IVU TRAFFIC TECHNOLOGIES AG

ANNUAL REPORT 2011

PROSPECTS

HIGHLIGHTS

MANAGEMENT REPORT

Consolidated IFRS figures

	2007 €m*	2008 €m	2009 €m	2010 €m	2011 €m	CHANGE 2011 – 2010 in €m
Revenue	31.4	33.8	37.3	39.1	39.9	+0.8
Gross profit	24.8	24.7	27.6	29.5	30.4	+0.9
Personnel expenses	16.5	17.3	18.3	18.8	19.6	+0.8
EBIT	2.3	1.3	2.1	2.7	2.9	+0.2
EBT	1.9	1.0	1.9	2.5	2.8	+0.3
Annual profit	1.9	1.3	1.8	2.4	2.4	0

* €m = € million

Key figures

	2007	2008	2009	2010	2011
Equity ratio (equity/balance sheet total)	53%	51%	54%	58%	61%
Gross profit margin (EBT/Gross profit)	8%	4%	7%	8%	9%
Personnel capacity as annual mean (FTE)	245	251	273	285	295
Gross profit per FTE (in k€)	101	98	101	103	103

The year-end financial statement and management report for IVU Traffic Technologies AG for the business year 2011 were audited by Ernst & Young Wirtschaftsprüfungsgesellschaft, Berlin, and provided with an unqualified audit report.

Supervisory Board
Klaus-Gerd Kleversaat, Berlin (Chair)
André Neiss, Hanover
Prof. Dr Herbert Sonntag, Berlin

Executive Board
Martin Müller-Elschner (CEO)
Dr Helmut Bergstein
Frank Kochanski

Content

Letter to the shareholders

Dear Shareholders,
Dear Friends of IVU,

IVU enjoyed another successful year in 2011. Revenue increased by 2% to € 39.9 million and the gross profit rose by 3% to € 30.4 million. In addition to the healthy growth it was possible above all to further increase the efficiency and thus also the profit. EBIT increased by 8% to 2,943 k€. This is the best result in the 35-year history of the company. IVU is continually developing further. This is also shown by the equity, which has increased by some 43% since 2007. The equity ratio as of 31.12.2011 is 61%. The prospects for the coming year are correspondingly positive.

The IVU brand stands for safety, solution expertise, and innovative engineering. Our customers have recognised this and are entering into long-term partnerships. In spring 2011, the Jerusalem Transportation Master Plan Team (JTMT) decided in favour of introducing the planning and passenger information systems of the IVU.suite. The Italian state railway Trenitalia, which has been using IVU software since 2009 for its personnel planning and scheduling, has also been convinced by IVU's experience. In the year covered by this report, Trenitalia decided to expand its order to include fleet management.

By orienting our product management to the needs of the constantly expanding megacities we are targeting a market of the future. Cities all over the world are collapsing under their growing traffic burdens, and are in urgent need of new mobility strategies. As a model example of this new mobility, the 'Mio para todos' strategy in the Colombian city of Cali, to which we contributed, received an award at the UITP World Congress 2011. Additionally, in February 2012 IVU was awarded the 'Alexander von Humboldt' Order of Merit from the Colombian Government in recognition of its contribution in the fields of the environment and society.

The international success of our products is based on a strong European market which is constantly demanding new technological developments. In 2011, IVU engineers made key advances in our passenger information systems and as a result we were able to convince the London transport agency of its advantages. We are confident that further major cities will follow.

We hope and trust that you will remain loyal to IVU in 2012, Best wishes

The Executive Board
Berlin, March 2012

Frank Kochanski Dr Helmut Bergstein Martin Müller-Elschner

Management report

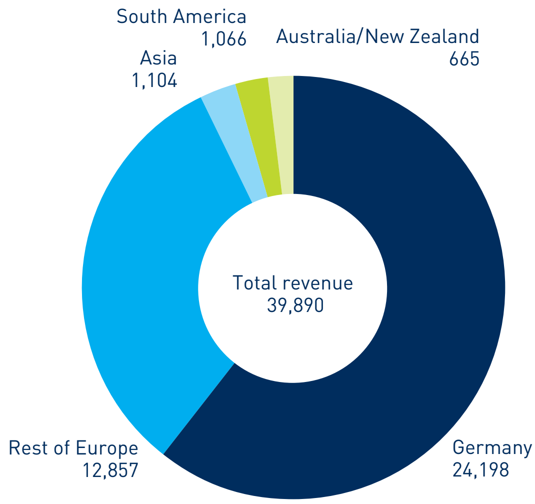
IVU and the market

Cities are the driving force of economies. They are the centres of trade and industry. In developed economies, more than 80 per cent of the economic output is generated in the cities, and this percentage is showing a rising trend. Efficient infrastructures for the transport of people and goods are a precondition for the development of urban centres. The growing demand for transport and increasing environmental awareness are promoting investments in public transport networks all over the world. This is being reflected in the increasing revenue figures of IVU.

Global urbanisation will continue in future. According to estimates by the United Nations, in 2040 more than half of the world's population will be living in so-called megacities – huge urban agglomerations with more than ten million inhabitants. The process which began with the industrialisation of societies in Europe and North America is today continuing in Asia, India, Africa and Latin America. The megacities are growing chaotically at a tremendous rate, and the only way to shape them is to proactively steer the growth. Sustainable infrastructures are called for which are capable of coping with the increasing numbers of residents without any upper limits.

With its IT systems IVU has its finger on the pulse of the time. 'Mobility and Logistics' continue to be a growth market. The cities and megacities are calling for comprehensive solutions which address the demands of the futures in combination with current issues of urban development. To this end IVU cooperates closely in its product development with customers and research institutions. As one of the few internationally active software producers for the public transport sector, IVU is able to offer a complete solution with its IVU.suite for all the requirements of transport companies which can be scaled in accordance with customer requirements and fleet size. In 2011 IVU was the first system producer to scale the passenger information system to a fleet size of 10,000 vehicles, with the capability to integrate and process real-time departure times for up to 20,000 stops and stations. The system is being implemented for the first time in London.

IVU recognised the trend towards increasing urbanisation at an early stage, and integrated this insight in its product development. In particular in Latin America it has become a major player on the basis of its successful project in Cali, Colombia. In March 2011, the 'Mio para todos' project received international recognition when it was given the 'Research and Knowledge Award' by the International Association of Public Transport (UITP). Subsequently an order was received from Punta Arenas in Chile, where now a modern natural gas bus fleet is planned using the systems of the IVU.suite.



Revenue in the financial year 2011 in k€

Growing competition in the railway industry

Railways remain an important growth sector, and competition is steadily increasing as their share of the overall mobility market grows and the numbers of contractors receiving their first orders increases. In the medium term, the German Pro-Rail Alliance predicts that railways' market share of all passenger transport will increase to 15 per cent. The tender volumes in the sector doubled in 2010 to 60 million train-kilometres per annum. In May 2011, 49.9 per cent of contracts in Germany's short-distance rail passenger services went to new contractors. Similar developments can also be observed in other countries. Competition in the railway industry is no longer confined within national borders.

Along with improved passenger convenience, effectiveness is one of the most important factors for economic success in the rail transport sector, and there is a corresponding increase in the demand for dedicated rail software solutions. With IVU.rail, the planning and optimisation system developed specially for railway companies, IVU is able to provide the ideal solution. Both contract awarders and operators can utilise the system to produce optimised timetables and schedules, as well as to project the required numbers of vehicles and personnel.

In the year covered by this report, IVU was able to achieve further important successes with its rail solutions. CP in Portugal became the sixth state railway to decide in favour of IVU. In France, IVU was able to take another important step in the market for rail freight with an order from Europorte, and in Italy the state railway has extended the deployment of IVU.rail to include vehicle management.

Logistics. New market opportunities

Dynamic cities not only need effective public transport. It is also essential that the supply networks function smoothly. In many fields the efficient planning of maintenance measures, delivery routes, or the locations of branch outlets are the key to success. The logistics products of IVU are also finding new scope for applications as a result of the trend towards increased urbanisation.

In Hamburg, the introduction of the IVU.winterservice system was concluded in 2011. The optimisation algorithms from the tried and trusted IVU.waste solution were linked up with the extensive documentation regulations relating to winter services, taking into account the special material requirements and the need for ad-hoc responses.

For IVU.locate, the integration of the journey optimisation from IVU.workforce has opened up new possible applications in route planning, catchment area planning and optimisation and also in marketing planning and control. Deutsche Post DHL has provided impulses for the development of this solution due to its special requirements for the optimisation of distribution networks, and they will be utilising the system when taking strategic decisions on the size of its parcel stations and the range of services offered by these.

In this way, the systems of IVU are growing closer and closer together to form an intelligent overall concept. The combination of the strengths of the individual products is creating powerful new solutions. These will all be brought together under the IVU brand. The product developers of IVU were quick to recognise the future trends and to respond to the changing social framework conditions.

Highlights in 2011
International
German IT expertise in demand

Great Britain. Passenger information in London

Transport for London (TfL) is introducing the next generation dynamic passenger information system. In order to be able to provide comprehensive information for some six million passengers every day, the municipal transport authority has ordered the passenger information system IVU.realtime from the German software house IVU Traffic Technologies AG. IVU.realtime forms the core and the data hub of the new information system. So the latest departure times for more than 8,500 London buses from about 19,000 bus stops are collected by IVU.realtime and after processing they are made available on electronic displays, smartphones, and via the Internet. A new feature as well is the integration of cloud technology, so that real-time data can be made available for external applications.

The text message and Internet information service was officially launched in October 2011. Within a few months the number of people using the service had risen to more than 700,000. Since November 2011 electronic displays have been successively going into service at the 2,500 main stops and in the summer 2012, test operations are due to begin for IVU.realtime.cloud. IVU is carrying out this project together with its partner telent, which has overall responsibility as general contractor.

Israel. Jerusalem opts for the IVU.suite

In order to provide more convenient and faster connections between the city's sights, the Jerusalem Transportation Master Plan Team (JTMT) decided in early 2011 to introduce the scheduling and passenger information systems of the IVU.suite. The introduction was successfully concluded only a few months later. Since June 2011 the systems of the IVU.suite have been in operation to plan and optimise up to 6,500 trips on 90 lines for some 700 buses.

After the successful completion of the initial project, JTMT placed orders for further modules of the IVU.suite in the summer of 2011. Measures are currently in progress to implement the geographical information system IVU.plan.map alongside the timetable planning of IVU.plan. In addition, it shall also be possible to access the passenger information from IVU.journey on smartphones using new apps for Apple and Android systems. Furthermore, it is planned to extend the timetable planning to include other areas in Jerusalem, which will involve handling information in Arabic. By the spring of 2012, IVU systems will additionally be carrying out duty scheduling, fleet management, performance monitoring and settlement.

Portugal. IVU.rail convinces another state railway

Comboios de Portugal (CP) is the sixth state railway to decide in favour of the products of the IVU.suite. Over a rail network of 2,830 km, the operations of 375 trains and the duty rosters for 1,500 personnel will be planned and optimised with IVU.rail.

Together with IVU's Portuguese project partner Meticube, which also specialises in the development and implementation of process management and information systems for rail transport, IVU is installing its systems for timetable planning, vehicle workings and personnel scheduling, duty optimisation, roster layout and vehicle dispatching for the state railway. IVU's success in the international call for tenders was due in particular to the specialised planning tools the company has developed for railway operators. With this order, IVU has taken another important step forward in the highly-promising Iberian market.

France. Optimisation in rail freight transport

IVU.rail has also been able to win new customers in the rail freight transport sector. The French rail freight transport company Europorte, a subsidiary of the Eurotunnel Group, will in future be using IVU.rail for planning its timetables and vehicle workings and for personnel scheduling and dispatching. This software solution, which has been specially developed by IVU to meet the needs of its railway customers, will replace Europorte's existing system, so that the company will improve even more punctuality, reliability and flexibility in freight transport.

The operations of a total of about a hundred trains per week will be planned using IVU.rail. The special demands placed by freight transport on the planning and scheduling systems call for a high degree of flexibility. All goods are subject to specific transport and safety regulations. IVU.rail utilises special operating rules and planning algorithms to meet both freight requirements and the requirements of the rail operators for reliable and economical operations.

Chile. IVU systems organise natural gas buses in Patagonia

With a new order in Punta Arenas (Chile), IVU systems have now reached the southernmost city in the world. In the largest city of South Patagonia, with some 117,000 inhabitants, the transport corporation Movigas is now using the systems of IVU.suite to plan the journeys of its modern Euro V natural gas fleet with 60 vehicles and more than 100 drivers.

Integrated bus and personnel scheduling with IVU.plan and IVU.crew makes it possible to take into account all the special features of the bus services in Punta Arenas. In particular, refuelling stops in the sparsely populated areas around the regional capital are integrated into the updated timetables every day. Movigas is particularly impressed by the tools for duty optimisation which are integrated in IVU.plan. These can be used to model all possible organisational duty options and to develop a wide range of scenarios. Intelligent algorithms extract the most efficient duty rosters. Thanks to the close cooperation with the Konrad Zuse Institute Berlin, IVU leads the market in the field of optimisation algorithms for resource planning in public transport.

Italy. Fleet management in addition to personnel management

In 2009, the Italian state railway Trenitalia introduced the IVU.rail.crew software for personnel dispatching and for planning duty rosters. Now a further order has been placed to adopt the IVU systems for vehicle management. The intention is to install IVU.rail.vehicle nationwide for all three railway sectors. In future, the IVU system will be responsible for all the fleet planning and dispatching of the state railway.

Based on the principle 'Everything from one reliable system', all plans, cancellations or corrections from the fleet management will then be passed on directly for personnel dispatching to IVU.rail.crew. Trenitalia will soon be able to effectively plan daily train working from leaving the depot until the train returns again, to automatically integrate cleaning and maintenance work in the monthly vehicle working plans, and to arrange rapid replacements in the event of breakdowns. Trenitalia has once again demonstrated the trust it places in the development expertise of IVU's engineers and the colleagues of IVU Italia.

Highlights in 2011
Germany
Innovative engineering convinces

Münster. E-ticketing solution as model for a national strategy

As one of the first public transport operators in Germany, Stadtwerke Münster is introducing electronic ticketing and will be able to offer a range of functions in addition to simple access controls. A particularly attraction for the passengers will be the automatic identification of the best fare, with retrospective charging. The objective is to make public transport more convenient and more economical and to considerably improve the service for the passengers. An order has been placed with IVU for 400 validators with the relevant software for ticket sales and settlement.

In future, not only will paying be considerably quicker and easier for passengers, but it will also offer potential savings. IVU.ticket always determines the best tariff option for each passenger, without them having to be familiar with all the details of the fare system. Münster marks the start of a nationwide development. More and more regions are re-equipping, so that in a few years' time cashless payments with a personal chip card will be the standard for many public transport associations.

Bremen. Passenger information in the region

In order to increase the efficiency of daily public transport operations in Bremen and Lower Saxony, the local transport association (VBN) wanted a central data hub through which all transport companies would be supplied with relevant operating data in real time, and passengers could be informed about the current departure times. This was to be made possible by linking all 36 members of the association by VDV interfaces – despite widely differing system landscapes. VBN found one component of the solution in a new multiple-client version of IVU.fleet and the passenger information system IVU.realtime.

