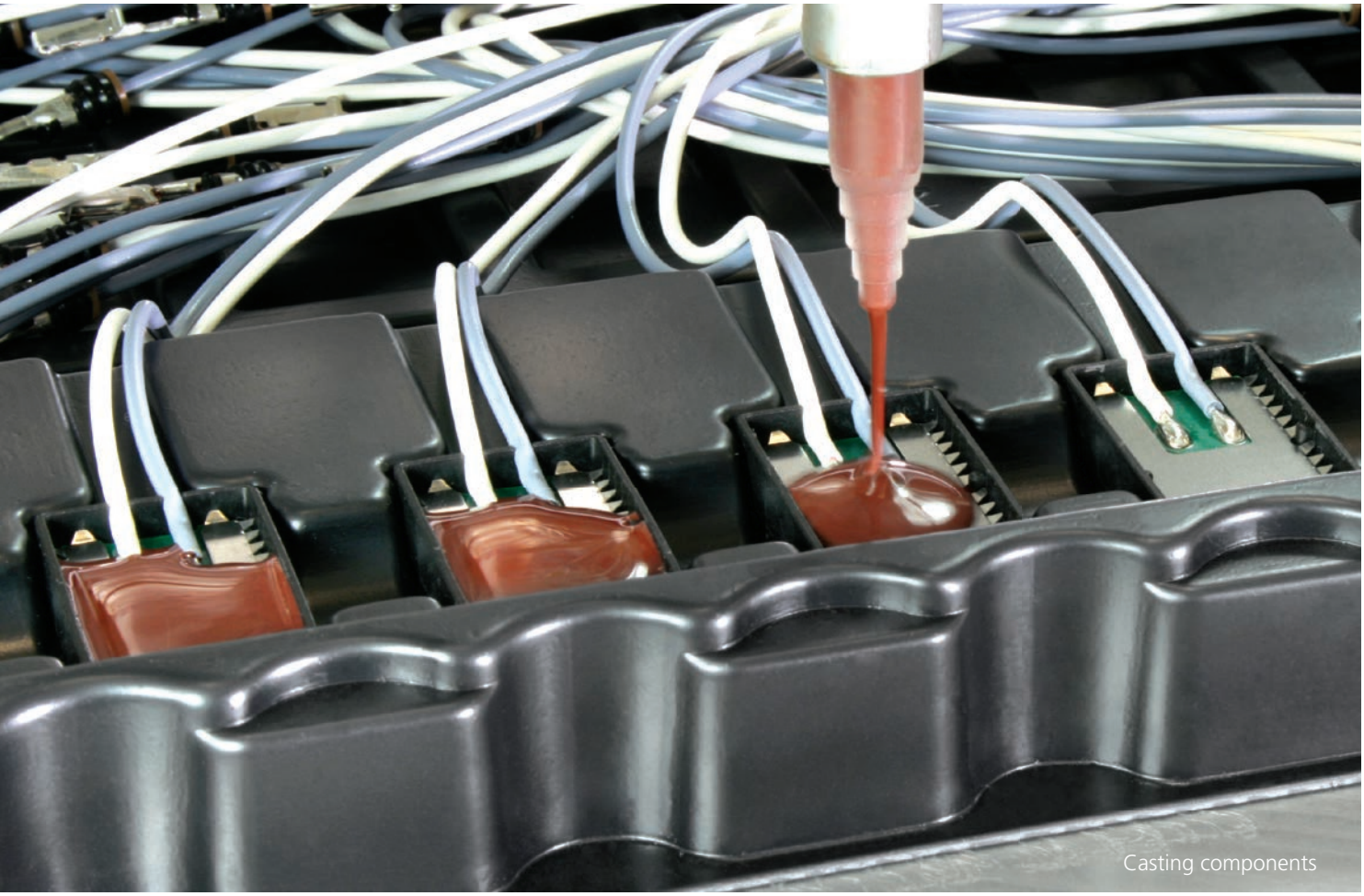
2.5 Financial and non-financial performance indicators

The Board of Directors mainly uses the following financial and non-financial indicators to manage the Group and its development. Great attention is paid to the sustainable development of the Group. The exact presentation of the Group's earnings, net assets and financial position can be found in section 2.4.

2.5.1 Financial performance indicators

» Sales

Group sales grew 7% year-on-year to EUR 40.5 million (2013: EUR 37.8 million). Sales revenues are reported net of products returned by customers, discounts and similar deductions.



Casting components

The budgeted level of around EUR 43 million was not achieved for various reasons. Sales in the Automotive Technology segment were EUR 0.5 million below the planned EUR 28.5 million owing to delivery backlogs. In the Industrial Electronics segment, sales were EUR 0.7 million below the planned level of EUR 9.5 million as a result of the insolvency of a major customer. In the Communication Technology segment, the delayed start of a project was responsible for the EUR 1.2 million sales shortfall compared with the budget.

» Material cost ratio

The material cost ratio is derived from the cost of materials divided by the sum of sales and changes in inventories.

The material cost ratio was 63.22%, well above the prior-year level of 60.07%. This was also due to the insolvency of the major customer as this resulted in write-downs on the value of materials and provisions for goods that could no longer be cancelled totalling more than EUR 1.7 million.

» EBIT margin

The EBIT margin comprises earnings before interest and taxes divided by sales. The EBIT margin was minus 6.1% so the company failed to achieve its planned margin of around 3.5% due to a number of one-off factors. These mainly comprised the insolvency of Sputnik, which was the biggest factor, plus unexpectedly high transport costs and expenses relating to the change on the Board of Directors.

» Equity ratio

The equity ratio comprises the ratio of equity capital to total capital (= total assets). The considerable reduction in the equity ratio from 57% in 2013 to 46% in 2014 was principally due to the consolidated net loss of EUR 2.4 million and a substantial rise in total assets.

2.5.2 Non-financial performance indicators

» Orders on hand

Orders on hand were EUR 35 million as of December 31, 2014 (December 31, 2013: EUR 34 million). 89% of this was attributable to the Automotive Technology segment (2013: 69%). A further 3% was attributable to Industrial Electronics (2013: 27%) and the remaining 8% was attributable to Communication Technology (2013: 4%). The present order situation is very positive so a further rise in sales is expected in 2015. Orders on hand is used by the Board of Directors as an indicator of future business development.

» Customer and product portfolio and vertical integration

Building up the production facilities in Prachatice has increased vertical integration in in-house production from 27% (2007) to 85% (2014). Increased vertical integration increases value added and thus the benefits for customers, as well as the ability to market higher-margin products. At the same time, a diversified customer and product portfolio is extremely important. This strategic focus safeguards know-how, reduces production costs, increases flexibility and decreases dependence on individual customers and products.

» Quality management

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.

» Skilled staff

High-quality products and developments and competent advice for customers are key elements in InTiCa Systems' corporate policy. Ensuring qualified personnel is therefore an overriding task for 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. To secure sufficient qualified staff for the future, InTiCa Systems trains apprentices and generally hires them when they have completed their training.

» Environmental protection

As well as manufacturing products that increase environmental protection, InTiCa Systems AG places great value on environment-friendly production processes. For instance, an environmental management system that conforms with DIN EN ISO 14001:2009 has been integrated into the production site in Prachatice. 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.

2.6 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	2014	2013	2014	2013	2014	2013	2014	2013
Sales	27,973	22,468	8,782	9,969	3,754	5,401	40,509	37,838
Pre-tax earnings (EBIT)	1,449	1,583	-2,456	290	-1,470	-867	-2,476	1,006

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

	Germany		Other countries		Total	
in EUR '000	2014	2013	2014	2013	2014	2013
Sales	23,075	22,410	17,433	15,428	40,508	37,838
Segment assets	14,023	12,410	18,042	17,524	32,065	29,934
Average no. of employees	76	63	397	372	473	435
of which agency staff	0	0	51	64	51	64

A full description of the segments and details of segment performance can be found in sections 1.1 and 2.2 of this management report.

2.7 Remuneration system of the Board of Directors and Supervisory Board

2.7.1 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. The variable component is based on the EBIT margin achieved. From an EBIT margin of 4%, the members of the Board of Directors receive variable compensation of 20% of their annual base salary. The increase in the variable compensation is graduated. The maximum is 100% of their annual base salary for an EBIT margin of 14%. Payment is spread over three years. The second and final instalments are only paid if the EBIT margin has not deteriorated by more than 25% compared with the year in which the bonus was granted. A company car is made available to each member of the Board of Directors. 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.

2.7.2 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 compensation if the EBIT margin is over 3%, 50% of their fixed compensation if the EBIT margin is over 5% and 100% of their fixed compensation 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.

The total remuneration of both boards in fiscal 2014 was EUR 772 thousand (2013: EUR 483 thousand) and includes the termination benefit for Mr. Brückl, which will be paid in 2015.

2.8 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 24 et seq. of this annual report. In addition, the corporate governance report is available on the company's website at Investor Relations/Corporate Governance.

2.9 Other information

Composition of the capital stock

The capital stock of InTiCa Systems AG is 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 shares), 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 (Germany) and Dr. Diekmann (Germany) 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 InTiCa Systems AG 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 has not issued any shares that allow direct exercise of control rights.

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) and sec. 5 of the articles of incorporation. 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 except for amendments for which the German Companies Act stipulates a larger majority. 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.

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, 2014, InTiCa Systems still had treasury stock amounting to 64,430 shares (December 31, 2013: 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. The company has not yet used this authorization.

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 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% 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.

3. Events after the reporting period

» Combination of the Industrial Electronics and Communication Technology segments in 2015

With the agreement of the Supervisory Board, the Board of Directors has resolved to combine the Industrial Electronics and Communication Technology segments as from 2015. This decision is based on sustained market, customer and corporate trends. It also correlates with the principles of simplifying and focusing the company. The present products of the Communication Technology segment will be continued and driven forward as part of the Industrial Electronics segment. This change is applicable from fiscal 2015 and will be reflected for the first time in the report on the first quarter of 2015.

» Change in the Board of Directors

Dr. Gregor Wasle was appointed to the Board of Directors with effect from January 1, 2015; please see section 2.3 of this Management Report.

4. Risk management and risk report

4.1 Risk management

InTiCa Systems' business is exposed to a large number of risks that are inseparably linked to entrepreneurial activity. According to the internal definition, 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 company's risk management is not based on a generally accepted basic concept.

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.

Potential risks are entered in a risk management system installed at the company, analysed and classified on the basis of their probability of occurrence and potential damage. The risks are not quantified. Neither categoric exclusion nor fundamental avoidance of specific risks is planned. 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 and 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.

4.2 Risk management relating to the accounting process

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, especially 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.

4.3 Risks

» *Market risks*

Through its Automotive Technology, Industrial Electronics and Communication Technology segments, InTiCa Systems AG 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.

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).

» *Customer dependence*

The sales split between the segments is as follows: Communication Technology 9.3%, Automotive Technology 69.0%, Industrial Electronics 21.7%. Within each segment, the proportion of sales generated with the largest customers is as follows: Communication Technology 23%, Automotive Technology 23% and Industrial Electronics 40%. If one or more of the segments were to lose major customers and be unable to replace them with equivalent new customers, this could adversely affect InTiCa Systems' business, as was seen in fiscal 2014.

» *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.

» *Personnel risks*

In principle, there is a risk that key employees, especially sales and research and development personnel, could leave the company. InTiCa Systems counters this risk through a varied and interesting working environment, 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.

» *Liquidity risk*

InTiCa Systems currently has one loan from the KfW development bank (EUR 2.5 million) and two further loans, one with a term of 7 years that was agreed in November 2013 (EUR 4.8 million) and one with a term of 5 years that was agreed in December 2014 (EUR 2.9 million).

These loans are used to secure liquidity. In addition, InTiCa Systems has credit lines of EUR 8.3 million. EUR 2.3 million of this amount was drawn as of the reporting date. Further, the company has cash and cash equivalents of EUR 1.1 million.

