

ANNUAL REPORT 2012

HIGHLIGHTS

MANAGEMENT REPORT

PROSPECTS

Consolidated IFRS figures

	2008 €m*	2009 €m	2010 €m	2011 €m	2012 €m	CHANGE 2012 – 2011 in €m
Revenue	33.8	37.3	39.1	39.9	44.4	+4.5
Gross profit	24.7	27.6	29.5	30.4	31.8	+1.4
Personnel expenses	17.3	18.3	18.8	19.6	21.4	+1.8
EBIT	1.3	2.1	2.7	2.9	3.4	+0.5
EBT	1.0	1.9	2.5	2.8	3.1	+0.3
Annual profit	1.3	1.8	2.4	2.4	3.6	+1.2

* €m = € million

Key figures

	2008	2009	2010	2011	2012
Equity ratio (equity/balance sheet total)	51 %	54 %	58 %	61 %	60 %
Gross profit margin (EBT/Gross profit)	3.9 %	7.0 %	8.6 %	9.1 %	9.6 %
Personnel capacity as annual mean (FTE)	251	273	285	295	301
Gross profit per FTE (in k€)	98	101	103	103	106

The year-end financial statement and management report for IVU Traffic Technologies AG for the business year 2012 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

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Letter to the shareholders

Dear Shareholders, Dear Friends of IVU,

IVU concluded the financial year 2012 with a particularly good result, with an 11% increase in revenue to € 44.4 million and a 5% increase in gross profit to € 31.8 million. For the fifth year in succession, both values have shown sound growth. The development of profits has been correspondingly positive. Earnings before interest and taxes [EBIT] increased by 15% to k€ 3,381, and earnings before taxes [EBT] by 10% to k€ 3,051. IVU begins the coming year with a stable asset situation and promising growth opportunities. The trend estimates of the IVU engineers have been confirmed. The IVU.suite has been further developed to an integrated standard solution for all the tasks facing transport operators. Gaps have been closed and new technologies have been integrated. This has proved internationally successful. In particular, this is because the IVU system worlds are open and interoperable. This means that it is also possible to integrate individual IVU components into existing system landscapes without any problems – whatever the hardware.

This combination of standardisation and expertise in the provision of individual solutions results in much

shorter project durations than are typical for this market. Rather than completion taking years, entire systems can be installed in only a few months. IVU has been particularly successful with these short implementation periods in major cities, where the considerable demand for mobility is concentrated in a very small area. This makes it all the more important to complete system conversions quickly and as free from interruptions as possible. In London, IVU was also able to demonstrate this for a very large transport network. In time for the Olympic Games, 8,500 buses were integrated in the IVU.realtime information system.

In the rail sector, IVU also provides convincing solutions. IVU.rail is a standard product which supports the entire planning and dispatching process for railway operations, bringing together all processes in a single system for the first time. With the new order from Vietnam, a total of seven state railways now number among our users. Here we continue to see considerable market potential.

We hope and trust that you will remain loyal to IVU in 2013, Best wishes



The Executive Board
Berlin, March 2013



Frank Kochanski Dr Helmut Bergstein Martin Müller-Elschner

Management report

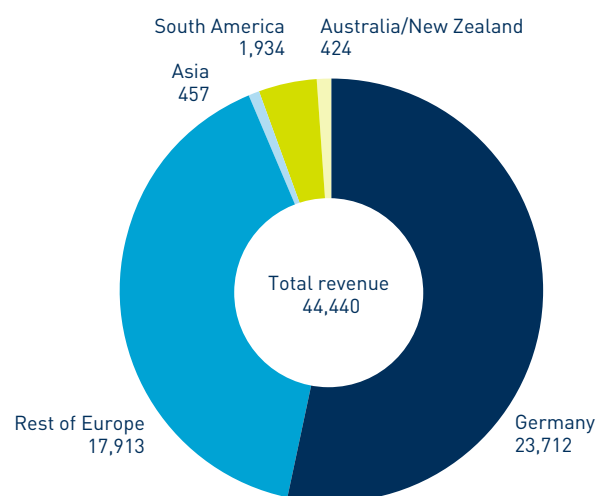
IVU and the market

“Education and transport are the two infrastructure sectors which decide the future of a region”, claims Volker Sparmann, Mobility Officer of the Federal State Government of Hesse at the IVU User Forum. Transporting people and goods to their destinations reliably and above all efficiently is the basic requirement for all economic growth. Not only the growing trend to urbanisation, but also the demographic transition is leading to considerable increases in the demands placed on public infrastructures – in particular on the transport networks. There has been a growing trend among younger people since the 1990s away from car ownership and towards the increasing use of public transport.

Many regions have neglected to upgrade their public transport systems over the years. The result is that today they are experiencing mobility bottlenecks and disturbances to the flow of traffic. This is increasingly being recognised by governments all over the world and they are now investing more in the improvement of their infrastructures. IVU is an important player in this market. The Berlin software house has made a name for itself as a result of major national and international projects. In particular, the successful project in the South American city Cali ranks as a model for the rapid and efficient modernisation of public transport services. As one of few system producers worldwide, IVU offers IT solutions for all the processes of a transport operator – from planning, through operational management, to financial settlement. It has been possible to further extend this important competitive advantage, and the systems of the IVU.suite are now more closely integrated and gaps have been closed by means of modern technologies.

With the IVU.box.touch presented in 2012, IVU has now added an on-board computer to its product range which can be installed flexibly in all vehicles deployed in urban public transport.

The product strategy is proving successful. In 2012, two more large operators, the Vietnamese state railway Vietnam Railway [VNR] and the Budapest public transport company Budapesti Közlekedési Központ [BKK], chose to modernise their transport systems with IVU solutions. While Vietnam plans and controls 380 locomotives and 5,000 rolling stock using IVU.rail, IVU systems are now responsible for the entire fleet management and passenger information in the Hungarian capital city.



Revenue in the financial year 2012 (in k€)

Intermodal transport control systems in demand

“All efforts are directed towards attracting more passengers into the extended public transport systems”, concluded Volker Sparrmann at the end of his keynote speech to the IVU User Forum. The passengers are increasingly the focus of attention. They want to be given reliable information and be taken to their destination – whether this is in the city or a rural area. This is reflected in the growing number of calls for tenders which include intermodal transport control systems. More and more public transport operators are seeking reliable solutions for operation control centres, in particular for regional services. This market has already become noticeably livelier than it was in 2011. IVU identified this development at an early stage. Already in 2010 it started a relevant pilot project together with the Tarif- und Verkehrsverbund Stuttgart [VVS] for the realisation of a so-called RBL-light system. The pilot project was brought to conclusion in 2012, and the system is now being implemented throughout the region. There is still considerable scope to improve the generation of real-time data in rural areas. Here IVU is able to offer tried and tested solutions.

Focus on railways

The deployment of the key resources ‘co-worker’ and ‘vehicle’ is a central element of railway operations. Over the years, various tailor-made computer programs have been developed to provide support for individual aspects of the planning and dispatching processes. This has resulted in a heterogeneous system landscape, with different systems operating in parallel which then have to be linked together via interfaces. The redundancy of the processed data brings with it the risk of inconsistencies, and all the systems have to be operated and maintained separately.

In this market, IVU has made an impression with its planning and dispatching system, which is specially

adapted for rail transport. IVU.rail is a standard product which can cover the entire process from the planning of services through the operational implementation in pre-planned vehicle workings and schedules through to the daily dispatching of rolling stock and personnel. The solution is proving successful, as the order from Vietnam shows. A total of seven state railways have now opted for the IVU solution. In cooperation with leading railway companies, IVU.rail is continually being developed and adapted to the state-of-the-art.

Logistics. Sustainable successes

While the requirements of public transport operators are more or less comparable all over the world, the logistics solutions of IVU are constantly facing new challenges: locations have to be optimised, advertising materials distributed, supply networks maintained and serviced, or election results processed. This makes it all the more pleasing that IVU’s logistics products are also constantly being developed and are growing closer together. IVU.workforce was upgraded in 2012 into a powerful solution for service providers who have to plan and control the efficient deployment of personnel and resources. At the same time, the optimisation algorithms from the trip planning are now also applied in the geo-information system IVU.locate, where they make it possible to take strategic decisions about the locations to be visited.

The IVU.elect electoral system also proved very successful in 2012. In the Netherlands it was used for the sixth time. In addition, IVU also received an order to support the German general election for the Bundestag and also the Bavarian federal state election in September 2013.

Increasing competition in all fields calls for improved planning and increasing efficiency. IVU will continue to profit from this demand in future. Its products have grown together to become powerful solutions for all logistical applications.

Highlights in 2012

International

Modern technology for sustainable mobility

Vietnam. State railway introduces the entire IVU product range

In 2012, Vietnam Railways [VNR] became the seventh state railway to choose IVU.rail – the railway solution from IVU. In future, Vietnam Railways will plan, organise and control all railway operations and the passenger information services in Vietnam using IVU systems. IVU.rail is being implemented with all its components and add-ons and will optimise the deployment of 380 locomotives and 5,000 carriages and wagons on the national rail network. Following on from successful installations in Bangkok, Kuala Lumpur, and Adelaide, the order from Vietnam is now a further important project for the expansion in the Asia-Pacific market.

The railway is the main mode of public transport in Vietnam. For its long-term modernisation, VNR has decided to introduce state-of-the-art technologies. Communications between the control centre and drivers will be with VoIP via GPRS. This will involve equipping all locomotives with on-board computers from IVU.

Hungary. Budapest modernises urban public transport with IVU.suite

In the Hungarian capital city, public transport is mostly provided with road-based vehicles, i.e. buses, trolley buses and trams. However, this is very susceptible to disturbances, and because delays in services are common the responsible public transport operator Budapesti Közlekedési Központ [BKK] has decided to introduce an integrated operation control and passenger information system for its bus and tram network. The necessary systems for the fleet management and the passenger information are being provided by IVU. After Berlin, London, Vienna, and Zurich, Budapest is now the latest major European city to introduce development expertise from Germany.

The new systems are already due to go into operation in spring 2013 – an extremely short project completion period which can only be achieved with mature standard products. Currently, some 1,500 buses, 150 trolley buses, and 600 trams are being equipped with the new on-board computer IVU.box.touch. In addition, the control centre system IVU.fleet is also being installed. IVU is carrying out this project in cooperation with the Hungarian engineering services company Synergon, which has overall responsibility as general contractor.



