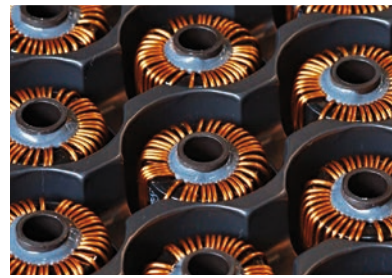
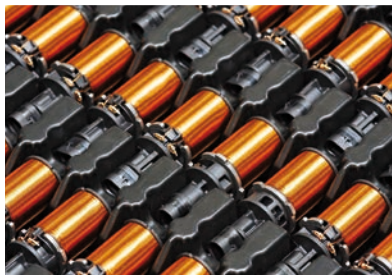


Technologies for growth markets!



2015

ANNUAL REPORT

Automotive Technology
Industrial Electronics



InTiCa
Systems

Key Figures of InTiCa Systems

The Group

	2013 EUR '000	2014 EUR '000	2015 EUR '000	Change in %
Sales	37,838	40,509	42,441	4.8%
Net margin	1%	-6%	0%	-
EBITDA	5,705	2,398	5,163	115.3%
EBIT	1,006	-2,476	706	-
EBT	538	-2,869	262	-
Net profit (loss)	474	-2,430	78	-
Earnings per share (diluted/basic in EUR)	0.11	-0.58	0.02	-
Cash flow total	-578	-1,646	-6,095	-
Net cash flow from operating activities	3,818	3,145	2,618	-16.8%
Capital expenditure	3,709	6,199	8,964	44.6%
	Dec. 31, 2013 EUR '000	Dec. 31, 2014 EUR '000	Dec. 31, 2015 EUR '000	Change in %
Total assets	32,563	34,763	40,321	16.0%
Equity	18,588	15,998	16,445	2.8%
Equity ratio	57%	46%	41%	-
Employees incl. agency staff (number)	447	507	525	3.6%

The Stock

	2013	2014	2015	(Mar. 31, 2016) 2016
Closing price (in EUR)	4.35	4.12	4.25	4.71
Period high (in EUR)	4.51	6.00	5.50	4.93
Period low (in EUR)	2.80	3.86	3.87	4.11
Market capitalization at end of period (EUR million)	18.65	17.66	18.22	20.19
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,

While the end of 2014 was overshadowed by the insolvency of a major customer, in 2015 we achieved our primary objective of returning to profit: we grew sales to EUR 42.4 million and earnings were positive again. This success was once again driven by the outstanding performance of the Automotive Technology segment. Aided by stable global growth in the sector and the launch of many new models – and the fact that so far the diesel scandal has not had a perceptible impact – there was another substantial increase in this segment's sales, also because investment in recent months and years enables us to develop customized solutions for our customers at the cutting-edge of technology. To meet rising requirements and a higher volume of shipments in the future, in 2015 InTiCa invested more than EUR 7 million in modern production facilities, optimization of its production process, a technology and training centre, and the introduction of new products. We would specifically like to draw attention to the new production building at our Prachatice site, which is vital for our proactive approach to shaping the future.

We are not entirely satisfied with our performance in 2015, which fell short of our detailed sales and earnings guidance. There are a number of reasons for this. The company has undergone an unbelievable transformation in the past five years, from electronics for telecommunication applications to automotive technology. During this phase, the Automotive Technology segment has posted an average annual growth rate of over 25 percent. Following the change in the composition of the Board of Directors, the focus of optimization shifted to key value-creation processes, fixed costs and quality aspects, which had a direct impact on earnings, and to introducing changes compared with previous years. The systematic alignment of the Prachatice production site to lean principles and the reorganization of production workflows in 2015 were the first steps towards raising the efficiency of production and reducing quality costs. In 2016 we will be driving forward this multi-year transformation process. Alongside changes in processes and the related costs, this has to be accompanied, in particular, by organizational changes and a shift in the mindset of the entire workforce. As the next step, we will be integrating these lean principles directly into the development of our new site in Mexico. Initial, highly positive audits by customers have already endorsed the direction we are taking. In sum, these measures will provide a sustained basis to enable and drive forward our goal of growth.

In addition, the exceptional factors in the fourth quarter, which were mentioned in our nine-month report, had a material impact on our performance in 2015. A major customer reduced the call-off volume for the fourth quarter and InTiCa was also confronted by a complaint from a key customer. Although the cause was rapidly identified and eliminated thanks to properly functioning feedback and the active involvement of our employees, there was a short-term increase in quality costs. This put pressure on margins and improving margins is one of our key targets for 2016.

Alongside the ongoing development of value flows and the associated organizational change, internationalization and product development are further strategic objectives for InTiCa. With a view to the first of these objectives, we are planning to start up a new site in Mexico. Small-scale serial production of an initial customer is scheduled to start by the end of the year, with start-up of serial production for a further customer planned for 2017. This will raise InTiCa's profile in international competition and, above all, provide the necessary basis for both established and new customers to award us orders in the future. We intend to extend the Mexico site considerably in the future and generate a corresponding rise in revenue, partly by relocation of existing products to Mexico and partly by gaining new customers in NAFTA. This international drive will be supported by our new technology and training centre at our headquarters in Passau, Germany. Examples include the assembly and acceptance of new plants. However, the main focus at the centre is the development of new products and manufacturing technologies. In 2015 we built up the first test facilities and produced the first samples. We plan to continue this in 2016. Our focus is on new products for alternative drives, especially for hybrid technology and electric vehicles. Our sales and development team has secured substantial orders for serial production and development which will be reflected in revenue and earnings in 2016. Here, we are consistently working towards our goals of positioning InTiCa successfully in the market for promising future products such as stator systems and EMV filters alongside our core products such as keyless go systems and actuators.

Electrification and digitization are global megatrends in the automotive industry in which InTiCa would like to have an even greater share in the future. Development is also constantly moving forward in other areas. As a specialist for the development and production of high-quality, customized induction components and mechatronic modules and system solutions for industrial electronics, InTiCa can also benefit from growth as seen, for example, in the automation sector as a result of the digitization of industrial facilities. Industry 4.0 plays an important role for us. We therefore want to stabilize our business with filter technology, stators and actuators at 15-20 percent of total Group revenue in the medium term.

We are making good progress towards this in 2016 and expect both segments to report a continuous rise in volumes. At Group level, we anticipate that revenue will rise by about 10 percent to around EUR 47 million and that the EBIT margin will be above 2 percent. This guidance is supported by our business performance in the first three months and the expected new production launches in the second half of the year. There is a very good level of orders on hand. The Board of Directors focused on financing in 2015: optimizing non-current financing and the associated analysis have placed InTiCa Systems AG on a sound and new basis.

We are therefore confident about the future and look forward to shaping the successful development of InTiCa Systems AG with our first-rate employees and in trusting collaboration with our customers, business associates and shareholders. We would explicitly like to thank you all for your trust in us.

Passau, April 2016

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 2015 GROUP

Dear shareholders,

In fiscal 2015 the Supervisory Board performed the tasks imposed on it by law, the articles of incorporation and the rules of procedure, regularly advised the Board of Directors on the management of the company and monitored and supervised its management activities. The yardsticks for oversight were the lawfulness, correctness, cost-effectiveness and expediency of the management of the company and the Group.

Cooperation with the Board of Directors

The Board of Directors gave the Supervisory Board detailed information and reasons for all business transactions and other matters requiring the approval of the Supervisory Board in compliance with the law, articles of incorporation or rules of procedure, and obtained the necessary consent. The Board of Directors provided continuous, comprehensive and timely information to the Supervisory Board either verbally or in writing.

The Board of Directors' reports to the Supervisory Board centred principally on planning, business development and the business situation of InTiCa Systems AG and its subsidiary, including the risk situation, risk management, compliance and transactions of especial importance for the company. The Board of Directors 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. 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 Spokesman for the Board of Directors and the 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 Board of Directors conducted the management of the company in a correct and lawful manner.

In 2015 the Supervisory Board considered in particular the company's strategic focus, the establishment of a new site in the NAFTA region, the restructuring of corporate financing, and the lean production changes at the existing production site. The development of the individual segments was always a focus in the discussion of all issues. To this end, the Supervisory Board received timely and extensive information on the current situation of the Group and its companies, and all business operations of material importance for the Group's profitability and liquidity (see sec. 90 paragraph 1 of the German Companies Act [AktG]). Production and sales planning and the strategic development of the Group were also discussed regularly with the Board of Directors.

Composition of the Supervisory Board

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

The members of the Supervisory Board were re-elected at the Annual General Meeting in Passau, Germany, on July 17, 2015. At the constitutive meeting following the Annual General Meeting, Mr. Udo Zimmer was elected as the new Chairman of the Supervisory Board. The new Deputy Chairman is Mr. Werner Paletschek.

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 five meetings in 2015. Christian Fürst was unable to attend the meeting on July 16, 2015 due to business commitments. Apart from that, all members of the Supervisory Board were present at all meetings.

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

February 2, 2015: Status of the insolvency proceedings of the customer Sputnik; monthly report for December and discussion of the provisional results for 2014; present business performance in January and budget for 2015; status of the projects relating to a location in NAFTA and the Passau technology centre

April 17, 2015: The central item on the agenda was the presentation of the annual financial statements by the Board of Directors and the auditor; presentation of the quarterly report on the first three months; current delivery performance; status of the NAFTA and technology centre projects; presentation of the master plan for 2015 and discussion of corporate strategy

July 16, 2015: Report by the Board of Directors on the half-year results; discussion to prepare for the Annual General Meeting; discussion of the status of the project to implement the financing concept, lean production, NAFTA project

September 30, 2015: Discussion of the current business performance and monthly results for August 2015; status of the reorganization of company financing; current status of the NAFTA project and evaluation of possible risks and alternatives; preparation of the budget process for 2016; discussion of the resolution on gender quotas; discussion of the complaint regarding the election of the Supervisory Board at the Annual General Meeting in July 2015

November 27, 2015: Report of the Board of Directors on business performance, the monthly results for October and the report on the first nine months of 2015; status of budget planning for 2016 and the necessary measures; progress report on corporate financing; status report on the NAFTA project and the lean production project; discussion of the complaint regarding the election of the Supervisory Board; resolution on the purchase of a plot of land adjacent to the production site in Prachatic; discussion of cyber security 2016.

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, 2015 to December 31, 2015, 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, 2015, prepared in accordance with the provisions of the German Commercial Code (HGB), were audited by KPWT Kirschner Wirtschaftstreuhand AG, Eggenfelden, 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, 2015, 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.

No specific areas of focus for the audit were agreed with the auditors.

At a meeting on March 14, 2016 the provisional figures for the annual financial statements of the company and the Group for 2015 were discussed in the presence of the auditor. At a further meeting on April 20, 2016, 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, and 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 2015 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 20, 2016 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 2015. It also thanks InTiCa Systems' customers and partners for their trust and collaboration.

InTiCa Systems AG
Passau, April 21, 2016

The Supervisory Board

Udo Zimmer
Chairman

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



Udo Zimmer

Chairman
Business administration graduate
Munich
- *Member of the Board of
Management of REMA TIP TOP AG*
- *Chairman of the Supervisory Board
of SCHNELL Motoren AG*



Werner Paletschek

Deputy Chairman
Business administration graduate
Fürstentzell
- *Managing director of
OWP Brillen GmbH, Passau*



Christian Fürst

Member of the Supervisory Board
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*

Company
Boards





End of line test



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 525 employees (December 31, 2015) 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: 76
(March 31, 2016)



Production facility Prachatice, Czech Republic

- Modern production facilities with high degree of vertical integration, secure processes and technologies
- Employees: 499
including 58 agency staff
(March 31, 2016)



Technology Center Passau, Germany

- Development of manufacturing technology
- Samples and pre-serial production
- Employee training centre
- Employees: 7
(March 31, 2016)



Expansion
to gain new **opportunities**



*We shape
changing times*

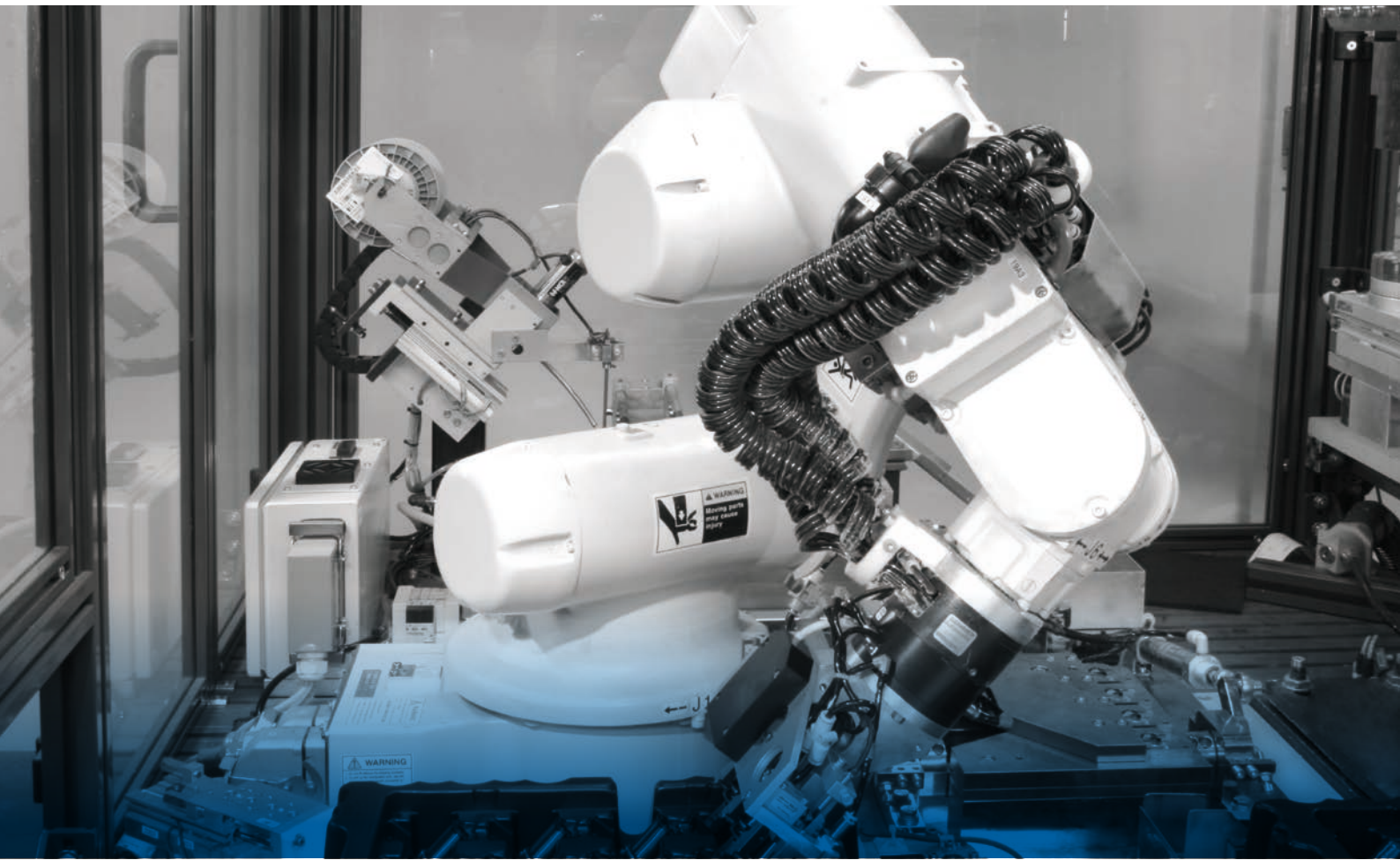


Automotive Technology

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.

