WITH THE FUTURE IN MIND

Interim Report 2/2012

innovation in traffic systems AG

INIT AT A GLANCE

Municipal and regional passenger transportation should be comfortable, fast, and attractive. The systems supplied by init innovation in traffic systems AG ensure that buses and trams are able to meet these requirements, while at the same time increasing the efficiency of transportation companies.

init is the leader in innovative telematics and fare management systems that offer a suite of integrated solutions for all type of needs related to public transportation. init products are operational in over 300 transportation companies worldwide.

GROUP KEY FIGURES
according to IFRS

EUR '000	30/06/2012	30/06/2011	Change in %
Balance Sheet			
Balance sheet total	96,248	84,830	13.5
Shareholders' equity	53,433	45,216	18.2
Subscribed capital	10,040	10,040	0.0
Equity ratio (in %)	55.5	53.3	
Return on equity (in %)	9.3	10.9	
Non-current assets	20,090	13,309	51.0
Current assets	76,158	71,521	6.5
Income Statement	**01/01 to 30/06/2012**	01/01 to 30/06/2011	
Revenues	42,050	31,555	33.3
Gross profit	14,546	13,441	8.2
EBIT	7,571	6,282	20.5
EBITDA	8,765	7,454	17.6
Net profit	4,955	4,941	0.3
Earnings per share (in EUR)	0.52	0.50	3.2
Dividend (in EUR)	0.80	0.60	33.3
Cash Flow			
Cash flow from operating activities	4,963	9,335	-46.8
Share			
Issue price (in EUR)	5.10	5.10	0.0
Peak share price (in EUR)	19.15	19.00	0.8
Bottom share price (in EUR)	13.60	14.00	-2.9

CORPORATE BODIES

SUPERVISORY BOARD

> Prof. Dr.-Ing. Dr.-Ing. E.h. Günter Girnau, Meerbusch (Chairman)
Consulting engineer specialising in local transportation, member of the Advisory Board of PTM, master's degree at the University of Duisburg/Essen

> Hans-Joachim Rühlig, B.A.M, Ostfildern (Vice-Chairman)
Financial Managing Director, Ed. Züblin AG

> Fariborz Khavand, Wuppertal (until 29/02/2012)
Self-employed business consultant,
Managing Director Elco Motores GmbH, Hagen

> Drs. Hans Rat, Schoonhoven (since 01/03/2012)
Managing Director Beaux Jardins B. V., Schoonhoven

MANAGING BOARD

> Dr. Gottfried Greschner (Chairman), M.Sc.
Business Development, Personnel, Legal, Purchasing, Logistics and Production

> Joachim Becker, M.Sc. in Information Science
Business Division: Telematics Software and Services

> Wolfgang Degen, M.Sc.
Business Division: Mobile Telematics and Fare Collection Systems

> Dr. Jürgen Greschner, B.A.M.
Sales and Marketing

> Bernhard Smolka, B.A.M.
Finance, Controlling and Investor Relations

DIRECTORS' HOLDINGS

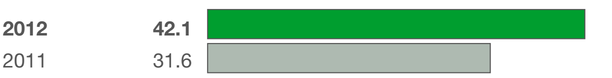
Managing Board	Number of shares
Dr. Gottfried Greschner, CEO	3,484,000*
Joachim Becker, COO	334,983
Wolfgang Degen, COO	93,500
Dr. Jürgen Greschner, CSO	97,864
Bernhard Smolka, CFO	26,503

* thereof 3,450,000 shares held by Dr. Gottfried Greschner GmbH & Co. Vermögens-Verwaltungs KG

Supervisory Board	Number of shares
Prof. Dr.-Ing. Dr.-Ing. E.h. Günter Girnau	–
Dipl.-Kfm. Hans-Joachim Rühlig	–
Fariborz Khavand	–
Drs. Hans Rat	–

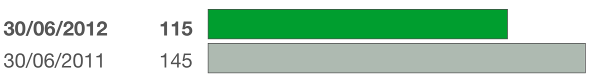
Revenues Q1–Q2

in million EUR



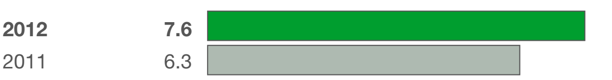
Order backlog

in million EUR



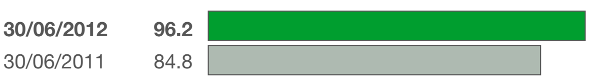
EBIT Q1–Q2

in million EUR



Balance sheet total

in million EUR



LETTER TO THE SHAREHOLDERS

DEAR LADIES AND GENTLEMEN,
DEAR SHAREHOLDERS,

init innovation in traffic systems AG can look back on a successful first half-year in 2012. Thanks to continuous double-digit growth rates revenue and profit expectations were exceeded.

At EUR 42.1m (previous year: EUR 31.6m), the income of the init group reached a new high in the first half-year. EBIT also rose to EUR 7.6m (compared to EUR 6.3m in the first half-year in 2011). This was achieved despite the additional cost burden due to the ongoing internationalisation with the formation of subsidiaries necessary for tapping into new markets.

This, however, sets an important course for our company's future. After all, sustainable public transport systems are essential in the "Cities of the Future" as the UITP, the International Association of Public Transport, recently pointed out. These "power houses" of the global economy generate 80 per cent of the worldwide added value. Half of the world's population lives and works in these metropolitan areas. On the downside: this is also where the most resources are spent and most of the global carbon dioxide is emitted.

Ensuring efficient and environmentally friendly mobility is thus a major challenge not only in terms of quality of life in these cities, but also for the wellbeing of millions of people in these countries and for the future of our whole world.

Being aware of that, industrial as wells as developing countries have shown an increasing willingness to invest in intelligent transport infrastructure. In spite of the debt crisis and the resulting spending constraints, this is reflected in the growing number of international bid invitations for public transport projects.

One of the key questions regarding urban mobility is how to better balance individual and public transport in order to save scarce energy resources and how to reduce pollutant emissions. A corresponding pilot project has just started in the Austrian city of Salzburg.

Salzburg is an European model region for public transport: A control system will generate, analyse and forward bus data to various interfaces. Based on this bus data, traffic participants will receive precise information on how to drive to their destination with minimum energy consumption and emissions. init innovation in traffic systems AG was commissioned with the installation of the respective hardware and software for the public transport systems to provide real time data and make it available at various interfaces.

Trend setting projects like this act as an eye opener for transport companies throughout the world. In many cases init is their project partner. This is one of the reasons why we have not seen any negative effects on our order situation yet despite the recent economic slump in many industrial countries. With a backlog of currently more than EUR 150m, we are not only confident that we will reach our 2012 revenue target of more than EUR 95m with a solid EUR 19m EBIT, but also have an excellent basis for a continuous growth in 2013.

In order to ensure that init remains on top of the technological development and also stays in touch with the future managers of the "Cities of the Future", we are supporting a multitude of projects. The new degree program "Transport System Management" at the Karlsruhe University of Applied Sciences is one. On an international level we see a huge potential in "Youth for Public Transport" (Y4PT) where young people from around the world get together to shape their future. init is one of the three exclusive sponsors alongside Daimler and UITP.

We are trying to set an early course to be the preferred partner for the implementation and modernisation of intelligent infrastructure for transport companies throughout the world.

Sustainability is central to our work. And we want to achieve sustainability also for our company along with the resulting benefits for you, our esteemed shareholders. We would like to thank you for your confidence in us and are looking forward to having you onboard on our way into the future.