Italy. IVU.suite plans and controls the new metro in Brescia

In response to the increasing congestion of its road traffic and the shortcomings in the existing bus network, the north Italian city of Brescia is currently building a new underground railway system, which is due to be opened in 2013. The first 18 trains, running at 3-minute intervals, will be able to transport up to 8,500 passengers per hour, and the operations will be planned and controlled by systems of the IVU.suite. The special feature of the new metro system is that all the trains will be driverless.

In October 2012, the signal was given for the installation of the systems. Currently, IVU.plan is being implemented for planning the deployment of the vehicles, and IVU.crew for the planning and optimisation of duty schedules for personnel on the trains and at the stations. The vehicle schedules and the duty rosters for personnel are closely integrated, ensuring efficient operations. After Copenhagen and Riyadh, Brescia is now already the third driverless underground train system to operate with the systems of the IVU.suite.

Great Britain. New app for reliable timetable information in London

Coinciding with the start of the Olympic Games in London, the 'London Bus Live Departures' iPhone app developed by IVU Traffic Technologies was released on 18 July 2012. In a choice of eight languages, users can now use their smartphone to check up on the latest departure times of 8,500 London buses from some 19,000 stops. All the up-dated information is provided by the passenger information system IVU.realtime installed by the operator Transport for London [TfL].

Since 2011, IVU.realtime has been the heart and the central data hub for the information system in London. It provides the updated bus departure times via electronic displays, text messages and Internet services, and also makes these available for external applications. With the new app, IVU's engineers are now providing a reliable information service directly from the developers of the passenger information system. The service is proving correspondingly popular with iPhone users. The app has already been downloaded 7,000 times since its introduction, and every day there are approximately 40 new users.



Highlights in 2012

Germany

Innovative ideas for the regions

Munich. New Ticket Navigator is now online

At the end of 2012, the new Ticket Navigator of the MVV transport and tariff association in Munich [Münchner Verkehrs- und Tarifverbundes] went online. The layout, user guidance and the presentation of results were revised in accordance with customer wishes, and the simplified user interface should now also be more attractive for passengers who are less familiar with the Internet.

The journey and tariff advice system was first introduced in June 2006. Its functional scope remains unrivalled in Germany. Before starting on their journey, the passengers of MVV can not only enquire about the best route, taking into account all relevant journey parameters, but can also find out the least expensive ticket price. Existing tickets are automatically taken into consideration. Meanwhile the system regularly responds to up to 70,000 enquiries every month. Following the redesign, the managing director of MVV, Alexander Freitag, soon expects to be receiving up to 100,000 queries a month.

Stuttgart. Real-time information in rural areas

In order to be able to provide secure connections and real-time timetable information throughout its region, Stuttgart's Transport and Tariff Association [VVS – Verkehrs- und Tarifverbund Stuttgart] began a pilot project in 2010 to introduce a central information system [RBL-light]. The order was placed with IVU, and the pilot project was successfully completed at the end of 2012. The widespread implementation is now planned to be completed by 2014. This will involve integrating some 1,000 buses from the 40 companies organised in the association. The goal is to be able to make the up-dated departure times available electronically for every service within the association.

While railway companies and large urban transport operators usually have their own powerful operation control systems, smaller bus companies do not generally process any real-time data. With the new multiple-client RBL-light system from IVU, VVS will be providing a central operation control and passenger information system into which all the companies in the association can be integrated without compromising their data ownership.



Highlights in 2012

Germany

More convenience for urban public transport

Schwerin. Complete IVU.suite successfully installed

Every year, Nahverkehr Schwerin GmbH (NVS) transports some 17 million passengers on a 190 km long network in the federal state capital. In order to continue to provide an attractive public transport service for the future, the public transport company decided in March 2012 to introduce IVU's systems for operational control and passenger information. The control centre successfully went into operation in December 2012. This is to be followed in spring 2013 by the passenger information service. Currently, 40 buses und 30 trams are being fitted out with the necessary new equipment.

For many years, the company has already been using the planning components IVU.plan and IVU.crew for the planning of its timetables, vehicle workings, and duty rosters. With the introduction of IVU.fleet, IVU.realtime, and IVU.control in the operation control centre, and IVU.ticket.box and software in its vehicles, the public transport company in Schwerin is now using the entire IVU.suite.

Mainz. State-of-the-art communication standards

A powerful new customer-oriented public transport management system was the remit of Mainzer Verkehrsgesellschaft mbH [MVG] when they decided in favour of the IVU.suite at the end of 2009. In spring 2010, work began on the installation of the systems. From the start, MVG had decided to introduce modern communications technology between drivers and control centre by means of VoIP via GPRS, and they were the first IVU customer to utilise this powerful new public network.

In December 2012 the project in Mainz was concluded. All systems of the IVU.suite have now been successfully installed together with the system components and they are now in operation. In the 146 buses and 26 trams of the public transport company, the IVU.ticket.box ensures good connections between the operation control centre and the drivers. On some 140 electronic displays, IVU.realtime informs the passengers about the updated departure times. And in the operation control centre, IVU.fleet and IVU.control are used for the central operations management and financial settlement.



Highlights in 2012

Logistics

Success in all sectors

Netherlands. Voting for IVU for the sixth time

The Netherlands has voted and once again came out in favour of IVU.elect. During the parliamentary elections on 12 September, IVU.elect supported the overall electoral process and ensured that all local ballot results were collected reliably and evaluated rapidly. The system then determined the distribution of seats in accordance with the legal requirements of the proportional representation system. Following the European Union election in 2009, the parliamentary and municipal elections of 2010, and the province and Senate elections of 2011, the election system from IVU was being employed in the Netherlands for the sixth time.

Stuttgart. Maintenance management for the natural gas high-pressure supply network

In order to organise the efficient maintenance of its 1,900 km long natural gas high-pressure supply network and the 2,000 km telecommunications network, the Stuttgart-based company terranets bw GmbH will in future be using IVU.workforce. The system will be used not only to organise the deployment of 70 maintenance personnel, but will also present all maintenance processes in detail and ensure long-term documentation. The standard solution from IVU ensures that personnel and resources are deployed efficiently and cost-effectively. The maintenance and servicing measures are defined in advance and these can then be worked through step-by-step. For this project, IVU supplies the software for the IT-supported maintenance management system and provides training for the personnel. The general contractor is SD & C GmbH.

Berlin. New m4guide research project launched

An innovative navigation system will soon be available in Berlin for people with impaired vision, allowing them to use their smartphone to make their way safely from their front door by foot to the nearest suitable bus stop or station, and also to navigate their way inside train stations and other public buildings. The research project, known as 'm4guide', is funded by the German Federal Ministry of Economics and Technology (BMWi) on the basis of a decision of the German Bundestag. It was launched in December 2012, and all eleven project partners began work in the following month. Under the supervision of the Berlin Senate Department of Urban Development and Environmental Affairs, IVU will work together with the Deutsche 'Blinden- und Sehbehindertenverband', Landkreis Soest, and four other partners from research, IT, and the transport sector to develop a solution for the special needs of this group. Features will include the precise location within the radius of a long cane and the detailed integration of hazards and obstacles. The main focus of the IVU engineers will be on routing and guidance as well as the navigation inside station buildings. This will involve the utilisation of the data management system IVU.pool and the geo-information system IVU.locate.

Highlights in 2012

Events

IVU is an attraction

User Forum. Continued high levels of specialist interest

The User Forum 2012 once again focussed on the growing worldwide demand for increased mobility. A total of 400 participants from 16 countries travelled to Berlin to attend the forum on 12 and 13 March. In lectures, panel discussions and an accompanying exhibition, the participants were able to inform themselves in depth about the use of IT systems in public transport and the new functionalities that are available. There was general agreement that modern mobility should be efficient and environmentally friendly, but at the same time should also offer a high level of passenger comfort.

InnoTrans. IVU presents new on-board computer

In September, IVU once again took part in the InnoTrans in Berlin, the international trade fair for transport technology. The IVU stand was well visited on all four days of the show by German and international clients and by interested trade fair visitors. This opportunity was taken to introduce the new IVU.box.touch, a flexible on-board computer for buses and trains which rounds out the IVU product range. It can be used both as an independent server, for example in a bus, or also as a tram driver terminal for bi-directional operations.

Aachen. NRW Transport Minister Groschek visits IVU

On 26 October the working group 'Self-employed in the SPD' extended an invitation to an information event in the Aachen branch of IVU. The guest of honour on the panel discussing the planned Campusbahn mobility project was Michael Groschek, the Minister of Building, Housing, Urban Development and Transport for North Rhine-Westphalia. IVU was pleased to open its doors for the presentation of this innovative project, because sustainable solutions for public transport are an important topic for IVU's engineers. All the members of the panel were agreed that the expansion of the urban rail transport networks is important for the functioning of the cities of tomorrow. Michael Groschek and IVU'S branch manager Dr. Helmut Bergstein both felt that Aachen's Campusbahn represents an important contribution to more efficient and environmentally-friendly public mobility. In addition, the Campusbahn is an important reference project for Aachen as an industrial location with a cluster of advanced expertise in the development of rail systems.



More than 500 customers
In 22 countries
With 8 locations



GREAT BRITAIN

The new iPhone app 'London Bus Live Departures' provides the latest data from IVU.real-time for 8,500 London buses at 19,000 bus stops, offering clear displays in a choice of nine languages.

NETHERLANDS

IVU.elect supported the Dutch parliamentary elections and ensures the reliable collection of the voting results and the calculation of the distribution of seats.



HUNGARY

IVU.suite is responsible for the fleet management and the passenger information service for the 1,500 buses, 150 trolley buses and 600 trams of the Budapesti Közlekedési Központ (BKK).

VIETNAM

IVU.rail has been chosen to control and optimise the deployment planning for 380 locomotives and 5,000 carriages and wagons of Vietnam Railways (VNR). It is being implemented with all its components and add-ons.

ITALY

IVU.plan is responsible for the efficient deployment of vehicles for the new driverless underground railway in Brescia. IVU.crew optimises the duty rosters of the personnel on the trains and at the stations.