In the course of the project, the fleet management system IVU.fleet has been further optimised so that it will also be able to integrate third-party on-board computer systems. This light version (Regio.RBL) is particularly well suited for utilisation in rural areas, making real-time operational information available for smaller transport companies.

Highlights in 2011
Logistics
New fields of applications

Federal Office for Goods Transport. Toll control with IVU.plan

Evidence of the demand that exists for the systems of IVU.suite outside the sphere of public transport is given by an order from the Federal Office for Goods Transport (BAG). In future, BAG will be planning and scheduling the controlling of motorway tolls in Germany more effectively and with improved transparency using the systems IVU.plan and IVU.crew. A special optimisation algorithm is being developed in a research project carried out in cooperation with the Zuse Institute for Computer Science (ZIB) which will be used to link the duty plans of the toll controllers to the traffic volumes on the toll roads. This order opens up potential new fields of application for the products of the IVU.suite, and these opportunities will be pursued further in future.

DHL Paket Deutschland. Strategic trip optimisation for DHL Packstations

Deutsche Post AG has been a good partner of IVU since 1998, and together the geo-information system IVU.locate has been continually developed. With the system already having been used successfully for the planning and optimisation of the DHL packstations in Germany, alternative delivery scenarios are now also to be simulated using the geo-marketing system. The integration of trip optimisation in IVU.locate offers its subsidiary DHL Paket Deutschland support with its strategic decisions about the size and scope of the individual packstations. This is achieved by integrating IVU's advanced optimisation algorithms for trip planning in the geo-marketing system. This merging together of its logistics products offers IVU an opportunity to access new branches and markets. New applications open up for journey planning, catchment area planning and optimisation as well as marketing organisation.

Hamburg utility. New winter service has now been fully implemented

In order to keep roads and footpaths clear right from the very first snow flakes, Hamburg's SRH utility ordered a software system from IVU for the efficient planning and execution of winter services in Germany's second largest city – IVU.winterservice. The vagaries of the weather, the high risk potential and the extensive documentation requirements mean that winter services are considerably more complex than normal street-cleaning operations. IVU therefore developed IVU.winterservice for SRH, combining the specific requirements of the winter service with the tried-and-trusted optimisation algorithms of the IVU.waste solution. Over the past three winters the system was able to demonstrate its potential successfully in trials on Hamburg's roads. In December 2011 the project reached its conclusion. Nearly all of SRH's large gritting vehicles are now equipped with on-board computers with the corresponding software, ensuring the effective deployment of the vehicles and providing comprehensive documentation of the work of the winter service teams.

Highlights in 2011
Events
International interest in IVU

User Forum. 400 participants from 16 countries

With 400 participants from 16 countries and all sectors of public transport, IVU's User Forum 2011 once again proved to be a complete success. On 14 and 15 March the participants met in the Estrel Hotel Berlin to listen to a series of talks and podium discussions, to take part in User Group meetings, and also to visit an exhibition of all the systems of the IVU.suite. On an area of 700 m², practical applications of the IVU.suite were presented. IVU's customers learned about the new functionalities and releases of the IVU products and the developers were able to gather information about current trends and future demands.

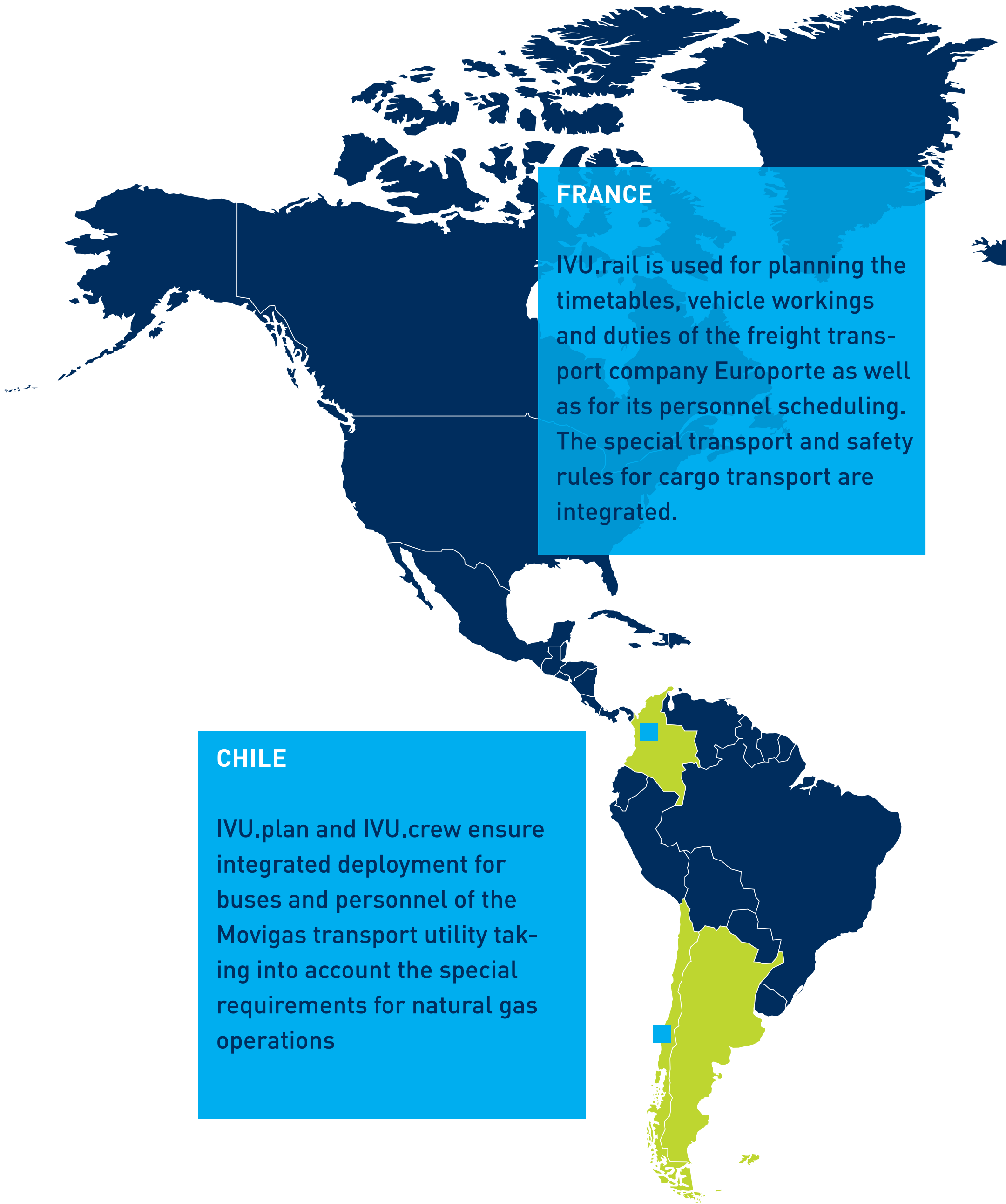
Vietnam. State visit with Merkel

German Chancellor Angela Merkel was accompanied on her state visit to Vietnam by representatives from 15 German medium-sized companies, including IVU as the only company from Berlin. The visit to Hanoi and Ho Chi Minh City coincided with the German Vietnamese Economic Forum, which had the goal of promoting joint business relations. With a population of 87 million, Vietnam has a high demand for mobility. Its need for systems to develop modern public transport is greater than ever.

World Congress. Cali project receives award

From 10–13 April, IVU presented itself at the 59th UITP World Congress in Dubai. As one of the world's leading producers of software solutions for public transport, IVU displayed its broad range of products to a specialist public. Particular interest was shown in the software systems which were implemented in the Colombian city Santiago de Cali, where they are contributing to a marked improvement in the public transport infrastructure. IVU has delivered systems for the planning, scheduling and operational control of a total of some 1,000 buses in Cali, as well as supplying on-board computers and the systems for passenger information at the bus stops. The Colombian project 'Mio para todos' received the UITP 'Research and Knowledge Award 2011' for its model role in the sustainable and environmentally friendly development of a public transport network.

More than 500 customers
In 22 countries
With 8 locations

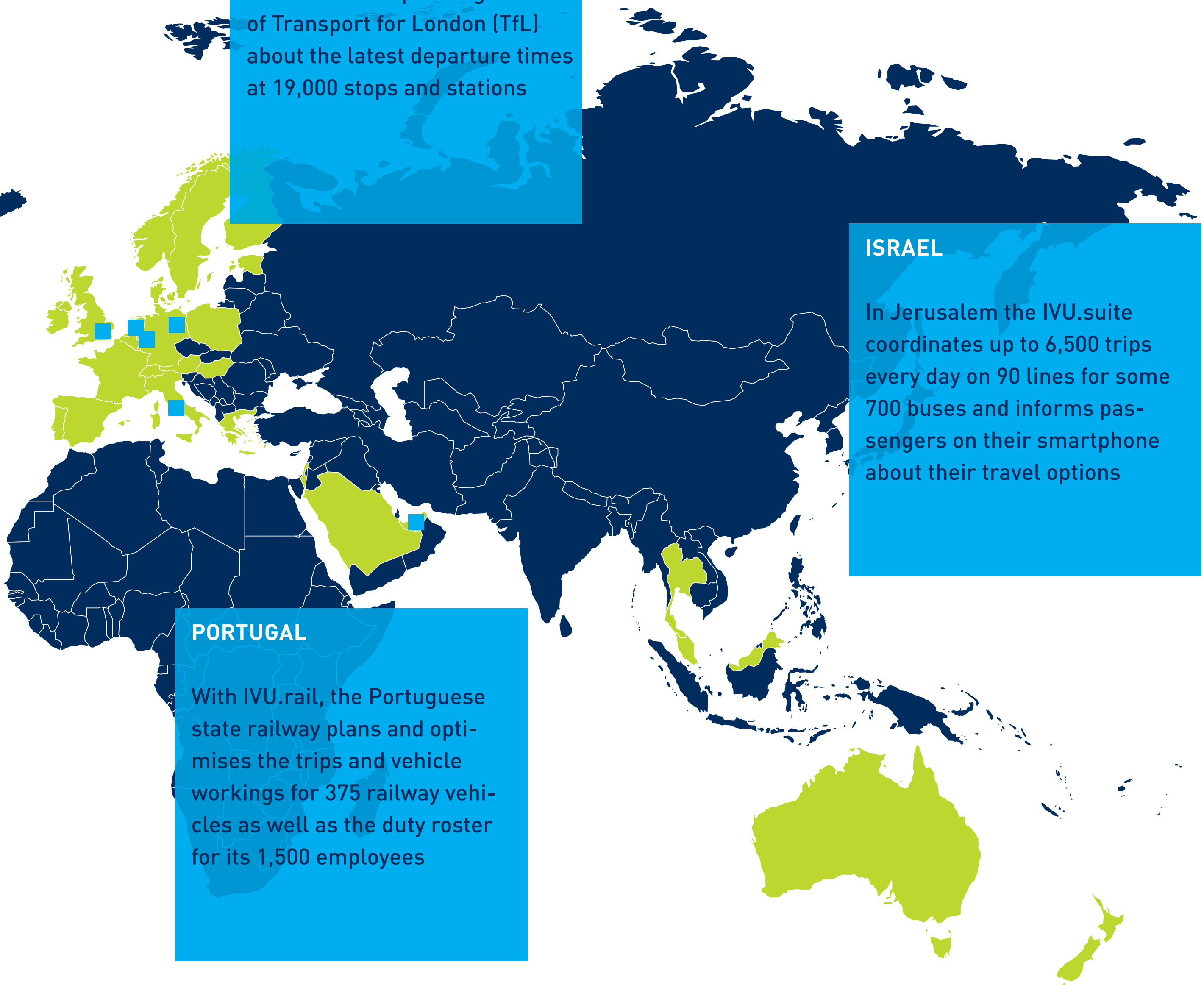


FRANCE

IVU.rail is used for planning the timetables, vehicle workings and duties of the freight transport company Europorte as well as for its personnel scheduling. The special transport and safety rules for cargo transport are integrated.

CHILE

IVU.plan and IVU.crew ensure integrated deployment for buses and personnel of the Movigas transport utility taking into account the special requirements for natural gas operations



GREAT BRITAIN

Every day, IVU.realtime informs some 6 million passengers of Transport for London (TfL) about the latest departure times at 19,000 stops and stations

ISRAEL

In Jerusalem the IVU.suite coordinates up to 6,500 trips every day on 90 lines for some 700 buses and informs passengers on their smartphone about their travel options

PORTUGAL

With IVU.rail, the Portuguese state railway plans and optimises the trips and vehicle workings for 375 railway vehicles as well as the duty roster for its 1,500 employees

IVU locations

IVU references

Research and development

If they are to be successful on the world's markets, software systems must provide investors with solutions which have long-term intrinsic value. In order to be able to guarantee this to its customers, IVU invests appreciable sums in product development and associated research projects. In 2011 the expenditure at IVU for research and development amounted to € 2.7 million. The department responsible for product development with its team of highly-qualified software engineers and mathematicians ensures the further development of IVU systems in accordance with the demands of the markets and customers, and also with the economic needs of the company itself.

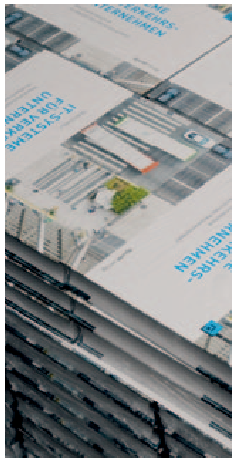
In 2011 the IVU.ticket.box went into series production with a new modular structure. This now makes it possible to equip the devices with customer-specific electronics and also assures ease of assembly. IVU's engineers have succeeded in combining series production with individual customer requirements. The entire assembly hall of the manufacturer in Mainz is already being used for the production of the IVU.ticket.box. The surface mounting of the electronic components takes place on the SMD assembly lines and the on-board computers are then assembled step by step in accordance with strict specifications.

The developers see promising possibilities, especially in the field of user guidance. There is a growing trend towards user interfaces which are oriented on consumer products such as smartphones or tablets. Icons, gesture control, and multi-touch operation are the elements which are being considered for the further development of the IVU.ticket.box.

New communication methods

With the continual expansion of cities the demands placed on public transport networks and their systems also grow. Increasingly large quantities of data have to be transmitted and processed. IVU takes part in various research projects relating to communications and wireless data transfer methods.

As an example, IVU participated in the DISTEL research project (services for interconnected public transport networks with standardised lines), which was supported by the Federal Ministry for Economics and Technology (BMWi). The aim of the research project was to standardise data and voice communications via a wide range of digital (wireless) communications networks and to provide standardised services for operational



control, passenger information, and connection coordination, and through this to make it possible for public transport associations to manage the transport companies it controls efficiently. After the conclusion of the research project, the implementation of the results followed in 2011 in the form of VDV guidelines (Association of German Transport Companies).

In addition, IVU contributed in the year covered by the report to the 'IP-KOM' Public Transport research project, which is also supported by the Federal Ministry of Economics and Technology. This project is concerned with the development of a follow-on communication standard in the field of IP-based communications services in public transport. IVU is particularly interested in realising a communication standard to replace the 30 years old IBIS standard. Due to the low data transmission rates it is no longer able to meet the requirements of modern passenger information and e-ticketing systems. The goal of the 'IP-KOM' project is the efficient and standardised provision of collective passenger information in the public transport vehicles and personalised passenger information for the mobile Internet. The results will find their way into international standards.