For the Managing Board of
init innovation in traffic systems AG

Dr. Gottfried Greschner
Chairman of the Managing Board (CEO)

SHARE AND INVESTOR RELATIONS

INIT SHARE MOVES UP TO BECOME A CANDIDATE FOR THE TECDAX

The init innovation in traffic systems AG (ISIN DE0005759807) share is edging closer and closer to becoming a candidate for admission to the TecDax, the index of leading German technology stocks. Despite the negative sentiment in the capital markets shaped by the virulent euro debt crisis and flagging economic momentum, the init share has further improved in the ranking of Deutsche Börse (German stock exchange), both in terms of market capitalisation and in terms of the turnover of shares. As far as the first criterion is concerned, it was already one of the 35 most capitalised technology stocks at the end of June and in this respect already meets the requirements for admission into the index. The share's liquidity has improved yet again, so that the init share now belongs to the 50 most frequently traded technology stocks.

A reason for this can be found in the development of the share price, which has once again outperformed the benchmark index, the TecDAX or the DAX, and most of the stocks making up these indices. Although the init share was unable to maintain its annual high of EUR 19.15, which it reached in the first quarter, it nevertheless appreciated by 22.7 per cent in the first half of 2012. After the end of the reporting period the share price continued to rise and tested its annual high yet again.

Analysts currently see the init share as a “buy” or “hold” position with price targets of between EUR 18.50 and EUR 24.

HIGHER DIVIDEND FOR THE SIXTH TIME IN SUCCESSION

The decision to pay shareholders a higher dividend for the sixth time in succession also met with a positive response on the capital market. On May 16, 2012, the annual general meeting passed a resolution to distribute EUR 0.80 per share (2011: EUR 0.60) from the record profits achieved in 2011. The init shareholders again singled out the Managing Board, management and staff for special praise. This was apparent from the voting results at the annual general meeting where the actions of the Managing Board were formally approved for the fifth consecutive year by 100 per cent of the votes. The Supervisory Board was also accorded a corresponding vote of confidence.

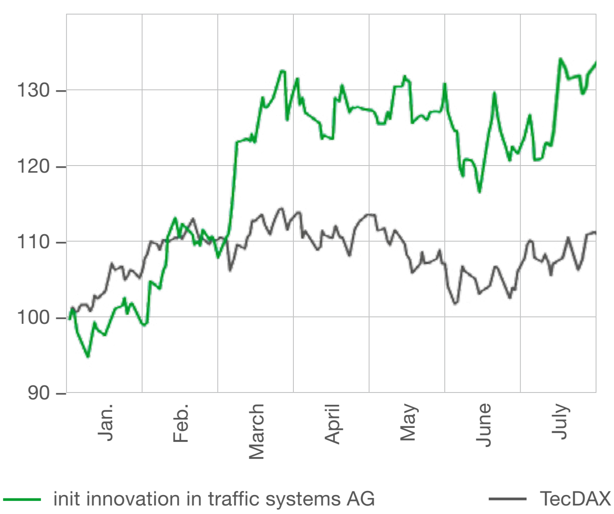
To further support the positive estimation of the init share, the init Investor Relations Team gave a presentation to European investors at special roadshows in London and

Basic share information

Exchange	Frankfurt Stock Exchange
Index / Segment	Prime Standard, Regulated Market
Class	No-par bearer shares (at EUR 1 each)
ISIN	DE0005759807
WKN	575 980
Code	IXX
Designated sponsors	Commerzbank AG Silvia Quandt & Cie, AG
Capital stock today	10,040,000 no-par bearer shares
Market capitalisation (as of June 30, 2012)	EUR 175.0m

Performance January to July 2012 (Xetra)

(indexed)



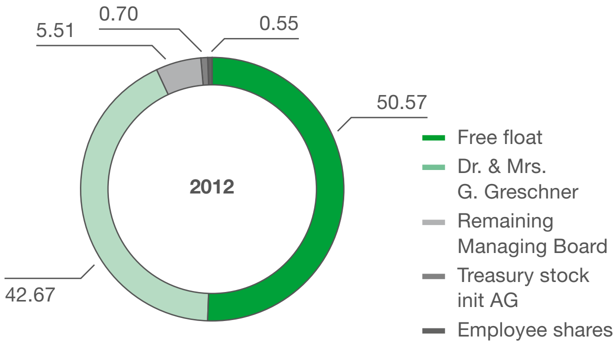
Zurich; further presentations are scheduled for the third quarter in Frankfurt and Brussels.

There were no significant changes in the shareholder structure of init innovation in traffic systems AG during the reporting period. Shareholdings were distributed as follows (see diagram).

Current information on the init share and on our Investor Relations services is available on the Internet at ***www.initag.com.***

Shareholdings as of June 30, 2012

(in %)



NUMBER OF EMPLOYEES (ANNUAL AVERAGE)

incl. temporary workers and students

	30/06/2012	30/06/2011
Employees in Germany	323	281
Employees in North America	73	60
Employees in other countries	22	12
Total	**418**	**353**

GROUP STATUS REPORT

BUSINESS TREND AND SITUATION

Economic and market environment

The problems experienced by the global economy worsened significantly in the second quarter. The negative consequences of the state debt and banking crisis for the stability of the euro zone as a whole and the economy worldwide have in particular significantly compromised growth perspectives. Almost all economic experts retracted their forecasts. For 2012 they now only expect an increase of 3.5 per cent in global production. Depending on the development and extent of the euro crisis, a recession is no longer excluded for 2013 in many countries including Germany.

Due to the necessary measures for consolidating state budgets, in particular in the southern countries of the EU and in Eastern Europe as well as the increasing uncertainties for companies and consumers concerning further developments, the euro zone already slipped into stagnation in the second quarter. Growth weakened further, due to a decrease in the demand for exports, even in the economies in the BRIC countries (Brazil, Russia, India and China) which serve as global economic drivers.

The slow economic development in North America was also of concern. The economy in North America is clearly taking longer than expected to return to a firm growth path. Lastly, disappointing economic data was reported, in particular from the US. The International Monetary Fund (IMF) and the Organisation for Economic Cooperation and Development (OECD) currently only expect growth rates of slightly above 2 per cent for the US and Canada and 5.2 per cent for the BRIC countries for this year.

Europe is developing more and more into the main source of crisis for the global economy. The economies in the southern euro crisis states of Greece, Italy, Portugal and Spain have in part massive collapsed. Recovery is not yet evident. France has now also slipped into recession in the second quarter and economic development in Germany has stagnated. Accordingly, expectations for 2012 have decreased – economic experts from the IMF and the OECD are now even expecting a slight recession that could be more marked in particular in the euro zone. Although experts are forecasting a slight increase in gross domestic product of up to one per cent in Germany, a recession is also no longer excluded for 2013, as well as for the EU as a whole.

The development of the euro crisis in particular is crucial for the development of the global economy. If market participants regain trust in the euro, this would reflect soon in the economic data. If crisis management fails, however, the tendencies toward recession would regain in strength.