*... for a better **future***

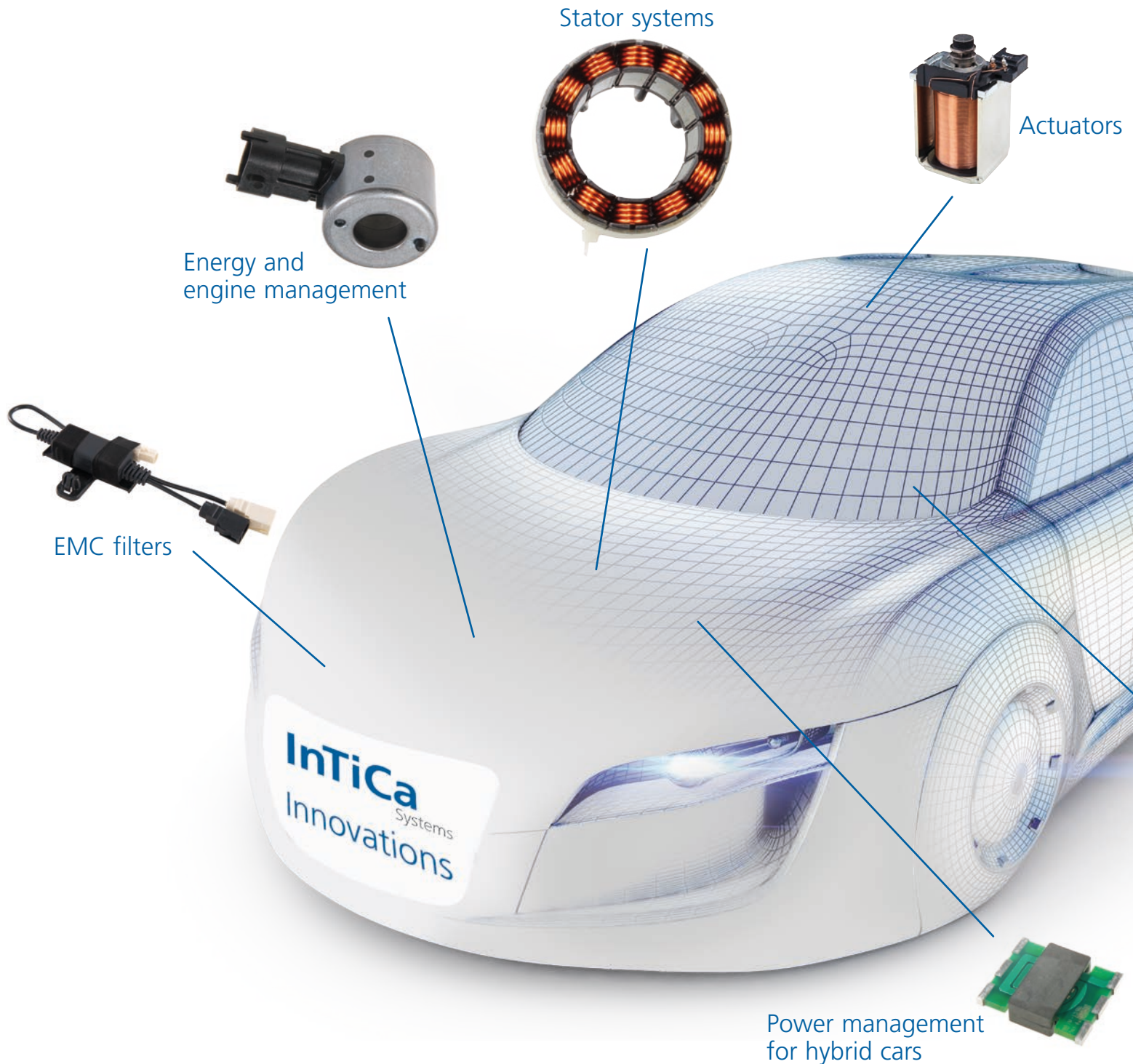


Industrial Electronics

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.

Innovative technologies for tomorrow's cars



Automo

HF antennas
for TPM



Keyless entry
systems



Driver authorization
systems



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.

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.

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.

Diverse products
through **continuous enhancement**



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.

Actuator Engineering

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

Indus

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.



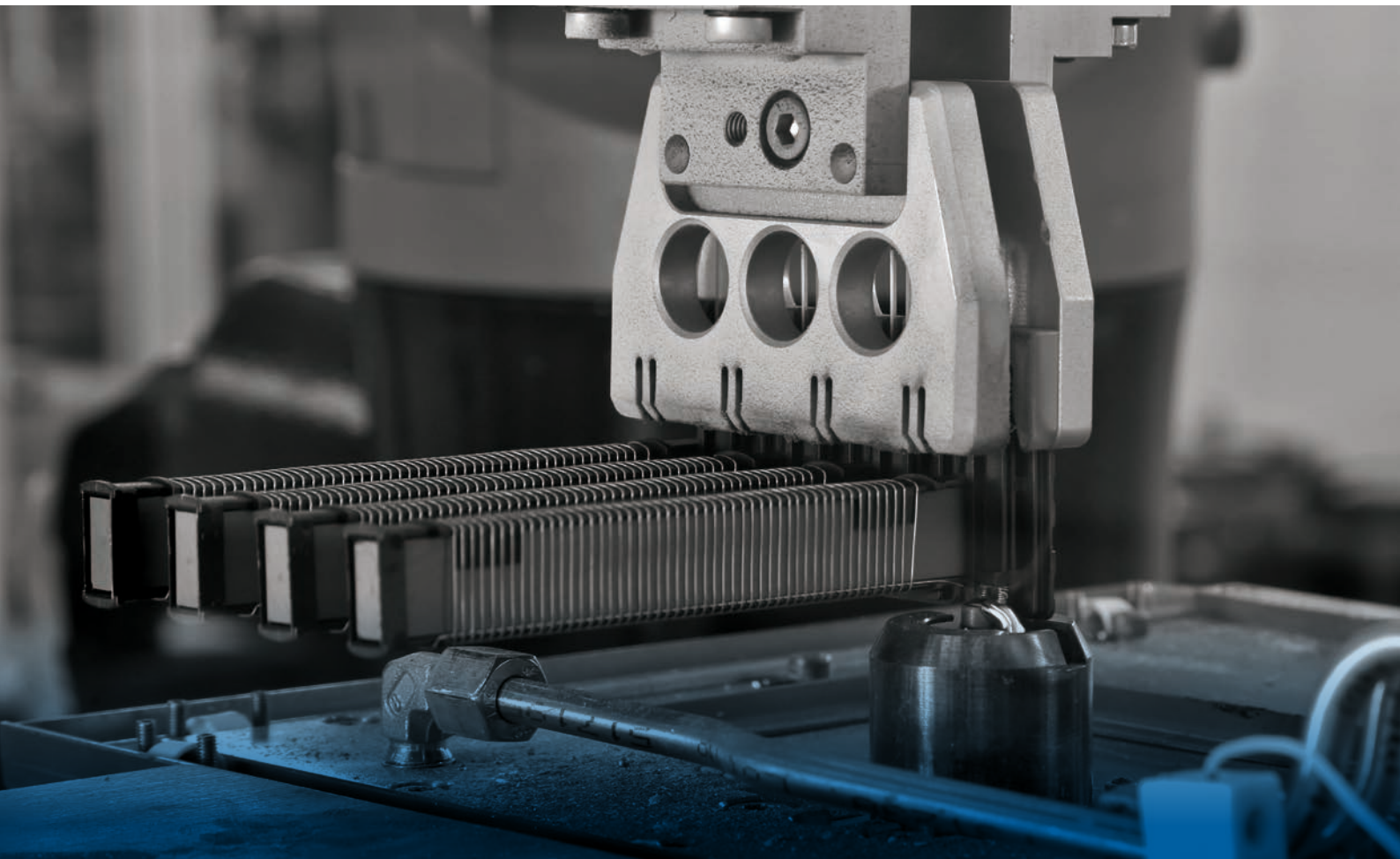
Filter Technology

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 Triple Play Services (TV, Video On Demand, and Internet) has led to the constant expansion of the networks.

Core competence in 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

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.



Measuring and test systems

- automatic tests of critical product characteristics, as
 - electrical parameters
 - dimensional conformance
 - environmental requirement conformance
 - optical and mechanical tests

Innovations drive progress

Technology Center, Passau

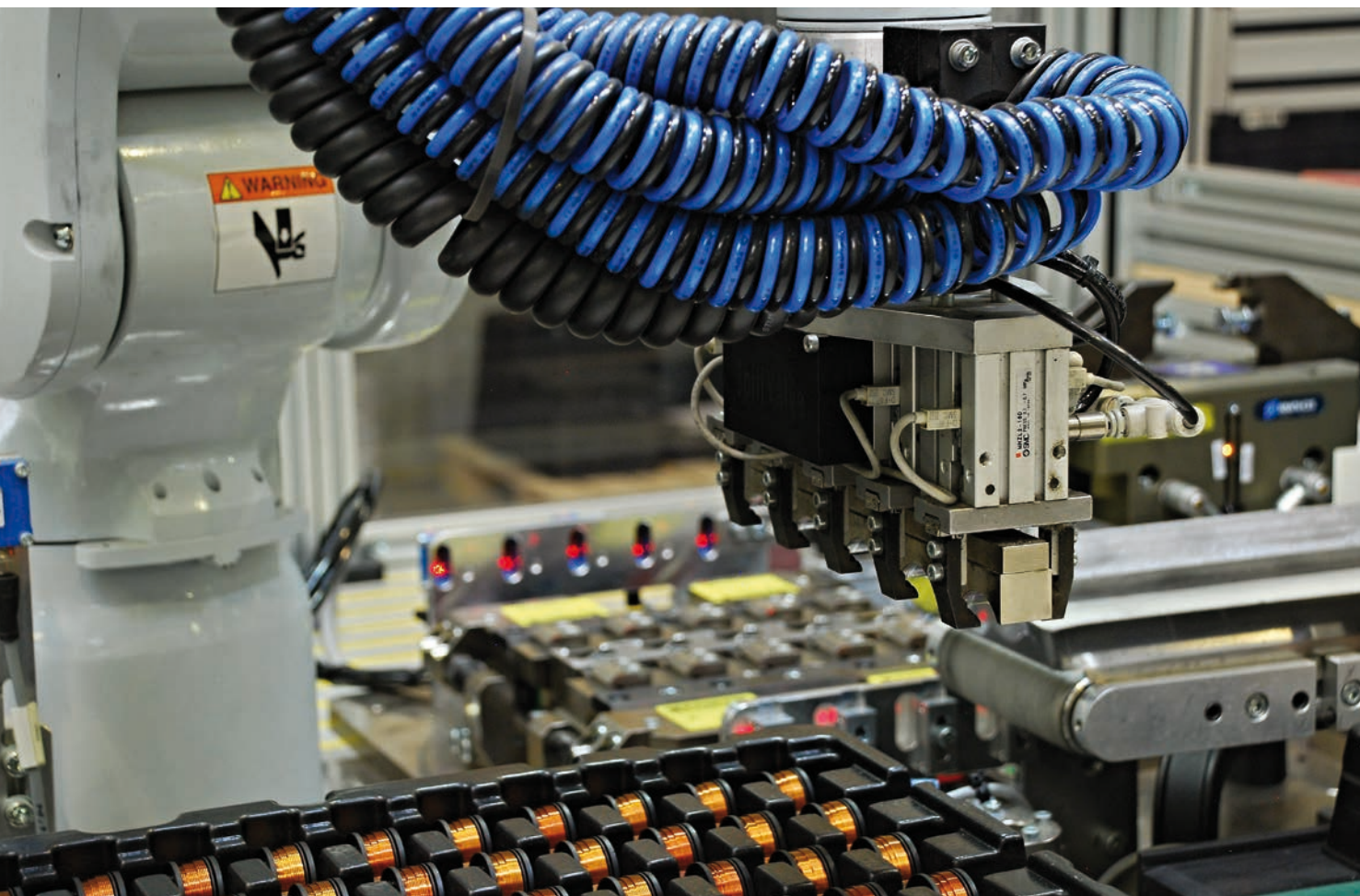


To meet its own demands and customers' specifications and train employees, InTiCa Systems AG invested in a new Technology Center in 2015.

The aim is to drive forward the development of manufacturing technology for customer-specific product developments and to test plant and automation technology and machine tools. Another focus is on the initial assembly and acceptance of new equipment for the company's international expansion.



In addition, the centre produces customized samples and pre-serial orders. Skilled staff are an important aspect of InTiCa Systems' corporate policy. The Technology Center therefore includes facilities for employee training to complement the other objectives.



Automation maximizes
efficiency

*for example production
of coils*



InTiCa Systems' stock in 2015

STOCK

Performance of shares in InTiCa Systems¹

Having traded in a stable range of between EUR 4.00 and EUR 4.50 for much of 2014, shares in InTiCa Systems AG continued their sideways movement at the start of 2015. The shares started the year at EUR 4.22, and remained between EUR 3.85 to EUR 4.40 in Xetra trading until mid-May. Following publication of the quarterly report for the first three months, which showed considerable sales growth and a return to profit, there was a sharp rise in the share price. By the end of May, shares in InTiCa Systems had risen to EUR 4.95 and the upward trend subsequently continued, with the price topping EUR 5 in mid-June and rising to a high for the period of EUR 5.50 on July 16, 2015. After that, the share price dropped somewhat in parallel with the general market weakness and ended the third quarter at EUR 4.85 on September 30, 2015. At the start of the fourth quarter, a vigorous upswing propelled the share price to EUR 5.40 but it dropped back again in the remainder of the year and ended 2015 at EUR 4.25 in XETRA trading. That was 3.2% higher than at year-end 2014.

In 2015, the German equity market was even more volatile than in 2014. The German blue chip index, the DAX, which comprises the 30 largest listed German companies, registered a spread of nearly 3,000 points between its high of 12,375 on April 10, 2015 and its low for the year of 9,428 on September 24, 2015. The upward trend in the first half of the year was mainly driven by the ECB's expansionary monetary policy and the implementation of its billion-euro bond purchase programme. By contrast, the negative development in August and September was attributable to the depreciation of the Chinese currency, the stock market crash in China and the VW Group's emissions scandal. The DAX closed the year at 10,743 points, a gain of around 8.9% over the year. The TecDAX, which contains far smaller, growth-focused technology stocks, proved considerably more dynamic and rose 33.5%. The more broadly based DAXsector Technology index, which comprises all technology companies in the Prime Standard, rose by 36.2% in the same period.

¹ Price data based on Xetra, source: Bloomberg

InTiCa Systems' market capitalization was around EUR 18.2 million at year-end 2015 (December 31, 2014: EUR 17.7 million). As in the previous year, the most important trading exchange for shares in InTiCa Systems was the XETRA electronic trading platform, which accounted for around 76% of trading in the share, followed by the Frankfurt Stock Exchange, which accounted for around 16%. Average trading volume in the company's shares in 2015 was around 54,768 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.

Shares in InTiCa Systems	2015	2014
Year high (XETRA® closing price)	5.50	6.00
Year low (XETRA® closing price)	3.87	3.86
Market capitalization at year end in EUR million	18.2	17.7

Closing prices	2015	2014	Change
Shares in Systems (XETRA®)	4.25	4.12	+3.2%
DAX	10,743.00	9,805.55	+9.6%
TecDAX	1,830.74	1,371.36	+33.5%
DAXsector Technology	754.67	554.03	+36.2%

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 shareholders, potential investors and all other interested members of the financial community. The focus is on providing full and transparent information for the community, to strengthen confidence in the company and its shares and improve expectations. The Board of Directors therefore personally seeks direct contact with the relevant members of the financial community.

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 provided extensive quarterly reports, which were 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.

