

Interim report for SENSYS® Traffic AB (publ)

JANUARY – SEPTEMBER 2012

- Net sales for the period SEK 15.7m (34.5)
- Operating loss SEK -43.3m (-34.8).
- Loss after tax SEK -37.7m (-25.7).
- Earnings per share SEK -0.08 kr (-0.09).
- Cash flow per share SEK -0.05 kr (-0.14).

OPERATIONS

Sensys Traffic develops and markets 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.

Sales in the third quarter amounted to SEK 1.5m and were primarily composed of deliveries to the United States. Orders received in the third quarter amounted to SEK 2m and included systems for speed surveillance to China and a pilot system for monitoring train pantographs to Australia. Orders received so far this year thus amount to SEK 34.4m.

During the quarter, the Company entered into a three-party agreement with the Royal Oman Police and Sensys' partner Trifoil regarding the order of SEK 24m received in the second quarter. Deliveries have been shipped further to the end of the third quarter, for installation in the fourth quarter.

Sensys continues to take part in several procurement procedures, primarily in the Middle East, Northern and Eastern Europe, as well as the United States. Further to the end of the third quarter, Sensys' partner in the United States has signed a framework agreement with Washington DC for the delivery of speed and red-light surveillance systems. The agreement will be executed through purchase suborders, which implies that Sensys can-

not currently appraise the related value and timing of orders within the framework.

Sensys and Telvent reached an agreement in the first quarter regarding the discontinued project in Saudi Arabia. The settlement implies that Sensys received in the second quarter SEK 6.9m of the total claim of SEK 16.7m that the Company had against Telvent. The remaining SEK 9.8m were expensed as sales costs in the first quarter. The arbitration proceedings between Sensys and Telvent have thereby been discontinued.

The rationalisation program that was started earlier is expected to have full effect in the fourth quarter.

The Company completed a new share issue in the second quarter that was oversubscribed by 83.2 percent. The Company was thereby provided with SEK 28.8m before issue costs.

FINANCIAL REPORTING

SALES AND EARNINGS

Sales for the period amounted to SEK 15.7m (34.5). The write-down of inventories started in 2011 has resulted in a negative gross margin for the period. Excluding this value-adjustment, the gross margin

was 20 percent (58). The lower gross margin in 2012 is due to the aggressive pricing of inventory products.

The Company believes that the remaining inventories have a market for sale within the foreseeable future. The inventory write-down process has therefore been discontinued.

The gross margin includes direct costs for contract manufacturers, as well as certain own fixed costs.

The operating loss was SEK -43.3m (-34.8) for the overall period, and SEK -8.6m (-4.1) for the third quarter. The operating loss for the overall period, excluding the aforementioned inventory write-downs and settlement with Telvent of SEK 9.8m, amounted to SEK -28.9 (-13.5).

The loss after tax amounted to SEK -37.7m (-25.7) for the overall period, and SEK -8.9m (-3.0) for the third quarter.

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

FINANCIAL POSITION AND EQUITY (COMPARATIVE FIGURES 31.12.2011)

Shareholders' equity amounted at the end of the period to SEK 102.9m (113.5), representing an equity/assets ratio of 88 percent (88).

TAXES

The Company's total deferred tax recoverable at the end of the quarter amounted to SEK 46.7m (40.8).

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.

INVESTMENTS

Investeringarna uppgick under halvåret till 0 Mkr (0,0).

WORKFORCE

The average number of employees was 31 persons (36), and the number of employees at the end of the period was 32 (39).

LIQUIDITY

Liquid resources amounted at the end of the period to SEK 22.8m (17.8), plus a short-term deposit of SEK 0.0m (0.4).

Cash flow from current operations amounted to SEK -22.1m (-35.1) for the period.

NUMBER OF SHARES

The number of shares at the end of the quarter was 479,837,886 (287,902,734). The average number of shares during the period was 373,675,952 (217,898,988).

RISKS AND UNCERTAINTY FACTORS

It is important for the Company that capital be freed from 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 13 and 33 of the Annual Report for 2011. 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 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. 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. 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).

FORTHCOMING FINANCIAL REPORTS

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Year-end report 2012	24 January 2013
First quarter 2013	16 April 2013
Annual General Meeting 2012	16 April 2013
Second quarter 2013	22 August, 2013
Third quarter 2013	24 October, 2013

This report has been reviewed by the Company's auditor. The related report is set forth on page 6.

Jönköping 25 October 2012



Johan Frilund
CEO

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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 2.15pm (14.15 hrs) CET on 25 October 2012.

