

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

JANUARY – JUNE 2012

- Net sales for the period SEK 13.6m (14.0).
- Operating loss SEK -34.7m (-30.7), of which non-recurring costs related to Telvent of SEK 11.6m (0).
- Loss after tax SEK -28.8m (-22.8).
- Earnings per share SEK -0.06 (-0.08).
- Cash flow per share SEK -0.03 (-0.12).

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 for the second quarter amounted to SEK 7.4m and were composed of systems for traffic safety to the United States and the Middle East, as well as delivery of systems for monitoring train pantographs to the Swedish Transport Administration. Orders received in the second quarter amounted to SEK 29.9m and came mainly from the Middle East, as well as from the United States and China. Orders received so far this year currently amount to SEK 32.4m.

Sensys continues to take part in several procurement procedures, primarily in the Middle East, Northern and Eastern Europe, as well as in Africa and the United States. Among other items, the Company is now prequalified for negotiations in Poland regarding systems for monitoring speed and red-light offences.

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 in the accounts in the first quarter. The arbitration proceedings between Sensys and Telvent have thereby been discontinued.

The Company is implementing a rationalisation program that has implied submitting redundancy

notices, which were fulfilled in the first quarter. The rationalisation program 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 26.2m after issue costs.

FINANCIAL REPORTING

SALES AND EARNINGS

Sales for the first half-year amounted to SEK 13.6m (14.0). The write-down of inventories started in 2011 continued as planned, and a value-adjustment in the amount of SEK 4.6m (13.8) was charged in the period. Excluding this inventory write-down, the gross margin was 22 percent (41.0) for the period, and 33.2 percent (39.7) for the second quarter. The lower gross margin in 2012 is due to the aggressive pricing of inventory products. The gross margin includes direct costs for contract manufacturers, as well as certain own fixed costs.

The operating loss was SEK -34.7m (-30.7) for the first half-year, and SEK -12.6m (-15.9) for the second quarter. The operating loss for the half-year, excluding the aforementioned inventory write-down and settlement with Telvent of SEK 9.8m, amounted to SEK -20.3m (-16.9).

The loss after tax amounted to SEK -28.8m (-22.8) for the first half-year, and SEK -12.5m (-11.7) for the second 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 111.8m (113.5), representing an equity/assets ratio of 89 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 current quarter.

INVESTMENTS

Investments during the quarter were SEK 0m (0.0).

WORKFORCE

The average number of employees was 35 persons (36), and the number of employees at the end of the period was 31 (39).

LIQUIDITY

Liquid resources amounted at the end of the period to SEK 29.7m (17.8), plus a short-term deposit of SEK 0.0m (0.4).

Cash flow from current operations amounted to SEK -15.2m (-35.1) for the first half-year, and SEK -3.4m (-9.9) for the second quarter.

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 351,881,118 (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 half-year 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

Third quarter, 2012	25 Oct 2012
Year-end report, 2012	24 Jan 2013
Annual General Meeting, 2012	16 april 2013

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, 30 August 2012



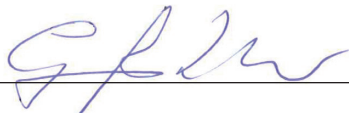
Peter Svensson
Chairman of the Board



Jeanette Jakobsson
Board member



Ingemar Skogö
Board member



Gunnar Jardelöv
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 additional information, please contact:
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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 2.00pm (14.00 hrs) CET on 30 August 2012.

INCOME STATEMENT - SUMMARY SEK 000	Jan - June 2012	Jan - June 2011	April - June 2012	April - June 2011
Net sales	13 610	14 022	7 506	8 783
Cost of goods sold	-10 625	-8 273	-5 010	-5 297
Change in value, Stock	-4 558	-13 800	-4 558	-6 300
Gross profit	-1 573	-8 051	-2 062	-2 814
Selling expenses ¹	-22 165	-9 346	-5 365	-5 445
Administrative expenses	-3 078	-3 155	-1 455	-1 787
Development costs	-8 417	-10 122	-3 825	-5 853
Other operating income/expenses	557	0	152	0
Operating profit/loss	-34 676	-30 674	-12 555	-15 899
Net financial items	54	-220	70	37
Profit/loss after financial items	-34 622	-30 894	-12 485	-15 862
Tax	5 844	8 125	0	4 173
Net profit/loss for the period*	-28 778	-22 769	-12 485	-11 689

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

BALANCE SHEET - SUMMARY SEK 000	2012-06-30	2011-06-30	2011-12-31
Assets			
Intangible fixed assets	231	324	277
Tangible fixed assets	91	295	157
Financial assets	46 748	52 164	57 571
Accounts receivables	7 949	8 213	4 944
Stock	37 088	61 750	45 079
Other current assets	3 522	2 032	2 973
Cash and bank (incl. shortterm investm)	29 702	18 219	17 847
Total assets	125 331	142 997	128 848
Equity and liabilities			
Shareholders' equity	111 821	129 022	113 502
Trade creditors	1 883	3 155	2 525
Other current interest-free liabilities	11 627	10 820	12 821
Total equity and liabilities	125 331	142 997	128 848

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

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

CASH FLOW STATEMENT SEK 000	Jan - June 2012	Jan - June 2011	April - June 2012	April - June 2011
Profit/loss after net financial items	-34 622	-30 894	-12 485	-15 862
Adjustments for non-cash items	4 669	14 008	4 607	6 404
Changes in working capital	14 711	-17 899	4 514	-398
Operating Cash flow	-15 242	-34 785	-3 364	-9 856
Financing activities				
New share issue	27 097	0	27 097	0
Cash flow from financing activities	27 097	0	27 097	0
	0	0	0	0
Changes in net cash position	11 855	-34 785	23 733	-9 856

CHANGES IN SHAREHOLDERS' EQUITY SEK 000	Jan - June 2012	Jan - June 2011	April - June 2012	April - June 2011
Opening balance	113 502	151 790	97 209	140 711
Share issue	27 097	0	27 097	0
Profit/loss for the period	-28 778	-22 768	-12 485	-11 689
Closing balance	111 821	129 022	111 821	129 022

KEYFIGURES AND RATIOS	Jan - June 2012	Jan - June 2011	April - June 2012	April - June 2011
Gross margin, %	Neg	Neg	Neg	Neg
Operating margin, %	Neg	Neg	Neg	Neg
Depreciation	112	208	50	104
Inventory write-down	4 557	13 800	4 557	6 300
Investments SEK 000	0	0	0	0
Equity-assets ratio, %	89.2	90.2	N/A	N/A
Earnings per share, SEK ¹	-0.06	-0.08	-0.03	-0.04
Operating cashflow per share, SEK	-0.03	-0.12	-0.01	-0.03
Equity per share, SEK ¹	0.23	0.45	N/A	N/A
Number of shares ²	479 838	287 903	479 838	287 903
Average numbers of shares ²	351 881	287 903	351 881	287 903

1) Profit/loss per share before and after dilution

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