IVU TRAFFIC TECHNOLOGIES AG

ANNUAL REPORT 2014

OUTLOOK

HIGHLIGHTS

MANAGEMENT REPORT

Consolidated financial statements in accordance with IFRS

	2010 € million	2011 € million	2012 € million	2013 € million	2014 € million	Change 2014 to 2013 € million
Revenues	39.1	39.9	44.4	46.3	47.2	+0.9
Gross profit	29.5	30.4	31.8	34.8	37.1	+2.3
Personnel expenses	18.8	19.6	21.4	22.8	23.9	+1.1
EBIT	2.7	2.9	3.4	3.9	4.3	+0.4
EBT	2.5	2.8	3.1	3.6	4.1	+0.5
Consolidated net profit	2.4	2.4	3.6	3.8	4.4	+0.6

Key figures

	2010	2011	2012	2013	2014
Equity ratio (Equity/total assets)	58 %	61 %	60 %	55 %	56 %
EBT margin (EBT/gross profit)	8.6 %	9.1 %	9.6 %	10.3 %	11.1 %
Full-time equivalents as annual average	285	295	301	322	332
Gross profit per FTE (in € thousand)	103	103	106	108	112

Supervisory Board
Klaus-Gerd Kleversaat
(Chairman and member until 3 June 2014)
Prof Herbert Sonntag
(Chairman since 3 June 2014)
André Neiss
Uli Mayer-Johanssen (since 3 June 2014)

Executive Board
Martin Müller-Elschner (Chairman)
Dr Helmut Bergstein
Frank Kochanski (until 31 December 2014)

Contents

The complete annual financial statements and management report of IVU Traffic Technologies AG for the financial year 2014 were audited by Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft, Berlin, and provided with an unqualified audit opinion.

Letter to the shareholders

**Dear Shareholders,
Dear Friends of IVU,**

IVU can look back on yet another impressive performance during the financial year 2014. Revenues grew by 2 % to € 47.2 million, while gross profit increased as much as 7 % to € 37.1 million. This marks a continuation of the solid growth of previous years. Profit also continues to develop positively. With an increase of 13 % compared to the previous year, the operating result (EBIT) is now at € 4.3 million. The pre-tax profit (EBT) amounted to € 4.1 million, representing an increase of 15 %. The positive financial position as well as above-average equity ratio of 56 % compared with the market underline the strong position of IVU.

Over the past few years, IVU has steadily increased its international reach. A key factor behind the company's continued success in this context is the high degree of standardisation across our systems. This reduces the number of individual adaptations and allows for short project durations. With IVU.xpress, we have now developed a process that further accelerates project implementation. For many customers, this is a decisive argument when it comes to placing orders – in Europe and further afield.

A particular strength of IVU is its ability to identify trends. This has enabled us to start developing products for the e-ticketing market of the future at precisely the right time. These products have since gained global recognition. During the past year, transport companies in Israel and Colombia as well as long-standing customers in our domestic market in Germany have opted for our ticketing systems.

We aim to actively exploit the development opportunities that this market segment offers IVU. With this in mind, we have agreed a worldwide sales partnership with Scheidt & Bachmann, the leading manufacturer of fare management systems. As a result, we can now offer our customers complete solutions from a single source. Furthermore, the collaboration opens up additional sales channels in new markets for IVU. Looking to the future, we therefore anticipate further internationalisation and continued growth – the foundations have been laid.

We are confident that IVU will continue to earn your loyalty in 2015,
Yours sincerely

The Executive Board
Berlin, March 2015

Dr Helmut Bergstein Martin Müller-Elschner

Management report
Introduction

IVU and the market

Mobility has undergone a significant transition over the past few years. Above all in urban centres, young people today are frequently doing without a car and making flexible use of the various transport offerings depending on demand. Local public transport must keep pace with this trend to avoid falling behind the competition in the form of car sharing and new services such as Uber. Many transport companies are reacting to the trend towards greater flexibility and are catering to the usage behaviour of their customers. Apps deliver up-to-date information about connections and operating conditions directly to passengers' smartphones, thereby simplifying journey planning. Special e-ticketing offers also allow for spontaneous use of transportation in line with users' wishes. With its systems, IVU offers solutions for the market that are increasingly in demand with companies worldwide.

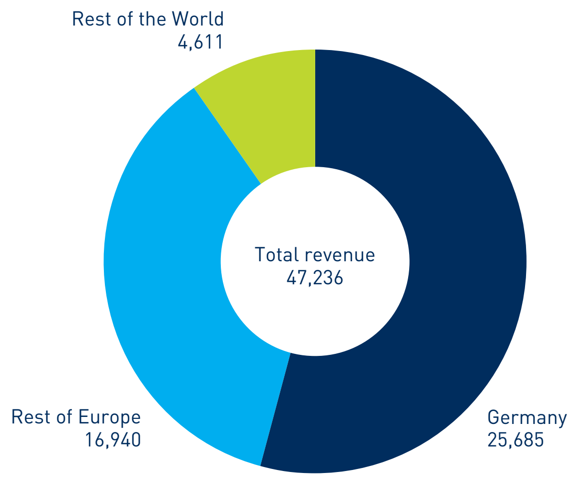
People's usage behaviour in rural areas has also changed. Here too, the importance of public transport offerings is steadily increasing. In Germany, private railway companies have recently introduced new regional rail offerings in many locations, which are attracting large numbers of passengers. IVU is successfully serving this growing market with its integrated system IVU.rail. It is specially tailored to the requirements of rail transport and helps railway companies to deploy vehicles and personnel efficiently.

The liberalisation of the intercity coach market in 2013 triggered major changes in long-distance travel in Germany. Many people have switched from other modes of transport to cost-effective buses, resulting in a sharp increase in passenger numbers. This coincides with intense competition between providers. Demand for systems that enable efficient planning and operational control is correspondingly high. IVU is successfully represented with its systems in this dynamic market. For instance, Postbus, the intercity coach subsidiary of Deutsche Post, relies entirely on IVU products.

Internationalisation

International markets are extremely important for IVU. For this reason, the international sales team was further strengthened in 2014. The sales partnership with Scheidt & Bachmann, a leading provider of ticket sales and ticket inspection systems and equipment, was another important step. This company, which is based in Mönchengladbach, has a particularly strong presence in the North American market. As part of the cooperation, IVU and Scheidt & Bachmann will participate in tenders and implement projects jointly.

In addition, Latin America and South East Asia remain key sales regions. For example, IVU is helping the major Colombian city of Ibagué to implement an e-ticketing system and an operational control centre for managing the city's fleet of over 1,000 buses. IVU is also further expanding its activities in Vietnam.



Revenues for the 2014 financial year in € thousand

After securing Vietnam Railways as a customer in 2012, IVU entered into a cooperation agreement last year with the University of Transport and Communications (UTC). The aim is to establish a training centre to provide initial and ongoing training for managers and transport companies in order to prepare them for the challenges presented by growing levels of mobility in the country.

To keep pace with the increasingly international reach of its business, IVU opened additional locations last year. The company now has a subsidiary in Tel Aviv to support project business in Israel. IVU is now also represented in North America with its offices in Chicago and Montreal.

Standardisation

The introduction of complex IT systems in transport companies frequently involves major expenditure. Based on experience gained from projects with over 500 customers, IVU has developed a process for implementing the IVU standard systems with customers quickly and easily. A clearly structured approach coupled with the ability to predict the progression of projects reduces costs and ensures that new systems can be promptly commissioned. Consequently, IVU successfully implemented the infrastructure for all fleet management requirements of BKK (Budapesti Közlekedési Központ / Centre for Budapest Transport) in just two years. The project was launched in 2012 and BKK officially opened its new operational control centre last year.

E-ticketing

The demand for modern ticketing systems is growing worldwide. Many transport companies wish to offer flexible fares that cater to the usage habits of their customers. IVU is profiting from this trend. In Israel, it is equipping 300 vehicles operated by the private bus company Superbus Ltd. with various solutions, including e-ticketing systems that comply with the international Calypso standard. In Germany, evm Verkehrs GmbH in Koblenz recently opted for the IVU system to replace its existing chip card solution. Stadtwerke Münster used IVU solutions to introduce a fare model that is unique in Germany, in which prices are linked to journey times.

Logistics

The Internet and the shift in consumer behaviour are presenting logistics providers with new challenges. Many customers want to receive goods that they order online as quickly as possible. Online supermarkets require prompt deliveries if they are to offer perishable goods. This trend is being picked up by the DHL courier service. Customers can receive their deliveries within a time window of their choosing, even on the same day if required. This service is provided using IVU.locate. We anticipate further growth in the market for these systems.

Highlights 2014
Germany
Efficiency counts

Munich. Multi-client integration system for real-time data and operations

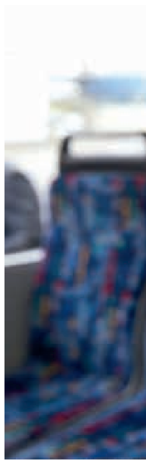
Operating on over 200 routes with some 3,600 stops and a total length of 4,300 kilometres, more than 40 independent transport companies with nearly 600 vehicles provide local public transport throughout the greater Munich region. In order to present passengers in the region with real-time data from December 2015 onwards, MVV GmbH (Münchner Verkehrs- und Tarifverbund) placed an order with IVU as part of its ISE (Integration System for Real-time Data) project following a European call for tenders. MVV GmbH attached particular importance to the multi-client capability of the non-discriminatory solution.

IVU is supplying its products IVU.fleet and IVU.fare as the main components for integrated real-time data recording and electronic fare management. During the course of the project, a number of transport companies also decided to equip their vehicles with on-board computers and the ticket printer IVU.ticket.box. All devices are prepared for e-ticketing and are therefore future-proof.

Mainz. Live information for MVG customers

As of July 2014, customers of Mainzer Verkehrsgesellschaft (MVG) can use the 'MVG Mainz' app to plan their journeys by bus and tram while on the move. This is based on the IVU.realtime.app, which is already in use at transport companies in several European countries.

In contrast to a static timetable, the IVU.realtime.app shows users live bus departure times anywhere at any time. After receiving a query, the app responds within seconds to deliver real-time data directly from the operational control centre to the smartphone. To make this service possible, the background system IVU.realtime continually monitors the position of each vehicle. Delays or other interruptions to operations are also registered. Based on this data, the system calculates the expected departure times from a stop and all the subsequent stops along that route to the nearest minute. Consequently, passengers always know when the bus is leaving – whether they are waiting at the stop, are about to leave home, or are actually on the bus.



Koblenz. Switching to modern ITCS and e-ticketing

For the users of the public transport services in and around Koblenz, 4 December 2014 was a special day – evm Verkehrs GmbH launched its new e-ticketing system, replacing the old chip cards. IVU ensured that everything got off to a smooth start. IVU cooperated closely with evm to implement a completely new ITCS (Intermodal Transport Control System) within only a few months for operational control and passenger information services together with the entire software and hardware for the electronic fare management.

More than 80 buses at evm Verkehrs GmbH and Kraftwagen-Verkehr Koblenz were equipped with IVU.ticket.box on-board computers and the IVU.validator customer terminal. In addition to receiving a ticket from the driver, customers can also select their destination themselves at one of the terminals and immediately make a cashless payment for their ticket. Passengers also benefit from the improved service quality made possible by the ITCS. The IVU.fleet control software continually receives position information from all vehicles. This means that the dispatchers are aware of the current operational situation at all times and can intervene accordingly if required.

Münster. Flexible fare management thanks to e-ticketing

The trend of using multi-modal or inter-modal trips, i. e., combining different modes of transport, can be observed in many large cities. Passengers have become more flexible and are combining public transport services with car-sharing offers or riding a bike. Stadtwerke Münster (SWMS) is catering to these shifting usage patterns with intelligent and flexible fares.

To make this a reality, SWMS has relied on IVU's comprehensive e-ticketing solution and implemented a fare structure that is unique in Germany. Thanks to the best-price calculation system, occasional riders pay only the most cost-effective fare in accordance with their usage behaviour. The IVU.fare background system maps out the necessary fare rules in detail. IVU.ticket guarantees that usage data and personal data are stored separately on the chip card in an encrypted format. This prevents misuse in the event of the loss or theft of the card.

Highlights 2014
International
Integrated systems are in demand

Belgium. Fleet management and real-time information for 'Kusttram'

Flemish transport operator De Lijn is known for its 68-kilometre Coast Tram line, the longest tram line in the world. De Lijn operates a total of around 3,600 buses and 360 trams in the Flemish provinces of Antwerp, East Flanders, Flemish Brabant, Limburg, and West Flanders. In 2013, the company's services attracted some 540 million passengers in city and regional transport.

Over a period of a year, IVU is now implementing a completely new fleet management system that will be integrated into the existing planning software and into the on-board systems. IVU.fleet will manage all communications, all vehicle locations, and any disruptions as they arise. In addition, IVU.realtime will provide the real-time data for connected passenger information systems. This will keep De Lijn's customers better informed of departures and travel times across all information channels.

