

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

JANUARY-JUNE 2013

- Order intake SEK 21.1m (29.9), of which second quarter SEK 4.0m (29.9)
- Net sales for the period SEK 27.0m (13.6), of which second quarter SEK 19.5m (7.5)
- Operating loss SEK -7.8m (-34.7), of which second quarter SEK -0.8m (-12.6)
- Loss after tax SEK -7.8m (-28.8), of which second quarter SEK -0.8m (-12.5)
- Earnings per share SEK -0.01 (-0.06), of which second quarter SEK 0.00 (-0.03)
- Cash flow per share SEK -0.01 (-0.03), of which second quarter SEK 0.00 (0.00).

SIGNIFICANT EVENTS DURING THE QUARTER

- Sensys won two procurements for the Swedish Transport Administration worth SEK 110-550m, for which contracts were signed in the third quarter.
- Two orders worth a total of SEK 4m were received for systems to Latin America.
- The orders for Washington DC received in the first quarter have been delivered.

CEO COMMENTARY

We are very proud of having won the Swedish Transport Administration's ATC procurements worth at least SEK 110m and up to SEK 550m. The contracts were signed in the third quarter for both ATC measurement systems and measurement cabinets. The project has been started with the development and production of prototypes. These contracts, which will also include the maintenance of the measurement systems, imply that Sensys has become an overall partner of the Swedish Transport Administration for automatic traffic control (ATC).

The first volume-deliveries were made to Washington DC in the second quarter, and we confidently look forward to continuing there and in other places in the United States.

We continue with our internationalisation process both within railway systems and traffic safety systems. We received orders in the second quarter from Latin America, and further to the end of the period orders from three new customers, of which one in a completely new market for Sensys in Asia. This progress will enable us to demonstrate the performance of our systems in new markets with good future potential.

OPERATIONS DURING THE QUARTER

Sensys Traffic develops, markets and sells systems for traffic safety that are primarily used to measure and record speed and red-light offences. Individual orders are often of such a size that they perceptibly affect sales and operating results. As a rule, Sensys publishes such orders as soon as they are received.

The order intake during the quarter amounted to SEK 4.0m (29.9), and referred mainly to deliveries to Latin America. The order intake for the same period in 2012 consisted primarily of an order from Oman. Further to the end of the quarter, orders have been received for a total of SEK 115m, of which SEK 110m from the Swedish Transport Administration and SEK 5m from three new customers in the Middle East and Asia.

In the second quarter 2013, Sensys Traffic won the Swedish Transport Administration's procurement of measurement systems and measurement cabinets for the Swedish ATC system. The Swedish Transport Administration has thereby undertaken to purchase traffic-safety cameras for at least SEK 110m, which is why this figure has been stated as an order intake. The contract also embraces measurement cabinets as well as maintenance and service, and could be expanded. We subsequently estimate the total contract value to be SEK 550m. Sensys will deliver prototypes and standards during 2013, after which series deliveries are expected to start in 2014.

Net sales in the second quarter increased to SEK 19.5m (7.5) and were primarily composed of deliveries to the United States. The gross margin for the quarter was 46.5 percent (neg). The operating loss for the quarter amounted to SEK -0.8m (-12.6), and the loss after tax was SEK -0.8m (-12.5).

HALF-YEAR PERIOD JANUARY-JUNE

Net sales for the first half-year amounted to SEK 27.0m (13.6) and were composed almost entirely of deliveries to Sensys America for the project in Washington DC. The gross margin for the period was 42.2 percent (meg).

The operating loss for the period amounted to SEK -7.8m (-34.7). The comparative figure for 2012 includes non-recurring costs of SEK 11.6m related to the Telvent project.

The loss after tax was SEK -7.8m (-28.8).

The remaining book value (carrying amount) of inventories related to the cancelled Saudi contract was SEK 6m as at 30 June 2013, compared with the original amount of SEK 64m.

All costs for non-order-specific development are charged to operations.

FINANCIAL POSITION

Shareholders' equity amounted at the end of the period to SEK 98.6m (97.5), representing an equity/assets ratio of 85 percent (89).

TAXES

The Company's total deferred tax recoverable at the end of the first half-year amounted to SEK 39.1m (39.1). The deferred tax recoverable has been reported as an asset since 2005. Future utilisation of this tax recoverable is dependent on taxable profits. The board of directors has resolved that further deficit deductions should not be capitalised as of the second quarter 2012.

INVESTMENTS

Investments during the period were SEK 0m (0).

WORKFORCE

The average number of employees was 32 persons (32), and the number of employees at the end of the period was 32 (32).