A book sets standards

Since November 2011, the book 'IT-Systeme für Verkehrsunternehmen: Informationstechnik im öffentlichen Personenverkehr' (IT systems for transport companies: Information technology in public transport) has been available through dpunkt.verlag. The author Dr Gero Scholz was for many years chief architect at IVU, and other IVU specialists have also contributed variously to the volume. This new standard work establishes common ground for communications between transport operators and system providers and will offer the actors a basis for discussions which should considerably simplify their mutual understanding.

The main feature of the book is that it develops a domain model for the numerous operational processes as a basis for their representation in IT systems. Using UML modelling language and the Enterprise Architect modelling tool, a sector model is developed for trains, buses and trams which integrates core business processes, the IT system landscape to support this processes, and a class model as the architectural basis of IT systems and their networking. With this book, Dr Scholz makes a significant contribution to standardisation in public transport and creates a common foundation for future system development.

IT-SYSTEME FÜR VERKEHRSUNTERNEHMEN
Informationstechnik im öffentlichen Personenverkehr

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www.itvu.de

Personnel

Personnel development

	2011	2010	CHANGE
No. of personnel as of 31 December	345	332	+3.9%
Personnel capacity[1] as annual mean	295	285	+3.5%

[1] Personnel capacity denotes the equivalent number of full-time employees (Full-time equivalent = FTE).

About us. An overview

In order to meet the continually growing challenges of national and international projects, IVU further enhanced and expanded its team in the year covered by the report. Through targeted personnel recruitment, the personnel capacity was increased by 3.5% to 295 full-time-equivalents. As of 31 December 2011, IVU AG had a total of 345 co-workers (previous year: 332) – including part-time employees and student co-workers. Correspondingly, personnel expenditure in the financial year increased by 4% to € 19.6 million.

Diversity is an important requirement for the personnel in successful international projects. With team members from 15 countries and a proportion of graduates of 84%, IVU is well-equipped to face the challenges of the future. The strength of the IVU team is demonstrated above all by the gross profit per employee, which was k€ 103 in 2011, following on from the good result in the previous year (2010: k€ 103). High qualification levels and identification with the specialist topics and corporate values remain our guiding principle for team building.



An in-house exhibition in June 2011 organised by our young management circle is an example of the encouragement of young talent and the promotion of cooperation within the company. For two days, all sections of the company presented themselves, their projects and products, discussed new approaches with their colleagues, and in this way supported the transfer of knowledge across the boundaries of departments and branches.

On 30 June and 1 July, all IVU personnel were invited to come to Berlin in order to meet their colleagues and find out more about their work. The participants made enthusiastic use of the opportunity to learn more about individual projects and new product developments and functionalities, and by testing the systems they were able to become part of another team for a day.

The corporate culture of IVU is characterised by an open and trusting working environment, which encourages a business-like approach and personal initiative. Offering scope for a high degree of individual creativity continues to be a core element of our company philosophy.

Continuous training of the IVU team is also of great importance for the quality of our products. In the period covered by this report, 100 employees participated in specialist seminars, development workshops, conferences, and language courses. In addition, the co-workers had the opportunity to develop their personal and communication skills in a variety of training sessions.

In 2012, IVU will continue to add to its team quantitatively and qualitatively – because only a strong team can guarantee market success. Recruiting new personnel while retaining and promoting the existing team remains a strategic commitment for IVU.

Results, assets and financial situation

In the financial year 2011, IVU continued its sound growth. Revenue rose by 2% to € 39.9 million (previous year: € 39.1 million). The gross profit of € 30.4 million represented a 3% increase over 2010 and broke through the 30 million level for the first time. As in the previous two years, the gross profit thus increased at a greater rate than the revenue, which is a sign of the economic efficiency of the company. With a constant expenditure on materials, IVU was able to increase its value creation in comparison with the previous year once again. Further evidence of the performance of the company is the 8% increase in EBIT to k€ 2,943 (previous year: k€ 2,722).

Internationalisation

The domestic market serves IVU as an important proving ground for further developments to its products in accordance with state of the art standards. Here too more investments were made in 2011, so that the German market accounted for 61% of revenue generated in the financial year covered by the report, exceeding export revenue which amounted to € 15.7 million (previous year: € 17.6 million) in 2011. A reason for these fluctuations is the cyclical character of the project business. The highest revenues are usually experienced during and immediately after the initialisation phase of the project. As a result of the increased international activities in 2011 and the successful acquisition of new orders, an increase in international revenues is expected for 2012.

An important market targeted during the period covered by this report was South America. Here IVU was able to further strengthen its position with the successful project implementation in Cali and a follow-up order from Punta Arenas. The responsible politicians in South America have recognised that many major cities are facing the collapse of their transport systems as a result of the continuous growth in populations, and they are adopting new strategies to counter this. In addition, a growing environmental awareness is

also encouraging investments in public transport. As a result of its previous successes, IVU is well-known on the South American market and the plan to steadily expand the South American business will be pursued further.

IVU also enjoyed important success in 2011 in established markets. In Great Britain, the enhanced capability of the passenger information system was convincing in capital city London. And in Israel, IVU systems will in future be planning and optimising transport in Jerusalem.

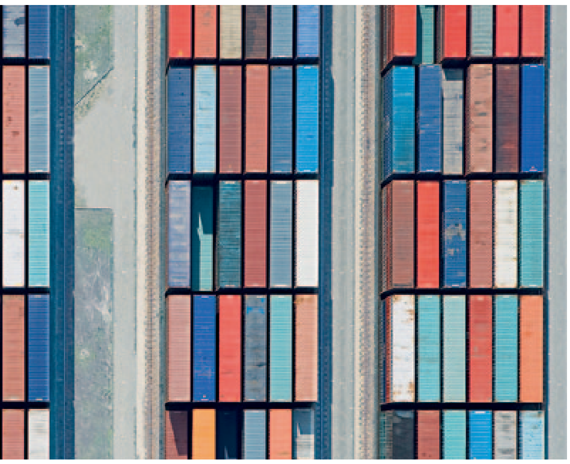
More and more cities all over the world are increasingly recognising the advantages of European transport concepts and their IT solutions. It is noteworthy, for example, that the public transport network in Munich is denser than that of Singapore. The complexity and demands of German public transport standards are becoming the benchmark for the infrastructure of the future. The trust placed in German expertise is reflected in follow-up contracts from Israel and Italy. The positioning of IVU in its core market of public transport continues to be very promising.

Costs and amortisation

Annual personnel expenses of € 19.6 million represent an increase of 4% over the previous year (€ 18.8 million) and correspond to an increase in appointments. The newly-begun large projects, including those in London, Jerusalem, and Italy, in combination with the investments in product development require a large personnel capacity. The continual addition of highly-qualified personnel to the IVU team is therefore an important factor for success.

The necessary modernisation of the in-house IT infrastructure (replacing existing hardware and software) led to an increase in depreciation of non-current assets by 25% to € 1.0 million (2010: € 0.8 million).

In contrast, other operational expenses fell by 4% to € 6.8 million (2010: € 7.1 million). This included in particular travel costs for the realisation of international projects and acquisition costs. In 2010 other operating expenditure had also included a one-off adjustment which is not included in this year. The effective operational costs of IVU AG in 2011 were thus at the same level as in the previous financial year.



Results, assets and the financial situation

EBIT increased by 8%

The continuous growth of IVU and the performance of the company are demonstrated in particular by the increase in earnings before interest and taxes (EBIT) of 8% to k€ 2,943 (previous year: k€ 2,722). With an EBIT margin of 7.3%, the profitability of the company can also be judged to be very good. The high productivity of IVU is ensured by thorough quality management in accordance with ISO 9001 and effective cost management, as well as intelligent product development in combination with high system quality.

Equity ratio reflects stable assets situation

The increased operational performance of IVU AG is also expressed by its equity ratio, i.e. the ratio of the equity to the balance sheet total. With 61%, the equity ratio is clearly above the average and is evidence of the stable assets situation of IVU AG (previous year: 58%). Equity increased in the financial year covered by the report by € 2.3 million to € 25.9 million (previous year: € 23.6 million). The constant positive asset development over the past four years has ensured good creditworthiness and positive assessments by potential contract awarders. IVU AG is able to meet its financial requirements and has only low interest payments now that all past loans have been repaid.

Liquidity

As of 31 December 2011 the amount held in cash was € 0.7 million. This was € 0.3 million lower than in the previous year. This slight difference is due above all to the increased need for security on the part of IVU customers, which meant that in 2011 considerably more bank sureties were required. IVU was in the position to meet its financial obligations at all times throughout the financial year covered by the report. The good order-book situation for 2012, together with outstanding accounts receivable amounting to € 13.4 million and a comfortable line of credit also ensure good liquidity in the current financial year.

In the financial year covered by this report, cash flow from on-going business activities amounted to € 0.7 million, which is lower than for the previous financial year (€ 1.6 million). Increased investments were made in modernising the in-house IT infrastructure and in product development. In 2012, IVU AG will also be able to make the necessary investments in property, plant and equipment and investments in research and development from the funds it generates itself.

Order-book situation

The order-book situation, defined in terms of contracts signed, amounted as of 29 February 2012 to € 33 million. Firm commitments to place orders had a volume of € 2.5 million. In addition there are offers under consideration and on-going negotiations which are conservatively valued at € 2.8 million. This means that the order-books already cover the planned goals for 2012 to a considerable extent.

2011 in brief

The performance in the financial year 2011 confirms the continuous and sound growth of IVU AG. Both the revenue (€ 39.9 million) and also the gross profit (€ 30.4 million) exceeded the targets planned for the year covered by the report. IVU generated a large part of its revenue, namely € 34.3 million, in its core market of Public Transport (previous year: € 33.8 million). However, the Logistics Sector also remained at a healthy level with revenue of € 5.6 million (previous year: € 5.2 million).

The growth of IVU in measured steps is ensured above all by the necessary expansion of the team through the recruitment of highly-trained specialists for successful project implementation. The financial potential of the company is at no time overstretched. The domestic market is strong and guarantees the continual development of products to high technological standards. At the same time, the export business is the driving force for further growth and it has a positive influence on the gross profit margin (9%). Earnings before taxes (EBT) showed a similarly good development and rose by 9% to k€ 2,772 (previous year: k€ 2,546).

Prospects

IVU has established a sound base for further growth. This is demonstrated by the figures for the financial year 2011. The products of IVU are establishing a growing international reputation. This development has been supported by the considerable popularity of the project in Santiago de Cali and the new large projects in London and Jerusalem. The presence in these cities is raising the public attention for IVU systems. The slogan 'Systems for vibrant cities' was put into application in the year covered by the report both in terms of technology and communications. It reflects the continuing global demand for logistical solutions to meet the problems posed by urbanisation. In particular for public transport there is an undiminished demand for concepts which will remain viable in the future. Mobility is the engine of the economy. In consequence, investments in infrastructure are steadily growing worldwide.

In 2011, IVU was able to further establish its position in the profitable markets in South America and the Asia-Pacific region. These advances are being followed up in the on-going financial year. Many cities in these areas face the challenge of organising their chaotic traffic systems and modernising their public transport. IVU will make use of this opportunity. In contrast, the domestic market remains the guarantee for the further development of the systems. This is where international standards for the sector can be promoted in order to ensure the connectivity of the IVU systems and to guarantee their long-term value.

A further positive development of business trends is expected for 2012, with steady growth. Consolidated annual revenue in the order of € 40 million is planned, with a gross profit of € 30 million. Depending on individual large orders pending, the results could exceed the expectations. Looking forward to 2013, a continuation of the positive trend is anticipated.

Risks

In order to secure the long-term success of the company, we aim to identify, analyse and control risks as quickly as possible. Risk management includes all regulations for recognising and dealing with risks. The Executive Board bears the overall responsibility for the internal financial control and risk management system with respect to the accounting processes in the company. This includes all factors which could significantly affect the accounts and the overall assessment of the annual results including the Management Report.

The risk management is based on the monthly reporting system (Financial Controlling Report) covering key parameters, which compares the company's monthly plan with the actual figures. These also include the budgets for the individual projects. The subsidiaries are included in the reporting system. The analysis of deviations serves the management as an instrument for business control.

Targets and reported figures are discussed regularly with those responsible for revenue and cost development and for meeting deadlines in order to provide the Executive Board with timely information about critical developments and to make it possible to take any necessary corrective measures.

In order to ensure that the available liquidity and the credit lines are adequate, the liquidity is planned continually, and the development of the available liquidity is monitored on a daily basis.

Analysis of opportunities and risks

The company strategy is aimed at further expanding the good situation on the national market while also making full use of the opportunities offered by internationalisation. Growth impulses result from the worldwide investment in public transport infrastructure, from the growing urbanisation and the increasing demand for well-organised public transport systems.

Successful export deals reduce the dependency on the German market. The opportunities of internationalisation have to be balanced against the costs of accessing new markets. In addition, IVU AG is also subject to the general political and economic conditions in the countries in which it operates.

The project business of IVU is based almost exclusively on contract work. This naturally brings with it the risk that the workload involved turns out to be more than was planned. Any resultant delivery delays may result in claims being made for compensation. IVU has implemented efficient project management in order to avoid compensation payments.

The high standards of the IVU systems are ensured by thorough quality control. However, should there be deficiencies in the software which is supplied, this can delay the acceptance and with it the payment of the invoices, so that a liquidity shortage can result.

Follow-up report

A specialised software company like IVU achieves its competitive strength because its highly qualified personnel are able to carry out demanding projects and meet special customer wishes. For this reason, IVU has adopted a long-term human resources strategy. IVU aims at achieving a low rate of fluctuation and high co-worker loyalty. Risks arise from the potential loss of expertise.

Delays in payment and possibly even defaults are a risk in all large and/or international projects. However, since the majority of IVU's customers operate in the public sector this has proved in the past to be a relatively small risk. The company does its best to protect itself by means of delivery-oriented payment plans and the use of payment security instruments.

In the majority of cases, transactions are denominated in euros.

Since IVU conducts part of its business outside the euro area, exchange rate fluctuations can affect the results. Currency risks exist for receivables, liabilities, cash in hand, and equivalent forms of liquidity where these do not correspond to the functional currency used by the company. Currency translation risks from operative business activities are systematically registered and analysed. Security against foreign currency risks is provided as a rule, for example, by cross currency swaps.

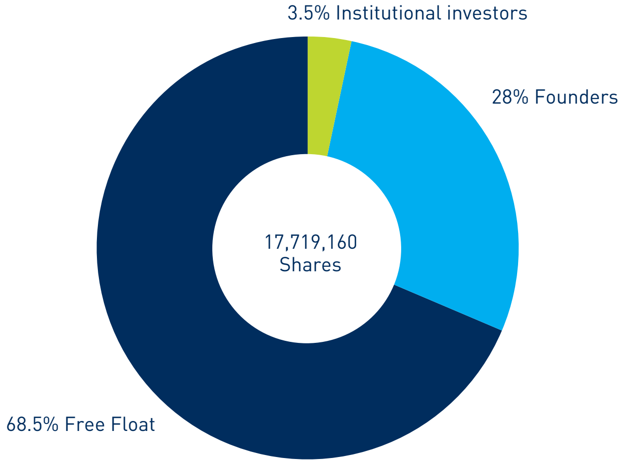
Since 31 December 2011 there have been no events of significance which have affected the situation regarding earnings, finances or assets.

