



Interim Report for SENSYS® Traffic AB (publ)

JANUARY–MARCH 2014

- Order intake SEK 13.5m (17.1)
- Net sales SEK 14.5m (7.8)
- Operating loss SEK -5.0m (-6.9)
- Loss after tax SEK -5.0m (-7.0)
- Earnings per share SEK -0.01 (-0.01)
- Cash flow per share SEK 0.01 (-0.01)

SIGNIFICANT EVENTS DURING THE QUARTER

- SEK 1.5m of the Swedish Transport Administration's suborders for 2014 of SEK 85m taken up as income
- Deliveries to Jordan and Saudi Arabia
- Delivery and operational start-up in Malta
- Start of production of series deliveries for the Swedish Transport Administration

CEO COMMENTARY

We now stand in a uniquely strong position with the Swedish contract worth SEK 110m – that has an estimated overall contract-value of up to half a billion Swedish kronor. Moreover, we are currently on the way to entering a number of very interesting markets and several international business opportunities.

- We continue to implement our strategy for growth.
- Cultivate existing customers to increase our business with them year by year;
- Develop a service organisation with related business;
- Cultivate new potential volume markets to create two to three volume contracts to 2017;
- Cultivate the railway market to achieve an international breakthrough with our APMS-product.

We achieved distinct success during the first quarter through business with existing customers and a new service organisation established in Sweden.

We have received the anticipated suborder of SEK 85m from the Swedish Transport Administration for the year's deliveries of measurement systems, measurement cabinets and spare parts for both the replacement and expansion of ATC systems. We have since placed considerable effort into starting production and building up the maintenance organisation in Sweden that will carry out the replacement program and set up new ATC systems.

We have also launched a new offer to customers called "Design, Function, Precision", which is modelled to better meet our customers' needs. Up to now, we have focused on technology leadership in view of that technology is still very important. Moreover, by benefiting from the flexibility in our technology to create solutions based on each customer's unique requirements enables us to strengthen our competitiveness and bring customers closer to us.

As part of the launching of the new offer, we presented a new and flexible design concept at the Intertraffic exhibition in Amsterdam that allows customers to influence the design of the measurement cabinet so that it suits their local environment. The concept attracted considerable interest and has been delivered as a pilot project to two customers.

In the beginning of the year, we received small pilot orders from two new customers as part of the process of becoming established in new potential volume markets.

As of 1 April, we took over responsibility for all maintenance of ATCs in Sweden, after which the first new measurement systems were approved and put into operation in accordance with the new contract signed with the Swedish Transport Administration. We have thereby fulfilled our goal of taking over all responsibility for the ATC systems vis-à-vis the Swedish Transport Administration. We believe that maintenance operations will represent about SEK 10-15m in 2014 and that the volume will then rise in tandem with the larger installed base.



OPERATIONS DURING THE QUARTER

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

The order intake amounted to SEK 13.5m (17.1), orders were primarily received from the Swedish Transport Administration and from the Middle East. Sensys continued during the quarter on building up the maintenance and support services required by the contract with the Swedish Transport Administration.

PERIOD JANUARY-MARCH

Net sales for the period rose to SEK 14.5m (7.8) and were primarily composed of deliveries to the Middle East. Income from the contract with the Swedish Transport Administration, which is reported on a progressive basis in tandem with the completion of the project, amounted to SEK 1.5m. Sensys has received suborders from the Swedish Transport Administration amounting to SEK 85m for delivery during 2014, of which SEK 8.9m are over and above the contractual commitment of SEK 110m.

The gross margin for the quarter was 37.9 percent (33.5).

Overhead costs rose to SEK 10.5m (9.5). All costs for non-order-specific development are charged to operations. The operating loss amounted to SEK -5.0m (-6.9), and the loss after tax was SEK -5.0m (-7.0).

FINANCIAL POSITION AND EQUITY

Shareholders' equity amounted at the end of the period to SEK 109.0m (90.4), representing an equity/assets ratio of 79.4 percent (87.4).

TAXES

The Company's total deferred tax recoverable at the end of the quarter 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 amounted to SEK 2.1m (0), of which SEK 0.6m pertained to investments in non-tangible assets.

WORKFORCE

The average number of employees was 39 persons (32), and the number of employees at the end of the period was 40 (32).

LIQUIDITY

Cash flow from current operations amounted for the quarter to SEK 6.4m (-2.8). Liquid resources amounted at the end of the period to SEK 53.5m (9.6), including a short-term deposit of SEK 0.8m (0.6). The Company also has a 24-month blocked bank deposit of SEK 10m as a performance bond regarding the contract with the Swedish Transport Administration.

NUMBER OF SHARES

The number of shares at the end of the quarter was 541,234,314 (479,837,886). The average number of shares during the period was 541,234,314 (479,837,886).

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, 26 and 33 of the Annual Report for 2013. 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. As of the fourth quarter 2013, income related to the order from the Swedish Transport Administration is reported in accordance with the percentage of completion method. 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.

AUDIOCAST

CEO Johan Frilund will present the report and answer questions in an audiocast at 09.00 hrs (9am) on 25 April. The presentation may be followed on the Internet via a link to Sensys' website at www.sensys.se. It will also be possible to listen to the presentation and pose questions by telephone via the following numbers:

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

+44 (0) 20 3003 2666 - Standard International Access

+0808 109 0700 - UK Toll Free

+020 089 6377 - Sweden Toll Free

+1 866 966 5335 - USA Toll Free

Password: Sensys Traffic AB. Please call 10 minutes before the stated time.

FORTHCOMING FINANCIAL REPORTS

Interim Report April-June	19 August 2013
Interim Report July-Sept	29 October 2013
Year-End Report	29 January 2015

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

Jönköping, 24 April 2014


Johan Frilund, CEO

For further information, please contact:

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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 1.35pm on 24 April 2014.