» *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 the difference between procurement and sales in US dollars was negligible in previous years and this was also expected to be the case in 2014, the company did not undertaken any currency hedging in 2014 or previous years.

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 rise in the Czech koruna and the related increase in wage costs for production personnel.

» Interest rate risk

The company's exposure to the risk of short-term changes in interest rates on its loans is limited as the term of the loans ranges from two years for the loan from KfW and six years on for the loans taken out in 2013. All debt is based on fixed market rates. 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.

» 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 an 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 is suffering from 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. This was experienced at first hand by the insolvency of a major customer in 2014. It cannot be ruled out that strategic customers of InTiCa Systems could get into financial difficulties in the future too. As in the past, the company did not take out credit insurance in 2014. The options of credit insurance for goods and factoring are being evaluated for the period from the start of 2015 to provide InTiCa Systems with corresponding protection from 2015.

4.4. Overall statement on the 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 from operating activities was clearly positive 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 increase in capacity in the Automotive Technology segment, the introduction of new products and increasing diversification of markets will help generate further sales growth and bring a sustained stabilization of earnings.

5. Opportunities and management of opportunities

5.1 Management of opportunities

The markets of relevance to InTiCa Systems are constantly changing so new opportunities are constantly arising. Timely identification, and correct assessment and utilization of such opportunities are key success factors for InTiCa Systems AG. The potential may be either internal or external. InTiCa Systems does not have a system to manage opportunities.

Moreover, opportunities are not quantified. Analysing opportunities falls within the remit of the Board of Directors. The strategic focus of the company and the operating measures taken are based on its analysis of opportunities. Besides, opportunities always involve risks. The role of risk management is to evaluate such risks and minimise them insofar as possible. InTiCa Systems strives to achieve a balance between opportunities and risks.

The next section outlines the most significant opportunities for InTiCa Systems AG. However, these are only an excerpt from the opportunities that arise. Further, the assessment of opportunities is subject to continuous change as the relevant markets and technological conditions are constantly changing. This can also generate new opportunities.

5.2 Opportunities

Continued repositioning as a systems supplier

By developing and introducing new products, InTiCa Systems aims to increase value added and at the same time raise vertical integration and strengthen its position as a solutions supplier for its customers. As a solutions provider, InTiCa Systems takes on a far broader range of tasks and develops complete systems in collaboration with customers for use in their end-products. In this way it can offer customers far greater added value, retain them over the long term, and gain higher margins when negotiating prices.

Introduction of solutions for volume models/hybrid and electric drives

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.

For example, since 2013 InTiCa Systems has produced various key components for hybrid vehicles for a well-known system supplier. The specific demands made on these components, which are 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.

New developments for industrial applications

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 for energy-saving industrial equipment and domestic appliances.

Good access to system suppliers to the automotive industry

InTiCa Systems' 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. Consistently high product quality and a technological edge make it easier for InTiCa Systems to place new developments with customers in the automotive sector.

Development and manufacturing expertise

Thanks to its expertise in developing and producing inductive components (coils, chokes, power transfer, etc.), passive analogue switches (electronic filters) and mechatronic modules (combining various inductive components in an assembly), InTiCa Systems is able to address the requirements of potential customers and find solutions to new problems. Available synergies are also being leveraged, for example, for energy conversion in electric and hybrid vehicles. There is constant knowledge transfer and utilization of the related synergies between organizational units and technologies to ensure that the current products and solutions can trigger new applications.

Expansion of international business

Expanding its international presence offers further potential for InTiCa Systems to raise sales and increase its customer base. In the long term, building up international sales and production alliances and/or setting up branches will help InTiCa Systems become established internationally. Based on customer orders, at the end of 2014 InTiCa Systems started to pave the way for an international production facility. To this end, it has entered into talks with potential partners.

5.3 Management assessment of the overall risk and opportunity situation

The Board of Directors is of the opinion that there are currently sufficient opportunities in the Automotive Technology and Industrial Technology segments to ensure the future growth of the company.

A general view of the opportunities and risks that could influence the future development of the InTiCa Systems Group results in a confident overall assessment.

There are currently no identifiable risks that could jeopardize the future existence of the company.

When this report was prepared, it appeared that the individual risks relating to InTiCa Systems could be contained and controlled. Measures have been taken in all areas of the Group's operations to prevent an increase in risks. At the same time, a large number of activities geared to utilizing the opportunities outlined here are being addressed.

6. Outlook

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 using the growth prospects offered by the market.

6.1 Segment trends

» Automotive Technology

The Board of Directors expects a sustained positive development on the automotive market in 2015, with growing penetration of models in which InTiCa's electronic products are used to enhance comfort. At present, the company's products are used in more than 300 models manufactured by 20 different producers.

In particular, demand for hybrid and electric vehicles will rise, contributing to a further increase in unit sales of InTiCa's power electronics and stators. Some new customers have placed serial orders for stators for hybrid vehicles and actuators for fuel injection systems. InTiCa has already beaten the competition to gain orders for several hybrid vehicles and has submitted offers for further models. Moreover, at the start of 2014 it acquired its first order for components for a hybrid commercial vehicle, which is scheduled to go into serial production in 2017. In addition, further clear growth is expected to come from additional management elements, which should raise demand for actuator coils. Keyless entry/go systems will also become more significant in the coming years and will replace mechanical systems. The Board of Directors therefore assumes that InTiCa Systems' products for keyless entry/go systems for mid-class and compact cars will make a considerable contribution to securing sales growth in the future.

InTiCa Systems AG has now established itself as a reliable partner for system suppliers and is accepted as a development partner. For example, it has been commissioned to act as a development partner to design a filter to suppress electromagnetic interference in a hybrid car. In 2014, the company invested in new production capacity and hired new employees. Based on the present situation, the Board of Directors assumes that Automotive Technology will report a further rise in the double-digit percentage range.

It expects this segment to report sales of around EUR 36.5 million in 2015.

» Industrial Electronics

In future, the Industrial Electronics segment will include the former Communication Technology segment. As outlined above, this decision is based on sustained market trends and the focusing of the company.

Most sales in this segment are generated with inductive components and mechatronic assemblies for inverters for use in the solar industry. Sales volumes declined further in 2014 as a result of the ongoing problems in the European solar industry. 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 company has stepped up development activities in these areas to reduce the Industrial Electronics segment's dependence on individual sectors. InTiCa Systems is therefore working intensively on the development and commercialization of actuator coils for industrial transport systems, gas combustion systems and exhaust gas regulators. Orders for B samples have already been received from well-known customers and the first sales from serial production are expected in the second half of 2015.

Further, innovative products are being developed for transmission technology. These activities are now part of the Industrial Electronics segment. Applications include, for example, copper and coaxial DSL broadband networks and suppressing interference in power networks.

Although the development of filter technology for coaxial networks is more difficult and time-consuming than had been anticipated compared with filter technology for copper-based networks, in the long term the know-how gained by InTiCa Systems AG will be of use for the entry into EMC filter technology in all market segments. Synergies could be leveraged, in particular, through closer integration of industrial and communication technology.

In view of the loss of a major customer and increased competition among suppliers of transmission technology, in 2015 this segment's sales will be lower than in 2014. However, in the medium term, new product developments should enable it to make a significant contribution to sales growth.

The Board of Directors expects this segment to report sales of around EUR 7.5 million in 2015.

6.2 Order situation

In the first quarter of 2015 orders on hand amounted to EUR 36.8 million and were around the prior-year level despite the loss of one of the company's top five customers as a result of insolvency (March 31, 2014: EUR 37.8 million). 85% of orders were for the Automotive Technology segment (2014: 70%). The remaining 15% related to the restructured Industrial Electronics segment (2014: 30%). Overall, the Board of Directors expects orders to rise in the Automotive Technology segment, while in the Industrial Electronics segment orders should remain around the present level. However, in the medium term, orders on hand in this segment are also expected to rise.

6.3 Earnings, asset and financial position

The overall economic situation in 2015 will continue to be affected by uncertainty despite the somewhat better economic forecasts. Alongside the smouldering debt crisis in Europe, which has not yet been finally resolved, and several areas of political unrest around the world, the development of important emerging markets such as China, Brazil and Russia is hampering market sentiment. The Automotive Technology segment will remain InTiCa Systems' main driving force in 2015. Moreover, capacity bottlenecks should have been overcome by the investment made to raise production capacity, so transport costs should be lower. Industrial Electronics is expected to stabilize in what remains a difficult operating environment. In addition, these two segments have new products that should give them opportunities to gain access to further markets. Together with increased vertical integration and systems solution competence, offering customer-specific solutions is a key competitive advantage for InTiCa Systems. In-house manufacturing is expected to be over 80% in 2015. The Board of Directors therefore feels that in terms of costs and products InTiCa Systems is well positioned for 2015.

Business performance in the first quarter of 2015 was above the previous year with sales of around EUR 11.0 million (2014: EUR 10.0 million). The positive development of the Automotive Technology segment more than offset the drop in the other two segments. EBITDA is expected to be around EUR 1.4 million in the first quarter of 2015, while pre-tax earnings should be over EUR 0.2 million.

Assuming at least moderate overall growth, from the present viewpoint the Board of Directors therefore expects sales to rise further and earnings to improve in 2015. Specifically, it expects Group sales in 2015 to be around EUR 44 million, with a material cost ratio of around 58.5% and an EBIT margin of around 2.5%.

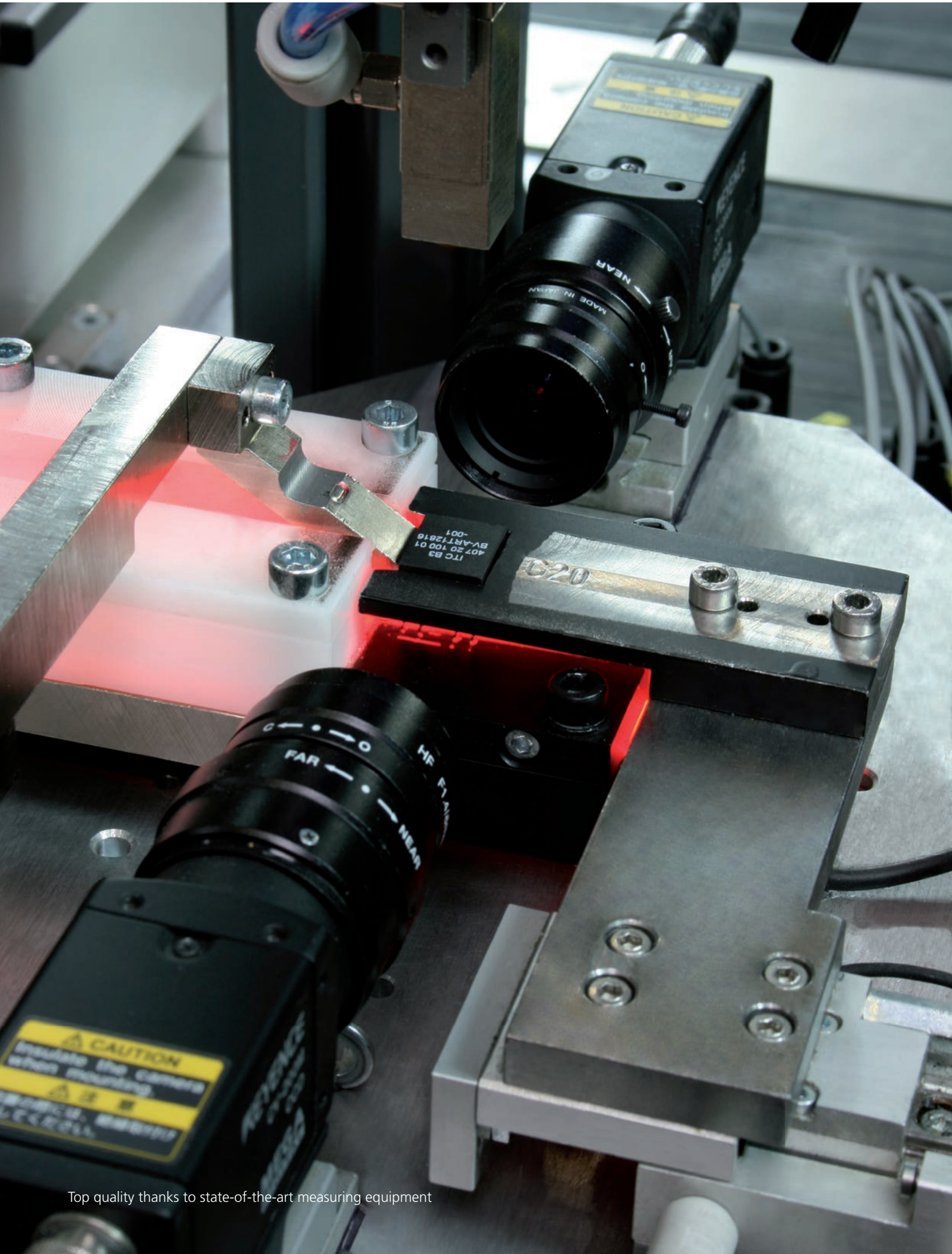
Due to an increase of the planned balance sheet total a solid equity ratio of 43% is anticipated for 2015.