IVU shares

IVU share price in comparison with the TecDAX index

Shareholder structure

As of December 2011



Shares held by Board members as of 31.12.2011

	No. of shares
Executive Board	
Martin Müller-Elschner	75,000
Dr Helmut Bergstein	15,000
Frank Kochanski	20,000
TOTAL, EXECUTIVE BOARD	**110,000**
Supervisory Board	
Prof. Dr Herbert Sonntag	1,166,000
Klaus-Gerd Kleversaat	259,000
TOTAL, SUPERVISORY BOARD	**1,425,000**
TOTAL, BOARD MEMBERS	**1,535,000**

Obligation to report

In the financial year 2011, Martin Müller-Elschner, Chair of the Executive Board acquired 25,000 IVU shares. He now holds 75,000 IVU shares. Dr Helmut Bergstein, Member of the Executive Board, acquired 10,000 IVU shares in the period covered by the report and now holds 15,000 IVU shares. Frank Kochanski, Member of the Executive Board acquired 11,500 IVU shares in the period covered by the report and now holds 20,000 IVU shares.

Consolidated financial statement

Consolidated profit and loss account in accordance with IFRS for the financial year 2011

	2011 k€	2010 k€
REVENUES	**39,890**	**39,077**
Other operating revenues	830	775
Material costs	-10,303	-10,372
GROSS PROFIT	**30,417**	**29,480**
Personnel expenses	-19,632	-18,828
Depreciation of non-current assets	-1,050	-827
Other operating expenses	-6,792	-7,103
EBIT	**2,943**	**2,722**
Financial income	18	18
Financial expenses	-189	-194
EARNINGS BEFORE TAXES (EBT)	**2,772**	**2,546**
Taxes on income and earnings	-366	-170
GROUP ANNUAL PROFIT	**2,406**	**2,376**

	€	€
Earnings per share (undiluted and diluted)	0.14	0.13
Average number of shares in circulation (in thousands)	17,719	17,719

Consolidated cash flow statement in accordance with IFRS for the financial year 2011

	2011 k€	2010 k€
1. BUSINESS ACTIVITY		
Consolidated earnings before income taxes of the period	**2,772**	**2,546**
Depreciation of plant, property and equipment	1,050	827
Changes to provisions	427	9
Earnings from interest	171	176
Other non-cash expenses/income	7	18
Earnings from disposal of plant, property and equipment	-2	-1
	4,425	**3,575**
Changes to items of current assets and current borrowed funds		
Inventories	-171	427
Receivables and other assets	-1,511	-1,672
Liabilities (without provisions)	-1,716	-399
	1,027	**1,931**
Interest payments	-167	-194
Income tax payments	-201	-170
Cash flow from current business activities	**659**	**1,567**
2. INVESTMENT ACTIVITIES		
Payments for investments in plant, property and equipment[1]	-1,022	-222
Receipts from disposal of plant, property and equipment	5	2
Interest received	18	18
Cash flow from current investment activities	**-999**	**-202**
3. FINANCING ACTIVITIES		
Repayments of liabilities from Sales & Leaseback dealings[2]	-9	-30
Cash payments for repayments of current financial liabilities	6	0
Cash payments for repayments of non-current financial liabilities	0	-1,469
Cash flow from financing activities	**-3**	**-1,499**
4. LIQUID FUNDS		
Effective change in liquid funds	-343	-134
Liquid funds at the beginning of the financial year	995	1,129
Liquid funds at the end of the financial year	**652**	**995**

[1] This presentation of payments for investments in PPE for 2011 and for 2010 differs from the additions to the fixed assets given in Annex 5. The difference results from acquisition of property, plant and equipment under finance leasing arrangements, so that here only the repayment of the relevant liabilities are shown as payments for investments in PPE. Please note: Statements in Annex 5, point C.1.

[2] The company has entered into Sales and Leaseback dealings for reasons of finance. Therefore the transaction is presented as a financing activity. Please note: Statements in Annex 5, point C.1.

+ = cash inflow
– = cash outflow

Consolidated balance sheet
in accordance with IFRS as of 31 December 2011

Assets	As of 31 Dec. 2011 k€	As of 31 Dec. 2010 k€
A. TOTAL CURRENT ASSETS	**27,501**	**26,162**
1. Liquid funds	652	995
2. Trade receivables	13,357	13,263
3. Current receivables from construction contracts	9,810	8,770
4. Inventories	1,423	1,252
5. Other current assets	2,259	1,882
B. TOTAL NON-CURRENT ASSETS	**15,183**	**14,482**
1. Tangible fixed assets (PPE)	1,378	960
2. Intangible assets	11,829	11,661
3. Deferred tax assets	1,976	1,861
ASSETS	**42,684**	**40,644**

Liabilities	As of 31 Dec. 2011 k€	As of 31 Dec. 2010 k€
A. TOTAL CURRENT LIABILITIES	**11,128**	**12,030**
1. Currents loans and liabilities	6	0
2. Trade payables	3,420	2,789
3. Obligations arising from construction contracts	925	2,151
4. Provisions	952	581
5. Tax provisions	0	84
6. Other current liabilities	5,825	6,425
B. TOTAL NON-CURRENT LIABILITIES	**5,609**	**5,058**
1. Deferred tax liabilities	2,185	1,861
2. Pension provisions	3,025	2,885
3. Other non-current liabilities	399	312
C. TOTAL EQUITY	**25,947**	**23,556**
1. Subscribed capital	17,719	17,719
2. Capital reserves	46,456	46,456
3. Bilance sheet loss	-38,279	-40,685
4. Currency translation	51	66
LIABILITIES	**42,684**	**40,644**

Consolidated Group Assets in accordance with IFRS as of 31 December 2011

Historical costs of purchase/costs of conversion	As of 1 Jan. 2011 k€	Additions k€	Disposals k€	As of 31 Dec. 2011 k€
A. Intangible assets				
1. Commercial copyrights and licenses, software	5,291	638	5	5,924
2. Goodwill	14,626	0	0	14,626
3. Other recognisable intangible assets	15,505	0	0	15,505
	35,422	**638**	**5**	**36,055**
B. Fixed assets				
1. Technical plant and machinery	2,487	245	51	2,681
2. Other equipment, factory and office equipment	5,322	600	68	5,854
3. Advance payments and assets under construction	0	156	0	156
	7,809	**1,001**	**119**	**8,691**
TOTAL	**43,231**	**1,639**	**124**	**44,746**

Written off	As of 1 Jan. 2011 k€	Additions k€	Disposals k€	As of 31 Dec. 2011 k€
A. Intangible assets				
1. Commercial copyrights and licenses, software	4,979	470	5	5,444
2. Goodwill	3,277	0	0	3,277
3. Other recognisable intangible assets	15,505	0	0	15,505
	23,761	**470**	**5**	**24,226**
B. Fixed assets				
1. Technical plant and machinery	2,449	16	50	2,415
2. Other equipment, factory and office equipment	4,400	564	66	4,898
3. Advance payments and assets under construction	0	0	0	**0**
	6,849	**580**	**116**	**7,313**
TOTAL	**30,610**	**1,050**	**121**	**31,539**

Residual value	As of 1 Jan. 2011 k€	As of 31 Dec. 2011 k€
A. Intangible assets		
1. Commercial copyrights and licenses, software	480	312
2. Goodwill	11,349	11,349
3. Other recognisable intangible assets	0	0
	11,829	**11,661**
B. Fixed assets		
1. Technical plant and machinery	266	38
2. Other equipment, factory and office equipment	956	922
3. Advance payments and assets under construction	156	0
	1,378	**960**
TOTAL	**13,207**	**12,621**

Consolidated companies

	Shareholding %	Percentage Equity[1] as of 31 Dec. 2011 k€	Annual result[1] 2011 k€
IVU - Gesellschaft für Informatik, Verkehrs- und Umweltplanung mbH, Berlin ('IVU GmbH')[2]	100	480	0
IVU Traffic Technologies Italia s.r.l., Rome, Italy ('IVU Italia')	100	947	524
IVU Traffic Technologies UK Ltd., Birmingham, Great Britain ('IVU UK')	100	40	-35
IVU Benelux B.V., Veenendaal, the Netherlands ('IVU Benelux')	100	447	-10
IVU Chile LTDA., Santiago de Chile, Chile ('IVU Chile')	100	39	5

[1] In accordance with IFRS before consolidation
[2] Value after contractual transfer of profits

Group Equity Change Account in accordance with IFRS for the financial years 2011 and 2010

	Subscribed capital k€	Capital reserves k€	Foreign exchange rate changes k€	Balance sheet loss k€	Total k€
As of 1 January 2011	**17,719**	**46,456**	**66**	**-40,685**	**23,556**
Consolidated profit 2011	0	0	0	2,406	2,406
Other earnings after taxes	0	0	-15	0	-15
Total consolidated earnings after taxes	**0**	**0**	**-15**	**2,406**	**2,391**
AS OF 31 DECEMBER 2011	**17,719**	**46,456**	**51**	**-38,279**	**25,947**
As of 1 January 2010	**17,719**	**46,456**	**47**	**-43,061**	**21,161**
Consolidated profit 2010	0	0	0	2,376	2,376
Other earnings after taxes	0	0	19	0	19
Total consolidated earnings after taxes	**0**	**0**	**19**	**2,376**	**2,395**
AS OF 31 DECEMBER 2010	**17,719**	**46,456**	**66**	**-40,685**	**23,556**

Unabridged Notes to the 2011 Consolidated Financial Statement

This annual report, which is intentionally concise and easy to read, contains all important details about the company's position and outlook. As in previous years, we have not produced a print version of the 45-page Unabridged Notes to the Consolidated Financial Statement. A copy is available on request or can be downloaded from our Website: **www.ivu.com**.

Auditor's certificate

The complete annual financial statement and the management report for IVU Traffic Technologies AG for the financial year 2011 were audited by Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft, Berlin and provided with an unqualified audit report.

Responsibility statement by the legal representatives

To the best of our knowledge, and in accordance with the applicable reporting principles, the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group, and the Group management report includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal opportunities and risks associated with the expected development of the Group.

The Executive Board, March 2012

Report of the Supervisory Board

Dear Shareholders,

In the financial year 2011 the Supervisory Board continually monitored the work of the Executive Board in accordance with law and the company statutes and offered appropriate advice. The Supervisory Board obtained detailed information about the commercial and financial development, important business events, and about the strategy and planning of the company. The Executive Board informed the Supervisory Board regularly and in a timely fashion. The Supervisory Board received all documents in good time which were important for decisions about to be taken. Between meetings, the members of the Supervisory Board were in regular contact with the Executive Board.

Important points in the meetings were:
- Scrutiny and approval of the planning for the financial year 2011
- Approval of the Consolidated Annual Report of IVU and the individual report of the AG
- Liquidity planning
- Discussion of the results at the end of each quarter
- Personnel developments
- Risk management
- Major projects and their economic impact on the company
- Preparation of the general meeting
- The internationalisation strategy

Meetings

Four scheduled meetings were held in 2011: on 23 March, 18 May, 17 August and 16 November 2011. The Supervisory Board did not form any sub-committees, and all matters put before it were decided on by the full Supervisory Board.

Focus of consultations

Consultations focussed on the economic situation of the company, the future prospects, and the future orientation in the international field of competition.

Corporate Governance

Corporate responsibility and sustainable value creation are of outstanding importance for IVU Traffic Technologies AG. In the financial year 2011, the Supervisory Board and the Executive Board have therefore again discussed the recommendations and proposals of the German Corporate Governance Code, and submitted the compliance declaration in accordance with Section 161 AktG.

Annual financial statement

At our meeting on 19 March 2012 we considered in detail the annual accounts of IVU Traffic Technologies AG and the consolidated annual financial statement for the financial year ending 31 December 2011 as well as the management report in each case. The auditors, Ernst & Young Wirtschaftsprüfungsgesellschaft, were available during the meeting to answer questions. After detailed examination and discussion we have approved both the consolidated annual financial statement and the annual financial statement of IVU AG.

The auditor has reached an unqualified assessment in its report. It concludes:

"Our audit did not give rise to any reservations. According to our assessment on the basis of the results of our audit, the consolidated financial statement is in accordance with the EU-adopted IFRS, and the additional applicable commercial requirements in accordance with Section 315a Para. 1 German Commercial Code (HGB), and it provides in accordance with these requirements a true and accurate picture of the Group's position regarding assets, finances and profits. The consolidated management report is concordant with the consolidated financial statement, provides overall an accurate picture of the Group's position, and accurately presents the opportunities and risks of future developments."

The full text of the auditors' report is available on the IVU Website (www.ivu.com).

Berlin, March 2012

For the Supervisory Board
Klaus-Gerd Kleversaat
Chair of the Supervisory Board

André Neiss Klaus-Gerd Kleversaat Prof. Dr Herbert Sonntag

Supervisory Board, Executive Board, Advisory Board

Supervisory Board

Klaus-Gerd Kleversaat, Berlin (Chair)
- Management Board of quirin bank AG, Berlin
- Management Board member of Tradegate Wertpapierhandelsbank AG, Berlin
- Supervisory Board member of Stream Films AG, Berlin
- Supervisory Board member of Orbit Software AG, Berlin

André Neiss, Hanover
- Management Board Chair of üstra Hannoversche Verkehrsbetriebe AG, Hanover
- Managing Director of Versorgungs- und Verkehrsgesellschaft Hannover mbH, Hanover
- Advisory Board member of Hannover Region Grundstücksgesellschaft mbH HRG & Co. Passerelle KG, Hanover
- Advisory Board member of Haftpflichtgemeinschaft Deutscher Nahverkehrs- und Versorgungsunternehmen (HDN), Bochum
- Supervisory Board member Einkaufs- und Wirtschaftsgesellschaft für Verkehrsunternehmen beka GmbH, Cologne
- Administrative Board member KKH Allianz, Hanover

Prof. Dr Herbert Sonntag, Berlin
- Vice-Rector of TH Wildau
- Chair of the Management Board of Logistiknetz Berlin Brandenburg e.V., Berlin–Potsdam
- Chair of Allianz pro Schiene e.V., Berlin

The emoluments for the Supervisory Board in the financial year 2011 amounted to k€ 37.5 (previous year k€ 37.5).

Executive Board

Martin Müller-Elschner (Chair)
Dr Helmut Bergstein
Frank Kochanski

In the financial year 2011 the members of the Executive Board received emoluments amounting to k€ 772 (previous year k€ 768). The emoluments of the Executive Board consist of a fixed and a variable portion. In the year covered by this report, the variable portion accounted for approx. 25% (2010: 24%) of the total emoluments.