General business trend

The negative developments in the market environment have not negatively affected the business situation of init innovation in traffic systems AG. In Europe as well as in both America and Australia investments in public transport are expected to be made in the billions in the next few years. Part of these investments will also fall within the business areas of init AG so that the further growth of the init group is assured in the long term. We can see this with the increasing number of international tenders for our hardware and software products or our telematic, planning and electronic fare collection systems. At the same time, the market is evolving further – not only in terms of technology. Two trends are gaining in importance – the networking of telematic systems in public transport and long-distance connections as well as the convergence of ticketing and telematic systems. init identified both trends early on and, together with its customers, implemented them in tried and tested solutions.

init succeeded in significantly exceeding its plan for the first half of the year, both in terms of revenues as well as earnings, and is on track to reach its goals for 2012.

In the first half of the year, revenues reached a new high with EUR 42.1m (previous year: EUR 31.6m). Earnings before interest and taxes (EBIT) also rose by EUR 1.3m to EUR 7.6m. In the past, revenues have been distributed unevenly in the init group, with the first quarter usually recording the lowest revenues and the fourth quarter the highest.

Together with the current orders on hand, more than 95 per cent of the revenues expected for 2012 have been covered.

Order situation

During the reporting period, the order situation of init did not face any negative effects from the state debt crisis of the industrial countries. Instead, our market also continued to be characterised by many new international tenders for projects. The long term growth perspectives in the market for transport telematics thus remain intact. The willingness of developing public transport systems is growing in almost all countries. The bulk of init's business is in comparatively long-term projects, which is why we still see good growth opportunities for our company in the long run.

The init group has successfully realised more than 400 national and international projects and is a partner for transport companies on four continents with its integrated solutions for telematic, planning and fare collection systems. These have given rise to long term customer relationships that secure init a stable business platform as a result of subsequent orders and maintenance agreements. These also increased in volume during the reporting period, as in the first quarter. In addition, init succeeded in winning new tenders.

In total, init acquired new orders to the value of EUR 14.2m (same quarter last year: EUR 15.9m) in the second quarter. EUR 3.0m came from Germany, EUR 8.7m from the rest of Europe and EUR 2.4m from North America as well as EUR 0.1m from other countries.

The Obus operator of Salzburger Lokalbahnen decided to have init replace the existing guidance system including the ticketing sales system. In total, approx. 110 vehicles and the control center of the transport company will be fitted with new equipment.

init received another significant order from VINCI Construction UK Limited. As part of this project, a stationary fare collection system for the tram network will be installed in Nottingham. In addition, the fare collection system will be integrated into Trent Barton's existing ticketing system MANGO. In doing so, Trent Barton replaces approx. 300 EVENDsmart with its successor, EVENDpc.

It must be noted that the largest order in init's history was won in July with the Rheinbahn Duesseldorf project. This is one of the largest telematic projects for the public transport system in Germany. More than 1,000 buses and trams are to be equipped with init's technology and a radio system for more than 2,000 participants to be developed.

Orders on hand as of June 30, 2012 amount to approx. EUR 115m increasing to more than EUR 150m with the current Rheinbahn order.

Earnings position

init AG exceeded its revenues and earnings expectations in the second quarter as well. Revenues of EUR 22.4m (Q2 2011: EUR 17.6m) were generated in the second quarter of 2012, resulting in revenues exceeding the previous year's figures by approx. 27 per cent.

On the whole, revenues for the first half-year amounted to EUR 42.1m (Q1–Q2 2011: EUR 31.6m). Of this, 75.6 per cent (Q1–Q2 2011: 61.9 per cent) was booked in international business. EUR 21.1m was attributed to North America (Q1–Q2 2011: EUR 11.0m). In Germany, revenues amounted to EUR 10.3m (Q1–Q2 2011: EUR 12.0m). In the rest of Europe, revenues amounted to EUR 6.4m (Q1–Q2 2011: EUR 7.5m), whilst an increase in revenues to EUR 4.3m (Q1–Q2 2011: EUR 1.0m) was recorded in the other countries. This is due in particular to the completion of orders in Abu Dhabi and Brisbane on time.

Out of the group revenues of EUR 42.1m (Q1–Q2 2011: EUR 31.6m) EUR 39.7m (Q1–Q2 2011: EUR 29.7m) was attributable to the "Telematics and electronic fare collection systems" segment, which corresponds to 94.3 per cent (Q1–Q2 2011: 94.0 per cent) of total revenues.

The "Planning systems, automotive and driver dispatch systems" segment generated revenues with third parties of EUR 2.3m (Q1–Q2 2011: EUR 1.9m). This is 5.7 per cent (Q1–Q2 2011: 6.0 per cent) of group revenues. This absolute increase is a result of the driver dispatch system added in 2012 through acquisition of the remaining shares in initperdis GmbH (formerly id systeme GmbH) in Hamburg in the previous year.

Gross profit on revenues at EUR 14.5m is higher than the previous year (EUR 13.4m) by EUR 1.1m. In relative terms, gross profit as a percentage of sales is approx. 8 per cent below the previous year, which is primarily due to the special effect of the reversal of the risk provision for Dubai in the first quarter of 2011. Gross profit should improve during the course of the remainder of the financial year however.

As a result of the further internationalisation of our distribution, the development of new markets and the increasing number of complex international public tenders, the founding of new subsidiaries and the related changes in personnel, sales and administrative expenses increased to EUR 8.3m (Q1–Q2 2011: EUR 7.1m).

Earnings before interest and tax (EBIT) at EUR 7.6m were higher compared to the first half-year of 2011 (EUR 6.3m), of which EUR 8.3m was attributable to the "Telematics and electronic fare collection systems" segment (Q1–Q2 2011: EUR 6.2m) and EUR -0.7m (Q1–Q2 2011: EUR 0.1m) to the "Planning systems, automotive and driver dispatch systems" segment. In some items of the income statement foreign currency gains of EUR 2.4m (Q1–Q2 2011: EUR 0.8m) are offset by amounts in foreign currency that ultimately balance each other out.

In total, group earnings after taxes amount to EUR 5.0m (Q1–Q2 2011: EUR 4.9m). In the first half of 2012 the tax ratio rose by around 13 percentage points year-on-year. The reason for this was the reversal of the risk provision for the projects in Dubai in the prior year and the increase in the proportion of revenue generated in North America in the current year. Furthermore, most of the tax-free income in the Middle East will not be recognised until the second half of the year. Earnings per share amount to EUR 0.52 (Q1–Q2 2011: EUR 0.50).

Financial and asset position

init's financial and asset position remains very strong and has improved by some important aspects in the reporting period. The balance sheet total dropped compared to the previous year (31/12/2011) in the period under review by EUR 13.5m to EUR 96.2m, which had a positive effect on the equity ratio. The reduction on the asset side of the balance sheet is a result of the decrease in trade receivables. On the liabilities side, the reduction is largely reflected in the decrease in trade liabilities and liabilities of POC.

Operating cash flow amounted to EUR 5.0m (Q1–Q2 2011: EUR 9.3m) by the end of the reporting period and is expected to improve in future business.

Equity decreased by EUR 3.5m as of June 30, 2012 in absolute terms to EUR 53.4m (31/12/11: EUR 56.9m) due to the dividend payment of approx. EUR 8m. Compared to 31/12/2011, the equity ratio increased from 51.9 per cent to 55.5 per cent.

Short-term liabilities to banks of EUR 0.1m relate to the short term portion of the long-term loan. The long-term bank liabilities to banks of EUR 1.0m (31/12/2011: EUR 1.0m) relate to a loan for extending the Karlsruhe location.

Liquid funds, including short-term marketable securities and loans, decreased significantly in the reporting period to EUR 19.7m (31/12/2011: EUR 23.7m), which was due to the dividend payment of approx. EUR 8m in May. The existing guarantee and credit lines also continue to protect the financing of business activities and their expansion. In addition, init holds gold to the value of approx. EUR 1m that is recognised under non-current assets.

