

London, 13 December 2006 – Intec Telecom Systems PLC (“Intec” or “the Company”), a leading supplier of software solutions to the global telecoms industry, announces its audited results for the year ended 30 September 2006 (“FY 2006”), prepared under IFRS¹. Full year revenue decreased by 3% to £112.3 million as a result of difficult trading conditions in some regions in the latter half of the year, largely due to consolidation among major telecom carriers. Despite prompt cost management actions, this shortfall has impacted earnings for the year, with EBITDA before exceptional items reduced to £3.6 million. The business has demonstrated operational cashflow of £14.1 million, as prior period working capital investment has translated into cash collections from customer projects. Intec also made progress in developing its US outsourcing business with the acquisition of EUR Systems.

Key financials

- Revenue decreased by 3% to £112.3 million (year ended 30 September 2005 (“FY 2005”): £116.2 million)
- EBITDA before exceptional items reduced to £3.6 million (FY 2005: £16.3 million)
- Loss before tax of £5.3 million (FY 2005: Profit of £11.1 million); Operating loss of £6.0 million (FY 2005: profit of £10.2 million)
- Basic loss per ordinary share of 2.06p (FY 2005: earnings of 3.01p)
- Cash generated by operations of £14.1 million (FY 2005: £1.2 million)
- Debt facility of £7.1 million arranged with current bankers to finance EUR acquisition
- Cash and cash investments of £26.0 million (FY 2005: £23.8 million); Net cash of £18.6 million (FY 2005: £21.5 million)

Operational highlights

- Key new customer wins in the US, UK, China, India, Holland, Russia, Pakistan, New Zealand and Brazil.
- New solutions brought to market for wireless/MVNO, IMS and revenue management applications
- Offshore delivery capability developing well, with first major billing projects in production
- Expansion of US outsourcing capability with acquisition of EUR Systems
- Intec now has 641 installations at 386 companies (FY 2005: 599 installations at 363 companies)

John Hughes, Chairman, said: “2006 has been a year of disappointing financial performance for Intec. After a start to the year which met our expectations, we failed to generate the anticipated level of revenues in the second half. We have taken steps to improve the performance of the business and I can say with certainty that the Board and the Intec leadership team are fully focused on delivering improved results which should drive increasing shareholder value in 2007.”

Kevin Adams, Intec’s Chief Executive Officer, added: “The foundations of Intec are strong and our ability to generate profitable new business in the future remains. Our recent contract wins and strong pipeline demonstrate the potential of the business. This, combined with the steps we have taken to reduce our cost base and improve our efficiency, gives us confidence that we will quickly return to higher profitability. We expect revenues for FY 2007, including those generated through our acquisition of EUR Systems, to increase in low double digit percentage terms over our reported FY 2006. The Board, Executive team, and staff are fully focused on improving financial performance for 2007.”

A meeting for analysts will be held today at 09:15 for 09:30 a.m. at the offices of Smithfield, 10 Aldersgate Street, London EC1A 4HJ.

¹These results are the first full year reported under the International Financial Reporting Standards (“IFRS”). All numbers including comparatives are stated accordingly. The 2005 financial year results, restated under IFRS, were published on 19 May 2006.

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Pictures are available for the media to view and download from www.vismedia.co.uk

NOTES TO EDITORS

About Intec Telecom Systems PLC

Intec supplies solutions to over 60 of the world’s top 100 telecoms carriers and is one of the world’s fastest growing major BSS/OSS (business and operations support systems) vendors. Intec’s 400 customers include AT&T, Cable & Wireless, The Carphone Warehouse, China Unicom, Deutsche Telekom, Eircom, France Telecom, Hutchison 3G, O2, Orange, T-Mobile, Telefonica, Vodafone, Virgin Mobile, Vivo and Verizon. Intec works closely with its customers, many of whom have been with Intec since its inception, to provide the highest standards of performance, flexibility and robustness to help carriers service their customers effectively and profitably. Intec’s comprehensive and expanding range of products, solutions and services includes:

- Retail billing and customer management
- Multi-service mediation and activation
- Inter-carrier billing settlements including US CABS and ITU-based settlement
- End-to-end content partner management
- Optimised wholesale routing and trading
- Real-time pre/post-paid mediation and charging
- Pre-integrated solutions for wholesale, wireless and core IMS charging functions

Founded in 1997, Intec is listed on the London Stock Exchange (ITL.L) and has over 1,700 staff and 31 offices in 25 countries. For more information, visit the Intec website at www.intecbilling.com.

CHAIRMAN'S STATEMENT

2006 has been a year of disappointing financial performance for Intec. After a start to the year which met our expectations, with revenues improved over the first half of 2005, we failed to generate the anticipated level of revenues in the second half. The shortfall in 2006 can, in the main, be attributed to the adverse commercial effects resulting from consolidation in the US telecommunications market, exacerbated by delays in closing some forecast new business.

In spite of the poor financial performance, in 2006 Intec consolidated its position as a leader in the Business and Operations Support Systems (BSS/OSS) market where it operates. We strengthened the business by acquiring 23 new customers; bringing new expertise into the management team; enhancing and expanding our product portfolio to better serve customers; and developing our US business with the acquisition of EUR Systems. This year we also welcomed a new non-executive Director, Gordon Stuart, to the Board. As Finance Director of Xansa PLC, a technology and business services company, Gordon brings valuable insight and expertise to Intec, particularly in his role as chair of the Audit Committee.