CASH FLOW AND LIQUIDITY

Cash flow from current operations amounted in the first half-year to SEK -4.2m (-32.5), and in the second quarter to SEK -1.4m (-3.4).

Share warrants (TO3) that became due for payment on 31 March 2013 provided the Company with SEK 9.0m after issue costs in the second quarter. Liquid resources amounted at the end of the period to SEK 17.2m (12.5), including a short-term deposit of SEK 1.7m (0.6).

Outstanding share warrants (TO4) will become due for payment on 31 October 2013, and upon full subscription will provide the Company with SEK 19.2m before issue costs, with a subscription price of SEK 0.60.

NUMBER OF SHARES

The number of shares at the end of the quarter was 510,747,339 (479,837,886) further to the TO3 program increasing the number of shares by 30,909,453. The average number of shares during the period was 490,141,037 (400,434,577).

Upon full subscription of share warrants (TO4), the number of shares will increase by 31,989,192 new shares.

RISKS AND UNCERTAINTY FACTORS

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, 25 and 33 of the Annual Report for 2012. No additional material risks are deemed to have since arisen.

ACCOUNTING PRINCIPLES

This 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 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. Sensys does not intend to carry out any business activity through Sensys International AB within the forthcoming year.

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

None of the new standards that entered into force in 2013 have affected the Company.

Due to the business having only one operating segment, the Company is not affected by the changes regarding financial reporting introduced in 2009 (IAS 1 and IFRS 8). The change in shareholders' equity corresponds fully with the reported profit/loss (IAS 1).

AUDIOCAST

CEO Johan Frilund will present the report and answer questions in an audiocast on 22 August. The telephone conference will start at 3.30pm (15.30 hrs), and may be followed with the presentation via Sensys' website at www.sensys.se.

In order to take part in the telephone conference, please call as follows:

+1 212 999 6659 - New York, +44 (0) 20 3003 2666 - Standard International Access,
08 50520424 - Stockholm, 020 089 6377 - Sweden, +0808 109 0700 - UK Toll Free,
1 866 966 5335 - USA Toll Free. Password: Sensys Traffic. Please call 10 minutes before the stated time.

FORTHCOMING FINANCIAL REPORTS

Interim report Jan-Sept	24 October, 2013
Year-end report, 2013	23 January, 2014
Interim report Jan-March 2014	24 April, 2014
Annual General Meeting 2013	24 April, 2014

AFFIRMATION OF THE BOARD OF DIRECTORS

The Board of Directors and the Chief Executive Officer hereby certify that this half-year 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.

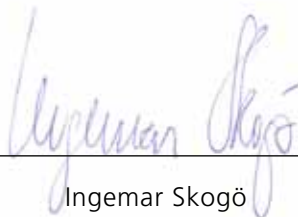
Jönköping, 22 August 2013



Peter Svensson
Chairman of the Board



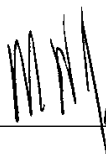
Jeanette Jakobsson
Board member



Ingemar Skogö
Board member



Gunnar Järdelöw
Board member



Anders Norling
Board member



Claes Ödman
Board member



Torbjörn Sandberg
Board member



Johan Frilund
CEO

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

For further information, please contact:

Johan Frilund, CEO
+46 73 274 28 23.

Sensys Traffic is obliged to publish the information contained in this interim report pursuant to the Swedish Securities Market Act. The information was submitted for publication at 2.45pm (14.45 hrs) on 22 August 2013.

CONDENSED STATEMENT OF COMPREHENSIVE INCOME, SEK K	Jan - June 2013	Jan - June 2012	April - June 2013	April - June 2012
Net sales	27 013	13 610	19 463	7 506
Cost of goods sold	-15 603	-10 625	-10 408	-5 010
Change in value, Stock	0	-4 558	0	-4 558
Gross profit	11 410	-1 573	9 055	-2 062
Selling expenses	-8 890	-22 165	-4 580	-5 365
Administrative expenses	-2 655	-3 078	-1 338	-1 455
Development costs	-7 619	-8 417	-3 969	-3 825
Other operating income/expenses	0	557	0	152
Operating profit/loss	-7 754	-34 676	-832	-12 555
Net financial items	-49	54	69	70
Profit/loss after financial items	-7 803	-34 622	-763	-12 485
Tax	0	5 844	0	0
Net profit/loss for the period*	-7 803	-28 778	-763	-12 485
Earnings per share	-0,01	-0,06	0,00	-0,03