- IVU locations
- IVU references

Research and development

The success of IVU is based above all on the durability of its systems. For example, the on-board computers have a working life of more than ten years. Some have even been in operation for more than twenty years. Once installed, the software systems operate 24 hours a day and are continually being up-dated under the maintenance contracts. In order to maintain this level of performance, IVU invests heavily in new developments and the upgrading of existing systems, as well as in forward-looking research projects. Expenditure on research and development in the financial year covered by the report totalled k€ 832. Product development at IVU is the responsibility of a special department with highly-qualified software engineers, mathematicians, and transport scientists. This guarantees that the products are closely linked to the demands of the market and of the customers, while always taking into account the profitability of IVU.

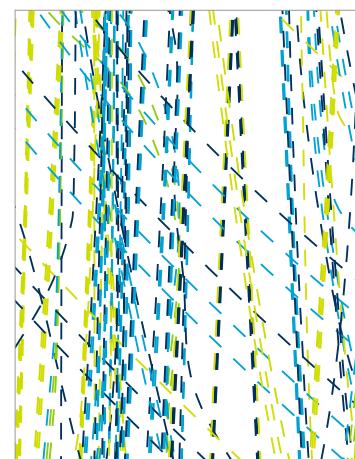
The IVU.box.touch

In 2012, the system range of the IVU.suite was extended to include a further hardware component – the IVU.box.touch. This new, flexible on-board computer represents an important innovation in particular for urban public transport because it can readily be

adapted to the requirements of the existing fleet of vehicles, and can be used in a wide range of buses and trams of very different makes and ages.

In buses, the IVU.box.touch can be used as a full on-board computer, offering all requisite interfaces to the passenger information systems and the control centre, with the need for any additional server. In trams, in contrast, it can be used as the driver terminal, with the IVU.box.server taking on the function of the on-board computer. This means that there is no problem with bi-directional tram services. At each end of a tram there is an IVU.box.touch which is supplied with data via the central server. In addition, the on-board unit has an intuitive user interface, which makes it much easier for the drivers to familiarise themselves with the new system.

The new solution is particularly appreciated in large cities like Budapest, where a wide variety of vehicle types are in operation throughout the conurbation. Currently, 1,500 buses, 150 trolley buses, and 600 trams are being fitted out with the new technology and already in spring 2013 it will be supplying reliable real-time data to the IVU.fleet system in the operation control centre.

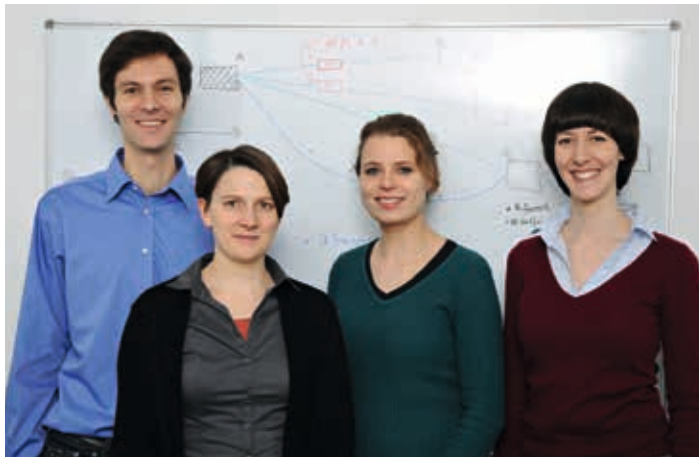
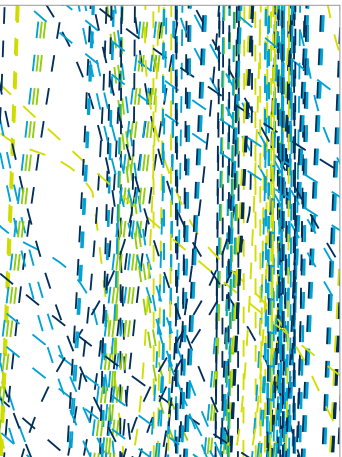


New standards for e-ticketing

In order to ensure that paperless tickets can soon be introduced throughout Germany, the Association of German Transport Companies [VDV] is continually developing the electronic ticket standard. Already in 2005, the VDV-KA core application was introduced for central security management, so that by means of uniform security mechanisms it would be possible to use the e-ticketing chip cards across all transport operators. The transport companies can now register their ticket products on a central platform and administer the association's security processes. In order to simplify the administrative, organisational, and technological challenges, IVU began a project in 2012 in cooperation with VDV to develop a local adapter. The aim is to make it possible for transport operators to link their operational background systems with the various interface versions. This will ensure that e-ticketing participants do not have to repeatedly install new standards as these are developed. In future, the adaptation of their ticket products to the new standards will take place automatically.

Improved optimisation algorithms

In order to be able to provide rapid, optimised duty scheduling, the mathematicians at IVU are continually working together with various research partners on ways to improve the optimisation algorithms of the IVU.suite. In 2012, they were able to significantly speed up the algorithm used to calculate personnel journeys between two deployment locations without excluding secondary conditions. Such secondary conditions can include passage trips, walking, additional path times, or buffer times needed to prepare for duty or to sign off. The search for the best path from one place to the next can very soon become exceedingly complex. It is often necessary to calculate more than 10 million different paths and then filter out the best solutions. The computing time required for this is a key quality criterion for duty scheduling. The IVU team have been able to improve the underlying algorithm so that it has become considerably faster, but does not leave out the complex secondary conditions. The new path search function is able to find the best personnel path very quickly and provides the basis for optimised duty planning. In the financial year covered by the report it was successfully integrated in the IVU.suite.



MATHEMATICS FOR PRACTICAL APPLICATIONS

The four mathematicians Gregor Karbstein, Dr. Cornelia Dangelmayr, Dr. Mareike Massow, and Dr. Melanie Win Myint (l. to r.) are using their well-founded knowledge in combinatorial optimisation for the further development of IVU's optimisation tools.

Personnel

Personnel development

	2012	2011	CHANGE
No. of personnel as of 31 December	365	345	+ 6 %
Personnel capacity ¹ as annual mean	301	295	+ 2 %

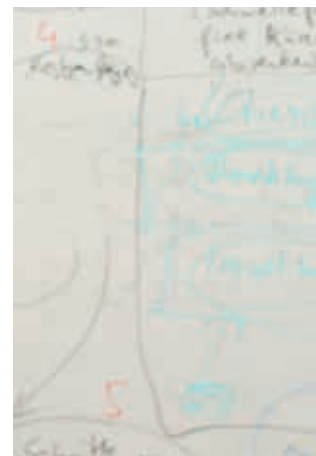
¹ Personnel capacity denotes the equivalent number of full-time employees (Full-time equivalent = FTE).

About us. An overview

New projects call for new, qualified personnel, and this will remain the case in the future. Corresponding steps were taken in 2012 to further expand the IVU team. Good specialist engineers and mathematicians are not easy to find. Therefore the increase in the personnel capacity by 2 % to 301 FTE [2011: 295 FTE] is an indication of the success of the recruiting measures. As of 31 December 2012, IVU employed a total of 365 employees [2011: 345] – including part-time employees and student co-workers.

Personnel expenditure in the financial year covered by the report increased by 9.2% over the previous year to € 21.4 million [2011: € 19.6 million]. This relatively large increase in comparison with the personnel capacity is due to a one-off bonus payment to personnel in the first quarter of the financial year covered by the report, the steady expansion of the IVU team, and rising basic salaries.

Since the success of projects stands or falls with the qualifications of the personnel, IVU is particularly proud that 83 % of the employees are graduates. High qualification levels and identification with the specialist topics and corporate values will remain our guiding principle for team building in future years.



In view of the increasing international nature of the projects, great importance is also attached to the diversity of personnel. Employees from 16 nations form the IVU team and this ensures that the company is well-equipped to face the international challenges of the future. The strength of the IVU team is demonstrated once more in 2012 by the gross profit per employee, which was k€ 106, following on from the good result in the previous year [2011: k€ 103].

Personnel recruitment has also been influenced by the further development of IVU.rail. In the financial year covered by the report, more transport engineers were recruited with a specific railway background. They will help to transfer the requirements of rail transport into the software development, and to link the two worlds with one another.

Appropriate topics were chosen for the qualitative improvement of the IVU team in 2012. For example, four railway training courses were organised in cooperation with the Technical University of Berlin [TU] which were attended by a total of 46 IVU co-workers. At the university's Railway Operation and Testing Field, the participants were able to gain practical experience in the basic principles of railway operations, and this

new perspective raised the awareness of the IVU engineers for the specific requirements of their rail customers. In addition, the further development of the IVU team was promoted by specialist seminars, developer workshops, conferences, and language courses. A total of 140 co-workers made use of the various continuous training opportunities in 2012.

The quantitative and qualitative upgrading of the team remains an important strategic goal for IVU. This is made easier by the fact that the co-workers and also job applicants appreciate the open and trusting corporate culture. A broad range for creativity and the promotion of personal initiative are characteristics of the working atmosphere at IVU and this enhances the positive reputation of the company.



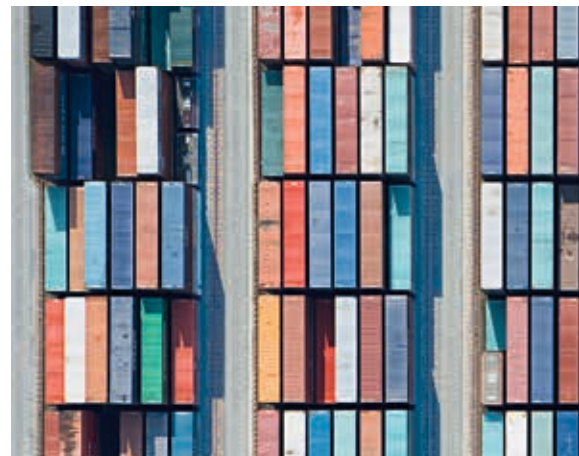
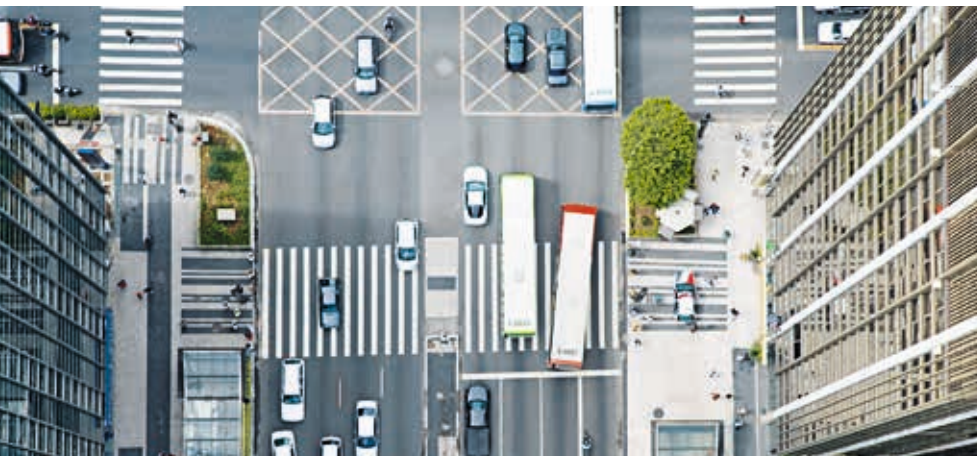
Results, assets and financial situation

With an increase of 11% in revenue to € 44.4 million [2011: € 39.9 million] IVU concluded the financial year 2012 with a very good result. The gross profit was also correspondingly positive. At € 31.8 million it was some 5% higher than in the previous year [2011: € 30.4 million] and this confirms the continuing good profitability of the company. The slightly smaller increase in the gross profit in comparison with revenue is due to the increased expenditure on hardware required for the RBL and ticketing projects. EBIT increased by 15% to k€ 3,381 [2011: k€ 2,943]. In a year-on-year comparison the performance of IVU has thus improved considerably.