EUR 1.1m (Q1–Q2 2011: EUR 1.2m) was used for investments in tangible and intangible assets (excluding software development) in the first six months. These were mainly replacement and rationalisation investments.

Production

Value creation in the init group comprises the development, production management, quality assurance, implementation, service and maintenance of integrated hardware and software solutions for all the important tasks of transport companies.

The production of hardware is mainly outsourced to qualified producers that work closely with init's engineers as an extended workbench. To guarantee the quality required by us, init employees assist in all phases of the production process, from the production of prototypes to sample series all the way up to series production.

Together with its manufacturers, init founded a production company (SQM LLC.) in the US in the previous year in order to meet "Buy America" requirements. The company assembles various devices and assembles printed circuit boards from init's product family. For the same reason, the cable production (TQA LLC.) was developed together with a supplier several years ago, whose cables are now being sold successfully on the American market.

There are no dependencies on individual suppliers. This means we can flexibly switch to other producers if one business partner is no longer available. We expanded our list of suppliers for financial year 2012 and have negotiated new framework agreements.

Personnel

Ensuring that qualified staff remain loyal to the company in the long term is one of the key objectives of init in terms of its personnel policy given the expected general shortage of skilled workers in the coming years. A large number of voluntary benefits and measures are used to give employees a direct share in the company's success. Each employee thus received a profit-dependent payment of approx. EUR 8k in addition to their regular salary in 2011. These amounts are paid in cash and share transfers.

Further moderate adjustments were made to the number of personnel in the init group to ensure that existing orders were completed on time and to also be able to exploit new growth opportunities in the market. Since we expect other large contracts in the coming months, this trend is set to continue in the months to come.

As of June 30, 2012, the init group employed 418 staff (30/06/2011: 353) including temporary workers, research assistants and diploma candidates. In addition, 16 employees are in apprenticeships.

Over 65 per cent of permanent members of staff at init have academic training primarily in the areas of information technology, e-technology, HF technology, physics, mathematics and industrial engineering.

Environmental protection

The reduction of carbon dioxide emissions and the preservation of natural resources is essential to prevent an imminent climatic disaster. Efficient public transportation systems are making an increasingly important contribution.

Since its establishment almost 30 years ago, init is in particular dedicated to the topic of environmental and natural resource protection. init's products help transport companies to provide faster, more competitive and energy-saving mobility, thus also reducing the environmental impact of fine dust and exhaust gases.

init actively implements these basic ecological principles along the entire valued added chain and in the individual corporate divisions, starting from procurement and production through to distribution. The init group therefore invested in many energy-saving measures and strives to continuously improve its environmental performance. Two electric cars were purchased for this purpose, which are used for short journeys. Protection of the environment and natural resources is in addition an integral part of init's corporate guidelines.

Research and development

init's hardware and software developers worked on both the further development of existing products and on fundamental innovations in the first half-year 2012.

In total EUR 1.9m (30/06/2011: EUR 1.4m) was spent on developing new products in the init group in the first six months. The depreciation of previously activated software decreased to EUR 0.1m (30/06/2011: EUR 0.5m).

In addition, customer-funded new and further developments were carried out within the scope of projects, adding up to at least five times the reported research and development expenditure again.

Risks and risk management

The risks for the future development of the init group are essentially determined by the risks in the operative group companies. At present, no risks exist within the init group that might endanger the company's existence.

A risk management system is an integral part of our business processes and corporate decisions. Before fundamental decisions are taken on important measures, they are discussed in detail at regular Managing Board meetings and the opportunities and risks are weighed up. Imminent risks are reported on a regular basis at Managing Board and Supervisory Board meetings. Alternative measures are discussed with the Supervisory Board.

A crucial success factor for the init group is project management. The successful handling of projects depends on an exact calculation, the contractual terms, the size of each individual project, their completion as scheduled, the readiness of the customer to be constructively involved in the project implementation as well as specific national laws and regulations. Apart from unforeseeable technical and customer-specific difficulties, the punctual completion of projects also depends on whether the company has sufficiently qualified personnel available.

As a result of the global financial crisis there is also a higher risk of bad debt losses. More than 95 per cent of init's customers are state-subsidised transport companies. However, due to the financial crisis various countries have displayed payment difficulties (such as Greece, Dubai and Ireland), so that bad debt losses cannot be ruled out in the future. init has taken account of the risk on receivables in Dubai with corresponding value reductions for interest lost. The risk has decreased substantially due to the payments received in 2011 and 2012. On the other hand, the days payable outstanding has increased, so there are risks arising from cash flow predictability and liquidity risks.

The high level of public debt of some countries as well as the rescue packages and austerity measures under discussion could lead to investments being sharply reduced in the area of public transport, which could affect init's business.

Claims were asserted against us as part of an international cooperation agreement that we did not regard as being justified. The provision created for these claims was retained in financial year 2011.

Contracts concluded in foreign currency involve exchange risks that can affect sales, the purchase prices, the valuation of receivables, currency reserves, liabilities and with it the result. init meets these exchange risks with active exchange rate management, making use of forward exchange dealings and currency options. Since init also tries to keep its options open here and focus on active currency management, it may consequently incur losses.

The investments of init include stocks, bonds, fixed-interest securities and fixed-term deposits. Share price and interest rate fluctuations could therefore influence the financial result of the group. Furthermore, the group holds 25 kg in gold for the purposes of risk diversification, which is subject to market price fluctuations.

Opportunities

init is currently involved in numerous tenders in Germany and abroad. Many of these tenders will be decided in the next few months, so we can still expect high volumes of new incoming orders in terms of amount in 2012.

As before, billions have already been approved in the US for the development of its public transport system. As a result, we are still expecting a large number of new public tenders in the US in the current financial year. In Germany and the rest of Europe as well as in the Asia-Pacific region we are able to identify a rising tendency for new tenders.

The tenders won in 2010 in ticketing in the US and for an intermodal transport control and passenger information system in Brisbane, Australia are currently in the realisation phase. These projects are of significant strategic importance for init, since only intermodal transport control system orders in the US and ticketing orders in Australia have so far been implemented. init has therefore obtained two important references, which leads us to expect that further orders will be generated in these areas in the future.

Additional potential could also arise from the start of our active market cultivation of France and the Asia-Pacific region. Additional staff have been deployed in the area of sales here.

We also see a great advantage in the growing interest of transport companies in integrated systems. In this case, init is ideally equipped with its electronic ticket printer with on-board computer function EVENDpc for combining ticketing and ITCS. In this connection, we will benefit from our international references, which have a signal effect for many new potential customers from all over the world and should be an advantage when it comes to additional infrastructure investments.

EVENTS AFTER THE REPORTING DATE

With the order from Rheinbahn Duesseldorf placed in mid-July, INIT GmbH received the largest order in the company's history. The order volume amounts to more than EUR 35m.

RELATED PARTY TRANSACTIONS

Related party transactions are shown in the notes under "Other Disclosures", see page 20.

PROSPECTS REPORT AND OUTLOOK

The statements made in this prospects report and outlook on the future business development of the init group are based on information available to us and assumptions derived from this information on the development of markets and industries that are assessed as realistic by the Managing Board. Actual results can differ considerably from these expectations of probable developments, however, if basic assumptions turn out to be inaccurate or new uncertainties characterise the macroeconomic development.

