



init

innovation in
traffic systems AG



Q3 Report 2009

init at a Glance

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

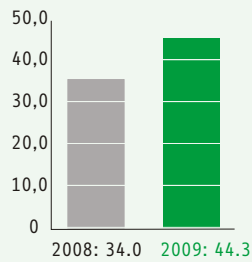
init is the leader in innovative telematics and fare management systems that offer a suite of integrated solutions for all type of needs related to public transportation. init products are operational in over 300 transportation companies worldwide.

Key Figures of init Group (according to IFRS)

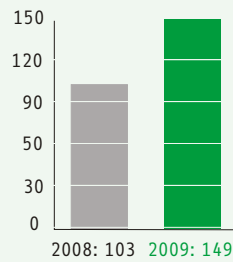
		09/30/2009		09/30/2008
Balance sheet				
Balance sheet total	kEUR	61,100	kEUR	50,268
Shareholders' equity	kEUR	35,409	kEUR	26,841
Subscribed capital	kEUR	10,040	kEUR	10,040
Equity-to-assets ratio	%	57.95	%	53.40
Return on shareholder equity	%	14.82	%	4.41
Income Statement				
Revenues	kEUR	44,286	kEUR	33,973
Gross profit	kEUR	15,297	kEUR	8,429
EBIT	kEUR	7,186	kEUR	2,261
EBITDA	kEUR	8,636	kEUR	3,440
Net profit	kEUR	5,249	kEUR	1,183
Earnings per share	EUR	0.54	EUR	0.13
Dividend	EUR	0.16	EUR	0.14
Cashflow				
Cashflow from operating activities	kEUR	144	kEUR	5,262
Share				
Issuing price (07/24/2001)	EUR	5.10	EUR	5.10
Peak share price	EUR	9.50	EUR	8.83
Bottom share price	EUR	4.75	EUR	6.22



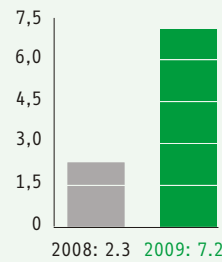
Revenues Q1-Q3
in million Euro



Backlog of Orders Q1-Q3
in million Euro



EBIT Q1-Q3
in million Euro



Earnings per share

Q1-Q3 2008: EUR 0.13
Q1-Q3 2009: EUR 0.54

Statutory bodies of the Company

Supervisory Board

- > Prof. Dr.-Ing. Dr.-Ing. E.h. Günter Girnau (Chairman)

Consulting engineer specializing in local public transportation (Chairman), member of the Supervisory Board of BT Berlin Transport GmbH, Berlin, member of the Advisory Board of PTM, master's degree at the University of Duisburg/EsSEN.

- > Bernd Koch (Vice-Chairman)

Self-employed business consultant, member of the Advisory Board of the IHK (German Chamber of Industry and Commerce) Training Centre in Karlsruhe.

- > Fariborz Khavand

Self-employed business consultant, Managing Director Elco Motores GmbH, Hagen.

Management Board

- > Dr. Gottfried Greschner (Chairman), M.Sc.
Business Development, Personnel, Purchasing, Logistics and Production
- > Joachim Becker, M.Sc. in Information Science
Business Division: Telematics Software and Services
- > Wolfgang Degen, M.Sc.
Business Division: Mobile Telematics and Fare Management Systems
- > Dr. Jürgen Greschner, B.A.M.
Sales
- > Bernhard Smolka, B.A.M.
Finance, Controlling and Investor Relations

Director's Holdings

Management Board

Management Board	Number of shares
Dr. Gottfried Greschner, CEO*	3,525,000
Joachim Becker, COO	345,983
Wolfgang Degen, COO	99,000
Dr. Jürgen Greschner, CSO	97,364
Bernhard Smolka, CFO	21,000

* thereof 3,485,000 shares held by Dr. Gottfried Greschner GmbH & Co. Vermögens-Verwaltungs KG

Supervisory Board

Supervisory Board	Number of shares
Prof. Dr.-Ing. Dr.-Ing. E.h. Günter Girnau	-
Bernd Koch	-
Fariborz Khavand	-

Company calendar 2010

March 2010	Disclosure Annual Report 2009
May 12, 2010	General Annual Meeting, Karlsruhe



Letter to the Shareholders

Ladies and Gentlemen,
Dear Shareholders,

Players in the financial markets are holding to the principle of hope, and in spite of the real crisis which continues to fester in the global economy the share prices have soared to new heights in the confidence that better times are ahead. On the stock market, the crisis is now largely over. Many companies, however, are only just beginning to feel the full impact of it, reflected in such aspects as declining sales, losses and job cuts. After the third quarter of fiscal 2009 especially, many were forced to realize that their expectations of recovery will not be met this year.

Against this background, we are all the more pleased to announce to our shareholders, business partners and employees that our expectations have not only been met, but have once again been exceeded.

Growth in third quarter accelerated – earnings multiplied

In the third quarter of 2009, init managed to accelerate its growth in sales and multiply its earnings compared to the previous year. Between July and the end of September, revenues generated amounted to EUR 20.5m to be some 60% above the already excellent prior-year third quarter (EUR 12.7m). As of September 30, consolidated sales thus aggregated EUR 44.3m, which corresponds to an improvement of over 30% on the previous year (EUR 34.0m). This means that after the first three quarters of fiscal 2009, our projections aimed at sustainable growth were also clearly exceeded.

Fostered by the favorable currency trend of the US dollar and the Arab dirham, and due to the reduction in production cost gross profit on sales at the end of September marked a gain of 82% from the previous year, rising from EUR 8.4m to EUR 15.3m. Earnings before interest and taxes (EBIT) improved in the same period to EUR 7.2m (2008: EUR 2.3m). The consolidated surplus thus totaled EUR 5.2m (2008: EUR 1.2m), which corresponds to earnings per share of EUR 0.54 (2008: EUR 0.13).