Advisory Board

Dr Heinrich Ganseforth, Hanover (Chair)
- Managing Director, Strategy & Marketing Institute GmbH, Hanover

Prof. Dr Manfred Boltze, Darmstadt
- Head of the Section for Traffic Planning and Transport Engineering at the Technische Universität Darmstadt

Prof. Dr Adolf Müller-Hellmann
- Director VDV-Förderkreis e.V.
- Honorary Professor, ISEA – Institute for Power Electronics and Electrical Drives at Rheinisch-Westfälische Technische Hochschule (RWTH Aachen)

Volker Sparmann, Hofheim am Taunus
- Mobility specialist of Hesse Ministry of Economics, Transport and Regional Development

Financial calendar 2012

Monday, 19 March 2012
Publication of the annual financial statement 2011

Tuesday, 29 May 2012
Three-monthly report up to 31 March

Wednesday, 30 May 2012
General meeting

Wednesday, 22 August 2012
Six-monthly report up to 30 June

Wednesday, 21 November 2012
Nine-monthly report up to 30 September

Imprint

Publisher
IVU Traffic Technologies AG

The 2011 Annual Report and Unabridged Notes to the Financial Statement can be downloaded from www.ivu.com as a PDF file in German or English.

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Notes to the consolidated financial statements

IVU Traffic Technologies AG, Berlin
For the period ended 31 December 2011

A. General Company Information

(1) The parent company of the IVU Group is IVU Traffic Technologies AG (IVU AG) with its head office at Bundesallee 88, 12161 Berlin, Germany. It was founded on 4 August 1998 and is entered in the Commercial Register Berlin-Charlottenburg under the number HRB 69310.

(2) The Executive Board approved the consolidated financial statements for the period ended 31 December 2011 and the Group management report for the financial year 2011 on 12 March 2012, and then presented them to the Supervisory Board for approval. It is expected that this will be passed by the Supervisory Board at its meeting on 19 March 2012.

(3) The business operations of the IVU Group involve the development, production and marketing of software for planning, organisation and information processing for public administrations, transport companies and other public and private sector service providers. The activities include research, the formulation of expert reports, consultancy, further training in these areas, as well as the management of and participation in companies in the technology sector. The average number of employees in the Group was 342 in 2011, compared with 336 in 2010.

(4) The IVU Group is structured in two main segments: Public Transport and Logistics.

(5) The main customers of the IVU Group are operators of public transport services in Germany and Europe. The IVU Group is represented in Berlin, Aachen, Birmingham (Great Britain), Bogota (Colombia), Dubai (United Arab Emirates), Rome (Italy), Santiago de Chile (Chile), and Veenendaal (The Netherlands).

(6) The company is listed in the Prime Standard (Deutsche Börse AG) at the Frankfurt Stock Exchange.

B. The accounting policies

Basis for the preparation of the financial statements

(7) The financial statements of the IVU Group were prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the European Union, as well as with the provisions of Section 315a Paragraph 1 of the German Commercial Code (HGB). The financial statements were prepared in euro. The abbreviation k€ denotes that these sums are expressed as multiples of one thousand (1,000) euro.

(8) The financial statements of the IVU Group are prepared on the basis of the cost of purchase principle. Exceptions are financial assets which are available for sale, which are booked at the current fair value.

Changes to accounting policies

(9) The accounting policies used correspond to those applied in the previous year.

Effects of new standards which are not yet effective for the current period

(10) In the financial year 2011 there have been no appreciable effects for the IVU Group resulting from the introduction of new provisions of IFRS standards or IRIC interpretations.

(11) The following are IFRS standards which have already been published but which have not yet been applied.

(12) IFRS 9 "Financial instruments" was published by IASB in November 2009. Financial assets shall in future be booked either at "net book value" or "fair value". In October 2010 an additional provision was published for the accounting of financial liabilities which lead to changes in the application of the fair value option. Due to an amendment published in December 2011, application of IFRS 9 is required first for annual periods beginning on or after 1 January 2015 (the original start of application having been proposed on 1 January 2013). In addition, this amendment eased requirements for transitions and changed the associated disclosure obligations under IFRS 7. It has not yet been integrated into European law. Adoption of the new standard will lead to changes in the presentation and accounting treatment of financial instruments.

(13) In May 2011 IASB published IFRS 10 "Consolidated financial statements", IFRS 11 "Joint arrangements", IFRS 12 "Disclosure of interests in other entities", amendments to IAS 27 "Consolidated and separate financial statements" and amendments to IAS 28 "Investments in associates". IFRS 10 replaces previous regulations on group financial statements (parts of IAS 27 "Consolidated and separate financial statements") and special purpose entities (SIC 12 "Consolidation – Special purposes entities") and specifies a single model based on the control principle. In addition the standard includes application guidance regarding situations in which control is difficult to assess. Currently valid regulations on accounting for interests in joint ventures (IAS 31 "Interests in joint ventures" and SIC 13 "Jointly controlled entities – Non-monetary contributions by venturers") are in

future to be replaced by IFRS 11. The disclosure obligations previously contained in IAS 27, IAS 28, and IAS 31 will be combined and expanded in IFRS 12. As a result of these changes, IAS 27 only includes provisions on accounting for subsidiaries, associates, and joint ventures in the separate financial statement of the parent company. IAS 28 is to include provisions on the accounting policies for holdings in joint ventures, and specifies the equity method for associates and joint ventures. The amendments are required to be applied in financial periods beginning on or after 1 January 2013. They have not yet been integrated into European law. We assume that the new or amended standards will have no significant effects on the presentation of the Group's net assets, financial position and results of operations.

(14) Also in May 2011, IFRS 13 "Fair value measurement" was issued which establishes a single framework for measuring fair value. However, the new standard does not include requirements on when fair value measurement is required. IFRS 13 is effective for annual periods beginning on or after 1 January 2013. It has not yet been integrated into European law. The standard will have no significant effects on the presentation of the Group's net assets, financial position and results of operations.

(15) In June 2011, IASB issued "Amendments to IAS 1 – Presentation of items of other comprehensive income (OCI)". The choice between presenting the profit or loss statement and the other income either in a single comprehensive statement or alternatively in two consecutive statements remains. However, in future items are to be grouped together within OCI that may be reclassified to the profit or loss section of the income statement. The associated income tax positions are to be allocated accordingly. The amendments are effective for annual periods beginning on or after 1 July 2012. They have not yet been integrated into European law. The application of the amended standard will lead to changes in the presentation of the comprehensive financial statement.

(16) "Amendment to IAS 19 – Employee Benefits" was issued in June 2011. The amendment removes the corridor method. Actuarial gains and losses have to be recognised exclusively in other income/loss. In addition, expected return on plan assets recognised in profit or loss is calculated based on the rate used to discount the defined benefit obligation. In future, a retrospectively calculated current service cost is always to be registered fully in the period of the plan change. The amended standard also changes the regulation of post-employment benefits and extends disclosure requirements. The amended standard generally has to be applied for annual periods beginning on or after 1 January 2013. It has not yet been integrated into European law. We assume that the amended standard will have no significant effects on the presentation of the Group's net assets, financial position and results of operations.

(17) Other provisions issued by IASB and IFRS IC in the financial year are not expected to significantly influence the consolidated financial statement of the IVU Group.

Key management judgements

(18) In the application of the accounting policies, the management has made no discretionary decisions which are differing to the previous year and have a significant influence on the figures in the financial statements. The key assumptions relating to the future and other major causes of uncertainties on the balance sheet date due to which an appreciable risk exists that a significant alteration might be necessary to the carrying amounts of assets or liabilities within the subsequent financial year are explained in the following.

(19) *Software development costs:* The IVU Group recognises software development costs, provided the criteria for intangible assets are fulfilled, and writes off the recognised software development costs over the useful life of the software in a planned manner. The recognised software development costs are tested annually for impairment on the basis of the future revenue for the software.

(20) *Impairment of non-current assets:* The IVU Group tests non-current assets for impairment on the basis of the provisions of IAS 36. The basis for the impairment test is the future excess cash which could be obtained for an individual asset or a group of assets in a cash generating unit. Further details on the impairment test are provided in Annex C.1. The carrying amount of the tested non-current assets as of 31 December 2011 was k€ 13,207 (previous year: k€ 12,621).

(21) *Project evaluation:* The IVU Group recognises revenues on the basis of the estimated performance in the projects. Performance is estimated on the basis of an estimated quantity of hours or on the basis of contractually agreed milestones, and regularly updated. Further details on revenues from projects which have been recognised but not yet invoiced are provided in Annex C.4. Recognised revenues for the financial year ended 31 December 2011 amounted to k€ 2,669 (previous year: k€ 1,396).

(22) *Deferred tax assets:* Deferred tax assets are recognised for all unused tax losses carried forward and for temporary differences to the extent that it is probable that or if there is substantial evidence that the taxable income will be available so that the loss carried forward can indeed be used. The level of the deferred tax asset depends on the estimate by the company management on the basis of the expected time of inflow and the level of the future taxable income and the future tax planning strategy (timing of tax events, allowances for tax risks, etc.). As of 31 December 2011, the delimited deferred tax assets on losses carried forward amounted to k€ 1,593 (2010: k€ 1,198) and the unused tax losses not set against deferred tax assets was € 44.9 million (2010: € 45.3 million). The deferred tax assets relating to temporary differences in accounting amounted to k€ 1,976 as of 31 December 2011 (2010: k€ 1,861), while the tax liabilities amounted to k€ 2,185 (2010: k€ 1,861). Further details are provided in Annex C.12.

(23) *Pensions and other benefits after termination of the working relationship:* The expenses for defined benefit plans on retirement are established on the basis of actuarial calculations. The actuarial evaluation is based on assumptions regarding the discounting rates, expected age of retirement, future wage and salary developments, mortality and future increases in pensions. As a result of the long-term nature of these plans, such estimates are subject to considerable uncertainties. The provisions for pensions and similar obligations as of 31 December 2011 amounted to k€ 3,025 (2010: k€ 2,885). Further details are provided in Annex C.8.

Principles of consolidation

a) Subsidiary companies

(24) The financial statements of the Group cover IVU AG and the companies controlled by it. This control is presumed to exist when IVU AG owns, directly or indirectly, more than one half of the voting power of an enterprise and can influence the financial and business policies of the enterprise so that IVU AG profits from the activities.

(25) For the accounting of the acquisition of enterprises, the purchase method is used in accordance with IFRS 3. Companies which are purchased or sold in the course of the financial year are included in the consolidated financial statements from the date of purchase, or until the date of sale, respectively.

(26) The excess of the costs of purchase of an enterprise over the acquirer's interest in the fair value of the identifiable assets and liabilities acquired as at the date of the acquisition transaction is described as goodwill and recognised as an asset. The booked identifiable assets and liabilities are valued at their fair value at the acquisition date.

(27) The following companies are included in the financial statements as fully consolidated subsidiaries. The proportions of the holdings of IVU AG correspond exactly to the existing voting rights.

	Shareholding %	Percentage Equity* as of 31 Dec. 2011 k€	Annual result* 2011 k€
IVU - Gesellschaft für Informatik, Verkehrs- und Umweltplanung mbH, Berlin ('IVU GmbH')**	100.0	480	0
IVU Traffic Technologies Italia s.r.l., Rome, Italy ('IVU Italia')	100.0	947	524
IVU Traffic Technologies UK Ltd., Birming ham, Great Britain ('IVU UK')	100.0	40	-35
IVU Benelux B.V., Veenendaal, the Nether lands ('IVU Benelux')	100.0	447	-10
IVU Chile LTDA., Santiago de Chile, Chile ('IVU Chile')	100.0	39	5

* In accordance with IFRS before consolidation
** Value after contractual transfer of profits

(28) In the financial year 2010 there were no changes relating to the fully-consolidated companies. The subsidiary IVU Chile Limitada founded on 12 August 2010 is consolidated beginning in the financial year 2011.

b) Consolidation measures and uniform Group measurement

(29) The financial statements of the subsidiaries integrated in the consolidated financial statements are based on uniform accounting standards and reporting periods and balance sheet dates.

(30) Intragroup balances and transactions and resulting intragroup gains and unrecognised gains and losses between consolidated companies and associated enterprises have been eliminated in full. Unrecognised losses were only eliminated to the extent that the transactions gave no substantial indication of an impairment of the transferred asset.

Foreign currency translations

(31) The financial statements of IVU AG are reported in euros, the operating and reporting currency of the Group. Every company within the Group determines its own operating currency. The items contained in the financial statements of each company are valued in that operating currency. Foreign currency transactions are initially booked at the spot exchange rate on the day of the transaction between the operating currency and the foreign currency. Monetary assets and debts in a foreign currency are translated into the operating currency using the exchange rate on the balance sheet date. All currency differences are recognised in the net profit or loss for the period.

The operating currency of IVU UK, Great Britain is the national currency (pounds sterling). On the balance sheet date, the assets and liabilities of this subsidiary are converted into the reporting currency of IVU AG (euro) at the exchange rate on the balance sheet date (EUR/GBP = 0.838, previous year 0.857). Income and expense items are translated at the weighted average exchange rate for the financial year (EUR/GBP = 0.868, previous year: 0.857). Exchange differences arising from the translation are recognised as a separate element of the equity.

The operating currency of IVU Chile is the national currency (Chilean Peso). On the balance sheet date the assets and liabilities of this subsidiary are converted into the reporting currency of IVU AG (euro) at the exchange rate on the balance sheet date (EUR/CLP = 0.0015). Income and expense items are translated at the weighted average exchange rate for the financial year (EUR/CLP = 0.0015) Exchange differences arising from the translation are recognised as a separate element of the equity.

Non-current assets

a) Intangible assets

(32) Intangible assets are measured initially at cost of purchase or conversion. Intangible assets are recognised if it is probable that the future economic benefit from the asset will flow to the company and the costs of purchase or costs of conversion of the asset can be measured reliably. For the purposes of subsequent evaluation, intangible assets are recognised at their cost of purchase or cost of conversion minus accumulated depreciation and accumulated impairment losses (reported under depreciation). Intangible assets (with the exception of goodwill) are amortised on a straight-line basis over their estimated useful life. The amortisation period and amortisation method are examined at the end of every financial year.

(33) The intangible assets include:

Goodwill

(34) Goodwill from a business combination is initially recognised at the cost of purchase, and is measured as the excess of the cost of acquisition of the business combination over the share of the IVU Group in the fair value of the acquired identifiable assets and liabilities and contingent liabilities. After the first initial evaluation the goodwill is carried at cost less any accumulated impairment losses. Goodwill is tested for impairment at least once annually, or if there is any indication or change in circumstances suggesting that the carrying amount could be impaired. For the purposes of testing whether there is impairment, the goodwill acquired with a business combination must be assigned to a cash generating unit. If the recoverable amount of the cash generating unit is less than its carrying amount, then an impairment loss should be recognised. Write-downs are not reversed.

Commercial copyrights and licences, software

(35) Payments for the acquisition of commercial rights and licences are recognised and then written down on a straight-line basis over their foreseeable useful life.

(36) The costs of purchase of new software are recognised and treated as intangible assets, to the extent that these costs are not an integral element of the associated hardware. Software is amortised on a straight-line basis over a period of three or five years.

(37) Costs which have been incurred in order to restore or preserve the future economic benefits which the company had originally anticipated are booked as expenses.

