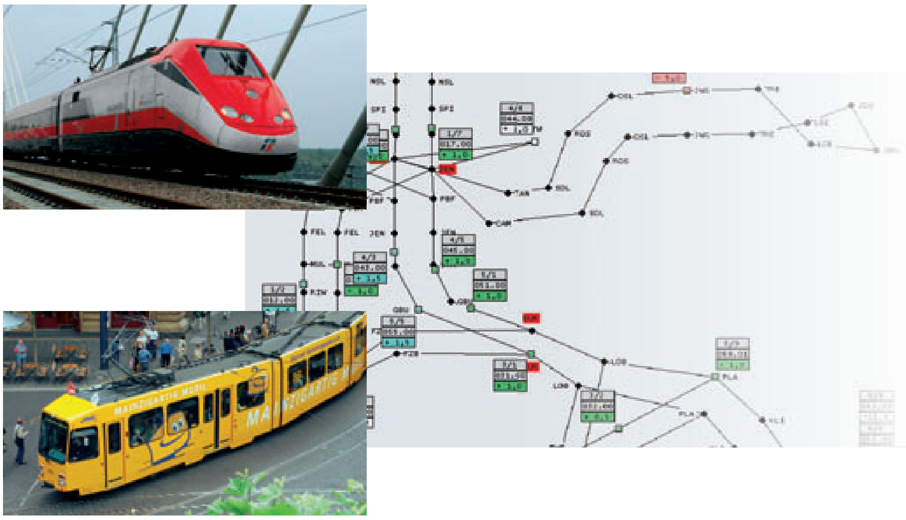
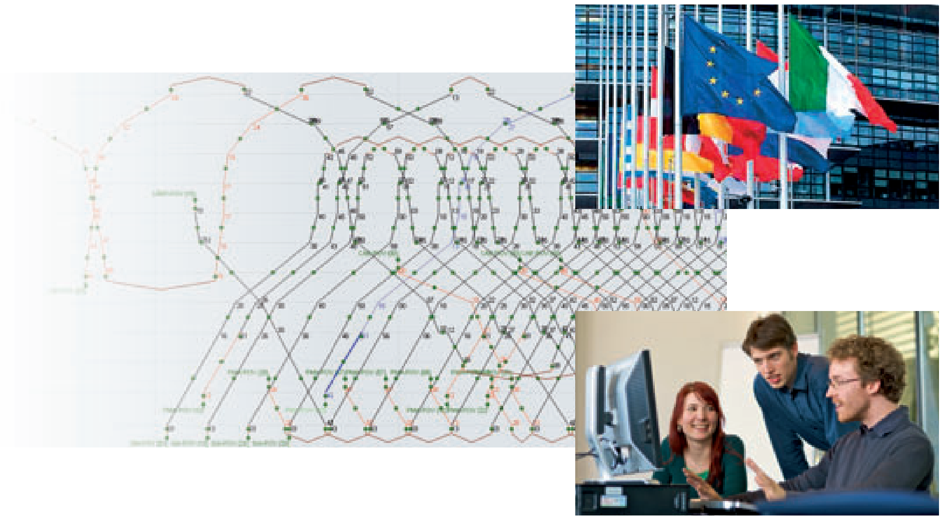
Annual Report 2009





IVU Traffic Technologies AG

Consolidated IFRS figures	2005 million €	2006 million €	2007 million €	2008 million €	2009 million €	Change 2009 to 2008 in million €
Revenue	31.2	30.1	31.4	33.8	37.3	+3.5
Gross profit	23.2	24.6	24.8	24.7	27.6	+2.9
Personnel expenses	15.2	15.9	16.5	17.3	18.3	+1.0
EBIT	1.0	2.1	2.3	1.3	2.1	+0.8
Annual profit / loss	2.2	1.4	1.9	1.3	1.8	+0.5

The year-end financial statement and management report for IVU Traffic Technologies AG for the business year 2009 were audited by Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft, Berlin, and provided with an unqualified audit report.

Supervisory Board
Klaus-Gerd Kleversaat, Berlin (Chair)
Hans G. Kloss, Berlin (until 27 May 2009)
André Neiss, Hannover
Prof. Dr. Herbert Sonntag, Berlin (since 27 May 2009)

Executive Board
Prof. Dr. Ernst Denert
(CEO until 31 December 2009)
Martin Müller-Elschner
(CEO since 1 January 2010;
Member of the Executive Board since 1 January 2008)
Frank Kochanski
(Member of the Executive Board since 1 January 2008)
Dr. Helmut Bergstein
(Member of the Executive Board since 1 January 2010)

Content

Letter to the shareholders

Dear Shareholders, Dear Friends of IVU,

IVU can look back on a successful financial year 2009. Despite the general economic situation, we have been able to achieve the best results in our 33-year history. Revenue increased by 10% to € 37.3 million and earnings before interest and taxes (EBIT) were 70% higher than in 2008, amounting to € 2.1 million. In mid-2009 we finally paid off our loans, so that IVU is now once again debt free. The positive development of the IVU share price in 2009 and the rise in trading volumes are a good sign.

Dr. Helmut Bergstein,
Martin Müller-Elschner,
Frank Kochanski

This success is due in part to our orientation. Public transport has a promising future. Cities all over the world are discovering the importance of a well-functioning public transport system – and IVU helps them to organise this efficiently. But we have also made our own contribution in recent years in order to prepare for weathering stormy times: the products have merged together and have been modernised step by step; the team is highly qualified, and has an international composition.

Much of the credit for this good situation is owing to Prof. Dr. Ernst Denert, who was Chief Executive Officer of IVU from 2001 until 31 December 2009. Thanks to his consolidation efforts, IVU managed an economic turnaround after a difficult period and is now looking optimistically into the future.

The newly formed Executive Board which has been running IVU since 1 January 2010 stands for experience and continuity. Together with a strong team we want to use our unique combination of specialist sector knowledge and IT expertise in order to continue to develop IVU products for transport and logistics, and to implement these in exciting projects worldwide – to the benefit and satisfaction of our customers, co-workers and shareholders!

We are confident that IVU will continue to earn your loyalty in 2010,

Yours sincerely

The Executive Board

Berlin, March 2010

IVU and the market

By concentrating on our strong core business, public transport, we have laid the foundation in recent years for steadily improving results – and which in 2009 again generated about 83% of our earnings.

Transport operators continually have to improve the efficiency of their operations in an increasingly liberalised and more competitive market. Our systems for planning, dispatching, and operational control of personnel and vehicles can provide crucial assistance.

Sales (€)		Percentage
12.1 million	Export	32 %
3.7 million	Foreign subsidiaries	10 %
4.3 million	Austria and Switzerland	12 %
17.2 million	Germany	46 %
37.3 million		

At the same time, the quality of public transport services is an important factor when it comes to attracting new passengers and maintaining the loyalty of customers who have a growing freedom of choice. Journeys can be made more comfortable by providing helpful passenger information and user-friendly services including electronic ticketing and this can also enhance the standing of public transport in comparison with the use of private vehicles.

Our IVU.suite for public transport meets all key requirements for planning and operations and this makes it possible to have an integrated solution from one source. Our three decades of experience are appreciated by existing and potential customers from the urban bus and train transport companies, regional bus companies, transport associations and railways.

And an insight gained in recent years remains valid: the public transport systems and the associated transport companies all over the world may not be completely identical, but they are very similar. Also German standards are highly regarded everywhere – which is a good opportunity for IVU as standard product provider from Germany.

Outside the transport sector, the demand has remained steady. In the logistics sector, we have convincing products for trip planning and fleet management – whether for waste collection vehicles, snow ploughs, or for the control of external operating personnel. Due to our many years of experience, even customers with high expectations, such as utility and waste disposal companies, place their trust in us when it comes to controlling and optimising the deployment of personnel and vehicles.

In addition, IVU offers special software solutions for geo-marketing and e-government. Our systems for planning branch outlet locations and for counting election results are increasingly acquiring product character and are finding international applications, for example in 2009 for the European elections in the Netherlands.

Internationalisation

IVU on course towards the world market

Whether public transport companies in Latin America, or state railways in Italy, Hungary or Switzerland, whether European elections or the Swedish transport association – the international demand for our software systems for transport and logistics clearly shows that our solutions are increasingly establishing their position in the global market place. The share of foreign revenue has grown considerably: it has risen about 20%.

Key customers such as the Italian state railway TRENITALIA have a considerable signal effect. The railway company decided in 2009 to install IVU.rail for the nationwide roster scheduling and personnel dispatching. Railway companies represent a relatively new target group for IVU, offering interesting prospects for the coming years.

Beyond the European continent, IVU has also convinced with successful project realisation and new contracts. In Santiago de Cali, the third largest city in Colombia, IVU ensured with the smooth, rapid implementation of the software and hardware of the IVU.suite that the bus services of the MIO urban transport system were able to start on schedule in 2009. This seems to have acted as a catalyst in Latin America. At the end of 2009, IVU successfully submitted a tender for a new fleet management system from the six-million metropolis of Santiago de Chile – the largest project in the history of IVU with a volume of more than € 30 million.

Urbanisation as an opportunity for IVU

According to the UN Habitat organisation, by 2050 some six billion people will be living in cities. Already the world economy is dominated by about 20 megacities, densely populated urban agglomerations with more than ten million inhabitants. At the same time there has also been a marked increase in the number of cities which exceed the one-million inhabitant level. In the past 50 years, their number has more than quadrupled, from 80 to 365.

The development of urban traffic and transport infrastructure plays a key role in the growing urbanisation. The extension of public transport systems is vitally important, for economic, environmental, and social considerations. A functioning public transport system provides the basis for ensuring the mobility of a large proportion of the population. In addition, as roads become increasingly congested with private cars and the prices for fuel and raw material increase, there is a rising demand for public transport services.

With its IVU.suite, IVU Traffic Technologies AG is able to offer a transport company the appropriate solution for all tasks. From planning the route network and the timetable, through dispatching personnel and vehicles, to the operational control we ensure that everything runs efficiently and is well organised.

Highlights in 2009

Latin America. IVU gets things moving.

The pulsating cites of Latin America are currently going through a rapid phase of development. Investments in modern public transport systems are of eminent importance from economic, environmental and social perspectives. With the IVU.suite we are able to provide a convincing, coherent solution from one hand, and customers are able to benefit from the fact that it can be quickly implemented.

In Cali, the third largest city in Colombia, IVU received an order in mid-2008 to supply and install information technology for planning, operational control and passenger information for a fleet of 1,000 buses. After a very short and smooth implementation, it was possible to start operations on the first route of the MIO public transport system in November 2008. In 2009, the newly acquired vehicles started running – step by step. Meanwhile, some 500 buses are already in operation. The passengers are very satisfied with the systems from IVU, and the population is really delighted.

The good work in Colombia is setting an example. IVU has been awarded the tender for a new fleet management system from the six-million metropolis of Santiago de Chile. IVU will be equipping a total of 6,400 buses with the latest information technology – including navigation and radio technology, along with realtime passenger information systems and software for several control centres.

Italy. IVU plans for the state railway.

After an extended tendering procedure and test phase, the Italian state railway TRENITALIA placed a major order with IVU in 2009. Their focus is on the optimisation of duty scheduling for all three operational segments – main line passenger services, regional services, and freight transport. This will involve the utilisation of IVU.rail.crew throughout the country. The IVU software will then support the scheduling and duty rosters, and personnel dispatching for more than 20,000 co-workers such as train drivers and train attendants.

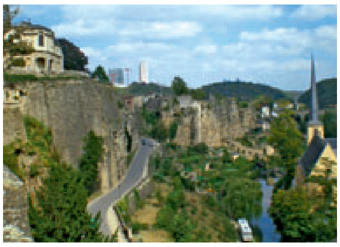
Sweden. IVU.pool organises the data.

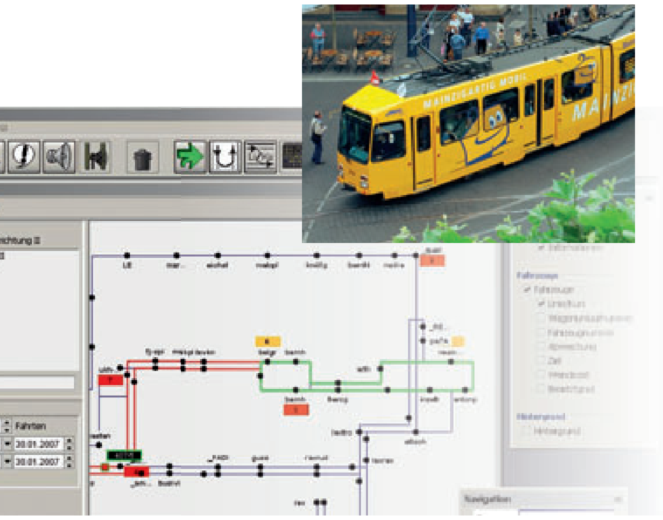
IVU received an important order from Scandinavia in the financial year 2009. The Swedish Samtrafiken transport association signed a deal with IVU for the nationwide introduction of IVU.pool. Beginning in 2010, timetable data from 40 public transport providers will be administered centrally using the data management system from IVU. With more than 60,000 stops and stations, Samtrafiken is the largest customer so far for IVU.pool. Samtrafiken coordinates all the public transport services in Sweden.