Internationalisation

New international projects provided higher export revenues in 2012 than in the previous year. With 47% of revenues from export business and 53% from the German market, the two are now almost in balance again. This shows the progress IVU is making in its long-term internationalisation strategy. Stimulated by the growing success of IVU's standard solutions on international markets, foreign revenue increased further to € 20.7 million in 2012 [2011: € 15.7 million]. However, further new developments will also be realised in future on the domestic market, which remains strong and is a guarantee for the high quality of the IVU products. For example, the RBL-light pilot project in Stuttgart, which has now been settled, offered an opportunity to implement and test an important product development which opens up new market opportunities in rural areas. The revenue on the German market for the financial year totalled € 23.7 million [2011: € 24.2 million].

The orders acquired in 2012 from Vietnam and Budapest will only have an effect on revenues in the following year. A further increase in foreign revenues is therefore to be expected in 2013.



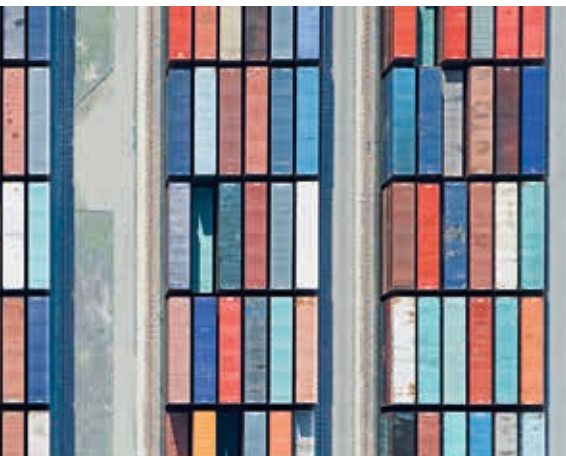
There is a need for intelligent transport systems all over the world. Cities are growing with a dynamic which can hardly be controlled, and this rapidly leads to bottlenecks in infrastructure which is anyway often outdated. In accordance with its claim 'Systems for vibrant cities', IVU therefore continues to concentrate on providing solution for the logistical problems of growing metropolitan centres. Efforts remain focussed on the Asia-Pacific area and South America, where there is the greatest foreseeable long-term need for sustainable mobility solutions. Urbanisation in Asia will increase by a further 14 % by 2030, and in South America by 7 %. Good reference projects have already been established with the Vietnamese state railway and the model project in Colombian city of Cali. This course will be continued in 2013.

Costs and amortisation

Personnel expenditure in the financial year covered by the report increased by 9.2 % over the previous year to € 21.4 million [2011: € 19.6 million]. This relatively large increase in comparison with the personnel capacity is due to a one-off bonus payment to personnel in the first quarter of the financial year covered by the report, the steady expansion of the IVU team, and rising basic salaries.

In order to be able to develop state-of-the-art technologies, the in-house infrastructure must be kept up to date. Therefore expenditure was necessary once again in 2012 for the modernisation of the in-house IT infrastructure [hardware and software]. The depreciation of non-current assets in 2012 was € 1.0 million, the same level as in the previous year [2011: € 1.0 million].

Due to good travel management there was no increase in travel and acquisition costs, despite increased marketing activities and newly acquired international projects. Other operational expenses at € 6.0 million were some 12 % below the value of the previous year [2011: € 6.8 million].



Results, assets and the financial situation

EBIT increased by 15 %

The new orders in the profitable foreign markets were reflected in earnings before interest and taxes [EBIT] in 2012. This increased by 15 % to k€ 3,381 [2011: k€ 2,943]. The profitability of the company is also good, with an EBIT margin of 7.6 %. The internal process management continues to be successful. Appropriate cost management, thorough quality management in accordance with ISO 9001, and intelligent product development coupled with high system quality will continue to guarantee the good productivity of the company for the future.

Asset situation continues to show positive development

At 60 %, the equity ratio [i.e. the ratio of the company equity to the balance sheet total] is slightly lower than in the previous year [2011: 61 %]. This is due to the marked increased level of receivables in 2012. Nevertheless the equity ratio in the financial year covered by the report was still clearly above the market average and this indicates the good performance of IVU and the stable asset situation. Equity in the financial year covered by the report increased by € 3.7 million to € 29.6 million [2011: € 25.9 million].

Liquidity

The positive development of the asset situation is also reflected in the liquidity. As of 31 December 2012, the amount held in cash was € 5.2 million, which is € 4.5 million higher than in the previous year [2011: € 0.7 million]. The creditworthiness of IVU is good and is assessed positively by contract awarders. 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, together with cash from recoverable account receivables and a comfortable line of credit also ensure continued good liquidity in the current financial year.

As a result of an improvement in the working capital following an increased number of invoices for projects in the financial year in combination with an increased level of down payments, the development of the operative cash flow in the financial year covered by the report was correspondingly positive. At € 5.4 million it is some € 4.7 million higher than in the previous financial year [2011: € 0.7 million]. In 2013, 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

As of 28 February 2013, the order-book situation for 2013, defined in terms of contracts signed, amounted to some € 34 million. Firm commitments to place orders had a volume of € 0.8 million. In addition there are offers under consideration and on-going negotiations which are conservatively valued at € 4.6 million. The means that the planned goals for 2013 are already covered to a considerable extent by the order books.

2012 in brief

The continued sound growth of IVU AG is confirmed by the performance figures for the financial year 2012. Both the revenue of € 44.4 million [2011: € 39.9 million] and the gross profit of € 31.8 million [previous year: € 30.4 million] exceeded the targets for the financial year covered by the report. There was a corresponding increase in EBIT of 15% to k€ 3,381. The development of all performance figures has been positive throughout the past five years. The core Public Transport market remained the main segment of IVU AG, with a revenue of € 39.3 million [2011: € 34.3 million]. The Logistics Sector contributed in the financial year covered by the report with revenue of € 5.1 million [2011: € 5.6 million].

Domestic and export business were almost balanced in 2012. The new successes on profitable international markets is also reflected in the positive development of the gross profit margin, which increased to 9.6% in the financial year covered by the report [2011: 9.1%]. The domestic market remains strong and is an important factor for the successful product development of IVU. The complex structures and the relatively high demands of German and European public transport in an international comparison, continue to guarantee the on-going product development in accordance with high technical standards. The necessary expenditure for research and development and for the expansion of in-house infrastructure in 2012 was once again financed from funds generated by the company. At no time was the financial potential of the company overstretched. IVU continues to show sustainable growth – qualitatively and quantitatively.

Prospects

The mood of the market is good and the outlook for the sector is correspondingly promising. As a result of the continuous urbanisation and the demographic transition, large investments are being made again in mobility and intelligent and sustainable solutions are sought. The improvement and modernisation of out-dated infrastructure will continue to occupy the world's major cities in the coming years. With the successful project implementation in London, IVU was able to further enhance its reputation in this market. The British capital is a global city both in terms of its size and its international profile, and the high level of popularity is having a clear positive effect on international project acquisitions.

IVU continues to compete in the rail transport sector. IVU.rail has become a mature standard product for the rail sector which is equally suitable for main-line, regional and freight services. The rail solution of IVU has proved its value in various projects. The Vietnam Railways is now the seventh state railway to implement IVU systems for the control and optimisation of its daily operations. The performance of the solution and the good market reputation have created a definite competitive advantage for IVU.

The prospects for 2013 are correspondingly good. Annual revenue of approximately € 45 million is expected, with an increase in gross profit to € 33 million. A continuation of the positive business trend and healthy growth is also expected for 2014.

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, liquidity is planned on a rolling basis, and the development of the available liquidity is monitored daily.

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 and to comply with deadlines and quality standards.

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 on the market 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 personnel with expertise.

Delays in payment and possibly even defaults are a potential 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 2012 there have been no events of significance which have affected the situation regarding earnings, finances or assets.

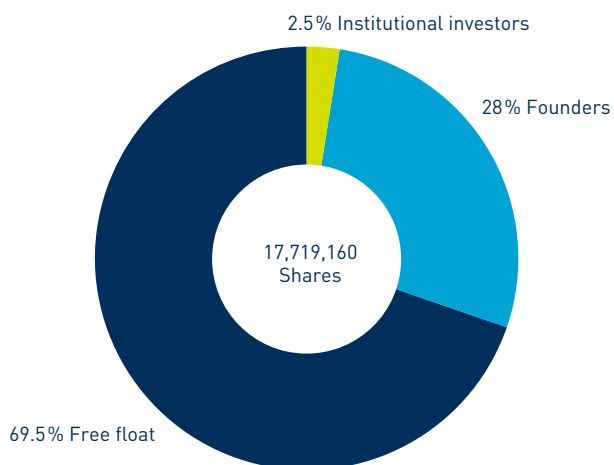
IVU shares

IVU share price in comparison with the TecDAX index



Shareholder structure

As of December 2012



Shares held by Board members as of 31.12.2012

	No. of shares
Executive Board	
Martin Müller-Elschner	91,800
Dr Helmut Bergstein	30,000
Frank Kochanski	20,000
TOTAL, EXECUTIVE BOARD	141,800
Supervisory Board	
Prof. Dr Herbert Sonntag	1,166,000
Klaus-Gerd Kleversaat	262,590
TOTAL, SUPERVISORY BOARD	1,428,590
TOTAL, BOARD MEMBERS	1,570,390

Obligation to report

In the financial year 2012, Martin Müller-Elschner, Chair of the Executive Board acquired 16,800 IVU shares. He now holds 91,800 IVU shares. Dr Helmut Bergstein, Member of the Executive Board, acquired 15,000 IVU shares in the period covered by the report and now holds 30,000 IVU shares. Klaus-Gerd Kleversaat, Member of the Supervisory Board acquired 3,590 IVU shares in the period covered by the report and now holds 262,590 IVU shares.