Passau, April 22, 2015

The Board of Directors

Dr. Gregor Wasle
Spokesman for the Board of Directors

Günther Kneidinger
Member of the Board of Directors



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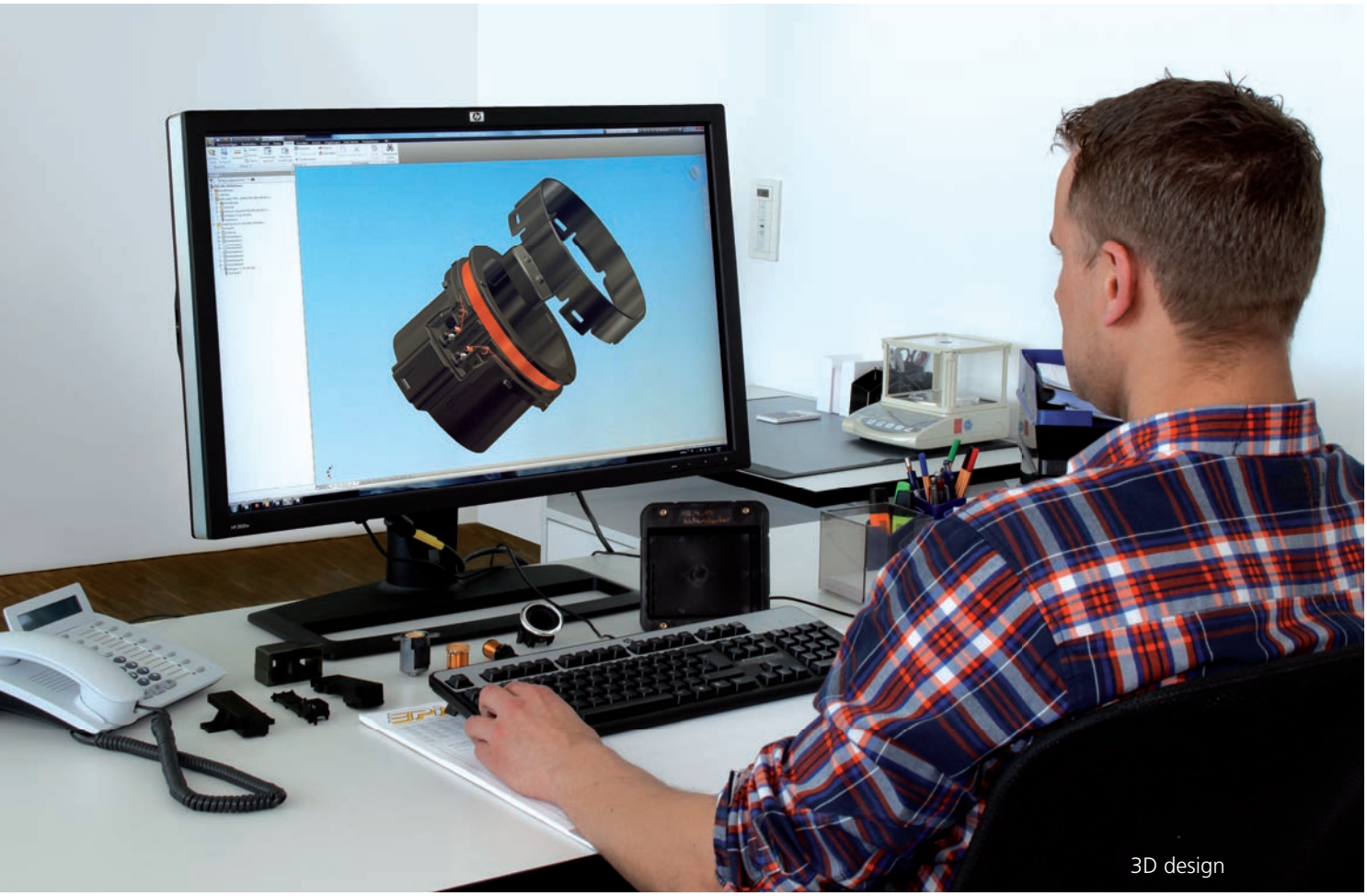
Consolidated Financial Statements

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, 2014

Assets

	Note	Dec. 31, 2014 EUR ´000	Dec. 31, 2013 EUR ´000
Non-current assets			
Intangible assets	14	4,451	4,760
Property, plant and equipment	13	14,383	12,855
Deferred taxes	10.3	1,455	1,109
Total non-current assets		**20,289**	**18,724**
Current Assets			
Inventories	17	6,723	7,154
Trade receivables	18	6,509	5,165
Tax assets	10.2	2	2
Other financial assets	16.1	20	7
Other current receivables	16.2	156	198
Cash and cash equivalents	31	1,064	1,313
Total current assets		**14,474**	**13,839**
Total assets		**34,763**	**32,563**

Equity and liabilities

		Dec. 31, 2014 EUR ´000	Dec. 31, 2013 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	-1,896	534
Currency translation reserve	22	-1,718	-1,558
Total equity		**15,998**	**18,588**
Non-current liabilities			
Financial liabilities	23	7,584	7,594
Deferred taxes		1,424	1,518
Total non-current liabilities		**9,008**	**9,112**
Current liabilities			
Other current liabilities	24	1,244	622
Financial liabilities	23	5,045	2,247
Trade payables	25; 29.2	3,024	1,626
Other financial liabilities	26	232	194
Other current liabilities	27	212	174
Total current liabilities		**9,757**	**4,863**
Total equity and liabilities		**34,763**	**32,563**
Equity ratio		46%	57%

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, 2014

	Note	Fiscal year EUR ´000	Previous year EUR ´000
Sales	5; 6.2	**40,509**	**37,838**
Other operating Income	7	321	408
Change in finished goods and work in process	17	-102	-255
Other own work capitalized		1,127	1,275
Raw materials and supplies		25,544	22,577
Personnel expense	11.3	8,005	6,545
Depreciation and amortization	11.1; 13; 14	4,874	4,699
Other expenses	7	5,908	4,439
Operating profit (EBIT)		**-2,476**	**1,006**
Cost of financing	9	393	472
Other financial income	8	0	4
Pre-tax loss/profit		**-2,869**	**538**
Income taxes	10.1	-439	64
Consolidated net loss/profit		**-2,430**	**474**
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	22	-160	-1,417
Other comprehensive income, after taxes		**-160**	**-1,417**
Total comprehensive income		**-2,590**	**-943**
Earnings per share (diluted/basic in EUR)	12	-0,58	0,11

One-off effects in 2014	Fiscal year EUR ´000
Insolvency of the Swiss major customer Sputnik AG	
Impairment write-downs of property, plant and equipment	256
Impairment write-downs of receivables	510
Impairment write-downs of inventories/raw materials and supplies	1,714
	2,480
Change in the Board of Directors (severance payment/consulting services)	**361**
EBIT adjusted for one-off effects	**365**

Consolidated Cash Flow Statement

of InTiCa Systems in accordance with IFRS/IAS
for the period from January 1 to December 31, 2014

	Note	Fiscal year EUR ´000	Previous Year EUR ´000
Cash flow from operating activities			
Consolidated net income/loss for the period		-2,430	474
Income tax payments/receipts	10.1	-439	64
Cash outflow for borrowing costs	9	393	472
Income from financial investments	8	0	-4
Depreciation and amortization of non-current assets	11.1	4,874	4,699
Non-cash transactions			
Net currency gains/losses		-73	-475
Other transactions		3	2
Increase/decrease in assets not attributable to financing or investing activities			
Inventories	17	431	-982
Trade receivables	18	-1,343	-443
Other assets		27	99
Increase/decrease in liabilities not attributable to financing or investing activities			
Other current provisions	24	622	73
Trade payables	29.2	1,398	279
Other liabilities		81	14
Cash and cash equivalents from operating activities		**3,544**	**4,272**
Income tax receipts/payments		-1	20
Cash outflow for interest payments		-398	-474
Net cash flow from operating activities		**3,145**	**3,818**
Cash flow from investing activities			
Cash inflow from interest payments		3	4
Cash inflow from the disposal of property, plant and equipment		4	8
Cash outflow for intangible assets	14	-1,308	-1,474
Cash outflow for property, plant and equipment	13	-4,891	-2,235
Net cash flow from investing activities		**-6,192**	**-3,697**
Cash flow from financing activities			
Cash inflow from loans		3,000	0
Cash outflow for loan repayment installments		-1,511	-617
Cash outflow for liabilities under finance leases		-88	-82
Net cash flow from financing activities		**1,401**	**-699**
Total cash flow		**-1,646**	**-578**
Cash and cash equivalents at start of period		404	984
Impact of changes in exchange rates on cash and cash equivalents held in foreign currencies		11	-2
Cash and cash equivalents at end of period	31	**-1,231**	**404**

Transponders

Consolidated Statement of Changes in Equity

for InTiCa Systems according with IFRS

for the period from January 1, 2013 to December 31, 2014

	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, 2013	**4,287**	**-64**	**15,389**	**60**	**-141**	**19,531**
Consolidated net income 2013	0	0	0	474	0	474
Other comprehensive income, after taxes	0	0	0	0	-1,417	-1,417
Total comprehensive income 2013	**0**	**0**	**0**	**474**	**-1,417**	**-943**
As at December 31, 2013	**4,287**	**-64**	**15,389**	**534**	**-1,558**	**18,588**
As at January 1, 2014	**4,287**	**-64**	**15,389**	**534**	**-1,558**	**18,588**
Consolidated net income 2014	0	0	0	-2,430	0	-2,430
Other comprehensive income, after taxes	0	0	0	0	-160	-160
Total comprehensive income 2014	**0**	**0**	**0**	**-2,430**	**-160**	**-2,590**
As at December 31, 2014	**4,287**	**-64**	**15,389**	**-1,896**	**-1,718**	**15,998**

Notes to the Consolidated Financial Statements of InTiCa Systems AG for Fiscal 2014

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

IFRS 10, Consolidated Financial Statements, IFRS 11, Joint Arrangements, IFRS 12, Disclosure of Interests in Other Entities, and the follow-up amendments to IAS 27, Separate Financial Statements (revised 2011), and IAS 28, Investments in Associates and Joint Ventures (revised 2011) were applied voluntarily in 2013. Application would have been mandatory as from fiscal 2014.

