

FOR IMMEDIATE RELEASE

INTRICON REPORTS STRONG GROWTH IN 2005 SECOND QUARTER
Sales up 39 Percent Over Prior-Year Period

ST. PAUL, Minn. — July 27, 2005 — IntriCon Corporation (AMEX: IIN) today announced financial results for its second quarter ended June 30, 2005.

For the quarter, the company reported sales of \$11.6 million, up from \$8.4 million for the 2004 second quarter. The 39 percent year-over-year growth—20 percent sequentially from the 2005 first quarter—was driven by sales increases across all of IntriCon’s product groups, with medical especially strong, rising 76 percent from the prior-year period. The company reported income from continuing operations for the 2005 second quarter of \$673,000, or \$.13 per share, from income of \$1.4 million, or \$.26 per share, for the year-ago period, which included a \$3.1 million pre-tax gain related to the sale of IntriCon’s Dresher, Pa., property.

“Demand across all of our product groups increased in the second quarter, fueling record sales for the company’s four core markets,” said Mark S. Gorder, president and chief executive officer of IntriCon. “We believe that this performance further confirms that our focus on the company’s established opportunities in hearing health, professional audio and electronics, and emerging opportunities in medical is the right strategy for success. New products in all of our markets spurred growth during the quarter, and our team is working to continue to further expand our product offering.”

For the six-month period, IntriCon reported sales of \$21.4 million and income from continuing operations of \$420,000, or \$.08 per share. This compares to 2004 six-month sales of \$17.7 million and income from continuing operations of \$645,000, or \$.13 per share, which also included the \$3.1 million gain from the sale of the company’s Dresher, Pa., property noted above.

Total 2005 second-quarter net income (which includes both continuing and discontinued operations) was \$317,000, or \$.06 per share, compared with net income of \$2.0 million, or \$.38 per share, in 2004. For the six months ended June 30, 2005, total net income was \$527,000, or \$.10 per share, compared with net income of \$1.2 million, or \$.23 per share, for the year-ago period.

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Gorder stated: “IntriCon’s transition from its legacy businesses is complete. We’ve divested all non-core assets and are now focused on building our business in the four key markets that we believe offer meaningful growth opportunities, based on our competencies.”

Business Update

For the second quarter, professional audio sales increased due to demand for all products, and in particular, IntriCon’s I-Mic device, an ear-worn microphone for the entertainment, broadcast and public speaking markets. Hearing-health sales benefited from new platforms in IntriCon’s advanced line of amplifier assemblies and full systems based on Digital Signal Processing (DSP). Medical product orders strengthened with growth in existing projects and the continued ramp-up of new projects with several leading medical OEM customers.

During the quarter, IntriCon continued to shift certain production to its Singapore facility, which offers customers a low-cost manufacturing option. In addition, the company recently partnered with a Malaysian firm to further reduce manufacturing costs.

Said Gorder, “We strive both to increase savings for customers and speed time to market. Our facility in Singapore and our new partnership in Malaysia allow us to accomplish that while maintaining our rigorous quality standards.”

Growth Strategy

IntriCon gained significant traction across its four markets during the second quarter—growing sales 39 percent over the prior-year second quarter and 20 percent compared to the first quarter of 2005. The company’s focus remains on medical, hearing health, professional audio communications and electronics.

Said Gorder, “With our strong expertise and core competencies in the robotic manufacture of miniature and micro-miniature electronics products, we believe we are well suited to compete in our markets, and in particular, in the growing medical device market. As we’ve previously stated, medical will continue to be a key initiative for IntriCon going forward, and we’re encouraged by the 76 percent year-over-year gain.”

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About IntriCon Corporation

Headquartered in Arden Hills, Minn., IntriCon, formerly Selas Corporation of America, designs, develops, engineers and manufactures microminiaturized medical and electronic products. The company supplies microminiaturized components, systems and molded plastic parts, primarily to the hearing instrument manufacturing industry, as well as the computer, government, electronics, telecommunications and medical equipment industries. The company has facilities in the United States, Asia and Europe. IntriCon common stock trades under the symbol "IIN" on the American Stock Exchange. The company's Web site address is www.intricon.com.