Hungary. Express modernisation of operational control

In an official ceremony in October 2014, Budapest's public transport authority BKK (Budapesti Közlekedési Központ) inaugurated the city's new ITCS system along with an all-new, modern operational control centre. The new operational control centre with its 32 employees was set up as part of the ambitious FUTÁR project, which aimed to thoroughly modernise public transport in Budapest and was implemented in just two years with the support of IVU.

This was made possible by IVU.xpress. The IT process contains predefined project steps, which allow the standard IVU software to be installed rapidly in heterogeneous IT environments. The modules in IVU.suite are used to manage some 2,200 buses, trams and trolley buses operating on 220 routes in the Hungarian capital. All the vehicles, including the ferries on the River Danube that form part of the city's public transport service, have been equipped with an IVU.box on-board computer that continuously transmits data to the IVU.fleet operational control system. In addition, IVU.realtime transmits live departure times to the nearest minute for all vehicles and ships to some 300 new passenger information displays throughout Budapest.

Israel. A complete solution in Hebrew

The private Israeli bus company Superbus Ltd. operates around 300 buses for its new Ha'Amakim concession at the Sea of Galilee. The IVU.suite provides IT support for all associated tasks, from timetable planning, dispatching and fleet management to ticketing, passenger information and payroll accounting.

The IVU.suite runs on a server hosted in Israel which staff at the operational control centre can access via a web client. Furthermore, all of the software is available in Hebrew, which ensures that employees who do not speak English can also use the system without difficulty. Besides IVU.suite, the twelve-year contract also includes delivery of IVU.ticket.box on-board computers for ticket sales by the driver. The devices are specially adapted to meet the requirements of the Israeli market and are fully compatible with the Calypso e-ticketing standard in use there. As a result, the IVU system now supports all leading international standards for electronic ticketing.

Colombia. E-ticketing offers greater security

A total of seven transport companies with more than 1,000 buses operate urban transport services for the 500,000 inhabitants of the Colombian city of Ibagué. To boost the profitability of its bus operations, Ibagué has now deployed the IVU e-ticketing system including planning and fleet management functions.

The city wants to use cashless e-ticketing to increase the security of its fare income. To achieve this, the IVU.validator and a turnstile are fitted at the entry doors of all buses. The vehicles no longer have tills or cash. Instead, tickets are available exclusively at dedicated ticket locations. The IVU.ticket.box is used as a sales terminal and features an electronic receipt limit to ensure that cash balances at each ticket location are not too high. The IVU.fare background system manages the cards, equipment, ticket locations, salespersons, salesperson accounts and limits. In addition, IVU.fleet acts as a central control system to ensure optimum vehicle rotation, thus enabling the fleet size to be reduced and further improving the profitability of bus operations.

Highlights 2014
Logistics
Popular solutions

Logistics. Reliable delivery

Life in big cities calls for efficient organisation. Millions of people must be supplied with everyday products: food and consumer items as well as electricity, water and gas. The city is interspersed with hidden supply and distribution networks, which guarantee that all of these products reach the inhabitants. These networks rely on extensive logistical processes. Routes for package deliveries must be planned, political elections and votes must be prepared, and pipes checked. All of this is made possible by the IVU logistics solutions.

IVU.locate. Same-day delivery

With the DHL courier service, DHL offers package deliveries within a predefined time window of choice, and even on the same day. To achieve the flexibility required for this, the company relies on IVU.locate. The system automatically imports the relevant data for the delivery and feeds it into the route calculation. It then creates a complete list of all relevant deliveries for a particular day along with the respective scheduled time windows. All processes, from the receipt of customer orders to the final planned route, are therefore fully automated. With the help of IVU.locate, DHL successfully introduced a completely new and innovative service. In this context, IVU.locate is used as a standard solution that merely requires adaptation to the relevant preparatory processes for application at hand.

IVU.elect. Seamless European elections

During the European Parliament elections in May 2014, IVU.elect once again provided electoral authorities in Germany and the Netherlands with critical support across all stages of the election process. During the preparations, the system streamlined the administration of candidates and parties, helped create lists and voting documents and simplified the registration of those entitled to vote. Election workers and polling stations could also be easily organised using the software. IVU.elect also enabled preliminary forecasts on election night as to which deputies would represent Germany in the European Parliament in the future.

IVU.workforce. Efficient planning

With around 800,000 customers and a pipe network more than 13,600 kilometres long that extends from Berlin across large areas of the state of Brandenburg as far as the states of Saxony and Saxony-Anhalt, Network Berlin-Brandenburg (NBB) is one of Germany's largest local distribution network operators. As such, it is legally obliged to carry out regular inspections of pipes, house connections, and fittings to ensure that they are functioning properly. The maintenance contracts to perform these checks are issued to a number of service providers. NBB uses IVU.workforce as a central system for dispatching orders and planning personnel deployment. It automatically generates rosters that take into account the qualifications and availability of employees. The mobile client IVU.workforce.mobile supports rapid on-site data recording and order processing.

Highlights 2014
Events
Dialogue with the industry

User forum. The public transport sector in Berlin

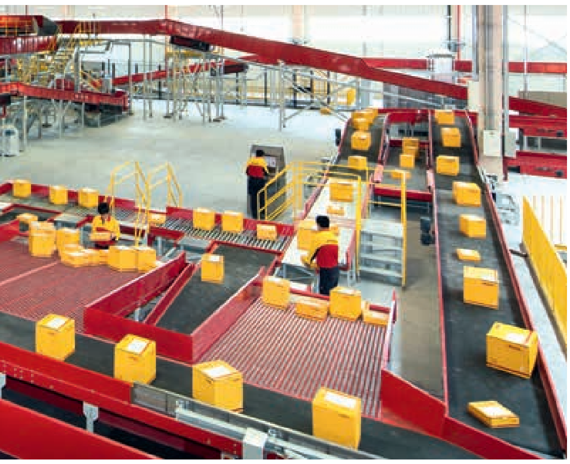
The 26th IVU user forum set a new record for the number of participants. Around 450 representatives of public transport companies from 12 countries accepted the invitation to come to Berlin. The talks given at this forum addressed topics such as e-ticketing, innovations in timetable planning, vehicle working and duty scheduling, as well as real-time apps and Google services. In the accompanying exhibition, IVU engineers demonstrated the technical innovations and IT systems that support these types of services. All of the systems could be tested and questions could be discussed in depth.

IT for Rail. International summit

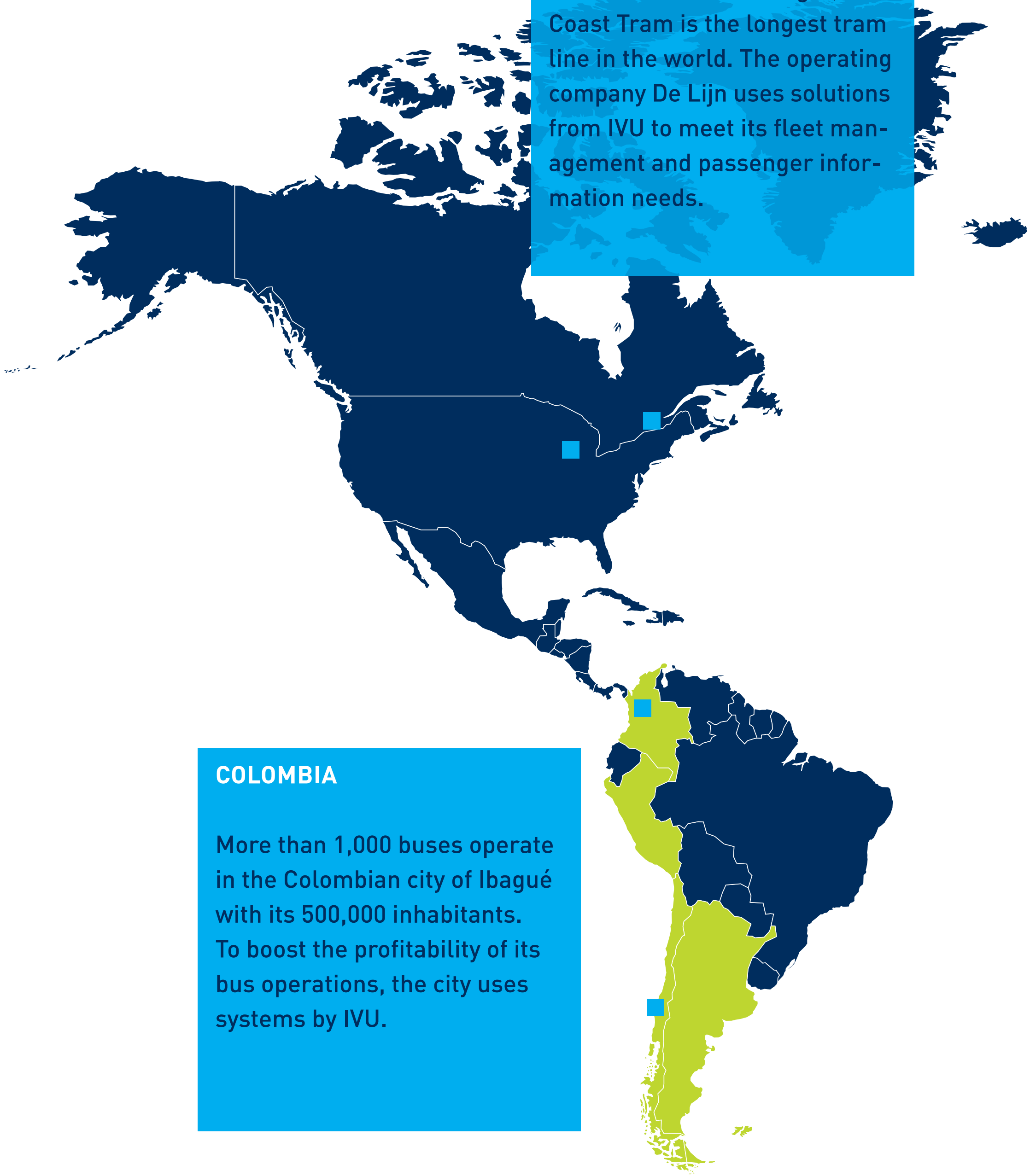
In September 2014, more than 20 executives from leading European railway companies attended the first 'IT for Rail' conference in Zurich at the invitation of IVU and SBB Cargo. Together with scientists and IVU experts, they discussed the benefits and opportunities that IT systems could offer railway companies. The focus of the two-day conference was on the topic of 'optimisation'. Drawing on internal evaluations, company representatives gave presentations which demonstrated how integrated software solutions could be used to optimise processes for the deployment of personnel and rail vehicles – cutting costs and increasing efficiency. The exclusive group of senior executives from all over Europe openly discussed the strategies adopted by their companies for the deployment of IT systems. Outside the conference room, there were also active exchanges between the participants, who made good use of the event to establish contacts and to discuss business topics in small groups.

InnoTrans. Leading transportation trade fair

Celebrating its 10th anniversary, the InnoTrans trade fair staged last September broke all records. More than 2,700 exhibitors and almost 140,000 trade visitors from over 100 countries served as yet another reminder of the importance of the trade fair held under the Berlin radio tower for the international transport sector. The 10th InnoTrans event was also the most successful trade fair for IVU since it was first staged in 1996. At the IVU stand, interested parties from transport companies worldwide informed themselves about IT solutions for bus and rail transport. In addition to representatives from companies in Germany, IVU employees welcomed visitors from regions as diverse as Vietnam, Finland, and Turkey.