Further, IAS 19, Employee Benefits, was applied voluntarily in 2013. Application is mandatory for fiscal years beginning on or after July 1, 2014.

The amendments to IAS 32 address current application problems relating to the conditions for offsetting financial assets and liabilities. In particular, the amendments clarify the meaning of the terms "current legally enforceable right to set off recognized amounts" and "simultaneous realization and settlement".

Application of these amendments has no impact on the consolidated financial statements because there are currently no financial assets and liabilities for which offsetting is permitted.

The amendments to IFRS 10, IFRS 12 and IAS 27 grant an exception with regard to consolidation of subsidiaries if the parent company meets the definition of an "investment entity". Certain subsidiaries are then recognized in profit or loss at fair value in accordance with IFRS 9 or IAS 39. Application of these amendments does not have any impact on the consolidated financial statements because the parent company does not meet the definition of an investment entity.

The amendments to IAS 36 relate to the disclosure of information on the determination of the recoverable amount of impaired assets if it is based on fair value less costs to sell. These amendments have no impact on the consolidated financial statements.

In accordance with the amendments to IAS 39, Novation of Derivatives and Continuation of Hedge Accounting, derivatives remain designated as hedging instruments in a continuing hedge relationship despite novation, providing that novation leads to inclusion of a central counterparty (CCP) as a result of legal or regulatory requirements. This has no impact on the consolidated financial statements as the Group has no derivatives.

IFRIC 21 provides guidelines on recognition of government-imposed levies. There are not currently any such levies on the Group.

2.2 Standards, interpretations and amendments to published standards where application was not mandatory in 2014 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 14	Only companies that are first-time adopters of IFRS and already recognize regulatory deferral accounts in accordance with their previous accounting standards may continue to do so after the transition to IFRS. [1, 4]
IFRS 11	A party that invests in a joint arrangement that constitutes a business as defined in IFRS 3 must apply all the principles on accounting for business combinations set out in IFRS 3 and other IFRSs, unless these conflict with the guidelines in IFRS 11. [1, 4]
IAS 16, IAS 38	Guidelines on the methods that can be used for depreciation of property, plant and equipment and amortization of intangible assets. [1, 4]
IAS 16, IAS 41	Treatment of bearer plants [1, 4]
IAS 27	Reintroduction of the equity method as an accounting option for shares in subsidiaries, joint ventures and associates in an investor's separate financial statements. [1, 4]
IFRS 10 / IAS 28	Dependence of recognition of gains on assets divested or contributed in transactions with an associate or joint venture that constitutes a business. [1, 4]
IAS 1	Presentation of annual financial statements [1, 4]
IFRS 10, 12 / IAS 28	Consolidation exceptions for investment entities [1, 4]
IFRS 15	Recognition of revenues from contracts with customers [2, 4]
IFRS 9	Measurement of financial instruments [3, 4]

[1] To be applied for financial years starting on or after January 1, 2016

[2] To be applied for financial years starting on or after January 1, 2017

[3] To be applied for financial years starting on or after January 1, 2018

[4] Not yet endorsed by the EU

There are no plans for early application of the published standards, interpretations and amendments to published standards in the consolidated financial statements. Following an initial examination, however, it is assumed that at present application would not have a significant impact on the assets, financial and earnings position of the Group.

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, and the supplementary commercial law provisions in accordance with sec. 315a paragraph 1 of the German Commercial Code (HGB).

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 fair value is the price that could be achieved in an orderly transaction between market participants for the sale of an asset or that would have to be paid for the transfer of a liability. This applies irrespective whether the price is directly observable or is estimated using a valuation method. However, it does not apply for lease agreements that fall within the scope of IAS 17 Leases and valuation methods that are similar to but do not correspond to the fair value, for example, net realizable value as per IAS 2 Inventories or value in use as per IAS 36 Impairment of Assets. 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 exists when the parent company can exercise power over its subsidiaries, obtains variable returns from its shareholding and can influence such returns through its power over the entity. 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.

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 weighted 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	
	2014	2013	2014	2013
Czech Republic	EUR 1 CZK 27.725	EUR 1 CZK 27.425	EUR 1 CZK 27.533	EUR 1 CZK 25.974
USA	USD 1.216	USD 1.377	USD 1.329	USD 1.328

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 statement of profit and loss 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 Earnings per share

Basic earnings per share are calculated by dividing the proportion of the income attributable to shareholders by the average number of shares outstanding in the financial year, excluding treasury stock held by the company itself.

3.10 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.

Since the construction of production buildings was completed within a 12-month period, there are no qualifying assets as defined by IAS 23.7. Accordingly, borrowing costs are not capitalized.

The procurement process for machinery and tools normally takes a maximum of 6 months so this does not give rise to any qualifying assets that would require capitalization of borrowing costs.

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 written down to the lower recoverable amount if 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.

3.11 Intangible assets

» Intangible assets acquired separately

Intangible assets acquired separately are recognized at acquisition cost 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.

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.

Normally, the production process takes place in such a limited period that there is no justification for capitalizing borrowing costs since the uninterrupted development period is less than 12 months.

In our opinion, there are no qualifying intangible assets as defined in IAS 23.7.

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.

Intangible assets are derecognized at the date of disposal or written down to the lower recoverable amount, if no further economic benefit is expected from their continued use. 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.

3.12 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.

3.13 Borrowing costs

Borrowing costs that are directly attributable to the acquisitions, construction or production of a qualifying asset are capitalized as part of the cost of the asset until it completes substantially activities necessary to prepare it for use or sale. Qualifying assets are assets that necessarily take a substantial period of time to prepare for its intended use or sale.

The Group regards a period of more than 12 months as a substantial period of time.

Income earned from the interim investment of funds borrowed until they are spent on the qualifying asset is deducted from the capitalized borrowing costs.

All other borrowing costs are recognized as an expense in the period in which they are incurred.

3.14 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.

3.15 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.

3.16 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.

With the exception of current receivables, where the discounting effect would be negligible, interest income is computed using the effective interest method.

» At fair value through profit or loss

Financial assets are classified in 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 as well as 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

3.17 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 3.16 are used.

3.18 Security provided

The Group has provided security for liabilities to banks through blanket assignments (see Note 18) and a mortgage (see Note 13). 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).

3.19 Cash and balances on bank accounts

Cash and balances on bank accounts are recognized at cost. They comprise cash, bank balances that can be withdrawn at any time, and other highly liquid current financial assets with a maturity of maximum three months as of the date of acquisition.

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. Borrowing costs are not included because customer requirements mean that the production process normally takes less than 12 months.

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 4.4 million as of December 31, 2014 (December 31, 2013: EUR 4.7 million).

Overall, 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 intangible assets in the fiscal year, see Note 14.

5. Sales

The table shows the Group's sales split:

	Dec. 31, 2014 in EUR '000	Dec. 31, 2013 in EUR '000
Revenues from trading	6,061	6,458
Revenues from production	34,448	31,380
Total revenues from the sale of goods	**40,509**	**37,838**

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), 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, 2014 in EUR '000	Dec. 31, 2013 in EUR '000	Dec. 31, 2014 in EUR '000	Dec. 31, 2013 in EUR '000
Automotive Technology	27,973	22,468	1,449	1,583
Industrial Electronics	8,782	9,969	-2,455	290
Communication Technology	3,754	5,401	-1,470	-867
Total	**40,509**	**37,838**	**-2,476**	**1,006**
Income and expenses relating to assets not allocated to any segment			0	0
Financial result			**-393**	**-468**
Pre-tax income			-2,869	538

The sales revenues presented above comprise revenues from transactions with external customers. There were no inter-segment transactions (2013: 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, 2014 in EUR '000	Dec. 31, 2013 in EUR '000
Automotive Technology	25,373	20,298
Industrial Electronics	3,971	5,751
Communication Technology	2,722	3,885
Total	**32,066**	**29,934**
Assets not allocated to any segment	2,697	2,629
Total consolidated assets	**34,763**	**32,563**

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, 2014 in EUR '000	Dec. 31, 2013 in EUR '000
Cash and cash equivalents	1,064	1,313
Other current receivables	156	198
Other financial assets	20	7
Tax receivables	2	2
Deferred taxes	1,455	1,109
Total	**2,697**	**2,629**

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, 2014 in EUR '000	Dec. 31, 2013 in EUR '000	Dec. 31, 2014 in EUR '000	Dec. 31, 2014 in EUR '000	Dec. 31, 2013 in EUR '000
Automotive Technology	3,077	3,035	32	5,376	2,610
Industrial Electronics	998	947	275	603	591
Communication Technology	799	717	192	220	508
Total	**4,874**	**4,699**	**499**	**6,199**	**3,709**

The total depreciation, amortization and impairment write-downs include write-downs of EUR 229 thousand (2013: EUR 0 thousand) on 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, 2014 in EUR '000	Dec. 31, 2013 in EUR '000
Small signal electronics	6,282	5,928
Power electronics	12,867	13,954
Mechatronic components and systems	16,039	13,065
Other	5,321	4,891
Total	**40,509**	**37,838**

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, 2014 in EUR '000	Dec. 31, 2013 in EUR '000	Dec. 31, 2014 in EUR '000	Dec. 31, 2013 in EUR '000
Germany	23,075	22,410	7,276	6,832
Other countries	17,433	15,428	11,558	10,783
of which Czech Republic	*3,809*	*4,139*		
Total	**40,508**	**37,838**	**18,834**	**17,615**
Assets not allocated to any segment			1,455	1,109
Non-current assets, total			20,289	18,724

The data on sales in the Czech Republic 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 6,484 thousand (2013: EUR 4,888 thousand) and EUR 3,493 thousand (2013: EUR 4,506 thousand) of direct sales of products. That was 16.0% (2013: 12.9%) and 8.6% (2013: 11.9%) of total sales. These are customers of the Automotive Technology and Industrial Electronics segments. In both 2014 and 2013 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, 2014 in EUR '000	Dec. 31, 2013 in EUR '000
Income from the sale of property, plant and equipment	0	3
Gains from foreign currency translation	192	191
Income from reductions in write-downs on receivables	15	42
Other	114	172
Total	**321**	**408**

Other expenses

	Dec. 31, 2014 in EUR '000	Dec. 31, 2013 in EUR '000
Exchange losses	205	430
Cost of premises	610	546
Insurance premiums, contributions, levies	156	158
Vehicle expenses	263	263
Advertising costs, travel expenses	266	146
Delivery costs	1,448	806
Maintenance and repairs	736	470
Agency staff	432	566
Other operating expenses	1,792	1,054
Total	**5,908**	**4,439**

8. Other financial income

	Dec. 31, 2014 in EUR '000	Dec. 31, 2013 in EUR '000
Interest income from balances on bank accounts	0	4
Other financial assets	0	0
Total	**0**	**4**

Breakdown of investment income from assets by valuation class:

	Dec. 31, 2014 in EUR '000	Dec. 31, 2013 in EUR '000
Cash on hand and bank balances (LaR)	0	4
Financial assets recognized at amortized cost (LaR)	0	0
Total	**0**	**4**

9. Financial expenses

	Dec. 31, 2014 in EUR '000	Dec. 31, 2013 in EUR '000
Interest on overdrafts and bank loans	385	459
Interest on obligations relating to finance leases	8	13
Total	**393**	**472**

Breakdown of expenses for financial liabilities by valuation class:

	Dec. 31, 2014 in EUR '000	Dec. 31, 2013 in EUR '000
Financial liabilities measured at amortized cost (OL)	393	472

10. Income taxes

10.1 Income taxes recognized in the statement of profit or loss

	Dec. 31, 2014 in EUR '000	Dec. 31, 2013 in EUR '000
Current tax expense	0	0
Deferred taxes	-439	64
Total	**-439**	**64**

The following reconciliation shows a breakdown of tax income (2013: tax expense) among income items in the fiscal year:

	Dec. 31, 2014 in EUR '000	Dec. 31, 2013 in EUR '000
Income before taxes	-2,869	538
Theoretical tax expense (2013: tax income)	-855	161
Impact of tax-exempt income/ non-deductible expenses	29	25
Impact of tax-exempt income from foreign subsidiaries	387	-122
Impact of unused tax loss carryforwards not recognized as deferred tax assets	0	0
Impact of tax audit	0	0
Total	**-439**	**64**

The tax rate used for the above reconciliation for 2014 and 2013 is the tax rate of around 29.83% payable by companies in Germany on taxable income in accordance with the applicable tax legislation.