Forward-Looking Statements

Statements made in this release and in IntriCon's other public filings and releases that are not historical facts or that include forward-looking terminology such as "may", "will", "believe", "expect", "optimistic" or "continue" or the negative thereof or other variations thereon are "forward-looking statements" within the meaning of the Securities Exchange Act of 1934 as amended. These forward-looking statements include, without limitation, statements concerning future growth, future improved financial performance, emerging prospects and the positioning of the company to compete in chosen markets. These forward-looking statements are affected by known and unknown risks, uncertainties and other factors that are, in some cases beyond the company's control, and may cause the company's actual results, performance or achievements to differ materially from the results, performance and achievements expressed or implied in the forward-looking statements. These risks, uncertainties and factors include, without limitation, the risk that the company may not be able to achieve its long-term strategy, weakening demand for products of the company due to general economic conditions, possible non-performance of developing technological products, the volume and timing of orders received by the company, changes in the mix of products sold, competitive pricing pressures, availability of electronic components for the company's products, ability to create and market products in a timely manner, risks arising in connection with the insolvency of Selas SAS, competition by competitors with more resources than the company, foreign currency risks arising from the company's foreign operations, and other risks detailed from time to time in the company's filings with the Securities and Exchange Commission, including the Annual Report on Form 10-K for the year ended December 31, 2004. The company disclaims any intent or obligation to publicly update or revise any forward-looking statements, regardless of whether new information becomes available, future developments occur or otherwise.

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IntriCon Corporation
Consolidated Condensed Statements of Operations
(Unaudited)

	<u>Three Months Ended</u>	
	June 30, 2005	Restated June 30, 2004
Sales, net	\$ 11,601,372	\$ 8,354,419
Cost of sales	<u>8,190,293</u>	<u>6,296,374</u>
Gross margin	3,411,109	2,058,045
Operating expenses:		
Selling expense	884,616	937,488
General and administrative expense	1,284,519	1,330,172
Research and development expense	<u>358,820</u>	<u>415,149</u>
Total operating expenses	2,527,955	2,682,809
Gain on sale of asset held for sale	--	3,109,627
Operating income	883,154	2,484,863
Interest expense	(107,622)	(151,825)
Interest income	19,538	504
Other income, net	<u>70,882</u>	<u>4,388</u>
Income from continuing operations before income taxes	865,952	2,337,930
Income tax expense	<u>192,595</u>	<u>979,004</u>
Income from continuing operations	673,356	1,358,926
Income (loss) from discontinued operations, net of income tax expense (benefit)	<u>(356,415)</u>	<u>608,778</u>
Net income	<u>\$ 316,941</u>	<u>\$ 1,967,704</u>
Income (loss) per share:		
Basic:		
Continuing operations	\$.13	\$.26
Discontinued operations	(.07)	.12
	<u>\$.06</u>	<u>\$.38</u>
Diluted:		
Continuing operations	\$.13	\$.26
Discontinued operations	(.07)	.12
	<u>\$.06</u>	<u>\$.38</u>
Average shares outstanding:		
Basic	5,129,214	5,129,214
Diluted	5,286,903	5,151,436

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IntriCon Corporation
Consolidated Condensed Statements of Operations
(Unaudited)