As carriers seek to improve business performance and market share through innovation, diversification of offering and improved competitiveness, two key factors are driving the market – the move towards a converged environment, where operators offer multiple, complex services to their customers, and the ongoing consolidation among major players. While Intec has suffered in 2006 from the effects of consolidation among key customers and prospects, we see the changes taking place as ultimately beneficial, as Intec's converged, world-class product and services offering has many benefits for operators looking to innovate and to improve performance.

The Company has already executed a cost reduction programme. Although we have incurred an exceptional charge of £4.0 million in the current year, we expect it to achieve full payback within the first six months of FY 2007, with ongoing benefits thereafter. In addition, we have launched a broad-based review of the business aimed at optimising our business model and processes. The Board and management team remains focused on identifying additional operational improvements and cost saving measures that will deliver real financial benefits and thus improved profitability.

SUMMARY

Our market, primarily telecoms, remains competitive with several strong players challenging for business. But Intec has a strong offering, a good reputation, and a commitment to ongoing success. Our challenge is to ensure we maximise our opportunities in 2007, through balanced investment in products, delivery capability, marketing and sales, while significantly improving our fundamental financial performance. We have taken steps to improve the performance of the business and I can say with certainty that the Board and the Intec leadership team are fully focused on delivering improved results which should drive increasing shareholder value in 2007.

John Hughes

Chairman

12 December 2006

CHIEF EXECUTIVE OFFICER'S STATEMENT

OVERVIEW

This has been a challenging year for Intec, with a financial performance that has not met expectations. After a promising first half, in which we recorded good progress over FY 2005, the second half proved to be much more difficult. Entering the second half with a solid pipeline of new business opportunities, we were hit by a succession of events that ultimately made it impossible for us to achieve our financial goals for the full year. Whilst we took rapid action to reduce costs, including an acceleration of on-going plans to move towards a lower cost, offshore delivery model, the timing of these events made it inevitable that the revenue shortfall would seriously impact earnings for the year.

The biggest single cause of the difficulties we experienced was consolidation among major operators. This was most apparent in North America, where a number of our largest customers and business prospects are engaged in such transactions. The same issue is also apparent in other regions, including Europe, albeit with less direct impact on our business. The net effect has been to both delay some important purchasing decisions and project milestones, as well as to eliminate some opportunities that may be available to us. One specific consequence of this consolidation was the delay in the rollout of a major project for one of our largest US customers. This has led to uncertainty over the timing of payments that Intec had been expecting to receive from this customer. As a result we have decided, as of 30 September 2006, not to recognise £5.5m of license revenue associated with this contract which had previously been recognised.

As a result, revenue for the year was £112.3 million, or a decline of 3% on FY 2005. EBITDA before exceptional items was inevitably severely affected, at £3.6 million against £16.3 million in FY 2005. The reduction in revenue was exclusively in licence business, with revenue from both professional services and recurring revenues increasing slightly on FY 2005.

Aside from these issues, which have primarily affected larger billing projects, our classic business has continued to perform well, with an increase in both the number and the average value of new contracts for several key products as compared with FY 2005. Market analysis reports from several respected commentators have identified our continuing leadership across our key market segments, and we are now clearly recognised globally as a leading supplier in the retail billing sector.

ACTIONS UNDERTAKEN TO IMPROVE PERFORMANCE

Intec expanded rapidly in the years prior to FY 2006 through a combination of organic and acquisition growth. Despite the setbacks experienced in the latter half of this year, we remain a growth-oriented company with a clear strategic vision to be the leader in BSS/OSS product sales. During FY 2006 we have undertaken a number of strategic initiatives to help us deliver this vision, while improving efficiency and profitability. We expect these initiatives to deliver cost savings in FY 2007 and beyond.

Delivery off-shoring – Like many companies serving global markets, we are pursuing a strategy to reduce our cost base through use of lower-cost locations, primarily for product delivery (professional services) staff. This is a medium-term programme, as it takes time to recruit, train and bring new staff into fully productive use. We now have around 300 staff in our Bangalore facility, the majority of whom are now active on customer projects. During the latter half of the year we accelerated this transition programme, and we have reduced our staff numbers in our higher cost locations accordingly.

Cost reduction – Intec constantly reviews its business structure for cost-efficiency and effectiveness. In August we initiated a comprehensive review of staff levels and performance across the business, including a program of reductions and some reassignments, resulting in a headcount reduction of some 140 people as well as other savings. Although this has resulted in an exceptional cost this year, it will deliver substantially greater savings in FY 2007 and future years.

Investment in unifying and improving our infrastructure - Around 18 months ago we decided to embark on a three year investment programme to standardise our ERP, finance & HR systems on a single platform. This will enable the business to operate with greater efficiency, increased operational information and more timely decision making. Towards the end of FY 2006 we have begun to see the benefits of this investment as all areas of the business have started to use the new systems.

New markets – Intec has begun to see success for its billing and mediation technology in certain markets outside telecoms, most notably financial services. We are pursuing a number of such opportunities in this and other markets, and we will continue to invest cautiously to develop business in this area.

Revised sales operation – As part of our restructuring process, in the latter part of the year we initiated a review of our sales channels and organisation, resulting in improvements to our sales and marketing processes. These are designed to maximise the business opportunities we see, as well as ensuring that our commercial resources are

correctly and efficiently aligned with customer needs. We will continue to review our sales team performance as we go forward to ensure Intec remains ahead of its competitors in terms of bid win ratio.