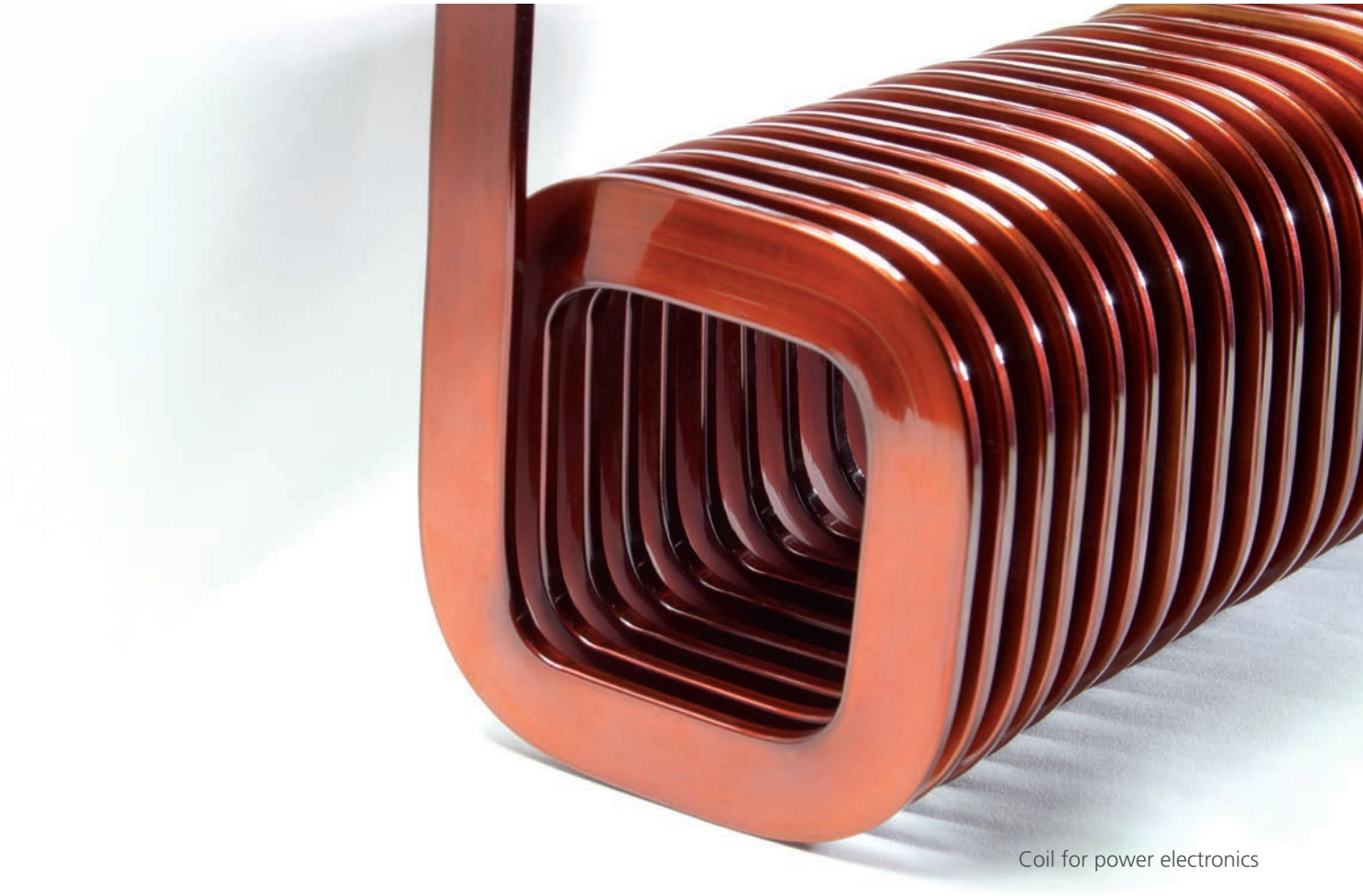
10.2 Current claims for tax refunds

	Dec. 31, 2014 in EUR '000	Dec. 31, 2013 in EUR '000
Current claims for tax refunds	2	2

10.3 Deferred taxes

2014	Initial balance in EUR '000	Recognized in profit or loss in EUR '000	Recognized in other comprehensive income in EUR '000	Recognized directly in equity in EUR '000	End balance in EUR '000
Temporary differences					
Intangible assets	-1,397	98	0	0	-1,299
Property, plant and equipment	-29	-5	0	0	-34
Currency translation differences relating to foreign subsidiaries	-91	0	0	0	-91
Tax losses	1,109	346	0	0	1,455
Total	**-408**	**439**	**0**	**0**	**31**
2013					
Temporary differences					
Intangible assets	-1,406	9	0	0	-1,397
Property, plant and equipment	-147	118	0	0	-29
Currency translation differences relating to foreign subsidiaries	-91	0	0	0	-91
Tax losses	1,300	-191	0	0	1,109
Total	**-344**	**-64**	**0**	**0**	**-408**

The tax loss carryforwards to which deferred tax assets refer relate to tax losses at the parent company in the period 2007-2010 and in 2014.



Coil for power electronics

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.

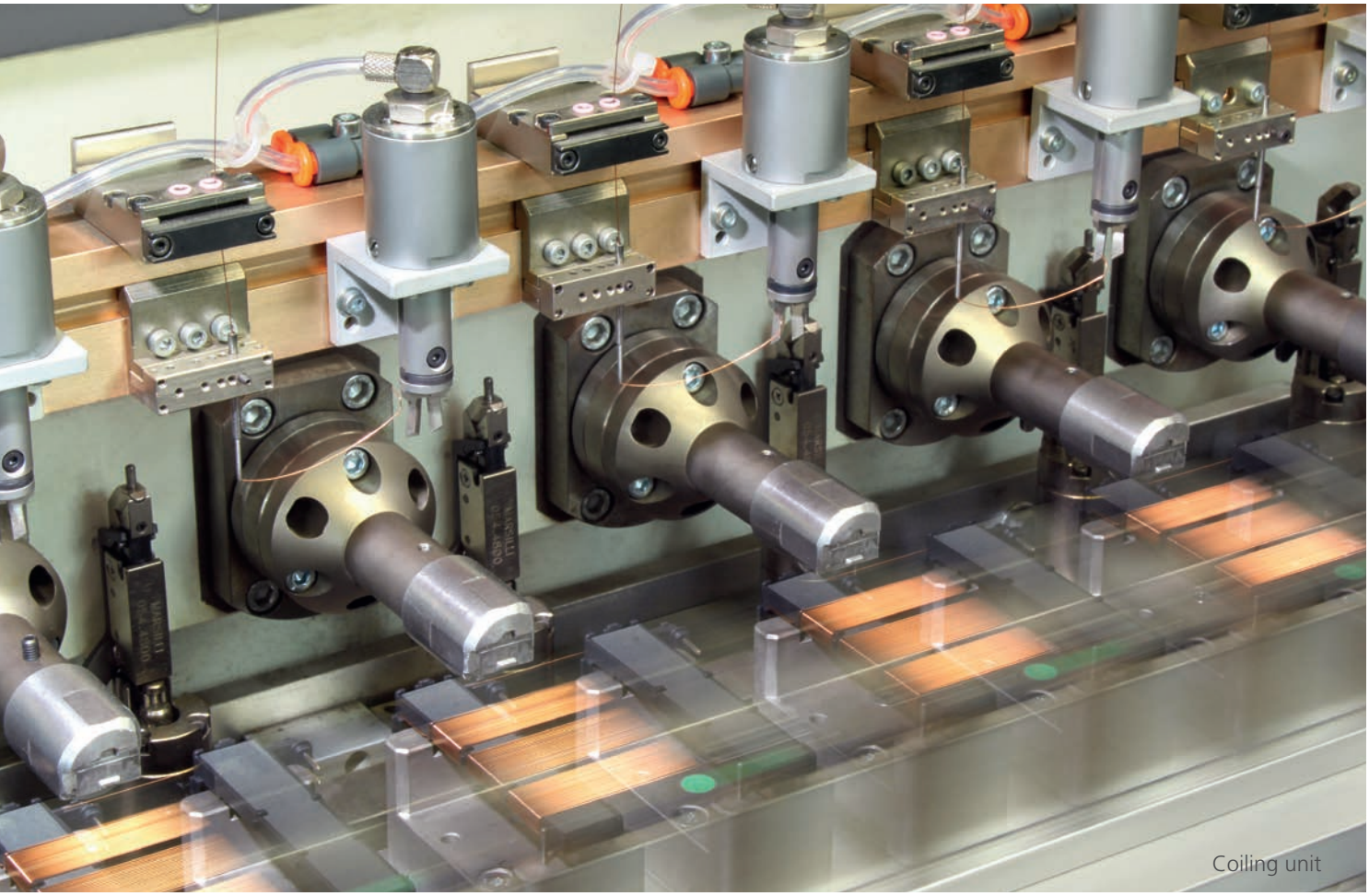
Further, deferred taxes were not recognized for "outside basis differences" because the company is not planning to divest its shares in associated companies and these transactions would in any case be allocated to the tax-exempt operations.

11. Net income from continuing operations

11.1 Depreciation, amortization and impairment write-downs

	Dec. 31, 2014 in EUR '000	Dec. 31, 2013 in EUR '000
Impairment write-downs on property, plant and equipment	270	0
Depreciation of property, plant and equipment	2,986	3,174
Impairment write-downs on intangible assets	229	0
Amortization of intangible assets	1,388	1,525
Total	**4,873**	**4,699**

For information on impairment write-downs on intangible assets in the fiscal year, see Note 14. Information on impairment write-downs on property, plant and equipment can be found in Note 13.



Coiling unit

11.2 Research and development costs expensed immediately

	Dec. 31, 2014 in EUR '000	Dec. 31, 2013 in EUR '000
Research and development costs expensed in the fiscal year	885	655

11.3 Personnel-related expenses

	Dec. 31, 2014 in EUR '000	Dec. 31, 2013 in EUR '000
Benefits paid under defined-contribution plans after termination of the employment contract (see Note 34)	827	690
Other payments to employees	7,178	5,855
Total	**8,005**	**6,545**

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, 2014 in EUR '000	Dec. 31, 2013 in EUR '000
Consolidated net loss (2013: consolidated net profit)	-2,430	474
Weighted average ordinary shares (in thousand units)	4,223	4,223
Earnings per share (in EUR)	**-0.58**	**0.11**

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, 2013 to December 31, 2014

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, 2013	6,662	21,710	1,693	199	30,264
Additions	100	1,085	376	674	2,235
Transfers	0	0	22	-22	0
Disposals	0	-124	-190	0	-314
Translation differences	-509	-1,217	-10	0	-1,736
As at December 31, 2013 / January 1, 2014	**6,253**	**21,454**	**1,891**	**851**	**30,449**
Additions	485	3,095	347	964	4,891
Transfers	0	73	0	-73	0
Disposals	0	-254	-101	0	-355
Translation differences	-62	-156	-2	0	-220
As at December 31, 2014	**6,676**	**24,212**	**2,135**	**1,742**	**34,765**
Depreciation					
As at January 1, 2013	1,180	13,157	1,186	0	15,523
Depreciation	253	2,583	338	0	3,174
Impairment write-downs	0	0	0	0	0
Write-ups	0	0	0	0	0
Transfers	0	0	0	0	0
Disposals	0	-124	-185	0	-309
Translation differences	-82	-703	-9	0	-794
As at December 31, 2013 / January 1, 2014	**1,351**	**14,913**	**1,330**	**0**	**17,594**
Depreciation	250	2,317	419	0	2,986
Impairment write-downs	0	270	0	0	270
Write-ups	0	0	0	0	0
Transfers	0	0	0	0	0
Disposals	0	-251	-96	0	-347
Translation differences	-12	-108	-1	0	-121
As at December 31, 2014	**1,589**	**17,141**	**1,652**	**0**	**20,382**
Balance sheet value as at December 31, 2014	**5,087**	**7,071**	**483**	**1.742**	**14,383**
Balance sheet value as at December 31, 2013	4,902	6,541	561	851	12,855

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

Assets and mortgages pledged as collateral

Mortgages (EUR 2,000 thousand) have been registered for developed land owned by the Group with a carrying amount of EUR 4,966 thousand (2013: EUR 4,727 thousand) as security for the Group's liabilities to banks.