Once again, these figures highlight the crucial advantages of our business model and the market for init products. Continuous innovations focused on our customers' requirements and the many international references of init for the reliable completion of projects have secured us the loyalty of our customers over many years and make us a sought-after partner for new projects.

init green innovations conquer new markets

This effective approach enables us to gain a foothold and establish ourselves in ever new markets. An example of this is the success story of our North American subsidiary, INIT Innovations in Transportation Inc., which has recently celebrated its 10th anniversary these days. Since its establishment in 1999, INIT Inc., which is headquartered in Chesapeake, Virginia, has won over 20 customers from New York City, USA, to Vancouver, Canada. Barely a year after its first contract in Akron, Ohio, the number of green dots on the telematics map in the USA came to a total of nine. In the following years, INIT convinced many times over with new innovations to gain an excellent reputation among its customers in such places as Houston, Toronto, Vancouver, Everett, Dallas, New York, Seattle and, most recently, San Francisco.

In late September, INIT Inc. opened a new chapter in its success story. The company has been commissioned as a general contractor by Portland TriMet, one of the leading local public transportation providers in the USA with in excess of 100 million passengers per year, to provide a turnkey integrated control system with automatic vehicle location and passenger counting function. init will equip over 1,200 fixed-route buses, light rail and supervisory vehicles. At USD 35m, this to date is the largest contract for init in the USA.

After Seattle, WA and Vancouver, B.C., Portland is now the third metropolitan region on the Pacific Northwest Coast to manage its local public transportation using a system delivered and implemented by init.

init networks local and long-distance transportation

The networking of different local public transportation systems and the long-distance rail system is one of the key challenges for the future of mobility. Here, init has already introduced an integrated telematics and fare payment system, which we are currently implementing for the regional bus and rail transportation system in Bavaria. In future, it will manage over 3,000 vehicles of different transportation service providers and furnish passengers with relevant information in real time.

Only system solutions such as this enable operators to make local public transportation as efficient, effective, attractive and competitive as it needs to be. Therefore, there is now a clear commitment of public bodies and institutions to more investments in the development of infrastructures. For init, this means a wealth of new possibilities and business opportunities.



init with record order volume

While the general economic setting on the whole continues to be difficult, the growth prospects of init are still rated excellent. Currently, this is confirmed by a record order volume of around EUR 149m, which already extends well into 2012. In the short term, init is expecting further new and follow-up contracts from such countries as Germany, Europe and North America.

For the current fiscal year this means for init that the targets set for 2009, including sales of EUR 60m and an EBIT of EUR 8.6m, can be achieved, if not exceeded.

For you, our shareholders, this means that the rating of init innovation in traffic systems AG is not born by the hope of better times ahead, but instead is based on a solid foundation of sales, profit and incoming business.

Thank you very much for your confidence in our company.

Karlsruhe, November 13, 2009

For the Management Board of init innovation in traffic systems AG

Dr. Gottfried Greschner
Chief Executive Officer

Number of Employees (annual average) *(incl. temporary workers and students)*

	09/30/2009	09/30/2008
Germany	226	199
North America	47	55
Other Countries	14	6
Total	287	260

Share and Investor Relations

init share heading for all-time peak

The optimistic trend of the stock markets persisted in the third quarter despite the continuing global financial and economic crisis. By the end of September, the German stock index (DAX) had gained 17% on the start of the year, while the TecDAX, the benchmark of leading technology and growth stock in Germany, improved by as much as 48%.

The share of init innovation in traffic systems AG (ISIN DE0005759807) continued on its high after it broke through the 8-euro barrier in June. Based on persistent good news of the company, the share temporarily even soared as high as EUR 9.50 to mark its all-time high in September. As of September 30, it stood at EUR 8.80, which corresponds to an appreciation of 60% in the first nine months of the year.

Analysts continue to recommend the init share as a buy, currently estimating its fair value to range between EUR 8 and EUR 11. A further gain was noted in terms of interest among institutional investors in init. This is mirrored in the response to road show dates in such financial centers as Frankfurt, Paris, Brussels and Zurich, but also in bids for larger blocks of init shares.

Basic information on the share

Trading center:	Frankfurt Stock Exchange
Index / segment:	Prime Standard, Regulated Market, GEX (German Entrepreneurial Index)
Stock category:	No-par bearer shares (at EUR 1 each)
ISIN number:	DE 0005759807
Security identification number:	575 980
Code:	IXX
Designated sponsors:	Commerzbank AG Close Brothers Seydler AG
Capital stock to date:	10,040,000 no-par bearer shares
Market capitalization (as of Sept. 30, 2009):	EUR 88.4m