Consolidated financial statement

Consolidated profit and loss account in accordance with IFRS for the financial year 2012

	2012 k€	2011 k€
REVENUES	44,440	39,890
Other operating revenues	520	830
Material costs	-13,157	-10,303
GROSS PROFIT	31,803	30,417
Personnel expenses	-21,419	-19,632
Depreciation of non-current assets	-955	-1,050
Other operating expenses	-6,048	-6,792
EBIT	3,381	2,943
Financial income	14	18
Financial expenses	-344	-189
EARNING BEFORE TAXES (EBT)	3,051	2,772
Taxes on income and earnings	538	-366
GROUP ANNUAL PROFIT	3,589	2,406
	€	€
Earnings per share (undiluted and diluted)	0.20	0.14
Average number of shares in circulation (in thousands)	17,719	17,719

Consolidated cash flow statement in accordance with IFRS for the financial year 2012

	2012 k€	2011 k€
1. BUSINESS ACTIVITIES		
Consolidated earnings before income and taxes of the period	3,051	2,772
Depreciation of tangible assets	955	1,050
Changes to provisions	332	427
Earnings from interest	330	171
Other non-cash income and expenses	62	7
Earnings from disposal of plant, property and equipment	0	-2
	4,730	4,425
Change of items of current assets and current borrowed funds		
Inventories	-628	-171
Receivables and other assets	-2,219	-1,511
Liabilities (without provisions)	4,090	-1,716
	5,973	1,027
Interest payments	-344	-167
Tax payments on revenues	-237	-201
Cash flow from current business activities	5,392	659
2. INVESTMENT ACTIVITIES		
Payments for investments in property, plant and equipment	-807	-1,022
Cash inflow from the disposal of assets	0	5
Interest received	14	18
Cash flow from investment activities	-793	-999
3. FINANCING ACTIVITIES		
Repayment of liabilities from sale & leaseback transactions	-9	-9
Cash receipts from the acceptance of current financial liabilities	0	6
Cash repayments for repayment of current financial liabilities	-6	0
Cash flow from financing activities	-15	-3
4. LIQUID FUNDS		
Effective change in liquid funds	4,584	-343
Liquid funds at the beginning of the period	652	995
Liquid funds at the end of the period	5,236	652

¹ The presentation of payments for investments in PPE for 2012 and 2011 differs from the additions to the fixed assets given in the developments of assets. The difference results from the acquisition of property, plant and equipment under finance leasing arrangements, so that here only the repayments of the relevant liabilities are shown as payments for investments in PPE. Please refer to Annex 5, Point C. 1.

² The company has entered into Sale & Leaseback transactions with subsequent financial leasing for reasons of finance. Therefore the transaction is presented as a financing activity. Please refer to the statements in Annex 5, Point C. 1.

+ = cash inflow
- = cash outflow

Consolidated balance sheet in accordance with IFRS as of 31 December 2012

ASSETS	31.12.2012 k€	31.12.2011 k€
A. CURRENT ASSETS	34,932	27,501
1. Liquid funds	5,236	652
2. Trade receivables	16,010	13,357
3. Current receivables from construction contracts	7,996	9,810
4. Inventories	2,051	1,423
5. Other current assets	3,639	2,259
B. NON-CURRENT ASSETS	14,626	15,183
1. Fixed assets	1,722	1,378
2. Intangible assets	11,805	11,829
3. Deferred tax assets	1,099	1,976
ASSETS	49,558	42,684

LIABILITIES	31.12.2012 k€	31.12.2011 k€
A. CURRENT LIABILITIES	16,297	11,128
1. Current loans and liabilities	0	6
2. Trade payables	3,246	3,420
3. Obligations arising from construction contracts	5,481	925
4. Provisions	1,159	952
5. Tax provisions	546	0
6. Other current liabilities	5,865	5,825
B. NON-CURRENT LIABILITIES	3,676	5,609
1. Deferred tax liabilities	0	2,185
2. Pension provisions	3,150	3,025
3. Others	526	399
C. EQUITY	29,585	25,947
1. Subscribed capital	17,719	17,719
2. Capital reserves	46,456	46,456
3. Balance sheet loss	-34,690	-38,279
4. Currency translation	100	51
LIABILITIES	49,558	42,684

Consolidated group assets in accordance with IFRS as of 31 December 2012

	As of 1.1.2012 k€	Additions k€	Transfer k€	Disposals k€	As of 31.12. 2012 k€
Historical costs of purchase / costs of conversion					
A. Intangible assets					
1. Commercial copyrights, licenses, software	5,924	259	0	0	6,183
2. Goodwill	14,626	0	0	0	14,626
3. Other recognisable intangible assets	15,505	0	0	0	15,505
	36,055	259	0	0	36,314
B. Fixed assets					
1. Technical plant and machinery	2,681	74	124	49	2,830
2. Other equipment, factory and office equipment	5,854	939	31	147	6,677
3. Advanced payments and assets under construction	156	3	-155	0	4
	8,691	1,016	0	196	9,511
TOTAL	44,746	1,275	0	196	45,825
Depreciation					
	As of 1.1.2012 k€	Additions k€		Disposals k€	As of 31.12. 2012 k€
A. Intangible assets					
1. Commercial copyrights, licenses, software	5,444	283		0	5,727
2. Goodwill	3,277	0		0	3,277
3. Other recognisable intangible assets	15,505	0		0	15,505
	24,226	283		0	24,509
B. Fixed assets					
1. Technical plant and machinery	2,415	57		49	2,423
2. Other equipment, factory and office equipment	4,898	615		147	5,366
3. Advanced payments and assets under construction	0	0		0	0
	7,313	672		196	7,789
TOTAL	31,539	955		196	32,298
Residual value					
	As of 31.12.2012 k€				As of 31.12.2011 k€
A. Intangible assets					
1. Commercial copyrights, licenses, software	456				480
2. Goodwill	11,349				11,349
3. Other recognisable intangible assets	0				0
	11,805				11,829
B. Fixed assets					
1. Technical plant and machinery	407				266
2. Other equipment, factory and office equipment	1,311				956
3. Advanced payments and assets under construction	4				156
	1,722				1,378
TOTAL	13,527				13,207

Consolidated companies

	Shareholding %
IVU – Gesellschaft für Informatik, Verkehrs- und Umweltplanung mbH, Berlin ['IVU GmbH']	100
IVU Traffic Technologies Italia s.r.l. Rome, Italy ['IVU Italia']	100
IVU Traffic Technologies UK Ltd. Birmingham, Great Britain ['IVU UK']	100
IVU Traffic Technologies Benelux B.V. Veenendaal, Netherlands ['IVU Benelux']	100
IVU Chile LTDA., Santiago de Chile, Chile ['IVU Chile']	100

Group equity change account in accordance with IFRS for the financial years 2011 and 2012

	Subscribed capital T€	Capital reserves T€	Foreign exchange rate changes T€	Balance sheet loss T€	Total T€
As of 1.1.2011	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 31.12.2011	17,719	46,456	51	-38,279	25,947
As of 1.1.2012	17,719	46,456	51	-38,279	25,947
Consolidated profit 2012	0	0	0	3,589	3,589
Other earnings after taxes	0	0	49	0	49
Total consolidated earnings after taxes	0	0	49	3,589	3,638
AS OF 31.12.2012	17,719	46,456	100	-34,690	29,585

Unabridged Notes to the 2012 Consolidated Financial Statement

This annual report, which is intentionally clear and concise, contains all important details about the company's position and outlook. As in previous years we have not produced a print version of the 40-page Unabridged Notes to the Consolidated Financial Statement. This can be downloaded from our Website: **www.ivu.com**. A copy is available on request.

Auditors' certificate

The complete annual financial statement and the management report for IVU Traffic Technologies AG for the financial year 2012 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 2013

Report of the Supervisory Board

Dear Shareholders,

In the financial year 2012 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.

Meetings

Four scheduled meetings were held in 2012, on 19 March, 29 May, 22 August, and on 21 November 2012.

The Supervisory Board did not form any sub-committees and all matters put before it were decided on jointly.

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.

Important points in the meetings were:

- Scrutiny and approval of the planning for the financial year 2012
- 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

Corporate Governance

Corporate responsibility and sustainable value creation are of outstanding importance for IVU Traffic Technologies AG. In the financial year 2012, 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 20 March 2013, 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 2012 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 position 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.de).

Berlin, March 2013



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

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
- Chair of Advisory Board of Haftpflichtgemeinschaft Deutscher Nahverkehrs- und Versorgungsunternehmen [HDN], Bochum
- Supervisory Board member of Einkaufs- und Wirtschaftsgesellschaft für Verkehrsunternehmen beka GmbH, Cologne
- Administrative Board member KKH, Hanover

Prof. Dr Herbert Sonntag, Berlin

- Professor for Transport Logistics and Head of Transport Logistics Research Group at TH Wildau
- Chair of Logistiknetz Berlin Brandenburg e.V., Berlin-Potsdam
- Board member of Allianz pro Schiene e.V., Berlin

The emoluments for the Supervisory Board in the financial year 2012 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 2012, the members of the Executive Board received emoluments amounting to k€ 819 [2011: k€ 772]. 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 % [2011: 25 %] of the total emoluments.

Advisory Board

Dr Heinrich Ganseforth, Hanover (Chair)

- Managing Director, Strategy & Marketing Institute GmbH, Hannover

Prof. Dr Manfred Boltze, Darmstadt

- Head of the Section for Traffic Planning and Transport Engineering at the Technical University of Darmstadt

Prof. Dr Adolf Müller-Hellmann

- Director of VDV-Förderkreis e.V.
- Honorary Professor at ISEA – Institute for Power Electronics and Electrical Drives at Rheinisch-Westfälische Technische Hochschule (RWTH)

Volker Sparmann, Hofheim am Taunus

- Mobility Officer of the Hesse Ministry of Economics, Transport, and Spatial Development – Chair of House of Logistics and Mobility [HOLM] e.V.