More than 500 customers
In over 30 countries
With 12 locations

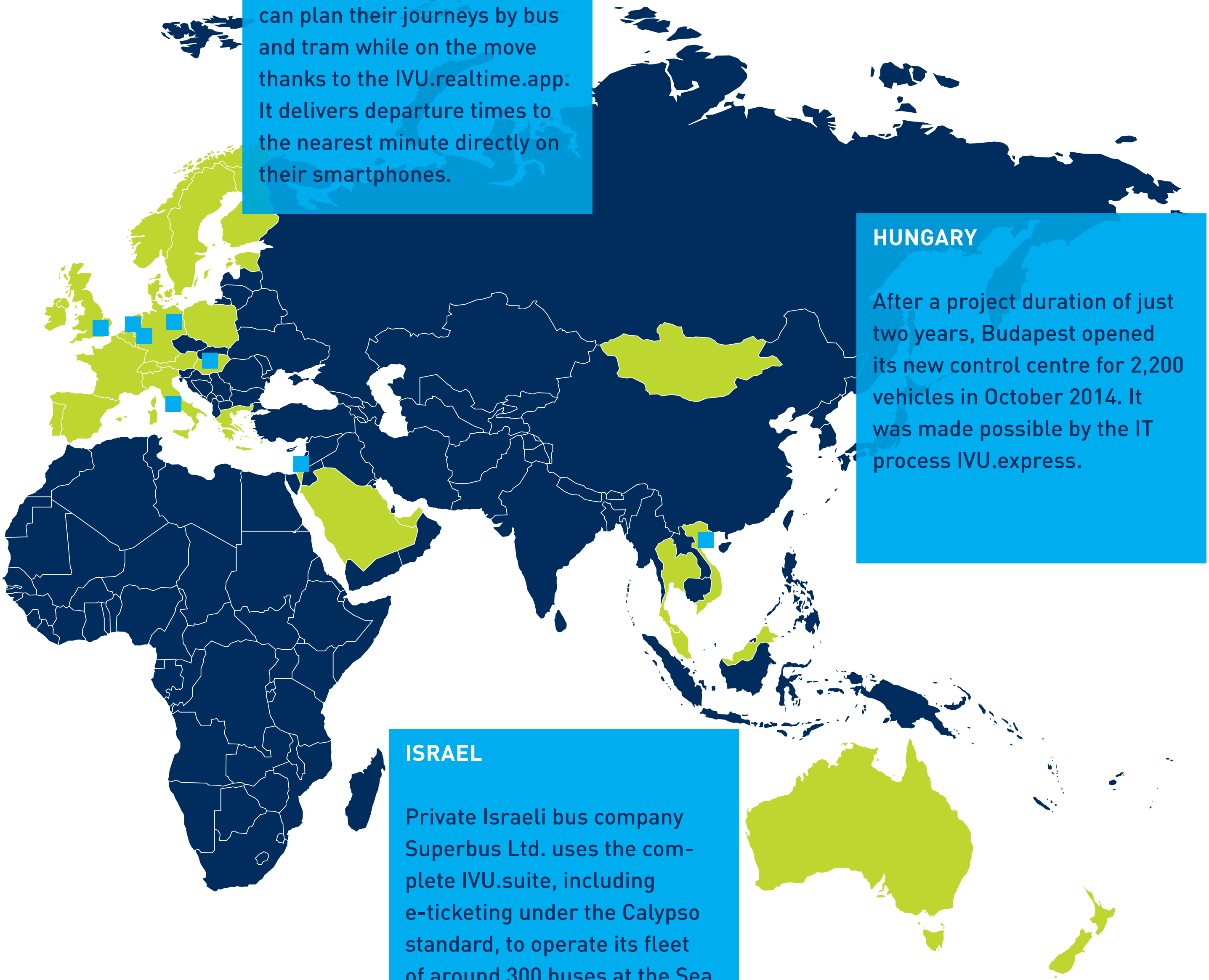


BELGIUM

At 68 kilometres in length, the Coast Tram is the longest tram line in the world. The operating company De Lijn uses solutions from IVU to meet its fleet management and passenger information needs.

COLOMBIA

More than 1,000 buses operate in the Colombian city of Ibagué with its 500,000 inhabitants. To boost the profitability of its bus operations, the city uses systems by IVU.



GERMANY

Customers of Mainzer Verkehrsgesellschaft (MVG) can plan their journeys by bus and tram while on the move thanks to the IVU.realtime.app. It delivers departure times to the nearest minute directly on their smartphones.

HUNGARY

After a project duration of just two years, Budapest opened its new control centre for 2,200 vehicles in October 2014. It was made possible by the IT process IVU.express.

ISRAEL

Private Israeli bus company Superbus Ltd. uses the complete IVU.suite, including e-ticketing under the Calypso standard, to operate its fleet of around 300 buses at the Sea of Galilee.

IVU locations

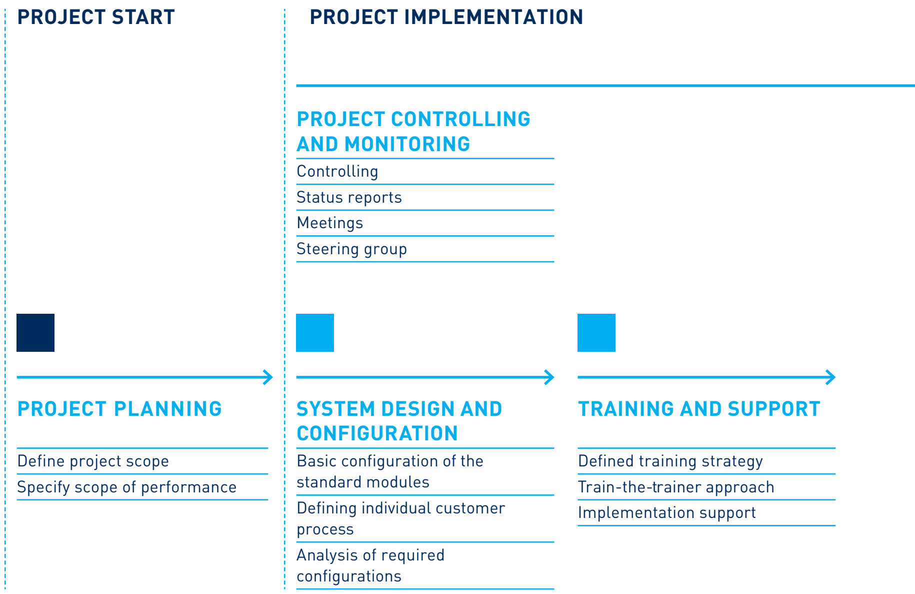
IVU references

Research and development

In the dynamic market for specialised IT systems, consistent research and development work makes an important contribution to the success of the business. In order to continue offering innovative and high-performance solutions in the future, IVU is investing continuously in product development. During the financial year 2014, expenditure on research and development amounted to € 1,102 thousand. The IVU-specific combination of highly qualified software engineers, mathematicians, and traffic experts ensures that IVU systems are prepared at an early stage for the future requirements of the market and of customers. Close cooperation with universities and research institutions also results in numerous developments that are incorporated directly into IVU products. For example, the new optimisation of run schedules in IVU.rail draws on research findings by the Zuse Institute Berlin.

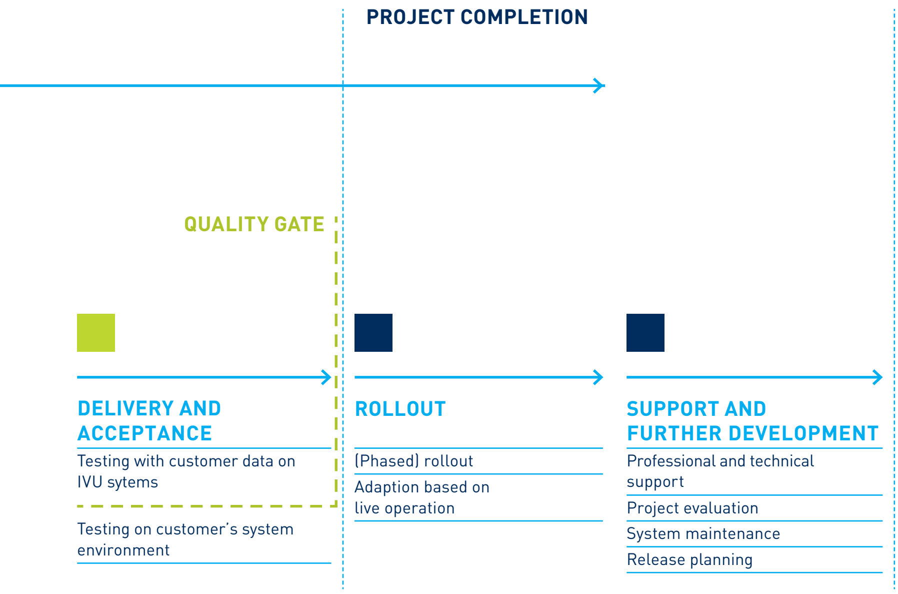
E-ticketing

A growing number of cities worldwide are turning to modern e-ticketing solutions for cashless ticket sales. For instance, transport operators in Münster in Germany and in the major Colombian city of Ibagué and, most recently, the private Israeli bus company Superbus Ltd. are using tried and tested solutions from IVU. The ticketing modules in IVU.suite are continuously developed and adapted to keep pace with the modern technology. In addition to the German VDV-KA standard, the systems now also support the international e-ticketing standard Calypso. The IVU.ticket.box on-board computer as well as the IVU.validator customer terminal can read as well as write on the contactless smart cards. IVU.ticket, the software for ticket sales, as well as the central background system IVU.fare have been adapted accordingly.



IVU.xpress

Complex IT systems have now become indispensable to the everyday operations of transport companies. However, their implementation is often tedious and can involve significant expenditure. For this reason, IVU has developed a bespoke process called IVU.xpress that allows IVU systems to be implemented quickly and efficiently. IVU customers profit from the clearly structured procedure and a predictable project progression. The process accelerates commissioning and avoids delays in rolling out the software. The software can be put into productive use from the outset and already covers all application scenarios required to ensure seamless operation. Detailed configuration options provide flexibility and minimise development expenditures.



Mobile employee information

The new IVU.crew.mobile web client significantly improves communication between personnel dispatchers and drivers. Mobile data recording keeps dispatchers up to speed on the status of and requests from personnel at all times. Employees can save information directly in the system – any time and regardless of where they are currently located. This starts with the ability to record work times on the web client, which is already optimised for mobile terminals. Additional functions, such as a holiday time account or a shift exchange for employees, streamline the entire personnel dispatching process. On the other hand, employees can use the web client to stay informed about current work times, absences and holidays – anytime and anywhere. The system announces changes in schedules with a warning message. Furthermore, dispatchers can send messages to individual employees or groups of employees.

Optimisation of rail vehicle workings

The standard IVU.suite and IVU.rail systems have also undergone numerous enhancements and detailed improvements. Since Release 14, the optimisation of run schedules makes it possible to create detailed models of maintenance facilities and their capacities. It also has the capability to distinguish between maintenance areas for different model series within a maintenance facility. IVU.rail also takes train information into account and provides for comprehensive planning of this information. Vehicles and formations can easily be selected and combined based on the required traction outputs for freight transport or the necessary passenger capacities for passenger services. In addition, the central application of the IVU.suite has been extensively revised for creating and processing timetables. IVU's engineers have completely redesigned the user interface and integrated modern operating concepts while retaining tried and tested workflows. Among other things, users can now use graphical and tabular editing views simultaneously.

Personnel

Personnel development

	2014	2013	CHANGE
Number of employees as of 31 December	409	397	+3 %
Average full-time equivalents	332	322	+3 %

About Us

The labour market for IT specialists remains challenging. Nevertheless, IVU continues to attract young highly qualified employees in sufficient numbers. The low rate of staff turnover also speaks for the working atmosphere at the company. The past year saw further increases in human resource capacity. As at 31 December 2014, IVU had a total workforce of 409 employees, including part-time employees and students (2013: 397). The number of full-time equivalents (FTE) increased accordingly by 3 % to 332 (2013: 322).

International team

The internationalisation of IVU has an impact on personnel development and is contributing to the cultural diversity within the company. The various locations are increasingly hiring local workers who are familiar with the respective market and the needs of customers. With their regional expertise, they are supporting the project employees at the locations in Germany. In addition, experienced project managers from Germany

are increasingly being posted on a temporary basis to individual offices abroad in order to support customers and projects there directly. Overall, an increasing number of our employees are travelling abroad. IVU is promoting the development of cross-cultural and linguistic expertise through employee training and language courses.

Cooperation with universities

IVU has maintained close ties with universities for many years in order to familiarise students with issues affecting public transport and to cultivate their interest in the field at an early stage. In August 2014, IVU once again organised a week-long series of lectures for young computer science students at RWTH Aachen University, providing them with insight into the IT systems that keep the wheels of the public transport sector turning. Together with Sakarya University in Turkey, the company also hosted the first 'IVU-Sakarya University Summer School', which provided Turkish students with an opportunity to spend a week in Aachen gaining hands-on experience using IVU systems. As a sponsor of the EBuEf – Eisenbahn-Betriebs- und Experimentierfeld (railway operation and experimental initiative) at the Technical University of Berlin, IVU is promoting the development and teaching of railway expertise. Based on an extensive model layout, the students learn the basic principles of rail transport and railway operation.

IVU also supports the training and further education of skilled staff. An agreement with the Vietnamese University of Transport and Communications (UTC) to set up a joint training centre for public transport has been in place since December 2014. Coinciding with the progressive modernisation of the country, there is strong demand there for highly-trained managers. With its technical expertise and experience gained from hundreds of projects completed worldwide, IVU can make an important contribution by preparing the country's transport companies for the challenges associated with rising mobility.

Earnings, finances, and assets

Growth continues

In the financial year 2014, IVU continued the upward trend of the last few years. Revenues increased by 2 % to € 47.2 million (2013: € 46.3 million). The revenue forecast for 2014 of € 48.0 million was therefore almost met.

As the cost of materials declined during the same period, gross profit climbed by 7 % to € 37.1 million (2013: € 34.8 million), exceeding the forecast for 2014 of € 36.0 million. As a result, the value added within the company was increased further.