In addition, experienced capital market analysts comment on our business results and the most important announcements and issue estimates on the future development of InTiCa Systems AG. The research reports they publish are available 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	SMC-Research

Shareholder structure

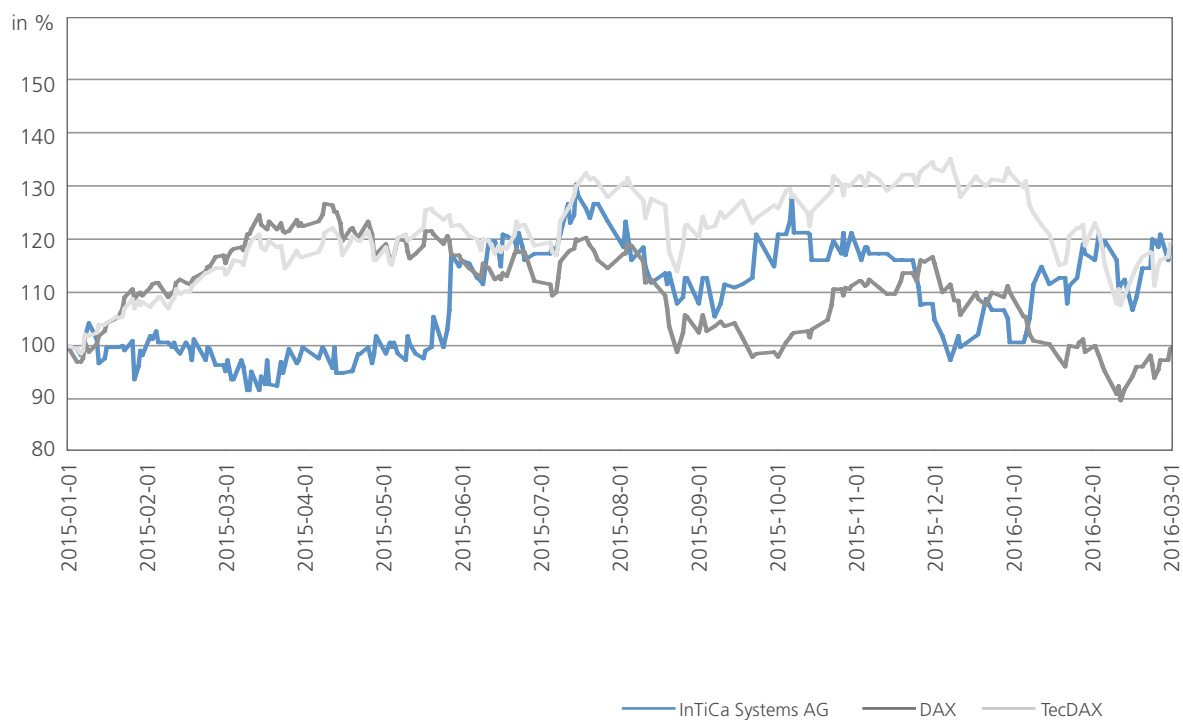
The principal shareholders on March 31, 2016 were as follows:

Thorsten Wagner
Dr. Dr. Axel Diekmann
Tom Hiss
Dr. Paul and Maria Grohs
Treasury stock
Management

Shareholding
over 25%
over 25%
over 5%
over 3%
1.5%
less than 1%



Performance of shares in InTiCa Systems





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 Investor Relations/Corporate Governance section.

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 2016 the company will comply with the recommendations of the Corporate Governance Code in the version dated May 5, 2015, 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 have adopted the above declaration for 2016 in accordance with sec. 161 AktG. The declarations of conformity of InTiCa Systems AG, which form part of the declaration of corporate management required by sec. 289 a of the German Commercial Code (HGB), can be viewed on the company's internet site at www.intica-systems.de.

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.

Objectives for the composition of the Supervisory Board

On March 14, 2016, the Supervisory Board adopted a new resolution on the objectives for its composition:

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

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

» *International activities:*

The company is based in Germany and has a subsidiary in the Czech Republic. Further, the aim is to increase its internationalization. This should take place in the future both on the sales side and on the procurement and production side. 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 international the legal and economic conditions.

» *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.

» *Number of independent Supervisory Board members:*

In the estimation of the Supervisory Board, it is sufficient if the board has one independent member within the meaning of sec. 5.4.2 of the German 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.

» *Normal period of service:*

Re-election of members of the Supervisory Board is permitted but should not normally happen more than three times.

» *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.

In the Corporate Governance reports for future years, the Supervisory Board will outline any changes to the above objectives and the status of realization of the targets.

**Members of the Board
of Directors of InTiCa
Systems AG in 2015**

	Appointed from / to	Responsibilities	Further offices
Dr. Gregor Wasle, date of birth August 14, 1971	January 1, 2015 to December 31, 2017	Spokesman of the Board of Directors – responsible for: strategy finance human resources production production technology IT investor relations and public relations	None
Günther Kneidinger, date of birth November 18, 1968	January 1, 2009 to December 31, 2019	Responsible for: sales R&D materials management and quality	None

**Members of the Supervisory Board of
InTiCa Systems AG in 2015**

	Appointed from / to	Function on Supervisory Board	Seats on other Supervisory Boards and comparable supervisory bodies
Udo Zimmer, business administration graduate, member of the Board of Management of REMA TIP TOP AG, Munich	Elected on July 7, 2015 for the period until the Annual General meeting 2020	Chairman	Chairman of the Supervisory Board of SCHNELL Motoren AG
Werner Paletschek, business administration graduate, Managing Director of OWP Brillen GmbH, Passau	Elected on July 7, 2015 for the period until the Annual General meeting 2020	Deputy Chairman	None
Christian Fürst, business administration graduate, Managing Partner of ziel management consulting gmbh, Passau	Elected on July 7, 2015 for the period until the Annual General meeting 2020	Member of the Supervisory Board	Chairman of the Supervisory Board of Electrovac Hacht & Huber GmbH Advisory Board of Eberspächer Gruppe GmbH & Co. KG (since February 1, 2015)

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 instru-

ments 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, 2016, Mr. Günther Kneidinger held 4,000 shares (0.09%), Mr. Werner Paletschek held 5,000 shares (0.12%) and Mr. Christian Fürst held 4,800 shares (0.11%). The company itself held 64,430 shares (treasury stock) as of March 31, 2016 (1.5%).

Directors' Dealings

In 2015 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
Jan. 27, 2015	Christian Fürst	Supervisory Board	Purchase	1,000	3.89	3,890.00	Xetra
Dec. 1, 2015	Werner Paletschek	Supervisory Board	Purchase	1,000	4.65	4,650.00	Frankfurt

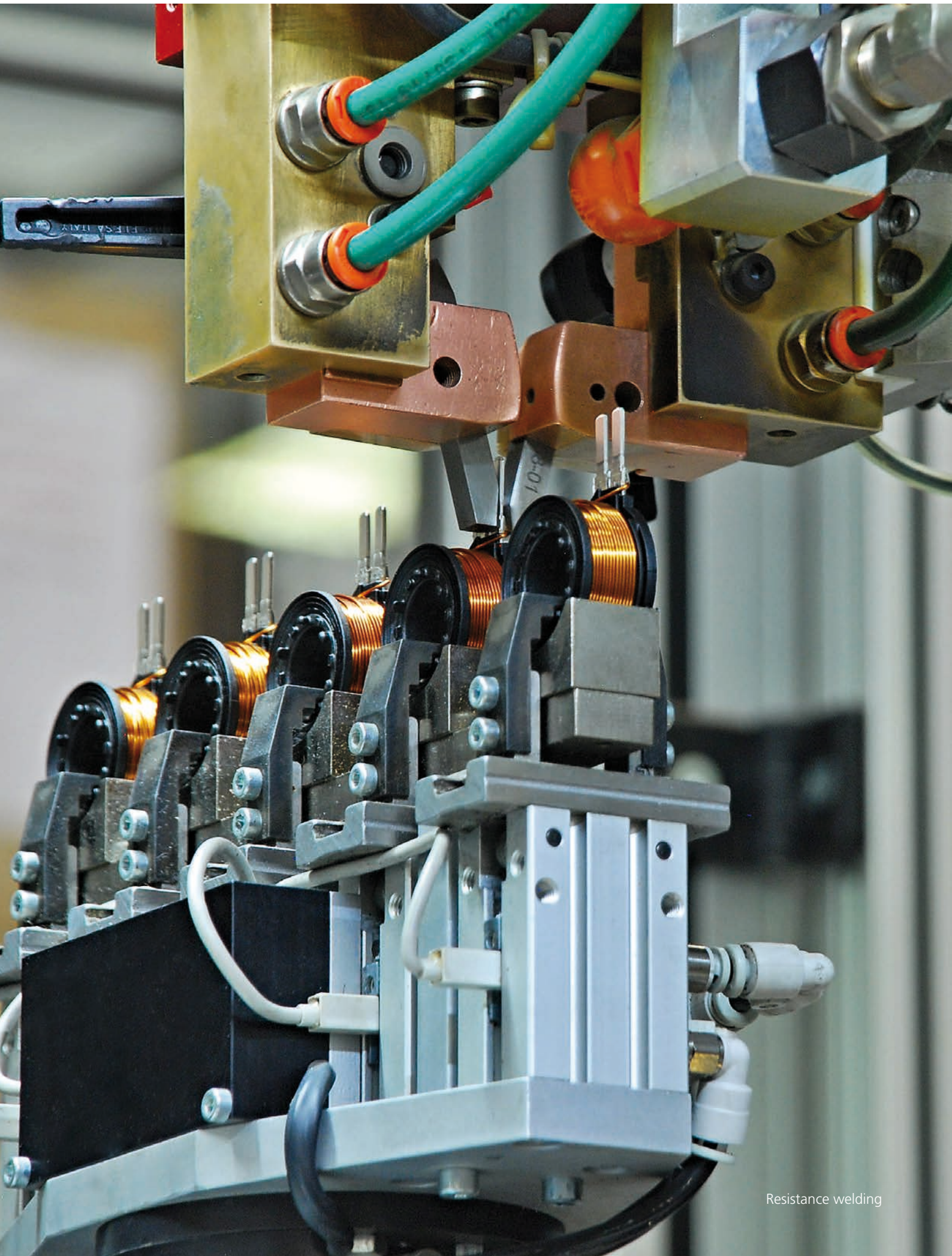
Passau, April 21, 2016

The Supervisory Board

Udo Zimmer
Werner Paletschek
Christian Fürst

The Board of Directors

Dr. Gregor Wasle
Günther Kneidinger



Resistance welding



Group Management Report

for the period from January 1 to December 31, 2015

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 and Industrial Electronics segments. In these areas InTiCa Systems ranks among the market and

technology leaders in products and solutions based on high-tech inductivity. The ability of a coil to produce voltage in its own windings by means of a magnetic field or, conversely, to generate a magnetic field in a coil if voltage is applied, is utilized by the company 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 main currents 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.

Since 2015, the Industrial Electronics and Communication Technology have been combined in the Industrial Electronics segment. This change was first applied in the report on the first quarter of 2015. The prior-year figures for the Industrial Electronics segment have been restated to enhance comparability.

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.

The Automotive Technology segment has become the most important segment for the operating performance and future development of InTiCa Systems AG. In 2015 this segment grew sales by a further 25.2% to EUR 35.0 million (2014: EUR 28.0 million), increasing its share of Group sales to around 82.5% (2014: 69.1%). EBIT (earnings before interest and taxes) was EUR 1.35 million (2014: EUR 1.45 million).

New developments such as stator systems for hybrid/electric vehicles and planar transformers for 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. In particular, 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.

This segment also produces optimized solutions for ADSL and VDSL for broadband internet access via the present and future telephone network. New developments include actuator coils to reduce the power consumption of industrial equipment and domestic appliances and reduce emissions of exhaust gases. This has extended the product portfolio to target a variety of industrial sectors and thus broadened the customer base.

In 2015, the continued consolidation of the photovoltaic industry led to a further drop in sales in the Industrial Electronics segment. In particular, the segment could not adequately offset the loss of its major customer Sputnik, which filed for insolvency at the end of 2014. In the communication technology business, further delays in the market launch of new filters for coaxial networks meant there was a lack of new impetus to invigorate volume sales. Segment sales fell 40.9% year-on-year to EUR 7.4 million (2014: EUR 12.5 million). This segment's share of total sales therefore slipped from around 21.7% in 2014 to 17.5% in 2015. Segment EBIT was minus EUR 0.65 million in the reporting period (2014: minus EUR 3.9 million).

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 2014.

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 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 because its solutions meet their high technological and quality requirements.

2. Economic report

2.1 General economic conditions

The global economy continued to grow in 2015, but momentum tailed off perceptibly in the second half of the year. According to the Kiel Institute for the World Economy (IfW), the global economy grew by 3.0% in 2015, compared with 3.5% in the previous year.¹ The slower growth was principally attributable to the persistent cyclical weakness in the emerging markets, where overall growth dropped to 4.2% in 2015 (2014: +5.0%). Economic activity was held back considerably by the sharp fall in commodity prices and thus in export revenues. In the advanced economies as well, expansion faltered towards the end of the year, although output in this group of countries nevertheless rose by 2.0% over the year (2014: +1.7%). The development of the eurozone economy was similar: the recovery continued with growth of 1.5% in 2015 (2014: +0.9%) but weakened towards year-end. The German economy also lost some momentum following a dynamic start to the year. Overall however, growth was steady, with gross domestic product (GDP) rising by 1.5% (2014: 1.6%). This was driven by domestic consumption; there was hardly any impetus from foreign trade in the end.

The slower momentum at year-end was probably due to temporary external influences and does not indicate a turning point in the economic cycle. Rather, the upswing could regain pace in 2016: the experts at the IfW forecast that the German economy could grow by 2.0%. This will be driven primarily by domestic factors. Supported by the sustained upward trend on the labour market, the favourable development of incomes is boosting consumer spending. Further impetus comes from low oil prices and state transfers. Capital expenditures could be the second driving force behind the upswing in 2016. The global economy is also expected to gradually overcome its dip during the year but will remain susceptible to financial turbulence. Overall, the IfW assumes that global output will grow by 2.9% in 2016, which would be a slightly lower rate than in the previous year. The main factor holding back growth is the increased economic uncertainty.

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 2015.² In particular, volume sales were 9% higher in each of the three big markets: Western Europe, the USA and China. The USA and China set new records and in Western Europe there were 13.2 million new car registrations, the highest level for the past five years. However, this positive trend should not mask the fact that competition and volatility increased perceptibly on the international markets in 2015. German car exports only rose by 3% to 4.4 million new cars and domestic production declined slightly for the first time in December. In all, however, Germany produced 5.7 million (2%) more cars than in the previous year and domestic order intake actually increased by 7 percent over the year as a whole.

In view of the good general conditions, Matthias Wissmann, President of the German Automobile Industry Association, is predicting a continuation of the good trend in 2016. In the light of positive volume sales in China, the association expects the global car market to post 2% growth this year, reaching the 80 million mark for the first time. Electric vehicles are one of two growth drivers in this sector. The German automotive industry has invested around EUR 14 billion in this in recent years and German brands already include 30 serial models (entirely battery/electric-powered, plug-in hybrids, range extenders). According to the current Electric Vehicle Index (EVI) published by McKinsey, Germany therefore ranks alongside China and Japan as one of the most important producers of electric vehicles. The second megatrend apart from alternative drives is networked and automated driving. In the next three to four years alone, German producers and suppliers intend to invest EUR 16-18 billion in digitization to make driving even safer, more comfortable and more efficient.

¹ Institute for the World Economy (IfW): Kieler Konjunkturnachrichten 2016/ Q1, March 2016.

² Verband der Automobilindustrie e.V. (VDA): Press releases of January 6, 2016, January 15, 2016 and March 16, 2016



Moulding technology

2.2.2 Industrial Electronics

As well as power components for renewable energies (mainly solar power at present), InTiCa Systems' Industrial Electronics segment mainly manufactures products for industry and for domestic alliances, actuator coils for industrial conveyors, gas combustion systems and exhaust gas regulators.

With real output up 0.9%, growth in the electronics industry was modest in 2015. Sector sales posted a more dynamic trend, rising 3.9% to EUR 178.5 billion. This was driven by exports. While foreign sales increased 7.4% in the reporting period, domestic sales remained steady year-on-year at EUR 86.5 billion (-0.1%). Order intake was also stimulated principally by foreign demand. Overall, the German electrical and electronics industry posted a 7.0% rise in orders, including an above-average number of large orders.³

The business climate in the sector improved slightly in Germany in December, but dropped again at the start of 2016. In February, only 28% of companies in the sector rated their present situation as good, while 62% considered it to be stable and 10% as poor. At the same time, business expectations for the next six months deteriorated: In February only 18% of electronics companies assumed that business would pick up, while 70% expected it to remain unchanged and 12% expected it to decline. Capacity utilization in the sector declined from 84.4% of normal full capacity to 82.6% at the start of 2016. The biggest obstacle to production is seen as a lack of orders, followed by a shortage of skilled workers. Nevertheless, the German Electrical and Electronic Manufacturers' Association (ZVEI) is still predicting a slight rise in output of 1% for the year as a whole and anticipates that sales will rise 2% to EUR 182 billion.³

³ Zentralverband Elektrotechnik- und Elektronikindustrie e.V. (ZVEI): Konjunktur barometer of March 10, 2016 and press releases of February 10, 2016 and March 9, 2016

2.3 Significant events in the reporting period

Combination of the Industrial Electronics and Communication Technology segments

With the agreement of the Supervisory Board, the Board of Directors decided to combine the Industrial Electronics and Communication Technology segments in the Industrial Electronics segment from the start of 2015. This decision was based on sustained market, customer and corporate trends. It also correlates with the principles of simplifying and focusing the company. The established products of the Communication Technology segment remain available from the Industrial Electronics segment. This change was first applied in the report on the first quarter of 2015.

