

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

JANUARY – DECEMBER 2012

- Net sales for the period SEK 41.0m (43.4)
- Operating loss SEK -41.5m (-51.9)
- Loss after tax SEK -43.1m (-38.3)
- Earnings per share SEK -0.09 (-0.13)
- Cash flow per share SEK -0.07 (-0.12)

GENERAL

Sensys Traffic develops and markets systems for traffic safety and traffic informatics that are primarily used to monitor speed and red-light offences.

Sales in the fourth quarter amounted to SEK 25.3m (8.9) and were primarily composed of invoicing to Oman, as well as to Sweden, China and Australia. Within the Oman project, 5 percent of the order-value of SEK 24.0m remains to be invoiced. Sales for the full-year subsequently amounted to SEK 41.0m (43.4) where the largest market was the Middle East, followed by North America, the Nordic region and Asia/Oceania.

Orders received in the fourth quarter amounted to SEK 6.4m (7.0) and were composed of systems for monitoring train pantographs for SEK 4.0m from Sweden and the United Kingdom, as well as systems for monitoring vehicle speed and red-light offences primarily from the United States and a new customer in the Middle East. Orders received for the full-year thereby totalled SEK 40.8m (36.0) and came above all from the Middle East with SEK 26.5m, followed by North America and the Nordic region.

Orders received from Sweden fell from SEK 22.2m in 2011 to SEK 3.4m in 2012 further to the expiry on 31 December 2011 of the framework agreement for the Swedish Automatic Traffic Safety Control (ATK) system. However, this reduction has been more than compensated by an increase in international orders from SEK 13.7m in 2011 to SEK 37.4m in 2012. Sensys received orders from six well-established and significant new markets in 2012, as well as orders for pilot systems for monitoring train pantographs, known as APMS, from three new customers.

In the third quarter 2012, the Swedish Transport Administration announced a new procurement process regarding systems for monitoring vehicle speed, known as ATK, to be submitted in the first quarter of 2013.

In the fourth quarter, Sensys' partner in the United States signed a framework agreement with the city of Washington DC for the delivery of systems for monitoring vehicle speed and red-light offences. The agreement will be executed via call-off orders. Subsequently, Sensys cannot provide an estimate of the value or time schedule of future orders within the framework agreement. The first call-off order was received in the fourth quarter.

As previously reported, Sensys reached a settlement with Telvent in the first quarter 2012 regarding the discontinued project in Saudi Arabia.

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 28.8m before issue costs.

Dividend

The Board of Directors will propose to the Annual General Meeting of Shareholders that no dividend be declared for 2012.

FINANCIAL REPORTING

SALES AND EARNINGS

Sales for the period amounted to SEK 41.0m (43.4). The write-down of inventories started in 2011 has resulted in a low gross margin for the period. Excluding this value-adjustment of inventories, the gross margin was 38 percent (59). The lower gross margin in 2012 is due to the aggressive pricing of inventory products.



Sales for the fourth quarter amounted to SEK 25.3m (8.9) and gave a gross margin of 50 percent compared with 59 percent last year, excluding the write-down of inventories.

The Company's management believes that the remaining inventories have a market for sale within the foreseeable future. The inventory write-down process has therefore been discontinued.

The operating loss for the period was SEK -41.5m (-51.9), while the fourth quarter saw an operating profit of SEK 1.8m (loss: -17.1). Excluding the aforementioned inventory write-downs and settlement with Telvent of SEK 9.8m, the operating loss for the period amounted to SEK -27.1m (-23.1).

The decision by the Swedish parliament (Riksdagen) to reduce the corporate tax rate to 22 percent as of 1 January 2013 has led to a revaluation of the Company's deferred tax recoverable, resulting in SEK 6.6m being reported as a tax cost for the Company in the fourth quarter. The loss after tax thereby amounted to SEK -43.1m (-38.3) for the period and to SEK -5.4m (-12.6) for the fourth 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 97.5m (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 39.1m (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 second quarter 2012.

INVESTMENTS

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

WORKFORCE

The average number of employees was 32 persons (36), and the number of employees at the end of the period was 32 (39).

LIQUIDITY

The Company completed a new share issue in the second quarter, thus providing the Company with SEK 27.1m after issue costs.

Liquid resources amounted at the end of the period to SEK 12.5m (17.8), plus a short-term deposit of SEK 0.0m (0.4). Further to the end of the period, the Company has received SEK 5.7m in paid accounts receivable.

Cash flow from current operations amounted to SEK -32.5m (-35.1).