The development of the euro crisis is crucial for the further development of the global economy. If market players regain trust in the euro zone, this would reflect soon in growth scenarios. If, however, crisis management fails, the tendencies toward recession would regain in strength. The latest news reports give cause for concern in this regard. Greece has to a large extent not implemented the measures promised to contain the state debt crisis and Spain and Italy had to apply to the ESM (European Stabilisation Mechanism) for assistance to rescue their banks. Due to the financial backlashes from the rescue measures, even Germany was downgraded by the rating agency, Moody's, in its further outlook. This highlights the fact that a breaking point has now been reached and that economic growth in Europe is at risk. Even North America and the BRIC countries are increasingly suffering from the euro crisis so that irrespective of problems of their own makings, the economies in these countries will also not gain the hoped for momentum.

The extent to which austerity programs in the industrial countries, driven by declining subsidies for public transport programs, will lead to a reduction in project tenders in the market for transport telematics can currently not be foreseen. In general, it is apparent for 2012 and subsequent years that the industrial countries in Europe and North America in particular will intensify their budget consolidation measures. Funding cuts for investments and state subsidies cannot be excluded in this connection. At the moment, we are not yet registering any indications that savings and budgetary cuts due to the euro crisis will have a negative impact on init's growth opportunities.

Against the background of passenger figures doubling by 2025, there is a higher need for developing and modernising public transport systems globally. This need creates a sustained growth perspective for init as a supplier of systems and components which are essential for qualitative and quantitative improvements in the transport sector.

With innovative products, tailor-made customer solutions and a number of global project references, init is well positioned to continue to assert itself in the market for transport telematics and to benefit from this sustainable growth trend. Based on the high order backlog and the large number of public tenders which init is currently involved in, we see good growth opportunities for our company in 2012 and 2013 in terms of revenues and earnings. Unless any unexpected influences arise, we should achieve our aspired to goal with revenues of more than EUR 95m and an operating result (EBIT) of solid EUR 19m in 2012.

In order to also be able to realise our further growth future-oriented investments will need to be made. The required development of the headquarters in Karlsruhe is a part of this investment strategy. We have exceeded the limits of its capacity with the result that the new construction of a building is necessary. According to our now-completed plans, construction is still expected to start in 2012.

In addition, init will acquire the land and buildings at Kaeppelestrasse 8 and 10 in order to secure Karlsruhe as a location for the long term as well. These buildings are leased for years.

Karlsruhe, 9 August 2012

The Managing Board

Dr. Gottfried Greschner | Joachim Becker | Wolfgang Degen

Dr. Jürgen Greschner | Bernhard Smolka

CONSOLIDATED INCOME STATEMENT (IFRS)
from January 1, 2012 to June 30, 2012 (unaudited)

EUR '000	01/04 to 30/06/2012	01/04 to 30/06/2011	01/01 to 30/06/2012	01/01 to 30/06/2011
Revenues	22,418	17,592	42,050	31,555
Cost of revenues	-13,719	-9,655	-27,504	-18,114
Gross profit	**8,699**	**7,937**	**14,546**	**13,441**
Sales and marketing expenses	-2,687	-2,583	-5,390	-4,731
General administrative expenses	-1,488	-1,404	-2,875	-2,366
Research and development expenses	-896	-693	-1,905	-1,400
Other operating income	296	50	643	482
Other operating expenses	-92	-94	-101	-126
Foreign currency gains and losses	812	358	2,443	762
Operating profit	**4,644**	**3,571**	**7,361**	**6,062**
Income from associated companies	107	46	172	124
Other income and expenses	-30	44	38	96
Earnings before interest and taxes (EBIT)	**4,721**	**3,661**	**7,571**	**6,282**
Interest income	88	89	127	101
Interest expenses	-101	-64	-188	-135
Earnings before taxes (EBT)	**4,708**	**3,686**	**7,510**	**6,248**
Income taxes	-1,574	-248	-2,555	-1,307
Net profit	**3,134**	**3,438**	**4,955**	**4,941**
thereof attributable to equity holders of parent company	3,172	3,433	5,137	4,943
thereof minority interests	-38	5	-182	-2
Net profit and diluted net profit per share in EUR	0.32	0.34	0.52	0.50
Average number of floating shares (undiluted)	9,969,855	9,984,151	9,958,078	9,969,325
Average number of floating shares (diluted)	9,969,855	9,984,151	9,958,078	9,969,325

INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (IFRS)
from January 1, 2012 to June 30, 2012 (unaudited)

EUR '000	01/04 to 30/06/2012	01/04 to 30/06/2011	01/01 to 30/06/2012	01/01 to 30/06/2011
Net profit	**3,134**	**3,438**	**4,955**	**4,941**
Net gains (+)/net losses (-) on currency translation	**643**	**-88**	**-414**	**-661**
Unrealised gains/losses	643	-88	-414	-661
Reclassification to the income statement	0	0	0	0
Net gain (+)/net losses (-) in available-for-sale financial assets	**2**	**-74**	**2**	**-80**
Unrealised gains/losses	2	-36	2	-42
Reclassification to the income statement	0	-38	0	-38
Other comprehensive income	**645**	**-162**	**-412**	**-741**
Total comprehensive income	**3,779**	**3,276**	**4,543**	**4,200**
thereof attributable to equity holders of the parent company	3,817	3,271	4,725	4,202
thereof minority interests	-38	5	-182	-2

CONSOLIDATED BALANCE SHEET AS OF JUNE 30, 2012 (IFRS)
(unaudited)

ASSETS

EUR '000	30/06/2012	31/12/2011
Current assets		
Cash and cash equivalents	19,052	23,524
Marketable securities and bonds	641	154
Trade accounts receivable	15,058	29,015
Future receivables from production orders ("Percentage-of-Completion-Method")	20,434	20,590
Accounts receivable from related parties	4	2
Inventories	18,087	14,850
Income tax receivable	647	105
Other current assets	2,235	1,710
Current assets, total	**76,158**	**89,950**
Non-current assets		
Tangible fixed assets	6,194	5,925
Goodwill	4,388	4,388
Other intangible assets	3,949	4,259
Interest in associated companies	1,790	1,618
Accounts receivable from related parties	68	68
Deferred tax assets	1,474	1,345
Other assets	2,227	2,203
Non-current assets, total	**20,090**	**19,806**
Assets, total	**96,248**	**109,756**

LIABILITIES AND SHAREHOLDERS' EQUITY

EUR '000	30/06/2012	31/12/2011
Current liabilities		
Bank loans	73	71
Trade accounts payable	4,583	7,582
Accounts payable of "Percentage-of-Completion-Method"	4,659	8,939
Accounts payable due to related parties	295	280
Advance payments received	401	664
Income tax payable	3,983	6,723
Provisions	9,061	9,535
Other current liabilities	9,748	9,212
Current liabilities, total	**32,803**	**43,006**
Non-current liabilities		
Long-term debt less current portion	953	988
Deferred tax liabilities	3,958	3,699
Pensions accrued and similar obligations	4,035	3,754
Other non-current liabilities	1,066	1,371
Non-current liabilities, total	**10,012**	**9,812**
Shareholders' equity		
Attributable to equity holders of the parent company		
Subscribed capital	10,040	10,040
Additional paid-in capital	4,684	5,122
Treasury stock	-830	-1,196
Surplus reserves and consolidated unappropriated profit	38,751	41,590
Other reserves	659	1,071
	53,304	**56,627**
Minority interests	129	311
Shareholders' equity, total	**53,433**	**56,938**
Liabilities and shareholders' equity, total	**96,248**	**109,756**