Annual General Meeting 2015 – Re-election of the Supervisory Board

The agenda for the Annual General Meeting in Passau, Germany, on July 17, 2015 included routine elections to the Supervisory Board. The shareholders accepted the proposal put forward by the Supervisory Board and re-elected the previous members. At the constitutive meeting following the Annual General Meeting, Mr. Udo Zimmer was elected as the new Chairman of the Supervisory Board. The new Deputy Chairman is Mr. Werner Paletschek.

Following the change in the composition of the Board of Directors, the focus of optimization has shifted to key value-creation processes, fixed costs and quality aspects, which had a direct impact on earnings, and to introducing changes compared with previous years. The systematic alignment of the Prachatice production site to lean principles and the reorganization of production workflows in 2015 were first steps towards raising the efficiency of production and reducing quality costs. InTiCa Systems will be consistently driving forward this multi-year transformation process in 2016. Alongside changes in processes and the related transformation costs, this has to be accompanied, in particular, by organizational change and a shift in the mindset of the entire workforce.

Alongside the continued development value flows and the accompanying organizational changes, InTiCa's strategic objectives also include internationalization and product development. With a view to the first of these objectives, there are plans to start up a new production facility in Mexico in 2016. Small-scale serial production for one customer is scheduled to start the end of this year, with start-up of serial production for a further customer planned for 2017. This will raise InTiCa's profile in international competition and, above all, provide the necessary basis for both established and new customers to award us orders in the future.

This internationalization drive will be supported by the new technology and training centre at our headquarters in Passau, Germany, for example through the initial assembly and acceptance of new plants. However, the principal focus at the premises is the development of new products and manufacturing technologies. In 2015, the first test equipment was built and the first samples were produced. The heart of these endeavours are new products for alternative drives, especially for hybrid technology and electric vehicles.

2.4 Earnings, asset and financial position

2.4.1 Overall position

The sustained dynamic growth in the Automotive Technology segment led to a further rise in Group sales in 2015. By contrast, there was another significant year-on-year decline in sales in the Industrial Electronics segment, principally because the insolvency of a major customer in the solar sector could not be fully offset by new customers. However, earnings stabilized compared with the previous year. Despite a number of exceptional factors in the fourth quarter of 2015, for example, a shift in sales revenues, a customer complaint and considerably higher costs in connection with the optimization of production workflows, the company posted a positive operating result at year end and was able to report a small net profit.

The equity ratio dropped from 46% to 41% due to the increase in total assets. The operating cash flow was clearly positive at EUR 2.6 million. As a consequence of high investment to extend and modernize production and build a technology and training centre, the cash outflow for investing activities was EUR 9.0 million. The Board of Directors anticipates further growth impetus in the Automotive Technology segment in 2016, and a slight improvement in sales in the Industrial Electronics segment. In addition, the systematic reorganization of production on the basis of lean management principles and the investment in modern production facilities should have a positive impact on earnings.

2.4.2 Earnings position

» Sales

Group sales advanced 4.8% year-on-year to EUR 42.4 million in 2015 (2014: EUR 40.5 million). Sales growth therefore fell slightly short of the guidance given by the Board of Directors, which had forecast sales of around EUR 44 million for 2015. The main reason for this was a shift in sales revenue in the Automotive Technology segment in the fourth quarter of 2015. Despite this, the Automotive Technology segment posted impressive sales growth of 25.2% year-on-year to EUR 35.0 million (2014: EUR 28.0 million). For the reasons outlined above, this was slightly below the forecast segment sales of EUR 36.5 million for 2015.

This segment increased its share of total sales to 82.5% (2014: 69.1%). In the Industrial Electronics segment, sales dropped by a further 40.9% to EUR 7.4 million (2014: EUR 12.5 million). Segment sales were therefore around the Board of Directors' expectation of EUR 7.5 million.

» Expenses

Despite the substantial rise in sales, expenses for raw materials and supplies only increased slightly, by 0.7% year-on-year, to EUR 25.7 million (2014: EUR 25.5 million). The material cost ratio (based on total output) therefore declined from 61.5% to 57.5% in 2015. The low material cost ratio is due first and foremost to the higher proportion of sales generated by the Automotive Technology segment because the material cost ratio in this segment is far lower than in the Industrial Electronics segment. In addition, in the previous year the material cost ratio was adversely affected by impairment charges on inventories due to the insolvency of the customer Sputnik. The personnel expense ratio rose from 19.8% to 21.1% in the reporting period due to the recruitment of further employees. The costs for temporary staff at the Prachatice production site, which are recognized in "Other expenses", amounted to EUR 0.4 million in 2015 (2014: EUR 0.4 million). Overall, other expenses decreased year-on-year to EUR 5.4 million (2014: EUR 5.9 million). Depreciation and amortization of property, plant and equipment and intangible assets declined to EUR 4.5 million (2014: EUR 4.9 million).

» Research and development

Spending on research and development amounted to EUR 2.6 million in 2015 (2014: EUR 2.1 million). Development work focused principally on the Automotive Technology segment and mainly related to customer-specific product requirements. EUR 1.3 million was expensed directly for development work (2014: EUR 0.9 million) and the remaining EUR 1.3 million (2014: EUR 1.2 million) was capitalized. Depreciation and amortization of own work capitalized was EUR 1.3 million in the reporting period (2014: EUR 1.6 million).

» Earnings

The gross profit was EUR 17.8 million in the reporting period (2014: EUR 14.9 million) and the gross profit margin improved from 36.7% to 42.0%. EBITDA (earnings before interest, taxes, depreciation and amortization) more than doubled compared with the previous year to EUR 5.2 million (2014: EUR 2.4 million). As a result, the EBITDA margin improved to 12.2% (2014: 5.9%).

EBIT (earnings before interest and taxes) was also clearly positive again at EUR 0.7 million (2014: minus EUR 2.5 million), giving an EBIT margin of 1.7%. Due to exceptional factors in the fourth quarter of 2015, especially the shift in orders, the complaint received from a customer, and higher costs in connection with the optimization of production workflows, when it published its report on the first nine months, the Board of Directors had to revise its original target of an EBIT margin of 2.5%. Since the impact of the exceptional factors was still not entirely foreseeable at that time, the Board of Directors altered its outlook to a positive operating result. The EBIT of EUR 0.7 million was therefore within the adjusted expectations. In view of the exceptional factors mentioned above, the Automotive Technology segment's EBIT declined from EUR 1.45 million in the previous year to EUR 1.35 million and the EBIT margin therefore dropped from 5.2% to 3.9%. In the Industrial Electronics segment, EBIT improved compared to the previous year, when it was heavily impacted by the solvency of major customer. Nevertheless it remained negative at minus EUR 0.65 million (2014: minus EUR 3.9 million).

The financial result was minus EUR 0.4 million in 2015 (2014: minus EUR 0.4 million). While financial expense increased slightly year-on-year from EUR 393 thousand to EUR 444 thousand, there was no financial income in either 2015 or 2014.

The Group made a pre-tax profit of EUR 0.3 million in 2015 (2014: loss of EUR 2.9 million). After tax expense of EUR 184 thousand (2014: tax income of EUR 439 thousand), net income was EUR 78 million (2014: net loss of EUR 2.4 million). Earnings per share were therefore EUR 0.02 (2014: minus EUR 0.58).

2.4.3 Asset position

» Capital structure

Total assets increased from EUR 34.8 million to EUR 40.3 million in 2015. Both non-current and current assets increased, while cash and cash equivalents declined from EUR 1.1 million to EUR 0.2 million. On the liabilities side, equity increased, mainly due to the reduction in the negative currency translation reserves. However, due to the increase in total equity and liabilities the equity ratio dropped from 46% as of December 31, 2014 to 41% as of December 31, 2015. Current liabilities increased considerably, mainly because of the rise in financial liabilities, while non-current liabilities only rose slightly.

» Non-current assets

As a result of investment in expansion of production capacity, property, plant and equipment increased to EUR 19.2 million in the reporting period (December 31, 2014: EUR 14.4 million). Intangible assets declined slightly year-on-year to EUR 4.4 million (December 31, 2014: EUR 4.5 million), while deferred taxes decreased to EUR 1.3 million (December 31, 2014: EUR 1.5 million). Overall, non-current assets increased to EUR 24.9 million as of December 31, 2015 (December 31, 2014: EUR 20.3 million).

» Current assets

Inventories increased to EUR 7.8 million in the reporting period (December 31, 2014: EUR 6.7 million). At the same time, trade receivables increased to EUR 6.8 million (December 31, 2014: EUR 6.5 million). Cash and cash equivalents decreased year-on-year from EUR 1.1 million to EUR 0.2 million. In all, current assets increased to EUR 15.4 million as of December 31, 2015 (December 31, 2014: EUR 14.5 million).

» Non-current liabilities

Non-current financial liabilities increased to EUR 7.9 million in 2015 (December 31, 2014: EUR 7.6 million). Liabilities to banks comprised fixed-rate loans with a remaining term of up to ten years. The loan from KfW is repaid in fixed half-yearly instalments. In the fiscal year, InTiCa took out a loan of EUR 3.0 million with a term of ten years. Interest rates on non-current liabilities are between 1.75% and 4.00%.

Deferred tax liabilities were EUR 1.5 million on the reporting date (December 31, 2014: EUR 1.4 million). Overall, non-current liabilities thus increased to EUR 9.4 million as of December 31, 2015 (December 31, 2014: EUR 9.0 million).

» Current liabilities

Current financial liabilities rose from EUR 5.0 million to EUR 10.2 million in the reporting period due to an increased use of overdraft facilities, especially to finance investments. By contrast, trade payables decreased from EUR 3.0 million to EUR 2.6 million. Other current provisions (EUR 1.2 million), other financial liabilities (EUR 0.3 million) and other current liabilities (EUR 0.2 million) were all around the prior-year level. In all, current liabilities increased to EUR 14.5 million as of December 31, 2015 (December 31, 2014: EUR 9.8 million).

» Equity

Equity totalled EUR 16.4 million on December 31, 2015 (December 31, 2014: EUR 16.0 million). The increase was mainly due to the change in currency translation reserves, which decreased from minus EUR 1.7 million to minus EUR 1.3 million. In addition, the negative profit reserve declined slightly from minus EUR 1.9 million to minus EUR 1.8 million as the Group made a net profit. 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

InTiCa Systems AG generated a net cash inflow from operating activities of EUR 2.6 million in 2015 (2014: EUR 3.1 million). The main positive factors behind this were the clear improvement in the net profit and depreciation and amortization of non-current assets amounting to EUR 4.5 million. The cash flow in the reporting period was reduced by the EUR 0.4 million reduction in trade payables, the increase of EUR 1.0 million in inventories, and trade receivables of EUR 0.3 million.

The net cash outflow for investing activities was EUR 9.0 million in the reporting period (2014: EUR 6.2 million). This comprised EUR 7.6 million (2014: EUR 4.9 million) for property, plant and equipment and EUR 1.3 million (2014: EUR 1.3 million) for intangible assets.

The net cash inflow for financing activities was EUR 0.3 million in the reporting period (2014: EUR 1.4 million). Cash outflows comprised EUR 2.7 million for scheduled loan repayment instalments and EUR 0.1 for instalments on finance leases, while inflows from borrowing amounted to EUR 3.0 million.

The total cash outflow in the reporting period was EUR 6.1 million (2014: EUR 1.6 million). Cash and cash equivalents totalled EUR 0.2 million on December 31, 2015 (December 31, 2014: EUR 1.1 million). Cash and cash equivalents less utilized overdraft facilities amounted to minus EUR 7.2 million as of December 31, 2015 (December 31, 2014: minus EUR 1.2 million).

» Capital expenditures

Capital expenditures amounted to EUR 9.0 million in 2015 (2014: EUR 6.2 million). EUR 7.6 million (2014: EUR 4.9 million) was invested in property, plant and equipment and EUR 1.3 million (2014: EUR 1.3 million) in intangible assets. Most of the capital expenditures were for modern and efficient production plants to raise capacity in the Automotive Technology segment. In addition, construction of a new production building was completed at the Prachatice site in the Czech Republic. InTiCa also invested in a new technology centre, with modern premises offering space for the development of new production technologies, to coordinate the assembly and acceptance of new plants, support internationalization and train employees. Investment in intangible assets was mainly for projects in the Automotive Technology segment.

Further capital expenditures for property, plant and equipment of around EUR 4.5 million are planned for 2016. The company's ongoing growth, especially in the Automotive Technology segment, and expansion of the range of products require speedy development of customer-specific products and the associated production technology. To satisfy our own standards as well as rising customer requirements, in 2016 InTiCa Systems AG is investing in further expansion of production facilities and the procurement of modern production equipment at its site in the Czech Republic, and is building a new production facility in Mexico. Initial small-scale serial production for customers in the automotive sector is scheduled to start at this site at the end of 2016. In addition, there are plans for further investment in the equipment and development of the technology and training centre.

» Employees

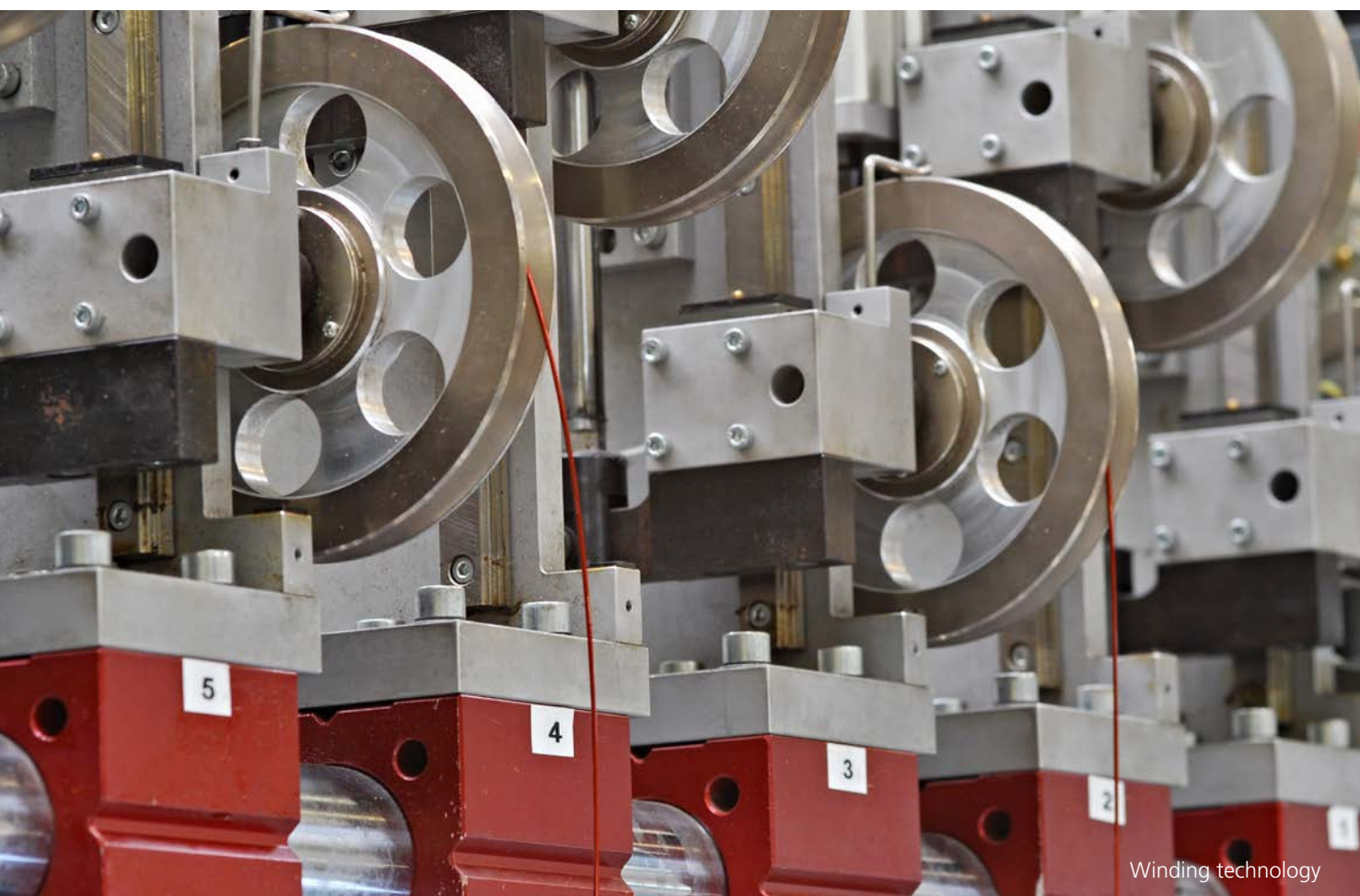
The headcount increased to 525 as of December 31, 2015, compared with 507 as of December 31, 2014. This figure includes 32 agency staff (December 31, 2014: 54). Expenses of EUR 380 thousand (2014: EUR 432 thousand) for agency staff are included in other operating expenses. The personnel expense ratio, including expenses for agency staff, was 22.0% in 2015 (2014: 20.8%). On average, the Group had 484 employees and 37 agency staff in the reporting period (2014: 422 and 51).