CONDENSED STATEMENT OF FINANCIAL POSITION, SEK K	2013-06-30	2012-06-30	2012-12-31
Assets			
Intangible fixed assets	139	231	185
Tangible fixed assets	71	91	81
Financial assets	39 128	46 748	39 128
Accounts receivables	34 057	7 949	14 207
Stock	22 000	37 088	29 651
Other current assets	3 050	3 522	13 409
Cash and bank (incl. shortterm investm)	17 244	29 702	12 456
Total assets	115 689	125 331	109 117
Equity and liabilities			
Shareholders' equity	98 616	111 821	97 452
Trade creditors	3 289	1 883	668
Other current interest-free liabilities	13 784	11 627	10 997
Total equity and liabilities	115 689	125 331	109 117

1) Tax recoverable SEK 39,1m (46,7)

CASH FLOW FROM OPERATIONS, SEK K	Jan - June 2013	Jan - June 2012	April - June 2013	April - June 2012
Profit/loss after financial items	-7 754	-34 676	-832	-12 555
Non-cash items	73	4 669	33	4 607
Changes in working capital	3 519	14 765	-570	4 584
Cash flow from operating activities	-4 162	-15 242	-1 369	-3 364
Investments in intangible non-current assets	-17	0	0	0
New share issue, net after issue costs	8 967	27 097	8 967	27 097
Changes in cash and bank balances	4 788	11 855	7 598	23 733
Cash and cash equivalents at beginning of the period	12 456	17 847	9 646	5 969
Cash and cash equivalents at end of the period	17 244	29 702	17 244	29 702

CHANGES IN EQUITY, SEK K	Jan - June 2013	Jan - June 2012	April - June 2013	April - June 2012
At beginning of the period	97 452	113 502	90 412	97 209
New share issue	8 967	27 097	8 967	27 097
Profit/loss for the period - Total comprehensive income/loss for the period	-7 803	-28 778	-763	-12 485
At end of the period	98 616	111 821	98 616	111 821

STATEMENT OF COMPREHENSIVE INCOME, QUARTERLY DATA	APR - JUNE 2013	JAN - MARCH 2013	OCT - DEC 2012	JULY - SEPT 2012	APR - JUNE 2012	JAN - MAR 2012	OCT - DEC 2011	JULY - SEPT 2011
Net sales	19 463	7 815	25 310	1 522	7 506	6 104	8 863	20 485
Cost of goods sold	-10 408	-5 195	-12 669	-1 975	-5 010	-5 615	-3 616	-6 041
Value adjustment of inventories	0	0	0	0	-4 558	0	-7 500	-7 500
Gross profit	9 055	2 620	12 641	-453	-2 062	489	-2 253	6 944
Overhead costs	-9 887	-9 543	-10 842	-8 163	-10 493	-22 610	-14 865	-11 081
Operating profit/loss	-832	-6 923	1 799	-8 616	-12 555	-22 121	-17 118	-4 137
Net financial items	69	-117	386	-318	70	-16	203	126
Profit/loss before tax	-763	-7 040	2 185	-8 934	-12 485	-22 137	-16 915	-4 011
Tax	0	0	-7 620	0	0	5 844	4 352	1 055
Profit/loss for the period/ Total comprehensive income/ loss for the period	-763	-7 040	-5 435	-8 934	-12 485	-16 293	-12 563	-2 956

KEY FIGURES AND OTHER INFORMATION	APR - JUNE 2013	JAN - MARCH 2013	OCT - DEC 2012	JULY - SEPT 2012	APR - JUNE 2012	JAN - MAR 2012	OCT - DEC 2011	JULY - SEPT 2011
Earnings per share, SEK ¹	0.00	-0.01	-0.01	-0.02	-0.03	-0.06	-0.04	-0.01
Equity per share, SEK ¹	0.19	0.19	0.20	0.21	0.23	0.34	0.39	0.44
Cash flow per share, SEK	0.00	-0.01	-0.02	-0.01	-0.01	-0.04	0.01	-0.02
Gross margin, %	46.5	33.5	49.9	Neg	Neg	8.0	Neg	33.9
Gross margin excluding write-down of inventories, %	46.5	33.5	49.9	Neg	33.3	8.0	59.2	70.5
Operating margin, %	Neg	Neg	7.0	Neg	Neg	Neg	Neg	Neg
Equity/assets ratio, %	85.2	87.4	89.3	88.3	89.2	86.9	88.1	87.0
Order intake, SEK k	4 000	17 100	6 400	2 000	29 900	2 500	7 000	2 000

¹⁾ Refers to profit/loss and equity before and after dilution.

Sensys does not have any outstanding incentive programs that entail a dilution effect.