Breakdown of revenues

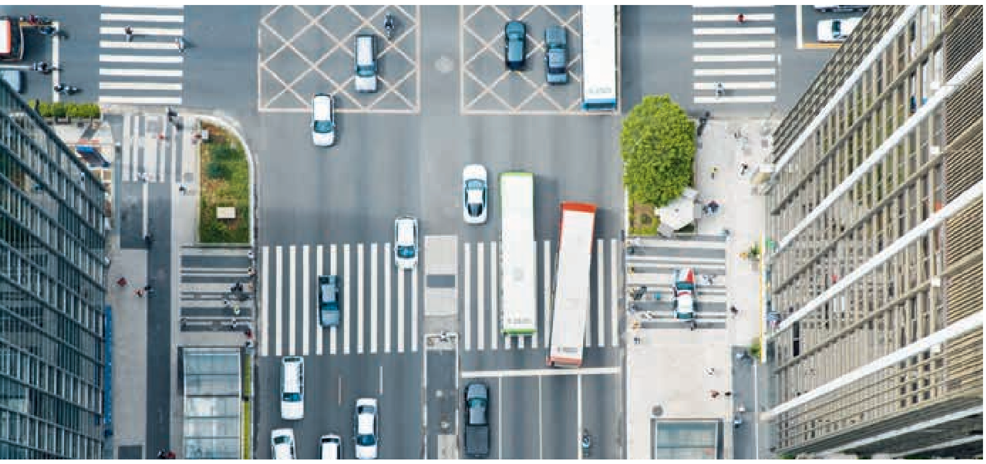
In 2014, 54 % of revenues was generated on the German market and 46 % of revenues in the export business. Revenues on the German market rose to € 25.7 million (2013: € 24.2 million), while international revenues totalled € 21.5 million (2013: € 22.1 million).

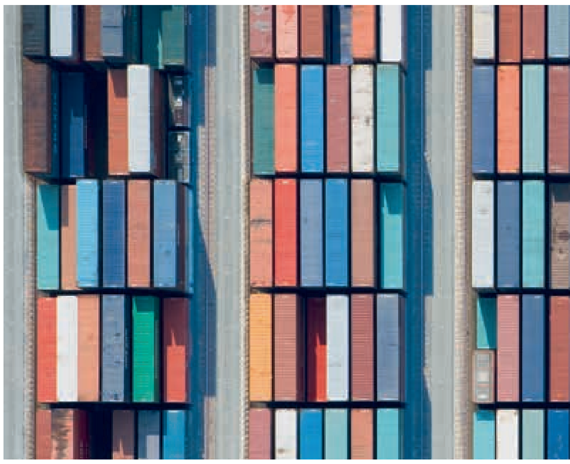
Revenues of € 41.8 million were generated on the core market of public transport in 2014 (2013: € 40.4 million). The logistics sector contributed revenues of € 5.4 million (2013: € 5.8 million).

Costs, depreciation, and amortisation

In 2014, personnel expenses increased by 5 % to € 23.9 million (2013: € 22.8 million). As anticipated, this was approximately in line with human resources capacity. In the competitive IT industry, IVU operates at a generally high salary level for well-trained specialists. The high number of recently recruited graduates, including those with PhDs, makes the appropriate increase in costs all the more pleasing.

Due to good cost management, depreciation and amortisation on non-current assets remained at the level of the previous year of € 1.0 million (2013: € 1.0 million).





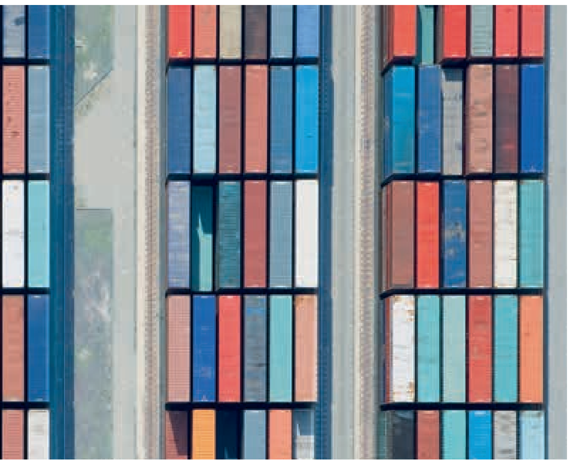
In 2014, other operating expenses increased by 10 % to € 7.9 million (2013: € 7.2 million). This was driven primarily by increased travel costs and necessary specific valuation allowances on customer receivables of € 1,143 thousand.

EBIT up 13 %

Pleasingly, growth in 2014 is also reflected in the operating result (EBIT). With an upturn of 13 % to € 4,347 thousand (2013: € 3,856 thousand), profitability at IVU improved once again. The EBIT margin (EBIT/revenues) moved up from 8.3 % to 9.2 %.

EBT surged by as much as 15 % to € 4,131 thousand (2013: € 3,591 thousand). The EBT/gross profit figure was in the double digits again. It reached 11.1 % after 10.3 % in 2013, reflecting IVU's improving performance. The high level of standardisation across IVU allows for quicker project times than is usual for the industry, thus permitting higher margins. In addition, sales successes in regions with strong margins have resulted in margins widening.

In order to guarantee high productivity in the future, IVU pays close attention to vigorous implementation of quality management in line with ISO 9001 and quality-driven product development to secure system quality for our customers.



Earnings, finances, and assets

Very good financial strength

At 56 % the equity ratio in 2014 moved up slightly in comparison to the figure from the previous year (2013: 55 %). It remains considerably above the market average. The company's net assets are stable and the overall financial strength can be assessed as very good. In the reporting year, equity increased by € 3.6 million to € 36.2 million (2013: € 32.6 million).

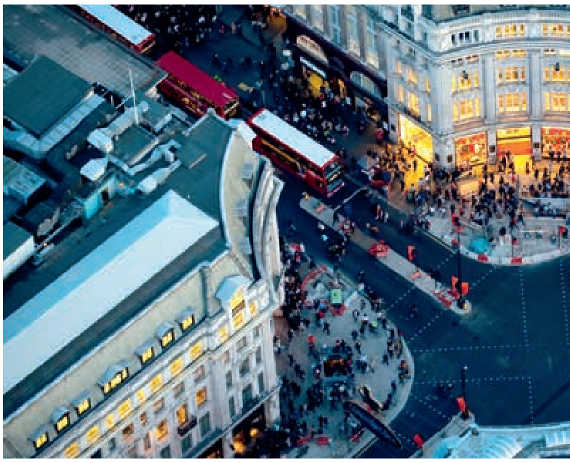
High liquidity

In the financial year 2014, IVU reached an operating cash flow of € 5.3 million (2013: € 5.8 million). Taking into account the cash flow from investing activities (€ -1.3 million), cash and cash equivalents increased by € 4.0 million.

With € 14.7 million in cash and cash equivalents as at 31 December 2014 (2013: € 10.7 million), IVU's financial position can be regarded as very good. During the reporting year, IVU was always able to meet its financial obligations. Credit facilities of € 3.0 million granted to the company were not utilised. IVU's credit quality is assessed by its clients in a correspondingly positive fashion.

Good order situation

The IVU order book remains high. As at 28 February 2015, on the basis of signed agreements, the figure was approximately € 43.1 million for the current year. Firmly committed orders have a volume of € 2.9 million. A considerable part of the 2015 targets are thus covered by the order situation.



Forecast

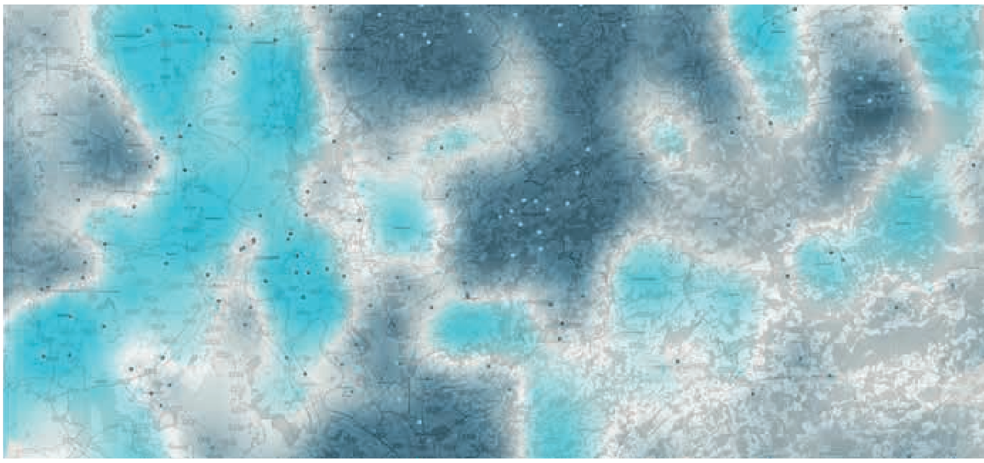
Outlook

Public transport remains a growing market. IVU once again further reinforced its reputation in this market during 2014 and is a sought-after contact partner internationally. For 2015, we anticipate new orders from the target markets of Europe, South America and Asia. We also want to open up new opportunities in North America and will ramp up our sales activities accordingly. New presences in Montreal, Chicago and Tel Aviv support these endeavours.

In the field of rail transport, the market opportunities for IVU remain extremely promising. With the integrated rail solution IVU.rail, the company was able to acquire new customers during the reporting year and secure an extremely strong position in the market. As the sole standard product for the entire rail sector (local, intercity, regional, and freight transport), the outlook for 2015 is also favourable.

The logistics sector recorded an equally impressive result. Customer ties are strong and have led repeatedly to follow-up orders.

Once again, we anticipate continued positive business development accompanied by solid growth for 2015. We expect consolidated revenues of some € 50 million and a gross profit of approximately € 39 million. Based on a continued strong market environment, we anticipate further growth across all key figures for 2016.



Risk and opportunity report

Risk management

To secure the long-term success of the company, our aim is to identify, analyse, and manage risk at an early stage. Risk management includes all provisions for identifying and dealing with risks. The Executive Board assumes overall responsibility for internal controlling and risk management systems with regard to the accounting processes at the company. This includes all factors that can significantly influence the accounting and overall assessment of the financial statement, including the management report.

Risk management is based on the monthly reporting system, which contains important key performance indicators and compares planned figures with the actual figures. These also include the budgets from the respective projects. The subsidiaries are included in the reporting system. Management uses the deviation analyses as an instrument for corporate control.

Target and reported figures are discussed regularly with those responsible for revenue, cost, and deadline development to ensure that the Executive Board is provided with timely information about critical developments and that corrective measures can be initiated if required.

To ensure that available liquidity and credit lines are adequate, liquidity is planned on a rolling basis and developments in cash and cash equivalents are monitored on a daily basis.

Risk management is a permanent item on the agenda at every meeting of the Supervisory Board, during which it is discussed in detail. The relevance of the risks is assessed based on the extent of possible damages. Overall, we are proceeding on the assumption of a moderate risk of damage.

The company has identified and assessed the following significant risks with regard to their estimated probability of occurring and the extent of possible damages:

Risks

Export business
The opportunities presented by internationalisation have to be balanced against the costs of accessing new markets, which always represent an upfront investment in uncertain successes. In addition, IVU is subject to the general political and economic conditions of the countries in which it operates. This naturally brings with it risks that range from project delays to non-payment. Our assessment of the probability of occurrence and the extent of possible damages remains medium. To limit these types of risks, we try to minimise the costs of accessing new markets by adopting a strategic focus on more promising countries in target markets. To avoid the risk of non-payment, we protect ourselves with a number of instruments for securing payment, such as letters of credit or advance payments.

Defaults
Defaults are a potential risk in all large and, in particular, international projects as experience shows that political and economic conditions can change quickly. In particular, changes in decision makers can have an impact on payment deadlines. The probability of occurrence is rated as high (previous year: medium) and the extent of damage remains medium. Measures to counter these risks include delivery-oriented payment plans and efficient project management. In addition, the payment practices of our customers can generally be considered good as the majority of them are from the public sector.

Project business
The project business at IVU is based entirely on service contracts. This naturally brings with it the risk that the workload involved turns out to be more than was planned. Any resulting delivery delays may lead to claims being made for compensation. The probability of occurrence remains unchanged at medium with the extent of damage tending towards low. Measures to reduce these risks are efficient project management as well as adherence to deadlines and quality standards.

Quality deficits

Deficiencies in the software supplied can delay acceptance and, consequently, the payment of invoices, which can in turn result in a liquidity shortage. The probability of occurrence remains low and the extent of damage is rated as medium. One measure to counter this risk is consistent quality management in accordance with ISO 9001. In addition, the steadily increasing degree of standardisation of IVU systems reduces the risk of quality deficits because only customer-specific adaptations rather than special developments are required and all products can be subjected to intensive testing.