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 and finance leasing. In 2015, the company focused especially on the strategic realignment of non-current financing. Following a corresponding analysis, it was able to place financing on a solid new basis aligned to its growth targets. 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 4.8% year-on-year to EUR 42.4 million (2014: EUR 40.5 million). Sales revenues are reported net of products returned by customers, discounts and similar deductions.

Sales fell slightly short of the budgeted level of around EUR 44 million, mainly because of the shift in orders in the fourth quarter of 2015. This mainly affected the Automotive Technology segment, where sales were EUR 1.5 million below the target of EUR 36.5 million. The Industrial Electronics segment almost achieved its target of EUR 7.5 million.

» Material cost ratio

The material cost ratio is derived from the cost of materials divided by total output.

The material cost ratio has normalized. At 57.5%, it was well below the prior-year level of 61.5% which was impacted by write-downs on the value of materials and provisions for goods that could no longer be cancelled following the insolvency of a major customer. Optimization of production workflows is expected to cut the material cost ratio further, although the goal of 58% was achieved.

» EBIT margin

The EBIT margin comprises earnings before interest and taxes divided by sales. The company did not achieve the planned EBIT margin of around 2.5%, mainly as a result of exceptional factors in the fourth quarter of 2015. With an EBIT margin of 1.7%, however, it did achieve a considerable improvement compared with the previous year (-6.1%).

» Equity ratio

The equity ratio comprises the ratio of equity capital to total capital (= total assets). The further drop in the equity ratio from 46% in 2014 to 41% in 2015 was mainly attributable to capital spending and the increase in liabilities to banks, accompanied by an increase in total assets.

2.5.2 Non-financial performance indicators

» Orders on hand

Orders on hand were over EUR 38 million as of December 31, 2015 (December 31, 2014: EUR 35 million). 86% of orders were for the Automotive Technology segment (2014: 89%). The present order situation is very positive so a further rise in sales is expected in 2016. 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 the vertical integration of in-house production in recent years from 27% (2007) to 86% (2015). 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 the corporate policy of InTiCa Systems AG. 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. We also achieved validation of our headquarters in Passau and the new technology centre at the start of 2016. 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		Total	
in EUR '000	2015	2014	2015	2014	2015	2014
Sales	35,032	27,973	7,409	12,536	42,441	40,509
EBIT	1,352	1,449	-646	-3,926	706	-2,476

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

	Germany		Other countries		Total	
in EUR '000	2015	2014	2015	2014	2015	2014
Sales	24,459	23,075	17,982	17,433	42,441	40,508
Segment assets	6,739	14,023	16,849	18,042	23,588	32,065
Average no. of employees	84	76	437	397	521	473
of which agency staff	0	0	37	51	37	51

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 Board of Directors and Supervisory Board in a Directors' and Officers' (D&O) insurance policy with an insured sum of up to EUR 4 million and pays the associated insurance premiums. A breakdown of the individual remuneration of members of the Supervisory Board in the reporting period can be found in Note 30.3 to the financial statements.

Total expenses for both governance bodies amounted to EUR 459 thousand in fiscal 2015 (2014: EUR 772 thousand).

2.8 Declaration 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.

The declaration on corporate management is contained in the corporate governance report on page 28 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 [available in German only].

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, 2015, InTiCa Systems AG still had treasury stock amounting to 64,430 shares (December 31, 2014: 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 borrower'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

No material events have occurred since the reporting date on December 31, 2015.

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 evaluation 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 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 and Industrial Electronics segments, InTiCa Systems AG operates in areas exposed to general economic fluctuations. In the Industrial Electronics segment 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 risk factor. Moreover, competition is continuing to increase, especially with Asian companies.

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: Automotive Technology 82.5%, Industrial Electronics 17.5%. Within each segment, the proportion of sales generated with the largest customers is as follows: Automotive Technology 21%, Industrial Electronics 35%. If one or both 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.

» *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' business in the sale of splitters by the Industrial Electronics segment are based on the cable television network, satellite and radio transmission, powerline technology and fibre-optic cables. The Board of Directors does not see any significant technological risk for any other products in the Industrial Electronics segment or for the Automotive Technology segment.

» *Personnel risks*

In principle, there is a risk that key employees, especially sales and research and development personnel, could leave the company. InTiCa System counters this risk through 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*

As of December 31, 2015 InTiCa Systems had one loan from the KfW development bank (EUR 1.25 million) and three further loans, one with a term of 7 years that was agreed in November 2013 (EUR 4.0 million), one with a term of 5 years that was agreed in December 2014 (EUR 2.4 million), and one with a term of ten years that was agreed in December 2015 (EUR 3.0 million).

In the first quarter of 2016 the Czech company took out a loan of EUR 2.0 million with a term of 8 years.

These loans are used to secure liquidity. In addition, InTiCa Systems has credit lines of EUR 14.9 million. EUR 7.6 million of this amount was drawn as of the reporting date. Further, the company has cash and cash equivalents of EUR 0.2 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 2015, the company did not undertake any currency hedging in 2015 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 one year for the loan from KfW and ten years for the loan taken out in 2015. 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 does not meet its contractual commitments. 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. It cannot be ruled out that strategic customers of InTiCa Systems could get into financial difficulties in the future too.

In June 2015 credit insurance for goods was concluded to provide InTiCa Systems with corresponding protection.

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 to 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, increasing diversification and internationalization of markets and the construction of an additional international production site in the NAFTA region will help generate further sales growth and stabilize earnings on a lasting basis.

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 minimize 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

The company has a clear strategy of evolving from a component supplier to a systems supplier and finally a supplier of integrated solutions. As a solution partner, InTiCa Systems AG takes on far more extensive tasks for its customers and develops complete systems with them. These ready-to-install solutions provide substantial added value for our customers, and ultimately for OEMs and end-consumers. In this way, InTiCa Systems therefore ensures long-term customer retention and serves its own interests by generating higher margins. The company sees ongoing extension of vertical integration and a continuous increase in its development and manufacturing expertise as the basis for all these endeavours.

Introduction of solutions for volume models/hybrid and electric drives

In the near future, the automotive industry will be dominated by three key technologies: hybrid/electric vehicles, autonomous vehicles and the networking and digitization of vehicles. InTiCa Systems' product groups such as hybrid components, EMC filters, actuators, etc., can benefit from all three areas. InTiCa Systems already produces various key components for hybrid vehicles for well-known system suppliers. The specific demands made on these components, which are used for battery management, require a concept based on highly sophisticated technology. The company constantly works to extend the use of the components to further model ranges and other brands in collaboration with the manufacturers and their suppliers.

Further, InTiCa anticipates steady sales growth from the increasing market penetration of keyless entry/go systems, efficient engine management to reduce fuel consumption and CO₂ emissions, and further mechatronic and inductive assemblies - from premium cars to the volume models of leading international manufacturers.

New developments for industrial applications

Further, there are plenty of development options in new markets for the Industrial Electronics segment. These could provide additional 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 is constantly acquiring well-known German, European, American and Asian systems suppliers to the automotive industry (OEMs) as customers. Orders from these customers run for between five and eight years and their value tends to be stable. Consistently high product quality, a technological edge and a high degree of flexibility 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 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. To extend its development and manufacturing expertise and at the same time make better use of opportunities arising in the future, InTiCa Systems has invested in a new technology and training centre, which was inaugurated in 2015. The technology centre develops and tests manufacturing technologies for customer-specific product developments, produces samples and pre-series products and trains employees in technology and manufacturing.

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 in North America. A new production facility is to be built in Mexico this year. This is scheduled to start small-scale serial production for customers in the local automotive sector at the end of 2016 and start-up of a complete serial line is scheduled for 2017.

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 Electronics 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 positive overall assessment.

At present, no risks that could materially jeopardize the future existence of the company have been identified.

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 assumes a sustained positive development on the global automotive market in 2016, with growing penetration of models in which InTiCa's electronic products are used to enhance comfort and of hybrid technologies. At present, its products are used in more than 300 models manufactured by 20 different producers.

We still assume that demand for hybrid and electric vehicles will increase due to continued pressure to reduce CO₂ emissions. This will result in a rise in InTiCa Systems' sales revenues from power electronics and stators. As in previous years, in 2015 InTiCa Systems was able to secure several orders for serial production of stators and filters for hybrid vehicles and a wide range of other applications (e.g. regulation of cooling water). Further offers for stators, filters and actuator applications were placed with a wide variety of customers so further orders are to be expected in the course of the year. Keyless entry/go systems are continuing to penetrate the market so it was possible to obtain orders for additional models and new products. The Board of Directors therefore assumes that InTiCa Systems' products for keyless entry/go systems will continue to make a considerable contribution to securing sales growth in the future.

InTiCa Systems AG is now seen as a development and solutions partner for systems suppliers and this has led to several orders for the development of a variety of products. For example, the company has been commissioned to act as a development partner to design several EMC filters to suppress electromagnetic interference in hybrid cars. In light of the steps taken to optimize production and the investment in state-of-the-art production plants, we expect rising sales volumes to be accompanied by an appreciable improvement in the margin.

The Board of Directors expects this segment to report sales of around EUR 39 million in 2016.

» *Industrial Electronics*

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 2015 as a result of the ongoing weakness in the European solar industry. The Board of Directors still believes that in the medium term renewable energy remains 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 conveyors, gas combustion systems and exhaust gas regulators. Orders for B samples from well-known customers have already been processed successfully. The first sales from serial production have been postponed to the first half of 2016.

Further, innovative products are being developed for transmission technology. Applications include, for example, copper and coaxial DSL broadband networks and suppressing interference in power networks.

The know-how gained in the development of filter technology for coaxial networks will assist InTiCa Systems AG in the long term in entering the EMC filter technology business in all relevant market segments. Synergies could be leveraged, in particular, through closer integration of industrial and communication technology.

The introduction of new products should enable this segment to increase its proportion of sales again in the medium term. The Board of Directors assumes that sales will rise slightly in the present financial year.

The Board of Directors expects this segment to report sales of around EUR 8.0 million in 2016.

6.2 Order situation

At the end of the first quarter of 2016 orders on hand were steady year-on-year at EUR 36.3 million (March 31, 2015: EUR 36.8 million). 84% of orders were for the Automotive Technology segment (2014: 85%). Overall, the Board of Directors expects orders to rise in the Automotive Technology segment, while in the Industrial Electronics segment orders should temporarily remain around the present level. However, in the medium term, orders are also expected to rise in this segment.

6.3 Earnings, asset and financial position

Although the economic outlook for 2016 is positive overall, there are a number of factors that could have a negative impact during the year. Armed conflict in the Middle East, the political tension with Russia and within the EU, the sharp drop in the oil price, concern about the economic development of China and the unclear effect of the diesel emissions scandal are currently undermining economic sentiment.

The Automotive Technology segment will remain the most important element in InTiCa Systems' business activities in 2016, as it was in 2015. The investment undertaken to raise production capacity and optimize production workflows should reduce material costs and eliminate capacity bottlenecks. The Industrial Electronics segment should stabilize despite the challenging business conditions. Product innovations should open the door to new markets. These opportunities apply for both segments. InTiCa Systems' main competitive advantage is its ability to offer customer-specific solutions in combination with greater vertical integration and systems solution competence. In-house manufacturing is expected to be over 80% again in 2016. The Board of Directors therefore feels that in terms of costs and product InTiCa Systems AG is well-positioned for 2016.

The continued positive development of the Automotive Technology segment in the first three months of 2016 confirms this view and lifted Group sales 3% year-on-year to EUR 11.3 million in the first quarter of 2016 (Q1 2015: EUR 11.0 million). EBITDA is expected to come in at around EUR 1.3 million in the first quarter of 2016, while pre-tax earnings should be around EUR 0.1 million.

At present, the Board of Directors assumes that, given a stable economic environment, Group sales will rise by around 10% to EUR 47 million in 2016 and the EBIT margin will improve to over 2%. The forecast EBIT margin takes account of the construction of the Mexico site and the transformation process in Prachatic. The material cost ratio should drop further and the equity ratio should be held stable.

Passau, April 21, 2016

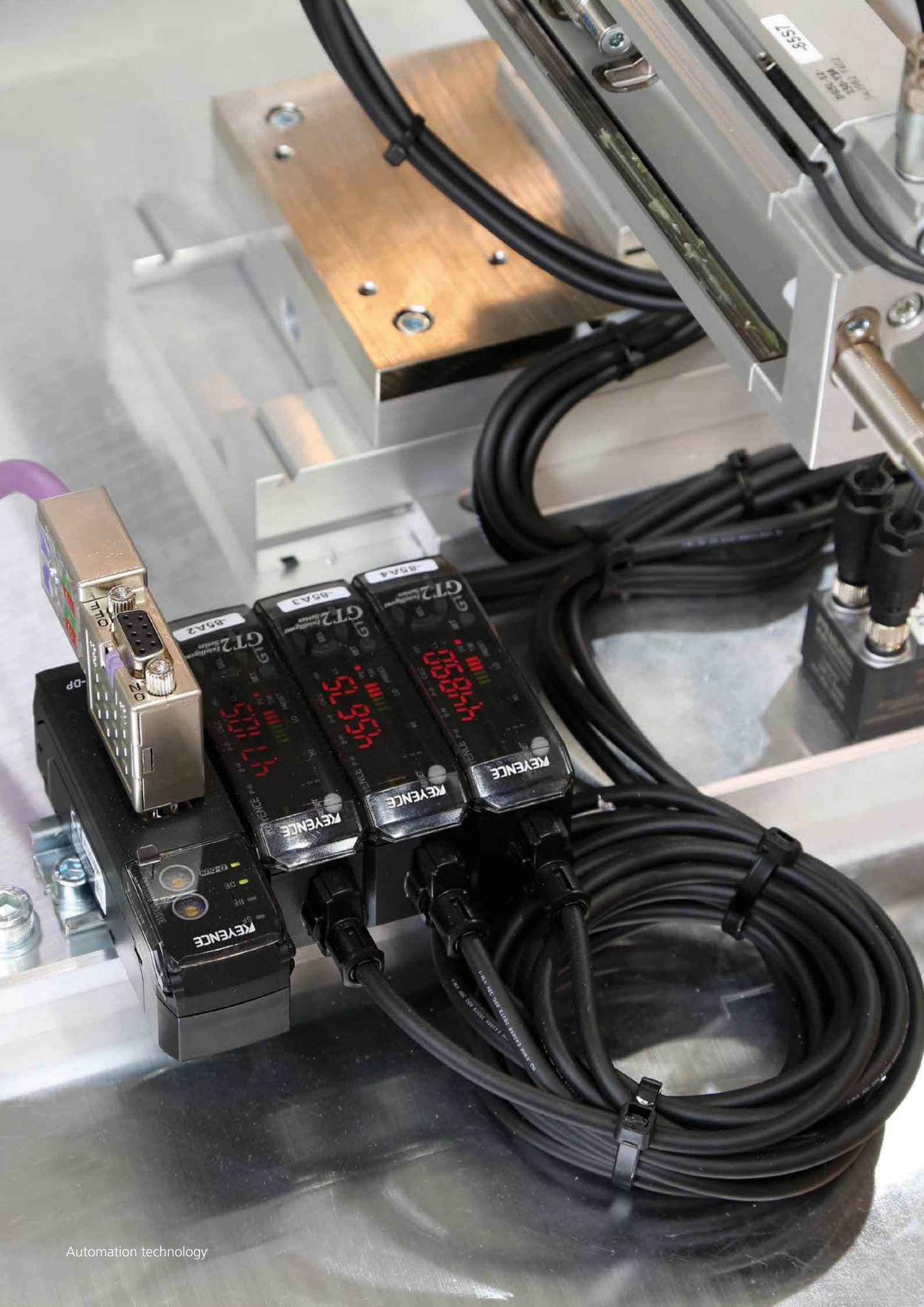
The Board of Directors



Dr. Gregor Wasle
Spokesman for the Board of Directors



Günther Kneidinger
Member of the Board of Directors







*Highest quality level
through modern **robotics***

Consolidated Balance Sheet

of InTiCa Systems in accordance with IFRS

as at December 31, 2015

Assets	Note	Dec. 31, 2015 EUR '000	Dec. 31, 2014 EUR '000
Non-current assets			
Intangible assets	14	4,391	4,451
Property, plant and equipment	13	19,198	14,383
Deferred taxes	10.3	1,315	1,455
Total non-current assets		24,904	20,289
Current Assets			
Inventories	17	7,758	6,723
Trade receivables	18	6,807	6,509
Tax assets	10.2	1	2
Other financial assets	16.1	142	20
Other current receivables	16.2	542	156
Cash and cash equivalents	31	167	1,064
Total current assets		15,417	14,474
Total assets		40,321	34,763