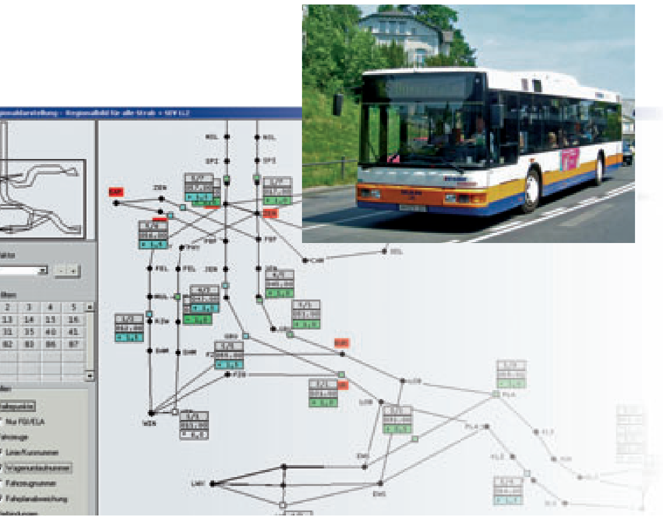
The Swedish Railway (SJ) is also part of the transport association.

Luxembourg. IVU in use throughout the Grand Duchy.

The Grand Duchy of Luxembourg is convinced by the IVU planning systems. The third transport company in Luxembourg to choose IVU.plan is TICE (Tramways Intercommunaux du Canton d'Esch), responsible for the inter-communal bus services in the southern region. This means that all major Luxembourg transport companies are now using the same IVU systems for planning and scheduling their bus services. This simplifies the data management and makes it possible to provide uniform passenger information.







Germany. IVU scores in the domestic market.

...in Mainz

As the 25th IVU.fleet customer, MVG (the Mainzer Verkehrsgesellschaft mbH) will be introducing a new operational control system – as an integrated control and ticketing system with system components which include on-board computers (IVU.ticket.box) and software for the central operational control (IVU.fleet), the ticketing system (IVU.fare), the systems for dynamic passenger information (IVU.realtime) and for producing the statistics for accounting and quality control (IVU.control). The number of IVU.fleet users has grown over the past five years by fifty percent. We are confident that this success story will continue.

...in Wiesbaden

In a record time of only eight months, IVU completed an order from the Wiesbaden public transport company ESWE for the introduction of electronic ticket printers with integrated on-board computers – including integration in the fleet management system. ESWE and its subsidiary WiBus transport some 49 million passengers every year with a fleet of more than 210 buses.

Highlights from the Logistics segment

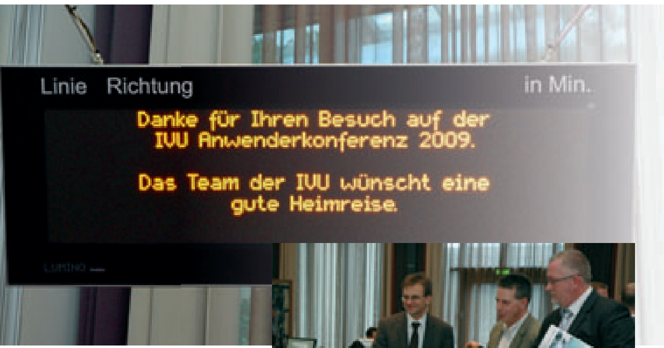
“Einkaufaktuell”. Targeted advertising thanks to IVU.

The publishing logistics of Deutsche Post are now more efficiently organised and offer an extensive service packet for advertising customers using the “Einkaufaktuell” advertising medium. This is thanks to the EAGLE project, which went into production at the start of 2009. The objective of EAGLE was the integration of the IVU geomarketing system Filialinfo with the advertising management solution from SAP (IS-M/AM) into a powerful, flexible publishing logistics system. Disposition, advertisement management, printing, and invoicing processes for “Einkaufaktuell” are now better coordinated and can be more accurately targeted, thus making it more effective.

Voting with and for IVU.

The results of the European elections 2009 in the Netherlands, and in Germany were presented rapidly and reliably thanks to the IVU election system. The system was also used for the German general elections in 2009. The e-government software ensures that local results can be quickly brought together and the distribution of votes among the parties and candidates evaluated. At the heart of the IVU software is a system environment which correctly and efficiently realises the electoral rules and regulations and can therefore determine the distribution of parliamentary seats in accordance with electoral legislation. The software can also be used to provide documentation of the election.

Further highlights in 2009



Events. IVU is an attraction.

More than 300 participants from twelve nations represented a new record participation for the IVU User Forum for the Public Transport sector. The forum took place on 26 and 27 February 2009 in Berlin, and featured discussions and presentations relating to the IVU.suite. The systems could be viewed live on an exhibition floor space of 700 square metres. There was particular interest in the user-groups. Teams of customers and IVU experts discussed and worked on topics of mutual interest, and these will be presented at the plenary session of the next meeting.

One of the most important trade fairs in 2009 was the UITP World Congress (Union Internationale des Transports Publics) which took place in combination with the Mobility & City Transport Exhibition. The fact that the trade fair attracted in particular decision makers from the public transport sector was particularly advantageous for the IVU stand. We were able to make a number of interesting contacts and benefited from the international character of the event, which was attended by 6,000 visitors from 90 countries.

On 30 November and 1 December 2009, IVU organised its own conference for decision makers in the public transport sector, and this took place in the DBB Forum Berlin. Some 400 participants responded to the invitation. The specialist audience were particularly interested in the IVU book project “IT-Systeme für Verkehrsunternehmen”, which was presented at the conference by the author Dr. Gero Scholz, IVU Chief Architect. The main focus of the presentations was on IT in public transport – including domain models, principles of planning and dispatching, fleet management, and also passenger information and ticketing. With the topic of internationalisation becoming increasingly important, four sessions addressed IVU projects worldwide.

Research and development

In order to remain competitive and successful, IVU is continually upgrading its products and developing new ones. IVU customers are demanding and quality-oriented. The head of developments and his team ensure that the IVU systems always meet the most modern standards. Customer requirements are always the focal point for further developments. To ensure that the IVU products meet the needs of a variety of user groups like railway operators, bus companies or transport associations and that the systems fulfil specific regional specifications, IVU experts use state-of-the-art technology and international standards. For example, standardised interfaces ensure that the systems in the IVU.suite can be integrated quickly and easily in a wide range of system landscapes. Well thought-out configuration settings make it possible to adapt the individual software modules to meet the specific demands of customers. This is a standard with which IVU has also been able to convince on the international stage.

In addition to upgrading and expanding the modular architecture of the IVU.suite, the software engineers also pay attention to the ease of use and the increased efficiency of the systems. Every new release offers additional new functionalities, such as the new personnel dispatching or further developments in vehicle scheduling, and the components are also optimised. At the same time, the IVU engineers must always be up to date as far as communications technology is concerned. Modern operational control systems increasingly include open standards such as GSM/GPRS, Voice-over-IP, and Push-to-talk.

IVU.ticket.box: Latest technical standards and award-winning design

The new design of IVU.ticket.box has won a prize – the iF product design award. But the driver's sales unit is not only good to look at, inside it also offers attractive performance. The IVU.ticket.box supports classic paper ticket sales as well as all forms of electronic ticketing.

product design award 2010

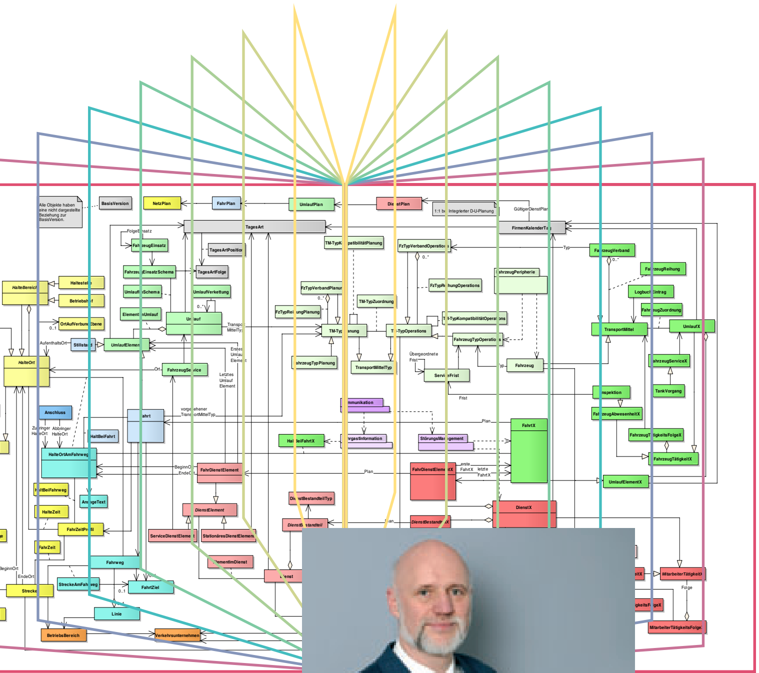
The IVU.box can also be used as a fully functional on-board computer. It offers locating by GPS, and can determine the timetable situation with a display for the driver as well as allowing speech communication and data exchange with the control centre. The IVU.ticket.box is cash secure and provides for the double storage of sales data. The fast thermo-printer unit can produce tickets on all usual types and widths of paper with automatic cut-off.

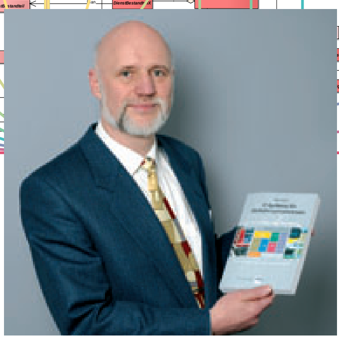
A completely new hardware product is the IVU.validator, the customer terminal for e-ticketing. The user interface is very convenient to use with touch screen, brightness sensor, and illumination of the card reading antenna.

Bound knowledge: IVU writes a book.

IVU sets standards and this is clearly demonstrated by the book project “IT-Systeme für Verkehrsunternehmen” (IT systems for public transport companies). Dr. Gero Scholz, IVU Chief Architect and author of the book, presented selected excerpts for the first time at the IVU Conference on 30 November and 1 December 2009. Information technology in public transport is varied and demanding. It is characterised by a range of technical and social challenges in a national and international setting. Specially written with public transport needs in mind, the book considers the requirements of this sector in detail and develops a sophisticated UML domain model which can act as a basis for understanding between the transport companies and the IT system provider. The book describes a reference model which draws on the key topics of the sector and offers a range of options for further developments. Does fleet management work differently in Colombia than in Holland? From the perspective of computer science, what distinguishes a regional bus service from a solely urban public transport system? The book deals with numerous questions which are of interest for our customers, but also for the sector as a whole.

A pre-publication version of the book was presented to the participants at the IVU Conference, the publication is scheduled for the end of 2010.





Dr. Gero Scholz, IVU Chief Architect and author of “IT systems for public transport companies”

Personnel

About us. An overview.

IVU moves things in transport and logistics, and in the economy. Reason enough to turn the spotlight on the IVU team. Our success is based mainly on the performance, the know-how and the motivation of the people working at IVU. And the key factor in our business success is ensuring that the right people are deployed at the right time in the right place.

By targeted personnel recruitment, we were able to increase the personnel capacity in the period covered by this report to 273. This represents an increase of 8.7% in comparison with 2008. On 31 December 2009, IVU AG employed a total of 320 employees (previous year: 309) – including part-time personnel and student co-workers. Personnel expenditure increased by 6% to € 18.3 million. This was due to the new recruits, who we need in order to realise our demanding projects in national and international settings. The proportion of university graduates in 2009 was 82%. The strength of the IVU team is demonstrated by the increased gross profit per employee – this was k€ 101 in 2009, which is k€ 3 higher than the previous year.

The further development of software systems for public transport and the logistics sector requires highly-qualified experts: software engineers and architects as well as project engineers, people who are capable of adopting a solution-oriented approach; co-workers who are seeking challenging tasks and who will enhance our company with their ideas, experience and knowledge of the sector. IVU offers the opportunity to take part in complex IT projects in the public transport and logistics sector, with scope to make an active contribution while working in a stimulating atmosphere. These aspects play an important role in attracting new personnel.

Personnel development

	2009	2008	Change
No. of personnel as of 31/12/09	320	309	+3.6 %
Personnel capacity[1] as annual mean	273	251	+8.7 %

[1] Personnel capacity denotes the equivalent number of full-time employees.

We have also taken steps in 2009 to provide for the increasing internationalisation. Fifteen nationalities are represented in our team – which is an important advantage for the worldwide project business. We also attach considerable importance to the development of the potential of our personnel. Whether in a next-generation programme, developers' conference, specialist seminars or language courses – we invest in our team.

Our employees are important to us. As a strategic objective, we do all we can to recruit them, to encourage them and to keep them.

Results, assets and the financial situation

Consolidated IFRS figures	2005 million €	2006 million €	2007 million €	2008 million €	2009 million €	Change 2009 to 2008 in million €
Revenue	31.2	30.1	31.4	33.8	37.3	+3.5
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Personnel expenses	15.2	15.9	16.5	17.3	18.3	+1.0
EBIT	1.0	2.1	2.3	1.3	2.1	+0.8
Annual profit / loss	2.2	1.4	1.9	1.3	1.8	+0.5

Higher revenues and significant increase in gross profit

In the financial year 2009, IVU generated revenue totalling € 37.3 million, which represented an increase over the previous year of 10%. This represented a continuation of the growth trend of the previous year at a higher level. The gross profit of € 27.6 million was up 12% in comparison with 2008. The fact that the gross profit has grown more than the revenue underlines the increased value creation at IVU, because the gross profit quantifies the value created by the company through the work of its personnel. In the case of a software house like IVU this consists primarily of project and development performances together with licences. The 3% increase in the gross profit per employee (k€ 101 in 2009) underlines the strength of the IVU team.