CONSOLIDATED CASH FLOW STATEMENT (IFRS)
from January 1, 2012 to June 30, 2012 (unaudited)

EUR '000	01/01 to 30/06/2012	01/01 to 30/06/2011
Cash flow from operating activities		
Net income	4,955	4,941
Depreciation/amortisation	1,194	1,172
Losses on the disposal of fixed assets	12	11
Change of provisions and accruals	-193	281
Change of inventories	-3,237	-189
Change in trade accounts receivable and future receivables from production orders (POC)	14,113	2,772
Change in other assets, not provided by/used in investing or financing activities	-1,093	-1,409
Change in trade accounts payable	-2,999	-366
Change in advanced payments received and liabilities from POC method	-4,543	2,849
Change in other liabilities, not provided by/used in investing or financing activities	-2,494	-920
Change in investment book value (not affecting cash flow)	-172	-124
Amount of other non-cash income and expenses	-580	317
Net cash from operating activities	**4,963**	**9,335**
Cash flow from investing activities		
Inflows from sales of tangible fixed assets	15	7
Investments in tangible fixed assets and other intangible assets	-1,121	-1,248
Investments in marketable securities as part of short-term cash management	-500	-82
Net cash flows used in investing activities	**-1,606**	**-1,323**
Cash flow from financing activities		
Dividend paid out	-7,976	-5,990
Cash payments for the purchase of treasury stock	-32	0
Redemption of bank loans	-33	-432
Net cash flows used in financing activities	**-8,041**	**-6,422**
Net effects of currency translation and consolidation changes in cash and cash equivalents	212	-191
Increase in cash and cash equivalents	**-4,472**	**1,399**
Cash and cash equivalents at the beginning of the period	23,524	18,380
Cash and cash equivalents at the end of the period	**19,052**	**19,779**

SELECTED EXPLANATORY NOTES FOR Q2 2012 (IFRS)

NOTES TO THE INTERIM FINANCIAL STATEMENTS

The init group is an internationally active traffic telematics solution provider (telecommunications and IT, also known internationally as *Intelligent Transportation Systems* or *ITS).* The company's divisions are *Telematics and Electronic Fare Collection Systems, Planning Systems, Driver Dispatch Systems* and *Automotive.*

The quarterly financial statements for the period ending June 30, 2012 were prepared in accordance with International Financial Reporting Standards (IFRS). The financial statements conform with IAS 34. The principles of accounting and valuation as well as the calculation methods used in preparing the consolidated financial statements dated December 31, 2011 were applied.

The interim consolidated financial statements are denominated in euros. Unless otherwise indicated, all figures are rounded up to a full thousand (EUR k).

init AG is a publicly listed company (ISIN DE0005759807) whose shares have traded on the Regulated Market, subject to heightened requirements (Prime Standard) since 1 January 2003.

The interim group management report and consolidated financial statements dated June 30, 2012 were not audited. The interim financial statements for the second quarter were submitted to the Supervisory Board on July 27, 2012.

CONSOLIDATED GROUP

Name	Registered office	Share 30/06/2012	Share 31/12/2011
INIT Innovative Informatikanwendungen in Transport-, Verkehrs- und Leitsystemen GmbH ("INIT GmbH")	Karlsruhe	100 %	100 %
INIT Innovations in Transportation Inc. ("INIT Inc.")	Chesapeake/Virginia, USA	100 %	100 %
INIT Innovations in Transportation (Eastern Canada) Inc./INIT Innovations en Transport (Canada Est) Inc. ("Eastern Canada Inc.")	Montréal, Canada	100 %	100 %
INIT Innovations in Transportation (Western Canada) Inc. ("Western Canada Inc.")	Vancouver, Canada	100 %	100 %
INIT PTY LTD ("INIT PTY")	Brisbane/Queensland, Australia	100 %	100 %
Init Innovation in Traffic Systems FZE ("Init FZE")	Dubai, United Arab Emirates	100 %	100 %
initplan GmbH ("initplan")	Karlsruhe	100 %	100 %
INIT Innovations in Transportation Oy ("INIT Oy")	Helsinki, Finland	100 %	100 %
INIT Innovations in Transportation Limited ("INIT Ltd")	Nottingham, Great Britain	100 %	100 %
INIT Swiss AG ("INIT Swiss")	Neuhausen, Switzerland	100 %	100 %
initperdis GmbH ("initperdis")*	Hamburg	100 %	100 %
CarMedialab GmbH ("CML")	Bruchsal	58.1 %	58.1 %
CarMedialab Corp. ("CML Corp.")	Marina del Rey/California, USA	58.1 % via CML	58.1 % via CML
TQA Total Quality Assembly LLC ("TQA")	Chesapeake/Virginia, USA	60 % via INIT Inc.	60 % via INIT Inc.
SQM Superior Quality Manufacturing LLC ("SQM")	Chesapeake/Virginia, USA	85.7 % via INIT Inc.	85.7 % via INIT Inc.
iris-GmbH infrared & intelligent sensors ("iris")	Berlin	43 % via INIT GmbH	43 % via INIT GmbH

* id systeme GmbH was renamed initperdis GmbH in June 2012.

Principles of Accounting and Valuation

The interim financial report was prepared taking into account the same accounting policies that were also the basis of the consolidated financial statements as of December 31, 2011 and are explained in detail in its notes.

Application of new accounting standards

The accounting standards to be used for the first time in the first six months of 2012 had no material influence on our consolidated financial statements.

Amendment to IAS 12 – Deferred Tax: Recovery of Underlying Assets

The amendment to IAS 12 means simplification of accounting procedures. It (refutably) assumes that the book value realised in full by its sale is always decisive for the measurement of deferred tax relating to investment property reported at the current market value. The standard applies for the first time to financial years commencing after January 1, 2012.

Amendment to IFRS 1 – Severe Hyperinflation and Removal of Fixed Dates for First-Time Adopters

The standard applies for the first time to financial years commencing after July 1, 2011. The amendment removes the fixed adoption dates for derecognition of financial assets and liabilities. In addition, the amendment also clarifies how presentation of financial statements should be resumed in accordance with IFRS after a period in which the company was unable to comply fully with IFRS due to severe hyperinflation of its functional currency.

Amendment to IFRS 7 – Disclosures of the Transfer of Financial Assets

The revision outlines extensive new qualitative and quantitative requirements for transfers of financial assets that have not been derecognised, and for residual exposure as of the reporting date for transferred financial assets. The standard is applicable for the first time in the financial year starting after July 1, 2011.

INVENTORIES

Inventories were written down by EUR 529k (30/06/2011: write-up of EUR 167k). The expense or income is included under “Cost of revenues” on the income statement.

MARKETABLE SECURITIES AND BONDS

Securities and bonds were written down by a total of EUR 11k, due to a lasting impairment (30/06/2011: EUR 36k).

RECEIVABLES

Write-downs exist on the receivables in the amount of EUR 224k (30/06/2011: EUR 165k). Of this EUR 48k was charged against income in the first half-year (30/06/2011: EUR 89k).

