

## Group report in accordance with IFRS for the first nine months of the financial year 2006

Berlin, 8 November 2006

### Performance figures

	Nine-month period 2006	Nine-month period 2005
	€ million	€ million
<b>Revenue</b>	18.7	19.0
<i>of which performances not yet registered</i>	3.6	3.9
<b>Gross profit</b>	15.9	14.9
<b>Personnel costs</b>	12.0	10.9
<b>EBIT</b>	-0.9	-1.3
<b>Consolidated profit/loss</b>	-1.1	0.5
<b>Operating result</b>	-0.1	0.1



## Report on the situation

At the end of the third quarter of 2006, IVU Traffic Technologies AG is continuing on its course of consolidation. The performance in the third quarter 2006 has been weaker than in the corresponding quarter of the previous financial year, but nevertheless the revenues, profit and EBIT have further stabilised and after nine months are about the same or higher in a year-on-year comparison. In particular, the gross profit of € 15.9 million has increased by about € 1 million or 7% for the first nine months of 2006, the revenue though is at € 18.7 million about 2% lower than in the same period in 2005.

The gross profit is the key indicator, because it reflects the value created by the company. In the case of a software house like IVU this consists above all of in-house project and development work and licences. The revenue, on the other hand, is also influenced by external work and materials – in the case of IVU primarily the purchase and re-sale of hardware components for the on-board computer of the i.box family. Increased hardware sales push the revenue up considerably, but only contribute to a lesser extent to the gross profit and EBIT. This explains the differences in the development of revenue and gross profit figures for the third quarters of 2005 and 2006. Last year, a particularly large hardware order (from Connexxion in the Netherlands) boosted the Q3 revenue.

The fact that the gross profit for the third quarter of 2006 is a little less than € 0.4 million below that for the same quarter of the previous year is due to a seasonal shift in trading. Business at the start of 2006 was very good, and the orders meant that the half-yearly results already were much better than for the first half of 2005.

Earnings before interest and tax (EBIT) for the first nine months of 2006 were - € 0.9 million, which represents an improvement over of the previous year of € 0.4 million. It is not unusual for IVU to be still reporting a negative EBIT at this stage, because the structure of custom means that the company traditionally reports particularly high revenues in the final quarter.

Personnel expenditure in the first nine months was over € 1 million higher than in the same period of the previous year. In response to the very good state of the order books, IVU has



strengthened its team, as announced in previous reports, and a number of highly qualified IT specialists and software engineers have been recruited. The number of employees has therefore returned to the 2004 levels.

<b>Personnel development</b>	<b>2006</b>	<b>2005</b>	<b>Change</b>
No. of employees as of 30 September	288	268	7 %
Personnel capacity*			
1 Jan-30 Sep	240	222	8 %

\* = equivalent number of full-time employees

Although the financial results and earnings before taxes could be improved over the figures for the same period in the previous year, a group loss of - € 1.1 million was reported against a profit of € 0.5 million in the previous year. However, it is important to note that a bank waived a repayment in 2005, and this extraordinary revenue item of € 1.9 million led to a very good result in Q3 2005. If allowance is made for this effect, then the nine-month group result in 2006 is better than that for the corresponding period in the previous year.

The operative result\* of - € 0.1 million is about € 0.2 million less than in the comparable period in the previous year. But it is to be expected that at the end of the fourth quarter a good positive annual result will be achieved.

Viewed overall, the figures show a clear trend of stabilisation for the company. More than 60% of the planned turnover in the current financial year has already been achieved so far, providing a good basis at the start of the final quarter. This fourth quarter is typically when IVU generates the most of its revenue. This also applies for the current year.

The order books continue to look very good at the start of Q4. Some 95% of the planned revenues and some 93% of the planned gross profit in the current financial year are already accounted for by the work completed and outstanding orders.

The company goals for 2006 remain unchanged: to achieve a revenue of above € 30 million and a gross profit of about € 25 million, in combination with a considerable improvement in EBIT.

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\* As defined on p. 12 of the Management Report 2005

## Nine-monthly financial statement in accordance with IFRS as of 30 September 2006

### Income statement

	Q 3 2006	Q 3 2005	First nine months 2006	First nine months 2005
	T€	T€	T€	T€
<b>1. Earnings</b>	<b>5 942</b>	<b>8 368</b>	<b>18 722</b>	<b>18 985</b>
<i>of which performance not yet registered</i>	<i>218</i>	<i>1 820</i>	<i>3 572</i>	<i>3 912</i>
2. Other operating revenues	223	198	476	426
3. Material costs	-882	-2 891	-3 252	-4 502
<b>Gross profit</b>	<b>5 283</b>	<b>5 675</b>	<b>15 946</b>	<b>14 909</b>
4. Personnel expenses	-3 994	-3 539	-12 037	-10 936
5. Depreciation of non-current assets	-284	-527	-999	-1 643
6. Other operating expenses	-1 190	-1 234	-3 770	-3 595
<b>EBIT</b>	<b>-185</b>	<b>375</b>	<b>-860</b>	<b>-1 265</b>
7. Interest revenues	3	2	13	40
8. Interest payments	-103	-85	-295	-339
<b>9. Earnings before taxes</b>	<b>-285</b>	<b>292</b>	<b>-1 142</b>	<b>-1 564</b>
10. Extraordinary items	0	1 900	0	1 900
11. Taxes from income and earnings	0	0	0	201
<b>12. Group deficit</b>	<b>-285</b>	<b>2 192</b>	<b>-1 142</b>	<b>537</b>
			<b>2006</b>	<b>2005</b>
Earnings per share (undiluted and diluted )			- €0.06	€0.03