Currency risks

Since IVU conducts a part of its business outside the eurozone, exchange rate fluctuations may have an impact on results. Foreign currency risks apply to receivables, liabilities, cash in hand, and cash equivalents that do not correspond to the functional currency used by the company. The probability of occurrence and the extent of potential damage remain unchanged at high and low respectively. As a hedge for cash flows in foreign currency, IVU concludes currency forward transactions as required. Here, the anticipated inflows and outflows are estimated on the basis of contracts concluded and payment agreements made. Currently, no accounting units have been established for showing hedging relationships. On the balance sheet date, there were open currency forward transactions of € 1.2 million at nominal value. Provisions for onerous contracts amounting to € 13 thousand were established for the open positions.

Shortage of skilled personnel

A specialised software company such as IVU derives its competitive strength from the ability of its highly qualified personnel to carry out demanding projects and meet special customer requirements. There are risks associated with the potential loss of expertise. Our assessment of the probability of occurrence remains unchanged at low with the extent of damage at medium (previous year: low). Measures to reduce these risks include a long-term human resources policy to ensure low rates of staff turnover along with a corporate culture based on openness and trust, which promotes a high degree of staff loyalty.

Opportunities

The marketing strategy adopted by IVU aims to further expand the company's strong position in the domestic market and to systematically exploit the opportunities presented by internationalisation. As one of the few system manufacturers worldwide, IVU offers IT solutions for all processes at a transport company – from planning to operations and through to settlement. Our systems have grown very close together and our system portfolio for public transport, IVU.suite, puts us among the market leaders for integrated solutions.

In particular, our business on the domestic market and in small and medium-sized projects is extremely stable and therefore easily predictable. Conversely, it is difficult to plan the placement of orders and the progress of major projects conducted in mega-cities outside of Germany and with national railway operators. In these situations, a single decision can have a major impact on IVU's result, with the potential for significant upward adjustments.

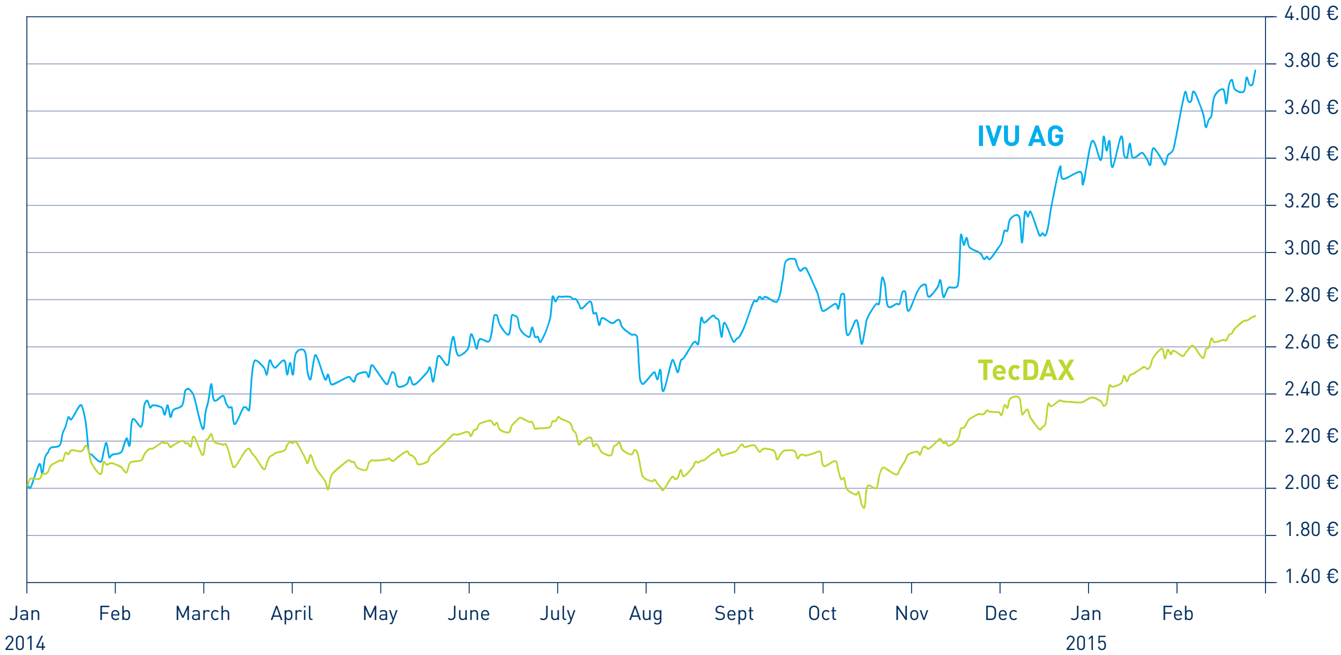
Overall, the opportunities for IVU are assessed as very good. We are profiting from the sustained trend towards urbanisation, which is forcing cities to invest increasingly in the expansion and modernisation of their infrastructures. As a result of successfully implemented projects, IVU has become a sought-after project partner. We will capitalise on our strong reputation and will further expand our market position through targeted marketing activities in our chosen markets.

Supplementary report

Since 31 December 2014, there have been no events of particular significance that have affected the situation regarding earnings, finances, and assets.

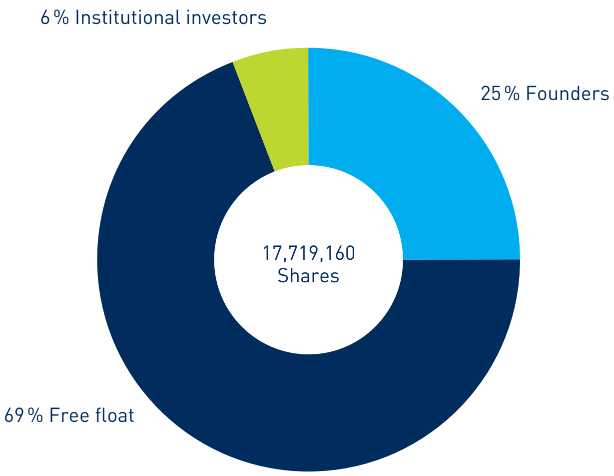
IVU shares

IVU share price in comparison with the TecDax index



Shareholder structure

As at 31 December 2014



Shares held by Board members as at 31 December 2014

	Shares
Executive Board	
Martin Müller-Elschner	177,200
Dr Helmut Bergstein	30,000
Frank Kochanski	30,000
TOTAL, EXECUTIVE BOARD	**237,200**
Supervisory Board	
Prof Herbert Sonntag	866,000
TOTAL, SUPERVISORY BOARD	**866,000**
TOTAL, BOARD MEMBERS	**1,103,200**

Reportability

In the financial year 2014, Martin Müller-Elschner, CEO, acquired 37,200 IVU shares. He now holds 177,200 IVU shares.

Annual financial statements

Consolidated income statement in line with IFRS for the 2014 financial year

	2014 € thousand	2013 € thousand
REVENUES	**47,236**	**46,250**
Other operating income	1,074	675
Cost of materials	-11,230	-12,165
GROSS PROFIT	**37,080**	**34,760**
Personnel expenses	-23,887	-22,765
Depreciation and amortisation on non-current assets	-951	-989
Other operating expenses	-7,895	-7,150
OPERATING RESULT (EBIT)	**4,347**	**3,856**
Financial income	17	27
Financial expenses	-233	-292
PRE-TAX PROFIT (EBT)	**4,131**	**3,591**
Income taxes	234	236
CONSOLIDATED NET PROFIT	**4,365**	**3,827**

	€	€
Earnings per share (basis and diluted)	0.25	0.22
Average shares outstanding (in thousand shares)	17,719	17,719

Consolidated statement of cash flows in line with IFRS for the 2014 financial year

	2014 € thousand	2013 € thousand
1. OPERATING ACTIVITIES		
Group earnings before tax of the period	**4,131**	**3,591**
Depreciation and amortisation of non-current assets	951	989
Change in provisions	-198	-76
Net interest income	216	265
Other non-cash expenses/income	60	-55
	5,160	**4,714**
Change of items of working capital and borrowings		
Inventories	-743	-502
Receivables and other assets	1,157	-2,860
Liabilities (without provisions)	1,063	5,087
	6,637	**6,439**
Interest paid	-233	-292
Income taxes paid	-1,147	-356
Cash flow from operating activities	**5,257**	**5,791**
2. INVESTING ACTIVITIES		
Outflows for investments in non-current assets[1]	-1,275	-386
Interest received	17	27
Cash flow from investing activities	**-1,258**	**-359**
3. FINANCING ACTIVITIES		
Cash flow from financing activities	**0**	**0**
4. CASH AND CASH EQUIVALENTS		
Change in cash and cash equivalents	3,999	5,432
Cash and cash equivalents at beginning of period	10,668	5,236
Cash and cash equivalents at end of period	**14,667**	**10,668**

[1] In the table to the left, in 2014 and 2013 outflows for investments in non-current assets deviate from the additions to non-current assets shown in the schedule for non-current assets. The difference results from the acquisition of assets within the framework of finance leasing agreements. This is why only repayments of the relevant liabilities are shown as outflows for investments in non-current assets. Please refer to Annex 5; Point C.1.

\+ = cash inflow
– = cash outflow

Consolidated statement of financial position in line with IFRS as at 31 December 2014

Assets	31 December 2014 € thousand	31 December 2013 € thousand
A. CURRENT ASSETS	**47,300**	**42,473**
1. Cash and cash equivalents	14,667	10,668
2. Current trade receivables	15,098	17,867
3. Current receivables from contract manufacturing	9,587	7,135
4. Inventories	3,296	2,553
5. Other current assets	4,652	4,250
B. NON-CURRENT ASSETS	**16,797**	**16,522**
1. Property, plant, and equipment	1,489	1,477
2. Intangible assets	12,289	11,593
3. Non-current trade receivables	10	1,252
3. Deferred taxes	3,009	2,200
ASSETS	**64,097**	**58,995**

Liabilities	31 December 2014 € thousand	31 December 2013 € thousand
A. CURRENT LIABILITIES	**22,561**	**22,238**
1. Current trade payables	5,111	2,588
2. Liabilities from contract manufacturing	9,417	10,625
3. Provisions	832	1,101
4. Provisions for taxes	373	1,259
5. Other current liabilities	6,828	6,665
B. NON-CURRENT LIABILITIES	**5,351**	**4,116**
1. Provisions for pensions	5,016	3,755
2. Other	335	361
C. EQUITY	**36,185**	**32,641**
1. Share capital	17,719	17,719
2. Capital reserves	3,696	3,696
3. Retained earnings	-1,272	-450
4. Unappropriated surplus	15,995	11,630
5. Foreign exchange reconciling item	47	46
LIABILITIES	**64,097**	**58,995**

Consolidated statement of changes in equity in line with IFRS for the financial years 2013 and 2014

	Share capital € thousand	Capital reserves € thousand	Retained earnings € thousand	Foreign exchange reconciling item € thousand	Cumulative loss € thousand	Total € thousand
As at 1 January 2013	**17,719**	**46,456**	**-608**	**100**	**-34,957**	**28,710**
Consolidated net income 2013	0	0	0	0	3,827	3,827
Other comprehensive income, net of	0	0	158	-54	0	104
Elimination	0	-42,760	0	0	42,760	0
Consolidated recognised results after	**0**	**-42,760**	**158**	**-54**	**46,587**	**3,931**
AS AT 31 DECEMBER 2013	**17,719**	**3,696**	**-450**	**46**	**11,630**	**32,641**
As at 1 January 2014	**17,719**	**3,696**	**-450**	**46**	**11,630**	**32,641**
Consolidated net income 2014	0	0	0	0	4,365	4,365
Other comprehensive income, net of	0	0	-822	1	0	-821
Consolidated recognised results after	**0**	**0**	**-822**	**1**	**4,365**	**3,544**
AS AT 31 DECEMBER 2014	**17,719**	**3,696**	**-1,272**	**47**	**15,995**	**36,185**

Consolidated companies[1]

	Share %
IVU Traffic Technologies Italia s.r.l., Rome, Italy ('IVU Italia')	100
U 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
IVU Traffic Technologies Israel Ltd., Tel Aviv, Israel ('IVU Israel')	100

[1] IVU – Gesellschaft für Informatik, Verkehrs- und Umweltplanung mit beschränkter Haftung ('IVU GmbH') on the basis of the merger agreement dated June 3, 2014 transferred its assets as a whole on the basis of dissolution without liquidation. This took place in the context of the merger with IVU Traffic Technologies AG.

Notes to the 2014 consolidated financial statements

There has been a deliberate effort to keep this annual report easy to read and compact. It contains all material information on the position and outlook of the Group. As in the previous year, there is no print-out of the Group Notes. They can be found on our web page at **www.ivu.com.** On request, we are happy to send you a copy of the complete consolidated financial statements.

Audit opinion

The complete financial statements and management report of IVU Traffic Technologies AG for the 2014 financial year were audited by Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft, Berlin, which issued an unqualified audit opinion.

Responsibility statement

We represent that, to the best of our knowledge and in accordance with applicable accounting principles, the consolidated financial statements present a true and fair view of the Group's net assets, financial situation and results of operation, and that the Group management report describes fairly, in all material respects, the Group's business trend and performance, the Group's position and the significant risks and opportunities of the Group's expected future development.