Financial calendar 2013

Wednesday, 20 March 2013

Publication of the annual financial statement 2012

Monday, 3 June 2013

Three-monthly report up to 31.3.

Tuesday, 4 June 2013

General meeting

Wednesday, 21 August 2013

Six-monthly report up to 30.6.

Wednesday, 20 November 2013

Nine-monthly report up to 30.9.

Imprint

Publisher

IVU Traffic Technologies AG

The 2012 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 2012**

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 2012 and the Group management report for the financial year 2012 on 13 March 2013, 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 20 March 2013.
- (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 355 in 2012, compared with 342 in 2011.
- (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 the locations Berlin, Aachen, Birmingham (Great Britain), Bogotá (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 2012 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. It has 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 required to be applied in financial periods beginning on or after 01 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 amendments are required to be applied in financial periods beginning on or after 1 January 2013. We assume that the amended standard will affect the presentation of the Group's net assets, financial position and results of operations. As a result of the exclusive recognition of actuarial gains and losses in other income/loss, we expect that the future consolidated financial statement through to 31 December 2013 will show an increase in the balance sheet plan assets and higher other income/loss. If the new standard has already been applied through to 31 December 2012, this would have results in an increase in pension provisions of some k€ 875 and a decrease of approx. k€ 715 in other income/loss (before income tax effects).
- (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 differ from 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) *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 2012 was k€ 13,527 (previous year: k€ 13,207).
- (20) *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 2012 amounted to k€ 4,233 (previous year: k€ 2,669).
- (21) *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 2012, the delimited deferred tax assets on losses carried forward amounted to k€ 1,751 (2011: k€ 1,593) and the unused tax losses not set against deferred tax assets was € 41.3 million (2011: € 44.9 million). The deferred tax assets relating to temporary differences in accounting amounted to k€ 1.099 as of 31 December 2012 (2011: k€ 1,976), while the tax liabilities amounted to k€ 0 (2011: k€ 2,185). Further details are provided in Annex C.12.
- (22) *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 2012 amounted to k€ 3,150 (2011: k€ 3,025). Further details are provided in Annex C.8.

Principles of consolidation

a) Subsidiary companies

- (23) The financial statements of the Group cover IVU AG and the companies controlled by it. This control is presumed to exist when IVU AG (the parent) 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.
- (24) 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.
- (25) 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.

- (26) 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.

	Holding %
IVU - Gesellschaft für Informatik, Verkehrs- und Umweltplanung mbH, Berlin ('IVU GmbH')	100.0
IVU Traffic Technologies Italia s.r.l., Rome, Italy ('IVU Italia')	100.0
IVU Traffic Technologies UK Ltd., Birmingham, Great Britain ('IVU UK')	100.0
IVU Benelux B.V., Veenendaal, Netherlands ('IVU Benelux')	100.0
IVU Chile LTDA., Santiago de Chile, Chile ('IVU Chile')	100.0

- (27) In the financial year 2012 there were no changes relating to the fully-consolidated companies.

b) Consolidation measures and uniform Group measurement

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

- (30) The financial statements of IVU AG are reported in euro, 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 = 0.818, previous year 0.838). Income and expense items are translated at the weighted average exchange rate for the financial year (EUR/GBP = 0.818, previous year: 0.868). Exchange differences arising from the translation are recognised as a separate element of the equity.

The operating currency of the foreign subsidiary 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 = 0.0016). Income and expense items are translated at the weighted average exchange rate for the financial year (EUR/CLP = 0.0016). Exchange differences arising from the translation are recognised as a separate element of the equity.

Non-current assets

a) Intangible assets

- (31) 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.

- (32) The intangible assets include:

Goodwill

- (33) Goodwill is initially measured as the excess of the aggregate of the consideration transferred and the fair value of non-controlling interest over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognised in profit or loss. After the first initial evaluation, the goodwill is carried at cost less any accumulated impairment losses. In order to test for impairment, goodwill acquired with a business combination is assigned to the cash-generating units of a Group which experience suggests will benefit from the business combination. This shall apply irrespective of whether other assets or liabilities of the acquired company are allocated to the cash-generating units. If goodwill is assigned to a cash-generating unit and a business sector of this unit is sold, then the goodwill allocated to the business sector shall be taken into account when determining the result of selling the business sector. The value of the goodwill sold shall be determined from the relative values of the sold business sector and the remaining portion of the cash-generating unit.

Commercial copyrights and licences, software

- (34) 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.
- (35) 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.
- (36) 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

- (37) 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.

- (38) No development costs were recognised in the financial years 2012 and 2011.

b) Fixed assets

- (39) 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.

- (40) 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.

- (41) 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:

- (42)
- | | |
|-----------------------------------|--|
| Hardware: | 3 years |
| Installations in rented property: | The residual duration of the tenancy agreement |
| Other office equipment: | 3 to 15 years |

- (43) 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

- (44) 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 either fair value minus the costs to sell or 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 2012 and 2011 no impairments of non-current assets were registered.

d) Financial assets

(45) 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 2012 and 31 December 2011, the IVU Group only held receivables.

- (46) 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 as well as within the framework of amortisation.
- (47) 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.
- (48) 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

- (49) 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.

Credit and liquidity risks

- (50) 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. 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.
- (51) 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.
- (52) In general, 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 2012, financial liabilities were due as follows:

	Due now	Due in up to 1 year	Due in more than 1 year	Total
	k€	k€	k€	k€
Trade payables	1,219	2,027	19	3,265
Other liabilities	0	5,865	507	6,372
	<u>1,219</u>	<u>7,892</u>	<u>526</u>	<u>9,637</u>

Due to the short-term nature of the financial liabilities, in the 2012 financial year there were no significant differences between the carrying amounts shown on the balance sheet and the undiscounted cash flows.

- (53) As of 31 December 2011, financial liabilities were due as follows:

	Due now	Due in up to 1 year	Due in 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
	<u>1,420</u>	<u>7,831</u>	<u>399</u>	<u>9,650</u>

Due to the short-term nature of the financial liabilities, in the 2012 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

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

b) Liquid assets

- (55) 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

- (56) The equity consists of the subscribed capital, the capital reserves, the accumulated profit or loss, and the reserves for currency translations.
- (57) 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.
- (58) In the reserves for currency translations, the unrealised gains and losses from currency translations are recognised.

Pension provisions

- (59) 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 regarding the market price.

Current liabilities

a) Other provisions

- (60) A provision (reserve) 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

- (61) Financial liabilities are categorised as follows:

- Financial liabilities held for trading
- Other financial liabilities

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

- (62) 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.
- (63) 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

- (64) 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.
- (65) Contingent liabilities 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

- (66) 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.

- (67) 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.
- (68) In 2012 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€ 80 and recognised these as revenues (previous year: k€ 68). These sums are recognised under other operating income.

Borrowing costs

- (69) The Group capitalises borrowing costs for all qualifying assets whose production commenced on or after 01 January 2011. In the 2012 financial year, as in the previous year, no borrowing costs arose for qualifying assets.

Research and development costs

- (70) Research and development costs in the financial year 2012 amounted to k€ 832 (2011: k€ 2,663).

Leasing

- (71) 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.
- (72) 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.
- (73) 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.
- (74) 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 written down over their useful life. However, if it is not sufficiently certain that ownership will be transferred to the Group at the end of the duration of the lease agreement,

then the leased asset is written off in full over the expected useful life or the duration of the lease agreement, whichever is shorter.

- (75) In 2012 investments amounting to k€ 468 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

- (76) 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

- (77) 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. The stage of completion is calculated on the basis of the ratio of the costs incurred to the overall 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

- (78) 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

- (79) 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

- (80) 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 D.13 under revenues for deliveries/services/work contracts.

e) Recognition of interest revenues

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

Income taxes

- (82) 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. The calculation of the sum is based on the taxation tariffs and law valid on the balance sheet date or soon to become valid.
- (83) 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.
- (84) 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.
- (85) 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.

- (86) 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. This shall be 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.
- (87) 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.
- (88) *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

- (89) For operational purposes the IVU Group is organised in two main segments:
- Public Transport
 - Logistics
- (90) 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

- (91) 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

- (92) Concerning the development of the non-current assets in the financial year ending 31 December 2012, reference is made to the Notes on the Development of intangible assets and fixed assets (property, plant and equipment).
- (93) The IVU Group carried out impairment tests on 31 December 2012 and 31 December 2011 for non-current assets. The impairment test is based on the following cash generating units and their carrying amounts for the goodwill:

	31.12.2012	31.12.2011
Cash generating unit	k€	k€
Public Transport	8,980	8,980
Logistics	2,369	2,369
	<u>11,349</u>	<u>11,349</u>

- (94) 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 (2011: 1.0 %). The Management is also planning for the detailed planning period with a growth of gross profits of 2 % - 3 %. The recognised cash flows were derived from past information and contracted orders for the financial year 2012. 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 5.88 % was used after taxes and 6.29 % before taxes (previous year: 6.03 % after taxes and 6.44 % 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 20 % lower cash flow and a discount rate of 10% after taxes. Again in this case there was no need to recognise an impairment loss.
- (95) IVU AG entered into finance leasing contracts for hardware and software in the financial year under review with a volume of k€ 520 (2011: k€ 765). The contracts have a duration of four years. The present value of the leasing liabilities at the date of the balance sheet was k€ 1,021 (2011: k€ 902).

Current assets**2 Inventories**

	2012 k€	2011 k€
Goods (valued at the lower of cost of purchase and net realisable value)	1,681	1,192
Down payments	370	231
	<u>2,051</u>	<u>1,423</u>

- (96) In the financial year, there were impairments of goods amounting to k€ 72 (2011: k€72).

3 Trade receivables

	2012 k€	2011 k€
Trade payables	16,182	13,598
Individual value adjustments	-172	-241
	<u>16,010</u>	<u>13,357</u>

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

	2012 k€	2011 k€
As of 1 January	241	970
Allocation recognised as an expense	0	29
Utilisation	- 29	-312
Dissolution recognised as earnings	- 40	-446
As of 31 December	<u>172</u>	<u>241</u>

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

	2012 k€	2011 k€
Neither overdue nor impaired	7,234	5,016
Overdue, not impaired		
< 30 days	1,536	1,518
31 – 60 days	3,152	2,471
61 – 90 days	177	514
< 90 days*	3,911	3,838
	8,776	8,341
As of 31 December	16,010	13,357

* of which paid by 28 February 2013: k€ 103, (Previous year: k€ 1,194).