At the end of fiscal 2014 the Group had liabilities under finance leases totalling EUR 94 thousand (2013: EUR 182 thousand) (see Note 28), which secure the rights of lessors to the leased assets. The carrying amount of leased assets in 2014 was EUR 211 thousand (2013: EUR 261 thousand).

Impairment write-downs in 2014

In addition to depreciation and amortization, the line item depreciation and amortization in the statement of profit or loss contains impairment write-downs of EUR 270 thousand (2013: EUR 0) on property, plant and equipment. This includes EUR 78 thousand for tools and machinery that can no longer be used as a result of the Sputnik insolvency. The remaining EUR 192 thousand relates to project-specific plant in the Communication Technology segment, which can no longer be used. The carrying amounts of the plant were written down entirely because a positive net realizable value was not expected, even in the event of sale.

14. Intangible assets

Change in non-current assets in the period January 1, 2013 to December 31, 2014

InTiCa Systems Group

In EUR '000	Self-created intangible assets	Other intangible assets	Total
Cost of acquisition or production			
As at January 1, 2013	8,274	531	8,805
Additions	1,455	19	1,474
Transfers	0	0	0
Disposals	-851	-42	-893
Translation differences	0	-3	-3
As at December 31, 2013 / January 1, 2014	**8,878**	**505**	**9,383**
Additions	1,240	68	1,308
Transfers	0	0	0
Disposals	-1,166	-99	-1,265
Translation differences	0	0	0
As at December 31, 2014	**8,952**	**474**	**9,426**
Amortization			
As at January 1, 2013	3,560	432	3,992
Amortization	1,486	39	1,525
Impairment write-downs	0	0	0
Write-ups	0	0	0
Transfers	0	0	0
Disposals	-849	-42	-891
Translation differences	0	-3	-3
As at December 31, 2013 / January 1, 2014	**4,197**	**426**	**4,623**
Amortization	1,340	48	1,388
Impairment write-downs	229	0	229
Write-ups	0	0	0
Transfers	0	0	0
Disposals	-1,166	-99	-1,265
Translation differences	0	0	0
December 31, 2014	**4,600**	**375**	**4,975**
Balance sheet value as at December 31, 2014	**4,352**	**99**	**4,451**
Balance sheet value as at December 31, 2013	4,681	79	4,760

Where the underlying projects have not been completed or no sales have been generated, self-created intangible assets (carrying amount 2014: EUR 1,314 thousand; 2013: EUR 1,468 thousand) are not yet subject to amortization.

Impairment write-downs in 2014

For development projects, the amortization recognized in the statement of profit and loss includes impairment write-downs of EUR 229 thousand (2013: EUR 0) in addition to regular amortization. EUR 178 thousand of these write-downs were attributable to the insolvency of Sputnik, which was a major customer. 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 of December 31, 2014 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
(2013:		100	100	)

16. Other financial assets and other receivables

16.1 Other financial assets

	Dec. 31, 2014 in EUR '000	Dec. 31, 2013 in EUR '000
Receivables recognized at amortized cost		
Bonded loan	0	0
Other financial assets	20	7
Total	**20**	**7**
Non-current	0	0
Current	20	7
Total	**20**	**7**

16.2 Other current receivables

	Dec. 31, 2014 in EUR '000	Dec. 31, 2013 in EUR '000
Deferred charges	60	53
Advance payments made	26	63
Current tax receivables	70	82
Total	**156**	**198**

17. Inventories

	Dec. 31, 2014 in EUR '000	Dec. 31, 2013 in EUR '000
Raw materials and supplies	4,599	4,929
Work in process	1,149	1,287
Unfinished tools with customer involvement	446	250
Finished goods	529	688
Total	**6,723**	**7,154**

Total impairment write-downs on inventories recognized in profit and loss amounted to EUR 1,689 thousand (2013: EUR 75 thousand). They comprised EUR 90 thousand (2013: EUR 5 thousand) in the Communication Technology segment, EUR 50 thousand (2013: EUR 34 thousand) in the Automotive Technology segment and EUR 1,545 thousand (2013: EUR 36 thousand) in the Industrial Electronics segment. As of the reporting date the carrying amount of these inventories was EUR 287 thousand (2013: EUR 87 thousand).

18. Trade receivables

	Dec. 31, 2014 in EUR '000	Dec. 31, 2013 in EUR '000
Trade receivables	7,018	5,180
Impairment write-downs	-510	-15
Total	**6,508**	**5,165**

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 572 thousand (2013: EUR 420 thousand) were due from the Group's biggest customers. Trade receivables amounting to more than 5% of total trade receivables (2013: 5%) were due from 6 (2013: 8) customers.

Impairment write-downs were not recognized for trade receivables amounting to EUR 977 thousand (2013: EUR 661 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, 2014 in EUR '000	Dec. 31, 2013 in EUR '000
1 – 30 days	587	552
between 30 and 60 days	194	78
more than 60 days	196	31
Total	**977**	**661**

Changes in impairment write-downs

	Dec. 31, 2014 in EUR '000	Dec. 31, 2013 in EUR '000
Status at start of year	15	42
Amounts written down as uncollectable during the financial year	-15	-42
Impairment write-downs on receivables	510	15
Total	**510**	**15**

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 impairment write-downs include individual write-downs on trade receivables amounting to EUR 510 thousand (2013: EUR 0) where insolvency proceedings have been opened with regard to the debtor's assets. The write-down recognized results from the difference between the carrying amount of the receivables and the carrying amount of the expected proceeds from liquidation. There is no security for these amounts.

The Board of Directors is convinced that no risk provisioning is necessary beyond the impairment write-downs already recognized. The average age structure of impaired receivables was 38 days (2013: 666 days).

To secure credit lines totalling EUR 6.0 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 6.5 million.

19. Capital stock

Capital stock and ordinary shares

	Dec. 31, 2014 in EUR '000	Dec. 31, 2013 in EUR '000
4,287,000 fully paid-in ordinary shares	4,287	4,287
64,430 treasury shares (treasury stock)	-64	-64
Total	**4,223**	**4,223**

Treasury stock

	Dec. 31, 2014 in EUR '000	% of capital stock	Dec. 31, 2013 in EUR '000	% of capital stock
Status at start of year	64	1.493	64	1.493
Shares sold (nominal capital)	0	0	0	0
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 under exclusion of shareholders' subscription rights **(Authorized Capital 2012/1)**.

20. General capital reserve

	Dec. 31, 2014 in EUR '000	Dec. 31, 2013 in EUR '000
Status at start of year	15,389	15,389
Sale of treasury stock	0	0
Pro rata net income	0	0
Total	**15,389**	**15,389**

21. Profit reserve

	Dec. 31, 2014 in EUR '000	Dec. 31, 2013 in EUR '000
Status at start of year	534	60
Consolidated net loss (2013: consolidated net profit)	-2,430	474
Total	**-1,896**	**534**

22. Currency translation reserve

	Dec. 31, 2014 in EUR '000	Dec. 31, 2013 in EUR '000
Status at start of year	-1,558	-141
Translation of foreign business operations	-160	-1,417
Total	**-1,718**	**-1,558**

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, 2014 in EUR '000	Dec. 31, 2013 in EUR '000
Unsecured – recognized at amortized cost		
Overdrafts	10	10
Loans	8,239	3,750
Secured – recognized at amortized cost		
Overdrafts	2,286	899
Liabilities relating to finance leases (see Note 28)	94	182
Loans	2,000	5,000
Total	**12,629**	**9,841**
Current	5,045	2,247
Non-current	7,584	7,594
Total	**12,629**	**9,841**

EUR 1,769 thousand (2013: EUR 0) of the secured current account costs relate to the Czech subsidiary and are secured by guarantee from InTiCa Systems AG.

Summary of financing agreements:
Overdrafts are subject to variable interest during the year. Interest on loans is 1.4%-4.6% p.a. (2013: 1.56%-5.5% p.a.).

Non-current loans incur interest at a fixed rate averaging 3.12% p.a. (2013: 4.7% p.a.).

24. Provisions

	Jan. 1, 2014 in EUR '000	Utilized in EUR '000	Reversed in EUR '000	Additions in EUR '000	Dec. 31, 2014 in EUR '000
Trade-related commitments (i)	337	337	0	630	630
Personnel expense (ii)	255	255	0	582	582
Other (iii)	30	30	0	32	32
Total	**622**	**622**	**0**	**1,244**	**1,244**

(i) In both 2013 and 2014, provisions for trade-related commitments comprised provisions for expected credit notes and outstanding invoices.

(ii) In 2013 the provisions for personnel expense covered employees' annual vacation entitlements, bonuses, and expected contributions to the employers' liability insurance association. In 2014, provisions for personnel expenses comprised annual vacation entitlements, bonuses, an anniversary bonus, termination benefits for a former member of the Board of Directors and expected contributions to the employers' liability insurance association.

(iii) In both 2013 and 2014, the other provisions comprised 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, 2014 in EUR '000	Dec. 31, 2013 in EUR '000
At amortized cost		
Other financial liabilities	232	194

27. Other current liabilities

	Dec. 31, 2014 in EUR '000	Dec. 31, 2013 in EUR '000
Accrued expenses	0	0
Advance payments received	0	10
Other liabilities	212	164
Total	**212**	174

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, 2014 in EUR '000	Dec. 31, 2013 in EUR '000	Dec. 31, 2014 in EUR '000	Dec. 31, 2013 in EUR '000
With a residual term of up to 1 year	95	104	94	96
With a residual term of between 1 and 5 years	0	96	0	86
Total	**95**	**200**	**94**	**182**
Less future financing costs	-1	-18		
Present value of minimum lease payments	94	182	94	182
Shown in the consolidated financial statements as:				
- Current liabilities (see Note 23)			94	88
- Non-current liabilities (see Note 23)			0	94
Total			**94**	**182**

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, 2014 in EUR '000	Dec. 31, 2013 in EUR '000
Equity	15,998	18,588
Total assets	34,763	32,563
Equity ratio	46.0 %	57.1%

	Dec. 31, 2014 in EUR '000	Dec. 31, 2013 in EUR '000
Interest-bearing financial liabilities	12,629	9,841
Cash and cash equivalents (-)	1,064	1,313
Net financial debt	**11,565**	**8,528**
EBIT	-2,476	1,006
Depreciation, amortization and impairment write-downs	4,873	4,699
EBITDA	2,397	5,705
Net financial debt/EBITDA	**4.82**	**1.49**

29.2 Categories of financial instruments

	Category	Dec. 31, 2014 in EUR '000	Dec. 31, 2013 in EUR '000
Financial assets		**7,593**	**6,485**
Cash on hand and bank balances	LaR	1,064	1,313
Trade receivables	LaR	6,509	5,165
Financial assets recognized at amortized cost	LaR	20	7
Financial liabilities		**15,885**	**11,661**
Financial liabilities recognized at amortized cost	OL	12,861	10,035
Trade payables	OL	3,024	1,626

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, 2014, the impact of the change in the USD exchange rate on Group net income would have been a decline (increase) of around EUR 64 thousand (2013: EUR 50 thousand), while a change in the CZK exchange rate of this magnitude would have increased (decreased) net income by around EUR 35 thousand (2013: EUR 46 thousand).