The Executive Board in March 2015

Report of the Supervisory Board

Dear Shareholders,

During the 2014 reporting period, the Supervisory Board continuously monitored the work of the Executive Board in accordance with the law and company statutes and offered advice accordingly. The Supervisory Board obtained detailed information about the company's 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 was made aware in good time of all matters of importance regarding decisions to be taken. The members of the Supervisory Board were also in regular contact with the Executive Board between meetings.

Changes in the Executive Board and Supervisory Board

The Annual General Meeting of IVU Traffic Technologies AG held on 3 June 2014 elected a new Supervisory Board. Klaus-Gerd Kleversaat, former Chairman of the Supervisory Board, resigned from the committee at the end of the Annual General Meeting. Uli Mayer-Johanssen was elected as a new member. Prof Herbert Sonntag and André Neiss will remain on the Supervisory Board for another period of office. At its inaugural meeting, the Supervisory Board appointed Prof Herbert Sonntag as the new Chairman and André Neiss as his deputy. The Supervisory Board and the company would like to thank Mr Kleversaat for his many years of service to IVU.

CFO Frank Kochanski notified the Supervisory Board of his resignation for personal reasons from the Executive Board as of 31 December 2014. The Supervisory Board and the company would like to thank Mr Kochanski for the good working relationship.

Meetings

Five scheduled meetings were held in 2014: on 20 March, 30 May, 3 June, 27 August, and 28 November 2014.

The Supervisory Board did not establish any committees, and all transactions requiring approval were jointly decided on.

Main focus of deliberations

The deliberations focussed on the economic situation of the company, its prospects, and its future orientation in the international competitive environment.

Key points during the meetings included:
- Scrutiny and approval of planning for the financial year 2014
- Approval of the consolidated financial statements of IVU and of the separate financial statement of IVU AG
- Liquidity planning
- Discussion of the quarterly results
- Personnel development
- Risk management
- Major projects and their economic consequences for the company
- Preparations for the Annual General Meeting
- The internationalisation strategy
- Changes in personnel on the Executive Board

Corporate governance

Responsible corporate management and sustainable value creation are of great importance to IVU Traffic Technologies AG. The Supervisory Board and Executive Board therefore also discussed the recommendations and proposals of the German Corporate Governance Code in the 2014 reporting year and submitted the declaration of compliance in accordance with Section 161 AktG.

Annual and consolidated financial statements

At our meeting on 25 March 2015, we considered in detail the financial statements of IVU Traffic Technologies AG, the consolidated financial statements of 31 December 2014 as well as the respective management reports. The auditors, Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft, were available during the meeting to answer questions. After detailed examination and discussion, we approved both the consolidated financial statements and the separate financial statement of the AG.

The auditor issued an unqualified audit opinion. An extract reads as follows:

"Our audit did not give rise to any reservations. According to our assessment based on the results of our audit, the consolidated financial statements are in accordance with the EU-adopted IFRS and the additional applicable commercial requirements in accordance with Section 315a Para. 1 of the German Commercial Code (HGB), and, in accordance with these requirements, they provide a true and accurate picture of the Group's position regarding assets, finances, and profits.

The Group management report is concordant with the consolidated financial statements, provides an altogether accurate picture of the Group's position, and accurately presents the opportunities and risks associated with future development."

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

Berlin, March 2015

For the Supervisory Board
Prof Herbert Sonntag
Chairman of the Supervisory Board

André Neiss Uli Mayer-Johanssen Prof Herbert Sonntag

Supervisory Board
Executive Board
Advisory Board

Supervisory Board

Klaus-Gerd Kleversaat, Berlin
(Chairman until 3 June 2014)
- Member of the Management Board of quirin bank AG, until 30 May 2014
- Member of the Supervisory Board of quirin bank AG, since 13 June 2014
- Member of the Management Board of Tradegate Wertpapierhandelsbank AG
- Member of the Supervisory Board of Stream Films AG

Prof Herbert Sonntag, Berlin
(Chairman since 3 June 2014)
- Professor for Transport Logistics and Head of the Transport Logistics Research Group at the Technical University of Applied Sciences, Wildau
- Chairman of the Executive Board of Logistiknetz Berlin Brandenburg e.V.
- Member of the Management Board of Allianz pro Schiene e.V.

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

Uli Mayer-Johanssen, Berlin
(since 3 June 2014)
- Non-Executive Chairwoman of MetaDesign AG
- External economics expert on the Supervisory Board of University Hospital Düsseldorf
- Member of the University Board at the University of Design, Schwäbisch Gmünd
- Member of the Advisory Council of Travel Industry Club

In the financial year 2014, Supervisory Board remuneration amounted to € 45.0 thousand (2013: € 37.5 thousand).

Executive Board

Martin Müller-Elschner (CEO)
Dr Helmut Bergstein
Frank Kochanski (until 31 December 2014)

In the financial year 2014, the members of the Executive Board received remuneration amounting to € 1,634 thousand (2013: € 952 thousand), including one-off effects. The remuneration of the Executive Board comprises a fixed and a variable portion. In the reporting period the variable portion amounted to approximately 35 % (2013: 33 %) of the total emoluments.

Advisory Board

Prof Manfred Boltze, Darmstadt
- Head of the Section Transport Planning and Traffic Engineering at the Technical University Darmstadt
- Scientific Advisor of ZIV – Zentrum für integrierte Verkehrssysteme GmbH
- Chairman Scientific Committee of the WCTRS – World Conference on Transport Research Society

Prof Adolf Müller-Hellmann, Cologne
- Managing Director VDV Industrieforum e.V.
- Honorary Professor at the ISEA – Institute for Power Electronics and Electrical Drives, RWTH Aachen University

Volker Sparmann, Hofheim am Taunus
- Mobility officer of the Ministry of Economics, Energy, Transport and Regional Development, State of Hessen
- Chairman of the Management Board of House of Logistics and Mobility (HOLM) e.V.

Financial calendar 2015

Wednesday, 25 March 2015
Publication of the 2014 annual report

Friday, 29 May 2015
Three-months report as at 31 March

Wednesday, 3 June 2015
Annual General Meeting

Wednesday, 26 August 2015
Six-months report as at 30 June

Wednesday, 18 November 2015
Nine-months report as at 30 September

Imprint

Publisher
IVU Traffic Technologies AG

The 2014 Annual Report and the notes to the consolidated financial statements can be downloaded in English and German as a PDF file at www.ivu.com.

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IVU Traffic Technologies AG, Berlin
Consolidated statement of financial position as at 31 December 2014

ASSETS	Note	31 December 2014 € thousand	31 December 2013 € thousand
A. Current assets			
1. Cash and cash equivalents	C. 6	14,667	10,668
2. Current trade receivables	C. 3	15,098	17,867
3. Current receivables from contract manufacturing	C. 4	9,587	7,135
4. Inventories	C. 2	3,296	2,553
5. Other current assets	C. 5	4,652	4,250
Current assets, total		47,300	42,473
B. Non-current assets			
1. Property, plant and equipment	C. 1	1,489	1,477
2. Intangible assets	C. 1	12,289	11,593
3. Non-current trade receivables	C. 3	10	1,252
4. Deferred taxes	C. 12	3,009	2,200
Non-current assets, total		16,797	16,522
		64,097	**58,995**
EQUITY AND LIABILITIES			
A. Current liabilities			
1. Current trade payables		5,111	2,588
2. Liabilities from contract manufacturing	C. 4	9,417	10,625
3. Provisions	C. 10	832	1,101
4. Provisions for taxes	C. 12	373	1,259
5. Other current liabilities	C. 11	6,828	6,665
Current liabilities, total		22,561	22,238
B. Non-current liabilities			
1. Provisions for pensions	C. 8	5,016	3,755
2. Other		335	361
Non-current liabilities, total		5,351	4,116
C. Equity			
1. Share capital	C. 7	17,719	17,719
2. Capital reserves	C. 7	3,696	3,696
3. Retained earnings		-1,272	-450
4. Unappropriated surplus	C. 7	15,995	11,630
5. Foreign exchange reconciling item		47	46
Equity, total		36,185	32,641
		64,097	**58,995**

IVU Traffic Technologies AG, Berlin
Consolidated income statement for the 2014 financial year

	Note	2014 € thousand	2013 € thousand
1. Revenue	D. 13	47,236	46,250
2. Other operating income	D. 14	1,074	675
3. Cost of materials	D. 15	-11,230	-12,165
Gross profit		**37,080**	**34,760**
4. Personnel expenses	D. 16	-23,887	-22,765
5. Depreciation and amortisation on non-current assets	D. 17	-951	-989
6. Other operating expenses	D. 18	-7,895	-7,150
EBIT		**4,347**	**3,856**
7. Finance income		17	27
8. Financial expenses		-233	-292
EBT		**4,131**	**3,591**
9. Income taxes	C. 12	234	236
10. Consolidated net profit		**4,365**	**3,827**

	Note	2014 €	2013 €
Earnings per share (basic and diluted)	D. 19	0.25	0.22
Average number of shares outstanding (thousand)	D. 19	17,719	17,719

IVU Traffic Technologies AG, Berlin
Consolidated statement of comprehensive income
for the period from 1 January to 31 December 2014

	2014 € thousand	2013 € thousand
Consolidated net income	**4,365**	**3,827**
Currency translation	1	-54
Other comprehensive income to be reclassified to profit or loss in subsequent periods	1	-54
Actuarial gains (losses) / Gains on the remeasurement of pension commitments	-1,190	227
Income tax effect	368	-69
	-822	158
Other comprehensive income not to be reclassified to profit or loss in subsequent periods	-822	158
Other comprehensive income, net of tax	**-821**	**104**
Consolidated recognised results after tax	**3,544**	**3,931**

IVU Traffic Technologies AG, Berlin
Consolidated statement of changes in equity for the 2014 and 2013 financial years

	Share capital	Capital reserves	Retained earnings	Foreign exchange reconciling item	Unappropriated surplus/ cumulative loss	Total
	€ thousand	€ thousand	€ thousand	€ thousand	€ thousand	€ thousand
Note	C. 7	C. 7				
As at 1 January 2013	**17,719**	**46,456**	**-608**	**100**	**-34,957**	**28,710**
Consolidated net income 2013	0	0	0	0	3,827	3,827
Other comprehensive income, net of tax	0	0	158	-54	0	104
Elimination	0	-42,760	0	0	42,760	0
Consolidated recognised results after tax	**0**	**-42,760**	**158**	**-54**	**46,587**	**3,931**
As at 31 December 2013	**17,719**	**3,696**	**-450**	**46**	**11,630**	**32,641**
As at 1 January 2014	**17,719**	**3,696**	**-450**	**46**	**11,630**	**32,641**
Consolidated net income 2014	0	0	0	0	4,365	4,365
Other comprehensive income, net of tax	0	0	-822	1	0	-821
Consolidated recognised results after tax	**0**	**0**	**-822**	**1**	**4,365**	**3,544**
As at 31 December 2014	**17,719**	**3,696**	**-1,272**	**47**	**15,995**	**36,185**

Consolidated statement of cash flows for the 2014 financial year

	Note	€ thousand	2014 € thousand	2013 € thousand
1. Operating activities				
Group earnings before tax of the period			**4,131**	**3,591**
Depreciation and amortisation of non-current assets	D. 17	951		989
Change in provisions		-198		-76
Net interest income		216		265
Other non-cash expenses/income		60		-55
			5,160	**4,714**
Change of items of working capital and borrowings				
Inventories		-743		-502
Receivables and other assets		1,157		-2,860
Liabilities (excluding provisions)		1,063		5,087
			6,637	**6,439**
Interest paid		-233		-292
Income taxes paid		-1,147		-356
Cash flow from operating activities			**5,257**	**5,791**
2. Investing activities				
Outflows for investments in non-current assets*)		-1,275		-386
Interest received		17		27
Cash flow from investing activities			**-1,258**	**-359**
3. Financing activities				
Cash flow from financing activities			**0**	**0**
4. Cash and cash equivalents				
Change in cash and cash equivalents			3,999	5,432
Cash and cash equivalents at beginning of period			10,668	5,236
Cash and cash equivalents at end of period	C. 6		**14,667**	**10,668**

(+ = Cash inflow / - = Cash outflow)

*) In the above presentation, outflows for investments in non-current assets in 2014 and 2013 deviate from the additions to non-current assets shown in the statement of changes in non-current assets. The difference results from the acquisition of assets in the context of finance lease agreements. This is why only repayments of the relevant liabilities are shown as outflows for investments in non-current assets. For further information, please refer to Annex 5, note C. 1.

Notes to the consolidated financial statements

IVU Traffic Technologies AG, Berlin
for the year ended 31 December 2014

A. General information on the company

(1) The parent company of the IVU Group is IVU Traffic Technologies AG (IVU AG), which is domiciled at Bundesallee 88, 12161 Berlin, Germany. It was formed on 4 August 1998 and is entered in the commercial register of Berlin-Charlottenburg under HRB 69310.

