

Consolidated Report for the First Six Months of the 2005 Financial Year

Berlin, 27 July 2005

Key figures

	1st half of 2005	1st half of 2004
Revenues	€ 10.6 million	€ 10.9 million
Including not yet accounted revenues	€ 2.1 million	€ 3.2 million
Gross profit	€ 9.2 million	€ 10.5 million
Personnel expenses	€ 7.4 million	€ 8.1 million
Other operating expenses	€ 2.4 million	€ 2.9 million
EBIT	€ -1.6 million	€ -2.6 million
Group result	€ -1.7 million	€ -2.9 million
Operating result	€ -0.7 million	€ -0.8 million



Letter to our shareholders

Ladies and Gentlemen,

We are happy to report some successful developments for the first half of 2005. Demand for our systems is increasing, and we are in a good position where orders are concerned.

Revenues remain at more or less the same level as last year, and the group result shows substantial improvement. We remain committed to our revenue target of €28 million for 2005.

We are especially pleased to report that we managed to stabilise IVU's financial position through a capital increase and refinancing, improving equity by €3.4 million.

We enter the second half of the year with a sense of optimism.

Best regards from the Management Board

Prof. Dr. Ernst Denert

Dr. Olaf Schemczyk

Dr. Gero Scholz

Management report

At €10.6 million, revenue remains more or less at the same level as last year. The group result increased by a substantial €1.26 million and the operating result improved from €-0.8 to €-0.7 million. The key figures for the result of the first half of the year remain negative due to the seasonal nature of our business, so that we were able to earn just under 40% of planned revenues.

Personnel expenses declined €0.7 million in the first half of 2005 and will continue to drop over the course of the year, since the full effect of the layoffs announced in January has not yet been felt. Human resources showed the following development:

Human resources	2005	2004	Change
Number of employees as of 30 June	262	299	-12 %
Personnel capacity in the period from 1 January to 30 June	224	260	-13 %

After depreciating €3.3 million in goodwill in 2004, and because depreciations on proprietary software declined, depreciation on long-term assets dropped to around €1.1 million in the first six months of the year.

We are entering the third quarter of 2005 with a good volume of orders. As of 30 June 2005, orders on hand, combined with the revenue already posted, cover over 90% of the revenue planned for 2005. A few examples illustrate our order position:

As the result of an international bid, Berliner Verkehrsbetriebe (BVG) has placed an order with IVU for the implementation of the MICROBUS planning system and concluded a five-year maintenance agreement with us. Stadtverkehr Lübeck has placed an order with IVU for on-board computers, while Wolfsburger Verkehrsgesellschaft (WVG) ordered the BON vehicle monitoring system, the AFAB ticketing software, the BON.tip real-time passenger information system as well as nearly one hundred on-board computers with ticketing



functionality. Our Qbase product is attracting increasing attention from public transport companies. Thus, the local public transport company Frankfurt am Main GmbH traffiQ will begin using Qbase for billing and controlling operations in connection with its transport agreements.

During the parliamentary elections in the fall, an IT system from IVU will automatically collect and evaluate the results from the various states and present the official final count. IVU is responsible for the installation and failsafe operation of the system, which was developed for the 2002 parliamentary elections in close cooperation with the German Federal Office of Statistics.

The following quarterly financial statements were drawn up according to the stipulations of the International Financial Reporting Standard (IFRS) and also taking into account the interpretations of the Standing Interpretations Committee (SIC). In drawing up the present financial statements, we followed the same accounting and valuation methods as well as the same calculation methods as we did in the last financial statements. IVU reports segment revenues, but not segment results, for the quarters.

1. Consolidated Profit and Loss Statement According to IFRS as of 30 June 2005

	2nd Quarter 2005	2nd Quarter 2004	1st half of 2005	1st half of 2004
	1.4.-30.6.	1.4.-30.6.	1.1.-30.6.	1.1.-30.6.
	T€	T€	T€	T€
1. Revenues	5,378	5,593	10,617	10,916
<i>including not yet accounted revenues</i>	<i>1,155</i>	<i>832</i>	<i>2,092</i>	<i>3,235</i>
2. Other operating earnings	2	581	228	879
3. Cost of materials	-927	-897	-1,611	-1,332
Gross profit	4,453	5,277	9,234	10,463
4. Personnel expenses	-3,536	-3,945	-7,397	-8,101
5. Depreciations on long-term assets	-555	-1,027	-1,116	-2,092
6. Other operating expenses	-1,316	-1,360	-2,361	-2,876
7. EBIT	-954	-1,055	-1,640	-2,606
8. Financial result	-128	-140	-216	-313
9. Result of operating activities	-1,082	-1,195	-1,856	-2,919
10. Taxes on income and earnings	0	0	201	0
11. Group result	-1,082	-1,195	-1,655	-2,919
IVU operating result			-740	-827
			€	€
Earnings per share undiluted			-0.10	-0.18
Earnings per share diluted			-0.10	-0.18