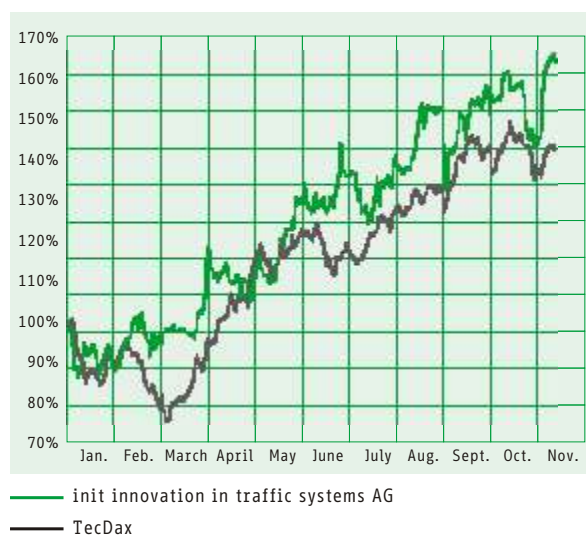
Your investor relations contact

init
innovation in traffic systems AG

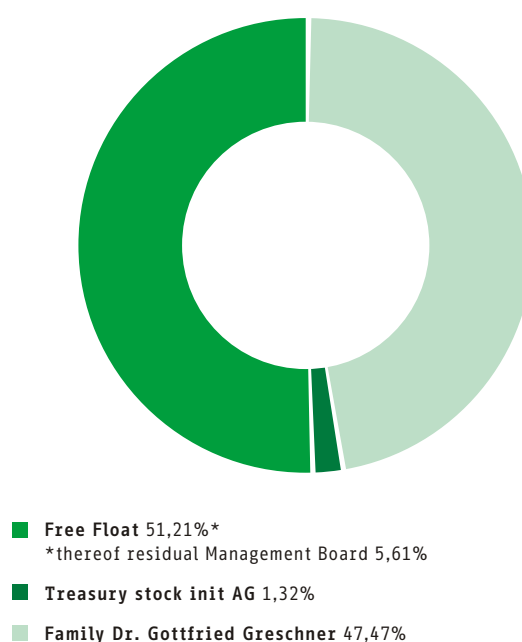
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+ consulting

Performance Q1-Q3 2009



Shareholder structure as of September 30, 2009





Group Status Report

General business trend

While the state aid programs and the low-interest policy have helped the global economy recover faster than expected, the International Monetary Fund (IMF) has not yet given the all-clear. Rather, there is still a great risk that the private demand in many industrialized nations will continue to be weak. Furthermore, the IMF is warning that banks have yet to recognize about 1.5 trillion USD in losses which are currently lying dormant in their books.

Against this background, the propensity to invest and to consume continues to be restrained in most industrialized states. The upswing expected for this year is dragging, remains at a rather low level and is highly inconsistent across the various sectors and regions. Increasingly, we can also see protectionist tendencies in some countries.

Germany is expected to see a slight improvement of 0.3% in 2010, its economic performance for 2009 being around 5.3% less than in the previous year. Based on the latest calculations, however, the global economy is shrinking by only 1.1% in fiscal 2009.

The negative trend in Germany is due primarily to the decline in export, which traditionally is the driving force behind economic growth in Germany.

To what extent the state aid programs and structural measures will counteract this trend, or whether or not the global recession can be softened both in the short and long term through planned investments worth billions in the public sector still cannot be appreciated exactly. Many calls are heard again for a more careful budgetary policy. While the IMF leaves it open at which point the governments should start saving again, the European Central Bank (ECB) wants to see an end of the state aid programs by 2011 at the latest.

Despite the fact that the first half year is traditionally weaker, init managed in that period alone to exceed all expectations in terms of sales and earnings. In view of the positive business trend in the first nine months of the year, we can confirm that we are well on our way to achieving the targets set for 2009 and even have a good chance of exceeding them.

Order situation

The order situation of init as a group remained highly satisfactory in the third quarter. Orders received in the first three quarters added some EUR 79.4m to our books, of which EUR 11.4m came from Germany, EUR

10.6m from Europe, around EUR 11.4m from the Middle East, and EUR 2.4m from Australia/New Zealand. A further USD 62.4m worth of new orders were acquired in North America.

In the third quarter of 2009, init was able to win a major contract in Portland, Oregon/USA. The company has been commissioned as a general contractor by Tri-County Metropolitan Transportation District of Oregon (TriMet, Portland), one of the leading local public transportation providers in the USA with in excess of 100 million passengers per year, to provide an integrated control system with automatic vehicle location and passenger counting function and, in cooperation with General Electric Transportation LLC, to implement a digital mobile radio system. The tender further involves the equipment of some 1,200 trams, regular buses, vehicles for service on demand, and mobile vehicles. The order volume totals in excess of USD 35m. The contract is due to be signed in the next few days.

Furthermore, init received a follow-up contract from MTA New York City Transit, for which we had already successfully installed a control system for on-demand paratransit bus transportation involving over 1,800 vehicles. The client has now ordered a further 450 sets of vehicle equipment with an order volume of over USD 9m.

Further follow-up contracts came from the main local public transportation provider in Canada, Translink (the Greater Vancouver Transportation Authority, or GVTA), worth several millions of Canadian dollars.

In Germany, init was able to secure a contract in Munich, where we will provide 56 subways with cutting-edge COPILOTpc on-board computers and a data transfer system by the end of 2010. This "mobile communication platform" facilitates a wealth of new service applications, including video monitoring and prompt alerting of emergency services as and when required. The order value here totals over EUR 4m.

In Europe, init gained a new contract from AB Storstockholms Lokaltrafik. Here, we have been commissioned to provide over 100 junctions with TSP (Traffic Signal Priority) and equip some 60 buses and streetcars. Buses and streetcars are thus given priority at traffic-light junctions to ensure they reach their destinations even faster and relieve congestion on major routes. The order volume totals over EUR 1m.

The current order volume of init in the amount of around EUR 149m (2008: EUR 103m) in conjunction with a number of open international tenders in which init is currently participating ensure that we will continue our growth trend even beyond 2009.



Earnings position

Growth in sales for init as a group accelerated in the third quarter of 2009. At EUR 20.5m, the company generated over 60% more between the beginning of July and the end of September than in the previous year (EUR 12.7m).

Consolidated net profit generated as of September 30, 2009 totaled EUR 44.3m (2008: EUR 34.0m), of which some 75.1% (2008: 77.5%) was due to foreign sales. The distribution between Germany, Europe, the North American and the Asian/Pacific market, was almost equal. At 26.3%, the extraordinarily high share of the latter region was due primarily to the large-scale projects in Dubai.

It must be taken into account here, however, that the distribution of sales over the course of the fiscal year is traditionally uneven for the init group, with the first quarter normally having the lowest sales figures and the fourth quarter delivering the strongest sales.

Gross profit on sales amounting to EUR 15.3m as of the end of September, was considerably above the prior-year figure (EUR 8.4m), which is attributable to the improved exchange rates in the US dollar and for the United Arab Emirates dirham. The drastic reduction of production costs was a further contributing factor.

