IVU Traffic Technologies AG

Consolidated report for the first half of the financial year 2011 in accordance with IFRS

Berlin, 17 August 2011

Performance figures

	1st half-year 2011 in k€	1st half-year 2010 in k€	Changes 2011 against 2010 in k€
Revenue	15,884	15,663	+221
Gross profit	13,397	12,647	+750
Personnel expenses	10,004	9,577	+427
EBIT	113	9	+104
Consolidated profit/loss	41	-214	+255

Report on the situation

Performance figures

The first half of the financial year 2011 has been the continuation of the good business trends for IVU Traffic Technologies AG. The six-month revenue of € 15.9 million is slightly up on the figure for the same period last year (€ 15.7 million). The gross profit of € 13.4 million represents an increase of 6 % (2010: € 12.6 million). EBIT rose in comparison with the same period in the previous year by € 104,000 to € 113,000.

The national and international demand for the products of IVU remains at a very high level. Customer-oriented product management and the intensification of marketing activities are proving very successful. In the first half of the 2011 financial year, IVU again was able to establish itself in new countries and sectors as a producer of intelligent software solutions for public transport and logistics.

The order book situation as of 31 July 2011 almost fully covers the planned annual revenue for the current financial year. We are therefore confident that we will reach the goals we have set ourselves for the financial year 2011.

Important projects in the first half of 2011

Portuguese state railway. Scheduling for trains and personnel.

In the first half of 2011 Caminhos de Ferro Portugueses (CP) was a further state railway to be convinced by the IVU.suite. After Hungary, Finland, Italy and Switzerland, Portugal will now also utilise IVU.rail for train and rail personnel scheduling. Over a rail network of 2,830 km, the operations of 375 trains and the duty rosters for 1,500 personnel will in future be planned and optimised with the software from IVU Traffic Technologies AG. By the end of the year, IVU will have installed its systems for timetable planning, vehicle and personnel scheduling, duty roster optimisation, rolling stock deployment and vehicle dispatching for the state railway. With the Portuguese railway, IVU has been able to win another customer on the Iberian peninsula, and has thus strengthened its position on this interesting market.

Federal Office for Goods Transport. Toll control with IVU.plan.

Evidence of the demand that exists for the systems of IVU.suite outside the sphere of public transport is given by an order from the Federal Office for Goods Transport (BAG). In future, BAG will be planning and scheduling the controlling of motorway tolls in Germany more effectively and with improved transparency using the systems IVU.plan and IVU.crew.
A special optimisation algorithm is being developed in a research project carried out in cooperation with the Zuse Institute for Computer Science (ZIB) which will be used to link the duty plans of the toll controllers to the traffic volumes on the toll roads. This order opens up potential new fields of application for the products of the IVU.suite, and these opportunities will be pursued further in future.

Stadtwerke Münster. Cashless payment thanks to e-ticketing.

As one of the first public transport operators in Germany, Stadtwerke Münster is introducing electronic ticketing. It is expected that the cashless payment solution will make public transport services more convenient, more economical, and more environmentally friendly. The public utility has placed an order with IVU Traffic Technologies AG for 400 electronic validators, together with the associated software for ticket sales and background settlement. By the end of 2012, all the utility's bus passengers will be using the new chip cards and the e-ticketing service. Münster marks the start of what will soon become a nationwide development. More and more regions are re-equipping, so that in a few years' time cashless payments with a personal chip card will be the standard for many public transport associations.

Personnel

Personnel development	**2011**	**2010**	**Changes** in percent
No. of employees as of 30 June	345	327	+6%
Personnel capacity* 1 Jan. – 30 June	294	281	+5%

*equivalent number of full-time employees.

Numerous demanding projects in Germany and in other countries mean there is a growing need for project and software engineers, and this is the reason for the increase in personnel expenses by € 0.4 million to € 10 million. By means of effective personnel marketing, IVU was once again able to recruit enough well-trained co-workers in the first half of 2011. Applicants regard IVU as an interesting medium-sized employer with exciting and complex challenges in a national and international environment.

An in-house fair organised by the young management team in June 2011 is an example of the promotion of young talent and of cooperation within the company. Over two days, all the company sections of IVU presented themselves, their projects and products, discussed new approaches with their colleagues and supported the transfer of knowledge between company locations.

Prospects

Due to the good development of business in the first half of 2011, the predictions made for the financial year 2011 remain realistic. We expect to achieve revenue of € 38 to 40 million and gross profits of € 29 million.

Risks

The risks are described in the Annual Report 2010 on pages 20 and 21. No new risks have arisen. Neither have there been any changes in risk management and financial controlling.

Transactions with related individuals

Martin Müller-Elschner, Chair of the Executive Board, acquired 10,000 IVU shares in the period covered by this report and now holds 60,000 IVU shares.
Dr. Helmut Bergstein, Member of the Executive Board, acquired 5,000 IVU shares in the period covered by this report and now holds 10,000 IVU shares.
Frank Kochanski, Member of the Executive Board, acquired 3,500 IVU shares in the period covered by this report and now holds 12,000 IVU shares.

Declaration in accordance with WpHG Section 37w, paragraph 5, sentence 6

This interim report was not subjected to an auditor’s inspection.