T€ = thousands of euros

## Balance sheet in accordance with IFRS as of 30 Sep. 2006

	30.09.06	31.12.05
	T€	T€
<b>ASSETS</b>		
<b>A. Current assets</b>		
1. Liquid funds	681	542
2. Trade receivables	5 538	9 666
3. Current receivables from construction contracts	5 111	2 220
4. Inventories	901	870
5. Other current assets	1 752	2 345
<b>Total current assets</b>	<b>13 983</b>	<b>15 643</b>
<b>B. Non-current assets</b>		
1. Fixed assets (PPE)	985	1 212
2. Intangible assets	12 721	13 275
3. Financial instruments held for trading purposes	0	24
4. Deferred tax assets	1 079	1 079
<b>Total non-current assets</b>	<b>14 785</b>	<b>15 590</b>
	<b>28 768</b>	<b>31 233</b>
<b>LIABILITIES</b>		
<b>A. Current liabilities</b>		
1. Short-term loans and current portions of long-term loans	3 582	2 625
2. Trade payables	703	1 347
3. Obligations arising from construction contracts	846	1 967
4. Provisions	342	833
5. Tax provisions	343	343
6. Other current liabilities	3 617	3 945
<b>Total current liabilities</b>	<b>9 433</b>	<b>11 060</b>
<b>B. Non-current liabilities</b>		
1. Long-term debt	2 135	2 035
2. Deferred tax liabilities	1 079	1 079
3. Pension provisions	2 290	2 154
4. Additional line items investment grants and investment subsidies	99	133
5. Other non-current assets	0	16
<b>Total non-current liabilities</b>	<b>5 603</b>	<b>5 417</b>
<b>C. Equity</b>		
1. Subscribed capital	17 669	17 669
2. Capital reserves	46 456	46 456
3. Consolidated balance sheet loss	-50 592	-49 450
4. Currency translation	199	81
<b>Total equity</b>	<b>13 732</b>	<b>14 756</b>
	<b>28 768</b>	<b>31 233</b>

## Cash flow statement in accordance with IFRS as of 30 Sep. 2006

	1.1. - 30.09.2006	1.1. - 30.09.2005
	T€	T€
<b>1. Business activity</b>		
Consolidated earnings before income taxes of the period	-1 142	335
Depreciation of tangible assets	999	1 643
Changes to provisions	-355	-956
Differences from currency translation	118	-5
Earnings from dissolved special positions	-34	-39
Earnings from interest	282	299
Revenue from disposal of property, plant and equipment	70	-5
	<b>-62</b>	<b>1 273</b>
Changes to items of current assets and current borrowed funds		
Inventories	-31	-793
Receivables and other assets	1 830	-1 180
Liabilities (without provisions)	-2 109	359
	<b>-372</b>	<b>-341</b>
Interest payments	-295	-340
Income tax payments	0	201
<b>Cash flow from current business activities</b>	<b>-667</b>	<b>-479</b>
<b>2. Investment activities</b>		
Payments for investments in property, plant, and equipment	-301	-285
Receipts from disposal of property, plant and equipment	53	49
Interest received	13	40
<b>Cash flow from investment activities</b>	<b>-235</b>	<b>-196</b>
<b>3. Financing activities</b>		
Receipts from equity increase		1 500
Receipts/payments from financial liabilities	1 641	-1 601
Repayment of financial liabilities	-600	-165
<b>Cash flow from financing activities</b>	<b>1 041</b>	<b>-266</b>
<b>4. Liquid funds at the end of the period</b>		
Effective change in liquid funds	139	-942
Liquid funds at the beginning of the period	542	1 619
Liquid funds at the end of the period	<b>681</b>	<b>677</b>



## Group equity change account in accordance with IFRS as of 30 Sep. 2006

	Share capital	Capital reserves	Foreign ex- change rate changes	Balance sheet loss	Total
<b>As of 1 January 2005</b>	<b>16 169</b>	<b>46 456</b>	<b>83</b>	<b>-51 611</b>	<b>11 097</b>
Increase in equity with Commercial Register entry 22 July 2005	1 500				1 500
Differences from currency translations (losses not included in consolidated income statement)			-2		-2
Consolidated annual profit				2 161	2 161
<b>As of 31 December 2005</b>	<b>17 669</b>	<b>46 456</b>	<b>81</b>	<b>-49 450</b>	<b>14 756</b>
<b>As of 1 January 2006</b>	<b>17 669</b>	<b>46 456</b>	<b>81</b>	<b>-49 450</b>	<b>14 756</b>
Differences from currency translations (profits not included in consolidated income statement)			118		118
Consolidated loss 1.1. - 30.9.2006				-1 142	-1 142
<b>As of 30 September 2006</b>	<b>17 669</b>	<b>46 456</b>	<b>199</b>	<b>-50 592</b>	<b>13 732</b>



## Financial calendar 2006

Monday, 27 November 2006      Analysts' conference

### Contact:

Renate Bader  
Head of Corporate Communications  
IVU Traffic Technologies AG  
Bundesallee 88  
12161 Berlin, Germany  
Tel. +49 (0)30 85906-800  
Fax +49 (0)30 85906-111  
[renate.bader@ivu.de](mailto:renate.bader@ivu.de)

Frank Kochanski  
CFO  
IVU Traffic Technologies AG  
Bundesallee 88  
12161 Berlin, Germany  
Tel. +49 (0)30 85906-0  
Fax +49 (0)30 85906-111  
[frank.kochanski@ivu.de](mailto:frank.kochanski@ivu.de)

Web site: [www.ivu.de](http://www.ivu.de)