Equity and liabilities		Dec. 31, 2015 EUR '000	Dec. 31, 2014 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	-1,818	-1,896
Currency translation reserve	22	-1,349	-1,718
Total equity		16,445	15,998
Non-current liabilities			
Financial liabilities	23	7,915	7,584
Deferred taxes		1,468	1,424
Total non-current liabilities		9,383	9,008
Current liabilities			
Other current liabilities	24	1,155	1,244
Financial liabilities	23	10,225	5,045
Trade payables	25; 29.2	2,620	3,024
Other financial liabilities	26	266	232
Other current liabilities	27	227	212
Total current liabilities		14,493	9,757
Total equity and liabilities		40,321	34,763
<i>Equity ratio</i>		<i>41 %</i>	<i>46 %</i>

Consolidated Statement of Profit or Loss and Other Comprehensive Income

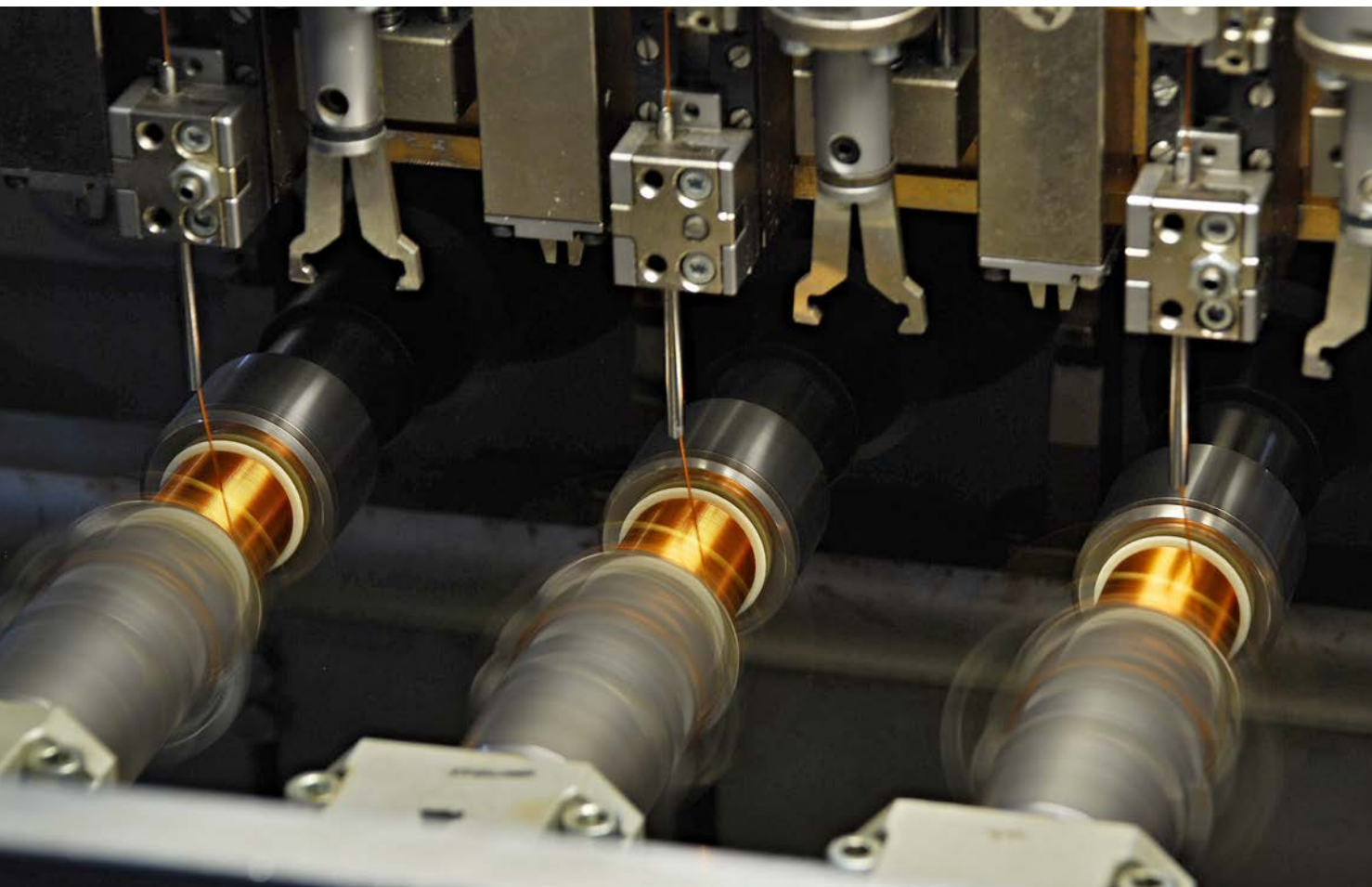
of InTiCa Systems in accordance with IFRS
for the period from January 1 to December 31, 2015

	Note	Fiscal year EUR '000	Previous year EUR '000
Sales	5; 6.2	42,441	40,509
Other operating Income	7	758	321
Change in finished goods and work in process	17	1,110	-102
Other own work capitalized		1,200	1,127
Raw materials and supplies		25,712	25,544
Personnel expense	11.3	8,966	8,005
Depreciation and amortization	11.1; 13; 14	4,457	4,874
Other expenses	7	5,668	5,908
Operating profit (EBIT)		706	-2,476
Cost of financing	9	444	393
Other financial income	8	0	0
Pre-tax profit/loss		262	-2,869
Income taxes	10.1	184	-439
Consolidated net profit/loss		78	-2,430
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	369	-160
Other comprehensive income, after taxes		369	-160
Total comprehensive income		447	-2,590
Earnings per share (diluted/basic in EUR)	12	0,02	-0,58

Consolidated Cash Flow Statement

of InTiCa Systems in accordance with IFRS/IAS
for the period from January 1 to December 31, 2015

	Note	Fiscal year EUR '000	Previous Year EUR '000
Cash flow from operating activities			
<i>Consolidated net income/loss for the period</i>		78	-2,430
Income tax payments/receipts	10.1	184	-439
Cash outflow for borrowing costs	9	444	393
Income from financial investments	8	0	0
Depreciation and amortization of non-current assets	11.1	4,457	4,874
<i>Non-cash transactions</i>			
<i>Net currency gains/losses</i>		155	-73
<i>Other transactions</i>		27	3
<i>Increase/decrease in assets not attributable to financing or investing activities</i>			
<i>Inventories</i>	17	-1,035	431
<i>Trade receivables</i>	18	-299	-1,343
<i>Other assets</i>		-508	27
<i>Increase/decrease in liabilities not attributable to financing or investing activities</i>			
<i>Other current provisions</i>	24	-88	622
<i>Trade payables</i>	29.2	-404	1,398
<i>Other liabilities</i>		54	81
Cash and cash equivalents from operating activities		3,065	3,544
Income tax receipts/payments		1	-1
Cash outflow for interest payments		-448	-398
Net cash flow from operating activities		2,618	3,145
Cash flow from investing activities			
Cash inflow from interest payments		0	3
Cash inflow from the disposal of property, plant and equipment		0	4
Cash outflow for intangible assets	14	-1,336	-1,308
Cash outflow for property, plant and equipment	13	-7,628	-4,891
Net cash flow from investing activities		-8,964	-6,192
Cash flow from financing activities			
Cash inflow from loans		3,000	3,000
Cash outflow for loan repayment installments		-2,655	-1,511
Cash outflow for liabilities under finance leases		-94	-88
Net cash flow from financing activities		251	1,401
Total cash flow		-6,095	-1,646
Cash and cash equivalents at start of period		-1,232	404
Impact of changes in exchange rates on cash and cash equivalents held in foreign currencies		-61	11
Cash and cash equivalents at end of period	31	-7,388	-1,231



Dynamics and precision ...
... our motivation

Consolidated Statement of Changes in Equity

for InTiCa Systems according with IFRS

for the period from January 1, 2014 to December 31, 2015

Note	Capital stock EUR '000	Treasury stock EUR '000	Capital reserve EUR '000	Profit reserve EUR '000	Currency trans- lation reserve EUR '000	Total equity EUR '000
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
As at January 1, 2015	4,287	-64	15,389	-1,896	-1,718	15,998
Consolidated net income 2015	0	0	0	78	0	78
Other comprehensive income, after taxes	0	0	0	0	369	369
Total comprehensive income 2015	0	0	0	78	369	447
As at December 31, 2015	4,287	-64	15,389	-1,818	-1,349	16,445



Notes to the Consolidated Financial Statements of InTiCa Systems AG for Fiscal 2015

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

The company did not apply any new or amended standards for the first time in the reporting period. All new and amended statements that would have been mandatory for the first time in 2015 were applied early, at the latest in the prior year.

2.2 Standards, interpretations and amendments to published standards where application was not mandatory in 2015 and which were not applied early by the Group

The IASB has adopted the following new or amended standards that are relevant for the Group from the current viewpoint. However, as application of these standards is not yet mandatory or they have not yet been endorsed by the EU, they were not applied for the consolidated financial statements as of December 31, 2015. The new standards or amendments to existing standards have to be applied for financial years that start on or after the date on which become effective. They are not normally applied early, even where this is permitted by individual standards.

AIP 2010 - 2012	Annual improvements to IFRSs ^{1a}
AIP 2011 - 2013	Annual improvements to IFRSs ¹
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. ^{2, 6}

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. ²
IAS 16, IAS 38	Guidelines on the methods that can be used for depreciation of property, plant and equipment and amortization of intangible assets. ²
IAS 16, IAS 41	Treatment of bearer plants ²
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. ²
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. ^{2a, 6}
IAS 1	Presentation of annual financial statements ²
IFRS 10, 12 / IAS 28	Consolidation exceptions for investment entities ^{2, 6}
AIP 2012 - 2014	Annual improvements to IFRSs ²
IAS 7	The aim is to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities. ^{3, 6}
IAS 12	Recognition of deferred tax assets for unrealized losses for deductible temporary differences ^{3, 6}
IFRS 15	Recognition of revenues from contracts with customers ^{4, 6}
IFRS 9	Measurement of financial instruments ^{4, 6}
IFRS 16	Recognition of lease agreements; IFRS 16 supersedes the previous standard IAS 17 and three leasing-related interpretations. Application will be mandatory for all IFRS users and will apply in principle for all leases, but some exceptions will be permitted. ^{5, 6}

¹ To be applied for financial years starting on or after July 1, 2014, but a different effective date of January 1, 2015 has been set for the EU

^{1a} To be applied for financial years starting on or after July 1, 2014, but a different effective date of February 1, 2015 has been set for the EU

² To be applied for financial years starting on or after January 1, 2016

^{2a} To be applied for financial years starting on or after January 1, 2016, but deferral for an undetermined period has been proposed

³ To be applied for financial years starting on or after January 1, 2017

⁴ To be applied for financial years starting on or after January 1, 2018

⁵ To be applied for financial years starting on or after January 1, 2019

⁶ 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, with the exception of IFRS 15 and IFRS 16, at present application would not have a significant impact on the assets, financial and earnings position of the Group. The material impact is currently being examined by the management.

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. In the future acquisition of businesses, transaction costs incurred will be expensed. The identifiable assets, liabilities and contingent liabilities are recognized at fair value as of the date of acquisition, providing that the corresponding recognition criteria are met. All of the parent company's present business operations were acquired by establishing new entities through cash-based capital contributions.

3.5 Revenue recognition

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

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

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

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

Interest income is recognized when it is probable that the economic benefit will flow to the Group and the level of the revenue can be determined reliably. Interest income should be accrued over time on the basis of the outstanding nominal amount using the relevant effective interest rate. The effective interest rate is the interest rate used to discount the expected

future inflows over the term of the financial assets to exactly the net carrying amounts of the assets as of the date of initial recognition.

3.6 Leasing

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

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

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

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

3.7 Foreign currencies

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

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

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

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

Country	Closing rates		Average rates	
	2015	2014	2015	2014
	EUR 1/	EUR 1/	EUR 1/	EUR 1/
Czech Republic	CZK 27.025	CZK 27.725	CZK 27.283	CZK 27.533
USA	USD 1.089	USD 1.216	USD 1.110	USD 1.329

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 earnings 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 acquisition, 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 their 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. If the reasons for the write-downs are not longer applicable, a corresponding write-up is recognized.

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 and cash and cash equivalents) are carried at amortized cost using the effective interest method, less any impairment write-downs. With the exception of current receivables, where the interest impact would be negligible, interest income is computed using the effective interest method.

» *Impairment write-downs of financial assets*

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

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

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

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

If the impairment of a financial asset that is not classified as available-for-sale is reduced in a subsequent reporting period and this reduction can be objectively assigned to an event occurring after recognition of the impairment write-down, the original impairment write-down is reversed via the statement of profit or loss. However, the asset may not be written back to a value above what would have been the amortized cost if an impairment had not been recognized.

» *Derecognition of financial assets*

Financial assets are only derecognized when the contractual rights to receive cash flows from the financial asset expire or the financial asset and all material risks and opportunities associated with ownership thereof are transferred to a third party.

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

In connection with the classification of financial assets and liabilities, the following abbreviations are used:

AfS = available-for-sale

FVTPL = fair value through profit or loss

LaR = loans and receivables

HfT = held for trading

OL = other liabilities

3.17 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), a mortgage (see Note 13) and the pledging of machinery in the Czech Republic. In the light of the present economic trend, utilization of this security is not deemed to be probable.

As of December 31, 2014 lessors had security rights under finance leases; these were eliminated in 2015 (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 4.3 million as of December 31, 2015 (2014: EUR 4.4 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, 2015 in EUR '000	Dec. 31, 2014 in EUR '000
Revenues from trading	5,918	6,061
Revenues from production	36,523	34,448
Total revenues from the sale of goods	42,441	40,509

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).

In agreement with the Supervisory Board, the Board of Directors decided to restructure the former Communication Technology and Industrial Electronics segments and to continue them as the Industrial Electronics segment. This takes account of the sustained developments relating to customers, the market environment and the internal structure and facilitates rationalization effects and a focus on the company's core competencies. In view of the structural changes, the prior-year figures for the Industrial Electronics segment combine data on the former Communication Technology and Industrial Electronics segments. The reportable segments comprise the following:

» Automotive Technology

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

» Industrial Electronics

InTiCa Systems' Industrial Electronics segment specializes in developing and manufacturing high-quality, custom-tailored inductive components, mechatronic modules and system solutions for regenerative energy sources (solar power), and automation and drive technology. In addition, since 2015 this segment has included products for transmission technology and high-frequency engineering and cable applications. Fundamental structural adjustments were made to the functional organization, resulting in changes in internal reporting structures.