Compared to the prior-year period, our earnings before interest and taxes (EBIT) increased to EUR 7.2m in the first three quarters of 2009 (2008: EUR 2.3m). This produces a result for the period of EUR 5.2m (2008: EUR 1.2m), which corresponds to earnings per share of EUR 0.54 (2008: EUR 0.13).

Financial and net worth position

Total assets rose by EUR 10.8m in the reporting period compared with the previous year (September 30, 2008), to reach EUR 61.1m. On the assets side of the balance sheet, this increase results primarily from the rise in receivables and inventories. On the liabilities side of the balance sheet, the increase is for the most part reflected in the rise in deferred tax liabilities and in equity.

The operating cashflow in the first nine months of 2009 was reduced to EUR 0.1m (2008: EUR 5.3m), which was the result of a rise in inventories due to imminent hardware deliveries, and generally poorer payment practices of customers due to the financial crisis. Cashflow will, however, improve significantly, as we receive some sizeable payments from various major projects.

Equity rose to EUR 35.4m as of September 30, 2009 (2008: EUR 26.8m). The equity ratio increased further to 58%, in comparison to 53.4% in the previous year.

Current liabilities to banks amounted to EUR 0.7m as of the end of September (2008: EUR 1.4m) and relate to our subsidiaries INIT Inc, USA and CarMedialab GmbH. The non-current bank liabilities amounting to EUR 1.2m (2008: EUR 1.2m) result from a loan on the extension of the Karlsruhe location.

Liquid resources including short-term securities amounted to EUR 4.1m (2008: EUR 5.6m), but will rise significantly over the next few months due to sizeable payments from various major projects. The existing guarantee and credit lines continue to secure the financing of our business activities.

In the first nine months of 2009, EUR 0.7m (2008: EUR 1.4m) were used for capital expenditure and intangible assets (not including software development). These were essentially replacement and rationalization investments.

Production

init has no production facilities of its own, concentrating instead on production management and quality assurance.

We are not dependent on individual suppliers. This allows us to switch suppliers should one of our business partners be unavailable. For fiscal 2009, we have extended the group of suppliers and negotiated new framework agreements. The economic crisis also offers the opportunity to enhance quality while at the same time reduce the cost of production.

Personnel

To complete our orders on schedule, while at the same time seizing new growth opportunities in the market, it was necessary for us to adjust the size of the workforce within the init group. This positive trend will continue to a moderate degree in the coming months, as we anticipate further major orders.

As of September 30, 2009, init employed 287 staff (2008: 260) including temporary staff, scientific assistants and graduate students. There are another 19 employees currently undertaking an apprenticeship.

Over 65% of permanent init employees have a university degree in information technology, e-technology, HF technology, physics, mathematics, or industrial engineering.



Against the background of the expected general shortage of skilled personnel in the next few years, one of our key personnel policy objectives is to retain qualified employees within the company over the coming years.

Environmental protection

In order to prevent an impending climate crisis, it is vital to reduce carbon dioxide emissions. Efficient public transportation systems thus play an ever increasing role here.

As a catalyst of resource-saving technological developments for local public transportation, init is particularly committed to the protection of the environment. Our products help transportation companies provide faster and more competitive public transport, while saving resources and subjecting the environment to fewer exhaust gases and particulate matter. init actively applies these basic ecological principles along its entire value-added chain and in its individual segments from procurement to production and administration to sales.

Research and development

In 2009, our software and hardware development teams worked on the further development of existing and various new products and innovations.

In the first three quarters, a total of EUR 1.1m (2008: EUR 1.6m) were spent within the init group on the development of new products. Of these, software developments amounting to EUR 0.4m (2008: EUR 0.9m) were capitalized. The depreciation applied to capitalized software amounting to EUR 0.6m (2008: EUR 0.4m).

In addition, customer-funded new and further developments were carried out in the course of projects, amounting to at least five times as much again.

Risks and risk management

The risks for the future development of the init group depend essentially on the risks in the group's operating companies. There are currently no risks within the init group that are a threat to survival.

In that context, a risk management system is an integral part of our business and decision-making process. Prior to making a decision on important measures, they are discussed in detail during regular meetings of the Management Board, with their

prospects and risks weighed against each other. There are regular reports relating to any imminent risks in the meetings of the Management and Supervisory Boards. Alternative measures are discussed with the Supervisory Board.

The crucial success factor for the init group is project management. The successful handling of projects depends on their completion as scheduled, the scope of each individual project, the enforceability of contractual terms, the readiness of the customer to be involved in the project implementation through productive contributions, and the specific national laws and regulations. Apart from unforeseeable technical and customer-specific difficulties, the punctual completion of projects also depends to a degree on the availability of sufficiently qualified personnel.


Contracts concluded in foreign currency involve exchange risks that can affect sales, the purchase prices, the valuation of claims, currency reserves, liabilities, and with it, results. init meets these exchange risks with active exchange rate management, making use of switch deposits, forward exchange dealings and currency options. Since init also tries to keep its options open here and focuses on active management, it may consequently incur losses. Due to our risk policy, however, we consider this risk of loss to be minimal.

The investments of init include stocks, fixed-interest securities and fixed-term deposits. Exchange and interest change risks can therefore reduce the financial result of the group.

Opportunities

With international reference projects in such places as New York, Vancouver (Canada), Dubai, Stockholm and Oslo, init has achieved an excellent starting basis for future invitations to tender by providing trendsetting hardware and software solutions. The projects in Dubai, Tasmania and New Zealand in particular are of great significance for further tenders in the Middle East and in Oceania. In the United Arab Emirates alone, the intention is to invest billions more in local public transportation in the next few years, with the result that follow-up orders can be expected from this region.

In the USA, President Obama signed a bill on June 24, 2009 which allows American transportation companies to finance up to ten percent of their operating costs from subsidies, which will ultimately also affect the demand for our systems and products. Many transportation companies have already



announced projects due out for tender in the next few months.