Recognised development costs for internally generated software

(38) Research costs are recognised as costs in the period in which they are incurred. An intangible asset which is developed within the framework of an individual project is only recognised when the IVU Group can demonstrate both the technical feasibility of the completion of the intangible asset, so that this is available for internal use or for sale, and also the intention to complete the intangible asset and to use or sell this. Furthermore, the Group must demonstrate the generation of a future economic benefit by the asset, the availability of resources for the completion of the asset, and the ability to determine reliably the expenditures relating to the intangible asset during its development. After recognising the development costs for the first time, the costs of purchase model will be applied according to which the asset value will be assessed as costs of purchase minus accumulated amortisation and accumulated impairment losses. The sums recognised in previous years are written off over the period during which the sales revenues from the project in question are expected (straight-line depreciation over a period of three to five years). The recognised development cost is examined once annually for impairment if the asset is not yet being used, or whenever there are signs within the year that there has been impairment.

(39) No development costs were recognised in the financial years 2011 and 2010.

b) Fixed assets

(40) Fixed assets are recognised at their cost of purchase minus the accumulated depreciation and accumulated impairment losses. If fixed asset items are sold or disposed of, the corresponding costs of purchase and the accumulated depreciations are derecognised; a recognised gain or loss from the disposal is booked in the income statement.

(41) The cost of purchase or conversion of a fixed asset consists of the purchase price including import duties and other associated non-recoverable taxes as well as all other costs directly attributable to bringing the asset to its present place and operating condition. Subsequent costs such as maintenance and servicing costs which are incurred after the asset has been included in the inventory of the company are recognised as expenses in the period in which they are incurred. If it is probable that expenditure will result in future economic benefits flowing to the company in excess of the originally assessed standard of performance of the existing asset, such subsequent expenditure is recognised as additional costs of the asset.

(42) Depreciation is calculated on a straight-line basis over the estimated useful life assuming a residual carrying amount of € 0. If an asset consists of several components which have useful lives of different lengths, then depreciation charges will be made separately for these components over their useful lives. For the various asset groups, the following estimates of the useful life are assumed:

(43)

Hardware:	3 years
Installations in rented property:	The residual duration of the tenancy agreement
Other office equipment:	3 to 15 years

(44) The useful life and the depreciation methods for fixed assets are examined periodically in order to ensure that the depreciation methods and the depreciation periods are in agreement with the expected useful life of the fixed asset items.

c) Impairment of non-current assets

(45) Non-current assets are examined for impairment if events or changes in circumstances indicate that the carrying amount of an asset could not be recovered. For the impairment testing, as a first step the recoverable amount should be determined for the individual asset item/the cash generating unit. This is defined as the greater of the two totals from fair value minus the costs to sell and from the value in use. The fair value minus the costs to sell is defined as the price which could be obtained in a sale at arm's-length of the asset or the cash generating unit between two knowledgeable and willing parties minus the costs of the sale itself. The value in use of an asset or a cash generating unit is determined by the cash value within the framework of the current use on the basis of the expected cash flow. In the financial years 2011 and 2010 no impairments of non-current assets were registered.

d) Financial assets

(46) Financial assets are classed in the following categories:

- Loans and receivables,
- Financial instruments held to maturity,
- Financial assets held for trading purposes and
- Financial assets available for sale.

As of 31 December 2011 and 31 December 2010, the IVU Group only held loans and receivables and financial assets available for sale.

(47) Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. These assets are measured at cost using the effective interest method. Profits and losses are recognised in the net profit or loss for the period if the loans and receivables are written off or impaired, or within the framework of amortisation.

(48) Financial assets available for sale include debt and equity securities. The equity instruments classified as held for sale are those which are classified neither as held for trading purposes nor as measured at fair value through profit or loss. The debt instruments in this category are those which are to be held for an indefinite period and can be sold in reaction to liquidity needs or changes in the market conditions. After initial measurement, financial assets held for sale are measured at fair value in the subsequent periods. Unrealised gains or losses are recognised as other income/expense in the reserve for financial assets available for sale. If such an asset is derecognised, the cumulative gain or loss is reclassified to other operating income. If an asset is impaired, the cumulative loss is recognised in the income statement under financial expenses and is removed from the reserve for financial assets available for sale. Market values were available for the financial assets held for sale by the IVU Group on 31 December 2011 and 31 December 2010.

(49) Financial assets are examined on every balance sheet date for impairment. If it is probable that if financial assets are carried forward at their cost of acquisition the company will not be able to bring in all contractually due sums from loans, receivables or financial instruments to be held until maturity then an impairment loss will be recognised. The impairment loss is defined as the difference between the carrying amount of the financial asset and the cash value of the future cash flow evaluated using the effective interest method. The carrying amount of the asset is reduced using an absorption account. The impairment loss is recognised in the income statement. A previously recognised impairment is corrected in the income statement if the subsequent partial recovery of value can be objectively attributed to an event arising after the original impairment. An increase in value is however only recognised to an extent which does not exceed the cost which would have been carried forward had the impairment not taken place. A financial asset is written off if this is classified as being irrecoverable.

(50) The carrying amounts of the financial assets and liabilities essentially correspond to the fair value, as in the previous year.

Goals and methods of financial risk management

(51) The key financial instruments of the company in addition to trade receivables consist of liquid funds and bank liabilities. The purpose of these financial instruments is to finance the operating business. The key risks have the form of credit risk and liquidity risks. Exchange rate risks only have a minor significance because of the subordinate role of foreign currency assets and liabilities. Current value risks arise solely in connection with financial assets available for sale and also have a minor significance.

a) Credit and liquidity risks

(52) Credit risks, or the risks that a contractual partner will not meet obligations to pay, are controlled by means of the use of lines of credit and control measures. Where appropriate, the company obtains collateral security. The IVU Group does not experience a considerable concentration of credit risks with one single contractual partner or a group of contractual partners with similar characteristics. The maximum credit risk is at the level of the recognised carrying amounts of the financial assets.

(53) Liquidity risks arise from the fact that the customer may not be in a position to fulfil their obligations towards the company within the agreed framework conditions.

(54) In addition, the IVU Group endeavours to have available sufficient cash and cash equivalents or corresponding lines of credit in order to be able to fulfil its own future obligations.

As of 31 December 2011, financial liabilities were due as follows:

	Due now	Due within 1 year	Due within more than 1 year	Total
	k€	k€	k€	k€
Trade payables	1,420	2,000	255	3,675
Other liabilities	0	5,825	144	5,969
Financial liabilities	0	6	0	6
	1,420	7,831	399	9,650

Due to the short-term nature of the financial liabilities, in the 2011 financial year there were no significant differences between the carrying amounts shown on the balance sheet and the undiscounted cash flows.

(55) As of 31 December 2010, financial liabilities were due as follows:

	Due now	Due within 1 year	Due within more than 1 year	Total
	k€	k€	k€	k€
Trade payables	676	2,113	312	3,101
Other liabilities	0	6,425	0	6,425
	676	8,538	312	9,526

Due to the short-term nature of the financial liabilities, in the 2010 financial year there were no significant differences between the carrying amounts shown on the balance sheet and the undiscounted cash flows.

Current assets

a) Inventories

(56) Inventories are measured at the lower of cost or net realisable value.

b) Liquid assets

(57) Liquid assets consist of cash assets, fixed-term deposits and sight deposits. The liquid assets in the consolidated cash flow statement are recognised in accordance with the definition above.

Equity

(58) The equity consists of the subscribed capital, the capital reserves, the accumulated profit or loss, and the reserves for currency translations.

(59) Capital reserves are made up of the premium payments made in the course of the flotation of IVU AG less the stock exchange admission fees and the value of non-cash shares in IVU-Gesellschaft für Informatik, Verkehrs- und Umweltplanung mbH, Berlin (k€ 10,363) which were also introduced.

(60) In the reserves for currency translations, the unrealised gains and losses from currency translations are recognised.

Pension provisions

(61) The IVU Group has three defined benefit pension plans. The net pension obligations (pension obligations minus plan assets) are evaluated annually by certified, independent actuaries. The expenses for the provisions under each plan are determined using the projected unit credit method. Actuarial gains and losses are recognised as expenses or revenues if the balance of the accumulated, non-recognised actuarial gains and losses for each individual plan at the end of the previous financial year had exceeded 10% of the defined benefit obligations at this point in time. The actuarial gains or losses are distributed over time on the basis of the anticipated average length of future service of the employees covered by the plan. The amount recognised as a defined benefit asset or liability comprises the cash value of the defined benefit obligation less the unrecognised past service cost and the fair value of the plan assets immediately available to fulfil obligations. The plan assets are made up of liquid funds, securities and reinsurance policies. Plan assets are protected from access by the Group’s creditors. The fair value is based on information on the market price, and in the case of listed securities it is equivalent to the published purchase price.

Current liabilities

a) Other provisions

(62) A provision is only recognised if the company has a present (legal or constructive) obligation as a result of past events which make it probable that the fulfilment of the obligation will lead to an outflow of resources embodying economic benefits, and when a reliable estimate can be made of the amount of the obligation. Provisions are examined annually on the balance sheet date and adapted to the current best estimate. If the corresponding interest effect is significant, the provision sum corresponds to the cash value of the expenditures probably required to fulfil the obligation. In the event of discounting, the increase in the provision reflecting the time schedule is recognised as borrowing costs.

b) Financial liabilities

(63) Financial liabilities are categorised as follows:

- Financial liabilities held for trading and
- Other financial liabilities

The financial liabilities recognised in the financial statements of the IVU Group were classified as other financial liabilities.

(64) A financial liability is initially recognised at cost, which corresponds to the fair value of the consideration; transaction costs are included. Financial liabilities from usual sales and purchases are recognised as of the day of trading.

(65) Financial liabilities are no longer recognised when the obligations specified in the contract have been settled, set aside, or have expired.

Contingent liabilities and assets

(66) Contingent liabilities are not itemised in the financial statements. They are included in the notes to the financial statements, except if the possibility of an outflow of resources of economic benefit is very unlikely.

(67) Contingent assets are not itemised in the financial statements. However, they are included in the notes to the financial statements if the inflow of economic benefit is probable.

Government grants

(68) Government grants are recognised only when there is reasonable assurance that the company will comply with the conditions attached to them. Government grants are recognised as income over the periods necessary to match them with the related costs which they are intended to compensate, on a systematic basis. Grants received for the acquisition of property, plant, and equipment are recognised as deferred income under other liabilities. The income realised in connection with the grant is recognised as other operating income in the income statement.

(69) The grants received by the company from various bodies as investment supplements are contingent on future conditions being met. The investment subsidies received from the tax office are linked to a guarantee that the subsidised economic goods in question will remain in place. On the basis of its planning, the IVU Group presumes that these conditions will be met in full.

(70) In 2011 IVU AG received government grants within the framework of various projects of the German federal government for the further development of software applications amounting to k€ 68 and recognised these as revenues (previous year: k€ 61). These sums are recognised under other operating income.

Borrowing costs

(71) The Group capitalises borrowing costs for all qualifying assets whose production commenced on or after 1 January 2010. In the 2011 financial year, as in the previous year, no borrowing costs arose for qualifying assets.

Research and development costs

(72) Research and development costs in the financial year 2011 amounted to k€ 2,663 (2010: k€ 816).

Leasing

(73) Whether an agreement constitutes or contains a lease is determined on the basis of the substance of the contract and involves estimating whether the completion of the contractual agreement is dependent on the use of an asset or assets and whether the agreement conveys the right to use the asset.

(74) A lease is classified as an operating lease for which basically all risks and opportunities associated with the property remain with the lessor. Leasing payments within an operating lease agreement are recognised as expenses linearly over the duration of the lease agreement.

(75) The IVU Group has primarily entered into leasing agreements for motor vehicles. The leasing duration of these operating lease agreements is as a rule three to four years.

(76) Finance leasing agreements, under which basically all risks and opportunities associated with ownership of the leased asset are transferred to the Group, lead to the capitalisation of the leased asset at the beginning of the duration of the lease agreement. The leased asset is recognised at fair value or at the cash value of the minimum lease payments if this value is lower. Leased assets are depreciated over their useful life. However, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term, the asset should be fully depreciated over the shorter of the lease term or its useful life.

(77) In 2011 investments amounting to k€ 148 were made within the framework of hire-purchase agreements. These related primarily to hardware (work stations, servers and infrastructure). The leasing duration of the finance leasing agreements is four years.

Conclusion of sales and realisation of revenues

(78) The IVU Group generates most of its sales from project business. It enters into contracts with its customers on the development/production of software and its adaptation. Revenues are also generated by the sale of hardware and services, e.g. installation, consultancy, training, maintenance, and the sale of licences.

a) Project business

(79) For long-term project contracts which fulfil the preconditions for the application of the percentage-of-completion method, the revenues from the development and marketing of software products are determined and recognised in accordance with their percentage-of-completion, which is calculated on the basis of the ratio of the costs incurred to the overall planned costs. The stage of completion is determined from the ratio of costs incurred to the total planned costs. Payments received from the customer are recognised directly in equity against the corresponding receivables. Alterations in the project conditions can lead to adaptations of the originally recognised costs and sales for individual projects. The changes are recognised in the period in which these changes are established, which is the case when follow-up agreements are reached between the company and its customers. In addition, provisions for potential losses from pending deals are formed in the period in which these losses are determined, and offset against the receivables from the project.

b) Sales of licences

(80) The IVU Group recognises its revenues on the basis of a corresponding contract as soon as a licence has been delivered, the sale price is agreed or can be determined, and no significant obligations exist towards the customer, and it is viewed as probable that the sum in question will be received.

c) Maintenance, consultancy, and training

(81) Revenues from maintenance contracts are recognised linearly on the basis of past experience over the contract period. Revenues from consultancy and training are recognised as soon as the service has been provided.

d) Delivery of hardware

(82) Revenue from the sale of goods (project-related hardware deliveries) is recognised as soon as the delivery has been made and the risks and opportunities have been transferred to the purchaser. The corresponding revenues are included in Annex D.13 under revenues for deliveries/services/work contracts.

e) Recognition of interest revenues

(83) Interest is recognised on a time proportion basis, taking into account the effective rate of interest for the asset.

Income taxes

(84) The current tax assets and tax liabilities for the current and prior periods should be recognised in the level of the refund expected from or the payment due to the tax authority. Calculation of the amount is based on the tax rates and tax laws in force on the balance sheet date.

(85) The deferred taxes are recognised using the liability method through to the balance sheet date for all deductible temporary differences between the carrying amount of an asset or liability in the balance sheet and the tax base. Deferred tax liabilities are recognised for all taxable temporary differences. There are the following exceptions:

- The deferred tax liability arising from the initial recognition of goodwill or an asset or liability in a transaction which is not a business combination and which at the time of the transaction affects neither the accounting profit nor the taxable profit shall not be recognised.

- The deferred tax liability from deductible temporary differences which are related to holdings in subsidiaries, associated companies, and interests in joint ventures may not be recognised if the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

(86) Deferred tax assets are to be recognised for all deductible temporary differences, tax losses that can be carried forward, or unused tax credits to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, tax losses that can be carried forward, or unused tax credits can be utilised.

(87) There are the following exceptions:

- Deferred tax assets from deductible temporary differences arising from the initial recognition of an asset or liability in a transaction which is not a business combination and which at the time of the transaction affects neither the accounting profit nor taxable profit or loss shall not be recognised.