4 Current receivables/liabilities from construction orders

- (99) 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.
- (100) Receivables measured in accordance with the percentage-of-completion method consist of:

	2012 k€	2011 k€
Costs arising	9,199	13,350
Profit share	4,233	2,669
Contract revenue	13,432	16,019
Advances received	- 10,917	-7,134
of which set off against contract revenue	- 5,436	-6,209
Current receivables from construction orders	7,996	9,810
Expenses from construction contracts	5,481	925

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

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

5 Other current assets

	2012 k€	2011 k€
Overnight money to secure sureties	2,506	1,817
Receivables from tax credits	831	132
Receivables from government grants and allowances	32	13
Receivables from personnel	10	21
Others	260	276
	<u>3,639</u>	<u>2,259</u>

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

6 Liquid assets

	2012 k€	2011 k€
Deposits at financial institutions	5,231	648
Cash in hand	5	4
	<u>5,236</u>	<u>652</u>

7 Equity

- (103) 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

- (104) The fully paid-in share capital entered in the Commercial Register as of the balance sheet date amounted to € 17,719,160 (2011: € 17,719,160). The share capital is divided into a total of 17,719,160 no-par shares (2011: 17,719,160).
- (105) 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 share (authorised capital 2010/I). On 31 December 2012, the authorised capital was € 0.

Non-current liabilities

8 Pension provisions

- (106) Pension provisions are formed to meet obligations (retirement and disability pensions, and surviving dependent undertaking (widows and orphans)) from accrued benefits and current payments to active and former co-workers of the IVU Group or their surviving dependents.
- (107) The level of the pension obligations (cash value of the accrued benefits) was calculated using actuarial methods on the basis of the following assumptions:

	2012	2011
	%	%
Discounting rate factor	3.40	4.95
Incomes trend	2.50	2.50
Pensions trend	2.00	2.00
Fluctuation	3.00	3.00

- (108) 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.

(109) The net pension expenses are as follows:

	2012 k€	2011 k€
Service cost	7	27
Interest cost	213	212
Anticipated revenue from plan assets	-49	-53
Period expenses	<u>171</u>	<u>186</u>

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

	2012 k€	2011 k€
Cash value of the pension obligations, 31.12	5,129	4,410
Fair value of plan assets	-1,104	-1,225
Unrecognised actuarial losses	-875	-160
Pension provisions	<u>3,150</u>	<u>3,025</u>

(111) The following overview shows the development of the pension obligations:

	2012 k€	2011 k€
Cash value of the pension obligations, 1.1	4,410	4,340
Service cost	7	27
Interest cost	213	212
Pension payments	-169	-175
Unrecognised actuarial losses	668	6
Cash value of the pension obligation, 31.12	<u>5,129</u>	<u>4,410</u>

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

	2012 k€	2011 k€
Fair value of plan assets, 1.1	1,225	1,336
Anticipated revenue from plan assets	49	53
Payments out of the plan assets	-123	-129
Unrecognised actuarial losses	-47	-35
Plan assets, 31.12	<u>1,104</u>	<u>1,225</u>

(113) 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 2007 to 2010:

	Cash value of the pension obligations k€	Fair value of plan assets k€	Revenue from the plan assets k€
2007	3,664	1,365	53
2008	3,722	1,313	54
2009	4,002	1,401	53
2010	4,340	1,336	56

(114) The anticipated revenues from the plan assets are based on the expected return of 3.4 % (2011: 4 %). In the next twelve months no payments will be made to the plan.

(115) The adaptation of the plan liabilities on the basis of experience for the reporting period amounts to k€ -231 (2011: k€ -20; 2010: k€ -34; 2009: k€ 3, 2008: k€ 19).

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

	k€
Pension payments made	
2011	175
2012	169
Anticipated pension payments	
2013	214
2014	223
2015	241
2016	246
2017	251

(117) 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€ 1,390 (2011: k€ 1,322).

Current liabilities**9 Financial liabilities**

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

	Utilisation 31.12.2012 k€	Utilisation 31.12.2011 k€	Line of credit k€
Landesbank Bank AG	0	6	1,500
Deutsche Bank AG	0	0	1,500
Monte del Paschi di Siena	0	0	150

(119) 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.

(120) The expenses for interest in the financial year 2012 amounted to k€ 344 (2011: k€ 189).

10 Provisions

(121) The provisions have developed as follows:

	As of 1 Jan. 2012 k€	Availment k€	Dissolved k€	Addition k€	As of 31 Dec. 2012 k€
Performances outstanding	952	74	202	483	1,159
	<u>952</u>	<u>74</u>	<u>202</u>	<u>483</u>	<u>1,159</u>
of which cur- rent	952				1,159

(122) 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

	2012 k€	2011 k€
Personnel-related liabilities	2,156	1,759
Liabilities from contract risks	768	1,385
Liabilities from taxes (VAT, tax on salaries and wages)	550	1,027
Liabilities from social security	10	0
Liabilities from outstanding invoices	1,336	975
Others	1,045	679
	<u>5,865</u>	<u>5,825</u>

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

12 Deferred taxes/Income taxes

(124) The German trade income tax is levied on the taxable trade income. The effective rate of trade income tax depends on the locality from which the IVU Group is operating. The average rate of trade income tax for 2012 was 14.7 % (2011: 14.3 %). The rate of corporation income tax in the financial years 2011 and 2012 was 15 %. An additional solidarity charge of 5.5 % is levied on the corporation income tax paid. Correspondingly, for the calculation of the current income taxes for the financial year 2012 the effective tax rate was 30.56 % and for the financial year 2011 the effective tax rate was 30.79 %.

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

	2012 k€	2011 k€
<u>Current tax expense /income</u>		
• Financial year	-770	-157
<u>Deferred tax income/expense</u>		
• Change to the tax losses carried forward	158	395
• Tax-deductible goodwill amortisation	-139	-148
• Changes to non-current order completion	245	-215
• Liabilities from order completion – IVU Italia	1,099	0
• Changes to intangible assets	0	39
• Changes to pension provisions	11	-263
• Changes to other assets	-64	0
• Changes to other provisions	-2	-17
	<u>1,308</u>	<u>-209</u>
Expense from income taxes	<u>538</u>	<u>-366</u>

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

	2012 k€	2011 k€
Earnings before taxes	3,051	2,772
Theoretical income tax expense (30.56 %; previous year: 30.79 %).	-932	-853
Different tax treatment of specific expenses	20	20
Use of tax loss carried forward	1,134	218
Additional capitalisation of German tax losses carried forward	158	395
Effects from tax rate differences	225	-98
Others	-67	-48
Current tax expense	<u>538</u>	<u>-366</u>

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

	2012 k€	Change k€	2011 k€
<u>Deferred tax assets</u>			
• Tax loss carried forward	1,751	158	1,593
• Pension provisions	391	11	380
• Liabilities from order completion – IVU Italia	1,099	1,099	0
• Other provisions	1	-2	3
	<u>3,242</u>	<u>1,266</u>	<u>1,976</u>
<u>Deferred tax liabilities</u>			
• Receivables from non-current construction contracts	-906	245	-1,151
• Tax-deductible goodwill amortisation	-1,173	-139	-1,034
• Other assets	-64	-64	0
	<u>-2,143</u>	<u>42</u>	<u>-2,185</u>
<u>Deferred tax liabilities, net</u>	<u>1,099</u>	<u>1,308</u>	<u>-209</u>
<u>- of which affecting the income situation</u>		1,308	
<u>- of which equity changes</u>		0	
<u>Summary</u>			
Deferred tax assets	1,099		1,976
• Deferred tax liabilities	<u>0</u>		<u>-2,185</u>

Annex 5

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

	<u>2012</u> <u>€ million</u>	<u>2011</u> <u>€ million</u>
Loss carried forward – domestic trade tax	38.5	42.3
Loss carried forward – domestic corporation income tax	43.0	46.6

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

D. Notes on the Group income statement

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

13 Sales earnings

	2012 k€	2011 k€
Deliveries/Services/Works contracts	26,391	25,636
Licences	7,008	4,892
Maintenance	11,041	9,362
	<u>44,440</u>	<u>39,890</u>

14 Other operational earnings

	2012 k€	2011 k€
Income from the reversal of write-downs	40	446
Foreign exchange gains and gains from the sale of securities	46	93
Government grants	80	68
Reimbursements	117	0
Others	237	223
	<u>520</u>	<u>830</u>

15 Material expenses

	2012 k€	2011 k€
Costs of purchased services	8,617	3,264
Costs of goods purchased	4,540	7,039
	<u>13,157</u>	<u>10,303</u>

16 Personnel expenses

	2012 k€	2011 k€
Wages and salaries	18,090	16,634
Social security payments and expenses for pensions and support	<u>3,329</u>	<u>2,998</u>
	<u>21,419</u>	<u>19,632</u>

17 Depreciation of non-current assets

	2012 k€	2011 k€
Of intangible assets	283	470
Of property, plant and equipment	<u>672</u>	<u>580</u>
	<u>955</u>	<u>1,050</u>

18 Other operating expenses

	2012 k€	2011 k€
Marketing	2,183	2,294
Operational costs	1,648	1,440
Administration	987	906
Others	<u>1,230</u>	<u>2,152</u>
	<u>6,048</u>	<u>6,792</u>

19 Earnings per share

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

	<u>2012</u>	<u>2011</u>
Period result (k€)	3,589	2,406
No. of ordinary shares as of 1 January	17,719	17,719
No. of ordinary shares as of 31 December	<u>17,719</u>	<u>17,719</u>
No. of weighted shares (x 1000)	<u>17,719</u>	<u>17,719</u>
Undiluted earnings per share (euro/share)	<u><u>0.20</u></u>	<u><u>0.14</u></u>

(131) 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 2012 and 2011 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.

F. Notes on segment reporting

(132) The IVU Group reports 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.