	<u>Six Months Ended</u>	
	June 30, 2005	Restated June 30, 2004
Sales, net	\$ 21,387,546	\$ 17,692,497
Cost of sales	<u>15,594,065</u>	<u>13,213,643</u>
Gross margin	5,793,481	4,478,854
Operating expenses:		
Selling expense	1,688,214	1,928,296
General and administrative expense	2,536,933	2,895,387
Research and development expense	<u>765,754</u>	<u>875,783</u>
Total operating expenses	4,990,901	5,699,466
Gain on sale of asset held for sale	--	3,109,627
Operating income	802,580	1,889,015
Interest expense	(219,665)	(247,901)
Interest income	18,582	1,345
Other income, net	<u>106,754</u>	<u>99,251</u>
Income from continuing operations before income taxes	708,251	1,741,710
Income tax expense	<u>288,421</u>	<u>1,096,410</u>
Incoming from continuing operations	419,830	645,300
Income from discontinued operations, net of income tax expense	<u>107,341</u>	<u>529,891</u>
Net income	<u>\$ 527,171</u>	<u>\$ 1,175,191</u>
Income per share:		
Basic:		
Continuing operations	\$.08	\$.13
Discontinued operations	<u>.02</u>	<u>.10</u>
	<u>\$.10</u>	<u>\$.23</u>
Diluted:		
Continuing operations	\$.08	\$.13
Discontinued operations	<u>.02</u>	<u>.10</u>
	<u>\$.10</u>	<u>\$.23</u>
Average shares outstanding:		
Basic	5,129,214	5,129,214
Diluted	5,291,396	5,149,467

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IntriCon Corporation
Consolidated Condensed Balance Sheets
Assets
(Unaudited)

	June 30, 2005	Restated December 31, 2004
Current assets:		
Cash	\$ 155,603	\$ 246,430
Restricted cash	438,917	449,613
Accounts receivable (less allowance for doubtful accounts of \$178,000 in 2005 and \$177,000 in 2004)	5,907,846	4,996,705
Inventories	5,740,390	4,287,643
Refundable Income Tax	17,726	46,163
Other current assets	435,583	379,318
Assets of discontinued operations	<u> --</u>	<u>6,834,256</u>
Total current assets	12,696,065	17,240,128
Property, plant and equipment:		
Land	170,500	170,500
Buildings	1,732,914	1,732,914
Machinery and equipment	<u>26,305,746</u>	<u>25,635,452</u>
	28,209,160	27,538,866
Less: Accumulated depreciation	<u>21,149,999</u>	<u>20,260,792</u>
Net property, plant and equipment	7,059,161	7,278,074
Note receivable from sale of discontinued operations	575,000	--
Goodwill	5,264,585	5,264,585
Other assets, net	<u>1,098,892</u>	<u>1,156,449</u>
	<u>\$26,693,703</u>	<u>\$30,939,236</u>

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IntriCon Corporation
Consolidated Condensed Balance Sheets
Liabilities and Shareholders' Equity

	June 30, 2005	Restated December 31, 2004
Current liabilities:		
Notes payable	\$ 3,222,324	\$ 3,740,393
Checks written in excess of cash	153,555	665,098
Current maturities of long-term debt	54,051	1,458,470
Accounts payable	3,441,754	2,211,909
Income taxes payable	282,582	--
Customer's advance payments on contracts	78,616	75,000
Liabilities of discontinued operations	--	4,266,899
Other accrued liabilities	<u>2,930,098</u>	<u>2,638,889</u>
Total current liabilities	10,162,980	15,056,658
Long term debt, less current maturities	218,040	--
Other postretirement benefit obligations	2,404,964	2,710,106
Deferred income taxes	29,586	143,902
Accrued pension liabilities	875,416	900,713
Commitments and contingencies		
Shareholders' equity:		
Common shares, \$1 par; 10,000,000 shares authorized; 5,644,968 shares issued	5,644,968	5,644,968
Additional paid-in capital	12,025,790	12,025,790
Accumulated deficit	(3,153,540)	(3,680,704)
Accumulated other comprehensive loss	(249,423)	(597,119)
Less: 515,754 common shares held in treasury, at cost	<u>(1,265,078)</u>	<u>(1,265,078)</u>
Total shareholders' equity	<u>13,002,717</u>	<u>12,127,857</u>
	<u>\$26,693,703</u>	<u>\$30,939,236</u>