

# Year-End Report for SENSYS® Traffic AB (publ)

JANUARY – DECEMBER 2011

- Net sales for the period SEK 43,4m (36,8).
- Operating loss SEK -51,9m (-11,0).
- Loss after tax SEK -38,3m (-7,8).
- Earnings per share SEK -0.13 (-0.03).
- Cash flow per share SEK -0.13 (-0.05)

## 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.*

Sales in the fourth quarter were primarily composed of deliveries of systems for traffic safety in the Middle East, as well as deliveries of systems for monitoring train pantographs, known as APMS, to the Swedish Transport Administration.

Orders received in the fourth quarter amounted to SEK 7m, which gave orders of SEK 36m for the full-year. Orders received in the fourth quarter were received from the United States, Sweden, the Netherlands and Finland. Further orders have been received from the United States since the end of the quarter.

Sensys continues to take part in procurement procedures, primarily in the Middle East, Eastern Europe and Africa.

In view of that it appears that the procurement process in Armenia took place in contravention of prevailing procurement regulations, Sensys has deemed that the risks are unacceptably high. Sensys has therefore requested that the validity of the procurement process be tried in an Armenian court.

The arbitration process between Sensys and Telvent continues.

### Dividend

The Board of Directors will propose to the Annual General Meeting of Shareholders that no dividend be declared for 2011.

## FINANCIAL REPORTING

### INCOME AND EARNINGS

Sales for the full-year amounted to SEK 43.3m (36.8). The previously initiated write-down of inventories continued. The value-adjustment for the full-year has implied a negative effect of SEK 28.8m, of which SEK 7.5m in the fourth quarter, which in turn has led to a negative gross margin for the period. Excluding this inventory write-down, the gross margin for the full-year amounted to 59 percent (46). The gross margin includes direct costs for contract manufacturers, as well as certain own fixed costs.

Sales for the fourth quarter amounted to SEK 8.7m (10.4) and the gross margin, without the above inventory write-down, was 59 percent (46).

The operating loss for the full-year was SEK -51.9m (-11.0), and SEK -17.1m (-6.3) for the fourth quarter. The operating loss for the period before the above inventory write-down amounted to SEK -23.1m, and to SEK -9.6m for the fourth quarter.

The loss after tax amounted to SEK -38.3m (-7.8).

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 period-end to SEK 113.5m (151.8), representing an equity-assets ratio of 88.0 percent (88).

### TAX

At year-end, the Company's total deferred tax recoverable amounted to SEK 40,8m (27,3).

The deferred tax recoverable has been reported as an asset since 2005. Future utilisation of this tax recoverable is dependent on taxable profits. The Company's management and board of directors continue to positively deem that the Company will have the potential to utilise this fiscal deficit in the future.

## INVESTMENTS

Investments during the period were SEK 0.0m (0,0).

## WORKFORCE

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

## LIQUIDITY

Liquid resources amounted at period-end to SEK 17.8m (53.0), plus a short-term deposit of SEK 0.4m (20.4).

Cash flow from current operations amounted to SEK -35.1 in the period, of which SEK -18.4m pertains to ordinary operations and SEK -16.7m to the payment of a bank guarantee to Telvent.

## NUMBER OF SHARES

The number of shares at the end of the year was 287,902,734 (287,902,734). The average number of shares in 2011 was 287,902,734 (217,898,988).

## 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. At the time of preparing this report, the Company had a claim against Telvent of SEK 16.7m. 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.

It is also 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 12 and 31 of

the Annual Report for 2010. 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.

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

First quarter, 2012	24 April 2012
Annual General Meeting 2011	24 April 2012
Second quarter, 2012	30 Aug 2012
Third quarter, 2012	25 Oct 2012
Year-End Report, 2012	24 Jan 2013

The annual report for 2011 is expected to be published at [www.sensys.se](http://www.sensys.se) in the beginning of April 2012, and will also be sent to those shareholders who so request.

Jönköping 26 January 2012

On behalf of the Board of Directors,

  
Johan Frilund, CEO

For additional information, please contact:  
Johan Frilund, CEO, +46 (0)73 274 28 23.

Sensys Traffic is obliged to publish the information disclosed in this Year-End report pursuant to the Swedish Securities Market Act. Such information was submitted for publication on 26 January 2011 at 14.30 hrs CET.