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

Public Transport

- (134) This segment develops software solutions for customers from transport utilities and companies (bus, train 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

- (135) For the market segments waste service 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

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

	2012 k€	2011 k€
Gross assets according to the balance sheet	49,558	42,684
- Deferred tax assets	-1,099	-1,976
Segment assets	<u>48,459</u>	<u>40,708</u>

G. Other disclosures**Other financial obligations and contingent liabilities**Rental and leasing contracts

(137) Within the framework of operating-leasing contracts, vehicles, office equipment and other equipment was leased. Leasing and maintenance costs in 2012 amounted to k€ 323 (2011: k€ 320).

(138) Within the framework of finance leasing agreements, leasing fees in 2012 amounted to k€ 0 (2011: k€ 0) for software, k€ 221 (2011: k€ 127) for hardware, and for office equipment k€ 99 (2011: k€ 187). Liabilities from finance leasing agreements are included in the trade payables item.

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

Residual period	up to 1 year k€	1 to 5 years k€	Total k€
Liabilities	460	484	944
Interest portion	46	31	77
Present value	506	515	1,021

(140) As of 31 December 2011, there were the following present values and residual periods for the liabilities for finance leasing arrangements:

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

Annex 5

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

	2012 k€	2011 k€
Residual period up to one year		
Rent payments	983	1,032
Leasing payments	613	573
Sub-total	1,596	1,605
Residual period of one to five years		
Rent payments	3,185	3,629
Leasing payments	981	790
Sub-total	4,166	4,419
Total	5,762	6,024

Guarantees of bills of exchange

(142) Various financial institutions had taken on guarantees of bills of exchange amounting to k€ 12,318 of which k€ 240 was in foreign currency. (2011: k€ 7,170, of which k€ 546 was in various foreign currencies) for IVU AG at the balance sheet date.

Personnel

(143) The average number of personnel in the IVU Group in the financial year was 355 (2011: 342 personnel). The distribution of personnel in terms of function was as follows:

	2012	2011
Production / Software development	133	128
Administration	36	34
Project work / Sales	186	180
Total	355	342

Auditing fees

(144) The fees of Ernst & Young Wirtschaftsprüfungsgesellschaft for auditing the IVU AG financial statements and the IVU consolidated financial statements for the financial year 2012 amount to k€ 95 (2011: k€ 94). In addition, tax consultancy services provided by Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft in the financial year amounted to k€ 24 (2011: k€ 22). The expense for other services amounted to k€ 45 (2011: k€ 0).

Relationships to related parties (enterprises and individuals)

- (145) 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

- (146) The associated enterprises included in the consolidated financial statements are to be regarded as related enterprises. There are no further related enterprises.
- (147) 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

- (148) 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, Berlin (Chairman)
Chairman of quirin bank AG, Berlin,
Chairman of Tradegate Wertpapierhandelsbank AG, Berlin,
Supervisory Board member of Stream Films AG, Berlin,

André Neiss, Hanover
Chair of Management Board 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
Chair of Advisory Board, Haftpflichtgemeinschaft Deutscher Nahverkehrs- und Versorgungsunternehmen (HDN), Bochum
Supervisory Board Member, Einkaufs- Wirtschaftsgesellschaft für Verkehrsunternehmen beka GmbH, Cologne
Member of the Supervisory Board, KKH, Hanover

Prof. Dr. Herbert Sonntag, Berlin

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

Professor for Transport Logistics and Head of Transport Logistics Research
Group at TH Wildau

Transactions with related individuals

(149) 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.

(150) In the financial year 2012 the Executives and Supervisory Board Members of IVU AG acquired the following shares:

Martin Müller-Elschner	16,800 shares
Dr Helmut Bergstein	15,000 shares
Klaus Gerd Kleversaat	3,590 shares

(151) In the financial year 2011, the Executives and Supervisory Board Members of IVU AG acquired the following shares:

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

Emoluments for Executive Board and Supervisory Board members

- (152) The Executive Board of IVU AG received emoluments of k€ 819 in the 2012 financial year (2011: k€ 772). These emoluments consisted of a fixed and a variable portion. In the reporting period the variable portion amounted to 25 % (2011: 25 %) of the total emoluments. The General Meeting on 25 May 2011 resolved to free the company of the obligation to publish the emoluments of individual members of the Executive Board.
- (153) Pension provisions are set aside for former office holders in the amount of k€ 2,834 (2011: k€ 2,589). In addition, pension payments were made for retired members of the Executive Board amounting to k€ 130 (2011: k€ 129).
- (154) The Supervisory Board received emoluments of k€ 37.5 in 2012 (2011: k€ 37.5).
- (155) The following shares are held by the members of the Executive Board and the Supervisory Board:

	No. of shares 31.12.2012	No. of shares 31.12.2011
<u>Executive Board</u>		
Martin Müller-Elschner (CEO)	91,800	75,000
Frank Kochanski	20,000	20,000
Dr Helmut Bergstein	30,000	15,000
<u>Supervisory Board</u>		
Klaus-Gerd Kleversaat	262,590	259,000
Prof Herbert Sonntag	1,166,000	1,166,000

Note on the German “Corporate Governance Code”

- (156) The declaration of compliance was made by the Executive Board and the Supervisory Board on 13 January 2012 and is permanently available to shareholders on the website of IVU AG (www.ivu.de) under the menu item Investor Relations.

Berlin, 13 March 2013

Frank Kochanski

Martin Müller-Elschner

Dr Helmut Bergstein

IVU Traffic Technologies AG, Berlin
Development of intangible assets and fixed assets 2011 (IFRS)

Assets analysis

Historical costs of purchases/Costs of conversion

Write-offs

Residual value

	as of 01.01.2011 k€	Addition k€	Disposals k€	as of 31.12.2011 k€	as of 01.01.2011 k€	Addition k€	Disposals k€	as of 31.12.2011 k€	as of 31.12.2011 k€	as of 31.12.2010 k€
I. Intangible assets.										
1. Commercial copyrights and licences, software	5,291	638	5	5,924	4,979	470	5	5,444	480	312
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
	35,422	638	5	36,055	23,761	470	5	24,226	11,829	11,661
II. Fixed assets										
1. Technical plant and machinery	2,487	245	51	2,681	2,449	16	50	2,415	266	38
2. Other equipment, factory and office equipment	5,322	600	68	5,854	4,400	564	66	4,898	956	922
3. Down payments and assets under construction	0	156	0	156	0	0	0	0	156	0
	7,809	1,001	119	8,691	6,849	580	116	7,313	1,378	960
	43,231	1,639	124	44,746	30,610	1,050	121	31,539	13,207	12,621

IVU Traffic Technologies AG, Berlin
Statement of comprehensive income
for the period 1 January to 31 December 2012

Annex 2-2

	2012 k€	2011 k€
Consolidated annual profit	3,589	2,406
Foreign currency translations	49	-15
Other earnings after taxes	49	-15
Consolidated earnings after taxes	3,638	2,391

Consolidated segment reporting for the financial year 2012 (IFRS)

Operating segments in k€	Public Transport		Logistics		Central sectors		Consolidated	
	2012	2011	2012	2011	2012	2011	2012	2011
Total revenues	43,469	35,872	5,275	5,996	54	151	48,798	42,019
Revenues with transactions with other segments	-4,144	-1,598	-214	-431	0	-100	-4,358	-2,129
Revenues from external customers	39,325	34,274	5,061	5,565	54	51	44,440	39,890
Segment gross profit	26,508	25,432	4,906	5,131	389	-146	31,803	30,417
Expenses	-17,013	-17,293	-5,031	-3,808	-6,378	-6,373	-28,422	-27,474
EBIT	9,495	8,139	-125	1,323	-5,989	-6,519	3,381	2,943
Financial expenses, net			-330		-330	-171	-330	-171
Earnings before taxes							3,051	2,772
Taxes on income and earnings			538		538	-366	538	-366
Group annual profit							3,589	2,406
Note							F.136	F.136
Segment assets	40,705	33,043	5,251	6,309	2,503	1,356	48,459	40,708
Investment expenditure	929	1,240	189	290	157	109	1,275	1,639
Impairments	696	794	141	186	118	70	955	1,050
Geographic segment data in k€	Germany		Europe		Others		Consolidated	
	2012	2011	2012	2011	2012	2011	2012	2011
Revenue from business with external customers	23,712	24,199	17,913	12,857	2,815	2,834	44,440	39,890
Segment assets	41,242	36,686	7,121	4,022	96	0	48,459	40,708
Investment expenditure	1,030	1,562	245	77	0	0	1,275	1,639
Impairments	888	884	67	166	0	0	955	1,050

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, and the consolidated management report for the financial year from 1 January to 31 December 2012. 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 accounting 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 Group's position, and accurately presents the opportunities and risks of future developments.

Berlin, 15 March 2013

Ernst & Young GmbH
Wirtschaftsprüfungsgesellschaft

Canzler
Auditor

Weiss
Auditor

**Additional comments in accordance with
Section 315 Para. 2.4 and Para. 4 of the German Commercial Code**

In the financial year 2012, the Executive Board of IVU AG has received emoluments totalling k€ 819. The emoluments of the Executive Board consisted of a fixed and a variable portion. In the reporting period the variable portion amounted to approx. 25 % (2011: 25 %) of the total emoluments. The variable portion is calculated on the basis of the earnings before taxes in the IFRS financial statements.

The emoluments of the Supervisory Board do not contain a success-oriented component and consist solely of a fixed basic emolument. Not attendance fee has been agreed for meetings.

The share capital of the company totalling € 17,719,160 is divided into a total of 17,719,160 no-par shares, each with a nominal value of € 1. There is authorised capital up to € 1,000,000 until 18 May 2015.

There are no restrictions on voting rights or the transfer of shares. The Executive Board is unaware of any agreements of this nature between individual shareholders. Furthermore, no substantial agreements have been concluded which contain regulations for a change of control following a takeover offer.

In accordance with Section 7 of the company articles of association, the Supervisory Board nominates the members of the Executive Board and determines their number. Further details concerning appointment and dismissal are regulated by Sections 84 and following of the German Company Law (AktG). The Supervisory Board is entitled in accordance with Section 17 of the articles of association to make changes to the articles affecting only its own composition. Otherwise, the articles are decided on in accordance with Section 179 AktG by the General Meeting with a majority of at least three-quarters of the share capital represented.

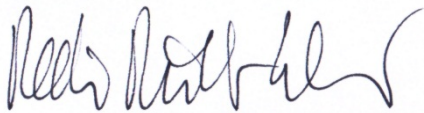
Berlin, 13 March 2013

The Executive Board

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. 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 2013



Martin Müller-Elschner



Dr Helmut Bergstein



Frank Kochanski