Global business review – During the summer we began a process which has resulted in a global review of our business structure and practices, building on a review of our General and Administrative costs undertaken earlier in 2006. The primary aim of this Board-sponsored review is to ensure that the business is optimised to operate efficiently, thereby delivering future earnings growth and maximising shareholder returns. Good cost control, accurate budgeting, efficient working practices and examination of return-on-investment, are continually emphasised at all levels of the Company.

CUSTOMER WINS

Announced customer wins in 2006 include China Mobile, Dialog Telekom in Sri Lanka, MTNL in India, Asia-Pacific Broadband Wireless of Taiwan, KPN in Holland, TelstraClear in New Zealand, a major 3G operator in Vietnam, VimpelCom in Russia, Mobilink in Pakistan, Verizon Dominicana, CTBC in Brazil, a major US cable provider and TSTT in Trinidad and Tobago. These wins drove good growth in both our CALA and APAC regions. In addition Norwich Union chose Intec Convergent Billing for its innovative 'Pay As You Drive' vehicle insurance scheme, underlining the flexibility of our technology.

Intec's licensed customer base grew during FY 2006 to 641 installations in 386 companies (FY 2005: 599 installations in 363 companies on a comparable, pro-forma basis). The management team continues to seek both organic and acquisition-driven growth opportunities.

PRODUCTS

Intec has one of the BSS/OSS industry's most comprehensive product, solution and service portfolios. The company works to preserve its lead in BSS/OSS by being responsive to trends in the market, by ensuring it understands customers' changing needs and by maintaining a clear roadmap for each product set and a commitment to continued investment.

In FY 2006 we made good progress with both existing products and new market launches. Both Intec Interconnect and Intec Mediation are market leaders in their sector, with strong sales momentum for both product lines, and many customers choosing to transition to the latest versions. New products brought to market included Intec Centralised Error Management System (Intec CEMS), which helps carriers identify and eliminate revenue-draining problems in their billing processes, and the Intec Mobile Business Solution, a pre-integrated billing system targeted on smaller or start-up wireless operators and MVNOS. We also launched the Intec Data Retention Solution in partnership with EMC and SenSage, to address new EU legislative requirements for communications carriers and ISPs to retain customer calling data for anti-crime and anti-terrorism purposes.

Our industry is extremely dynamic and it is important to ensure that we have offerings that are in demand from customers today and also able to deliver value over future periods by being flexible and scalable to meet evolving business requirements and increasing performance demands. A good illustration of this is our Intec Convergent Billing product family. During FY 2006 we launched an important new version of this product, as well as benchmarking it to industry-leading levels of performance. The new version, v6.0.1, adds many enhancements and new features, the most notable of which concerns its abilities in the area of 'revenue management.' Regulatory developments in a number of key geographies are forcing telecoms operators to look more closely at their revenue recognition and management policies, to ensure compliance with standards and legislation such as Sarbanes-Oxley. Our new Intec Convergent Billing – Revenue Management Edition, launched alongside v6.0.1, delivers the capabilities to do this and was a critical factor in enabling us to secure a recent contract in the financial services market in the face of strong competition.

To demonstrate the technical strength of our billing product we published a benchmark in September, in partnership with IBM, demonstrating the capability of Intec Convergent Billing to handle a sustained throughput equivalent to the needs of a customer base of 60 million pre-paid subscribers. The benchmark was based on a current customer implementation and reflected realistic operating conditions and data. Projections from tests done at the same time showed that upgrading the IBM servers with the latest processors will provide a 25% improvement in throughput, giving a capacity of more than 75 million pre-paid subscribers. This is an outstanding result, and underlines our capabilities to serve the largest customers.

Our confidence in our products is underlined by numerous supportive reports from the analyst community. For example, in mid-2006 we were pleased to hear from one leading market analyst, Gartner Group, that we are unequivocally number one in the mediation market, and that we have also steadily grown our progress in billing, to be ranked third in new licence sales behind much larger competitors. We were also pleased to win an industry award in the US for product excellence for Intec CEMS.

GLOBAL BUSINESS OPERATIONS

The global nature and worldwide reach of Intec is clearly demonstrated by the 90 per cent of revenues that are generated outside the UK. To address our global market place Intec's distribution capability is structured around four geographic regions. This ensures that account management, sales, services and support are close to our customers – a key Intec priority. Each of our four regional headquarters provides full management, financial and technical support capabilities. A further 25 sales/ support offices complement these operations, including facilities in Africa, Australia, Canada, China, France, Russia and Dubai. Our policy is to maintain offices in regions where sales opportunities or customer requirements justify it, and in FY 2006 we opened new facilities in Russia, Dubai and Poland, as well as closing some smaller offices in regions that were better served from larger facilities

The Product Operations division – which encompasses product development, product management and product commercialisation – is based in locations in Australia, Denmark, South Africa and the US to provide the right balance of development cost and technical expertise. We continue to review the cost and location of development effort to ensure it is appropriate to our needs, and have made a number of changes aimed at greater cost efficiency in 2006.

EUR SYSTEMS

We announced in September the completion of the acquisition of the operating assets of outsourced billing and business process outsourcing (BPO) specialist EUR Systems for approximately £7.1 million. EUR is being integrated with Intec's existing Carrier Access Billing (CABS) and retail billing service bureau operations in North America, to offer a comprehensive suite of end-user, wholesale billing and BPO solutions to the North American ILEC, CLEC and IXC market. This acquisition allows Intec to increase its market share in the access billing space and to expand our capabilities as an outsourced billing and business process provider.