2. Consolidated Balance Sheet in Accordance with IFRS as of 30 June 2005

<u>Assets</u>	30.6.2005	31.12.2004
	T€	T€
A. Short-term assets		
1. Liquid funds	917	1,619
2. Trade receivables	3,900	8,514
3. Receivables from not yet submitted invoices	3,612	1,346
4. Stocks	996	668
5. Prepayments and accrued income and other short-term assets	1,853	1,750
Short-term assets	11,278	13,897
B. Long-term assets		
1. Tangible assets	1,373	1,604
2. Intangible assets	14,104	14,786
3. Financial assets	0	26
4. Latent taxes	1,085	1,085
Long-term assets	16,562	17,501
Assets	27,840	31,398
<u>Liabilities</u>		
A. Short-term liabilities		
1. Short-term loans and short-term portion of long-term loans	3,881	3,813
2. Trade payables	774	1,981
3. Down payments retained	1,725	601
4. Provisions	1,642	2,681
5. Sales items of accrual and deferral	948	248
6. Other short-term payables	2,309	3,893
Short-term liabilities	11,279	13,217
B. Long-term liabilities		
1. Long-term loans	3,700	4,000
2. Latent taxes	1,103	1,085
3. Pension reserves	2,079	1,796
4. Off-line item investment grants and investment subsidies	159	185
5. Other	58	18
Long-term liabilities	7,099	7,084
C. Equity		
1. Subscribed capital	16,169	16,169
2. Capital reserves	46,456	46,456
3. Consolidated balance sheet loss	-53,265	-51,611
4. Currency translation	102	83
Equity	9,462	11,097
Liabilities	27,840	31,398

3. Consolidated Cash Flow Statement in Accordance with IFRS as of 30 June 2005

	1.1. - 30.6.2005	1.1. - 30.6.2004
	T€	T€
1. Business activity		
Consolidated annual profit/loss before income tax for the periods (after minority interests)	-1,856	-2,918
Depreciations	1,116	2,092
Net change of provisions	-756	-459
Differences from currency translation	19	-34
Earnings from special items	-26	-41
Earnings from interest	216	313
Profit from sale of fixed assets	12	2
Subtotal	-1,275	-1,047
Change of items of current assets and short-term capital		
Stocks	-328	-490
Receivables and other assets	2,245	4,129
Short term liabilities (excluding provisions)	-967	-1,581
Cash flow in/out from normal business activity before income tax	-325	1,011
Interest paid	-255	-322
Tax paid or received	201	0
Cash flow in/out from business activities	-379	690
2. Investment activities		
Investment in assets	-216	-149
Receipts of payments from disposal of tangible assets	47	0
Interest earned	38	9
Cash flow in/out from Investment activities	-131	-140
3. Financing		
Deposits/payments from short-term loans	-192	-824
Payments for medium- and long-term liabilities	0	-2,007
Cash flow in/out from financial activities	-192	-2,831
Change in liquid funds	-702	-2,281
Liquid funds at beginning of period	1,619	3,067
Liquid funds at end of period	917	786

4. Group Equity Change Account in Accordance with IFRS as of 30 June 2005

	Subscribed capital	Capital reserves	Currency translations	Balance sheet loss	Total
	T€	T€	T€	T€	T€
As of 1 Jan. 2004	16.169	46.456	77	-42.891	19.811
Currency translation differences (profits not considered in the consolidated profit and loss statement)	0	0	6	0	6
Consolidated annual loss	0	0	0	-8.720	-8.720
As of 31 Dec. 2004	16,169	46,456	83	-51,611	11,097
As of 1 Jan. 2005	16,169	46,456	83	-51,611	11,097
Currency translation differences (profits not considered in the consolidated profit and loss statement)	0	0	19	0	19
Consolidated loss from 1 Jan. – 30 June 2005	0	0	0	-1,655	-1,655
As of 30 June 2005	16,169	46,456	102	-53,265	9,462

5. Business segments and foreign business

	1.1. - 30.6.2005	1.1. - 30.6.2004	Change
	Million €	Million €	
Business segments			
Public Transport			
Revenues	8.5	8.4	1%
Not yet accounted revenues	1.6	2.6	
Transport Logistics			
Revenues	1.3	1.3	0%
Not yet accounted revenues	0.1	0.1	
Information Logistics			
Revenues	0.8	1.2	-33%
Not yet accounted revenues	0.4	0.5	
Total	10.6	10.9	-3 %
Portion for not yet accounted revenues	2.1	3.2	
Countries			
Germany	8.0	8.7	-8%
Other	2.6	2.2	
Total	10.6	10.9	-3%

2005 Shareholder's Meeting

The Shareholders' Meeting took place on 15 June at the Ludwig-Erhard-Haus of the Berlin Chamber of Industry and Commerce and approved the activities of the Management and Supervisory Boards by a large majority. All further decisions were taken in the interest of the company.

2005 Financial Calendar

Wednesday, 9 November 2005	Nine-month report
Wednesday, 23 November 2005	Analyst conference in Frankfurt/Main

Contact information

Thomas Vogt
Head of Corporate Communications
IVU Traffic Technologies AG
Bundesallee 88
12161 Berlin, Germany
Phone: +49.30.85906-800
Fax: +49.30.85906-111
thomas.vogt@ivu.de

Frank Kochanski
Business Manager
IVU Traffic Technologies AG
Bundesallee 88
12161 Berlin, Germany
Phone: +49.30.85906-0
Fax: +49.30.85906-111
frank.kochanski@ivu.de

Internet: www.ivu.de