

Half-year interim report for SENSYS® Traffic AB (publ)

JANUARY – JUNE 2011

- Net income for the period SEK 14.0m (17.8)
- Operating loss SEK -30.7m (-1.4), of which inventory adjustment SEK -13.8m
- Loss after tax SEK -22.8m (-0.7)
- Earnings per share SEK -0.08 (0.00)
- Cash flow per share SEK -0.12 (0.01)

OPERATIONS

Sensys Traffic develops, markets and sells systems for traffic informatics that are primarily used for measuring and registering vehicles that exceed the speed limit or that go against a red light.

Income in the second quarter was principally composed of deliveries of systems for monitoring train pantographs, known as APMS, to the Swedish Transport Administration and the Finnish Transport Agency.

Orders received in the second quarter amounted to SEK 24m and mainly concerned systems for speed and red-light surveillance for Sweden and the United Arab Emirates, with delivery during the current year.

The arbitration proceedings between Sensys and Telvent are continuing.

Further to the end of the quarter, Sensys has entered into a 25-year agreement with the Armenian Police Force for the building, operation and transfer (BOT) of a national traffic-surveillance system in Armenia. Sensys does not currently have any related orders. The consortium contract will now be transformed into several contracts among the partners, of which one will be between Sensys and Security Dream concerning systems for speed and red-light systems. The scope and extent for Sensys will be able to be evaluated when these contracts have been finalised. A potential order will be delivered from existing inventories.

FINANCIAL REPORTING

INCOME AND EARNINGS

Income for the first half-year amounted to SEK 14.0m (17.8). The previously initiated write-down of inventories continues as planned.

The value-adjustment for the half-year has implied a negative effect of SEK 13.8m, of which SEK 6.3m pertained to the second quarter, which in turn has led to a negative gross margin. Excluding this inventory write-down, the gross margin for the half-year amounted to 41.0 percent (42.4). The gross margin includes direct costs for contract manufacturers, as well as certain own fixed costs.

Income for the second quarter amounted to SEK 8.8m (9.4) and the gross margin, without the above inventory write-down, was 39.7 percent (42.5).

The operating loss for the half-year was SEK -30.7m (-1.4) and for the second quarter -15.9m (-2.1).

The loss after tax for the half-year amounted to SEK -22.8m (-0.7) and for the second quarter -11.7m (-1.6).

All costs that are not order-specific development costs have been charged to current operations.

FINANCIAL POSITION AND EQUITY (COMPARATIVE FIGURES 31-12-2010)

Shareholders' equity amounted at the end of the period to SEK 129.0m (151.8), representing an equity/assets ratio of 90.2 percent (88.3).



TAX

The Company's total deferred tax recoverable amounted to SEK 35.4m (27.3).

The entire amount of deferred tax recoverable has been reported as an asset since 2005. Future utilisation of this tax recoverable is dependent on taxable profits. The Company's management and board of directors continue to positively deem that the Company will have the potential to utilise this fiscal deficit in the future.

INVESTMENTS

Investments during the first half-year were SEK 0m (0.0).

WORKFORCE

The average number of employees was 34 persons (36), and the number of employees at the end of the period was 36.

The management group and marketing organisation has been strengthened during the period with a new Marketing Director, an experienced salesperson, an Aftermarket Director and a Director for Quality and Government Relations.

LIQUIDITY

Liquid resources amounted at the end of the period to SEK 18.2m (53.0), plus a short-term deposit of SEK 0m (20.4).

Cash flow from current operations for the quarter amounted to SEK -9.9m. Cash flow for the first half-year was SEK -34.8m (-13.1), of which SEK -18.1m pertains to current operations and SEK -16.7m to the payment of a bank guarantee to Telvent.

NUMBER OF SHARES

The number of shares at the end of the quarter was 287,902,734 (287,902,734). The average number of shares during the first half-year was 287,902,734 (217,898,988).

RISKS AND UNCERTAINTY FACTORS

In March 2011, Sensys resolved to prepare arbitration proceedings against Telvent. The final potential effect on liquidity and profitability further to the termination of the contract will depend on the outcome of the arbitration proceedings. Potential future damages will lead to an impact on the Company's financial results, while the liquidity effect will be limited to any amount exceeding EUR 1.9m.

It is also important for the Company that capital be freed from inventories. The Company's continued short-term focus will therefore be on the sale of inventories.

The Company's significant risk and uncertainty factors include business risks related to customers, suppliers and general global conditions. There are also financial risks associated with fluctuations in exchange rates and interest levels.

A summary of the Company's significant financial and business risks is set out on pages 12 and 31 of the Annual Report for 2010. No additional material risks are deemed to have since arisen.

ACCOUNTING PRINCIPLES

This half-year interim report has been prepared in compliance with IAS 34 Interim Financial Reporting and the Swedish Annual Accounts Act. The accounting principles and definitions applied in this report are essentially unchanged from the most recent annual report. The Company follows the Swedish Annual Accounts Act and Recommendation RFR 2 Reporting for Legal Entities of the Swedish Financial Reporting Board. The application of RFR 2 implies that the Company applies in this interim report all IFRS items and statements made as far as possible within the framework of the Swedish Annual Accounts Act approved by the EU, with consideration being taken for any relationship between accounting and taxation.