The main reasons for the increased revenue and the improved gross profit were:

Opening up new international markets has had a positive effect on the development of revenues. In the period covered by this report, IVU achieved export revenues amounting to € 12.1 million – which is 32% of total revenue. In comparison with 2008 the export revenues increased by € 5.5 million. An important boost has come from the Latin America region. The transport companies in these countries often introduce new IT system solutions – and are thus starting with a high standard. In addition, the regulations and tariff structures are often simpler than in Europe, which means it is possible to implement our systems rapidly.

The good position of IVU in the core public transport market, the continual further development of products and the structured expansion of marketing activities are reflected in the growth of revenues.

Effective cost management places IVU in the position to offer competitive prices and achieve good profit margins.

The IVU team is highly qualified and international in composition. The productivity is reflected in the increased gross profit per employee.

Costs and amortisation

The personnel expenses are € 18.3 million, which is 6% higher than in the previous year. This moderate increase is primarily the result of new personnel, required for future projects and the planned growth.

The amortisation of non-current assets at € 0.76 million is nearly constant in comparison with the previous year (-0.3%) and corresponds roughly to current investments, above all in the IT infrastructure (hardware and software) that we need for our development and project work.

The other operational costs are € 6.4 million and these have risen by 19% in comparison with 2008. This is due among other things to the increased travel costs involved in the expanding foreign business.

Earnings before taxes doubled

At € 1.9 million, earnings before taxes (EBT) were doubled (k€ 965 in the previous year). Key reasons for this increase were the success in markets offering high profit margins, the improvement of productivity and system quality and effective cost management.

Assets situation improved

The positive annual result improved the equity by € 1.8 million. As of 31 December 2009 it was € 21.2 million. The equity ratio of IVU AG, the ratio of the equity to the balance sheet total, rose to 54.1% (previous year: 51%). Repayment of the non-current loan on 30 June 2009 led to a reduction of interest payment in the period covered by the report by 34%.

Liquidity

As of 31 December 2009 the amount held in cash was € 1.1 million. At the same time there was an increase in receivables from deliveries and performances in comparison with the balance sheet day of the previous year of € 2.2 million. For 2010, receivables amounting to € 16 million are outstanding.

Cash flow from on-going business activities in the period covered by the report increased by € 2.2 million up to € 2.9 million. The main reason for this was the improved consolidated annual profit.

Order-book situation

The order-book situation for 2010, defined as contracts signed, as of 28 February 2010 amounts to € 33.8 million (previous year: € 29.9 million). There are firm commitments to place orders with a volume of € 3.7 million (previous year: € 2 million). In addition there are offers under consideration and negotiations which we conservatively evaluate at € 4.2 million, so that the overall orders situation for 2010 already covers the planned goals to a considerable extent.

In the financial year 2009, IVU achieved new record levels for all accounting parameters. The revenue of € 37.3 million was the highest in the history of the company, and the gross profit of € 27.6 million also represents a milestone. EBIT of € 2.1 million was 70% higher than in the previous year. It is also satisfying to note the marked increase in the consolidated annual profit.

Prospects

The assets, revenues and finances of IVU AG provide a sound basis on which to achieve solid growth in the future – even in times of economic crisis. We have a positive assessment of the structural demand from the major cities worldwide for IT-systems for a well functioning urban transport system. The strategic focus of IVU AG is on internationalisation and thus on winning new market regions, e.g. the Asia-Pacific region, and we also aim to expand business activities in existing markets offering good profit margins. The domestic market remains an important basis for IVU. Customer requirements will continue to provide the main stimulus for our product improvements. We are convinced that this will continue to be profitable for us.

For 2010 we expect revenue of approx. € 40 million and gross profits of approx. € 30 million. Therefore we expect a positive development of business for 2011 and a slight increase in revenues and gross profits with at least a constant gross profit return.

Risks

In order to secure the long-term success of the company, IVU aims to identify, analyse and control risks as quickly as possible. Risk management includes all regulations for recognising and dealing with risks. The Executive Board bears the overall responsibility for the internal financial control and risk management system with respect to the accounting processes in the company. This includes all factors which could significantly affect the accounts and the overall assessment of the annual results including the Management report.

The risk management is based on the monthly reporting system (Financial Controlling Report) covering key parameters, which compares the company's monthly plan with the actual figures. These also include the expenses for the individual projects. The subsidiaries are included in the reporting system. The analysis of deviations serves the management as an instrument for business control.

Targets and reported figures are discussed regularly with those responsible for revenue and cost development in order to provide the Executive Board with timely information about critical developments and making it possible to take any necessary corrective measures.

In order to ensure that the available liquidity and the credit lines are adequate, the development of the available liquidity is monitored on a daily basis.

Analysis of opportunities and risks

The company strategy of IVU is aimed at further expanding the good position on the national market – and making full use of the opportunities offered by internationalisation. Growth impulses result from the worldwide investment in public transport infrastructure, from the growing urbanisation and the increasing demand for well-organised public transport systems. Successful export deals reduce the dependency on the German market. The opportunities of internationalisation have to be balanced against the costs of accessing new markets. In addition, IVU AG is also subject to the general political and economic conditions in the countries in which it operates.

The project business of IVU is based almost exclusively on contract work. This naturally brings with it the risk that the workload involved turns out to be more than was planned. Any resultant delivery delays may result in claims being made for compensation. IVU implements efficient project management in order to avoid compensation payments.

We ensure the high standards of our IT systems by thorough quality control. However, should there be deficiencies in the software which is supplied, this can delay the acceptance and with it the payment of the final invoice, so that a liquidity shortage can result.

A specialised software company like IVU achieves its competitive strength because its highly qualified personnel is able to carry out demanding projects and meet special customer demands. For this reason, IVU has adopted a long-term human resources strategy. We aim at maintaining a low rate of fluctuation and high co-worker loyalty. Risks result from the potential loss of expertise.

Delays in payment and possibly even defaults are a risk in all large and/or international projects. As a major part of our customers belongs to the public sector, this was a minor risk in the past. We do our best to protect ourselves by means of delivery-oriented payment plans.

The large majority of transactions are conducted in euros. In order to avoid risks arising from interest rate fluctuations, interest security measures (swaps) are concluded for loans received.

Since IVU conducts a part of its business outside the euro area, exchange rate fluctuations can affect the results. Currency risks exist for receivables, liabilities, cash in hand and equivalent forms of liquidity which do not correspond to the functional currency used by the company. For revenues achieved in foreign countries, in particular in the Middle East, in Australia, in Sweden, and in Hungary, the exchange rates for dirham/euro, Australian and New Zealand dollar/euro, Swedish krona/euro and forint/euro represent a risk. Currency translation risks from operative business activities are systematically registered and analysed. Security against foreign currency risks is provided by future transactions.

Follow-up report

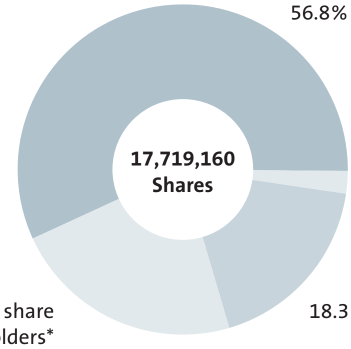
Since 31 December 2009 there have been no events of significance which have affected the situation regarding earnings, finances or assets.

IVU shares

IVU share price in comparison with the TecDAX index

Shareholder structure

As of 31 December 2009



Shares held by Board members as of 31/12/2009

	No. of shares
Executive Board	
Prof. Dr. Ernst Denert (CEO until 31 December 2009)	1,800,000
Frank Kochanski	5,000
Martin Müller-Elschner	50,000
Total, Executive Board	**1,855,000**
Supervisory Board	
Klaus-Gerd Kleversaat	229,000
Prof. Dr. Herbert Sonntag	1,166,000
Total, Supervisory Board	**1,395,000**
IVU shares held by company Board members	0

Obligation to report

In the financial year 2009 the Chief Executive Officer at the time, Prof. Dr. Ernst Denert, sold 58,132 shares in IVU. He now holds a total of 1,800,000 IVU shares. Klaus-Gerd Kleversaat, Chair of the Supervisory Board, acquired 90,000 IVU shares in the period covered by this report. He now holds a total of 229,000 IVU shares.

*(portion of shares > 3%)

Consolidated profit and loss account
in accordance with IFRS for the financial year 2009

	2009 k€	2008 k€
Earnings	**37,285**	**33,849**
Other operating revenues	652	835
Material costs	-10,325	-9,980
Gross profit	**27,612**	**24,704**
Personnel expenses	-18,335	-17,318
Depreciation of non-current assets	-762	-764
Other operating expenses	-6,388	-5,365
EBIT	**2,127**	**1,257**
Interest revenue	12	20
Interest payments	-206	-312
Earnings before taxes	**1,933**	**965**
Taxes on income and earnings	-144	305
Group annual profit	**1,789**	**1,270**

	€	€
Earnings per share (undiluted and diluted)	0.10	0.07
Average number of shares in circulation (in thousands)	17,719	17,719

Consolidated cash flow statement
in accordance with IFRS for the financial year 2009

	2009 k€	2008 k€
1. Business activity		
Consolidated earnings before income taxes of the period	1,933	965
Depreciation of plant, property and equipment	762	764
Changes to provisions	-11	400
Earnings from dissolved special positions	-26	-32
Earnings from interest	194	292
Other non-cash expenses/income	-10	-56
Earnings from disposal of plant, property and equipment	17	-2
	2,859	**2,331**
Changes to items of current assets and current borrowed funds		
Inventories	-236	-368
Receivables and other assets	-389	-3,495
Liabilities (without provisions)	901	2,655
	3,135	**1,123**
Interest payments	-206	-312
Income tax payments	-76	-109
Cash flow from current business activities	**2,853**	**702**
2. Investment activities		
Payments for investments in plant, property and equipment[1]	-360	-357
Receipts from disposal of plant, property and equipment	2	6
Interest received	7	18
Cash flow from investment activities	**-351**	**-333**
3. Financing activities		
Repayments of liabilities from Sales & Leaseback dealings[2]	-57	-45
Payments (previous year: receipts) from taking up short-dated financial loans	-635	-111
Repayment of financial liabilities	-1,030	-700
Cash flow from financing activities	**-1,722**	**-856**
4. Liquid funds		
Effective change in liquid funds	780	-487
Liquid funds at the beginning of the financial year	349	836
Liquid funds at the end of the financial year	**1,129**	**349**

+ = inflow of funds
– = outflow of funds

[1] This presentation of payments for investments in PPE for 2009 and for 2008 differs from the additions to the fixed assets given in Annex 6-1 respectively 6-2. The difference results from the acquisition of property, plant and equipment under finance leasing arrangements, so that here only the repayment of the relevant liabilities are shown as payments for investments in PPE. Please note: Statements in Annex 5, point C.1.

[2] The company has entered into Sales and Leaseback dealings for reasons of finance. Therefore the transaction is presented as a financing activity. Please note: Statements in Annex 5, point C.1.

Consolidated balance sheet
in accordance with IFRS as of 31 December 2009

Assets	31/12/09 k€	31/12/08 k€
A. Total current assets	**25,051**	**23,641**
1. Liquid funds	1,129	349
2. Trade receivables	15,991	14,770
3. Current receivables from construction contracts	4,237	5,046
4. Inventories	1,679	1,443
5. Other current assets	2,015	2,033
B. Total non-current assets	**14,099**	**14,420**
1. Fixed assets (PPE)	1,166	1,343
2. Intangible assets	11,792	11,812
3. Deferred tax assets	1,141	1,265
Assets	**39,150**	**38,061**

Liabilities	31/12/09 k€	31/12/08 k€
A. Total current liabilities	**13,749**	**14,249**
1. Currents loans and liabilities	1,469	3,134
2. Trade payables	3,044	4,704
3. Obligations arising from construction contracts	2,983	1,553
4. Provisions	572	500
5. Tax provisions	84	99
6. Other current liabilities	5,597	4,259
B. Total non-current liabilities	**4,240**	**4,430**
1. Deferred tax liabilities	1,141	1,265
2. Pension provisions	2,745	2,599
3. Additional line items for investment grants and subsidies	0	26
4. Other non-current liabilities	354	540
C. Total equity	**21,161**	**19,382**
1. Subscribed capital	17,719	17,719
2. Capital reserves	46,456	46,456
3. Balance sheet loss	-43,061	-44,850
4. Currency translation	47	57
Liabilities	**39,150**	**38,061**

Consolidated Group Assets
in accordance with IFRS as of 31 December 2009

	Costs of purchase / costs of conversion			
	as of 01/01/09 k€	Additions k€	Disposals k€	as of 31/12/09 k€
A. Intangible assets				
1. Commercial copyrights and licences, software	5,017	183	0	5,200
2. Goodwill	14,626	0	0	14,626
3. Original intangible assets	15,505	0	0	15,505
	35,148	**183**	**0**	**35,331**
B. Fixed assets				
1. Technical plant and machinery	2,707	0	107	2,600
2. Other equipment, factory and office equipment	4,604	401	41	4,964
	7,311	**401**	**148**	**7,564**
Total	**42,459**	**584**	**148**	**42,895**