(2) The Executive Board approved the consolidated financial statements for the year ended 31 December 2014 and the Group management report for the 2014 financial year on 9 March 2015 and presented them to the Supervisory Board for adoption. They are expected to be adopted by the Supervisory Board at its meeting on 25 March 2015.

(3) The Group's business activities are in the development, production and sale of software for planning, organisation and information processing for authorities, transport companies and other public-sector and private-sector companies. This includes research, the formulation of expert reports, consultancy and further training in these areas. The average number of employees at the Group was 404 in 2014 and 389 in 2013.

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

(5) The Group's main customers are operators of public transport services in Germany and Europe. The IVU Group is represented at locations in Berlin, Aachen, Birmingham (United Kingdom), Bogotá (Colombia), Budapest (Hungary), Chicago (USA), Hanoi (Vietnam), Montreal (Canada), Rome (Italy), Santiago de Chile (Chile), Tel Aviv (Israel) and Veenendaal (Netherlands).

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

B. Accounting policies

Basis of preparation

(7) The consolidated financial statements of IVU AG are prepared in accordance with the International Financial Reporting Standards (IFRS) as required to be applied in the EU and the provisions of section 315a (1) of the German Commercial Code (HGB). The consolidated financial statements are prepared in euro (€). Unless otherwise stated, all amounts are shown in thousands of euro (€ thousand).

(8) The consolidated financial statements of IVU AG are prepared in accordance with the historical cost principle. This does not apply to available-for-sale financial assets, which are carried at their fair value.

Changes in accounting policies

(9) The accounting policies applied in the 2014 financial year are the same as those applied in the previous year with the exceptions described below.

Effect of new accounting provisions

(10) The Group applied the following standards and amendments for the first time: IFRS 10 "Consolidated Financial Statements" In addition, IFRS 11 "Joint Arrangements", IFRS 12 "Disclosure of Interests in Other Entities" and amendments to IAS 27 "Separate Financial Statements" and IAS 28 "Investments in Associates and Joint Ventures" were required to be applied for the first time in 2014. However, these did not have any effect on the consolidated financial statements. The nature and effect of the individual new standards and amendments are described below:

(11) The IASB published IFRS 10 "Consolidated Financial Statements" in May 2011. IFRS 10 supersedes the previous guidance on consolidated financial statements (parts of IAS 27 "Consolidated and Separate Financial Statements") and special purpose entities (SIC-12 "Consolidation - Special Purpose Entities") and establishes the control principle as the uniform basis of consolidation to be applied in future. The standard also contains guidance on determining control in cases of doubt. The new and revised standards have no material effect on the earnings, finances and assets of the IVU Group.

Discussion of IFRSs that have already been published but that are not yet applied

(12) On 24 July 2014, the IASB published the final version of IFRS 9 "Financial Instruments" (IFRS 9 [2014]), which contains the results of all of the phases of the IFRS 9 project and supersedes both IAS 39 "Financial Instruments: Recognition and Measurement" and all previous versions of IFRS 9 "Financial Instruments". The standard contains new guidance on classification and measurement, impairment and hedge accounting. IFRS 9 is required to be applied for the first time for financial years beginning on or after 1 January 2018. Early application is permitted any time providing the standard has been recognised by the European

Union. The new standard is not expected to have a material effect on the earnings, finances and assets of the IVU Group.

(13) IFRS 15 was published in May 2014 and is required to be applied for the first time for financial years beginning on or after 1 January 2017. Early application is permitted. The standard must be applied retrospectively. The standard introduces a new model of revenue recognition with five analytical steps that must be applied to all revenue from contracts with customers. The core principle of the standard is that an entity will recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The principles set out in IFRS 15 offer a structured approach to the measurement and recognition of revenue. The scope of the standard extends to all types of industry and entity, and hence supersedes all existing guidance relating to revenue recognition (IAS 11 "Construction Contracts", IAS 18 "Revenue", IFRIC 13 "Customer Loyalty Programmes", IFRIC 15 "Agreements for the Construction of Real Estate", IFRIC 18 "Transfers of Assets from Customers" and SIC 31 "Revenue - Barter Transactions Involving Advertising Services"). Compared with the existing standards on revenue recognition, the application of the new standard requires more estimates and judgement, as the amount of revenue recognised is determined on the basis of the consideration to which the entity expects to be entitled in exchange for the goods or services provided. Particular challenges could arise where the consideration is variable. Adoption in European law is still outstanding. The application of the new standard will lead to changes in the presentation and recognition of revenue and receivables and liabilities from long-term contract manufacturing. The Group is currently analysing the impact of the new guidance. This analysis does not currently allow a statement on the expected impact of the amended guidance on the Group's earnings, finances and assets.

(14) The IASB has published the first amendments to IAS 1 "Presentation of Financial Statements" as part of its overall disclosure initiative to evaluate and improve reporting and disclosure requirements. This includes narrow scope changes aimed at encouraging entities to exercise more judgement in disclosing and presenting information. For example, this includes clarifying that materiality applies to the whole financial statements and that the disclosure of immaterial information can impair the usability of financial information. Entities should also exercise more judgement with regard to the positioning and order of presentation within the financial statements. These amendments are required to be applied for financial years beginning on or after 1 January 2016. Early application is permitted. Adoption in European law is still outstanding. The application of the new standard will lead to changes in the disclosures in the notes to the consolidated financial statements.

(15) The IASB and the IFRS IC issued additional pronouncements in the year under review with no material impact on the consolidated financial statements of the IVU Group.

Material judgements, estimates and assumptions

(16) In preparing the consolidated financial statements, the management uses judgements, estimates and assumptions concerning the amount of the reported income, expenses, assets, liabilities and the corresponding disclosures, as well as disclosures on contingent liabilities.

(17) The most important forward-looking assumptions and other key sources of estimation uncertainty existing at the balance sheet date giving rise to a considerable risk that a significant amendment of the carrying amounts of assets and liabilities would be necessary within the next financial year are discussed below. The assumptions and estimates applied by the Group are based on the parameters that were in place when the consolidated financial statements were prepared. However, these circumstances and the assumptions concerning future developments may change as a result of market movements and relationships that do not lie within the Group's sphere of influence. These changes are only taken into account in the assumptions when they occur.

(18) *Goodwill impairment:* The IVU Group tests goodwill for impairment in accordance with IAS 36. Impairment testing is based on the future cash flows generated for individual assets or assets that are combined to form cash-generating units. Further details on impairment testing can be found in note C.1. The carrying amount of impairment-tested goodwill was € 11,349 thousand as at 31 December 2014 (previous year: € 11,349 thousand).

(19) *Project evaluation:* The IVU Group recognises revenue on the basis of the estimated performance of the respective projects. Performance is evaluated on the basis of the estimated number of hours worked or contractually agreed milestones and is regularly updated. Further details on project revenue that has been recognised but not yet invoiced can be found in note C.4. The revenue partially recognised in this manner amounted to € 7,823 thousand as at 31 December 2014 (previous year: € 4,829 thousand).

(20) *Deferred tax assets:* Deferred tax assets are recognised for all unused tax loss carryforwards and temporary differences to the extent that it is probable or there is overwhelming substantive evidence that taxable income will be available so that the tax loss carryforwards can actually be utilised. Calculating the amount of deferred tax assets requires a management estimate based on the expected date of occurrence and amount of the future taxable income and the future tax planning strategy (timing of taxable income, recognition of tax risks, etc.). At 31 December 2014, deferred tax assets for tax loss carryforwards were recognised in the amount of € 2,890 thousand (previous year: € 1,673 thousand). Unused corporation tax losses for which no deferred tax assets were recognised amounted to € 28.0 million (previous year: € 33.0 million), while unused trade tax losses amounted to € 23.2 million (previous year: € 28.5 million). Deferred tax assets relating to temporary differences amounted to € 3,009 thousand as at 31 December 2014 (previous year: € 2,200 thousand), while deferred tax liabilities amounted to € 0 thousand (previous year: € 0 thousand). Further details can be found in note C.12.

(21) *Pensions and other post-employment benefits:* Expenses for defined benefit pension plans are determined on the basis of actuarial calculations. Actuarial

measurement is performed on the basis of assumptions concerning discount rates, expected retirement age, future wage and salary growth, mortality, and future pension increases. The long-term nature of these plans means these estimates are subject to considerable uncertainty. The provision for pensions and similar obligations amounted to € 5,016 thousand as at 31 December 2014 (previous year: € 3,755 thousand). Further details can be found in note C.8.

Consolidation principles

a) Subsidiaries

(22) The consolidated financial statements encompass the single-entity financial statements of IVU AG and the companies controlled by it as at 31 December 2014. Control is deemed to exist when the Group has exposure or rights to variable returns from its investment in the investee and the ability to use its power over the investee to affect these returns. In particular, the Group only controls an investee when it has all of the following elements:

- power over the investee (i.e. the Group has existing rights that give it the ability to direct the activities of the investee that significantly affect its returns),
- exposure or rights to variable returns from its involvement with the investee and
- the ability to use its power over the investee to affect the amount of its returns.

If the Group does not hold a majority of the voting rights or similar rights in an investee, all of the relevant facts and circumstances must be taken into account when determining whether the Group has control over the investee or not. These include:

- a contractual arrangement with the other vote holders,
- rights from other contractual arrangements,
- the voting rights and potential voting rights of the Group.

If facts and circumstances suggest that there has been a change in one or more of the three control elements, the Group must perform another examination to determine whether it controls the respective investee. Subsidiaries are consolidated from the date on which the Group obtains control of the respective subsidiary. It ends when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or sold during the reporting period are recognised in the statement of financial position and the income statement from the date on which the Group obtains control of the subsidiary to the date on which control ends.

Profit or loss and each component of other comprehensive income are attributed to the holders of ordinary shares of the parent and to the non-controlling interests even if this results in a negative balance being attributable to the non-controlling interests. A change in the equity interest in a subsidiary without a loss of control is recognised in equity. If the parent loses control of a subsidiary, the following steps are performed:

- The assets (including goodwill) and liabilities of the subsidiary are derecognised,
- The carrying amount of the non-controlling interests in the former subsidiary is derecognised,
- The cumulative translation differences recognised in equity are derecognised,
- The fair value of the consideration received is recognised,
- The fair value of the remaining equity interest is recognised,
- The profits/losses generated by the former subsidiary are recognised in profit or loss,
- The components of other comprehensive income attributable to the parent are reclassified to profit or loss or to retained earnings in the same way as if the Group had sold the corresponding assets or liabilities directly.

(23) The acquisition method set out in IFRS 3 is applied when accounting for business acquisitions. Companies acquired or sold during the financial year are included in the consolidated financial statements from the acquisition date or until the disposal date respectively.

(24) The excess of the cost of a business acquisition over the interest in the fair value of the identifiable assets and liabilities acquired on the acquisition date is recognised as goodwill and capitalised. The identifiable assets and liabilities recognised are carried at their fair value at the acquisition date.

(25) The following companies were included in the consolidated financial statements as fully consolidated subsidiaries. The equity interest held by IVU AG is identical to the share of the voting rights held in each case.

	Equity interest %
IVU Traffic Technologies Italia s.r.l., Rome, Italy ('IVU Italia')	100.0
IVU Traffic Technolgies UK Ltd., Birmingham, United Kingdom ('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
IVU Traffic Technologies Israel Ltd.,Tel Aviv ('IVU Israel')	100.0

In accordance with the merger agreement dated 3 June 2014, IVU-Gesellschaft für Informatik, Verkehrs- und Umweltplanung mit beschränkter Haftung, Bundesallee 88, transferred its assets as a whole to IVU Traffic Technologies AG, Berlin, on the basis of dissolution without liquidation (Charlottenburg local court, HRB 69310).

The merger came into force when it was simultaneously entered in the commercial register for the domicile of the acquiring entity. The acquired company was dissolved.

The company lease agreement with IVU Traffic Technologies AG dated 21 June 1999 expired when the merger came into force.

The subsidiary IVU Israel, Tel Aviv, was formed in 2014 and included in consolidation.

b) Consolidation measures and uniform Group accounting policies

(26) The single-entity financial statements of the subsidiaries included in the consolidated financial statements are based on uniform accounting standards and reporting periods/dates.

(27) Intragroup balances and transactions and the resulting intragroup profits and unrealised gains and losses between consolidated companies are eliminated in full. Unrealised losses were only eliminated to the extent that the transactions provided no substantive evidence of an impairment of the asset transferred.

Fair value measurement

(28) Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value measurement assumes that the transaction to sell the asset or transfer the liability takes place either in

- the principal market for the asset or liability or
- the most advantageous market for the asset or liability if there is no principal market.

The Group must have access to the principal or most advantageous market. The fair value of an asset or liability is measured on the basis of the assumptions that market participants would take into account when determining the price of the asset or liability. It is assumed that the market participants will act in their best economic interest. Fair value measurement for non-financial assets takes into account the market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its best use. The Group uses valuation techniques that are appropriate for the respective circumstances and for which there is sufficient available data to determine the fair value. Material, observable input factors are used to the greatest possible degree and non-observable input factors are limited as much as possible.