PROPERTY, PLANT, EQUIPMENT AND INTANGIBLE ASSETS

Property, plant and equipment consist mainly of the administration building at Kaeppelestrasse 4, two residential buildings, and office and technical equipment. Capital expenditures for replacement were made in the amount of EUR 830k (31/12/2011: EUR 1,543k). Sales of property, plant and equipment generated income of EUR 15k (30/06/2011: EUR 7k).

The software activated within the context of the purchase price allocation of initperdis (financial year 2011) in the amount of EUR 3.3m will be depreciated over a period of five years. The depreciation was undertaken the first time and as scheduled in the first quarter of 2012 and is contained under the cost of revenues, sales expenses and administration expenses on the income statement.

LIABILITIES

Liabilities are carried at amortised acquisition cost. Liabilities to related parties totalled EUR 295k (31/12/2011: EUR 280k), representing trade payables to iris.

SHAREHOLDERS’ EQUITY

Subscribed Capital

The capital stock consists of 10,040,000 no-par bearer shares with an imputed nominal value of EUR 1.00 per share. The shares have been issued and are fully paid up.

Authorised Capital

At the annual shareholders’ meeting on May 24, 2011, a resolution was passed to create capital to the amount of

EUR 5,020,000. With the approval of the Supervisory Board, the Managing Board is authorised to increase the company's capital stock by up to EUR 5,020,000 by May 23, 2016, through a single or repeated issuing of up to 5,020,000 ordinary shares against contributions in cash or in kind. The new shares are to be taken over by credit institutions that are obliged to offer them to investors for sale. However, with the approval of the Supervisory Board, the Managing Board is authorised to withdraw the pre-emptive rights to

> issue up to 1,004,000 new shares at a price not substantially lower than the stock market value of the company shares at the time the issue price is specified,

> balance out peak amounts,

> enter additional capital markets,

> acquire investments and acquire or merge with other companies or parts of companies by way of contribution as an investment in kind, and

> transform up to 250,000 new shares into employee stock.

Additional Paid-In Capital

On June 30, 2012 additional paid-in capital totalled EUR 4,684k, EUR 3,141k of which results from the premium on shares sold in the IPO share offering and capital increase conducted in financial year 2002. EUR 1,467k was allocated for share-based remuneration expenses recorded for the years 2005 to 2011. Upon transfer of shares for Managing Board members, EUR 438k was reversed from additional paid-in capital in 2012. Additional paid-in capital increased by EUR 514k through the sale of treasury stock in 2007.

Treasury Stock

The treasury stock as of January 1, 2012 totalled 101,537 shares. Based on the resolution passed at the annual shareholders' meeting on May 12, 2010, the company is authorised to purchase treasury stock. The share buyback resolution for up to 20,000 shares was passed on February 1, 2012. In Q1 2012 2,200 shares were purchased at an average price of EUR 14.4955. The share buyback programme ended on March 30, 2012. In the course of the motivation scheme for directors, managing directors and high achievers, 32,592 shares with a qualifying period of five years were transferred in the first quarter of 2012. A further 1,000 shares were issued to employees within the scope of a bonus agreement without qualifying period. The treasury stock therefore totalled 70,145 shares as of June 30, 2012.

Treasury shares are carried at acquisition cost (cost method), at EUR 830k (31/12/2011: EUR 1,196k), and deducted from equity. Of the 70,145 shares with an imputed share in capital stock of EUR 70,145 (0.70%) held on June 30, 2012, 1,139 shares stemmed from the share offering in 2002, and 69,006 were purchased in stock buyback programmes. The shares were repurchased at an average price of EUR 11.84. The treasury stock was repurchased for use as consideration within the scope of mergers with companies or to acquire other companies or parts of companies or participations or, where required, to open up additional capital markets or to issue them to employees and / or members of the Managing Board.

PAID DIVIDENDS

EUR '000	
Dividend for 2010: 60 cents per share, distributed on May 26, 2011	5,990
Dividend for 2011: 80 cents per share, distributed on May 18, 2012	7,976

CONTINGENT LIABILITIES/ASSETS

On June 30, 2012 the init group had no contingent liabilities or assets, as was the case on December 31, 2011.

LEGAL DISPUTES

init AG and other group companies are involved in legal disputes connected with ongoing business operations that may have an impact on the group's financial situation. Litigation is subject to many uncertainties, and the outcome of individual lawsuits cannot be reliably predicted.

The respective group companies have recognised provisions on the balance sheet for risks connected with litigation where events occurring prior to the balance sheet date are concerned that probably will result in a liability, the amount of which can be estimated with sufficient reliability.

Based on our assessment, no other negative impact is to be expected that would have a sustained effect on the init group's balance sheet or earnings.

SEGMENT REPORTING

Segment reporting is provided on page 22 of the interim group report.

OTHER DISCLOSURES

Related Party Transactions

The associated companies included in the consolidated financial statements are listed in the section entitled "Consolidated group".

Associated Companies

Amounts owed by related parties include loans totalling EUR 68k (31/12/2011: EUR 68k) to iris. These are reported on the balance sheet as non-current assets.

The other amount of EUR 4k concerns trade receivables from iris (31/12/2011: EUR 2k). As these are due in less than one year, they are reported as current assets on the balance sheet.

Amounts owed to related parties represent trade payables and are due in less than one year. The amount of EUR 295k concerns iris (31/12/2011: EUR 280k). These are reported on the balance sheet as current liabilities.

Other Transactions with Related Parties

INIT GmbH rents its office building in Karlsruhe from Dr. Gottfried Greschner GmbH & Co. Vermögens-Verwaltungs KG. Monthly rent payments total approximately

EUR '000	Associated companies		Other related parties and persons	
	30/06/2012	30/06/2011	**30/06/2012**	30/06/2011
Trade accounts receivable and other income	14	0	0	0
Trade accounts payable and other expenses	1,282	761	237	183
	30/06/2012	31/12/2011	**30/06/2012**	31/12/2011
Receivables	72	70	61	61
Payables	295	280	0	0

EUR 40k (annual payments of EUR 475k). The rent amount is contractually fixed until 30 June 2026. Up to June 30, 2011 the annual rent amount was EUR 366k. A security deposit of EUR 61k has also been provided for the office building in Karlsruhe. Remuneration of EUR 57k for family members of a Managing Board member was recorded as personnel expenses.

Pricing in Transactions with Related Parties

Sales to and purchases from related parties are transacted at market prices. No guarantees are in place for receivables from or liabilities to related parties. For the year ended June 30, 2012 the group recognised no valuation allowances for receivables from related parties.

Responsibility Statement

To the best of our knowledge, and in accordance with the applicable reporting principles for interim financial reporting, the interim consolidated financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the group, and the interim management report of 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 for the remaining months of the financial year.

Karlsruhe, 9 August 2012

The Managing Board

Dr. Gottfried Greschner

Joachim Becker

Wolfgang Degen

Dr. Jürgen Greschner

Bernhard Smolka

SEGMENT REPORTING

The corporate group has the following segments that are obliged to report:

1. The “Telematics and Electronic Fare Collection Systems” covers integrated systems for controlling personnel transport, fare collection systems, passenger information systems and passenger counting systems.
2. The category entitled “Other” encompasses planning systems (planning and data management systems), automotive (analysis systems for the car industry) and driver dispatch systems.