Consolidated companies

	Holding	Equity as of[1] 31/12/2009	Annual result[1] 2009
	%	k€	k€
IVU – Gesellschaft für Informatik, Verkehrs- und Umweltplanung mbH, Berlin (IVU GmbH)[2]	100	480	0
IVU Traffic Technologies Italia s.r.l., Rome, (IVU Italia)	100	330	11
IVU Traffic Technologies UK Ltd., Birmingham, (IVU UK)	100	224	48
IVU Benelux B.V., Veenendaal, (IVU Benelux)	100	946	111

[1] after profit pooling by IVU AG
[2] In accordance with IFRS before consolidation

Written off				Residual value	
as of 01/01/09 k€	Additions k€	Disposals k€	as of 31/12/09 k€	As of 31/12/09 k€	As of 31/12/08 k€
4,554	203	0	4,757	443	463
3,277	0	0	3,277	11,349	11,349
15,505	0	0	15,505	0	0
23,336	**203**	**0**	**23,539**	**11,792**	**11,812**
2,545	96	90	2,551	49	162
3,423	463	39	3,847	1,117	1,181
5,968	**559**	**129**	**6,398**	**1,166**	**1,343**
29,304	**762**	**129**	**29,937**	**12,958**	**13,155**

Group Equity Change Account
in accordance with IFRS for the financial years 2008 and 2009

	Share capital k€	Capital reserves k€	Foreign exchange rate changes k€	Balance sheet loss k€	Total k€
As of 1 January 2008	**17,719**	**46,456**	**113**	**-46,120**	**18,168**
Consolidated profit 2008	0	0	0	1,270	1,270
Other earnings after taxes	0	0	-56	0	-56
Total consolidated earnings after taxes	**0**	**0**	**-56**	**1,270**	**1,214**
As of 31 December 2008	**17,719**	**46,456**	**57**	**-44,850**	**19,382**
As of 1 January 2009	**17,719**	**46,456**	**57**	**-44,850**	**19,382**
Consolidated profit 2009	0	0	0	1,789	1,789
Other earnings after taxes	0	0	-10	0	-10
Total consolidated earnings after taxes	**0**	**0**	**-10**	**1,789**	**1,779**
As of 31 December 2009	**17,719**	**46,456**	**47**	**-43,061**	**21,161**

Unabridged Notes to the 2009 Consolidated Financial Statement

This annual report, which is intentionally kept brief and easy to read, contains all important details about the company's position and outlook. Although we stopped printing the 39-page Unabridged Notes to the Consolidated Financial Statement several years ago, it is available on request or can be downloaded from the Internet at **www.ivu.de**.

Auditor's report

The year-end financial statement and management report for IVU Traffic Technologies AG for the 2009 business year were audited by Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft, Berlin, and provided with an unqualified audit report.

Report of the Supervisory Board

Dear Shareholders,

At the general meeting held on 27 May 2009 new elections were conducted by rotation for the Supervisory Board of IVU Traffic Technologies AG. As new member of the Supervisory Board we welcome Prof. Dr. Herbert Sonntag, professor at the University of Applied Sciences Wildau, one of the founders and former member of the Executive Board of IVU AG. Hans G. Kloss has left the Supervisory Board after nine years – we thank him for his successful work and his dedication as deputy chairman of the Supervisory Board.

In the financial year 2009 the Supervisory Board continually monitored the work of the Executive Board in accordance with law and the company statutes and offered appropriate advice. The Supervisory Board obtained detailed information about the commercial and financial development, important business events, and about the strategy and planning of the company. The Executive Board informed the Supervisory Board regularly and in a timely fashion. The Supervisory Board received all documents in good time which were important for decisions about to be taken. Between meetings, the members of the Supervisory Board were in regular contact with the Executive Board.

Meetings
In 2009 four scheduled meetings were held, on 19 March, 27 May, 29 July and 11 November 2009.

The Supervisory Board did not form any sub-committees, and all matters put before they were decided by the full Supervisory Board.

Focus of consultations
Consultations focused on the economic situation of the company, the future prospects, and the orientation in the international field of competition.

Important points in the meetings were:
– Scrutiny and approval of the planning for the financial year 2009
– Approval of the Consolidated Annual Report of IVU and the individual report of the AG
– Liquidity planning
– Discussion of the results at the end of each quarter
– Personnel developments
– Major projects and their economic impact on the company
– Preparation of the general meeting
– Internationalisation strategy

Changes to the Board
In the period covered by the report, there were the following changes to the Executive Board of the company:

At its meeting on 11 November 2009, the Supervisory Board decided to appoint Dr. Helmut Bergstein as member of the Executive Board of IVU Traffic Technologies AG for five years beginning on 1 January 2010.

At the same time, with effect from the start of 2010 Martin Müller-Elschner took over the position of Chief Executive Officer from Prof. Dr. Ernst Denert, who retired as planned on 31 December 2009 from the Executive Board of IVU Traffic Technologies AG.

Corporate governance
Corporate responsibility and sustainable value creation are of outstanding importance for IVU Traffic Technologies AG. The Supervisory Board and the Executive Board have again variously discussed the recommendations and proposals of the German Corporate Governance Code, and submitted the compliance declaration in accordance with Section 161 AktG.

Annual financial statement
At our meeting on 17 March 2010 we considered in detail the annual accounts of IVU Traffic Technologies AG and the consolidated annual financial statement for the financial year ending 31 December 2009 as well as the management report in each case. The auditors, Ernst & Young GmbH attended the meeting of the Supervisory Board to answer its questions. After detailed examination and discussion we have approved of both the annual financial statement and the consolidated annual financial statement.

The auditor has reached an unqualified assessment in its report. It concludes:

“Our audit did not give rise to any reservations. According to our assessment on the basis of the results of our audit, the consolidated financial statement is in accordance with the EU-adopted IFRS, and the additional applicable commercial requirements in accordance with Section 315a Para. 1 German Commercial Code (HGB), and it provides in accordance with these requirements a true and accurate picture of the Group’s position regarding assets, finances and profits. The consolidated financial statement is concordant with the consolidated management report, provides overall an accurate picture of the position of Group’s position, and accurately presents the opportunities and risks of future developments.”

The full text of the auditors’ report is available on the IVU website www.ivu.de.

The Supervisory Board thanks the Executive Board and all the employees for their work and acknowledges their industry and dedication over the past year. The Supervisory Board thanks in particular Prof. Dr. Ernst Denert for his valuable contribution as Chief Executive Officer of IVU Traffic Technologies AG.

Berlin, March 2010

For the Supervisory Board

Klaus-Gerd Kleversaat
Chair of the Supervisory Board

Supervisory Board

Klaus-Gerd Kleversaat, Berlin (Chair)
Chairman of quirin bank AG, Berlin,
Chairman of Tradegate Wertpapierhandelsbank AG, Berlin,
Deputy Supervisory Board Chair of Ventegis Capital AG, Berlin,
Supervisory Board member of Euro Change Wechselstuben AG, Berlin,
Supervisory Board member of Stream Films AG, Berlin,
Supervisory Board member of Orbit Software AG, Berlin.

Hans G. Kloss, Berlin (until 27 May 2009)
Managing Director of BEROMAT Consulting GmbH, Berlin,
Supervisory Board Chair of Hansen & Heinrich AG, Berlin.

André Neiss, Hannover
Chair of Management Board of üstra Hannoversche Verkehrsbetriebe AG, Hannover,
Managing Director of Versorgungs- und Verkehrsgesellschaft Hannover mbH, Hannover,
Advisory Board member of Hannover Region Grundstücksgesellschaft mbH HRG & Co. Passerelle KG, Hannover,
Advisory Board member of Flughafen Hannover-Langenhagen GmbH, Hannover,
Advisory Board member of Haftpflichtgemeinschaft Deutscher Nahverkehrs- und Versorgungsunternehmen (HDN), Bochum.

Prof. Dr. Herbert Sonntag, Berlin (since 27 May 2009)
Vicerector of TH Wildau,
Chair of the Management Board Logistiknetz Berlin Brandenburg e.V., Berlin – Potsdam.

The emoluments of the members of the Supervisory Board in the financial year 2009 amounted to k€ 37,5 (previous year: k€ 37,5).

Executive Board

Prof. Dr. Ernst Denert	(Chief Executive Officer until 31 December 2009)
Martin Müller-Elschner	(Chief Executive Officer since 1 January 2010; Member of the Executive Board since 1 January 2008)
Frank Kochanski	(Member of the Executive Board since 1 January 2008)
Dr. Helmut Bergstein	(Member of the Executive Board since 1 January 2010)

In the financial year 2009 the members of the Executive Board received emoluments amounting to k€ 875 (previous year k€ 796). The emoluments of the Executive Board consist of a fixed and a variable portion. In the year covered by this report, the variable portion accounted for approximately 24% of the total sum received (2008: 12 %).

Advisory Board

Dr. Heinrich Ganseforth, Hannover (Chair)
Independent consultant
Prof. Dr. Manfred Boltze, Darmstadt
Head of the Section for Traffic Planning and Transport Engineering at the Technische Universität Darmstadt
Volker Sparmann, Hofheim am Taunus
Managing Director of fahma fahrzeugmanagement gmbh

Imprint

Published by
IVU Traffic Technologies AG

The 2009 Annual Report and
Unabridged Notes to the Financial
Statement can be downloaded
from www.ivu.de as a PDF file
in German or English.

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Layout
Studio Quitta, Munich
www.studio-quitta.de

Picture credits
Page 5, middle: Kaspar Dudzik
Page 5, bottom: Ester-Maria Rittwagen
Page 6, top: MVG Archiv

Printer
Ruksaldruck, Berlin

Financial calendar 2010

Wednesday, 17 March 2010	Publication of the annual financial statement 2009
Wednesday, 12 May 2010	Three-monthly report up to 31 March
Wednesday, 19 May 2010	General meeting
Monday, 26 July 2010	Six-monthly report up to 30 June
Wednesday, 10 November 2010	Nine-monthly report up to 30 September
November 2010	Equity Forum in Frankfurt/Main

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Notes to the consolidated financial statements

IVU Traffic Technologies AG, Berlin
for the period ended 31 December 2009

A. General Company Information

(1) The parent company of the IVU Group is IVU Traffic Technologies AG (IVU AG) with its head office at Bundesallee 88, 12161 Berlin, Germany. It was founded on 4 August 1998 and is entered in the Commercial Register Berlin-Charlottenburg under the number HRB 69310.

(2) The Executive Board prepared the consolidated financial statements for the period ended 31 December 2009 and the Group management report for the financial year 2009 on 3 March 2010, and on 8 March 2010 approved this for presentation to the Supervisory Board. It is expected that this will be passed by the Supervisory Board at its meeting on 17 March 2010.

(3) The business operations of the IVU Group involve the development, production and marketing of software for planning, organisation and information processing for public administrations, transport companies and other public and private sector service providers. The activities include research, the formulation of expert reports, consultancy, further training in these areas, as well as the management of and participation in companies in the technology sector. The average number of employees in the group was 320 in 2009, compared with 304 in 2008.

(4) The IVU Group is structured in two main segments: Public Transport, and Logistics.

(5) The main customers of the IVU Group are operators of public transport services in Germany and Europe. IVU AG is represented at its locations in Berlin, Aachen, Dubai (United Arab Emirates) and Bogotá (Colombia).

(6) The company is listed in the Prime Standard (Deutsche Börse AG) at the Frankfurt Stock Exchange.

B. The accounting policies

Basis for the preparation of the financial statements

(7) The financial statements of the IVU Group were prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the European Union, as well as with the provisions of Section 315a Paragraph 1 of the German Commercial Code (HGB). The financial statements were prepared in euro. The abbreviations k€ denote that these sums are expressed as multiples of one thousand (1,000) euro.

(8) The financial statements of the IVU Group are prepared on the basis of the cost of purchase principle. Exceptions are financial assets which are available for sale, which are booked at the current fair value.

Changes to accounting policies

(9) The accounting policies used correspond to those applied in the previous year with the following exceptions. The IVU Group has adopted the new and revised standards which are binding for financial years beginning on or after 1 January 2009 and which are listed below.

- Amendments to IFRS 1 “First-time Adoption of International Financial Reporting Standards” and IAS 27 “Consolidated and Separate Financial Reports in Accordance with IFRS” entered into force on 1 January 2009
- Amendments to IFRS 7 “Financial Instruments: Disclosures” entered into force on 1 January 2009
- IFRS 8 “Operating Segments” entered into force on 1 January 2009
- IAS 1 “Presentation of Financial Statements” entered into force on 1 January 2009
- IAS 23 “Borrowing Costs” (revised) entered into force on 1 January 2009
- IAS 32 “Financial Instruments: Presentation” and IAS 1 “Presentation of Financial Statements: Puttable Instruments and Obligations Arising on Liquidation” entered into force on 1 January 2009
- IAS 39 “Financial Instruments: Recognition and Measurement: Eligible Hedged Items” entered into force on 1 January 2009 (applied early)
- IFRIC 9 “Reassessment of Embedded Derivatives” and IAS 39 “Financial Instruments: Recognition and Measurement” are to be effective for financial years ending on or after 30 June 2009
- IFRIC 13 “Customer Loyalty Programmes” entered into force on 1 July 2008
- IFRIC 16 “Hedges of a Net Investment in a Foreign Operation” entered into force on 1 October 2008
- IFRIC 18 “Transfers of Assets from Customers” entered into force on 1 July 2009
- “Improvements to IFRSs 2008” – collective standard on various IFRSs

(10) If the adoption of a standard or an interpretation affects the presentation of the Group’s net assets, financial position and results of operations, these effects are explained in greater detail below:

IAS 1 “Presentation of Financial Statements” (revised): The revised standard was published in September 2007 and is to be adopted for the financial years beginning on or after 1 January 2009. The standard requires the presentation of changes in a company’s equity which result from transactions with owners in their capacity as owners as separate from other, ‘non-owner’ changes. The statement of changes in equity includes all details of transactions with equity holders, while all other changes in equity are presented in a single line. In addition, the standard introduces a statement of total comprehensive income, which includes all items of income and expenses recognised in the income statement as well as all components of other comprehensive income recognised directly in equity, either in one statement or in two linked statements. The Group decided in favour of two separate statements.