Since completion we have been working on a rapid integration of EUR, as well as developing its business pipeline. I am also pleased to report that we are signing customer contract renewals on a regular basis, including two recently completed multi-million dollar, multi-year contracts with high-profile customers.

STAFF

At year end, the Intec team numbered approximately 1,700 staff at 31 locations in 25 countries around the world. Some 92 per cent of staff are based outside the UK, underlining the international nature of the Intec business. The integration of around 200 people from EUR was rapid and without disruption to existing activities. Attracting and retaining excellent staff is key to the success of the business and to this end we have strengthened our HR team to ensure we have the optimum approach to our staff and their experience at Intec. I would like to take this opportunity to thank Intec staff for their continuing support to the business throughout a challenging year.

OUTLOOK

The foundations of Intec are strong and our ability to generate profitable new business in the future remains. Our recent contract wins and strong pipeline demonstrate the potential of the business. This, combined with the steps we have taken to reduce our cost base and improve our efficiency, gives us confidence that we will quickly return to higher profitability. We expect revenues for FY 2007, including those generated through our acquisition of EUR Systems, to increase in low double digit percentage terms over our reported FY 2006. The Board, Executive team, and staff are fully focused on improving financial performance for 2007.

Kevin Adams

Chief Executive Officer

12 December 2006

CHIEF FINANCIAL OFFICER'S REVIEW

This is the Group's first full year report presented under International Financial Reporting Standards (IFRS). However in May 2006, at the time of our half-year results, we issued restated historic figures which set out the significant changes arising from the transition to IFRS and a reconciliation to UK GAAP.

REVENUE

Intec supplies business and operations support systems (BSS/OSS) to the international telecommunications market through a regional structure. A segmental breakdown is contained within the financial statements.

In the year to 30 September 2006 revenue decreased by three per cent to £112.3 million, against £116.2 million in FY 2005. The figure for FY 2006 includes a contribution of £1.3 million from the acquisition of EUR Systems late in the period. The business has been impacted by extended sales cycles, primarily as an impact of consolidation and particularly in the USA. However, Intec continues to win substantial business in this environment, and the good growth achieved in our CALA and Asia-Pacific regions underlines our potential.

REVENUE RECOGNITION

Consistent with previous years, revenue from implementation projects is recognised, mostly on a percentage of completion basis, as the work is delivered to customers. As part of this process, evaluations are made in regards to any uncertainty on the project and the certainty of payment. In particular, for large projects which have extended payment terms, allowance is made for the possibility of non-collection of payments.

In FY 2006 a major US customer announced a merger in the second half of the year, which resulted in the suspension of key parts of two projects. As a consequence of the resulting uncertainty, revenue is now being recognised on these projects only when cash collection is certain. This resulted in £5.5 million of revenue which had previously been recognised prior to the merger announcement being excluded at 30 September 2006. Our overall revenue recognition policy remains unchanged.

SEGMENTAL ANALYSIS

Intec's principal sources of revenue are from sales of our broad portfolio of BSS/OSS software solutions, including associated maintenance, support, professional services and upgrade revenues. Each of these areas makes a substantial contribution.

Revenues derived from selling product licences fell by 35 per cent to £16.5 million (FY 2005: £25.4 million), representing 15 per cent of revenue (FY 2005: 22 per cent). Revenues derived from recurring annual support contracts, ASP and bureau services, and volume-based licence upgrades increased by 5 per cent to £47.0 million (FY 2005: £44.9 million) or 42 per cent of the total (FY 2005: 39 per cent). Revenues from implementation, consultancy, education and training services rose 6 per cent to £48.8 million (FY 2005: £45.9 million), with services now accounting for 43 per cent of total revenue (FY 2005: 39 per cent). Investment initiatives that will help improve the margins attached to this service revenue are progressing well, including the greater use of our expanded offshore facilities.

The global nature and worldwide reach of Intec is clearly demonstrated with over 90 per cent of revenues being generated outside the UK. Looking at regional revenue performance:

Intec's North American operation suffered substantially, due to the effects of mergers or planned mergers between several major Intec customers and the continuing decline in the value of the US dollar. Revenue decreased 20 per cent to £33.3 million (FY 2005: £41.4 million) or 29 per cent of total revenue (FY 2005: 36 per cent). However, Intec retains a solid footprint in this market, and our recent moves to build our US outsourcing business will further consolidate our position.

Revenue for our Europe, Middle East & Africa (EMEA) region was slightly down at £50.6 million (FY 2005: £53.9 million) or 45 per cent of the total revenue. Again this performance is reflective of the difficult market conditions experienced during the year. Nevertheless, the EMEA region saw a number of good wins in very competitive bids.

Asia Pacific (AP) saw an increase of 42% to £18.9 million (FY 2005: £13.3 million) or 17 per cent of total revenue. This is a very encouraging result in a region that has low indigenous labour rates and generally lower pricing, and reflects our ability to offer high-value solutions to developing and high-population regions such as China and Indonesia.

The Caribbean & Latin America (CALA) region had revenues of £9.5 million (FY 2005: £7.6 million) or 9 per cent of total revenue. (FY 2005: 7 per cent). The region has continued to grow despite the lack of any inherited retail billing business with the 2005 SingleView acquisition; however a healthy pipeline of prospects for Intec Convergent Billing is developing.

