IVU Traffic Technologies AG

Consolidated Report for the First Quarter

of the 2005 Financial Year

Berlin, 4 May 2005

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1. Key figures

	Quarter of 2005 (million €)	Quarter of 2004 (million €)
Revenues	5.2	5.3
including not yet accounted revenues	*0.9*	*2.4*
Gross profit	4.8	5.2
Personnel costs	3.9	4.2
Other operating expenses	1.0	1.5
EBIT	(0.7)	(1.6)
Group result	(0.6)	(1.7)
Operating result	(0.8)	(0.7)

2. Management report

Dear shareholders,
dear friends of IVU,

In comparing the current figures for the first quarter of 2005 with 2004, we can see how much progress IVU has made over the past twelve months. One year ago, we reported a sales slump of €1.4 million, compared to the previous year, a shortfall that we were unable to make up over the course of the year. The company was deep in the red, with EBIT at € -1.6 million and group result at € -1.7 million.

Although the key figures for the this quarter's result remain negative, we must nevertheless consider the fact that we can usually post only 15% of our annual revenues at the beginning of the year, while costs are distributed more or less evenly over the entire year. The highly seasonal distribution of our revenues, with roughly half of our annual revenues earned in the fourth quarter, is typical for our industry, particularly in the public transport sector. Nevertheless, we managed to improve EBIT by 56% to € -0.7 million in the first quarter of 2005 and decrease the consolidated loss by 67% to € -0.6 million. This is the reward for our efforts to dramatically cut the company's costs.

The fact that revenues remained stable in the first quarter of 2005, compared to the previously year, is a welcome sign. The volume of orders at the beginning of the second quarter of 2005 is good, with new orders – combined with revenues already posted – covering over 60 percent of the revenues planned for 2005 as of March 31, 2005. Including bids that seem likely to be accepted, the volume stands at more than 95 percent. Because a number of our customers are planning major projects, we will stick to our revenue and result targets.

Best regards from the Management Board
Prof. Dr. Ernst Denert
Dr. Olaf Schemczyk
Dr. Gero Scholz

3. Quarterly figures

IVU Traffic Technologies AG earned around €5.2 million in revenues during the first three months of the current financial year, which is approximately on a par with the same period in the previous year. However, our costs dropped substantially. Personnel expenses declined 7 percent and other operating expenses as much as 31 percent. Because we took a goodwill depreciation amounting to €3.3 million in 2004 and further reduced the activated services on own account that had accumulated before 2004, depreciations on long-term assets dropped nearly 50 percent during the first quarter, ending up at only €0.6 million.

Where the result figures are concerned, earnings before interest and taxes (EBIT) improved 56 percent to €-0,7 million and the consolidated loss decreased 67 percent to €-0.6 million. The reason why the operating result is weaker compared to the previous year – unlike EBIT and the group result – is that an amount of €0.6 million had been allocated as early as 2004 for expenses associated with the January layoffs. However, these expenses were incurred in the first quarter and therefore weaken the operating result, which after all is supposed to reflect the actual business activity.

Personnel expenses will continue to shrink over the course of the year, since the effect of the layoffs announced in January was not yet fully felt in the first quarter. A total of 38 employees were laid off. Reductions in personnel expenses will run to a total of €1.4 million in 2005 and €2.1 million in 2006. However, the full impact of this measure on liquidity will not be felt until 2006, with only €0.4 million applying to 2005.

Although the company's goal is to keep 2005 sales at least at the same level as in the previous year, there is a good chance that this target will be exceeded and reach around €28 to €29 million. This would mean an operating result of €1.2 million, excluding the severance payments.

The consolidated financial statement has been drawn up according to the International Financial Reporting Standards (IFRS) and also taking into account the interpretations of the Standing Interpretations Committee (SIC). In drawing up this report we used the same accounting and valuation methods as well as the same calculation methods as were used in the last annual report. IVU presents the quarterly turnovers for the individual segments, but no segment results.

3.1. Consolidated Profit and Loss Account in Accordance with IFRS

		1st quarter 2005	1s quarter 2004
		Jan.1 – March 31	Jan. 1 – March 31
		T€	T€
1.	**Revenues**	**5,239**	**5,323**
	Including not yet accounted revenues	*937*	*2,403*
2.	Other operating earnings	226	298
3.	Costs of material	(684)	(435)
	Gross profit	**4,781**	**5,186**
4.	Personnel expenses	(3,861)	(4,156)
5.	Depreciations on long term assets	(561)	(1,065)
6.	Other operating expenses	(1,045)	(1,516)
7.	**EBIT**	**(686)**	**(1,551)**
8.	Financial result	(88)	(173)
9.	**Results of operating activities**	**(774)**	**(1,724)**
10.	Taxes on income and earnings	201	0
11.	**Group net annual loss before minority interests**	**(574)**	**(1,724)**
	Operating result	**(774)**	**(659)**
		€	€
	Earnings per share undiluted	(0.04)	(0.11)
	Earnings per share diluted	(0.04)	(0.11)

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3.2 Consolidated Balance Sheet in Accordance with IFRS