(11) IFRS 8 “Operating Segments”: This standard requires disclosure of information on the operating segments of the Group and replaces the requirement of determining primary (operating segments) and secondary (geographical segments) segment reporting formats for the Group. In the view of the Group, the operating segments identified within the Group in accordance with IFRS 8 correspond to the operating segments previously identified in accordance with IAS 14 Segment Reporting. There are no additional disclosures.

Effects of new standards which are not yet effective for the current period

(12) The IVU Group did not adopt the following new or amended IASs/IFRSs to be adopted for the first time in subsequent financial years early:

(13) IFRS 3 “Business Combinations” (revised) and IAS 27 “Consolidated and Separate Financial Statements” (revised) entered into force on 1 July 2009.

(14) IFRS 9 “Financial Instruments”: IASB published this standard in November 2009; it is the first of a total of three phases to fully replace IAS 39. As each phase is concluded, the relevant content will be removed from IAS 39 and inserted in IFRS 9. The first phase results in a fundamental amendment of the provisions on categorising and measuring financial instruments and in terms of content focuses exclusively on financial assets. Full replacement of IAS 39 is scheduled for the second half of 2010. Adoption of IFRS 9 is to be compulsory for the first time in the financial year beginning on or after 1 January 2013. It has not yet been integrated into European law. Adoption of the new standard will lead to changes in the presentation and accounting treatment of financial instruments.

(15) “Improvements to IFRSs 2009” – collective standard on various IFRSs. In April 2009 the IASB published a collective standard in order to amend various IFRS standards with the primary objective of eliminating inconsistencies and clarifying formulations. The transition regulations are specified for each amended standard. Amendments to IFRS 2, IAS 38, IFRIC 9 and IFRIC 16 are to be adopted for the first time in the financial year beginning on or after 1 July 2009; amendments to IFRS 5, IFRS 8, IAS 1, IAS 7, IAS 17, IAS 36 and IAS 39 (with the exception of Para. 80) are to be adopted as of 1 January 2010. Amendments to IAS 39.80 are to be adopted for the first time in the financial year beginning on or after 1 January 2009. Early adoption of individual amendments is permissible provided that the relevant transition provisions do not contain any express specifications in this regard.

Key management judgements

(16) In the application of the accounting policies, the management has made no discretionary decisions which are differing to the previous year and have a significant influence on the figures in the financial statements. The key assumptions relating to the future and other major causes of uncertainties on the balance sheet date according to which an appreciable risk exists that a significant alteration might be necessary to the carrying amounts or debts within the subsequent financial year are explained in the following.

(17) *Software development costs:* The IVU Group recognises software development costs, provided the criteria for intangible assets are fulfilled, and writes off the recognised software development costs over the useful life of the software in a planned manner. The recognised software development costs are tested for impairment on the basis of the future revenue for the software.

(18) *Impairment of non-current assets:* The IVU Group tests assets annually for impairment in accordance with the requirements of IAS 36. The basis for the impairment test is the future excess cash which could be obtained for an individual asset or a group of assets in a cash generating unit. Further details on the impairment test are provided in Annex C.1. The carrying amount of the tested non-current assets as of 31 December 2009 was k€ 12,958 (previous year: k€ 13,155).

(19) *Project evaluation:* The IVU Group recognises revenues on the basis of the estimated performance in the projects. Performance is estimated on the basis of an estimated quantity of hours or on the basis of contractually agreed milestones, and regularly updated. Further details on revenues from projects which have been recognised but not yet invoiced are provided in Annex C.4. Recognised revenues for the financial year ended 31 December 2009 amounted to k€ 1,384 (previous year: k€ 1,706).

(20) *Deferred tax assets:* Deferred tax assets are recognised for all unused tax losses carried forward and for temporary differences to the extent that it is probable that or if there is substantial evidence that the taxable income will be available so that the loss carried forward can indeed be used. The level of the deferred tax asset depends on the estimate by the company management on the basis of the expected time of inflow and the level of the future taxable income and the future tax planning strategy (timing of tax events, allowances for tax risks, etc.). As of 31 December 2009 the delimited deferred tax assets on losses carried forward amounted to k€ 781 (2008: k€ 823) and the unused tax losses not set against deferred tax assets was € 46.7 million (2008: € 47.0 million). As of 31 December 2009 deferred tax assets arising from differences in the times entries were booked were k€ 1,141 (2008: k€ 1,265); the deferred tax liabilities were k€ 1,141 (2008: k€ 1,265). Further details are provided in Annex C.12.

(21) *Pensions and other performances after termination of the working relationship:* The expenses for defined benefit plans on retirement are established on the basis of actuarial calculations. The actuarial evaluation is based on assumptions regarding the discounting rates, expected age of retirement, future wage and salary developments, the mortality and future increases in pensions. As a result

of the long-term nature of these plans, such estimates are subject to considerable uncertainties. The provisions for pensions and similar obligations as of 31 December 2009 amounted to k€ 2,745 (2008: k€ 2,599). Further details are provided in Annex C.8.

Principles of consolidation

A. Subsidiary companies

(22) The financial statements of the Group cover IVU AG and the companies controlled by it. This control is presumed to exist when IVU AG (the parent) owns, directly or indirectly, more than one half of the voting power of an enterprise and can influence the financial and business policies of the enterprise so that IVU AG profits from the activities.

(23) For the accounting of the acquisition of enterprises, the purchase method is used in accordance with IFRS 3. Companies which are purchased or sold in the course of the financial year are included in the consolidated financial statements from the date of purchase, or until the date of sale, respectively.

(24) The excess of the costs of purchase of an enterprise over the acquirer's interest in the fair value of the identifiable assets and liabilities acquired as at the date of the exchange transaction is described as goodwill and recognised as an asset. The booked identifiable assets and liabilities are valued at their current value at the date of the exchange.

(25) The following companies are included in the financial statements as fully consolidated subsidiaries. The proportions of the holdings of IVU AG correspond exactly to the existing voting rights.

	Share %	Equity* as of 31 Dec. 2009 k€	Profit for the period* 2009 k€
IVU - Gesellschaft für Informatik, Verkehrs- und Umweltplanung mbH, Berlin (‘IVU GmbH’)**	100.0	480	0
IVU Traffic Technologies Italia s.r.l., Rome, Italy (‘IVU Italia’)	100.0	330	11
IVU Traffic Technologies UK Ltd., Birmingham, Great Britain (‘IVU UK’)	100.0	224	48
IVU Benelux B.V., Veenendaal, Netherlands (‘IVU Benelux’)	100.0	946	111

* Value in accordance with IFRS before consolidation booking
** Value after contractual transfer of profits

(26) In the financial years 2009 and 2008 there were no changes relating to the fully-consolidated companies.

B. Consolidation measures and uniform Group measurement

(27) The financial statements of the subsidiaries integrated in the consolidated financial statements are based on uniform accounting standards and reporting periods and balance sheet dates.

(28) Intragroup balances and transaction and resulting intragroup gains and unrecognised gains and losses between consolidated companies and associated enterprises have been eliminated in full. Unrecognised losses were only eliminated to the extent that the transactions gave no substantial indication of an impairment of the transferred asset.

Foreign currency translations

(29) The financial statements of IVU AG are reported in euro, the operating and reporting currency of the Group. Every company within the Group determines its own operating currency. The items contained in the financial statements of each company are valued in that operating currency. Foreign currency transactions are initially booked at the spot exchange rate on the day of the transaction between the operational currency and the foreign currency. Monetary assets and debts in a foreign currency are translated into the operational currency using the exchange rate on the balance sheet date. All currency differences are recognised in the financial statements.

The operational currency of IVU UK, Great Britain is the national currency (£ – pound sterling). On the balance sheet date the assets and liabilities of this subsidiary are converted into the reporting currency of IVU AG (euro) at the exchange rate on the balance sheet date (€/GBP = 0.999, previous year 0.974). Income and expense items are translated at the weighted average exchange rate for the financial year (€/GBP = 0.891). Exchange differences arising from the translation are recognised as separate elements of the equity.

Non-current assets

A. Intangible assets

(30) Intangible assets are measured initially at cost (of purchase or conversion). Intangible assets are recognised if it is probable that the future economic benefit from the asset will flow to the company and the costs of purchase or costs of conversion of the asset can be measured reliably. For the purposes of subsequent evaluation, intangible assets are recognised at their cost of purchase or cost of conversion minus accumulated depreciation and accumulated impairment losses (declared in the depreciations). Intangible assets (with the exception of goodwill) are amortised on a straight-line basis over their estimated useful life. The amortisation periods and amortisation methods are examined at the end of every financial year.

(31) The intangible assets include:

Goodwill

(32) Goodwill from a business combination is initially recognised at the cost of purchase, and is measured as the excess of the cost of acquisition of the business combination over the share of the IVU Group in the fair value of the acquired identifiable assets and liabilities and contingent liabilities. After the first initial evaluation the goodwill is carried at cost less any accumulated impairment losses. Goodwill is tested for impairment at least once annually, or if there is any indication or change in circumstances suggesting that the carrying amount could be impaired. For the purposes of testing whether there is impairment, the goodwill acquired with a business combination must be assigned to a cash generating unit. If the recoverable amount of the cash generating unit is less than its carrying amount, then an impairment loss should be recognised. Write-downs are not reversed.

Commercial rights and licences, software

(33) Payments for the acquisition of commercial rights and licences are recognised and then written down on a straight-line basis over their foreseeable useful life.

(34) The costs of purchase of new software are recognised and treated as intangible assets, to the extent that these costs are not an integral element of the associated hardware. Software is amortised on a straight-line basis over a period of three or five years.

(35) Costs which have been incurred in order to restore or preserve the future economic benefits which the company had originally anticipated are booked as expenses.

Recognised development costs for internally generated software

(36) Research costs are recognised as costs in the period in which they are incurred. An intangible asset which is developed within the framework of an individual project is only recognised when the IVU Group can demonstrate both the technical feasibility of the completion of the intangible asset, so that this is available for internal use or for sale, and also the intention to complete the intangible asset and to use or sell this. Furthermore, the Group must demonstrate the generation of a future economic benefit by the asset, the availability of resources for the completion of the asset, and the ability to determine reliably the expenditures relating to the intangible asset during its development. After recognising the development costs for the first time, the costs of purchase model will be applied according to which the asset value will be assessed as costs of purchase minus accumulated amortisation and accumulated impairment losses. The sums recognised in previous years are written off over the period during which the sales revenues from the project in question are expected (linear depreciation over a period of three to five years). The recognised development cost is examined once annually for impairment if the asset is not yet being used, or whenever there are signs within the year that there has been impairment.

(37) The recognised costs for the internally created software products include only direct individual costs.

B. Fixed assets

(38) Fixed assets are recognised at their cost of purchase minus the accumulated depreciation and accumulated impairment losses. If fixed asset items are sold or disposed of, the corresponding costs of purchase and the accumulated depreciations are derecognised; a recognised gain or loss from the disposal is booked in the income statement.

(39) The cost of purchase or conversion of a fixed asset consists of the purchase price including import duties and other associated non-recoverable taxes as well as all other costs directly attributable to bringing the asset to its present place and operating condition. Subsequent costs such as maintenance and servicing costs which are incurred after the asset has been included in the inventory of the company are recognised as expenses in the period in which they are incurred. If it

is probable that expenditure will result in future economic benefits flowing to the company in excess of the originally assessed standard of performance of the existing asset, such subsequent expenditure is recognised as additional costs of the asset.

(40) Depreciation is calculated linearly over the estimated useful life assuming a residual carrying amount of € 0. If an asset consists of several components which have useful lives of different lengths, then depreciation charges will be made separately for these components over their useful lives. For the various asset groups, the following estimates of the useful life are assumed:

(41)

Hardware:	3 years
Installations in rented property:	The residual duration of the tenancy agreement
Other office equipment:	3 to 15 years

(42) The useful life and the depreciation methods for fixed assets are examined periodically in order to ensure that the depreciation methods and the depreciation periods are in agreement with the expected useful life of the fixed asset items.

c) Impairment of non-current assets

(43) Non-current assets are examined for impairment if events or changes in circumstances indicate that the carrying amount of an asset could not be recovered. For the impairment testing, as a first step the *recoverable amount* should be determined for the individual asset item/the cash generating unit. This is defined as the greater of the two totals from fair value minus the costs to sell and from the value in use. The fair value minus the costs to sell is defined as the price which could be obtained in a sale at arm’s-length of the asset or the cash generating unit between two knowledgeable and willing parties minus the costs of the sale itself. The value in use of an asset or a cash generating unit is determined by the cash value within the framework of the current use on the basis of the expected cash flow. In the financial years 2009 and 2008 no impairments of non-current assets were registered.

d) Financial assets

(44) Financial assets are classed in the following categories:

- Loans and claims outstanding,
- Financial instruments held to maturity,
- Financial asset held for trading purposes and
- Financial assets available for sale.