MARGINS AND COSTS

Gross margin has reduced to 55 per cent (FY 2005: 62 per cent) primarily as a result of the shortfall in high margin retail billing licence sales in FY 2006. During FY 2006 we increased our investment in Bangalore to £4.3 million (compared to £1.6 million in FY 2005) to further develop a professional services capability with lower blended costs. We will see the initial gross margin benefit from this investment during FY 2007.

Distribution costs increased to £20.0 million (FY 2005: £18.6 million) largely due to increased staffing in pre-sales and account management, and the additional long-term sales investment associated with bidding for large billing opportunities.

The increase in other administrative expenses to £26.0 million (FY 2005: £24.0 million) is largely due to cost increases around office and infrastructure facilities. This expense category includes all office facility costs, head office and administrative expenses, as well as other shared business costs such as common IT infrastructure.

Development costs of £15.2 million (FY 2005: £16.5 million) decreased due to completion of certain major new version projects, and the transition of some resources to lower cost regions.

EARNINGS

Earnings performance in 2006 has been severely impacted by the revenue shortfall, despite the measures we took towards the year end to reduce costs. This included a substantial staff restructuring programme, for which we have recorded an exceptional charge this year, that will deliver significant savings in future years.

Share-based payments included in operating profit were £1.5 million (FY 2005: £1.2 million). In the 2006 financial year we have a true full year effect, reduced by the impact of share option lapses due to leavers from the scheme.

EBITDA before exceptional items fell to £3.6 million (FY 2005: £16.3 million) giving a margin of 3.2 per cent (FY 2005: 14.0 per cent). Clearly the revenue shortfall we have experienced has had a severe impact on profits, and we have implemented measures on a number of fronts to tackle this poor financial result.

Reported loss before tax was £5.3 million (FY 2005: profit of £11.1 million) after amortisation of intangible assets of £2.6 million (FY 2005: £1.6 million). Loss per share before exceptional items was 0.86p (2005: earnings of 3.39p). Basic loss per share was 2.06p (FY 2005: earnings of 3.01p)

EXCEPTIONAL ITEMS

During the period Intec incurred exceptional costs of a non-operational nature of £3.7 million. These costs reflect the costs of the staff restructuring and associated expenses late in FY 2006 of £4.2 million, offset by recovery of a debt, originally written off in 2002, with Intec recovering £0.4 million.

TAXATION

The major trading companies in the Group have not incurred material corporate tax liabilities. The US operations have substantial ongoing tax benefits arising from goodwill allowances which will continue to reduce tax charges against profits in future periods. In addition, there are significant losses brought forward in the US, Canada, Denmark and Ireland. However, we have incurred corporate taxation in a number of our smaller overseas trading subsidiaries and branches amounting to £1.5 million (FY2005: £1.1 million), offset by a tax credit of £0.4 million (FY 2005: £0.1 million) in respect of previous years. The remainder of the tax charge is in respect of a deferred tax credit of £0.5 million (FY 2005: nil) and of withholding tax, which is deducted at source in certain jurisdictions and which we cannot recover, amounting to £0.4 million (FY 2005: £0.6 million). This has resulted in an overall tax charge of £1.0 million (FY 2005: £2.0 million).

CASH FLOWS AND FINANCIAL POSITION

We generated a positive operating cash inflow of £14.1 million (FY 2005: £1.2 million), a year on year improvement where we have translated working capital investment in major projects in prior periods into cash during FY 2006.

We have continued our focus on control of our trade debtors and as a result have managed to maintain the annualised debtor-days ratio materially in line with last year, being 99 days compared to 93 days at 30 September 2005, the increase being as a result of the lower revenues following the deferral of revenue noted above.

Overall our cash and current asset investments increased by £2.2 million from £23.8 million at the start of the year to £26.0 million at 30 September 2006. During August we acquired EUR Systems (noted below) for £7.1 million which was financed through a facility with the company's bankers.

Our net cash and current asset investments of £18.6 million (FY 2005: £21.6 million) are sufficient to meet the Group's current operating requirements.

FOREIGN CURRENCY AND TREASURY

Intec normally invoices its customers in sterling, US dollars or euros, which balances the risk of exposing the Group to significant foreign currency gains and losses. As with all global companies Intec's principal exposure is to foreign currency translation risk. The Group has a net cash position and so is only exposed to interest rate movements on its cash and cash investments. The Group's policy is currently not to hedge either foreign exchange or interest rate exposures. However, we keep this policy under review especially in light of continuing adverse exchange rate movements against the US dollar.

ACQUISITIONS - EUR SYSTEMS

On 1 September Intec acquired the operating assets of EUR Systems, a privately held provider of outsourced billing and related services headquartered in Mechanicsburg, USA, for approximately £7.1 million in cash. Intec negotiated a loan with its bankers, RBS, to fund this acquisition. EUR has predictable cash generation and earnings sufficient to fund this debt. One of the key goals of this acquisition is to build recurring revenues through the predictable nature of monthly bureau income.