6.2 Segment sales and segment result

	Segment sales		Segment result	
	Dec. 31, 2015 in EUR '000	Dec. 31, 2014 in EUR '000	Dec. 31, 2015 in EUR '000	Dec. 31, 2014 in EUR '000
Automotive Technology	35,032	27,973	1,352	1,449
Industrial Electronics	7,409	12,536	-646	-3,925
Total	42,441	40,509	706	-2,476
Income and expenses relating to assets not allocated to any segment			0	0
Financial result			-444	-393
Pre-tax income			262	-2,869

The sales revenues presented above comprise revenues from transactions with external customers. There were no intersegment transactions (2014: 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, 2015 in EUR '000	Dec. 31, 2014 in EUR '000
Automotive Technology	32,324	25,373
Industrial Electronics	5,830	6,693
Total	38,154	32,066
Assets not allocated to any segment	2,167	2,697
Total consolidated assets	40,321	34,763

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, 2015 in EUR '000	Dec. 31, 2014 in EUR '000
Cash and cash equivalents	167	1,064
Other current receivables	542	156
Other financial assets	142	20
Tax receivables	1	2
Deferred taxes	1,315	1,455
Total	2,167	2,697

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, 2015 in EUR '000	Dec. 31, 2014 in EUR '000	Dec. 31, 2015 in EUR '000	Dec. 31, 2015 in EUR '000	Dec. 31, 2014 in EUR '000
Automotive Technology	3,297	3,077	0	8,018	5,376
Industrial Electronics	1,160	1,797	41	946	823
Total	4,457	4,874	41	8,964	6,199

The total depreciation, amortization and impairment write-downs include write-downs of EUR 41 thousand (2014: EUR 229 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, 2015 in EUR '000	Dec. 31, 2014 in EUR '000
Small signal electronics	7,926	6,282
Power electronics	10,311	12,867
Mechatronic components and systems	18,762	16,039
Other	5,442	5,321
Total	42,441	40,509

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, 2015 in EUR '000	Dec. 31, 2014 in EUR '000	Dec. 31, 2015 in EUR '000	Dec. 31, 2014 in EUR '000
Germany	24,459	23,075	6,739	7,276
Other countries of which Czech Republic	17,982 3,577	17,433 3,809	16,850	11,558
Total	42,441	40,508	23,589	18,834
Assets not allocated to any segment			1,315	1,455
Non-current assets, total			24,904	20,289

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 7,242 thousand (2014: EUR 6,484 thousand) and EUR 3,635 thousand (2014: EUR 3,493 thousand) of direct sales of products. That was 17.1% (2014: 16.0%) and 8.6% (2014: 8.6%) of total sales. Both customers are assigned to the Automotive Technology segment. In both 2015 and 2014 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, 2015 in EUR '000	Dec. 31, 2014 in EUR '000
Gains from foreign currency translation	402	192
Income from reductions in write-downs on receivables	0	15
Insurance reimbursement	250	0
Other	106	114
Total	758	321

Other expenses

	Dec. 31, 2015 in EUR '000	Dec. 31, 2014 in EUR '000
Exchange losses	278	205
Cost of premises	742	610
Insurance premiums, contributions, levies	240	156
Vehicle expenses	280	263
Advertising costs, travel expenses	275	266
Delivery costs	1,399	1,448
Maintenance and repairs	937	736
Agency staff	380	432
Other operating expenses	1,137	1,792
Total	5,668	5,908

8. Other financial income

	Dec. 31, 2015 in EUR '000	Dec. 31, 2014 in EUR '000
Interest income from balances on bank accounts	0	0
Other financial assets	0	0
Total	0	0

Breakdown of investment income from financial assets by valuation class:

	Dec. 31, 2015 in EUR '000	Dec. 31, 2014 in EUR '000
Cash on hand and bank balances (LaR)	0	0
Financial assets recognized at amortized cost (LaR)	0	0
Total	0	0

9. Financial expenses

	Dec. 31, 2015 in EUR '000	Dec. 31, 2014 in EUR '000
Interest on overdrafts and bank loans	443	385
Interest on obligations relating to finance leases	1	8
Total	444	393

Breakdown of expenses for financial liabilities by valuation class:

	Dec. 31, 2015 in EUR '000	Dec. 31, 2014 in EUR '000
Financial liabilities measured at amortized cost (OL)	444	393

10. Income taxes

10.1 Income taxes recognized in the statement of profit or loss

	Dec. 31, 2015 in EUR '000	Dec. 31, 2014 in EUR '000
Current tax expense	0	0
Deferred taxes	184	-439
Total	184	-439

The following reconciliation shows a breakdown of tax expense (2014: tax income) among income items in the fiscal year:

	Dec. 31, 2015 in EUR '000	Dec. 31, 2014 in EUR '000
Income before taxes	262	-2,869
Theoretical tax expense (2014: tax income)	78	-855
Impact of tax-exempt income/ non-deductible expenses	24	29
Impact of tax-exempt income from foreign subsidiaries	82	387
Total	184	-439

The tax rate used for the above reconciliation for 2015 and 2014 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, 2015 in EUR '000	Dec. 31, 2014 in EUR '000
Current claims for tax refunds	1	2

10.3 Deferred taxes

	Initial balance in EUR '000	Recognized in profit or loss in EUR '000	Recognized in other compre- hensive income in EUR '000	Recognized directly in equity in EUR '000	End balance in EUR '000
2015					
Temporary differences					
Intangible assets	-1,299	9	0	0	-1,290
Property, plant and equipment	-34	-53	0	0	-87
Provisions	0	6	0	0	6
Currency translation differences relating to foreign subsidiaries	-91	0	0	0	-91
Tax losses	1,455	-146	0	0	1,309
Total	31	-184	0	0	-153
2014					
Temporary differences					
Intangible assets	-1,397	98	0	0	-1,299
Property, plant and equipment	-29	-5			-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

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.



Power inductor

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.

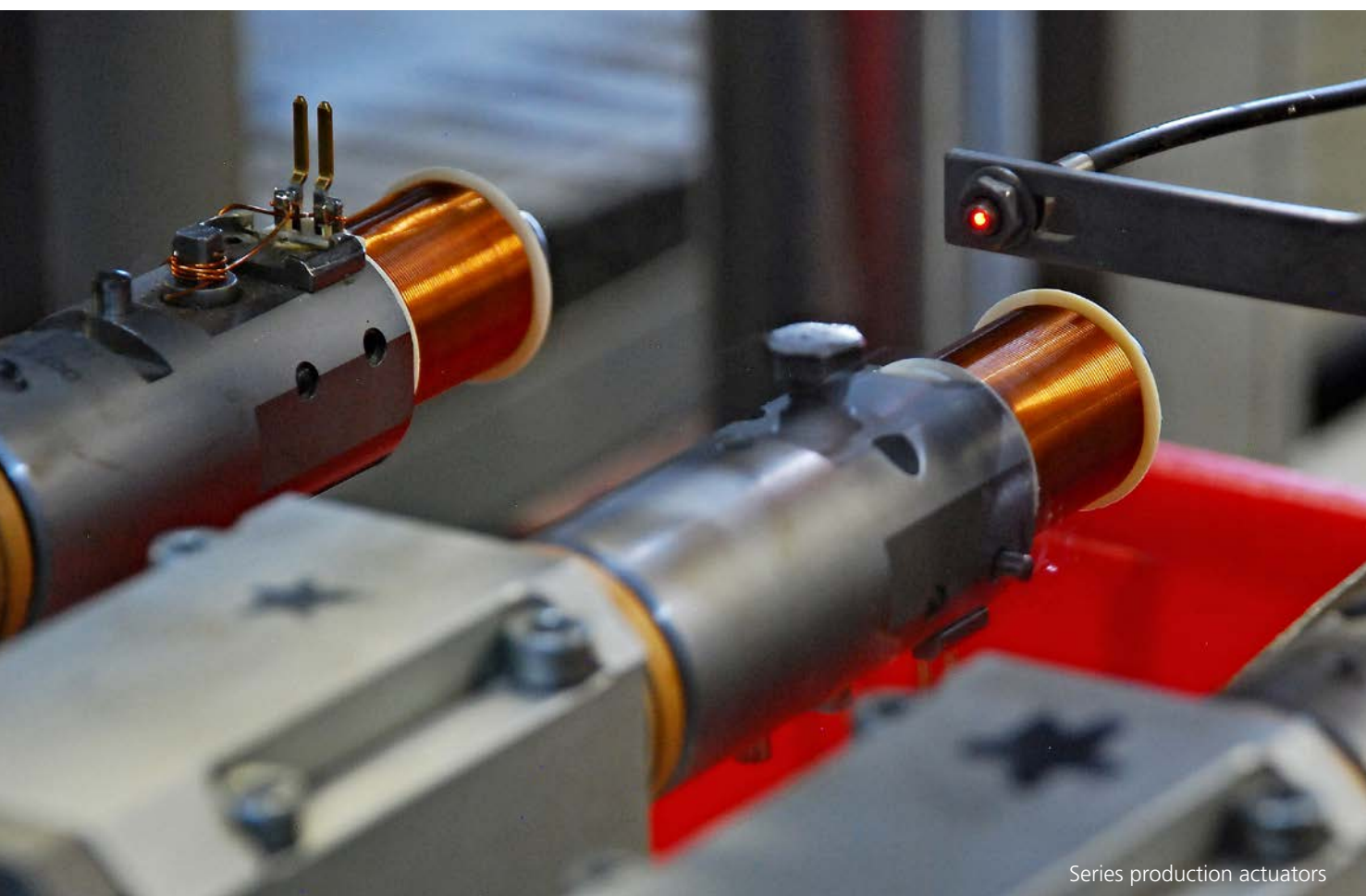
Further, deferred taxes were not recognized for “outside basis differences” because the company is not planning to divest its shares in associated companies and these transactions would in any case be allocated to the tax-exempt operations.

11. Net income from continuing operations

11.1 Depreciation, amortization and impairment write-downs

	Dec. 31, 2015 in EUR '000	Dec. 31, 2014 in EUR '000
Impairment write-downs on property, plant and equipment	0	270
Depreciation of property, plant and equipment	3,060	2,986
Impairment write-downs on intangible assets	41	229
Amortization of intangible assets	1,356	1,388
Total	4,457	4,873

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.



Series production actuators

11.2 Research and development costs expensed immediately

	Dec. 31, 2015 in EUR '000	Dec. 31, 2014 in EUR '000
Research and development costs expensed in the fiscal year	1,260	885

11.3 Personnel-related expenses

	Dec. 31, 2015 in EUR '000	Dec. 31, 2014 in EUR '000
Benefits paid under defined-contribution plans after termination of the employment contract (see Note 34)	964	827
Other payments to employees	8,002	7,178
Total	8,966	8,005

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, 2015 in EUR '000	Dec. 31, 2014 in EUR '000
Consolidated net profit (2014: consolidated net loss)	78	-2,430
Weighted average ordinary shares (in thousand units)	4,223	4,223
Earnings per share (in EUR)	0.02	-0.58

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, 2014 to December 31, 2015

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, 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 / January 1, 2015	6,676	24,212	2,135	1,742	34,765
Additions	1,690	5,252	433	253	7,628
Transfers	2	677	198	-877	0
Disposals	0	-1,573	-884	0	-2,457
Translation differences	159	446	5	0	610
As at December 31, 2015	8,527	29,014	1,887	1,118	40,546
Depreciation					
As at 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 / January 1, 2015	1,589	17,141	1,652	0	20,382
Depreciation	307	2,360	393	0	3,060
Impairment write-downs	0	0	0	0	0
Write-ups	0	0	0	0	0
Transfers	1	0	-1	0	0
Disposals	0	-1,573	-856	0	-2,429
Translation differences	33	299	3	0	335
As at December 31, 2015	1,930	18,227	1,191	0	21,348
Balance sheet value as at December 31, 2015	6,597	10,787	696	1,118	19,198
Balance sheet value as at December 31, 2014	5,087	7,071	483	1,742	14,383

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

Assets and mortgages pledged as security

Mortgages (EUR 2,000 thousand) for developed land owned by the Group with a carrying amount of EUR 6,407 thousand (2014: EUR 4,966 thousand) have been registered as security for the Group's liabilities to banks. Machinery at the Prachatice site with a carrying amount of EUR 3,596 thousand (2014: EUR 0 thousand) has been pledged as security for liabilities to banks.

At the end of fiscal 2015 the Group had liabilities under finance leases totalling EUR 0 thousand (2014: EUR 94 thousand) (see Note 28), which secured the rights of lessors to the leased assets. The carrying amount of leased assets in 2015 was EUR 0 thousand (2014: EUR 211 thousand).

Impairment write-downs in 2015

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 0 thousand (2014: EUR 270 thousand) on property, plant and equipment. In 2014 this included EUR 78 thousand for tools and machinery that could no longer be used as a result of the Sputnik insolvency. The remaining EUR 192 thousand related to project-specific plant in the Communication Technology segment, which could 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, 2014 to December 31, 2015

InTiCa Systems Group

In EUR '000	Self-created intangible assets	Other intangible assets	Total
Cost of acquisition or production			
As at 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 / January 1, 2015	8,952	474	9,426
Additions	1,314	22	1,336
Transfers	0	0	0
Disposals	-73	0	-73
Translation differences	0	1	1
As at December 31, 2015	10,193	497	10,690
Amortization			
As at 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
As at December 31, 2014 / January 1, 2015	4,600	375	4,975
Amortization	1,304	52	1,356
Impairment write-downs	41	0	41
Write-ups	0	0	0
Transfers	0	0	0
Disposals	-73	0	-73
Translation differences	0	1	1
December 31, 2015	5,872	428	6,300
Balance sheet value as at December 31, 2015	4,321	69	4,390
Balance sheet value as at December 31, 2014	4,352	99	4,451

Where the underlying projects have not been completed or no sales have been generated, self-created intangible assets (carrying amount 2015: EUR 1,243 thousand; 2014: EUR 1,314 thousand) are not yet subject to amortization.

Impairment write-downs in 2015

For development projects, the amortization recognized in the statement of profit and loss includes impairment write-downs of EUR 41 thousand (2014: EUR 229 thousand) in addition to regular amortization. In 2014, EUR 178 thousand of the 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, 2015 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
(2014:		100	100)

16. Other financial assets and other receivables

16.1 Other financial assets

	Dec. 31, 2015 in EUR '000	Dec. 31, 2014 in EUR '000
Receivables recognized at amortized cost		
Other financial assets	142	20
Total	142	20
Non-current	0	0
Current	142	20
Total	142	20

Total impairment write-downs on inventories recognized in profit and loss amounted to EUR 31 thousand (2014: EUR 1,689 thousand). EUR 31 thousand of the write-downs (2014: EUR 1,635 thousand) were attributable to the Industrial Electronics segment. As of the reporting date the carrying amount of these inventories was EUR 92 thousand (2014: EUR 287 thousand).

Total write-ups of inventories amounted to EUR 320 thousand (2014: EUR 0). The write-ups comprised EUR 320 thousand (2014: EUR 0) attributable to the Industrial Electronics segment. As of the reporting date the carrying amount of these inventories was EUR 372 thousand (2014: EUR 52 thousand).

16.2 Other current receivables

	Dec. 31, 2015 in EUR '000	Dec. 31, 2014 in EUR '000
Deferred charges	245	60
Advance payments made	37	26
Current tax receivables	260	70
Total	542	156

18. Trade receivables

	Dec. 31, 2015 in EUR '000	Dec. 31, 2014 in EUR '000
Trade receivables	7,317	7,018
Impairment write-downs	-510	-510
Total	6,807	6,508

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.

17. Inventories

	Dec. 31, 2015 in EUR '000	Dec. 31, 2014 in EUR '000
Raw materials and supplies	4,524	4,599
Work in process	1,352	1,149
Unfinished tools with customer involvement	482	446
Finished goods	1,400	529
Total	7,758	6,723

The Group conducts a creditworthiness test before accepting new customers and sets individual credit limits. Customer assessments are reviewed once a year and credit limits are reviewed monthly. On the reporting date, trade receivables totalling EUR 1,113 thousand (2014: EUR 572 thousand) were due from the Group's two biggest customers. Trade receivables amounting to more than 5% of total trade receivables (2014: 5%) were due from 8 (2014: 6) customers.

Impairment write-downs were not recognized for trade receivables amounting to EUR 1,209 thousand (2014: EUR 977 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, 2015 in EUR '000	Dec. 31, 2014 in EUR '000
1 – 30 days	767	587
between 30 and 60 days	268	194
more than 60 days	174	196
Total	1,209	977

Changes in impairment write-downs

	Dec. 31, 2015 in EUR '000	Dec. 31, 2014 in EUR '000
Status at start of year	510	15
Amounts written down as uncollectable during the financial year	0	-15
Impairment write-downs on receivables	0	510
Total	510	510

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 (2014: EUR 510 thousand) 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 402 days (2014: 38 days).

To secure credit lines totalling EUR 10.5 million (2014: 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 6.4 million (2014: EUR 5.9 million).