INCOME STATEMENT - SUMMARY SEK000	Jan - Dec 2011	Jan - Dec 2010	Oct - Dec 2011	Oct - Dec 2010
Net sales	43 371	36 816	8 863	10 354
Cost of goods sold	-17 930	-19 702	-3 616	-5 642
Change in value, stock	-28 800	0	-7 500	0
<b>Gross profit</b>	<b>-3 359</b>	<b>17 114</b>	<b>-2 253</b>	<b>4 712</b>
Selling expenses	-23 671	-18 416	-8 472	-5 210
Administrative expenses	-5 878	-5 418	-1 550	-1 538
Development costs	-19 021	-15 680	-4 843	-4 305
Other operating income/expenses	0	11 356	0	0
<b>Operating profit/loss</b>	<b>-51 929</b>	<b>-11 044</b>	<b>-17 118</b>	<b>-6 341</b>
Net financial items	109	662	203	421
<b>Profit/loss after financial items</b>	<b>-51 820</b>	<b>-10 382</b>	<b>-16 915</b>	<b>-5 920</b>
Tax	13 532	2 609	4 352	1 435
<b>Net profit/loss for the period</b>	<b>-38 288</b>	<b>-7 773</b>	<b>-12 563</b>	<b>-4 485</b>
Earnings per share, SEK	-0,13	-0,03	-0,04	-0,02

BALANCE SHEET - SUMMARY SEK000	2011-12-31	2010-12-31
<b>Assets</b>		
Intangible fixed assets	277	370
Tangible fixed assets	157	457
Financial assets	57 571 <sup>1</sup>	27 371 <sup>1</sup>
Accounts receivables	4 944	10 519
Stock	45 079	78 045
Other current assets	2 973	2 215
Cash and bank	17 847	53 004
<b>Total assets</b>	<b>128 848</b>	<b>171 981</b>
1) Tax recoverable 40.8m (27.3) Amount due by Telvent 16.7m (0)		
<b>Equity and liabilities</b>		
Shareholders' equity	113 502	151 790
Short-term liabilities	0	3 330
Trade creditors	2 525	4 842
Short-term liabilities	12 821	12 019
<b>Total equity and liabilities</b>	<b>128 848</b>	<b>171 981</b>

CASH FLOW STATEMENT SEK000	Jan - Dec 2011	Jan - Dec 2010	Oct - Dec 2011	Oct - Dec 2010
<b>Profit/loss after net financial items</b>	<b>-51 820</b>	<b>-10 382</b>	<b>-16 915</b>	<b>-5 920</b>
Adjustments for non-cash items	29 192	446	7 580	77
Changes in working capital	-12 529	-3 208	13 469	-2 235
<b>Operating Cash flow</b>	<b>-35 157</b>	<b>-13 144</b>	<b>4 134</b>	<b>-8 078</b>
New share issue	0	48 461	0	48 461
Net investments in intangible assets	0	0	0	73
<b>Changes in net cash position</b>	<b>-35 157</b>	<b>35 317</b>	<b>4 134</b>	<b>40 456</b>

CHANGES IN SHAREHOLDERS' EQUITY SEK000	Jan - Dec 2011	Jan - Dec 2010	Oct - Dec 2011	Oct - Dec 2010
<b>Opening balance</b>	<b>151 790</b>	<b>111 102</b>	<b>126 065</b>	<b>107 814</b>
New share issue	0	48 461	0	48 461
Dividend	0	0	0	0
Profit/loss for the period	-38 288	-7 773	-12 563	-4 485
<b>Closing balance</b>	<b>113 502</b>	<b>151 790</b>	<b>113 502</b>	<b>151 790</b>



KEYFIGURES AND RATIOS, SEK 000	Jan - Dec 2011	Jan - Dec 2010	Oct - Dec 2011	Oct - Dec 2010
Gross margin, %	Neg	46,5	Neg	45,5
Operating margin, %	Neg	Neg	Neg	Neg
Depreciation	392	446	80	77
Inventory write-down	28 800	0	7 500	0
Investments	0	0	0	-73
Equity-assets ratio, %	88,1	88,3	88,1	88,3
Earnings per share, SEK <sup>1</sup>	-0,13	-0,03	-0,04	-0,02
Equity per share, SEK <sup>1</sup>	0,39	0,53	0,39	0,53
Number of shares <sup>2</sup>	287 903	287 903	287 903	287 903
Average numbers of shares <sup>2</sup>	287 903	217 899	287 903	217 899

<sup>1)</sup> Profit/loss per share before and after dilution.

<sup>2)</sup> Sensys has no ongoing incentive program involving the dilution effect.