John Arbuthnott FCMA

Chief Financial Officer

12 December 2006

INTEC TELECOM SYSTEMS PLC

Financial highlights For the year ended 30 September 2006

	Note	2006 £000	2005 £000
Revenue		<u>112,320</u>	<u>116,228</u>
(Loss)/profit before tax		<u>(5,301)</u>	<u>11,076</u>
Operating (loss)/profit		<u>(6,018)</u>	<u>10,235</u>
EBITDA before exceptionals	(i)	<u>3,626</u>	<u>16,325</u>
Cash generated from operations		<u>14,072</u>	<u>1,232</u>
Basic (loss)/earnings per ordinary share		<u>(2.06)p</u>	<u>3.01p</u>
Diluted (loss)/earnings per ordinary share	(ii)	<u>(2.06)p</u>	<u>2.97p</u>
Basic (loss)/earnings per ordinary share before exceptional items	(ii)	<u>(0.86)p</u>	<u>2.97p</u>
Notes to the financial highlights		£000	£000
(i) (Loss)/profit before tax		(5,301)	11,076
Net finance income		(717)	(841)
Operating (loss)/profit		(6,018)	10,235
Exceptional expenses		3,738	1,132
Amortisation of intangible assets		2,647	1,268
Depreciation		3,259	3,690
EBITDA before exceptional items		3,626	16,325
(ii) Basic (loss)/earnings per share before exceptional items calculation:			
(Loss)/profit after tax		(6,252)	9,052
Exceptional items		3,738	1,132
Earnings after tax – before exceptional items		(2,514)	10,184

INTEC TELECOM SYSTEMS PLC

Consolidated income statement For the year ended 30 September 2006

	Before exceptional items 2006 £000	Exceptional items 2006 £000	Total 2006 £000	Total 2005 £000
Revenue				
Continuing operations	111,020	-	111,020	116,228
Acquisitions	1,300	-	1,300	-
Total revenue	112,320	-	112,320	116,228
Cost of sales	(50,722)	-	(50,722)	(44,597)
Gross profit	61,598	-	61,598	71,631
Distribution costs	(20,042)	-	(20,042)	(18,600)
Administrative expenses:				
Development expenditure	(15,174)	-	(15,174)	(16,049)
Amortisation of intangible assets	(2,647)	-	(2,647)	(1,571)
Exceptional items	-	(3,738)	(3,738)	(1,132)
Other administrative expenses	(26,015)	-	(26,015)	(24,044)
Total administrative expenses	(43,836)	(3,738)	(47,574)	(42,796)
Operating (loss)/profit				
Continuing operations	(2,391)	(3,237)	(5,628)	10,235
Acquisitions	111	(501)	(390)	-
Total operating (loss)/profit	(2,280)	(3,738)	(6,018)	10,235
Finance income	894	-	894	1,026
Finance costs	(177)	-	(177)	(185)
(Loss)/profit before tax	(1,563)	(3,738)	(5,301)	11,076
Income tax expense	(1,044)	93	(951)	(2,024)
(Loss)/profit for the year attributable to equity shareholders	(2,607)	(3,645)	(6,252)	9,052
	2006	2006	2006	2005
(Loss)/earnings per share (pence)				
- basic	(0.86)p	(1.20)p	(2.06)p	3.01p
- diluted	(0.86)p	(1.20)p	(2.06)p	2.97p

All the results above relate to continuing activities.

Consolidated statement of recognised income and expense For the year ended 30 September 2006

	2006 £000	2005 £000
Exchange differences arising on translation of foreign operations	(2,889)	922
(Loss)/ profit for the year	(6,252)	9,052
Total recognised income and expense for the period attributable to equity holders of the parent	(9,141)	9,974

INTEC TELECOM SYSTEMS PLC

Consolidated balance sheet 30 September 2006

	2006 £000	2005 £000
Non-current assets		
Goodwill	101,924	101,486
Other intangible assets	14,006	6,391
Property, plant and equipment	7,946	6,815
Investments	-	6
Trade and other receivables	586	689
Deferred tax asset	1,011	630
	<u>125,473</u>	<u>116,017</u>
Current assets		
Trade and other receivables	47,177	56,165
Cash and cash equivalents	25,960	23,770
	<u>73,137</u>	<u>79,935</u>
Total assets	<u>198,610</u>	<u>195,952</u>
Equity and liabilities		
Equity attributable to equity holders of the parent		
Share capital	3,043	3,017
Share premium account	161,500	160,745
Merger reserve	6,768	6,768
Own shares	(95)	(95)
Translation and other reserves	(1,967)	922
Retained earnings	(22,463)	(17,712)
Total equity	<u>146,786</u>	<u>153,645</u>
Non-current liabilities		
Deferred tax liabilities	821	890
Other payables	890	577
Provisions	4,202	2,681
	<u>5,913</u>	<u>4,148</u>
Current liabilities		
Trade and other payables	37,130	33,370
Current tax liabilities	1,139	1,882
Bank loan and other borrowings	7,316	2,223
Provisions	326	684
	<u>45,911</u>	<u>38,159</u>
Total liabilities	<u>51,824</u>	<u>42,307</u>
Total equity and liabilities	<u>198,610</u>	<u>195,952</u>

The financial statements were approved by the board of directors and authorised for issue on 12 December 2006.

