

Interim report for SENSYS® Traffic AB (publ)

JANUARY – SEPTEMBER 2010

- Net income for the period SEK 26.5m (64.5 – of which sale of goods 47.1)
- Operating loss SEK -4.7m (-10.5)
- Loss after tax SEK -3.3m (-7.8)
- Earnings per share SEK -0.02 (-0.04)
- Cash flow per share SEK -0.02 (-0.20).

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 third quarter of SEK 8.6m was primarily composed of deliveries within Sweden and to the United Arab Emirates and the United States. Demo-systems were also installed in the third quarter via several new partners in Asia, the Middle East and North America.

Orders received in the quarter amounted to SEK 3.5m, which also includes pilot installations in a number of new markets where tests are currently being performed prior to forthcoming procurement negotiations.

Sensys has established many new distributors and partners across the world. The Company signed an exclusive distributor agreement with Safe-Road Polska in Poland in the third quarter, where both parties anticipate positive developments in the years to come.

With regard to the Saudi Arabian order, Telvent and Sensys are currently negotiating as to how their differences will be settled. Sensys maintains however its demand for compensation from its contractual counter-party, Telvent. The value of outstanding receivables related to the order was written down to SEK 0 at the end of the financial year 2009.

Sensys did not lose any major procurement contracts during the period. The Company continues to take part in several procurement negotiations, of which some have a potentially significant value.

The forthcoming share issue will provide the Company with more than SEK 50 million upon full subscription, represented by 71,975,683 new shares. The Board of Directors and the CEO have undertaken to fully subscribe for their current holdings, equivalent to approximately 14 million shares.

FINANCIAL REPORTING INCOME AND EARNINGS

Income for the third quarter amounted to SEK 8.6m (30.4), and the gross margin was 56 percent (56). The gross margin includes direct costs for subcontractors as well as certain fixed costs.

The entire currency forward contracts in euros was settled during the period, resulting in a currency gain of SEK 11.4m, of which SEK 6.7m in the first quarter and SEK 4.7m in the second quarter. The gain has been reported under sundry operating income.

The operating loss for the third quarter amounted to SEK -2.3m (-7.4), and the loss after tax for the period was SEK -3.3m (-7.8).

All non-order-specific development costs have been charged to current operations.

FINANCIAL POSITION AND EQUITY (COMPARATIVE FIGURES 31.12.2009)

Shareholders' equity amounted at period-end to SEK 107.8m (111.1), representing an equity-assets ration of 81.9 percent (80.5).

TAX

At the end of the third quarter, the Company's total deferred tax recoverable amounted to SEK 25.9m (24.7).



INVESTMENTS

Investments during the period were SEK 0m (0.6).

WORKFORCE

The average number of employees was 36 persons (42), and the number of employees at the end of the period was 35.

LIQUIDITY

Liquid resources amounted at period-end to SEK 7.8m (15.0). The Company also has a short-term deposit of SEK 5.0m (2.7).

Cash flow from current operations in the period amounted to SEK -5.1m (-40.4).

NUMBER OF SHARES

The number of shares at period-end was 215,927,051 (215,927,051).

RISKS AND UNCERTAINTY FACTORS

The most important individual business-related risk for the Company is currently the large finished-products inventory (representing 79 percent of the total inventory value) that has accumulated further to the suspension of the project in Saudi Arabia. The working capital that is currently tied-up, in combination with low order-intake, has led to strained liquidity for the Company. It is therefore very important that the Company succeeds in releasing capital from the inventory.

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 28 of the Annual Report for 2009. No additional significant risks are deemed to have arisen since then.

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

2.2 Reporting for Legal Entities of the Swedish Financial Reporting Board. The application of RFR 2.2 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. Sensys Traffic AB does not have the intention to carry out any form of business through Sensys International AB during 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. Furthermore, in view of that Sensys Traffic AB's business activities have only one operational segment, the Company is not affected by the amendments regarding financial reporting applicable as of 2009 (IAS 1 and IFRS 8). The change in equity corresponds in its entirety with the reported results (IAS1).

FORTHCOMING FINANCIAL REPORTS

Year-end report 2010	27 January 2011
January–March, 2011	26 April 2011
AGM for 2010	26 April 2011
April-June 2011	25 Aug 2011
July-September 2011	26 Oct 2011

This interim report has been summarily examined by the Company's auditor. The audit report is on page 6.

Jönköping, 28 October 2010

On behalf of the Board of Directors,
Johan Frilund, CEO

Sensys Traffic is obliged to publish the information disclosed in this press release pursuant to the Swedish Securities Market Act. Such information was submitted for publication on 28 October 2010 at 14.30 hrs CET.