	Nominal amount as of Dec. 31, 2014 in EUR '000	2014 in EUR '000	Nominal amount as of Dec. 31, 2013 in EUR '000	2013 in EUR '000
Change in USD (+/-10%)	778	64	497	50
Change in CZK (+/-3.5%)	1,013	35	1,313	46

» *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, 2014, the result would have been EUR 23 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, 2014 in EUR '000	Dec. 31, 2013 in EUR '000
Credit lines		
Amounts drawn	2,296	909
Undrawn amounts	6,004	3,291
Total	**8,300**	**4,200**

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
2014				
Variable-interest financial liabilities	2,339	0	0	2,339
Fixed-interest financial liabilities	3,035	7,397	635	11,067
Total	**5,374**	**7,397**	**635**	**13,406**
2013				
Variable-interest financial liabilities	924	0	0	924
Fixed-interest financial liabilities	1,880	6,444	1,503	9,827
Total	**2,804**	**6,444**	**1,503**	**10,751**

30. Related party transactions

30.1 Board of Directors

- **Dr. Gregor Wasle**
  (appointed with effect from January 1, 2015)
  Strategy, finance, human resources, production, manufacturing technology, IT, investor relations and public relations
- **Walter Brückl** Chairman
  (stepped down on December 31, 2014)
  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)
  Advisory Board of Eberspächer Gruppe GmbH & Co. KG
  (since February 1, 2015)
- **Udo Zimmer**
  Burbach-Wahlbach
  Managing Director of TOP-WERK GmbH

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 2014 amounted to EUR 716, including a severance payment to Mr. Brückl, which will be paid out in fiscal 2015 (2013: EUR 428 thousand).

The fixed compensation comprises a base salary and variable annual compensation. The fringe benefits comprise supplementary payments for social security contributions and payments in kind comprising the use of company cars. The variable annual compensation comprises bonuses paid upon attainment of personal targets agreed with the members of the Board of Directors. From an EBIT margin of 4%, the members of the Board of Directors receive variable compensation of 20% of their annual base salary. The increase in the variable compensation is graduated. The maximum is 100% of their annual base salary for an EBIT margin of 14%. Payment is spread over three years. The second and final instalments are only paid if the EBIT margin has not deteriorated by more than 25% compared with the year in which the bonus was granted.

The following tables show the remuneration of the members of the Board of Directors of InTiCa Systems AG for 2014 and the previous year. It should be noted that in some cases, the compensation granted has not yet resulted in any payments. The amounts received by members of the Board of Directors are therefore shown separately.

Amount granted in EUR '000	Walter Brückl Chairman of the Board of Directors April 1, 2008 to December 31, 2014				Günther Kneidinger Board of Directors Since January 1, 2009			
	2013	2014	2014 (min)	2014 (max)	2013	2014	2014 (min)	2014 (max)
Fixed compensation	214	234	234	234	168	168	168	168
Termination benefit	0	266	-	-	0	0	-	-
Fringe benefits	21	21	21	21	25	27	27	27
Total	**235**	**521**	**255**	**255**	**193**	**195**	**195**	**195**
One-year variable compensation	0	0	0	234	0	0	0	168
Multi-year variable compensation	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Plan description (plan term)	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Total	**0**	**0**	**0**	**234**	**0**	**0**	**0**	**168**
Pension expense	0	0	0	0	0	0	0	0
Total compensation	**235**	**521**	**255**	**489**	**193**	**195**	**195**	**363**

Amount received in EUR '000	Walter Brückl Chairman of the Board of Directors April 1, 2008 to December 31, 2014		Günther Kneidinger Board of Directors Since January 1, 2009	
	2013	2014	2013	2014
Fixed compensation	214	234	168	168
Fringe benefits	21	21	25	27
Total	**235**	**255**	**193**	**195**
One-year variable compensation	0	0	0	0
Multi-year variable compensation	n.a.	n.a.	n.a.	n.a.
Plan description (plan term)	n.a.	n.a.	n.a.	n.a.
Other	0	0	0	0
Total	**0**	**0**	**0**	**0**
Pension expense	0	0	0	0
Total compensation	**235**	**255**	**193**	**195**

The compensation 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 compensation if the EBIT margin is over 3%, 50% of their fixed compensation if the EBIT margin is over 5% and 100% of their fixed compensation 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-unrelated remuneration in EUR '000	Attendance fee in EUR '000	Total in EUR '000
2014			
Werner Paletschek	15.0	6.75	21.75
Christian Fürst	12.5	6.75	19.25
Udo Zimmer	10.0	5.25	15.25
Total	**37.5**	**18.75**	**56.25**
2013			
Werner Paletschek	15.0	6.0	21.0
Christian Fürst	12.5	6.0	18.5
Udo Zimmer	10.0	5.25	15.25
Total	**37.5**	**17.25**	**54.75**

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, 2014	Dec. 31, 2013
Walter Brückl	19,000	19,000
Günther Kneidinger	4,000	3,000
Werner Paletschek	4,000	3,000
Christian Fürst	3,800	3,800

Major shareholders

	Shareholding in %	
	Dec. 31, 2014	Dec. 31, 2013
Thorsten Wagner	more than 25	more than 25
Dr. Dr. Axel Diekmann	more than 20	more than 15
bcm invest gmbh	more than 5	more than 5
Tom Hiss	more than 5	n.a
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, 2014 in EUR '000	Dec. 31, 2013 in EUR '000
Cash and balances on bank accounts	1,064	1,313
Overdrafts	-2,296	-909
Total	-1,232	404

In the reporting period, there were no significant cash and cash equivalents that the company could not dispose of. In 2013 EUR 1.0 million was pledged as security for non-current bank loans. This amount is now available as other security has been provided. The fair value of cash and cash equivalents corresponds to the carrying amount.

32. Payment obligations

	Dec. 31, 2014 in EUR '000	Dec. 31, 2013 in EUR '000
Commitments to acquire property, plant and equipment	1,584	984

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, 2014 in EUR '000	Dec. 31, 2013 in EUR '000
Payments recognized as expenses:		
Lease payments	325	284
Non-cancellable lease agreements:		
up to 1 year	784	297
between 1 and 5 years	1,796	428
more than 5 years	2,080	0
Total	**4,660**	725

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

Mr. Walter Brückl stepped down from the Board of Directors at the end of the year. Dr. Gregor Wasle was appointed to the Board of Directors from January 1, 2015.

With the agreement of the Supervisory Board, the Board of Directors has resolved to combine the Industrial Electronics and Communication Technology segments as from 2015. There were no further reportable events after the reporting date.

36. Disclosures

The Board of Directors approved the consolidated financial statements for publication on April 23, 2015.

In fiscal 2014 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 July 29, 2014 Mr. Karl Kindl, Germany, notified us pursuant to sec. 21 paragraph 1 WpHG that his share of the voting rights in InTiCa Systems AG, Passau, Germany, dropped below the 3% threshold on July 9, 2014 and that as of this date he holds 0.21% of the total voting rights (corresponding to 9,164 voting rights).

On December 2, 2014 Dr. 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 20% threshold on December 1, 2014 and that as of this date he holds 20.01% of the total voting rights (corresponding to 858,000 voting rights). 20.01% of these voting rights (corresponding to 858,000 voting rights) are attributable to Dr. Dr. Axel Diekmann pursuant to sec. 22 paragraph 1 sentence 1, no. 1 WpHG. The voting rights attributable to Dr. 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 December 2, 2014 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 20% threshold on December 1, 2014 and that as of this date it holds 20.01% of the total voting rights (corresponding to 858,000 voting rights).

On December 2, 2014 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 20% threshold on December 1, 2014 and that as of this date it holds 20.01% of the total voting rights (corresponding to 858,000 voting rights). 20.01% of these voting rights (corresponding to 858,000 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 December 2, 2014 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 20% threshold on December 1, 2014 and that as of this date it holds 20.01% of the total voting rights (corresponding to 858,000 voting rights). 20.01% of these voting rights (corresponding to 858,000 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.

On December 29, 2014 Ludic GmbH, Bad Oldesloe, 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% threshold on April 1, 2014 and that as of this date it holds 3.05% of the total voting rights (corresponding to 130,745 voting rights).

On December 29, 2014 Mr. Tom Hiss, 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 3% threshold on April 1, 2014 and that as of this date he holds 3.05% of the total voting rights (corresponding to 130,745 voting rights). 3.05% of these voting rights (corresponding to 130,745 voting rights) are attributable to Mr. Tom Hiss pursuant to sec. 22 paragraph 1 sentence 1, no. 1 WpHG. The voting rights attributable to Mr. Tom Hiss are held via Ludic GmbH, whose voting rights in InTiCa Systems AG are 3% or more.

On December 29, 2014 Ludic GmbH, Oldesloe, 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 5% threshold on December 22, 2014 and that as of this date it holds 5.02% of the total voting rights (corresponding to 215,069 voting rights).

On December 29, 2014 Mr. Tom Hiss, 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 5% threshold on December 22, 2014 and that as of this date he holds 5.02% of the total voting rights (corresponding to 215,069 voting rights). 5.02% of these voting rights (corresponding to 215,069 voting rights) are attributable to Mr. Tom Hiss pursuant to sec. 22 paragraph 1 sentence 1, no. 1 WpHG. The voting rights attributable to Mr. Tom Hiss are held via Ludic GmbH, whose voting rights in InTiCa Systems AG are 3% or more.

37. Staff

The average number of employees in fiscal 2014 was 422 (2013: 371).