INTEC TELECOM SYSTEMS PLC

Consolidated cash flow statement Year ended 30 September 2006

	Note	2006 £000	2005 £000
Operating (loss)/profit		(6,018)	10,235
Adjustments for:			
Depreciation of property, plant and equipment		3,259	3,387
Amortisation of intangible assets		2,488	1,571
Amortisation of capitalised development expenditure		159	-
Loss on disposal of property, plant and equipment		30	1
Shared-based payment expense		1,501	1,166
Increase/(decrease) in provisions		1,268	(38)
		<hr/>	<hr/>
		8,705	6,087
Operating cash flows before movements in working capital		2,687	16,322
Decrease/(increase) in receivables		10,205	(12,711)
Increase/(decrease) in payables		1,180	(2,379)
		<hr/>	<hr/>
Cash generated by operations		14,072	1,232
Income taxes paid (net)		(1,994)	(1,253)
		<hr/>	<hr/>
Net cash generated by operating activities		12,078	(21)
Investing activities			
Interest received		933	942
Purchase of plant, property and equipment		(3,480)	(4,819)
Purchase of intangible assets		(4,356)	(1,750)
Proceeds on disposal of property, plant and equipment		28	78
Expenditure on capitalised product development		(490)	(649)
Acquisition of subsidiaries		(7,380)	(2,004)
Net cash acquired with subsidiaries		-	74
		<hr/>	<hr/>
Net cash used in investing activities		(14,745)	(8,128)
Financing activities			
Interest paid		(83)	(87)
Interest element of finance lease rental payments		(16)	(36)
Repayment of VAT on acquisition costs		261	-
Proceeds on issue of shares		521	302
Proceeds from new bank loan		7,101	-
Repayment of other borrowings		(2,173)	-
Repayments of obligations under finance leases		(62)	(132)
		<hr/>	<hr/>
Net cash generated from financing activities		5,549	47
		<hr/>	<hr/>
Net increase/(decrease) in cash and cash equivalents		2,882	(8,102)
Cash and cash equivalents at beginning of period		23,770	32,182
Effect of foreign exchange rates		(692)	(310)
		<hr/>	<hr/>
Cash and cash equivalents at end of period		25,960	23,770
		<hr/> <hr/>	<hr/> <hr/>

INTEC TELECOM SYSTEMS PLC

Notes to the preliminary announcement

1. BASIS OF PREPARATION

The financial information set out in this preliminary announcement does not constitute the company's statutory accounts for the years ended 30 September 2006 or 2005, but is derived from those accounts. Statutory accounts for 2005 have been delivered to the Registrar of Companies and those for 2006 will be delivered following the company's annual general meeting. The auditors have reported on those accounts; their report was unqualified and did not contain statements under Section 237(2) or 237(3) of the Companies Act 1985.

The preliminary announcement was approved by the Board of Directors on 12 December 2006 in accordance with International Financial Reporting Standards (IFRS) and International Financial Reporting

Prior to 2006, the Group prepared its financial statements under UK Generally Accepted Accounting Principles (UK GAAP). From 1 October 2005, the Group is required to prepare its annual consolidated financial statements in accordance with IFRS as adopted by the European Union and implemented in the UK. As the 2006 financial statements include comparatives for 2005, the Group's transition date is 1 October 2004 and the 2005 comparatives have been restated to IFRS.

The principal impacts of adopting IFRS and the Group's IFRS accounting policies, along with comparatives for the year ended 30 September 2005, were published in a press release on 19 May 2006. Further details and reconciliations explaining the transition to IFRS are available on the Group's website, www.intecbilling.com.

Whilst the financial information included in this preliminary announcement has been computed in accordance with IFRS, this announcement does not itself contain sufficient information to comply with IFRS

Exceptional items In 2006, exceptional items of £3,738,000 comprise costs in respect of the Group re-organisation and integration costs, including redundancy costs of £3,111,000 and vacant property provision of £1,075,000 offset by the successful recovery of £448,000 related to debts previously written off in 2002. In 2005, exceptional items comprise costs in respect of the Board restructure of £459,000 and integration costs incurred during the period of £673,000.

INTEC TELECOM SYSTEMS PLC
Notes to the preliminary announcement

2. SEGMENTAL ANALYSIS (continued)

	EMEA	North America	APAC	CALA	Total
	2005	2005	2005	2005	2005
	£000	£000	£000	£000	£000
Continuing operations					
Revenue	53,928	41,420	13,315	7,565	116,228
Segment profit	18,390	15,809	6,721	2,038	42,958
Unallocated costs:					
- product operations					(21,787)
- corporate costs					(9,804)
- exceptional items					(1,132)
Operating profit					10,235
Investment income					1,026
Finance charges					(185)
Profit on ordinary activities before tax					11,076
Taxation					(2,024)
Profit for the period					<u>9,052</u>

	EMEA	North America	APAC	CALA	Unallocated	Total
	2005	2005	2005	2005	2005	2005
	£000	£000	£000	£000	£000	£000
Other information						
Capital additions	3,692	981	615	60	1,295	6,643
Depreciation and amortisation	2,184	1,468	523	36	747	4,958
Assets						
Segment assets	44,831	32,635	7,059	2,803	108,624	195,952
Liabilities						
Segment liabilities	21,530	12,646	3,668	507	3,956	42,307

Revenue by type

Additional disclosures on revenue by type is set out below.