In July 2010, Sensys Traffic acquired all shares in a Swedish limited company [aktiebolag] that now has the name Sensys International AB. This company is totally dormant, and has been since it was formed. The objective of the acquisition is only to fulfil conditions in an international procurement process.

In view of that Sensys International AB is dormant, and has never carried out any business, no consolidated accounts have been prepared.

FORTHCOMING FINANCIAL REPORTS

Third quarter, 2011	26 Oct 2011
Year-end report, 2011	26 Jan 2012
First quarter, 2012	24 April 2012
Annual General Meeting, 2011	24 April 2012

The Board of Directors and the CEO certify that this half-year interim report provides a fair and accurate overview of the operations, financial position and earnings of the Company and that it describes the significant risks and uncertainties facing the Company.

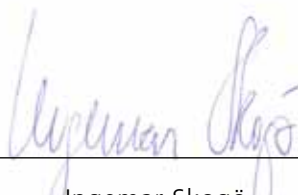
Jönköping, 25 August 2011



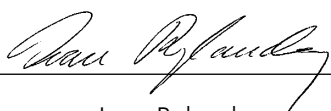
Peter Svensson
Chairman of the Board



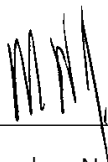
Jeanette Jakobsson
Board member



Ingemar Skogö
Board member



Ivan Rylander
Board member



Anders Norling
Board member



Claes Ödman
Board member



Johan Frilund
CEO

This interim report has not been examined by the Company's auditor.

For additional information, please contact:
Johan Frilund, CEO, +46 (0)73 274 28 23.

Sensys Traffic is obliged to publish the information contained in this half-year interim report pursuant to the Swedish Securities Market Act. The information was submitted for publication at 2.30pm (14.30 hrs) CET on 25 August 2011.

INCOME STATEMENT - SUMMARY SEK 000	Jan - June 2011	Jan - June 2010	April - June 2011	April - June 2010
Net sales	14 022	17 815	8 783	9 427
Cost of goods sold	-8 273	-10 261	-5 297	-5 425
Change in value, Stock	-13 800	-10 261	-6 300	-5 425
Gross profit	-8 051	-2 707	-2 814	-1 423
Selling expenses	-9 346	-9 401	-5 445	-5 525
Administrative expenses	-3 155	-2 706	-1 787	-1 342
Development costs	-10 122	-8 159	-5 853	-4 125
Other operating income/expenses	0	11356	0	4 710
Operating profit/loss	-30 674	-11 617	-15 899	-7 705
Net financial items	-220	428	37	174
Profit/loss after financial items	-30 894	-11 189	-15 862	-7 531
Tax	8 125	244	4 173	554
Net profit/loss for the period	-22 769	-10 945	-11 689	-6 977

BALANCE SHEET - SUMMARY SEK 000	2011-06-30	2010-06-30	2010-12-31
Assets			
Intangible fixed assets	324	469	370
Tangible fixed assets	295	628	457
Financial assets	52 164 ¹	24 957 ¹	27 371
Accounts receivables	8 213	5 484	10 519
Stock	61 750	80 348	78 045
Other current assets	2 032	2 015	2 215
Cash and bank (incl. shortterm investm)	18 219	19 897	53 004
Total assets	142 997	133 798	171 981
<small>1) Tax recoverable 35,4m Amount due by Telvent 16,7m</small>			
Equity and liabilities			
Shareholders' equity	129 022	110 418	151 790
Short term depts	0	0	3 330
Longterm depts	0	7 118	0
Trade creditors	3 155	3 989	4 842
Short-term liabilities	10 820	12 273	12 019
Total equity and liabilities	142 997	133 798	171 981

CASH FLOW STATEMENT SEK 000	Jan - June 2011	Jan - June 2010	April - June 2011	April - June 2010
Profit/loss after net financial items	-30 894	-928	-15 862	-2 106
Adjustments for non-cash items	14 008	231	6 404	139
Changes in working capital	-17 899	2 964	-398	-761
Operating Cash flow	-34 785	2 267	-9 856	-2 728
Net investments in intangible assets	0	-57	0	-36
Net investments in fixed assets	0	0	0	0
Changes in net cash position	-34 785	2 210	-9 856	-2 764

CHANGES IN SHAREHOLDERS' EQUITY SEK 000	Jan - June 2011	Jan - June 2010	April - June 2011	April - June 2010
Opening balance	151 790	111 102	140 711	111 970
Profit/loss for the period	-22 768	-684	-11 689	-1 552
Closing balance	129 022	110 418	129 022	110 418



KEYFIGURES AND RATIOS	Jan - June 2011	Jan - June 2010	April - June 2011	April - June 2010
Gross margin, %	Neg	42,4	Neg	42,5
Operating margin, %	Neg	Neg	Neg	Neg
Depreciation SEK 000	14 008	231	6 404	139
Investments SEK 000	0	57	0	36
Equity-assets ratio, %	90,2	82,6	N/A	N/A
Earnings per share, SEK ¹	-0,08	0,00	-0,04	-0,00
Operating cashflow per share, SEK	-0,12	0,01	-0,03	-0,01
Equity per share, SEK	0,45	0,51	N/A	N/A
Number of shares ² , Thousands	287 903	215 927	287 903	215 297

- 1) Profit/loss per share before and after dilution
- 2) Sensys has no ongoing incentive program involving the dilution effect.