For additional information, please contact:
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INCOME STATEMENT - SUMMARY SEK 000	Jan - Sept 2010	Jan - Sept 2009	July - Sept 2010	July - Sept 2009
Net sales	26 462	64 450	8 647	30 419
Cost of goods sold	-14 059	-40 328	-3 798	-13 463
Gross profit	12 403	24 122	4 849	16 956
Selling expenses	-13 206	-13 858	-3 805	-3 392
Administrative expenses	-3 881	-4 299	-1 175	-1 125
Development costs	-11 375	-16 495	-3 216	-5 543
Other operating income/expenses	11 356	0	0	0
Operating profit/loss	-4 703	-10 530	-3 347	6 896
Net financial items	242	-105	-186	-405
Profit/loss after financial items	-4 461	-10 635	-3 533	6 491
Tax	1 173	2 797	929	-1 706
Net profit/loss for the period	-3 288	-7 838	-2 604	4 785

BALANCE SHEET - SUMMARY SEK 000	2010-09-30	2009-09-30	2009-12-31
Assets			
Intangible fixed assets	436	327	462
Tangible fixed assets	541	879	810
Financial assets	25 936	18 891	24 713
Stock	79 448	86 489	82 798
Accounts receivables	10 303	146 313	8 906
Other current assets	2 011	1 948	2 636
Cash and bank (incl. shortterm investm)	12 547	677	17 687
Total assets	131 222	255 524	138 012
Equity and liabilities			
Shareholders' equity	107 814	127 244	111 102
Liabilities to customer	118	107 198	574
Shortterm depts	7 119	0	0
Longterm depts	0	0	7 545
Trade creditors	3 414	8 547	5 696
Short-term liabilities	12 757	12 535	13 095
Total equity and liabilities	131 222	255 524	138 012

CASH FLOW STATEMENT SEK 000	Jan - Sept 2010	Jan - Sept 2009	July - Sept 2010	July - Sept 2009
Profit/loss after net financial items	-4 461	-10 635	-3 533	6 491
Adjustments for non-cash items	369	349	137	116
Changes in working capital	-975	-32 716	-3 938	-9 248
Operating Cash flow	-5 067	-43 002	-7 334	-2 641
Dividend	0	-10 796	0	0
Net investments in intangible assets	-73	-327	-16	0
Net investments in fixed assets	0	-135	0	-23
Changes in net cash position	-5 140	-54 260	-7 350	-2 664

CHANGES IN SHAREHOLDERS' EQUITY SEK 000	Jan - Sept 2010	Jan - Sept 2009	July - Sept 2010	July - Sept 2009
Opening balance	111 102	145 878	110 418	122 459
Dividend	0	-10 796	0	0
Profit/loss for the period	-3 288	-7 838	-2 604	4 785
Closing balance	107 814	127 244	107 814	127 244



KEYFIGURES AND RATIOS	Jan - Sept 2010	Jan - Sept 2009	July - Sept 2010	July - Sept 2009
Gross margin, %	46,9	37,4	56,10	55,7
Operating margin, %	Neg	Neg	Neg	22,7
Depreciation SEK 000	369	349	137	116
Investments SEK 000	73	462	16	23
Equity-assets ratio, %	81,9	49,8	N/A	N/A
Earnings per share, SEK	-0,02	-0,04	-0,01	0,02
Cash flow per share, SEK	-0,02	-0,20	-0,03	-0,01
Equity per share, SEK	0,50	0,59	0,50	0,59
Number of shares ¹ Thousands	215 927	215 927	215 927	215 927

¹⁾ Profit/loss per share before and after dilution

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

TRANSLATION OF THE SWEDISH ORIGINAL

Auditor's Review Report on condensed interim financial statements prepared in accordance with IAS 34 and Chapter 9 of the Swedish Annual Accounts Act (SFS 1995:1554)

To the Board of Directors of Sensys Traffic AB

Introduction

We have performed a review of the condensed interim financial statements for Sensys Traffic AB at 30 September 2010 and the nine-month period then ended. The Board of Directors and the Managing Director are responsible for the preparation and presentation of these Interim financial statements in accordance with IAS 34 and the Swedish Annual Accounts Act. Our responsibility is to express an opinion on the condensed interim financial statements based on our review.

Scope of Review

We have conducted our review in accordance with the Standard on Review Engagements, SÖG 2410, "Review of Interim Financial Statements Performed by the Independent Auditor of the Entity", issued by the Swedish Federation of Authorized Public Accountants. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review has a different purpose and a substantially less scope than an audit conducted in accordance with the Standards on Auditing in Sweden (RS) and other generally accepted auditing practices. The procedures performed in a review do not enable us to obtain such a level of assurance that would make us aware of all significant matters that might be identified in an audit. Accordingly, an opinion based on a review does not constitute the same level of assurance as an opinion based on an audit.

Opinion

Based on our review, nothing has come to our attention that causes us to believe that the interim financial statements are not prepared, in all material aspects, for the group in accordance with IAS 34 and the Swedish Annual Accounts Act and for the parent company in accordance with the Swedish Annual Accounts Act.

Jönköping 28 October 2010

Anders Johansson
Auktoriserad revisor