In Germany, an excellent starting position has been achieved for further tenders as a result of the major projects of DB Stadtverkehr Bayern (Urban Public Transport, Bavaria), Nuremberg, and Dresden Regional Public Transportation. Here, too, we expect to see interesting business opportunities to materialize over the next few months.

We are currently involved in several tenders worldwide on several continents.

Events after reporting period

There were no other events of special significance after the reporting date on September 30, 2009.

Prospects

Our business trend in the first nine months of 2009 has been exceptionally positive in light of the negative fundamentals of the global economy. This has helped initiate a strong starting basis for future growth which is confirmed by a record order level of around EUR 149m.

Since the fourth quarter traditionally delivers the strongest sales in the initial group, we will be able to achieve and may even exceed our targets for 2009 and generate sales of EUR 60m and an EBIT of EUR 8.6m.

In the medium term, we see further potential for dynamic growth in 2010 and beyond.

Karlsruhe, November 13, 2009

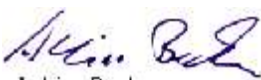
The Management Board




Dr. Gottfried Greschner
Chief Executive Officer



Bernhard Smolka
Chief Financial Officer



Achim Becker
Chief Operating Officer



Wolfgang Degen
Chief Operating Officer



Dr. Jürgen Greschner
Chief Sales Officer

Consolidated Income Statement according to IFRS from January 1, 2009 to September 30, 2009
(unaudited)

	07/01/2009- 09/30/2009	07/01/2008- 09/30/2008	01/01/2009- 09/30/2009	01/01/2008- 09/30/2008
	kEUR	kEUR	kEUR	kEUR
Revenues	20,486	12,700	44,286	33,973
Cost of revenues	-13,098	-9,764	-28,989	-25,544
Gross Profit	7,388	2,936	15,297	8,429
Sales and marketing expenses	-1,365	-1,405	-4,482	-4,528
General administrative expenses	-1,012	-903	-2,832	-2,587
Research and development expenses	-176	-190	-689	-703
Other operating income	130	98	532	280
Other operating expenses	-5	-29	-19	-353
Foreign currency gains/losses	-641	754	-940	1,372
Operating profit	4,319	1,261	6,867	1,910
Income from associated companies	128	125	232	225
Other income and expenses	40	40	87	126
Profit before interest and income tax (EBIT)	4,487	1,426	7,186	2,261
Interest income	6	46	67	145
Interest expenses	-34	-109	-85	-293
Profit before income tax (EBT)	4,459	1,363	7,168	2,113
Income tax	-1,242	-573	-1,919	-930
Net profit	3,217	790	5,249	1,183
thereof attributable to equity holders of the parent company	3,211	779	5,300	1,272
Minority interests	6	11	-51	-89
Net profit and diluted net profit per share in EUR	0.32	0.08	0.54	0.13
Average number of floating shares (undiluted)	9,907,339	9,874,800	9,888,372	9,865,822
Average number of floating shares (diluted)	9,907,339	9,874,800	9,888,372	9,865,822

*Consolidated Balance Sheet according to IFRS as of September 30, 2009
(unaudited)*

Assets	09/30/2009 kEUR	12/31/2008 kEUR
Current assets		
Cash and cash equivalents	3,854	6,806
Marketable securities	272	14
Trade accounts receivable	25,152	26,389
Accounts receivable from related parties	3	4
Inventories	14,809	7,685
Income tax receivable	7	51
Other current assets	2,153	1,816
Current assets, total	46,250	42,765
Non-current assets		
Tangible fixed assets	4,857	4,955
Goodwill	2,081	2,081
Other intangible assets	3,521	3,695
Interest in associated companies	1,870	1,852
Accounts receivable from related parties	68	68
Deferred tax assets	993	1,062
Other assets	1,460	1,473
Non-current assets, total	14,850	15,186
Assets, total	61,100	57,951



Liabilities and shareholders' equity	09/30/2009 kEUR	12/31/2008 kEUR
Current liabilities		
Bank loans	724	1,129
Trade accounts payable	2,724	2,672
Amounts payable of percentage of completion method	3,556	5,262
Accounts payable due to related parties	200	170
Advance payments received	2,308	2,249
Income tax payable	1,345	1,060
Provisions	3,901	3,907
Other current liabilities	4,725	4,482
Current liabilities, total	19,483	20,931
Non-current liabilities		
Long-term debt less current portion	1,200	1,200
Deferred tax liabilities	2,722	2,037
Pensions accrued and similar obligations	2,205	2,082
Other non-current liabilities	81	105
Non-current liabilities, total	6,208	5,424
Shareholders' equity		
Attributable to the equity holders of the parent company		
Subscribed capital	10,040	10,040
Additional paid-in capital	3,927	3,950
Treasury stock	-559	-789
Consolidated unappropriated profit	22,601	18,881
Other reserves	-743	-680
	35,266	31,402
Minority interests	143	194
Shareholders' equity, total	35,409	31,596
Liabilities and shareholders' equity, total	61,100	57,951

*Cashflow Statement for the Consolidated Financial Statement
from January 1, 2009 to September 30, 2009 (IFRS)
(unaudited)*