Assets	March 31, 2005	March 31, 2004
	T€	T€
A. Short-term assets		
1. Liquid funds	1,835	1,619
2. Trade receivables	4,990	8,514
3. Receivables from not yet submitted invoices	2,456	1,346
4. Stocks	914	668
5. Prepayments and accrued income and other short-term assets	1,989	1,750
Short-term assets	**12,184**	**13,897**
B. Long-term assets		
1. Tangible Assets	1,486	1,604
2. Intangible assets	3,102	14,786
3. Financial assets	11,309	26
4. Latent taxes	1,085	1,085
Long-term assets	**16,982**	**17,501**
Assets	**29,166**	**31,398**
Liabilities		
A. Short-term liabilities		
1. Short-term loans and short-term portion on long-term loans	3,458	3,813
2. Trade payables	863	1,981
3. Down payments retained	1,334	601
4. Provisions	2,041	2,681
5. Sales items of accrual and deferral	1,352	248
6. Short-term payables	2,583	3,893
Short-term liabilities	**11,631**	**13,217**
B. Long-term liabilities		
1. Long-term loans	3,700	4,000
2. Latent taxes	1,085	1,085
3. Pension reserves	2,041	1,796
4. Off-line item investment grants and investment subsidies	172	185
5. Other	18	18
Long-term liabilities	**7,016**	**7,084**
C. Equity		
1. Subscribed capital	16,169	16,169
2. Capital reserves	46,456	46,456
3. Consolidated Balance sheet profit /loss	(52,184)	(51,611)
4. Currency translation	78	83
Equity	**10,519**	**11,097**
Liabilities	**29,166**	**31,398**

3.3. Consolidated Cash Flow Statement in Accordance with IFRS

	Jan. 1 – March 31, 2005	Jan. 1 – March 31, 2004
1. Business activity	T€	T€
Consolidated annual profit before income tax of the periods	(774)	(1,724)
Depreciations	561	1,065
Net change of provisions	(395)	(318)
Differences from currency translation	(5)	(31)
Earnings from special items	(13)	(21)
Earnings from interest	88	173
Profit from sale of fixed assets	(5)	(5)
Subtotal	**(543)**	**(861)**
Change of items of the current assets and the short-term Capital		
Stocks	(246	(55)
Receivables and other assets	2,175	3,397
Short-term liabilities except provisions	(591)	(1,090)
Cash flow in/out from normal business activities before income tax	**795**	**1,391**
Interests paid	(124)	(177)
Tax paid or received	201	0
Cash flow from business activities	**(872)**	**1,214**
2. Investment activities		
Investment in assets	(55)	(89)
Receipts of payments from disposal of tangible assets	17	6
Interests earned	36	4
Cash flow in/out from investment activities	**(2)**	**(79)**
3. Financing		
Deposits from short term loans	(655)	(3,130)
Deposits from short term loans	0	(7)
Cash flow in/out from financial activities	**(655)**	**(3,137)**
Change in liquid funds	**215**	**(2,002)**
Liquid funds at beginning of period	**1,619**	**3,067**
Liquid funds at end of period	**1,835**	**1,065**

3.4. Group Equity Change Account in Accordance with IFRS

	Subscribed Capital	Capital reserves	Currency translations	Balance sheet loss	Total
	T€	T€	T€	T€	T€
As of Jan. 1, 2004	16,169	46,456	77	(42,891)	(19,811)
Currency translation differences (Profits not considered in the consolidated profit and loss account)			6		6
Consolidated annual loss				(8,720)	(8,720)
As of Dec. 31, 2004	16,169	46,456	83	(51,611)	11,097
As of Jan. 1, 2005	16,169	46,456	83	(51,611)	11,097
Currency translation differences (Profits not considered in the consolidated profit and loss account)			(5)		(5)
Consolidated loss Jan. 1 – March 31 2005				(574)	(574)
As of March 31, 2005	16,169	46,456	78	(52,185)	10,519

3.5. Business segments and foreign business

Revenues

	Jan. 1 – March 31, 2005 Mio. €	Jan. 1 – March 31, 2004 Mio.€	Change
Business segments			
Public Transport	3.4	2.1	+62%
Not yet accounted revenues	0.7	1.9	
Transport Logistics	0.6	0.6	+/-0
Not yet accounted revenues	0.2	0.2	
Information Logistics	0.3	0.2	+50%
Not yet accounted revenues	0	0.3	
Revenues all business segments	4.3	2.9	+48%
Not yet accounted revenues	0.9	2.4	
Total	5.2	5.3	-2%

Countries			
Germany	3.6	4.7	-23%
Other	1.6	0.6	+167%
Total	5.2	5.3	-2%

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4. Personnel figures

Personnel development	2005	2004	Change
Number of employees as of March, 31	260	299	-13%
Personnel capacity	220	258	-15%

5. 5. Financial Calendar

Wednesday, 15. June 2005	General Meeting
Wednesday, 27. July 2005	Supervisory Board Meeting and six-month report
Wednesday, 9. November 2005	Supervisory Board Meeting and nine-month report

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4. Personnel figures

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5. Financial calendar 2004

Monday, 22 November 2004	Analysts conference in Frankfurt / Main
Wednesday, 2 March 2005	Supervisory Board meeting
Wednesday, 9 March 2005	Publication of the Annual Report 2004
Wednesday, 9 March 2005	Analysts conference in Frankfurt / Main
Wednesday, 4 May 2005	Supervisory Board meeting and three-month report (to 31 March).
Wednesday, 8 June 2005	Annual general meeting
Wednesday, 10 August 2005	Supervisory Board meeting and six-month report (to 31 June).
Wednesday, 9 November 2005	Supervisory Board meeting and nine-month report (to 31 September).

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