Outstanding share warrants (TO3 and TO4) will become due for payment on 31 March 2013 and 31 October 2013. The subscription price is SEK 0.30 and SEK 0.60 for each respective issue. Upon full subscription, Sensys will be provided with SEK 9.6m and SEK 19.2m respectively, before issue costs, divided into 63 978 384 new shares.

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 400,434,577 (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 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. 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

First quarter 2013	16 April 2013
Annual General Meeting 2012	16 April 2013
Second quarter 2013	22 August 2013
Third quarter 2013	24 October 2013

It is estimated that the Annual Report for 2012 will be sent in the beginning of April 2013 to shareholders who so wish, in addition to being published at www.sensys.se.

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

Jönköping, 24 January 2013



Johan Frilund, CEO

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Sensys Traffic is obliged to publish the information contained in this report pursuant to the Swedish Securities Market Act. The information was submitted for publication at 2.55 on 24 January 2013.

INCOME STATEMENT - SUMMARY SEK000	Jan - Dec 2012	Jan - Dec 2011	Oct - Dec 2012	Oct - Dec 2011
Net sales	41 000	43 371	25 310	8 863
Cost of goods sold	-25 270	-17 930	-12 669	-3 616
Change in value, stock	-4 558	-28 800	0	-7 500
Gross profit	11 172	-3 359	12 641	-2 253
Selling expenses	-31 908	-23 671	-5 199	-8 472
Administrative expenses	-5 359	-5 878	-1 177	-1 550
Development costs	-15 398	-19 021	-4 466	-4 843
Other operating income/expenses	0	0	0	0
Operating profit/loss	-41 493	-51 929	1 799	-17 118
Net financial items	122	109	386	203
Profit/loss after financial items	-41 371	-51 820	2 185	-16 915
Tax	-1 776	13 532	-7 620	4 352
Net profit/loss for the period	-43 147	-38 288	-5 435	-12 563
Earnings per share, SEK	-0,09	-0,13	-0,01	-0,04

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

BALANCE SHEET - SUMMARY SEK000	2012-12-31	2011-12-31
Assets		
Intangible fixed assets	185	277
Tangible fixed assets	81	157
Financial assets ²⁾	39 128	57 571
Accounts receivables	14 207	4 944
Stock	29 651	45 079
Other current assets	13 409	2 973
Cash and bank	12 456	17 847
Total assets	109 117	128 848
2) Tax recoverable 39.1m (40.8). Amount due by Telvent 0m (16.7) Payment was received on 12 April 2012.		
Equity and liabilities		
Shareholders' equity	97 452	113 502
Trade creditors	668	2 525
Short-term liabilities	10 997	12 821
Total equity and liabilities	109 117	128 848

CASH FLOW STATEMENT SEK000	Jan - Dec 2012	Jan - Dec 2011	Oct - Dec 2012	Oct - Dec 2011
Profit/loss after net financial items	-41 371	-51 820	2 185	-16 915
Adjustments for non-cash items	4 756	29 192	38	7 580
Changes in working capital	4 127	-12 529	-12 592	13 469
Operating Cash flow	-32 488	-35 157	-10 369	4 134
Financing activities				
New share issue	27 097	0	0	0
Net investments in intangible assets	27 097	0	0	0
Changes in net cash position	-5 391	-35 157	-10 369	4 134

CHANGES IN SHAREHOLDERS' EQUITY SEK000	Jan - Dec 2012	Jan - Dec 2011	Oct - Dec 2012	Oct - Dec 2011
Opening balance	113 502	151 790	102 887	126 065
New share issue, net after issue costs	27 097	0	0	0
Dividend	0	0	0	0
Profit/loss for the period	-43 147	-38 288	-5 435	-12 563
Closing balance	97 452	113 502	97 452	113 502



KEYFIGURES AND RATIOS, SEK 000	Jan - Dec 2012	Jan - Dec 2011	Oct - Dec 2012	Oct - Dec 2011
Gross margin, %	27,2	Neg	49,9	Neg
Operating margin, %	Neg	Neg	7,0	Neg
Depreciation	198	392	38	80
Inventory write-down	4 558	28 800	0	7 500
Investments	0	0	30	0
Equity-assets ratio, %	89.3	88.1	89.3	88.1
Earnings per share, SEK ¹	-0.09	-0.13	-0.01	-0.04
Operating cashflow per share, SEK	-0.07	-0.12	-0.02	0.01
Equity per share, SEK ¹	0.20	0.39	0.20	0.39
Number of shares ²	479 838	287 903	479 838	287 903
Average numbers of shares ²	400 435	287 903	479 838	287 903

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

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