	01/01/2009- 09/30/2009	01/01/2008- 09/30/2008
Cashflow from operating activities:	kEUR	kEUR
Net income	5,249	1,183
Depreciation and amortization	1,450	1,179
Losses on the disposal of fixed assets	10	6
Changes in provisions and accruals	117	1,433
Changes in inventories	-7,124	-3,577
Changes in trade accounts receivable	1,237	2,613
Changes in other assets, not provided by/used in investing or financing activities	-279	-1,788
Changes in trade accounts payable	52	-112
Changes in advanced payments received and amounts payable of POC	-1,647	4,167
Changes in other liabilities, not provided by/used in investing or financing activities	534	161
Amount of other non-cash income and expense	545	-3
Net cash from operating activities	144	5,262
Cashflow from investing activities:		
Proceeds from sales of tangible fixed assets	1	0
Investments in tangible fixed assets and other intangible assets	-688	-1,387
Investments in software development	-530	-860
Inflows from associated companies and loans receivable	215	189
Investments in securities as part of short-term cash management	-123	5
Net cashflows used in investing activities	-1,125	-2,053
Cashflow from financing activities:		
Dividend paid out	-1,580	-1,378
Redemption of bank loans	-405	0
Proceeds of bank loans	0	46
Net cashflows used in financing activities	-1,985	-1,332
Net effect of currency translation changes in cash and cash equivalents	14	4
Increase/Decrease in cash and cash equivalents	-2,952	1,881
Cash and cash equivalents as of the beginning of the period	6,806	3,748
Cash and cash equivalents as of the end of the period	3,854	5,629



Selected explanatory notes for Q1-Q3 2009 (IFRS)

General disclosure

The init group is an internationally operating system supplier of transportation telematics (telecommunications and informatics, also known internationally as "Intelligent Transportation Systems" or ITS). The business activities are subdivided into the following segments: Telematics and Electronic Fare Collection Systems, Planning Systems and Automotive Engineering.

The quarterly report as of September 30, 2009, and the benchmark figures were prepared in compliance with the International Financial Reporting Standards (IFRS) and are consistent with IAS 34. The accounting and valuation methods applied to the consolidated financial statements dated December 31, 2008 were retained except for the new IFRS standards.

The consolidated interim financial statement has been prepared in Euro. Unless otherwise stated, all figures are rounded to the nearest thousand (kEUR).

init AG is listed on the stock exchange (ISIN No.: DE0005759807) and, since January 1, 2003, has been in the sub-area of the regulated market with further, subsequent obligations arising from admission (Prime Standard).

The consolidated interim report and the consolidated financial statement as of September 30, 2009, were not subject to a review.

The interim report of the third quarter was communicated to the supervisory board on November 6, 2009.

New accounting standards

IFRS 8 Operating Segments: use of the standard is mandatory for reporting periods beginning on or after January 1, 2009. An early adoption for previous reporting years is possible. init started using this standard as of January 1, 2008. IFRS 8 requires that the amounts indicated for each operating segment item must be the same as those amounts internally reported to the chief operating decision maker, even if these figures were not calculated according to the company's IFRS accounting and valuation methods. Compared with the previously applicable standard, the IAS 14, this leads to deviations between the segment information details at init.

This results in three segments at init:

1. Telematics and Electronic Fare Collection Systems
2. Planning Systems
3. Automotive Engineering

The Telematics and Electronic Fare Collection Systems segment currently accounts for over 90% of the total volume. This implies that the Planning Systems and Automotive Engineering do not currently have to be reported separately but are combined under "other segments".

IAS23R replaces IAS 23 "borrowing costs". The main difference is that borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset form shall be capitalized as part of the cost of this asset. IAS 23R is effective for annual periods beginning on or after January 1, 2009. The application of the revised standard has currently no significant effect on the group's assets, liabilities, financial position and earnings situation.

IAS1 "Presentation of Financial Statements" (revised): this standard prescribes the basis for presentation of general purpose to ensure comparability both with entity's financial statements of previous periods and with the financial statements of other entities. This standard sets out overall requirements for the presentation of financial statements, guidelines for their structure and minimum requirements for their content. The latter comprises the profit or loss of the reporting period as well as equity changes other than those changes resulting from transactions with owners in their capacity as owners that are not recognized in profit or loss (other comprehensive income or loss).

Consolidated group

Fully consolidated companies

The group of consolidated companies of init AG comprises the subsidiaries INIT GmbH, Karlsruhe, Germany ("INIT GmbH"), INIT Innovations in Transportation Inc., Chesapeake/Virginia, USA ("INIT Inc."), INIT Innovations in Transportation (Eastern Canada) Inc./INIT Innovations en Transport (Canada Est) Inc., Montréal, Canada ("Eastern Canada Inc."), INIT Innovations in Transportation (Western Canada) Inc., Vancouver, Canada ("Western Canada Inc."), INIT PTY LTD, Queensland, Australia ("INIT PTY"), Init Innovation in Traffic Systems FZE, Dubai ("Init FZE") and initplan GmbH, Karlsruhe ("initplan"). In each of the above, init AG holds a 100% shareholding. In addition, the following are also fully consolidated: CarMedialab GmbH, Bruchsal, Germany ("Car-Medialab"), in which init AG holds a 58.1% of the shares, and the TQA Total Quality Assembly LLC, Chesapeake/Virginia, USA ("TQA"), in which INIT Inc. holds a 60% share.

Associated companies

init AG has a 44% share in id systeme GmbH, Hamburg ("id systeme") and INIT GmbH holds 43% of the stock of iris GmbH infrared & intelligent sensors, Berlin ("iris"). The associated companies are included at equity in the consolidated financial statement.

Inventories

A total of 1,186 kEUR (previous year: 621 kEUR) for inventory impairment losses was recorded as expenses. This expenditure is included in the income statement under "Cost of revenues".

Accounts receivable

A total of 161 kEUR (previous year: 351 kEUR) for impairment losses in accounts receivable was recorded as expenses.

Tangible fixed assets

The tangible (fixed) assets essentially concern the administration building at Kaeppelestr. 4, two residential houses, office furnishings and technical equipment. Replacement investments totalling 586 kEUR were made (previous year: 700 kEUR). The sale of certain tangible (fixed) assets generated 1 kEUR (previous year: 1 kEUR).

Liabilities

Debts are carried on the liabilities side of the balance sheet at their net book value. The liabilities due to affiliated companies totalled 200 kEUR (previous year: 0 kEUR) and relate to trade accounts payable to iris GmbH, Berlin and id systeme GmbH, Hamburg.