The IVU Group as of 31 December 2009 and as of 31 December 2008 only held loans and claims outstanding, financial assets available for sale, and as of 31 December 2008 financial assets held for trading purposes.

(45) Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. These assets are measured at initial recognition using the effective interest method. Profits and losses are recognised in the period if the loans and receivables are written off or impaired as well as within the framework of amortisation.

(46) Financial assets available for sale are those non-derivative financial assets that are designated as available for sale and are not classified in one of the other three categories. After the first recognition, financial assets available for sale are evaluated at the fair value, and gain or loss are recognised in a separate position of the equity. At the time when the financial investment is derecognised or when an impairment of the financial investment is determined, the previously accumulated gain or loss recognised in the equity will be recognised in the income statement. The fair value of financial investments which are traded on organised markets is determined on the basis of the bid price noted at the stock exchange on the date of the balance sheet. Market values were available for the financial assets held for sale by the IVU Group on 31 December 2009 and 31 December 2008.

(47) Financial assets are examined on every balance sheet date for impairment. If it is probable that if financial assets are carried forward at their cost of acquisition the company will not be able to bring in all contractually due sums from loans, receivables or financial instruments to be held until maturity then an impairment loss will be recognised. The impairment loss is defined as the difference between the carrying amount of the financial asset and the cash value of the future cash flow evaluated using the effective interest method. The carrying value of the asset is reduced using an absorption account. The impairment loss is recognised in the income statement. A previously recognised impairment is corrected in the income statement if the subsequent partial recovery of value can be objectively attributed to an event arising after the original impairment. An increase in value is however only recognised to an extent which does not exceed the cost which would have been carried forward had the impairment not taken place. A financial asset is written off if this is classified as being irrecoverable.

(48) The IVU Group reached an interest swap agreement dated 13 July 2005 with Deutsche Bank AG to hedge the interest risks arising from two new loans taken out with Deutsche Bank AG and DKB Deutsche Kreditbank AG in the financial year 2005 within the context of refinancing. This agreement had the following parameters:

Amount received:	€ 3,835,000
Starting date:	15 July 2005
End date:	30 June 2009
Payment dates:	yearly on 30 March, 30 June, 30 September, and 30 December; from September 2005 to June 2009

The amount received will be reduced in analogy to the agreed regular servicing of the above-mentioned loans. IVU AG is payer of the fixed-rate sum with an interest rate of 2.69%, whereas Deutsche Bank acts as payer of the variable sums on the basis of the 3-month EURIBOR.

Subsequent to full repayment of the loans on 30 June 2009 as scheduled, the interest swap agreement ended in conformity with the contract.

(49) The carrying amount of the financial assets and liabilities correspond essentially as in the previous year to the fair value.

Goals and methods of financial risk management

(50) The key financial instruments of the company in addition to receivables from deliveries and performances consist of liquid funds and bank liabilities. The purpose of these financial instruments is to finance the operating business. The key risks have the form of credit risk and liquidity risks. Exchange rate risks only have a minor significance because of the subordinate role of foreign currency assets and liabilities. Current value risks arise solely in connection with financial assets available for sale and also have a minor significance.

A. Credit and liquidity risks

(51) Credit risks, or the risks that a contractual partner will not meet obligations to pay, are controlled by means of the use of lines of credit and control measures. Where it seems appropriate, the company seeks securities. The IVU Group does not experience a considerable concentration of credit risks with one single contractual partner or a group of contract partners with similar characteristics. The maximum credit risk is at the level of the recognised carrying amounts of the financial assets.

(52) Liquidity risks arise from the fact that the customer may not be in a position to fulfil their obligations towards the company within the agreed framework conditions.

(53) In general, the IVU Group endeavours to have available sufficient means of payment and equivalents, or corresponding lines of credit in order to be able to fulfil its own future obligations.

(54) As of 31 December 2009 financial liabilities were due as follows:

	Due now	Due within 1 year	Due after more than 1 year	Total
	k€	k€	k€	k€
Liabilities from deliveries and performances	1,023	2,021	0	3,044
Other liabilities	0	5,597	354	5,951
Financial liabilities	0	1,469	0	1,469
	1,023	9,087	354	10,464

Due to the short-term nature of the financial liabilities, in the 2009 financial year there were no significant differences between the carrying amounts shown on the balance sheet and the undiscounted cash flows.

(55) As of 31 December 2008 financial liabilities were due as follows:

	Due now	Due within 1 year	Due after more than 1 year	Total
	k€	k€	k€	k€
Liabilities from deliveries and performances	1,387	3,317	0	4,704
Other liabilities	0	4,259	540	4,799
Financial liabilities	0	3,134	0	3,134
	1,387	10,710	540	12,637

Due to the short-term nature of the financial liabilities, in the 2008 financial year there were no significant differences between the carrying amounts shown on the balance sheet and the undiscounted cash flows.

Current assets

a) Inventories

(56) Inventories are measured at the lower of cost or net realisable value. (The net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.)

B. Liquid assets

(57) Liquid assets consist of cash assets, fixed-term deposits and sight deposits. The liquid funds in the consolidated cash flow statement are recognised in accordance with the definition above.

Equity

(58) The equity consists of the subscribed capital, the capital reserves, the collected results, and the reserves for currency translations.

(59) Capital reserves are made up of the premium payments made in the course of the flotation of IVU AG less the stock exchange admission fees and the value of non-cash shares in IVU-Gesellschaft für Informatik, Verkehrs- und Umweltplanung mbH, Berlin (k€ 10,363) which were also introduced.

(60) In the reserves for currency translations, the unrealised gains and losses from currency translations are recognised.

Pension provisions

(61) The IVU Group has three defined benefit pension plans. The net pension obligations (pension obligations minus plan assets) are evaluated annually by certified, independent actuaries. The expenses for the provisions under each plan are determined using the projected unit credit method. Actuarial gains and losses are recognised as expenses or revenues if the balance of the accumulated, non-recognised actuarial gains and losses for each individual plan at the end of the previous financial year had exceeded 10% of the benefit-oriented obligations at this point in time. The actuarial gains or losses are distributed over time on the basis of the anticipated average length of future service of the co-worker.

Current liabilities

A. Other provisions

(62) A provision (reserve) is only recognised if the company has a present (legal or constructive) obligation as a result of past events which make it probable that the

fulfilment of the obligation will lead to an outflow of resources embodying economic benefits, and when a reliable estimate can be made of the amount of the obligation. Provisions are examined (annually) on the balance sheet date and adapted to the current best estimate. If the corresponding interest effect is significant, the provision sum corresponds to the cash value of the expenditures probably required to fulfil the obligation. In the event of discounting, the increase in the provision reflecting the time schedule is recognised as borrowing costs.

B. Financial liabilities

(63) Financial liabilities are categorised as follows:

- Financial liabilities held for trading
- Other financial liabilities

The financial liabilities recognised in the financial statements of the IVU Group were classified as other financial liabilities.

(64) A financial liability is initially recognised at the cost of purchase, which corresponds to the current value of counter-performance; transaction costs are included. Financial liabilities from usual sales and purchases are recognised as of the day of trading.

(65) Financial liabilities are no longer recognised when the obligations specified in the contract have been settled, set aside, or have expired.

Contingent liabilities and assets

(66) Contingent liabilities are not itemised in the financial statements. They are included in the notes to the financial statements, except if the possibility of an outflow of resources of economic benefit is very unlikely.

(67) Contingent assets are not itemised in the financial statements. However, they will be included in the notes to the financial statements if the inflow of economic benefit is probable.

Government grants

(68) Government grants are recognised only when there is reasonable assurance that the company will comply with the conditions attached to them. Government grants are recognised as income over the periods necessary to match them with the related costs which they are intended to compensate, on a systematic basis. Grants received for the acquisition of property, plant, and equipment are recognised as accrued revenues in the form of a deferred income. The income realised in connection with the grant is recognised as other operating income in the income statement.

(69) The grants received by the company from various bodies as investment supplements are contingent on future conditions being met. The investment subsidies received from the tax office are linked to a guarantee that the

subsidised economic goods in question will remain in place. On the basis of its planning, the IVU Group presumes that these conditions will be met in full.

(70) In 2009 IVU AG received government grants within the framework of various projects of the German federal government for the further development of software applications amounting to k€ 89 and recognised these as revenues (previous year: k€ 310). These sums are recognised under other revenues.

Borrowing costs

(71) The Group capitalises borrowing costs for all qualifying assets whose production commenced on or after 1 January 2009. The Group continues to report borrowing costs relating to production processes that commenced on or before 1 January 2009 as expenses in the period in which they were incurred. In the 2009 financial year, no borrowing costs arose for qualifying assets.

Research and development costs

(72) Research and development costs in the financial year 2009 amounted to k€ 850 (2008: k€ 652).

Leasing

(73) Whether an agreement constitutes or contains a lease is determined on the basis of the substance of the contract and involves estimating whether the completion of the contractual agreement is dependent on the use of an asset or assets and whether the agreement conveys the right to use the asset.

(74) A lease is classified as an operating lease for which basically all risks and opportunities associated with the property remain with the lessor. Leasing payments within an operating lease agreement are recognised as expenses linearly over the duration of the lease agreement.

(75) The IVU Group has primarily entered into leasing agreements for motor vehicles. The leasing duration of these operating lease agreements is as a rule three to four years.

(76) In 2009 investments amounting to k€ 224 were made within the framework of hire-purchase agreements. These related primarily to hardware (work stations, servers and infrastructure). The leasing duration of the finance leasing agreements is four years.

Conclusion of sales and realisation of revenues

(77) The IVU Group generates most of its sales from project business. It enters into contracts with its customers on the development/production of software and its

adaptation. Revenues are also generated by the sale of hardware and services, e.g. installation, consultancy, training, maintenance, and the sale of licences.

a) Project business

(78) For long-term project contracts which fulfil the preconditions for the application of the percentage of completion method, the revenues from the development and marketing of software products are determined and recognised in accordance with their percentage of completion, which is calculated on the basis of the ratio of the costs incurred to the overall planned costs. Payments received from the customer are recognised directly in equity against the corresponding receivables. Alterations in the project conditions can lead to adaptations of the originally recognised costs and sales for individual projects. The changes are recognised in the period in which these changes are established, which is the case when follow-up agreements are reached between the company and its customer. In addition, provisions for potential losses from pending deals are formed in the period in which these losses are determined, and booked against the receivables from the project.

b) Sales of licences

(79) The IVU Group recognises its revenues on the basis of a corresponding contract as soon as a licence has been delivered, the sale price is agreed or can be determined, and no significant obligations exist towards the customer, and it is viewed as probable that the sum in question will be received.

c) Maintenance, consultancy, and training

(80) Revenues from maintenance contracts are recognised linearly on the basis of past experience over the contract period. Revenues from consultancy and training are recognised as soon as the service has been provided.

d) Delivery of hardware

(81) Revenue from the sale of goods (project-related hardware deliveries) is recognised as soon as the delivery has been made and the risks and opportunities have been transferred to the purchaser. The corresponding revenues are included in D.13 under Revenues for deliveries/services/work contracts.

e) Recognition of interest revenues

(82) Interest is recognised time proportionally, taking into account the effective rate of interest for the asset.

Income taxes

(83) The current tax assets and tax liabilities for the current and prior periods should be recognised in the level of the refund expected from or the payment due to the tax authority. The calculation of the sum is based on the taxation tariffs and law valid on the balance sheet date or soon to become valid.

(84) The deferred taxes are recognised using the liability method through to the balance sheet date for all deductible temporary differences between the carrying amount of an asset or liability in the balance sheet and the tax base. Deferred tax liabilities are recognised for all taxable temporary differences, but with the following exceptions:

- The deferred tax liability arising from the initial recognition of goodwill or an asset or liability in a transaction which is not a business combination and which at the time of the transaction affects neither the accounting profit nor the taxable profit shall not be recognised.

- The deferred tax liability from deductible temporary differences which are related to holdings in subsidiaries, associated companies, and interests in joint ventures may not be recognised if the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

(85) Deferred tax assets are to be recognised for all deductible temporary differences, tax losses that can be carried forward, or unused tax credits to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, tax losses that can be carried forward, or unused tax credits can be utilised. There are the following exceptions:

- Deferred tax assets from deductible temporary differences arising from the initial recognition of an asset or liability in a transaction which is not a business combination and which at the time of the transaction affects neither the accounting profit nor taxable profit or loss shall not be recognised.

- Deferred tax assets from deductible temporary differences which are associated with investments in subsidiaries, associated companies, and interests in joint ventures shall be recognised only to the extent that it is probable that the temporary difference will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can be utilised.

The carrying amount of the deferred tax assets is reassessed on the balance sheet date and written off to the extent that it is no longer probable that sufficient taxable income will be available against which the deferred tax asset can be at least partially recovered. Non-recognised deferred tax assets are checked on the balance sheet date and recognised to the extent that it has become probable that a future taxable event will allow the recovery of the deferred tax asset.