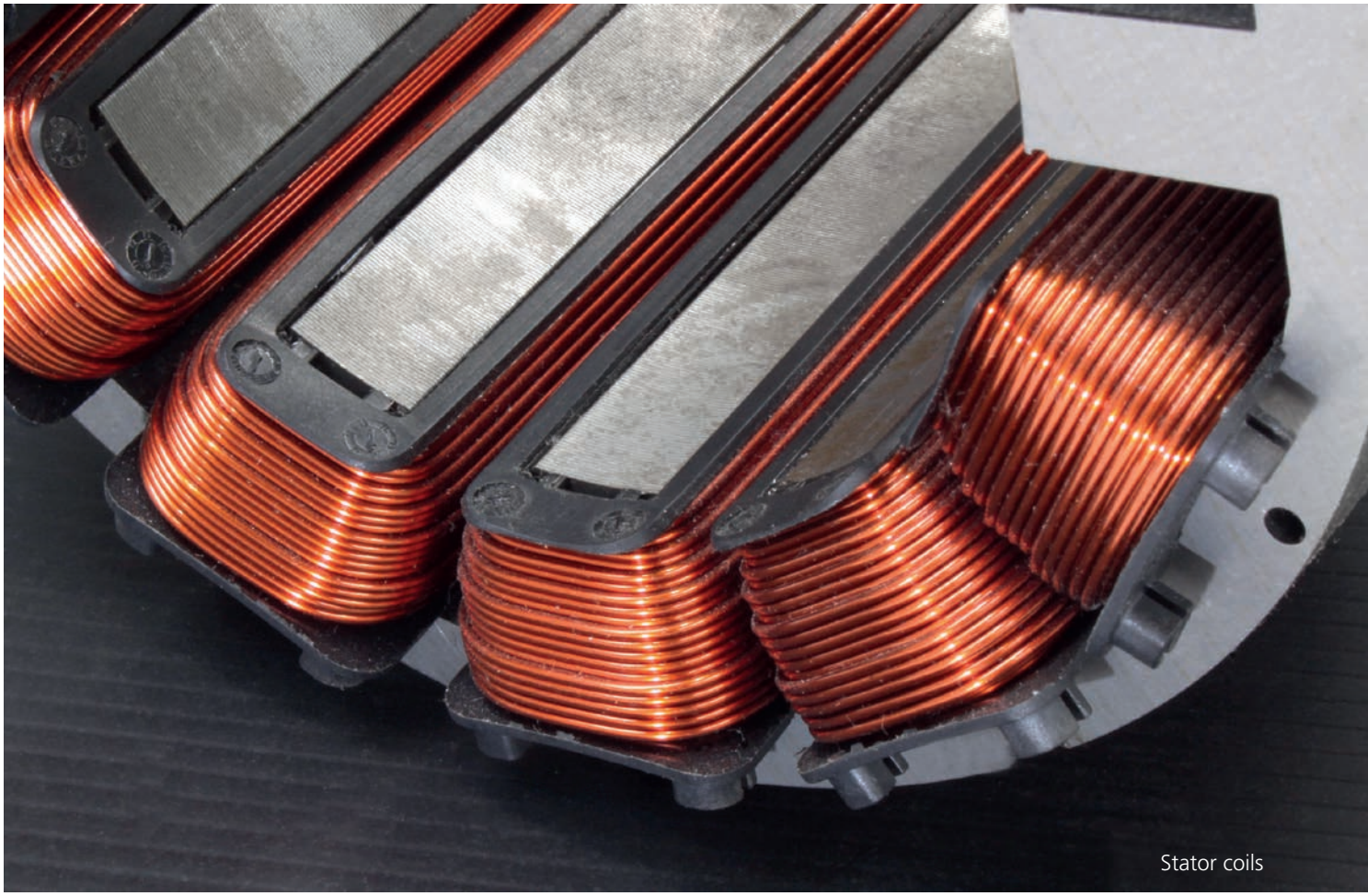
	Dec. 31, 2014	Dec. 31, 2013
Salaried employees	93	81
Industrial employees	321	285
Trainees	1	1
Low-wage part-time staff	7	4
Total	**422**	**371**

38. Auditor's fees

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

	Dec. 31, 2014 in EUR '000	Dec. 31, 2013 in EUR '000
Audit services for the fiscal year	67	65
Audit services for the previous year	0	5
Other services for the fiscal year	5	0
Total	**72**	**70**

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



Stator coils

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 22, 2015

The Board of Directors

Dr. Gregor Wasle
Spokesman for the Board of Directors

Günther Kneidinger
Member of the Board of Directors

Responsibility Statement

RESPONSIBILITY

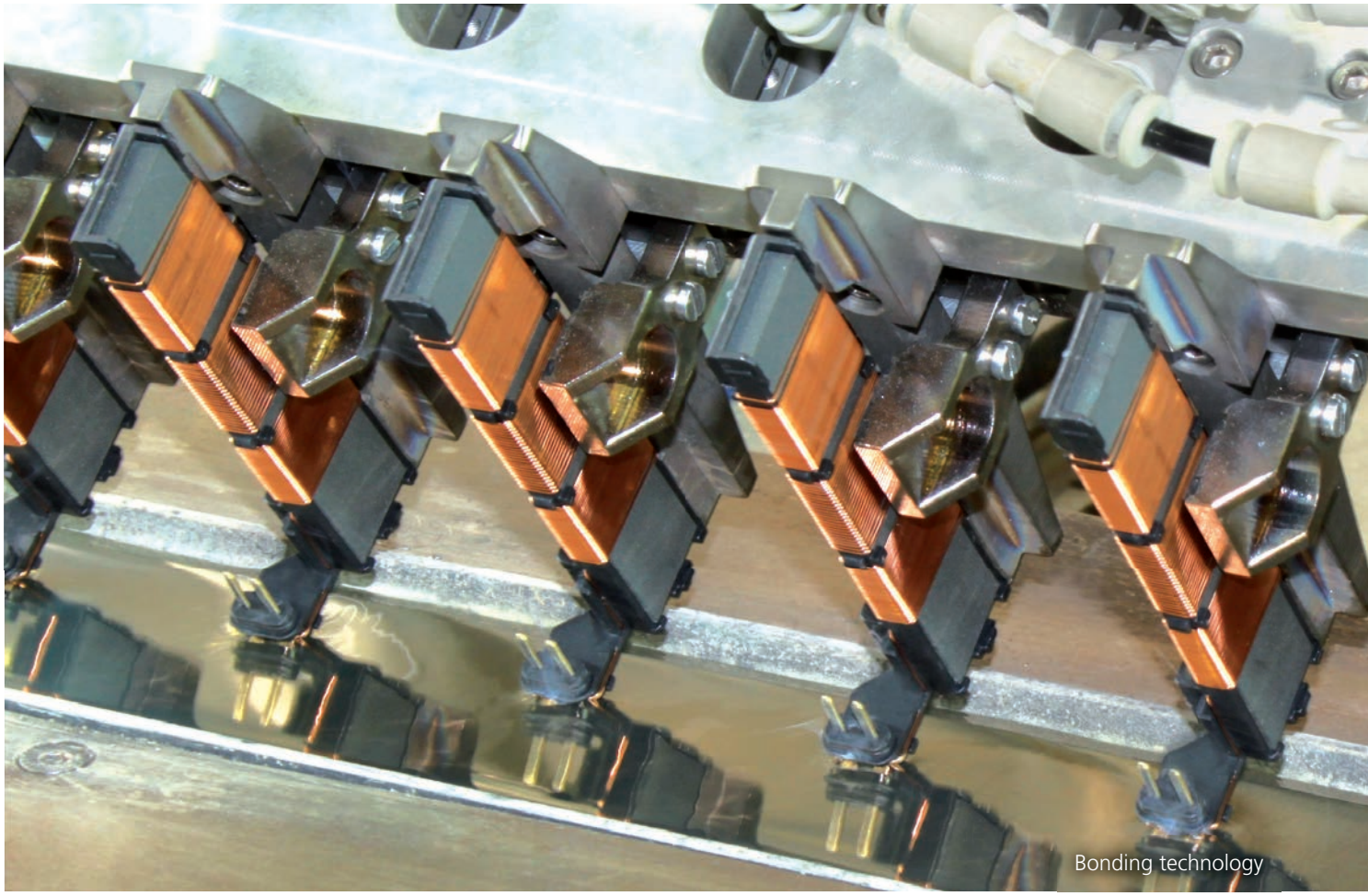
We hereby declare that, to the best of our knowledge and in accordance with the applicable reporting principles, the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group and that the management report for the Group 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 22, 2015

The Board of Directors

Dr. Gregor Wasle
Spokesman for the Board of Directors

Günther Kneidinger
Member of the Board of Directors



Bonding technology

Growth *driven by* ***innovation***

for a secure future!

Auditor´s Certificate

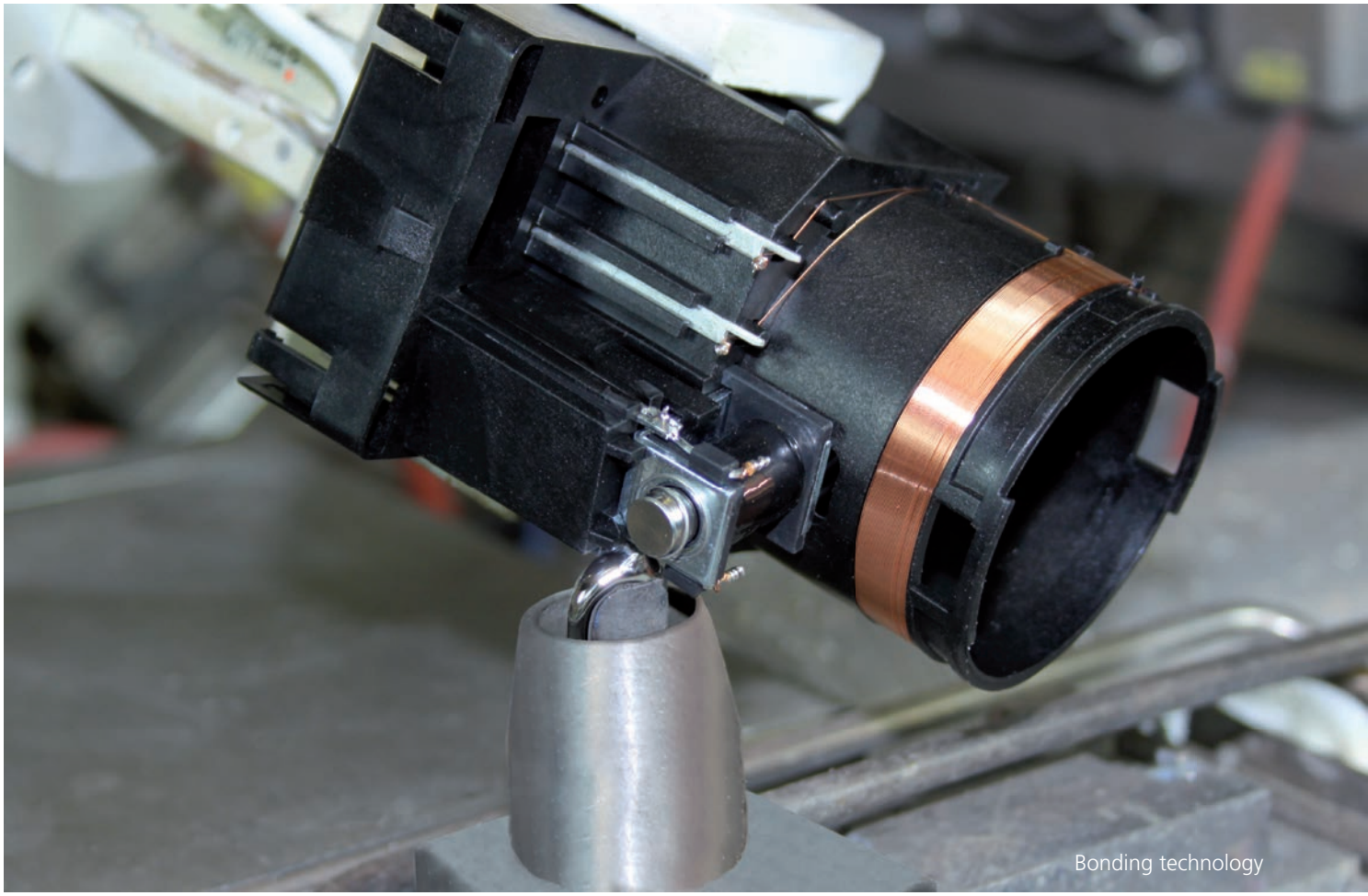
AUDITOR´S CERTIFICATE

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, 2014. 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.



Bonding technology

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 22, 2015

KPWT Kirschner Wirtschaftstreuhand Aktiengesellschaft
Wirtschaftsprüfungsgesellschaft · Steuerberatungsgesellschaft

Diplom-Kaufmann
Karl Unterforsthuber
Wirtschaftsprüfer (Auditor)

Diplom-Betriebswirt (FH)
Albert Schick
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 2015

April 23, 2015	Publication of annual report for 2014
April 23, 2015	Press conference / Conference call
May 21, 2015	Publication of interim financial statements for Q1 2015
July 17, 2015	Annual General Meeting in Passau
August 20, 2015	Publication of interim financial statements for H1 2015
Nov. 19, 2015	Publication of interim financial statements for Q3 2015
Dec. 08/09, 2015	Munich Capital Market Conference 2015

Design, Photography, Realisation: creativpartner Agentur für Werbung und Marketing GmbH Deggendorf, www.creativpartner.com

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