Shareholders' equity

Subscribed capital

The capital stock is divided into 10,040,000 individual no-par stock certificates made out to the owner with an imputed share of the capital stock of 1.00 EUR each. The stock has been issued and fully paid in.

Authorized capital

An approved capital of 5,020,000 EUR was created by the resolution passed at the company's ordinary shareholders' meeting on July 13, 2006. With the approval of the Supervisory Board, this will empower the Management Board to increase the capital stock of the company by up to 5,020,000 EUR by July 13, 2011, by way of a single or repeated issue of up to 5,020,000 individual stock certificates against contributions in cash or kind. The new shares are to be taken up by banks under the obligation that they will offer them for sale to shareholders. However, with the approval of the Supervisory Board, the Management Board is authorized to withdraw the stock option in order to: issue up to 1,004,000 new shares at a price not substantially lower than the stock market value of the company's stock at the time of specifying the issue price; balance out peak amounts; open up additional capital markets; facilitate the acquisition of shareholdings and the acquisition of, or merger with, other companies or parts of companies by way of contribution as investment in kind and to convert up to 250,000 new shares into employee stocks.

Capital reserves

On September 30, 2009 the capital reserves totalled 3,927 kEUR, with 3,141 kEUR of this coming from the

premium of the shares sold for stock market floatation and from the capital increase in the 2002 financial year. 295 kEUR were allocated in the context of recording the expenditure from the share-based remuneration from 2005 to 2008 and 124 kEUR in 2009. The transfer of shares in the context of the share bonus agreement for employees and the Management Board released for 147 kEUR in 2009. The sale of own shares in 2007 increased the capital reserves by 514 kEUR.

Treasury stock

On January 1, 2009 the treasury stock totalled 164,655 shares. Based on the resolution passed at the shareholders' meeting on May 27, 2008, replaced by the resolution of the shareholders' meeting on May 20, 2009, the company was authorized to purchase treasury stock.

In the course of share bonus agreement 2008, 994 shares were transferred after the fact with a qualifying period of two years and in the course of the incentive program for Management Board members and directors, 30,000 shares with a qualifying period of five years were transferred in the 2009 financial year. A further 1,000 shares were transferred to employees within the scope of a bonus agreement. This means that the treasury stock on September 30, 2009 totalled 132,661 shares.

The company's treasury stock is valued at cost at 559 kEUR (previous year: 751 kEUR) and openly deducted from the shareholders' equity. Of the treasury stock of 132,661 shares on September 30, 2009, with an imputed share of 132,661 EUR (1.32%) in the capital stock, 1,139 shares come as a result of the capital increase in 2002 and 131,522 shares from the company's stock repurchasing program. The stock was repurchased at an average price of 4.22 EUR per share. The treasury stock was repurchased for use as consideration in the context of mergers or the context of buying other companies, parts thereof or interests therein, or, where required, for tapping into additional capital markets or for issue to employees and Management Board members.

Paid dividends

	kEUR
Dividend for 2008: EUR 0.16 per share, paid out on May 22, 2009	1,580

Contingent liabilities/claims

Just as of December 31, 2008, the init group had no contingent liabilities.

Legal disputes

Currently no lawsuits being pursued through the courts. The provision of the previous year in the amount of 6 kEUR were released in the first quarter 2009.

Segment reporting

The segment reporting is provided on page 17 of the consolidated interim report.



Other Disclosures

Related party transactions

The companies included in the consolidated financial statement and the associated companies are listed in the section on the consolidated group.

	Associated companies		Other related party transactions	
	2009	2008	2009	2008
Proceeds from sales to related parties and persons as of 9/30 kEUR	0	5	0	0
Earnings from related parties and persons as of 9/30 kEUR	1,146	290	275	275
Due from related parties and persons as of 9/30 kEUR	71	179	61	61
Due to related parties and persons as of 9/30 kEUR	200	0	0	0

Associated companies

The amount due from related parties includes loans amounting to 68 kEUR (previous year: 168 kEUR) and concerns iris GmbH. This is indicated in the balance sheet under non-current assets.

The remaining amount of 3 kEUR also concerns iris GmbH (previous year: 11 kEUR). These accounts receivable are for goods and services and have less than a year left to run. They are indicated in the balance sheet under current assets. The accounts payable to related parties are for goods and services and have less than a year left to run. These are due to iris GmbH and amount to 185 kEUR (previous year: 0 kEUR) and id systeme GmbH in the amount of 15 kEUR (previous year: 0 EUR). They are indicated in the balance sheet under current liabilities.

Other related party transactions

INIT GmbH rents its office building in Karlsruhe from Dr. Gottfried Greschner GmbH & Co. Vermögens-Verwaltungs KG. The monthly rental payments are currently running at 30 kEUR (rounded) (annual payment: 367 kEUR). The rental price is contractually fixed until June 30, 2011 and will then increase to 475 kEUR per year, every year from July 1, 2011 until June 30, 2026. In addition, a rent deposit of 61 kEUR has been paid for the office building in Karlsruhe.

Terms of the business transactions with related parties and persons

Sales to and purchases from related parties (affiliated companies and persons) shall be made to the normal market terms and conditions. There are no guarantees whatsoever for accounts receivable from or payable to related parties. The group has not made any value adjustments on accounts receivable from related parties for the financial year as of September 30, 2009.

Karlsruhe, November 13, 2009

Dr. Gottfried Greschner
Chief Executive Officer

Bernhard Smolka
Chief Financial Officer

Achim Becker
Chief Operating Officer

Wolfgang Degen
Chief Operating Officer

Dr. Jürgen Greschner
Chief Sales Officer

Segment Reporting

The group comprises the following reportable segments:

1. The "Telematics and Electronic Fare Collection Systems" segment includes integrated systems for the management of public transport services, fare management systems, passenger information as well as passenger counting systems.
2. The category "Others" consists of the segments Planning Systems (planning and data management systems) and Automotive Engineering (analysis systems for the automotive industry).

