

Interim Report for SENSYS® Traffic AB (publ)

JANUARY – MARCH 2011

- Net income for the period SEK 5.2m (8.3)
- Operating loss SEK -14.8m (profit: 0.9)
- Loss after tax SEK -11.1m (profit: 0.9)
- Earnings per share SEK -0.04 (0)
- Cash flow per share SEK -0.09 (0.02)

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 first quarter was principally composed of sales of systems for monitoring train pantographs, known as APMS, to Sweden and Finland.

Orders received amounted to SEK 3m and came mainly from Sensys America based in the United States.

With regard to the situation with Telvent, an agreement for the cancellation of Telvent's order could not be reached. The matter will therefore be settled by arbitration in London. Telvent has subsequently called the bank guarantee provided by Sensys in conjunction with the contract signed in 2008, which has entailed a negative liquidity effect of EUR 1.9m. This item does not have any impact on profit and loss, but instead has been recorded in the balance sheet as a receivable from Telvent.

Sensys has not lost any major procurement contracts during the period. Sensys continues to take part in an increasing number of procurement procedures, of which some are significant.

Kjell Lundgren was recruited in Q1 as new Aftermarket Director, and Magnus Ferlander as new Marketing Director. Kjell Lundgren comes from Tetra Pak and Magnus Ferlander from Kapsch TrafficCom.

FINANCIAL REPORTING

INCOME AND EARNINGS

Income for the quarter amounted to SEK 5.2m (8.3). In view of the current high inventory value held by the Company, the Board of Directors has resolved to commence a gradual write-down of inventories as of this quarter. A continuation of inventory write-downs will depend on the order intake for products currently held in stock. The value-adjustment has had an impact of SEK 7.5m on profits, resulting in a negative gross margin.

Excluding this inventory write-down, the quarter's gross margin was 43.2 percent (41.4). The gross margin includes direct costs for contract manufacturers, as well as certain own fixed costs.

The operating loss for the quarter amounted to SEK -14.8m (profit: 0.9).

The loss after tax was SEK -11.1m (profit: 0.9).

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 140.7m (151.8), representing an equity/assets ratio of 91 percent (88).



TAX

The Company's total deferred tax recoverable amounted to SEK 31.3m (27.4) at the end of the quarter.

INVESTMENTS

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

WORKFORCE

The average number of employees during the quarter was 36 (36), and the number of employees at period-end was 36.

LIQUIDITY

Liquid resources amounted at the end of the period to SEK 28.1m (53.0), of which SEK 1.5m is a short-term deposit (20.4).

Cash flow from current operations amounted to SEK -24.9m (-13.1) for the quarter, of which SEK -8.2m pertains to normal operations and SEK -16.7m concerns 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).

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.

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.

ACCOUNTING PRINCIPLES

This interim report has been prepared in compliance with IAS 34 Interim Financial Reporting and the Swedish Annual Accounts Act. Apart from the aforementioned inventory write-down, the same accounting principles and definitions applied in this interim report are essentially unchanged from the most recent annual report. 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 so 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

Second quarter, 2011	25 Aug 2011
Third quarter, 2011	26 Oct 2011
Year-end report, 2011	26 Jan 2012

Jönköping, 26 April 2011


Johan Frilund, CEO

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Sensys Traffic is obliged to publish the information disclosed in this interim report pursuant to the Swedish Securities Market Act. Such information was submitted for publication on 26 April 2011 at 14.00 hrs CET.

INCOME STATEMENT - SUMMARY SEK 000	Jan - March 2011	Jan - March 2010	Jan - Dec 2010
Net sales	5 239	8 255	36 816
Cost of goods sold	-2 976	-4 836	-19 702
Change in value, Stock	-7 500	0	0
Gross profit	-5 237	3 419	17 114
Selling expenses	-3 901	-3 876	-18 416
Administrative expenses	-1 368	-1 364	-5 418
Development costs	-4 269	-4 034	-15 680
Other operating income/expenses	0	6 778	11 356
Operating profit/loss	-14 775	923	-11 044
Net financial items	-257	255	662
Profit/loss after financial items	-15 032	1 178	-10 382
Tax	3 953	-310	2 609
Net profit/loss for the period	-11 079	868	-7 773

BALANCE SHEET - SUMMARY SEK 000	2011-03-31	2010-03-31	2010-12-31
Assets			
Intangible fixed assets	346	482	370
Tangible fixed assets	376	718	457
Financial assets ¹	47 993	24 403	27 371
Accounts receivables	5 390	2 687	10 519
Stock	70 586	81 200	78 045
Other current assets	1 867	1 556	2 215
Cash and bank (incl. shortterm investm)	28 075	22 661	53 004
Total assets	154 633	133 707	171 981
<small>1) Tax recoverable 31.3m Amount due by Telvent 16.7m</small>			
Equity and liabilities			
Shareholders' equity	111 970	138 708	111 102
Liabilities to customer	134	107 269	574
Longterm depts	7 168	0	7 545
Trade creditors	1 424	6 316	5 696
Short-term liabilities	13 011	14 135	13 095
Total equity and liabilities	133 707	266 428	138 012

CASH FLOW STATEMENT SEK 000	Jan - March 2011	Jan - March 2010	Jan - Dec 2010
Profit/loss after net financial items	-15 032	1 178	-10 382
Adjustments for non-cash items	7 604	92	446
Changes in working capital	-17 501	3 725	-3 208
Operating Cash flow	-24 929	4 995	-13 144
New shares issue	0	0	48 461
Net investments in intangible assets	0	-21	0
Net investments in fixed assets	0	0	0
Changes in net cash position	-24 929	4 974	35 317

CHANGES IN SHAREHOLDERS' EQUITY SEK 000	Jan - March 2011	Jan - March 2010	Jan - Dec 2010
Opening balance	151 790	111 102	111 102
New shares issue	0	0	48 461
Profit/loss for the period	-11 079	868	-7 773
Closing balance	140 711	111 970	151 790



KEYFIGURES AND RATIOS	Jan - March 2011	Jan - March 2010	Jan - Dec 2010
Gross margin, %	Neg	41.4	46.5
Operating margin, %	Neg	11.2	Neg
Depreciation SEK 000	7 604	92	446
Investments SEK 000	0	21	0
Equity-assets ratio, %	91,0	83,7	88.3
Earnings per share, SEK ¹	-0.04	0.00	-0.03
Equity per share, SEK kr ¹	0.49	0.52	0.53
Number of shares ² Thousands	287 903	215 927	287 903
Average numbers of shares ² Thousands	287 903	215 927	217 899

1) Profit/loss per share before and after dilution

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