19. Capital stock

Capital stock and ordinary shares		
	Dec. 31, 2015 in EUR '000	Dec. 31, 2014 in EUR '000
4,287,000 fully paid-up ordinary shares	4,287	4,287
64,430 treasury shares (treasury stock)	-64	-64
Total	4,223	4,223

Treasury stock				
	Dec. 31, 2015 in EUR '000	% of capital stock	Dec. 31, 2014 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/I).

20. General capital reserve

	Dec. 31, 2015 in EUR '000	Dec. 31, 2014 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, 2015 in EUR '000	Dec. 31, 2014 in EUR '000
Status at start of year	-1,896	534
Consolidated net profit (2014: consolidated net loss)	78	-2,430
Total	-1,818	-1,896

22. Currency translation reserve

	Dec. 31, 2015 in EUR '000	Dec. 31, 2014 in EUR '000
Status at start of year	-1,718	-1,558
Translation of foreign business operations	369	-160
Total	-1,349	-1,718

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, 2015 in EUR '000	Dec. 31, 2014 in EUR '000
Unsecured – recognized at amortized cost		
Overdrafts	7	10
Loans	5,584	8,239
Secured – recognized at amortized cost		
Overdrafts	7,548	2,286
Liabilities relating to finance leases (see Note 28)	0	94
Loans	5,000	2,000
Total	18,139	12,629
Current		
	10,224	5,045
Non-current		
	7,915	7,584
Total	18,139	12,629

EUR 3,825 thousand (2014: EUR 1,769 thousand) of the secured current account costs relate to the Czech subsidiary and are secured by a guarantee from InTiCa Systems AG.

Summary of financing agreements:

Overdrafts are subject to variable interest during the year. Interest on loans is 1.15%-4.6% p.a. (2014: 1.4%-4.6% p.a.).

Non-current loans incur interest at a fixed rate averaging 2.96% p.a. (2014: 3.12% p.a.).

24. Provisions

	Jan. 1, 2015 in EUR '000	Utilized in EUR '000	Reversed in EUR '000	Additions in EUR '000	Dec. 31, 2015 in EUR '000
Trade-related commitments (i)	630	630	0	757	757
Personnel expense (ii)	582	582	0	364	364
Other (iii)	32	32	0	34	34
Total	1,244	1,244	0	1,155	1,155

(i) In both 2014 and 2015, provisions for trade-related commitments comprised provisions for expected credit notes and outstanding invoices.

(ii) In both 2014 and 2015 the provisions for personnel expense covered employees' annual vacation entitlements, bonuses, an anniversary provision, and expected contributions to the employers' liability insurance association. In 2014, a provision was also recorded for a termination benefit for a former member of the Board of Directors.

(iii) In both 2014 and 2015, 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, 2015 in EUR '000	Dec. 31, 2014 in EUR '000
At amortized cost		
Other financial liabilities	266	232

27. Other current liabilities

	Dec. 31, 2015 in EUR '000	Dec. 31, 2014 in EUR '000
Accrued expenses	0	0
Advance payments received	0	0
Other liabilities	227	212
Total	227	212

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, 2015 in EUR '000	Dec. 31, 2014 in EUR '000	Dec. 31, 2015 in EUR '000	Dec. 31, 2014 in EUR '000
With a residual term of up to 1 year	0	95	0	94
With a residual term of between 1 and 5 years	0	0	0	0
Total	0	95	0	94
Less future financing costs	0	-1		
Present value of minimum lease payments	0	94	0	94
Shown in the consolidated financial statements as:				
- Current liabilities (see Note 23)			0	94
- Non-current liabilities (see Note 23)			0	0
Total			0	94

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%. In 2015 the Group purchased 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, 2015 in EUR '000	Dec. 31, 2014 in EUR '000
Equity	16,445	15,998
Total assets	40,321	34,763
Equity ratio	40.8%	46.0%

	Dec. 31, 2015 in EUR '000	Dec. 31, 2014 in EUR '000
Interest-bearing financial liabilities	18,139	12,629
Cash and cash equivalents (-)	167	1,064
Net financial debt	17,972	11,565
EBIT	706	-2,476
Depreciation, amortization and impairment write-downs	4,457	4,873
EBITDA	5,163	2,397
Net financial debt/EBITDA	3.48	4.82

29.2 Categories of financial instruments

Category	Dec. 31, 2015 in EUR '000	Dec. 31, 2014 in EUR '000
Financial assets	7,117	7,593
Cash on hand and bank balances	LaR 167	1,064
Trade receivables	LaR 6,807	6,509
Financial assets recognized at amortized cost	LaR 142	20
Financial liabilities	21,025	15,885
Financial liabilities recognized at amortized cost	OL 18,405	12,861
Trade payables	OL 2,620	3,024

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, 2015, the impact of the change in the USD exchange rate on Group net income would have been a decline (increase) of around EUR 127 thousand (2014: EUR 64 thousand), while a change in the CZK exchange rate of this magnitude would have increased (decreased) net income by around EUR 188 thousand (2014: EUR 35 thousand).

	Nominal amount as of		Nominal amount as of	
	Dec. 31, 2015 in EUR '000	2015 in EUR '000	Dec. 31, 2014 in EUR '000	2014 in EUR '000
Change in USD (+/-10%)	1,379	127	778	64
Change in CZK (+/-3.5%)	5,361	188	1,013	35

» 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, 2015, the result would have been EUR 75 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, 2015 in EUR '000	Dec. 31, 2014 in EUR '000
Credit lines		
Amounts drawn	7,556	2,296
Undrawn amounts	7,344	6,004
Total	14,900	8,300

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

	up to 1 year in EUR '000	1–5 years in EUR '000	over 5 years in EUR '000	Total in EUR '000
2015				
Variable-interest financial liabilities	7,705	0	0	7,705
Fixed-interest financial liabilities	2,832	6,400	1,757	10,989
Total	10,537	6,400	1,757	18,694
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

30. Related party transactions

30.1 Board of Directors

- Dr. Gregor Wasle

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

- Udo Zimmer

Chairman of the Supervisory Board (since July 17, 2015), Munich
Member of the Management Board (until July 17, 2015)
Member of the Board of Management of REMA TIP TOP AG (since March 15, 2016)
Managing Director of TOP-WERK GmbH (until February 29, 2016)
Chairman of the Supervisory Board of SCHNELL Motoren AG

- Werner Paletschek

Deputy Chairman of the Supervisory Board (since July 17, 2015), Fürstenzell
Chairman of the Supervisory Board (until July 17, 2015)
Managing Director of OWP Brillen GmbH

- Christian Fürst

Member of the Management Board (since July 17, 2015), Thyrnau
Deputy Chairman of the Supervisory Board (until July 17, 2015)
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)

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 2015 amounted to EUR 411 thousand. The total remuneration of the Board of Directors in the previous year (2014: EUR 716 thousand) included the termination benefit for Mr. Brückl, which was paid in 2015.

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 2015 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	Dr. Gregor Wasle Board of Directors Since January 1, 2015				Günther Kneidinger Board of Directors Since January 1, 2009			
	2014	2015	2015 (min)	2015 (max)	2014	2015	2015 (min)	2015 (max)
Fixed compensation	0	180	180	180	168	180	180	180
Fringe benefits	0	24	24	24	27	27	27	27
Total	0	204	204	204	195	207	207	207
One-year variable compensation	0	0	0	180	0	0	0	180
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	180	0	0	0	180
Pension expense	0	0	0	0	0	0	0	0
Total compensation	0	204	204	384	195	207	207	387

Amount received in EUR '000	Dr. Gregor Wasle Board of Directors Since January 1, 2015		Günther Kneidinger Board of Directors Since January 1, 2009		Walter Brückl Board of Directors Until December 31, 2014	
	2014	2015	2014	2015	2014	2015
Fixed compensation	0	180	168	180	234	0
Fringe benefits	0	24	27	27	21	0
Termination benefit	0	0	0	0	0	266
Total	0	204	195	207	255	266
One-year variable compensation	0	0	0	0	0	0
Multi-year variable compensation	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.
Other	0	0	0	0	0	0
Total	0	0	0	0	0	0
Pension expense	0	0	0	0	0	0
Total compensation	0	204	195	207	255	266

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
2015			
Udo Zimmer	12.08	3.75	15.83
Werner Paletschek	13.96	3.75	17.71
Christian Fürst	11.46	3.00	14.46
Total	37.50	10.50	48.00
2014			
Udo Zimmer	10.00	5.25	15.25
Werner Paletschek	15.00	6.75	21.75
Christian Fürst	12.50	6.75	19.25
Total	37.50	18.75	56.25

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, 2015	Dec. 31, 2014
Günther Kneidinger	4,000	4,000
Werner Paletschek	5,000	4,000
Christian Fürst	4,800	3,800

Major shareholders

	Shareholding in %	
	Dec. 31, 2015	Dec. 31, 2014
Thorsten Wagner	more than 25	more than 25
Dr. Dr. Axel Diekmann	more than 25	more than 20
Tom Hiss	more than 5	more than 5
bcm invest gmbh	n.a.	more than 5
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, 2015 in EUR '000	Dec. 31, 2014 in EUR '000
Cash and balances on bank accounts	167	1,064
Overdrafts	-7,556	-2,296
Total	-7,388	-1,232

In the reporting period, there were no significant cash and cash equivalents that the company could not dispose of. The fair value of cash and cash equivalents corresponds to the carrying amount.

32. Payment obligations

	Dec. 31, 2015 in EUR '000	Dec. 31, 2014 in EUR '000
Commitments to acquire property, plant and equipment	406	1,584

33. Operating leases

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

	Dec. 31, 2015 in EUR '000	Dec. 31, 2014 in EUR '000
Payments recognized as expenses:		
Lease payments	444	325
Non-cancellable lease agreements:		
up to 1 year	505	784
between 1 and 5 years	1,702	1,796
more than 5 years	1,825	2,080
Total	4,032	4,660

34. Defined-contribution pension plans

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

35. Events after the reporting date

No reportable events have occurred since the reporting date.

36. Disclosures

The Board of Directors approved the consolidated financial statements for publication on April 22, 2016.

In fiscal 2015 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 December 1, 2015 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 25% threshold on December 1, 2015 and that as of this date he holds 25.17% of the total voting rights (corresponding to 1,078,847 voting rights). 25.17% of these voting rights (corresponding to 1,078,847 voting rights) are attributable to Dr. Axel Diekmann pursuant to sec. 22 paragraph 1 sentence 1, no. 1 WpHG. The voting rights attributable to Dr. Axel Diekmann are held by the following companies under his control, whose share of the voting rights of InTiCa Systems AG is 3% or more:

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

On December 21, 2015 bcm invest gmbh, Germany, notified us pursuant to sec. 21 paragraph 1 WpHG that its share of the voting rights in InTiCa Systems AG, Passau, Germany, dropped below the 5% threshold on December 15, 2015 and that as of this date it held 0.0% of the total voting rights (corresponding to 0 voting rights).

37. Staff

The average number of employees in fiscal 2015 was 484 (2014: 422).

	Dec. 31, 2015	Dec 31, 2014
Salaried employees	103	93
Industrial employees	373	321
Trainees	1	1
Low-wage part-time staff	7	7
Total	484	422

38. Auditor's fees

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

	Dec. 31, 2015 in EUR '000	Dec. 31, 2014 in EUR '000
Audit services for the fiscal year	67	67
Audit services for the previous year	0	0
Other services for the fiscal year	5	5
Total	72	72

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

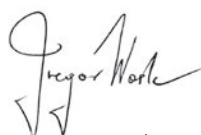
39. German Corporate Governance Code

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

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

Passau, April 21, 2016

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 21, 2016

The Board of Directors

Dr. Gregor Wasle
Spokesman for the Board of Directors

Günther Kneidinger
Member of the Board of Directors



Auditor's Certificate

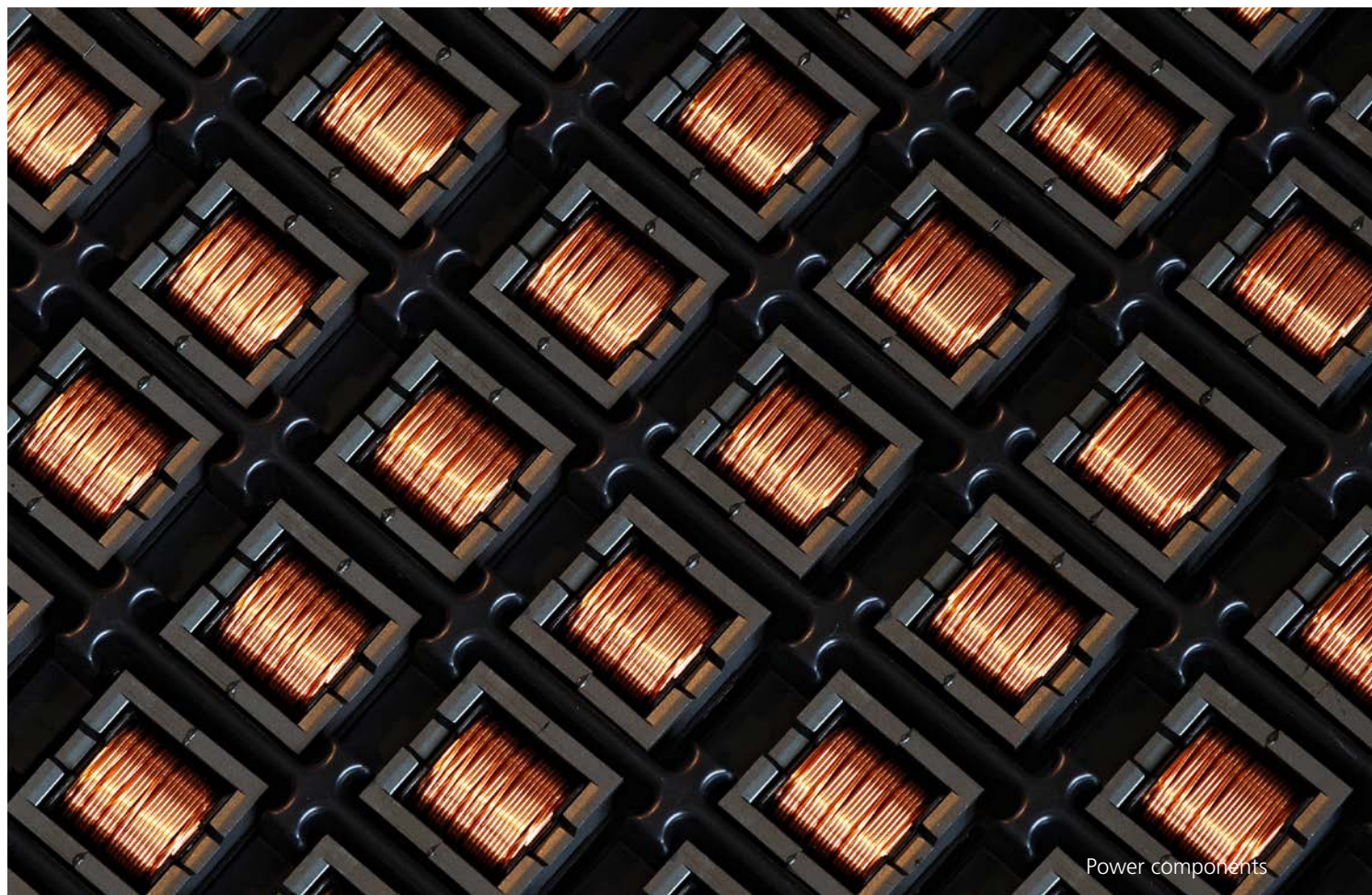
AUDITOR'S CERTIFICATE

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, 2015. 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.



Power components

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 21, 2016

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.

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_{2O_3}), less commonly magnetite (Fe_{3O_4}) and other metallic oxides. If not saturated, ferrites conduct the magnetic flux very well and provide a high magnetic permeability. These materials thus usually provide low magnetic resistance.

Filter

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

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.

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 enviroining 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.

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).

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.

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.

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).

Splitter

Electronic component for merging or separating voice and data signals.

Triple Play

Triple Play 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.

VDSL

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

xDSL

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

Financial Calendar 2016

April 22, 2016	Publication of annual report for 2015
April 22, 2016	Press conference/Conference call
May 24, 2016	Publication of interim financial statements for Q1 2016
July 15, 2016	Annual General Meeting in Passau
August 24, 2016	Publication of interim financial statements for H1 2016
Nov. 23, 2016	Publication of interim financial statements for Q3 2016
Dec. 07, 2016	Munich Capital Market Conference 2016



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