Consolidated report through until 30 June 2011 in accordance with IFRS

	Q2 2011	Q2 2010	**1st half-year 2011**	**1st half-year 2010**
	k€	k€	k€	k€
Earnings	**8,129**	**8,298**	**15,884**	**15,663**
Other operating earnings	94	119	649	211
Material costs	-1,645	-1,975	-3,136	-3,227
Gross profit	**6,578**	**6,442**	**13,397**	**12,647**
Personnel expenses	-4,900	-4,879	-10,004	-9,577
Depreciation of non-current assets	-222	-214	-438	-411
Other operating expenses	-1,390	-1,306	-2,842	-2,650
EBIT	**66**	**43**	**113**	**9**
Interest revenues	2	1	2	8
Interest payments	-22	-27	-73	-60
Earnings before taxes (EBT)	**46**	**17**	**42**	**-43**
Taxes on income and revenues	-1	-168	-1	-171
Consolidated profit / loss	**45**	**-151**	**41**	**-214**

	2011	**2010**
	€	€
Earnings per share (undiluted and diluted)	0.00	-0.01
Average no. of shares in circulation (in thousands)	17,719	17,719

Statement of comprehensive income 1 January – 30 June 2011

	1st half-year 2011	**1st half-year 2010**
	k€	k€
Consolidated profit / loss	**41**	**-214**
Currency translations	-3	27
Other earnings after taxes	**-3**	**27**
Total consolidated earnings after taxes	**38**	**-187**

IVU Traffic Technologies AG

Consolidated balance sheet in accordance with IFRS

as of 30 June 2011

ASSETS	30.06.11	31.12.10
	k€	k€
A. Current assets		
1. Liquid funds	3,694	995
2. Trade receivables	10,545	13,263
3. Current receivables from construction contracts	6,666	8,770
4. Inventories	2,126	1,252
5. Other current assets	1,253	1,882
Total current assets	24,284	26,162
B. Non-current assets		
1. Fixed assets	1,036	960
2. Intangible assets	11,844	11,661
3. Deferred tax assets	1,861	1,861
Total non-current assets	14,741	14,482
	39,025	**40,644**

LIABILITIES	30.06.11	31.12.10
	k€	k€
A. Current liabilities		
1. Trade payables	1,433	2,789
2. Obligations arising from construction contracts	426	2,151
3. Provisions	548	581
4. Tax provisions	84	84
5. Other current liabilities	7,823	6,425
Total current liabilities	10,314	12,030
B. Non-current liabilities		
1. Deferred tax liabilities	1,861	1,861
2. Pension provisions	2,956	2,885
3. Others	300	312
Total non-current liabilities	5,117	5,058
C. Equity		
1. Subscribed capital	17,719	17,719
2. Capital reserves	46,456	46,456
3. Consolidated balance sheet loss	-40,644	-40,685
4. Currency translation	63	66
Total equity	23,594	23,556
	39,025	**40,644**

Consolidated cash flow statement in accordance with IFRS as of 30 June 2011

	01.01.2011 -30.06.2011	01.01.2010 -30.06.2010
	k€	k€
1. Business activity		
Consolidated earnings before income and taxes of the period	41	-43
Depreciation of tangible assets	438	411
Changes to provisions	-33	32
Other non-cash income and expenses	-3	27
Earnings from interest	71	52
Earnings from disposal of plant, property and equipment	0	-1
	514	**478**
Change of items of current assets and current borrowed funds		
Inventories	-874	-572
Receivables and other assets	5,452	5,027
Liabilities (without provisions)	-1,820	-1,239
	3,272	**3,694**
Interest payments	-73	-60
Cash flow from current business activities	**3,199**	**3,634**
2. Investment activities		
Payments for investments in property, plant and equipment	-498	-72
Interest received	2	8
Cash flow from investment activities	**-496**	**-64**
3. Financing activities		
Repayment of liabilities from sale and leaseback transactions	-4	-26
Cash payments for the repayment of current financial liabilities	0	-1,437
Cash flow from financing activity	**-4**	**-1,463**
4. Liquid funds at the end of the period		
Effective change in liquid funds	2,699	2,107
Liquid funds at the beginning of the period	995	1,129
Liquid funds at the end of the period	**3,694**	**3,236**

(+ = cash inflow / - = cash outflow)

IVU Traffic Technologies AG

Group equity change in accordance with IFRS

	Subscribed capital	Capital reserves	Currency translation	Consolidated balance sheet loss	Total
	k€	k€	k€	k€	k€
As of 1st January 2010	**17,719**	**46,456**	**47**	**-43,061**	**21,161**
Annual profit 2010	0	0	0	2,376	2,376
Other earnings after taxes	0	0	19	0	19
Total consolidated earnings after taxes	**0**	**0**	**19**	**2,376**	**2,395**
As of 31st December 2010	**17,719**	**46,456**	**66**	**-40,685**	**23,556**
As of 1st January 2011	**17,719**	**46,456**	**66**	**-40,685**	**23,556**
Consolidated profit 1.1.11 to 30.6.11	0	0	0	41	41
Other earnings after taxes	0	0	-3	0	-3
Total consolidated earnings after taxes	**0**	**0**	**-3**	**41**	**38**
As of 30 June 2011	**17,719**	**46,456**	**63**	**-40,644**	**23,594**

Balance sheet oath

(in accordance with Sections 289.2 Sentence 3, and 289.1 Sentence 5 of the German Commercial Code – HGB)

We assure that, to the best of our knowledge and in accordance with the applied principles for correct interim consolidated reporting, this interim consolidated report provides an accurate presentation of the situation of the company relating to assets, finances and revenues, that the consolidated interim report presents the course of business including the business results and the situation of the company in a way which corresponds to the actual conditions, and that the key opportunities and risks of the probable development of the company over the rest of the financial year are described.

Berlin, August 2011

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

Financial calendar 2011

Wednesday, 16 November 2011	Nine-month report through to 30 September
November 2011	Equity capital forum in Frankfurt/Main

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