INCOME STATEMENT - SUMMARY SEK 000	Jan - Sept 2012	Jan - Sept 2011	July - Sept 2012	July - Sept 2011
Net sales	15 690	34 507	1 522	20 485
Cost of goods sold	-12 601	-14 314	-1 975	-6 041
Change in value, Stock	-4 558	-21 300	0	-7 500
Gross profit	-1 469	-1 107	-453	6 944
Selling expenses ¹	-26 709	-15 199	-4 543	-5 853
Administrative expenses	-4 182	-4 328	-1 104	-1 173
Development costs	-10 932	-14 178	-2 516	-4 055
Other operating income/expenses	0	0	0	0
Operating profit/loss	-43 292	-34 812	-8 616	-4 137
Net financial items	-264	-94	-318	126
Profit/loss after financial items	-43 556	-34 906	-8 934	-4 011
Tax	5 844	9 181	0	1 055
Net profit/loss for the period*	-37 712	-25 725	-8 934	-2 956

Earnings per share, SEK

1) Non-recurring costs related to Telvent SEK 11.6m for 2012.

-0,08

-0,09

-0,02

-0,01

BALANCE SHEET - SUMMARY SEK 000	2012-09-30	2011-09-30	2011-12-31
Assets			
Intangible fixed assets	208	300	277
Tangible fixed assets	67	213	157
Financial assets	46 748	53 220	57 571
Accounts receivables	3 652	53 269	4 944
Stock	39 288	21 853	45 079
Other current assets	3 716	2 329	2 973
Cash and bank (incl. shortterm investm)	22 825	13 712	17 847
Total assets	116 504	144 896	128 848
Equity and liabilities			
Shareholders' equity	102 887	126 065	113 502
Trade creditors	3 642	6 540	2 525
Other current interest-free liabilities	9 975	12 291	12 821
Total equity and liabilities	116 504	144 896	128 848

2) Tax recoverable SEK 46.7m (35,4).

Claim against Telvent SEK 0.0m (16.7). Payment 6.9m was received on 12 April,2012

CASH FLOW STATEMENT SEK 000	Jan - Sept 2012	Jan - Sept 2011	July - Sept 2012	July - Sept 2011
Profit/loss after net financial items	-43 556	-34 906	-8 934	-4 011
Adjustments for non-cash items	4 717	21 612	47	7 603
Changes in working capital	16 720	-25 998	2 010	-8 099
Operating Cash flow	-22 119	-39 292	-6 877	-4 507
Financing activities				
New share issue	27 097	0	0	0
Cash flow from financing activities	27 097	0	0	0
	0	0	0	0
Changes in net cash position	4 978	-39 292	-6 877	-4 507

CHANGES IN SHAREHOLDERS' EQUITY SEK 000	Jan - Sept 2012	Jan - Sept 2011	July - Sept 2012	July - Sept 2011
Opening balance	113 502	151 790	111 821	129 021
New share issue, net after issue costs	27 097	0	0	0
Profit/loss for the period	-37 712	-25 725	-8 934	-2 956
Closing balance	102 887	126 065	102 887	126 065



KEYFIGURES AND RATIOS	Jan - Sept 2012	Jan - Sept 2011	July - Sept 2012	July - Sept 2011
Gross margin, %	Neg	Neg	Neg	33,9
Operating margin, %	Neg	Neg	Neg	Neg
Depreciation	160	312	47	103
Inventory write-down	4 558	21 300	0	7 500
Investments SEK 000	0	0	0	0
Equity-assets ratio, %	88,3	87,0	N/A	N/A
Earnings per share, SEK ¹	-0,08	-0,09	-0,02	-0,01
Operating cashflow per share, SEK	-0,05	-0,14	-0,01	-0,02
Equity per share, SEK ¹	0,21	0,44	N/A	N/A
Number of shares ²	479 838	287 903	479 838	287 903
Average numbers of shares ²	373 675	287 903	479 838	287 903

1) Profit/loss per share before and after dilution

2) Sensys has no ongoing incentive program involving the dilution effect.



Report of Review of Interim Financial Information

Introduction

We have reviewed this report for the period 1 January 2012 to 30 September 2012 for Sensys Traffic AB (publ). The board of directors and the CEO are responsible for the preparation and presentation of this interim report in accordance with IAS 34 and the Swedish Annual Accounts Act. Our responsibility is to express a conclusion on this interim report based on our review.

Scope of Review

We conducted our review in accordance with the Swedish Standard on Review Engagements SÖG 2410, Review of Interim Report Performed by the Independent Auditor of the Entity. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing, ISA, and other generally accepted auditing standards in Sweden. The procedures performed in a review do not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim report is not prepared, in all material respects, in accordance with IAS 34 and the Swedish Annual Accounts Act.

Jönköping, 25 October 2012

Öhrlings PricewaterhouseCoopers

Martin Odqvist
Authorised Public Accountant
Auditor in Charge

Magnus Brändström
Authorised Public Accountant