- Deferred tax assets from deductible temporary differences which are associated with investments in subsidiaries, associated companies, and interests in joint ventures shall be recognised only to the extent that it is probable that the temporary difference will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can be utilised.

The carrying amount of the deferred tax assets is reassessed on the balance sheet date and written off to the extent that it is no longer probable that sufficient taxable income will be available against which the deferred tax asset can be at least partially recovered. Non-recognised deferred tax assets are checked on the balance sheet date and recognised to the extent that it has become probable that future taxable income will allow the recovery of the deferred tax asset.

(88) Deferred tax assets and liabilities should be measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantially enacted by the balance sheet date. Income taxes that apply to the items that are directly recognised in equity are recognised as such and not in the income statement.

(89) Deferred tax assets and liabilities are offset if the enterprise has a legally enforceable right to set off the current tax assets against current tax liabilities and these relate to income tax for the same taxable entity levied by the same taxation authority.

(90) *Value-added tax*

Sales revenues, expenses and assets are recognised net of value-added tax, with the following exceptions:

- If the value-added tax incurred during the purchase of an asset or service cannot be claimed from the tax authorities, then the value-added tax is recognised as part of the cost of production of the asset or as part of the expenses.

- Receivables and debts are recognised together with the sum of value-added tax contained.

The value-added tax which is refunded by the tax authorities or which is paid to them is included in the consolidated financial statements under receivables or debts, respectively.

Segment reporting

a) Operating segments

(91) For operational purposes the IVU Group is organised in two main segments:

- Public Transport
- Logistics

(92) These segments form the basis on which the IVU Group presents its segment information. The financial information about the operating segments and geographical segments are presented in Annex F and in a special Annex to these Notes.

b) Transactions between the operating segments

(93) Segment revenue and costs and the segment results contain only negligible transfers between operating segments. Such transfers are recognised at market prices as charged to non-associated customers for similar services. These transfers are eliminated on consolidation.

C. Details concerning the consolidated balance sheet

Non-current assets

1 Intangible assets and fixed assets

(94) Concerning the development of the non-current assets in the financial year ending 31 December 2011, reference is made to the notes on the development of intangible assets and fixed assets (property, plant and equipment).

(95) The IVU Group carried out impairment tests on 31 December 2011 and 31 December 2010 for non-current assets. The impairment test is based on the following cash generating units and their carrying amounts for the goodwill:

Cash generating unit	31.12.2011 k€	31.12.2010 k€
Public Transport	8,980	8,980
Logistics	2,369	2,369
	11,349	11,349

(96) The impairment test was based on the cash flow plans for the individual cash generating units over a period of five years. Beyond the planning horizon, further cash flows were included on the assumption of 1.0% growth (2010: 1.0%). The recognised cash flows were derived from past information and contracted orders for the financial year 2011. The assumptions made by the management about the business development trends in the software sector correspond to the expectation of experts and market observers. The software sector is expected to experience a moderate growth rate. In order to achieve long-term growth, further new investments are necessary. A discounting rate of 6.03 % was used after taxes and 6.44 % before taxes (previous year: 7.20 % after taxes and 7.90 % before taxes). The adjustment of the interest rate reflects the current economic climate (economic developments and financing conditions). Since against the background of current economic climate there are considerable insecurities concerning planned cash flow and the financing conditions, the Executive Board of the IVU Group carried out the impairment test on the basis of a worst case assumption of 15% lower cash flow and a discount rate of 10% after taxes. Again in this case there was no need to recognise an impairment loss.

(97) IVU AG entered into finance leasing contracts for hardware and software in the financial year under review with a volume of k€ 765 (2010: k€ 299). The contracts have a duration of four years. The present value of the leasing liabilities at the date of the balance sheet was k€ 902 (2010: k€ 620).

<u>Current assets</u>

2 Inventories

	2011 k€	2010 k€
Goods (valued at the lower of cost of purchase and net realisable value)	1,192	1,117
Down payments	231	135
	1,423	1,252

(98) In the financial year, there were impairments of goods amounting to k€ 2010 (2009: k€ 0).

3 Trade receivables

	2011 k€	2010 k€
Trade payables	13,598	14,233
Individual value adjustments	-241	-970
	13,357	13,263

(99) Trade receivables are not interest-bearing and are due within 0 – 90 days. The individual value adjustments have developed as follows:

	2011 k€	2010 k€
As of 1 January	970	172
Allocation recognised as an expense	29	798
Utilisation	-312	0
Dissolution recognised as earnings	-446	0
As of 31 December	241	970

(100) As of 31 December the age structure of the receivables from deliveries and performances was as follows:

	2011	2010
	k€	k€
Neither overdue nor impaired	5,016	7,006
Overdue, not impaired		
< 30 days	1,518	648
31 – 60 days	2,471	1,943
61 – 90 days	514	120
> 90 days*	3,838	3,546
	8,341	6,257
As of 31 December	13,357	13,263

* of which paid by 28 February 2012: k€ 1,194, previous year: k€ 148).

4 Current receivables/liabilities from construction orders

(101) Receivables in accordance with the percentage-of-completion method accrue when sales revenue is recognised but this could not yet be invoiced due to the conditions of the contract. These sums are measured on the basis of various performance criteria, e.g. reaching a specific milestone, and the ratio of the incurred costs to the overall planned costs (cost-to-cost method). Directly attributable individual costs are included (personnel costs and third-party performances) as well as overheads to an appropriate extent.

(102) Receivables measured in accordance with the percentage-of-completion method consist of:

	2011	2010
	k€	k€
Costs arising	13,350	10,411
Profit share	2,669	1,396
Contract revenue	16,019	11,807
Advances received	-7,134	-5,011
of which set off against contract revenue	-6,209	-3,037
Current receivables from construction orders	9,810	8,770
Expenses from construction contracts	925	2,151

Advance payments received under construction contracts are recognised as expenses to the extent that they exceed the corresponding receivables from ongoing contract work.

(103) Warranty obligations exist for completed construction works within the usual terms of business.

5 Other current assets

	2011 k€	2010 k€
Overnight money to secure sureties	1,817	911
Receivables from tax credits	132	42
Receivables from government grants and allowances	13	22
Receivables from personnel	21	48
Others	276	859
	2,259	1,882

(104) The overnight money is deposited to secure guarantees and is not freely available.

6 Liquid assets

	2011 k€	2010 k€
Deposits at financial institutions	648	991
Cash in hand	4	4
	652	995

7 Equity

(105) With regard to the development of the equity situation, attention is drawn to the details relating to the changes in Group equity.

Subscribed and authorised capital

(106) The fully paid-in share capital entered in the Commercial Register as of the balance sheet date amounted to € 17,719,160.00 (2010: € 17,719,160.00). The share capital is divided into a total of 17,719,160 no-par shares (2010: 17,719,160).

(107) By resolution of the General Meeting on 19 May 2010, the authorised capital 2002/I was rescinded and the Executive Board was authorised, with the approval of the Supervisory Board, to increase the company's share capital by up to € 1,000,000 on one or several occasions until 18 May 2015 in exchange for cash and/or non-cash contributions by issuing up to 1,000,000 new registered shares (authorised capital 2010/I). As of 31 December 2011, the authorised capital was € 0.

<u>Non-current liabilities</u>

8 Pension provisions

(108) Pension provisions are formed to meet obligations (retirement and disability pensions, and surviving dependent undertakings (widows and orphans) from accrued benefits and current payments to active and former co-workers of the IVU Group or their surviving dependants.

(109) The level of the pension obligations (cash value of the accrued benefits) was calculated using actuarial methods on the basis of the following assumptions:

	2011 %	2010 %
Discounting rate factor	4.95	5.00
Incomes trend	0.00 - 2.50	0.00 - 2.50
Pensions trend	2.00	2.00
Fluctuation	3.00	3.00

(110) The incomes trend includes expected future income increases, which are estimated annually taking into account inflation and the length of service in the company, among other things.

(111) The net pension expenses are as follows:

	2011 k€	2010 k€
Service cost	27	23
Interest costs	212	217
Anticipated revenue from plan assets	-53	-56
Period expenses	186	184

(112) The following overview shows the composition of the pension obligations:

	2011 k€	2010 k€
Cash value of the pension obligations	4,410	4,340
Fair value of plan assets	-1,225	-1,336
Unrecognised actuarial losses	-160	-119
Pension provisions	3,025	2,885

(113) The following overview shows the composition of the pension obligations:

	2011 k€	2010 k€
Cash value of the pension obligation, 1 Jan.	4,340	4,002
Service cost	27	23
Interest costs	212	217
Pension payments	-175	-125
Unrecognised actuarial losses	6	223
Pension obligation, 31 Dec.	4,410	4,340

(114) The following overview shows the development of the plan assets:

	2011 k€	2010 k€
Fair value of plan assets, 1Jan.	1,336	1,401
Anticipated revenue from plan assets	53	56
Payments out of the plan assets	-129	-81
Unrecognised actuarial losses	-35	-40
Plan assets, 31 Dec.	1,225	1,336

(115) The following table shows the changes in the cash value of the pension obligations, the fair value of the plan assets, and the expected revenue from the plan assets for the financial years 2006 to 2009:

	Cash value of the pension obligations k€	Fair value of plan assets k€	Revenue from the plan assets k€
2006	4,261	1,332	50
2007	3,664	1,365	53
2008	3,722	1,313	54
2009	4,002	1,401	53

(116) The anticipated revenues from the plan assets are based on the expected return of 4 % (2010: 4 %). In the next twelve months no payments will be made to the plan.

(117) The adaptation of the plan liabilities on the basis of experience for the reporting period amounts to k€ -20 (2010: k€ -34; 2009: k€ 3, 2008: k€ 19).

(118) The anticipated payment structure for the years 2011 to 2016 is as follows:

	k€
Pension payments made	
2010	125
2011	175
Anticipated pension payments	
2012	166
2013	168
2014	169
2015	170
2016	172

(119) Defined contribution obligations exist only for the obligatory contributions of IVU AG to the state pension scheme. The employer's contributions in the financial year amounted to k€ 1,322 (2010: k€ 1,291).

Current liabilities

9 Financial liabilities

(120) The current liabilities of IVU AG are as follows:

	Utilisation 31.12.2011 k€	Utilisation 31.12.2010 k€	Line of credit k€
Landesbank Bank AG	6	0	1,500
Deutsche Bank AG	0	0	1,500

(121) Revocable lines of credit with Deutsche Bank AG and Landesbank Berlin AG, each of k€ 1,500, are secured by the blanket assignment of receivables from goods delivered and licences issued.

(122) The expenses for interest in the financial year 2011 amounted to k€ 189 (2010: k€ 194).

10 Provisions

(123) The provisions have developed as follows:

	As of 1 Jan. 2011 k€	Availment k€	Dissolved k€	Addition k€	As of 1 Jan. 2011 k€
Performances outstanding	581	99	0	470	952
	581	99	0	470	952
of which current	581				952

(124) The provisions for performances outstanding relate to work still required on projects which have mostly already been concluded. The provisions do not contain any interest.

11 Other current liabilities

	2011 k€	2010 k€
Personnel-related liabilities	1,759	1,693
Liabilities from contract risks	1,385	892
Liabilities from taxes (VAT, income tax)	1,027	933
Liabilities from outstanding invoices	975	2,040
Others	679	867
	5,825	6,425

(125) The personnel-related liabilities consist mainly of outstanding holiday, overtime, and special payments.

12 Deferred taxes/Income taxes

(126) The German trade income tax is levied on the taxable trade income. The effective rate of trade income tax depends on the local authority in which the IVU Group is operating. The average rate of trade income tax for 2011 was 14.3 % (2010: 14.3 %). The rate of corporation income tax in the financial years 2010 and 2011 was 15 %. An additional Solidarity surcharge of 5.5 % is levied on the corporation income tax paid. Correspondingly, for the calculation of the current income taxes for the financial years 2011 and 2010 the effective tax rate was 30.79 %.

(127) The income tax expenses for the financial year were as follows:

	2011 k€	2010 k€
<u>Current tax expense /income</u>		
• Financial year	-157	-170
<u>Deferred tax income/expense</u>		
• Change to the tax losses carried forward	395	417
• Tax-deductible goodwill amortisation	-148	-147
• Changes to non-current order completion	-215	-615
• Changes to original intangible assets	39	38
• Changes to pension provisions	-263	299
• Changes to other assets	0	4
• Changes to other provisions	-17	4
	-209	0
Expense from income taxes	-366	-170

(128) A reconciliation of the tax expense is provided by the following overview:

	2011 k€	2010 k€
Earnings before taxes	2,772	2,546
Theoretical income tax expense (30.79 %; previous year: 30.79 %)	-853	-784
Different tax treatment of specific expenses	20	-24
Use of tax loss carried forward	218	286
Additional capitalisation of German tax losses carried forward	395	415
Effects from tax rate differences	-98	-14
Others	-48	-49
Current tax expense	-366	-170

(129) The deferred taxes recognised in the IVU Group balance sheet are made up of the following:

	2011 k€	Change k€	2010 k€
Deferred tax assets			
• Tax loss carried forward	1,593	395	1,198
• Pension provisions	380	-263	643
• Other provisions	3	-17	20
	1,976	115	1,861
Deferred tax liabilities			
• Receivables from non-current construction contracts	-1,151	-215	-936
• Intangible assets	0	39	-39
• Tax-deductible goodwill depreciation	-1,034	-148	-886
• Other assets	0	0	0
	-2,185	-324	-1,861
Deferred tax liabilities, net	-209	-209	0
- of which affecting the income situation		-209	
- of which equity changes		0	
Summary			
• Deferred tax assets	1,976		1,861
• Deferred tax liabilities	-2,185		-1,861

(130) The IVU Group carries the following tax losses forward:

	2011 € million	2010 € million
Loss carried forward – domestic trade tax	42.3	43.0
Loss carried forward – domestic corporation income tax	46.6	47.3

No foreign losses were carried forward. The domestic losses carried forward do not lapse.

D. Notes on the Group income statement

(131) The income statement is drawn up using the expense method.

13 Sales earnings

	2011 k€	2010 k€
Deliveries/Services/Works contracts	25,636	24,242
Licences	4,892	6,009
Maintenance	9,362	8,826
	39,890	39,077

14 Other operational earnings

	2011 k€	2010 k€
Income from the reversal of value adjustments	446	0
Foreign exchange gains and gains from the sale of securities	93	146
Government grants	68	61
Income from tax refunds	0	120
Others	223	448
	830	775

15 Material expenses

	2011 k€	2010 k€
Costs of purchased services	3,264	3,600
Expenses for goods purchased	7,039	6,772
	10,303	10,372

16 Personnel expenses

	2011 k€	2010 k€
Wages and salaries	16,634	15,718
Social security payments and expenses for pensions and support	2,998	3,110
	19,632	18,828

17 Depreciation of non-current assets

	2011 k€	2010 k€
Of intangible assets	470	223
Of property, plant and equipment	580	604
	1,050	827

18 Other operating expenses

	2011 k€	2010 k€
Marketing	2,294	2,357
Operational costs	1,440	1,292
Administration	906	892
Others	2,152	2,562
	6,792	7,103

19 Earnings per share

(132) In accordance with IAS 33, the undiluted earnings per share were determined by dividing the Group earnings by the weighted number of shares.

