

Intec Telecom Systems PLC - Q1 2004 results

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Intec Telecom Systems PLC - Unaudited results for the three months ended 31st December 2003 – 'Q1 2004'

Good trading and recent acquisitions deliver increased revenues and EBITA

<http://www.intec-telecom-systems.com/its/pressroom/pressreleases/pr2004/2004-02-12/>

Intec Telecom Systems PLC ("Intec" or "the Company"), a global provider of telecoms Operations Support Systems ("OSS"), is pleased to announce its unaudited results for the three months ended 31 December 2003, ("Q1"). A combination of new business sales, strong carry-forward revenue, and contributions from recent acquisitions have driven revenues up 50%. This, combined with on-going cost controls, have produced a strong result for the quarter, with a good increase in earnings before goodwill. The trading outlook continues to be satisfactory and the Board is cautiously confident of satisfying the full year expectations.

HIGHLIGHTS

* Turnover of £15.6 million increased by 50% (3 months ended 31 December 2002 - £10.4 million) with organic and acquisition-driven growth in all key activities.

* Earnings before interest, tax, and amortisation ("EBITA") increased to £1,538,000 compared with £4,000 in Q1 2003.

* Increased Adjusted EPS of 0.58p (Q1 2003 – loss of 0.03p)

* 24 new contracts signed in the period, 11 new licences, plus 13 new bureau customers (Q1 2003: 11, plus 31 through acquisitions)

* Revenue and earnings adversely affected by continuing US dollar depreciation, estimated at £0.7 million and £0.3 million respectively .

* Operating cash outflow of £0.1 million (Q1 2003 – inflow of £1.3 million) after working capital investment in Digiquant.

* Loss before tax reduced to £0.75 million (Q1 2003: loss of £1.5 million), after depreciation and amortisation of goodwill and intangible assets of £2.3 million (Q1 2003: £1.6 million).

* Customer installations reach 563 in almost 400 carrier customers.

* Intec remains fully-funded with cash and cash equivalent investments of £13.8 million (Q1 2003 - £11.3 million).

* Positive contribution from recent Digiquant acquisition with revenues of £2.4 million and EBITDA profit of £0.1 million in the quarter.

“This is a very satisfactory result, produced through both new and carry-forward revenues, in what is historically not a strong quarter for Intec,” said Intec’s Executive Chairman, Mike Frayne. “Most importantly all aspects of the business produced growth and earnings contributions. New licences sales improved to somewhat healthier levels after previous slow periods for new investment within the telecoms sector. Continuing cost control, despite the investment required in new products and acquisitions, has also brought higher earnings. Competition and pricing pressure remains strong but we are optimistic about prospects for the full year.”

“Intec signed 24 new customer contracts in Q1, underlining the strength of our offering in today’s telecom market,” added Chief Executive Kevin Adams. “Despite the impact of the devaluation of the US\$, in which we generate around 45% of our revenues, we have seen solid contributions from all regions. Our recent acquisition of Digiquant, combined with new products we have introduced, have created new market opportunities for Intec. Conditions in the telecom market remain challenging. However, I believe Intec is well-positioned to deliver against current expectations.”

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