For the purpose of corporate management the group is divided into three business segments (Telematics and Electronic Fare Management Systems, Planning Systems, Automotive Engineering) based on the products and services on offer. The business units Planning Systems and Automotive Engineering were combined into the category "Others".

Management monitors the operative results separately for each business segment to decide on the allocation of resources and assess profitability. Profitability is decided based on operational performance which equates to the total declared in the group's consolidated financial statement.

01/01/2009-09/30/2009	Telematics and Electronic Fare Collection Systems	Others	Eliminations and adjustments	Consolidated
	kEUR	kEUR	kEUR	kEUR
Revenues				
with third parties	42,676	1,610	0	44,286
with other segments	604	941	-1,545	0
Revenues, total	43,280	2,551	-1,545	44,286
EBIT	7,691	-569	64	7,186
Segment assets	60,635	2,253	-1,788	61,100
Segment liabilities	24,774	1,669	-752	25,691
Interest income	75	1	-9	67
Interest expenses	77	17	-9	85
Scheduled depreciation	1,277	173	0	1,450
Cost of revenues	28,031	2,567	-1,609	28,989
Research and development expenses	629	60	0	689
Foreign currency gains (+)/losses (-)	-983	-2	0	-940
Income from associated companies	232	0	0	232
Income tax	1,918	1	0	1,919
Impairments	1,186	0	0	1,186
Shares in associated companies	1,870	0	0	1,870
Investments in tangible fixed assets and intangible assets	1,287	131	-200	1,218
12/31/2008				
Segment assets	57,081	2,717	-1,847	57,951
Segment liabilities	25,905	1,827	-1,377	26,355
Shares in associated companies	1,852	0	0	1,852



01/01/2008-09/30/2008	Telematics and Electronic Fare Collection Systems	Others	Eliminations and adjustments	Consolidated
	kEUR	kEUR	kEUR	kEUR
Revenues				
with third parties	32,296	1,677	0	33,973
with other segments	609	437	-1,046	0
Revenues, total	32,905	2,114	-1,046	33,973
EBIT	2,668	-274	-133	2,261
Segment assets	49,759	2,521	-2,012	50,268
Segment liabilities	22,335	2,089	-997	23,427
Interest income	164	1	-20	145
Interest expenses	275	38	-20	293
Scheduled depreciation	1,041	166	-28	1,179
Cost of revenues	24,647	1,886	-989	25,544
Research and development expenses	699	4	0	703
Foreign currency gains (+)/losses (-)	1,369	3	0	1,372
Income from associated companies	225	0	0	225
Income tax	814	116	0	930
Impairments	621	0	0	621
Shares in associated companies	1,923	0	0	1,923
Investments in tangible fixed assets and intangible assets	1,715	732	-200	2,247
12/31/2007				
Segment assets	43,806	1,926	-1,257	44,475
Segment liabilities	17,143	1,267	-623	17,787
Shares in associated companies	1,887	0	0	1,887

Geographical Information

	01/01/2009- 09/30/2009		01/01/2008- 09/30/2008	
	kEUR	%	kEUR	%
Revenues with external customers				
Germany	11,029	24.9	7,655	22.5
Rest of Europe	10,934	24.7	7,668	22.6
North America	10,670	24.1	13,649	40.2
Other Countries (Australia, UAE)	11,653	26.3	5,001	14.7
Group total	44,286	100.0	33,973	100.0

The above information about the sales revenue is based on the customer's location.

	09/30/2009		12/31/2008	
	kEUR	%	kEUR	%
Non-current assets				
Germany	9,195	89.7	9,387	89.4
North America	852	8.3	976	9.3
Other Countries (Australia, UAE)	201	2.0	139	1.3
Group total	10,248	100.0	10,502	100.0

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

Consolidated Statements of Changes in Equity as of September 30, 2009 (IFRS) (unaudited)

	Subscribed capital	Additional paid-in capital	Consolidated unappropriated profit
	kEUR	kEUR	kEUR
Status as of December 31, 2007	10,040	3,973	14,347
Profit for the period			1,272
Other comprehensive income			
Total comprehensive income			1,272
Dividend paid out			-1,378
Share-based payments		38	
Rounding difference			
Status as of September 30, 2008	10,040	4,011	14,241
Status as of December 31, 2008	10,040	3,950	18,881
Profit for the period			5,300
Other comprehensive income			
Total comprehensive income			5,300
Dividend paid out			-1,580
Share-based payments		-23	
Status as of September 30, 2009	10,040	3,927	22,601

*Interim Consolidated Statement of Comprehensive Income
from January 1, 2009 to September 30, 2009 (IFRS)
(unaudited)*

	01/01/2009- 09/30/2009	01/01/2008- 09/30/2008
	kEUR	kEUR
Profit for the period	5,249	1,183
Exchange differences on translation of foreign operations	-223	111
Net gain (+)/net loss (-) in available-for-sale financial assets	160	-26
Other comprehensive income for the period, net of tax	-63	85
Total comprehensive income	5,186	1,268
thereof attributable to equity holders of the parent company	5,237	1,357
thereof minority interests	-51	-89

Attributable to equity holders of the parent

Treasury stock	Other reserves			Total	Minority interest	Total Shareholders' equity
	Difference from pension valuation	Difference from currency translation	Stock market valuation of securities			
kEUR	kEUR	kEUR	kEUR	kEUR	kEUR	kEUR
-977	98	-983	-4	26,494	194	26,688
				1,272	-89	1,183
		111	-26	85		85
		111	-26	1,357	-89	1,268
				-1,378		-1,378
226				264		264
					-1	-1
-751	98	-872	-30	26,737	104	26,841
-789	187	-841	-26	31,402	194	31,596
				5,300	-51	5,249
		-223	160	-63		-63
		-223	160	5,237	-51	5,186
				-1,580		-1,580
230				207		207
-559	187	-1,064	134	35,266	143	35,409

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