CONDENSED STATEMENT OF COMPREHENSIVE INCOME, SEK K	JAN - MAR 2014	JAN - MAR 2013	JAN - DEC 2013
Net sales	14 545	7 815	62 467
Cost of goods sold	-9 036	-5 195	-35 477
Gross profit	5 509	2 620	26 990
Selling costs	-4 948	-4 310	-19 033
Administrative costs	-1 300	-1 317	-5 875
Development costs	-4 238	-3 651	-12 747
Other operating costs/income	0	-265	0
Operating profit/loss	-4 977	-6 923	-10 665
Net financial items	23	-117	142
Profit/loss before tax	-4 954	-7 040	-10 523
Tax	0	0	0
Profit/loss for the period - Total comprehensive income/loss for the period	-4 954	-7 040	-10 523
Earnings per share	-0,01	-0,01	-0,02

CONDENSED STATEMENT OF FINANCIAL POSITION, SEK K	2014-03-31	2013-03-31	2013-12-31
Assets			
Intangible non-current assets	550	161	92
Property, plant and equipme	1 510	81	45
Financial non-current assets ¹	39 129	39 128	39 128
Long-term accounts receivable ²	10 000	0	10 000
Accounts receivable - trade	13 396	13 050	27 889
Inventories	15 981	28 075	16 126
Other current assets	3 115	13 354	2 109
Cash and bank balances	53 518	9 646	49 223
Total assets	137 199	103 495	144 612
Equity and liabilities			
Shareholders' equity	109 016	90 412	113 970
Accounts payable - trade	8 045	1 977	4 637
Other current interest-free liabilities	20 138	11 106	26 005
Total equity and liabilities	137 199	103 495	144 612

¹ Tax recoverable SEK 39.1m (39.1).

² Blocked bank deposit in 24-month as a performance bond regarding the contract with the Swedish Transport Administration.

CASH FLOW FROM OPERATIONS, SEK K	JAN - MAR 2014	JAN - MAR 2013	JAN - DEC 2013
Profit/loss after financial items	-4 977	-6 923	-10 665
Non-cash items	191	40	151
Changes in working capital	11 195	4 090	30 261
Cash flow from operating activities	6 409	-2 793	19 747
Investments in intangible non-current assets	-1 564	-17	-21
Investments in property, plant and equipment	-550	0	0
Increase in long-term receivable	0	0	-10 000
New share issue, net after issue costs	0	0	27 041
Changes in cash and bank balances	4 295	-2 810	36 767
Cash and cash equivalents at beginning of the period	49 223	12 456	12 456
Cash and cash equivalents at end of the period	53 518	9 646	49 223

CHANGES IN EQUITY, SEK K	JAN - MAR 2014	JAN - MAR 2013	JAN - DEC 2013
At beginning of the period	113 970	97 452	97 452
New share issue	0	0	27 041
Profit/loss for the period - Total comprehensive income/loss for the period	-4 954	-7 040	-10 523
At end of the period	109 016	90 412	113 970

STATEMENT OF COMPREHENSIVE INCOME, QUARTERLY DATA	JAN - MAR 2014	OCT - DEC 2013	JULY - SEPT 2013	APR - JUNE 2013	JAN - MAR 2013	OCT - DEC 2012	JULY1 - SEPT 2012	APR - JUNE 2012
Net sales	14 545	32 192	3 262	19 463	7 815	25 310	1 522	7 506
Cost of goods sold	-9 036	-17 296	-2 578	-10 408	-5 195	-12 669	-1 975	-5 010
Value adjustment of inventories	0	0	0	0	0	0	0	-4 558
Gross profit	5 509	14 896	684	9 055	2 620	12 641	-453	-2 062
Overhead costs	-10 486	-11 177	-7 314	-9 887	-9 543	-10 842	-8 163	-10 493
Operating profit/loss	-4 977	3 719	-6 630	-832	-6 923	1 799	-8 616	-12 555
Net financial items	23	228	-37	69	-117	386	-318	70
Profit/loss before tax	-4 954	3 947	-6 667	-763	-7 040	2 185	-8 934	-12 485
Tax	0	0	0	0	0	-7 620	0	0
Profit/loss for the period/ Total comprehensive income/ loss for the period	-4 954	3 947	-6 667	-763	-7 040	-5 435	-8 934	-12 485

KEY FIGURES AND OTHER INFORMATION	JAN - MAR 2014	OCT - DEC 2013	JULY - SEPT 2013	APR - JUNE 2013	JAN - MAR 2013	OCT - DEC 2012	JULY1 - SEPT 2012	APR - JUNE 2012
Earnings per share, SEK ^{3,4}	-0.01	0.01	-0.01	0.00	-0.01	-0.02	-0.02	-0.03
Equity per share, SEK ^{3,4}	0.20	0.21	0.18	0.19	0.19	0.20	0.21	0.23
Cash flow per share, SEK	0.01	0.03	0.01	0.00	-0.01	-0.02	-0.01	-0.01
Gross margin, %	37.9	46.3	20.9	46.5	33.5	49.9	Neg	Neg
Gross margin excluding write-down of inventories, %	37.9	46.3	20.9	46.5	33.5	49.9	Neg	33.3
Operating margin, %	Neg	11.6	Neg	Neg	Neg	7.0	Neg	Neg
Equity/assets ratio, %	79.4	78.8	83.7	85.2	87.4	89.3	88.3	89.2
Order intake, SEK k	13 454	29 600	119 000	4 000	17 100	6 400	2 000	29 900

³⁾ Refers to profit/loss and equity before and after dilution.

⁴⁾ Sensys does not have any outstanding incentive programs that entail a dilution effect.