	2011	2010
Period result (k€)	2,406	2,376
No. of ordinary shares as of 1 January	17,719	17,719
No. of ordinary shares as of 31 December	17,719	17,719
No. of weighted shares (x 1000)	17,719	17,719
Undiluted earnings per share (euro/share)	0.14	0.13

(133) To calculate the diluted earnings per share, the net profit attributable to ordinary shareholders and the weighted average number of shares outstanding are adjusted for the effects of all dilutive potential ordinary shares originating through the exercise of stock rights. For this purpose the number of ordinary shares to be taken into account corresponds to the weighted average number of ordinary shares plus the weighted average number of ordinary shares which would have been issued assuming the conversion of all dilutive potential ordinary shares into ordinary shares. The conversion of share options into ordinary shares is valid on the day of issue. As of 31 December 2011 and 2010 there were no dilutive effects from issued share options.

E. Notes on the Group cash flow statement

The recognised liquidity is not subject to any limiting control by third parties. Interest payments and income tax payments are recognised, and no dividend was paid. The composition of the cash funds is shown in C.6.

The repayment of financial liabilities contains the payments made to repay loans.

F. Notes on segment reporting

(134) The IVU Group conducted segment reporting in accordance with IAS 8 ‘Operating Segments’. This standard requires disclosure of information on the operating segments of the Group. The IVU Group is organised in two operative segments – Public Transport, and Logistics.

(135) The segment reporting is attached as an annex to these Notes.

Public Transport

(136) This segment develops software solutions for customers from transport utilities and companies (buses, trains and ferry services) and the associations and local or regional authorities who order their services, with the goal of supporting and optimising the planning and operation of transport services with intelligent IT systems. In the financial year there were no transactions in which an individual customer reached a volume of more than 10 % of the overall sales.

Logistics

(137) For the market segments disposal and supply logistics and building materials, software products are employed to provide integrated presentations of business processes and to optimise transport procedures. The products developed for our customer groups comprising Deutsche Post, retail chains and other public administrations included Internet-based products. In the financial year there were no transactions in which an individual customer reached a volume of more than 10 % of the overall sales.

Reconciliation of segment assets

(138) The segment assets are reconciled as follows with the gross assets:

	2011 k€	2010 k€
Gross assets according to the balance sheet	42,684	40,644
- Deferred tax assets	-1,976	-1,861
Segment assets	40,708	38,783

G. Other disclosures

Other financial obligations and contingent liabilities

<u>Rental and leasing contracts</u>

(139) Within the framework of operating-leasing contracts, vehicles, office equipment and other equipment was leased. Leasing and maintenance costs in 2011 amounted to k€ 320 (2010: k€ 293).

(140) Within the framework of finance leasing agreements, leasing fees in 2011 amounted to k€ 0 (2010: k€ 11) for software, k€ 127 (2010: k€ 257) for hardware, and for office equipment k€ 187 (2010: k€ 191). Liabilities from finance leasing agreements are included in the trade payables item.

(141) On the balance sheet date, there were the following present values and residual periods for the liabilities for finance leasing arrangements:

Residual period	Less than 1 year k€	1 to 5 years k€	Total k€
Liabilities	405	448	853
Interest portion	27	21	48
Present value	432	469	901

(142) As of 31 December 2010, present values and residual periods for the liabilities for finance leasing arrangements were as follows:

Residual period	Due within 1 year k€	1 to 5 years k€	Total k€
Liabilities	266	312	578
Interest portion	27	15	42
Present value	293	327	620

(143) The following payments result from rental and leasing contracts:

	2011 k€	2010 k€
Residual period up to one year		
Rent payments	1,032	937
Leasing payments	573	541
Sub-total	1,605	1,478
Residual period of one to five years		
Rent payments	3,629	2,986
Leasing payments	790	642
Sub-total	4,419	3,628
Total	6,024	5,106

Guarantees of bills of exchange

(144) Various financial institutions had taken on guarantees of bills of exchange amounting to k€ 7,170, of which k€ 546 in various foreign currencies (2010: k€ 2,465 and kUSD 550) for IVU AG at the balance sheet date.

Personnel

(145) The average number of personnel in the IVU Group in the financial year was 342 (2010: 336 personnel). The distribution of personnel in terms of function was as follows:

	2011	2010
Production / Software development	128	125
Administration	34	33
Project work / Sales	180	178
Total	342	336

Auditing fees

(146) The fees of Ernst & Young Wirtschaftsprüfungsgesellschaft for auditing the IVU AG financial statements and the IVU consolidated financial statements for the financial year 2011 amount to k€ 94 (2010: k€ 94). In addition, tax consultancy services provided by Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft in the financial year amounted to k€ 22 (2010: k€ 58).

Relationships to related parties (enterprises and individuals)

(147) Related parties are enterprises or individuals which have the ability to control the IVU Group or exercise significant influence over its financial and operating decisions. When determining significant influence exerted by the party related to the IVU Group over the financial and operating decisions, the existence of fiduciary relationships are also taken into consideration in addition to relationships of control.

Related enterprises

(148) The associated enterprises included in the consolidated financial statements are to be regarded as related enterprises. There are no further related enterprises.

(149) Between IVU AG and its subsidiaries there were performance relationships within the framework of passing on licence revenues, which were eliminated in the course of consolidation.

Related individuals

(150) The following persons are to be regarded as related parties:

Members of the Executive Board of IVU AG

Martin Müller-Elschner (CEO)
Frank Kochanski
Dr Helmut Bergstein

Members of the Supervisory Board of IVU AG

Klaus-Gerd Kleversaat (Chairman), Berlin
Chairman of quirin bank AG, Berlin,
Management Board Member of Tradegate Wertpapierhandelsbank AG, Berlin,
Supervisory Board Member of Stream Films AG, Berlin,
Supervisory Board Member of Orbit Software AG, Berlin,

André Neiss, Hanover
CEO of üstra Hannoversche Verkehrsbetriebe AG, Hanover,
Managing Director of Versorgungs- und Verkehrsgesellschaft Hannover mbH, Hanover,
Member of the Advisory Board of Hannover Region Grundstücksgesellschaft mbH HRG & Co. Passerelle KG, Hanover,
Adviser, Haftpflichtgemeinschaft Deutscher Nahverkehrs- und Versorgungsunternehmen (HDN), Bochum,
Supervisory Board Member, Einkaufs- Wirtschaftsgesellschaft für Verkehrsunternehmen beka GmbH, Cologne,
Member of the Supervisory Board, KKH Allianz, Hanover.

Prof. Herbert Sonntag, Berlin
Vice-President TH Wildau,
Chairman of the Management Board of Logistiknetz Berlin Brandenburg e.V., Berlin-Potsdam.
Member of the Management Board of Allianz pro Schiene e.V., Berlin

<u>Transactions with related individuals</u>

(151) In the reporting period, as in the previous year, there were no further business transactions between related individuals and the IVU Group, with the exception of those noted below.

(152) In the financial year 2011 the Executives of IVU AG acquired the following shares:

Martin Müller-Elschner	25,000 shares
Frank Kochanski	11,500 shares
Dr Helmut Bergstein	10,000 shares

(153) In financial year 2010 the Executive Board and the Supervisory Board of IVU AG acquired the following shares:

Klaus-Gerd Kleversaat	30,000 shares
Frank Kochanski	3,500 shares
Dr Helmut Bergstein	5,000 shares

Emoluments for Executive Board and Supervisory Board members

(154) The Executive Board of IVU AG received emoluments of k€ 772 in the financial year 2011 (2010: k€ 768). These emoluments consisted of a fixed and a variable portion. In the reporting period the variable portion amounted to approximately 25 % (2010: 24 %) of the total emoluments. The General Meeting on 25 May 2011 resolved to free the company from the obligation to publish the emoluments of individual members of the Executive Board.

(155) Pension provisions are set aside for former office holders in the amount of k€ 2,598 (2010: k€ 2,576). In addition, pension payments were made for retired members of the Executive Board amounting to k€ 129 (2010: k€ 81).

(156) The Supervisory Board received emoluments of k€ 37.5 in 2011 (2010: k€ 37.5).

(157) The following shares are held by the members of the Executive Board and the Supervisory Board:

	No. of shares 31.12.2011	No. of shares 31.12.2010
<u>Executive Board</u>		
Martin Müller-Elschner (CEO)	75,000	50,000
Frank Kochanski	20,000	8,500
Dr Helmut Bergstein	15,000	5,000
<u>Supervisory Board</u>		
Klaus-Gerd Kleversaat	259,000	259,000
Prof. Herbert Sonntag	1,166,000	1,166,000

Note on the German “Corporate Governance Code”

(158) The declaration of compliance was made by the Executive Board and the Supervisory Board on 16 April 2011 and is permanently available to shareholders on the website of IVU AG (www.ivu.de) under the menu item Investors.

Berlin, 12 March 2012

Frank Kochanski Martin Müller-Elschner Dr Helmut Bergstein

IVU Traffic Technologies AG, Berlin
Development of intangible assets and fixed assets 2010 (IFRS)

Assets analysis

	Costs of purchases/Costs of conversion				Writte-offs				Residual value	
	As of 1.1.2010 k€	Additions k€	Disposals k€	As of 31.12.2010 k€	As of 1.1.2010 k€	Additions k€	Disposals k€	As of 31.12.2010 k€	As of 31.12.2010 k€	As of 31.12.2009 k€
I. Intangible assets										
1. Commercial copyrights and licences, software	5.200	92	1	5.291	4.757	223	0	4.979	312	443
2. Goodwill	14.626	0	0	14.626	3.277	0	0	3.277	11.349	11.349
3. Other recognisable intangible assets	15.505	0	0	15.505	15.505	0	0	15.505	0	0
	35.331	92	1	35.422	23.539	223	0	23.761	11.661	11.792
II. Fixed assets										
1. Technical plant and machinery	2.600	0	113	2.487	2.551	6	108	2.449	38	49
2. Other equipment, factory and office equipment	4.964	394	36	5.322	3.847	598	41	4.400	922	1.117
	7.564	394	149	7.809	6.398	604	149	6.849	960	1.166
	42.895	486	150	43.231	29.937	827	149	30.610	12.621	12.958

Annex 2-2

IVU Traffic Technologies AG, Berlin
Statement of comprehensive income
for the period 1 January to 31 December 2011

	2011 k€	2010 k€
Consolidated annual profit	**2.406**	**2.376**
Foreign currency translations	-15	19
Other earnings after taxes	**-15**	**19**
Consolidated earnings after taxes	**2.391**	**2.395**

IVU Traffic Technologies AG, Berlin
Consolidated segment reporting for the financial year 2011 (IFRS)

Operating segments	Public Transport		Logistics		Central sectors		**Consolidated**	
in k€	2011	2010	2011	2010	2011	2010	**2011**	**2010**
Revenues, total	35.872	34.958	5.996	5.244	151	592	**42.019**	**40.794**
Revenues from transactions with other segments	-1.598	-1.159	-431	-23	-100	-535	**-2.129**	**-1.717**
Revenues from external customers	**34.274**	**33.799**	**5.565**	**5.221**	**51**	**57**	**39.890**	**39.077**
Segment gross profit	**25.432**	**24.159**	**5.131**	**4.894**	**-146**	**427**	**30.417**	**29.480**
Expenses	-17.293	-16.476	-3.808	-4.083	-6.373	-6.199	**-27.474**	**-26.758**
EBIT	**8.139**	**7.683**	**1.323**	**811**	**-6.519**	**-5.772**	**2.943**	**2.722**
Financial expenses, net					-171	-176	**-171**	**-176**
Earnings before taxes							**2.772**	**2.546**
Taxes on income and earnings					-366	-170	**-366**	**-170**
Group annual profit							**2.406**	**2.376**
Note							F.134	F.134
Segment assets	**33.043**	**31.546**	**6.309**	**5.879**	**1.356**	**1.358**	**40.708**	**38.783**
Investment expenditure	1.240	357	290	93	109	36	**1.639**	**486**
Impairments	794	606	186	159	70	62	**1.050**	**827**

Geographic segment data	Germany		Europe		Others		**Consolidated**	
in k€	2011	2010	2011	2010	2011	2010	**2011**	**2010**
Revenue from business with external customers	24.199	21.484	12.857	11.835	2.834	5.758	**39.890**	**39.077**
Segment assets	36.686	34.761	4.022	4.022	0	0	**40.708**	**38.783**
Investment expenditure	1.562	431	77	55	0	0	**1.639**	**486**
Impairments	884	669	166	158	0	0	**1.050**	**827**

G. Auditor's certificate

We have drawn up the following auditors’ report for the consolidated financial statements and consolidated management report:

We have audited the consolidated financial statements of IVU Traffic Technologies AG, Berlin, consisting of the balance sheet, profit and loss statement, and statement of comprehensive income, statement of changes of equity, cash flow statement, annexed notes, segment reports, and the consolidated management report for the financial year from 1 January to 31 December 2011. The accounting and preparation of the consolidated financial statements and the management report in accordance with the EU adopted IFRS standards, and additionally in accordance with the commercial regulations applicable under Section 315a Para.1 of the German Commercial Code (HGB), are the responsibility of the legal representatives of the company. Our remit is to provide an assessment of the consolidated financial statements and the consolidated management report based on the audit that we have performed.

We have conducted our audit in accordance with Section 317 HGB taking into account the accepted German principles for the auditing of financial statements established by the Institut der Wirtschaftsprüfer (IDW). These standards require that the audit shall be so planned and conducted that inaccuracies and contraventions which have substantial effects on the consolidated financial statements in the light of the applicable accounting regulations and on the presentation of the situation of the group regarding assets, finances and revenues would be identified with reasonable assurance. When determining the auditing procedures, the knowledge of the line of business and the economic and legal situation of the group, as well as the expectation of possible errors are taken into account. Within the framework of the audit, the effectiveness of the internal control systems relating to ac-counting and the documentation of the figures in the consolidated financial statements and the consolidated management report are generally examined on the basis of random samples. The audit includes an assessment of the financial statements of the companies covered by the consolidated financial statement, the limitation of the scope of consolidation, the principles of accounting and consolidation applied, and the key estimates made by the legal representatives as well as an evaluation of the overall presentation of the consolidated financial statement and the consolidated management report. In our opinion, our audit provides a sufficiently reliable basis for our assessment.

Our audit did not give rise to any reservations.

According to our assessment on the basis of the results of our audit, the consolidated financial statement is in accordance with the EU-adopted IFRS, and the additional applicable commercial requirements in accordance with Section 315a Para. 1 German Commercial Code (HGB), and it provides in accordance with these requirements a true and accurate picture of the Group's position regarding assets, finances and profits. The consolidated financial statement is concordant with the consolidated management report, provides overall an accurate picture of the position of Group's position, and accurately presents the opportunities and risks of future developments.

Berlin, 16 March 2012

Ernst & Young GmbH
Wirtschaftsprüfungsgesellschaft

Glöckner	Weiss
Auditor	Auditor

Responsibility statement

To the best of our knowledge, and in accordance with the applicable reporting principles, the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group, and the Group management report includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal opportunities and risks associated with the expected development of the Group.

Berlin, March 2012

Martin Müller-Elschner **Dr. Helmut Bergstein** **Frank Kochanski**