(86) Deferred tax assets and liabilities should be measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantially enacted by the balance sheet date. Income taxes that apply to the items that are directly recognised in equity are recognised as such and not in the income statement.

(87) Deferred tax assets and liabilities are offset if the enterprise has a legally enforceable right to set off the current tax assets and current liabilities and these relate to income tax for the same taxable entity levied by the same taxation authority.

(88) *Value-added tax*

Sales revenues, expenses and assets are recognised net of value-added tax, with the following exceptions:

- If the value-added tax incurred during the purchase of an asset or service cannot be claimed from the tax authorities, then the value-added tax is recognised as part of the cost of production of the asset or as part of the expenses.

- Receivables and debts are recognised together with the sum of value-added tax contained.

The value-added tax which is refunded by the tax authorities or which is paid to them is included in the consolidated financial statements under receivables or debts, respectively.

Segment reporting

a) Operating segments

(89) For operational purposes the IVU Group is organised in two main segments:

- Public Transport
- Logistics

(90) These segments form the basis on which the IVU Group presents its segment information. The financial information about the operating segments and geographical segments are presented in Annex F and in a special Annex to these Notes.

b) Transactions between the operating segments

(91) Segment revenue and costs and the segment results contain only negligible transfers between operating segments. Such transfers are recognised at market prices as charged to non-associated customers for similar services. These transfers are eliminated by the consolidation.

C. Details concerning the consolidated balance sheet

<u>Non-current assets</u>

1 Intangible assets and fixed assets

(92) Concerning the development of the non-current assets in the financial year ending 31 December 2009, reference is made to the Notes on the Development of intangible assets and fixed assets (plant, property and equipment) in the attached Annexes 6-1 and 6-2.

(93) The IVU Group carried out impairment tests on 31 December 2009 and 31 December 2008 for non-current assets. The impairment test is based on the following cash generating units and their carrying amounts for the goodwill:

Cash generating unit	31 Dec. 2009 k€	31 Dec. 2008 k€
Public Transport	8,980	8,980
Logistics	2,369	2,369
	11,349	11,349

The impairment test was based on the cash flow plans for the individual cash generating units over a period of five years. Beyond the planning horizon further cash flows were included on the assumption of 1% growth (2008: 1%). The recognised cash flows were derived from past information and contracted orders for the financial year 2009. The assumptions made by the management about the business development trends in the software sector correspond to the expectation of experts and market observers. The software sector is expected to experience a moderate growth rate. In order to achieve long-term growth further new investments are necessary. A discounting rate of 8.72% was used after taxes and 9.50% before taxes (previous year: 9.39% after taxes and 10.80% before taxes). The adjustment of the interest rates reflects the current economic climate (economic developments and financing conditions).

(94) IVU AG entered into finance leasing contracts for hardware and software in the financial year under review with a volume of k€ 244 (2008: k€ 651). The contracts have a duration of four years. The present value of the leasing liabilities at the date of the balance sheet was k€ 699 (2008: k€ 740).

<u>Current assets</u>

2 Inventories

	2009 k€	2008 k€
Goods (valued at cost of purchase)	1,194	1,390
Down-payments	485	53
	1,679	1,443

(95) In the financial year, there were impairments of goods amounting to k€ 107 (2008: k€ 28).

3 Receivables from deliveries and performances, net

	2009 k€	2008 k€
Receivables from deliveries and performances, net	16,163	14,990
Individual value adjustments	-172	-220
	15,991	14,770

(96) Receivables from deliveries and performances are not interest-bearing and are due within 0 – 90 days. The individual value adjustments have developed as follows:

	2009 k€	2008 k€
As of 1 January	220	348
Allocation recognised as an expense	2	31
Availment	0	-41
Dissolution recognised as earnings	-50	-118
As of 31 December	172	220

(97) As of 31 December the age structure of the receivables from deliveries and performances was as follows:

	2009 k€	2008 k€
Neither overdue nor impaired	7,555	9,985
Overdue, not impaired		
< 30 days	1,938	2,185
31 – 60 days	599	979
61 – 90 days	618	586
> 90 days*	5,281	1,035
	8,436	4,785
As of 31 December	15,991	14,770

* of which paid by 28 February 2010: k€ 65

4 Current receivables from construction orders

(98) Receivables in accordance with the percentage-of-completion method accrue when sales revenue is recognised but this could not yet be invoiced due to the conditions of the contract. These sums are measured on the basis of various performance criteria, e.g. reaching a specific milestone, and the ratio of the incurred costs to the overall planned costs (cost-to-cost method). Directly attributable individual costs are included (personnel costs and third-party performances) as well as overheads to an appropriate extent.

(99) Receivables measured in accordance with the percentage-of-completion method consist of:

	2009 k€	2008 k€
Costs arising	5,925	6,108
Profit share	1,385	1,706
Contract revenue	7,310	7,814
Advances received	-5,743	-3,911
of which set off against contract revenue	-3,073	-2,768
Current receivables from construction orders	4,237	5,046
Liabilities from construction contracts	2,983	1,553

In the liabilities from non-current construction contracts, received payments are recognised which exceed the corresponding receivables from on-going contract work.

(100) Warranty obligations exist for completed construction works within the usual terms of business.

5 Other current assets

	2009 k€	2008 k€
Overnight money to secure sureties	1,154	876
Value-added tax on payments received	486	517
Receivables from government grants and allowances	37	76
Receivables from tax credits (VAT)	128	32
Others	210	532
	2,015	2,033

(101) The overnight money is deposited to secure guarantees and is not freely available.

6 Liquid assets

	2009 k€	2008 k€
Deposits at financial institutions	1,126	345
Cash in hand	3	4
	1,129	349

7 Equity

(102) With regard to the development of the equity situation, attention is drawn to the details relating to the changes in Group equity.

a) Subscribed and authorised capital

(103) The fully paid-in share capital entered in the Commercial Register amounted on the balance sheet date to € 17,719,160 (2008: € 17,719,160). The share capital is divided into a total of 17,719,160 no-par shares (2008: 17,719,160).

(104) On 31 December 2008 and 31 December 2009 the authorised capital was € 0.

b) Contingent capital

(105) The share capital of the company was increased contingently by resolution of the General Meeting on 2 June 2004 by up to € 150,000 by the issue of up to 150,000 registered shares (contingent capital 2004/I). The new shares participate in the profits of the company from the beginning of the financial year in which they are issued. The Supervisory Board is authorised until 30 April 2009 to issue up to 150,000 subscription rights for shares, valid for up to five years. The subscription rights are exclusively granted to the member of the Management Board of the company, Dr. Gero Scholz. After exercising the subscription rights in the financial year 2006 (entry in the Commercial Register on 31 January 2007), the contingent capital amounts to k€ 100.

The contingent capital is as follows:

	2009 k€	2008 k€
Contingent capital (CC)		
- CC 2004/I (until 30 April 2009)	0	100
	0	100

<u>Non-current liabilities</u>

8 Pension provisions

(106) Pension provisions are formed to meet obligations (retirement and invalidity pensions, and surviving dependent undertaking (widows and orphans)) from accrued benefits and current payments to active and former co-workers of the IVU Group or their surviving dependents.

(107) The level of the pension obligations (cash value of the accrued benefits) was calculated using actuarial methods on the basis of the following assumptions:

	2009 %	2008 %
Discounting rate factor	5.50	5.75
Incomes trend	0.00 - 2.50	0.00 - 2.50
Pensions trend	2.00	2.00
Fluctuation	0.00	0.00

(108) The incomes trend includes expected future income increases, which are estimated annually taking into account inflation and the length of service in the company, among other things.

(109) The net pension expenses are as follows:

	2009 k€	2008 k€
Service cost	25	24
Interest costs	212	200
Anticipated revenue from plan assets	-53	-54
Period expenses	184	170

(110) The following overview shows the development of the pension obligation:

	2009 k€	2008 k€
Pension obligations	4,002	3,722
Fair value of plan assets	-1,401	-1,313
Unrecognised actuarial losses	144	190
Pension liability	2,745	2,599

(111) The following overview shows the development of the pension obligation:

	2009 k€	2008 k€
Cash value of the pension obligation, start of period	3,722	3,664
Service cost	25	24
Interest costs	212	200
Pension payments	-77	-63
Unrecognised actuarial losses (previous year: gains)	120	-103
Pension obligation, end of period	4,002	3,722

(112) The following overview shows the development of the plan assets:

	2009 k€	2008 k€
Fair value of plan assets, start of period	1,313	1,365
Anticipated revenue from plan assets	53	54
Payments out of the plan assets	-40	-28
Unrecognised actuarial gains (previous year: losses)	75	-78
Plan assets, end of period	1,401	1,313

(113) The following table shows the alterations of the cash value of the pensions obligations, the fair value of the plan assets, and the expected revenue from the plan assets for the financial years 2004 to 2007:

	Cash value of the pension obligations k€	Fair value of plan assets k€	Revenue from the plan assets k€
2004	3,299	1,188	45
2005	4,269	1,254	47
2006	4,261	1,332	50
2007	3,664	1,365	53

(114) The anticipated revenues from the plan assets are based on the expected return of 4%. In the next twelve months no payments will be made to the plan.

(115) The adaptation of the plan liabilities on the basis of experience for the report period amounts to k€ 0.3 (2008: k€ 19; 2007: k€ 31).

(116) The anticipated payment structure for the years 2010 to 2014 is as follows:

	k€
Pension payments made	
2008	63
2009	77
Anticipated pension payments	
2010	111
2011	133
2012	167
2013	168
2014	170

(117) Defined contribution obligations exist only for the obligatory contributions of IVU AG to the state pension scheme. The employer's contributions in the financial year amounted to k€ 1,212 (2008: k€ 1,111).

Current liabilities

9 Financial liabilities

(118) The loans from Deutsche Bank AG and DKB Deutsche Kreditbank AG were repaid in full on 30 June of the reporting year as scheduled.

(119) On the balance sheet date, the financial liabilities of IVU AG were as follows:

	Availment	Line of credit
	k€	k€
Current account credit Deutsche Bank AG	0	1,500
Current account credit Landesbank Berlin AG	1,469	1,500
	1,469	3,000

(120) As of 31 December 2009 and 2008, the financial liabilities and current shares of non-current loans consisted of current account credits, lines of credit, and loans. Revocable lines of credit with Deutsche Bank AG and Landesbank Berlin AG, each of k€ 1,500 are secured by the blanket assignment of receivables from goods deliveries and performances and from the issuing of licences.

(121) The expenses for interest in the financial year 2009 amounted to k€ 206 (2008: k€ 312).

10 Provisions

(122) The provisions have developed as follows:

	As of 1 January 2009	Availment	Dissolved	Added	As of 31 December 2009
	k€	k€	k€	k€	k€
Performances outstanding	500	215	57	344	572
	500	215	57	344	572
of which current	500				572

(123) The provisions for performances outstanding relate to work still required on projects which have already been concluded. The provisions do not contain any interest.

11 Other current liabilities

	2009 k€	2008 k€
Personnel-related liabilities	1,744	1,665
Liabilities from taxes (VAT, tax on salaries and wages)	828	999
Liabilities from outstanding invoices	1,095	694
Liabilities relating to social security	61	7
Others	1,869	894
	5,597	4,259

(124) The personnel-related liabilities consist mainly of outstanding holiday, overtime, and special payments.

12 Deferred taxes/Income taxes

(125) The German trade income tax is levied on the taxable trade income. The effective rate of trade income tax depends on the locality from which the IVU Group is operating. The average rate of trade income tax for 2009 was 14.3% (2008: 14.3%). The rate of corporation income tax in the financial years 2008 and 2009 was 15%. An additional solidarity charge of 5.5% is levied on the corporation income tax paid. Correspondingly, for the calculation of the current income taxes for the financial years 2009 and 2008 the effective tax rate was 30.79 %.

(126) The income tax expenses for the financial year were as follows:

	2009 k€	2008 k€
Current tax expense – adjusted*) **)		
• Financial year	122	0
Deferred tax income/expense		
• Change to the tax losses carried forward	-42	-119
• Tax-deductible goodwill amortisation	-148	138
• Changes to non-current order construction	234	78
• Changes to intangible assets	38	-61
• Changes to pension provisions	29	16
• Changes to other assets	0	-6
• Changes to other provisions	-111	-46
	0	0
Expense from income taxes – adjusted*) **)	122	0

(127) A reconciliation of the tax expense is provided by the following overview:

	2009 k€	2008 k€
Earnings before taxes	1,933	965
Theoretical income tax expense (30.79%; previous year: 30.79%)	595	297
Different tax treatment of specific expenses	30	2
Use of tax loss carried forward	-454	-151
Additional activation of tax German losses carried forward	-119	-119
Others	70	29
Current tax expense/income – adjusted*)**)	122	0

*) The tax expense in 2009 reported under item 9 of the consolidated income statement contains income of k€ 8 not attributable to the period (reversals of provisions for taxation from previous years) as well as expenses of k€ 30 not attributable to the period.

**) The tax expense in 2008 reported under item 9 of the consolidated income statement contains income of k€ 357 not attributable to the period (reversals of provisions for taxation from previous years) as well as expenses of k€ 52 not attributable to the period.