	Revenue by activity	
	2006	2005
	£000	£000
Licence revenue	16,502	25,378
Professional services income	48,838	45,905
Recurring income:		
ASP Service	7,675	7,662
Volume upgrade licences	7,309	6,236
Support and maintenance fees	31,996	31,047
	<u>46,980</u>	<u>44,945</u>
	<u>112,320</u>	<u>116,228</u>

INTEC TELECOM SYSTEMS PLC
Notes to the preliminary announcement

3. ACQUISITIONS

On 1 September 2006, the Group acquired the operating assets of outsourced billing and business process outsourcing (BPO) specialist EUR systems. The total consideration, funded by debt finance and settled in cash, amounted to US\$13.4 million plus acquisition costs of \$0.3 million. Under the acquisition agreement there is a potential working capital adjustment, which has yet to be finalised and which may affect the total purchase price

4. INCOME TAX EXPENSE

The charge for the year comprises

	2006	2005
	£000	£000
Current taxation:		
UK Corporation tax at 30% (2005: 30%)	-	-
Foreign tax	<u>1,935</u>	<u>1,957</u>
	1,935	1,957
Adjustments in respect of prior years:		
UK Corporation tax	<u>(859)</u>	-
Foreign tax	<u>384</u>	<u>(111)</u>
	(475)	(111)
Total current tax expense	<u>1,461</u>	<u>1,846</u>
Deferred taxation:		
UK	-	(6)
Foreign	<u>(510)</u>	<u>184</u>
Total deferred taxation	<u>(510)</u>	<u>178</u>
Total income tax expense	<u>951</u>	<u>2,024</u>

INTEC TELECOM SYSTEMS PLC
Notes to the preliminary announcement

5. (LOSS)/EARNINGS PER SHARE

Continuing operations	2006	2005
	£000	£000
(Loss)/profit for the year – basic and diluted	<u>(6,252)</u>	<u>9,052</u>
Reconciliation:		
(Loss)/profit for the year – basic and diluted	(6,252)	9,052
After tax effect of exceptional items	<u>3,645</u>	<u>1,132</u>
(Loss)/profit for the year – before exceptional items	<u>(2,607)</u>	<u>10,184</u>
	Number	Number
	‘000	‘000
Weighted average number of shares - basic	302,952	300,623
Effect of dilutive potential ordinary shares	-	<u>4,103</u>
Weighted average number of shares - diluted	<u>302,952</u>	<u>304,726</u>
	Pence	Pence
(Loss)/earnings per share - basic	(2.06)	3.01
Effect of dilutive potential ordinary shares	-	<u>(0.04)</u>
(Loss)/earnings per share - diluted	<u>(2.06)</u>	<u>2.97</u>
(Loss)/earnings per share - basic	(2.06)	3.01
Exceptional items	1.20	<u>0.38</u>
(Loss)/earnings per share before exceptional items – basic	(0.86)	3.39
Effect of dilutive potential ordinary shares	-	<u>(0.04)</u>
(Loss)/earnings per share before exceptional items - diluted	<u>(0.86)</u>	<u>3.35</u>

Basic earnings per share is calculated by dividing the earnings attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the year. The average number of shares outstanding excludes those held in trust by the Group, which are treated as cancelled.

Diluted earnings per share is calculated on the same basis as the basic earnings per share with a further adjustment to the weighted average number of ordinary shares outstanding to reflect the effect of all dilutive potential ordinary shares. The number of dilutive potential ordinary shares is derived from the number of share options granted to employees where the exercise price is less than the average market price of the Company's ordinary shares during the year. As the group made a loss for the year, none of the share options are included in the calculation of diluted earnings per share.

Earnings per share before exceptional items has been calculated and disclosed above as the directors consider it provides an additional indication of underlying trading performance. Exceptional items do not have a material tax impact.

INTEC TELECOM SYSTEMS PLC
Notes to the preliminary announcement

6. TRADE AND OTHER RECEIVABLES

	Non-current		Current	
	2006	2005	2006	2005
	£000	£000	£000	£000
Trade receivables	-	-	30,211	29,585
Corporation tax	-	-	329	329
Overseas tax	-	-	104	141
Other receivables	-	-	1,560	286
Prepayments	586	689	4,440	4,798
Accrued income	-	-	10,533	21,026
	<u>586</u>	<u>689</u>	<u>47,177</u>	<u>56,165</u>

7. TRADE AND OTHER PAYABLES

	Non-current		Current	
	2006	2005	2006	2005
	£000	£000	£000	£000
Obligations under finance leases	235	62	339	70
Trade payables	-	-	3,767	3,837
Other payables	655	515	6,227	3,216
Accruals	-	-	9,982	10,422
Deferred revenue	-	-	16,815	15,825
	<u>890</u>	<u>577</u>	<u>37,130</u>	<u>33,370</u>

INTEC TELECOM SYSTEMS PLC
Notes to the preliminary announcement

8. CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Group	Issued share capital	Share premium	Merger reserve	Own shares	Foreign exchange reserve	Profit and loss account	Total equity
Balance at 1 October 2004	2,998	160,462	6,768	(95)	-	(27,930)	142,203
Exchange differences arising on translation of foreign operations	-	-	-	-	922	-	922
Profit for the year	-	-	-	-	-	9,052	9,052
Total recognised income and expense for the period	-	-	-	-	922	9,052	9,974
Issue of share capital net of share issue expenses	19	283	-	-	-	-	302
Recognition of share-based payments	-	-	-	-	-	1,166	1,166
Balance at 1 October 2005	3,017	160,745	6,768	(95)	922	(17,712)	153,645
Exchange differences arising on translation of foreign operations	-	-	-	-	(2,889)	-	(2,889)
Loss for the year	-	-	-	-	-	(6,252)	(6,252)
Total recognised income and expense for the period	-	-	-	-	(2,889)	(6,252)	(9,141)
Issue of share capital net of share issue expenses	26	494	-	-	-	-	520
VAT recovered on previous share issue expenses	-	261	-	-	-	-	261
Recognition of share-based payments	-	-	-	-	-	1,501	1,501
30 September 2006	3,043	161,500	6,768	(95)	(1,967)	(22,463)	146,786

END