1 January 2012 to 30 June 2012 EUR ‘000	Telematics and Electronic Fare Collection Sys.	Other	Eliminations and adjustments	Consolidated
Revenues				
With third parties	39,717	2,333	0	42,050
With other segments	419	982	-1,401	0
Total revenues	**40,136**	**3,315**	**-1,401**	**42,050**
EBIT	**8,352**	**-663**	**-117**	**7,572**
Segment assets	95,261	7,195	-6,208	96,248
Segment liabilities	41,449	3,929	-2,563	42,815
Interest income	118	3	6	127
Interest expenses	184	10	-6	188
Scheduled depreciation	790	424	-20	1,194
Cost of revenues	26,632	2,233	-1,361	27,504
R&D costs	1,178	727	0	1,905
Foreign currency gains (+) and losses (-)	2,441	2	0	2,443
Share in profit of associated companies	172	0	0	172
Income tax	2,555	0	0	2,555
Value impairments	405	0	0	405
Share in associated companies	1,790	0	0	1,790
Investments in tangible and intangible assets	1,007	114	0	1,121
31/12/2011				
Segment assets	102,516	10,733	-3,493	109,756
Segment liabilities	51,389	3,957	-2,528	52,818
Share in associated companies	1,618	0	0	1,618

Based on the products and services offered by the segments and for the purpose of managing the corporation, the corporate group is subdivided into the following four divisions: “Telematics and Electronic Fare Collection Systems”, “Planning Systems”, “Automotive” and “Driver Dispatch Systems”. The “Planning Systems”, “Automotive” and “Driver Dispatch Systems” divisions have been subsumed under the segment entitled “Other”.

The management monitors the operating results separately for each division in order to make decisions on the distribution of resources and to estimate the profitability. The profitability is determined based on the operational result, which corresponds to the result indicated in the consolidated financial statements.

1 January 2011 to 30 June 2011 EUR ‘000	Telematics and Electronic Fare Collection Sys.	Other	Eliminations and adjustments	Consolidated
Revenues				
With third parties	29,664	1,891	0	31,555
With other segments	825	696	-1,521	0
Total revenues	**30,489**	**2,587**	**-1,521**	**31,555**
EBIT	**6,298**	**139**	**-155**	**6,282**
Segment assets	83,891	3,551	-2,612	84,830
Segment liabilities	39,104	2,044	-1,534	39,614
Interest income	104	1	-4	101
Interest expenses	120	11	4	135
Scheduled depreciation	1,099	73	0	1,172
Cost of revenues	17,890	1,518	-1,294	18,114
R&D costs	903	497	0	1,400
Foreign currency gains (+) and losses (-)	781	-19	0	762
Share in profit of associated companies	124	0	0	124
Income tax	1,299	8	0	1,307
Value impairments	165	0	0	165
Share in associated companies	2,346	0	0	2,346
Investments in tangible and intangible assets	1,112	136	0	1,248
31/12/2010				
Segment assets	83,355	3,586	-2,520	84,421
Segment liabilities	37,224	2,006	-1,476	37,754
Share in associated companies	2,221	0	0	2,221

GEOGRAPHICAL INFORMATION
based on customer's location

Revenues

EUR '000	01/01–30/06/2012	%	01/01–30/06/2011	%
Germany	10,248	24.4	12,030	38.1
Rest of Europe	6,409	15.2	7,531	23.9
North America	21,132	50.3	11,036	35.0
Other countries (Australia, UAE)	4,261	10.1	958	3.0
Group total	**42,050**	**100.0**	**31,555**	**100.0**

Non-current assets

EUR '000	30/06/2012	%	31/12/2011	%
Germany	10,239	85.8	10,406	88.2
Rest of Europe	253	2.1	196	1.6
North America	1,296	10.9	1,084	9.2
Other countries (Australia, UAE)	145	1.2	116	1.0
Group total	**11,933**	**100.0**	**11,802**	**100.0**

The long-term assets are composed of tangible fixed assets, other intangible assets, as well as interest in associated companies.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (IFRS)
as of June 30, 2012 (unaudited)

	Attributable to equity holders			
EUR '000	Subscribed capital	Additional paid-in capital	Surplus reserves and Consolidated unappropriated profit	Treasury stock
Status as of 31/12/2010	**10,040**	**4,793**	**32,565**	**-660**
Net profit			4,943	
Other comprehensive income				
Total comprehensive income			**4,943**	
Dividend paid out			-5,990	
Share-based payments		71		268
Status as of 30/06/2011	**10,040**	**4,864**	**31,518**	**-392**
Status as of 31/12/2011	**10,040**	**5,122**	**41,590**	**-1,196**
Net profit			5,137	
Other comprehensive income				
Total comprehensive income			**5,137**	
Dividend paid out			-7,976	
Share-based payments		-438		398
Acquisition of treasury stock				-32
Status as of 30/06/2012	**10,040**	**4,684**	**38,751**	**-830**

of the parent company				Minority interest	Shareholders' equity total
Other reserves					
Difference from pension valuation	Difference from currency translation	Stock market valuation of securities	Total		
-146	**-233**	**38**	**46,397**	**270**	**46,667**
			4,943	-2	4,941
	-661	-80	-741		-741
	-661	**-80**	**4,202**	**-2**	**4,200**
			-5,990		-5,990
			339		339
-146	**-894**	**-42**	**44,948**	**268**	**45,216**
-229	**1,300**		**56,627**	**311**	**56,938**
			5,137	-182	4,955
	-1,714	2	-1,712		-1,712
	-414	**2**	**4,725**	**-182**	**4,543**
			-7,976		-7,976
			-40		-40
			-32		-32
-229	**886**	**2**	**53,304**	**129**	**53,433**

FINANCIAL CALENDAR AND IMPRINT

Date	Event
Aug 29, 2012	Sector Conference Week, Frankfurt
Nov 9, 2012	Publication Q3 Report 2012
Nov 13, 2012	Analyst conference, German Equity Forum, Frankfurt

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Contact:
init
innovation in traffic systems AG
Kaeppelestrasse 4–6
76131 Karlsruhe
Germany

P.O. Box 3380
76019 Karlsruhe
Germany

Tel. +49.721.6100.0
Fax +49.721.6100.399

info@initag.com
www.initag.com

FIVE-YEAR FINANCIAL SUMMARY OF THE INIT GROUP

IFRS

EUR '000	2011	2010	2009	2008	2007
Balance Sheet					
Balance sheet total	109,756	84,421	71,610	57,951	44,475
Shareholders' equity	56,938	46,667	38,977	31,596	26,688
Subscribed capital	10,040	10,040	10,040	10,040	10,040
Equity ratio (in %)	51.9	55.3	54.4	54.5	60.0
Return on equity (in %)	26.4	21.5	21.3	18.7	20.0
Non-current assets	19,806	13,484	14,297	15,186	13,424
Current assets	89,950	70,937	57,313	42,765	31,051
Income Statement					
Revenues	88,736	80,913	64,955	55,993	46,767
Gross profit	36,294	27,292	23,037	17,224	16,542
EBIT	20,430	15,085	11,754	8,597	7,228
EBITDA	22,891	17,592	14,157	10,169	8,543
Net profit	15,057	10,014	8,314	5,912	5,326
Earnings per share (in EUR)	1.51	1.00	0.84	0.60	0.54
Dividend (in EUR)	0.80	0.60	0.30	0.16	0.14
Cash Flow					
Cash flow from operating activities	17,433	14,615	5,570	7,146	-2,617
Share					
Issue price (in EUR)	5.10	5.10	5.10	5.10	5.10
Peak share price (in EUR)	19.99	15.89	11.30	8.80	9.40
Bottom share price (in EUR)	13.06	9.15	4.75	4.45	6.83

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