(128) The deferred taxes recognised in the IVU Group balance sheet are made up of the following:

	2009 k€	Change k€	2008 k€
Deferred tax assets			
• Tax loss carried forward	781	-42	823
• Pension provisions	344	29	315
• Other provisions	16	-111	127
	1,141	-124	1,265
Deferred tax liabilities			
• Receivables from non-current construction contracts	-321	234	-555
• Intangible assets	-77	38	-115
• Tax-deductible goodwill amortisation	-739	-148	-591
• Other assets	-4	0	-4
	-1,141	124	-1,265
Deferred tax liabilities, net	0	0	0
- of which affecting the income situation		0	
- of which equity changes		0	
Summary			
• Deferred tax assets	1,141		1,265
• Deferred tax liabilities	-1,141		-1,265

(129) The IVU Group carries the following tax losses forward:

	2009 € million	2008 € million
Loss carried forward – domestic trade tax*)	44.8	45.7
Loss carried forward – domestic corporation income tax*)	48.1	49.7

*) Because of adjustments to loss carried forward notifications for previous years a correction of the domestic trade and domestic corporate income tax was necessary at 1 January 2008 and 31 December 2008.

Foreign losses carried forward amount to k€ 185 (2008: k€ 232). The domestic losses carried forward do not lapse.

D. Notes on the Group income statement

(130) The income statement is drawn up using the expense method.

13 Sales earnings

	2009 k€	2008 k€
Deliveries/Services/Works contracts	23,904	22,188
Licences	6,077	4,929
Maintenance	7,304	6,732
	37,285	33,849

14 Other operational earnings

	2009 k€	2008 k€
Government grants	89	310
Reimbursement of previous years' contributions to the trade association	86	0
Income from the reversal of write-downs	50	159
Reversal of the special provision for investment subsidies	26	32
Others	401	334
	652	835

15 Material expenses

	2009 k€	2008 k€
Expenses for third-party performances	2,998	2,720
Expenses for goods purchased	7,326	7,260
	10,324	9,980

16 Personnel expenditure

	2009 k€	2008 k€
Wages and salaries	16,574	14,769
Social security payments and expenses for pensions and support	1,761	2,549
	18,335	17,318

17 Depreciation of non-current assets

	2009 k€	2008 k€
of intangible assets and plant, property, and equipment	762	691
of recognised development costs	0	73
	762	764

18 Other operational expenses

	2009 k€	2008 k€
Marketing	2,370	1,764
Operational costs	1,286	1,267
Administration	871	795
Others	1,861	1,539
	6,388	5,365

19 Earnings per share

(131) In accordance with IAS 33, the undiluted earnings per share were determined by dividing the Group earnings by the weighted number of shares.

	2009	2008
Period result (k€)	1,789	1,270
No. of ordinary shares as of 1 January	17,719	17,719
No. of ordinary shares as of 31 December	17,719	17,719
No. of weighted shares (x 1000)	17,719	17,719
Undiluted earnings per share (euro/share)	0.10	0.07

(132) To calculate the diluted earnings per share, the net profit attributable to ordinary shareholders and the weighted average number of shares outstanding are adjusted for the effects of all dilutive potential ordinary shares originating through the exercise of stock rights. For this purpose the number of ordinary shares to be taken into account corresponds to the weighted average number of ordinary shares plus the weighted average number of ordinary shares which would have been issued assuming the conversion of all dilutive potential ordinary shares into ordinary shares. The conversion of share options into ordinary shares is valid on the day of issue. As of 31 December 2009 and 2008 there were no dilutive effects from issued share options.

E. Notes on the Group cash flow statement

The recognised liquidity is not subject to any limiting control by third parties. Interest payments and income tax payments are recognised, and no dividend was paid. The composition of the cash funds are shown in C.6.

The repayment of financial liabilities contains the payments made to pay back loans.

F. Notes on segment reporting

(133) In the reporting year the IVU Group adopted segment reporting in accordance with IAS 8 “Operating Segments” for the first time. This standard requires disclosure of information on the operating segments of the Group. The IVU Group is organised in two operative segments – Public Transport, and Logistics.

(134) The segment reporting is attached as an annex to these Notes.

Public Transport

(135) This segment develops software solutions for customers from transport utilities and companies, and the associations, and local or regional authorities who order their services, with the goal of optimising the planning and operation of transport services. In the year under review the company generated sales of € 5.2 million (14% of total sales) from one customer in the Public Transport segment.

Logistics

(136) For the market segments waste service and supply logistics and building materials, software products are employed to provide integrated presentations of business processes and to optimise transport procedures. The products developed for our customer groups comprising Deutsche Post, retail chains and other public administrations included Internet-based products. In the financial year there were no transactions in which an individual customer reached a volume of more than 10% of the overall sales.

Reconciliation of segment assets

(137) The segment assets are reconciled as follows with the gross assets:

	2009 k€	2008 k€
Gross assets according to the balance sheet	39,150	38,061
- Deferred tax assets	-1,141	-1,265
Segment assets	38,009	36,796

G. Other details

Other financial obligations and contingent liabilities

Rental and leasing contracts

(138) Within the framework of operating-leasing contracts, vehicles, office equipment and other equipment was leased. Leasing and maintenance costs in 2009 amounted to k€ 215 (2008: k€ 214).

(139) Within the framework of finance leasing agreements, leasing fees in 2009 amounted to k€ 16 (2008: k€ 16) for software, k€ 182 (2008: k€ 128) for hardware, and k€ 173 (2008: k€ 98) for office equipment.

(140) On the balance sheet date, there were the following present values and residual periods for the liabilities for finance leasing arrangements:

Residual period	up to 1 year k€	1 to 5 years k€	Total k€
Liabilities	398	350	748
Interest portion	32	17	49
Present value	430	367	797

(141) The following payments result from rental and leasing contracts:

	Rent payments k€	Leasing payments k€	Total k€
2010	894	598	1,403
2011	727	337	975
2012	671	183	765
2013	671	60	642
2014 and later	582	41	623
Total	3,545	1,219	4,408

Guarantees of bills of exchange

(142) Various financial institutions had taken on guarantees of bills of exchange amounting to k€ 2,131 and TUSD 500 (2008: k€ 877) for IVU AG at the balance sheet date.

Personnel

(143) The average number of personnel in the IVU Group in the financial year was 320 (2008: 304 personnel). The distribution of personnel in terms of function was as follows:

	2009	2008
Production/Software development	92	93
Administration	30	32
Project work/Sales	198	179
Total	320	304

Auditing fees

(144) The fees of Ernst & Young Wirtschaftsprüfungsgesellschaft for auditing the IVU AG financial statements and the IVU consolidated financial statements for the financial year 2009 amount to k€ 94 (2008: k€ 113). In addition, tax consultancy services provided by Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft in 2009 amounted to k€ 70 (2008: k€ 69).

Relationships to related parties (enterprises and individuals)

(145) Related parties are enterprises or individuals which have the ability to control the IVU Group or exercise significant influence over its financial and operating decisions. When determining significant influence exerted by the party related to the IVU Group over the financial and operating decisions, the existence of fiduciary relationships are also taken into consideration in addition to relationships of control.

Related enterprises

(146) The associated enterprises included in the consolidated financial statements are to be regarded as related enterprises. There are no further related enterprises.

(147) Between IVU AG and its subsidiaries there were performance relationships within the framework of passing on licence revenues, which were eliminated in the course of consolidation.

Related party disclosures

(148) The following persons are to be regarded as related parties:

Members of the Exexutive Board of IVU AG

Prof. Ernst Denert (Chairman) (until 31 December 2009)
Martin Müller-Elschner (from 1 January 2008)
Frank Kochanski (from 1 January 2008)

Members of the Supervisory Board of IVU AG

Klaus-Gerd Kleversaat (Chairman), Berlin
Chairman of quirin bank AG, Berlin,
Chairman of Tradegate Wertpapierhandelsbank AG, Berlin,
Deputy Supervisory Board Chair of Ventegis Capital AG, Berlin,
Supervisory Board member of Euro Change Wechselstuben AG, Berlin,
Supervisory Board member of Stream Films AG, Berlin,
Supervisory Board member of Orbit Software AG, Berlin,

Hans G. Kloß (deputy chairman), Berlin
(until 27 May 2009)
Managing Director of BEROMAT Consulting GmbH, Berlin
Chair of the Supervisory Board of Hansen & Heinrich AG, Berlin,

Mr André Neiß, Hanover
Management Board Chair of üstra Hannoversche Verkehrsbetriebe AG, Hanover,
Advisory Board member of Hannover Region Grundstücksgesellschaft mbH HRG & Co. Passerelle KG, Hanover,
Member of the Advisory Board of Flughafen Hannover-Langenhagen GmbH,
Advisory Board member of Haftpflichtgemeinschaft Deutscher Nahverkehrs- und Versorgungsunternehmen (HDN), Bochum,
MD of Versorgungs- und Verkehrsgesellschaft Hannover mbH.

Prof. Herbert Sonntag, Berlin (since 27 May 2009)
Vicerector at Wildau Technical University of Applied Sciences,
Chairman of the Management Board of Logistiknetz Berlin Brandenburg e.V., Berlin-Potsdam.

Transactions with related individuals

(149) In the reporting period, as in the previous year, there were no further business transactions between related individuals and the IVU Group, with the exception of those noted below.

Emoluments for Management Board and Supervisory Board members

(150) The Management Board of IVU AG received in the financial year 2009 emoluments of k€ 875 (2008: k€ 796). These emoluments consisted of a fixed and a variable portion. In the reporting period the variable portion amounted to approximately 24% (2008: 12%) of the total emoluments. The General Meeting on 24 May 2006 resolved to free the company of the obligation to publish the emoluments of individual members of the Management Board.

(151) Pension provisions are set aside for former office holders of k€ 1,798 (2008: k€ 1,696). In addition, pension payments were made for retired members of the Management Board amounting to k€ 40 (2008: k€ 28).

(152) The Supervisory Board received emoluments in 2009 of k€ 37.5 (2008: k€ 37.5).

(153) The following shares are held by the members of the Management Board and the Supervisory Board:

	No. of shares 31 Dec. 2009	No. of shares 31 Dec. 2008
Management Board		
Prof. Ernst Denert (until 31 December 2009)	1,800,000	1,858,132
Martin Müller-Elschner	50,000	50,000
Frank Kochanski	5,000	n/a
Supervisory Board		
Hans G. Kloss (until 27 May 2009)	598,217	598,217
Klaus-Gerd Kleversaat	229,000	139,000
Prof. Herbert Sonntag (since 27 May 2009)	1,166,000	n/a

Note on the German “Corporate Governance Code”

(154) The declaration of compliance was made by the Management Board and the Supervisory Board on 18 December 2009 and is permanently available to shareholders on the website of IVU AG (www.ivu.de) under the menu item Investor Relations.

Berlin, 5 March 2010

Frank Kochanski   Martin Müller-Elschner   Dr. Helmut Bergstein

Auditor’s Report

We have drawn up the following auditors’ report for the consolidated financial statements and consolidated management report:

> “We have audited the consolidated financial statements of IVU Traffic Technologies AG, Berlin, consisting of the balance sheet, profit and loss statement, and statement of comprehensive income, statement of changes of equity, cash flow statement, annexed notes, segment reports, and the consolidated management report for the financial year from 1 January to 31 December 2009. The accounting and preparation of the consolidated financial statements and the management report in accordance with the EU adopted IFRS standards, and additionally in accordance with the commercial regulations applicable under Section 315a Para. 1 of the German Commercial Code (HGB), are the responsibility of the legal representatives of the company. Our remit is to provide an assessment of the consolidated financial statements and the consolidated management report based on the audit that we have performed.
>
> “We have conducted our audit in accordance with Section 317 HGB taking into account the accepted German principles for the auditing of financial statements established by the Institut der Wirtschaftsprüfer (IDW). These standards require that the audit shall be so planned and conducted that inaccuracies and contraventions which have substantial effects on the consolidated financial statements in the light of the applicable accounting regulations and on the presentation of the situation of the group regarding assets, finances and revenues would be identified with reasonable assurance. When determining the auditing procedures, the knowledge of the line of business and the economic and legal situation of the group, as well as the expectation of possible errors are taken into account. Within the framework of the audit, the effectiveness of the internal control systems relating to accounting and the documentation of the figures in the consolidated financial statements and the consolidated management report are generally examined on the basis of random samples. The audit includes an assessment of the financial statements of the companies covered by the consolidated financial statement, the limitation of the scope of consolidation, the principles of accounting and consolidation applied, and the key estimates made by the legal representatives as well as an evaluation of the overall presentation of the consolidated financial statement and the consolidated manage-

ment report. In our opinion, our audit provides a sufficiently reliable basis for our assessment.

“Our audit did not give rise to any reservations.

“According to our assessment on the basis of the results of our audit, the consolidated financial statement is in accordance with the EU-adopted IFRS, and the additional applicable commercial requirements in accordance with Section 315a Para. 1 German Commercial Code (HGB), and it provides in accordance with these requirements a true and accurate picture of the Group’s position regarding assets, finances and profits. The consolidated financial statement is concordant with the consolidated management report, provides overall an accurate picture of the position of Group’s position, and accurately presents the opportunities and risks of future developments.”

Berlin, 9 March 2010

Ernst & Young GmbH
Wirtschaftsprüfungsgesellschaft

Glöckner	Weiß
Auditor	Auditor

Responsibility statement

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

Berlin, March 2010

Martin Müller-Elschner | **Dr. Helmut Bergstein** | **Frank Kochanski**