All assets and liabilities whose fair value is determined or reported in the financial statements are allocated within the fair value hierarchy described below based on the input parameters for the lowest level that is material for determining the fair value on the whole:

- Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2 - Valuation technique for which the input parameters for the lowest level that is material for determining the fair value on the whole are directly or indirectly observable in the market
- Level 3 - Valuation technique for which the input parameters for the lowest level that is material for determining the fair value on the whole are not observable in the market.

For assets and liabilities that are repeatedly included in the financial statements, the Group determines whether such items have moved between the levels of the hierarchy by examining their classification at the end of each reporting period.

Currency translation

(29) The consolidated financial statements of IVU AG are prepared in euro (€), the functional and reporting currency of the Group. Each Group company determines its own functional currency. The items of the financial statements of the respective company are measured using this functional currency. Foreign currency transactions are initially translated using the spot exchange rate between the functional currency and the foreign currency at the date of the transaction. Foreign currency monetary assets and liabilities are translated into the functional currency at the closing rate. All foreign exchange differences are recognised in profit or loss as incurred.

The functional currency of the foreign operation IVU UK, United Kingdom, is the local currency (pound sterling). At the reporting date, the assets and liabilities of this subsidiary were translated to the reporting currency of IVU AG (euro) at the closing rate (GBP/EUR = 1.2771; previous year: 1.1976). Income and expenses were translated at the weighted average exchange rate for the financial year (GBP/EUR = 1.2407; previous year: 1.1779). Currency translation differences are recognised as a separate component of equity.

The functional currency of the foreign operation IVU Chile is the local currency (Chilean peso). At the reporting date, the assets and liabilities of this subsidiary were translated to the reporting currency of IVU AG (euro) at the closing rate (CLP/EUR = 0.0014; previous year: 0.0014). Income and expenses were translated at the weighted average exchange rate for the financial year (CLP/EUR = 0.0014; previous year: 0.0014). Currency translation differences are recognised as a separate component of equity.

The functional currency of the foreign operation IVU Israel is the local currency (Israeli shekel). At the reporting date, the assets and liabilities of this subsidiary were translated to the reporting currency of IVU AG (euro) at the closing rate (ILS/EUR = 0.2105). Income and expenses were translated at the weighted average exchange rate for the financial year (ILS/EUR = 0.2092). Currency translation differences are recognised as a separate component of equity.

Non-current assets

a) Intangible assets

(30) Intangible assets are initially measured at cost. Intangible assets are recognised if it is probable that the future economic benefits that are attributable to the asset will flow to the company and the cost of the asset can be measured reliably. At subsequent reporting dates, intangible assets are carried at cost less cumulative amortisation and write-downs (reported in amortisation). With the exception of goodwill, intangible assets are amortised on a straight-line basis over their estimated useful life. The amortisation period and the amortisation method are reviewed at each financial year-end. With the exception of goodwill, the Group has no indefinite-lived intangible assets.

(31) Intangible assets comprise:

Goodwill

(32) Goodwill is initially carried at cost, which is calculated as the excess of the total consideration paid plus non-controlling interests over the identifiable assets and liabilities acquired by the Group. If the fair value of the net assets acquired exceeds the total consideration paid, the difference is recognised in profit or loss. Following initial recognition, goodwill is carried at cost less cumulative impairment losses. For the purposes of impairment testing, goodwill acquired in a business combination is allocated to the cash-generating units of the Group that are expected to benefit from the business combination at the acquisition date. This applies irrespectively of whether other assets or liabilities of the acquired company are allocated to the same cash-generating units. When goodwill has been allocated to a cash-generating unit and an operation within this cash-generating unit is disposed of, the goodwill attributable to the operation disposed of is recognised as a component of the carrying amount of the operation when calculating the gain on the disposal of the operation. The value of the proportion of goodwill disposed of is calculated on the basis of the relative values of the operation disposed of and the retained portion of the cash-generating unit.

Industrial property rights and licences, software

(33) Amounts paid to acquire industrial property rights and licences are capitalised and amortised on a straight-line basis over their expected useful life.

(34) The cost of new software is capitalised and treated as an intangible asset providing that these costs are not an integral component of the associated hardware. Software is amortised on a straight-line basis over a period of three or five years.

(35) Costs incurred in order to restore or preserve the future economic benefits originally anticipated by the company are expensed.

Capitalised development costs for internally generated software

(36) Research costs are expensed in the period in which they are incurred. An intangible asset developed within the framework of an individual project is only recognised if the IVU Group can demonstrate both the technical feasibility of the completion of the intangible asset so that it is available for internal use or for sale and its intention to complete the intangible asset and to use or sell it. The Group must also demonstrate the generation of a future economic benefit by the asset, the availability of resources for the completion of the asset and its ability to determine reliably the expenditures relating to the intangible asset during its development. After the initial recognition of development costs, the acquisition cost model is applied, meaning that the asset is carried at cost less cumulative amortisation and write-downs. The amounts capitalised in prior years are amortised over the period during which the revenue from the respective project is expected (on a straight-line basis over a period of between three and five years).

Capitalised development costs are tested for impairment once a year if the asset is not yet in use or if there are indications of impairment during the year.

(37) No development costs were capitalised in the 2014 and 2013 financial years.

b) Property, plant and equipment

(38) Property, plant and equipment is carried at cost less cumulative depreciation and write-downs. When items of property, plant and equipment are sold or scrapped, the corresponding cost and the cumulative depreciation and write-downs are derecognised and the gain or loss on disposal is recognised in profit or loss.

(39) The cost of an item of property, plant and equipment consists of the purchase price plus import duties and other associated non-recoverable taxes, as well as all other costs directly attributable to bringing the asset to its current location and to working condition for its intended use. Subsequent costs such as maintenance and servicing costs which are incurred after the non-current asset is operational are expensed 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 earnings strength of the existing asset, such subsequent expenditure is capitalised as an additional cost of the respective asset.

(40) Depreciation is recognised on a straight-line basis over the estimated useful life assuming a residual carrying amount of € 0. If assets consist of several components with different useful lives, these components are depreciated individually over their respective useful life. The following estimated useful lives are applied for the individual asset groups:

(41)

Hardware:	3 years
Other office equipment:	3 to 15 years

(42) The useful life and the depreciation methods for property, plant and equipment are reviewed periodically to ensure that the depreciation methods and the depreciation periods are consistent with the expected pattern of benefits from the items of property, plant and equipment.

c) Impairment of non-current assets

(43) Non-current assets are tested for impairment if events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. For the purposes of impairment testing, the recoverable amount of the asset/cash-generating unit (CGU) is initially determined. This is the higher of the fair value less costs to sell and the value in use. Fair value less costs to sell is defined as the price obtainable from the sale of an asset or a CGU in an arm's-length transaction between knowledgeable, willing parties, less the costs of disposal. The value in use of an asset or a CGU is determined by reference to the present value of the asset in its current use on the basis of the expected cash

flows. No impairment losses were recognised for non-current assets in the 2014 and 2013 financial years.

d) Financial assets

(44) Financial assets are divided into the following categories:

- Loans and receivables,
- Held-to-maturity investments,
- Financial assets held for trading and
- Available-for-sale financial assets.

As at 31 December 2014 and 31 December 2013, the IVU Group only had receivables and derivative financial instruments.

(45) Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. These assets are carried at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired and in the event of amortisation.

(46) The IVU Group uses derivative financial instruments in the form of forward foreign exchange contracts to hedge against exchange rate risk.

(47) The IVU Group applies the following hierarchy to determine and report the fair values of financial instruments for each valuation technique: Level 1: Quoted (unadjusted) prices in active markets for assets or liabilities of the same type. Level 2: Techniques in which all input parameters with a material effect on fair value are directly or indirectly observable. Level 3: Techniques using input parameters with a material effect on fair value that are not based on observable market data. The forward foreign exchange contracts discussed in note 44 have been allocated to Level 2.

(48) Financial assets are tested for impairment at each balance sheet date. If, for financial assets carried at amortised cost, it is probable that the company will not receive all of the amounts of loans, receivables or held-to-maturity investments due to it under the terms of the respective agreements, an impairment loss or a valuation allowance on receivables is recognised in profit or loss. The impairment loss is defined as the difference between the carrying amount of the financial asset and the present value of the estimated future cash flows calculated using the effective interest method. The carrying amount of the asset is reduced using an allowance account. The impairment loss is recognised in profit or loss. Impairment losses that were previously expensed are reversed to profit or loss if a subsequent partial recovery in the value of the respective asset can be objectively attributed to an event occurring after the original impairment loss was recognised. However, any reversal may not exceed what the amortised cost of the asset would have been if the impairment loss had not been recognised. Uncollectible financial assets are derecognised.

(49) As in the previous year, the carrying amounts of financial assets and liabilities are largely the same as their fair values.

Objectives and methods of financial risk management

(50) In addition to trade receivables, the company's key financial instruments are cash and cash equivalents and liabilities to banks. The purpose of these financial instruments is to finance the company's operating business. The main risks take the form of counterparty default and liquidity risks. The relative unimportance of foreign-currency receivables and liabilities means that exchange rate risks are negligible. Fair value risks exist solely in connection with available-for-sale financial assets and are also relatively unimportant.

Counterparty default and liquidity risk

(51) Counterparty default risk, i.e. the risk that a contractual party will fail to meet its payment obligations, are controlled using credit facilities and controlling procedures. The company obtains collateral where appropriate. The Group does not have a significant concentration of counterparty default risk with an individual contractual partner or a group of contractual partners with similar characteristics. The maximum counterparty default risk corresponds to the reported carrying amounts of the financial assets.

(52) Liquidity risks arise from the fact that customers may be unable to fulfil their obligations towards the company in line with the agreed conditions.

(53) The IVU Group generally endeavours to have sufficient cash and cash equivalents or corresponding credit facilities at its disposal to meet its future obligations.

As at 31 December 2014,
the maturity structure of financial liabilities was as follows:

	Due € thousand	Due within one year € thousand	Due after one year € thousand	Total € thousand
Trade payables	701	4,410	158	5,269
Other liabilities	0	5,960	177	6,137
	701	10,370	335	11,406

In reconciliation with the other liabilities as reported in the consolidated statement of financial position, the financial liabilities shown in the table do not contain value-added tax liabilities to the tax authorities in the amount of € 868 thousand.

Due to the short-term nature of the financial liabilities, there were no material differences between the carrying amounts in the statement of financial position and the undiscounted cash flows as at 31 December 2014.

(54) As at 31 December 2013, the maturity structure of financial liabilities was as follows:

	Due € thousand	Due within one year € thousand	Due after one year € thousand	Total € thousand
Trade payables	414	2,174	357	2,945
Other liabilities	0	5,726	4	5,730
	414	7,900	361	8,675

In reconciliation with the other liabilities as reported in the consolidated statement of financial position, the financial liabilities shown in the table do not contain value-added tax liabilities to the tax authorities in the amount of € 939 thousand.

Due to the short-term nature of the financial liabilities, there were no material differences between the carrying amounts in the statement of financial position and the undiscounted cash flows as at 31 December 2013.

Current assets

a) Inventories

(55) Inventories are carried at the lower of cost or the net realisable value less costs to be incurred.

b) Cash and cash equivalents

(56) Cash and cash equivalents consist of cash on hand, fixed-term deposits and demand deposits. Cash and cash equivalents in the consolidated statement of cash flows are defined as described above.

Equity

(57) Equity consists of the share capital, capital reserves, retained earnings, the unappropriated surplus and the foreign exchange reconciling item.

(58) Capital reserves are comprised of the premium payments made in connection with the IPO of IVU AG, less stock exchange admission fees.

(59) Retained earnings contain actuarial gains and losses on the remeasurement of pension commitments.

(60) The foreign exchange reconciling item contains unrealised gains and losses on currency translation.

Provisions for pensions

(61) The IVU Group has three defined benefit pension plans. The net pension obligations (pension obligations less plan assets) are measured annually by certified independent actuaries. The expenses for the benefits paid are determined separately for each plan using the projected unit credit method. Remeasurement gains and losses, including actuarial gains and losses, the effects of the asset ceiling excluding net interest (which does not apply to the Group), and the return on plan assets excluding net interest, are recognised immediately in the statement of financial position and are added to returned earnings via other comprehensive income in the period in which they occur. Remeasurement gains and losses may not be reclassified to profit or loss in subsequent periods. The amount recognised as an asset or a liability under a defined benefit plan consists of the present value of the defined benefit obligation less the unrecognised past service cost and the fair value of the plan assets out of which the obligations are to be settled directly. The plan assets consist of cash and cash equivalents and reinsurance cover. Plan assets are protected from the claims of creditors of the Group. The fair value of the reinsurance cover is based on information on the asset value.

Current liabilities

a) Other provisions

(62) A provision is only recognised if the company has a present (legal or constructive) obligation as a result of a past event, it is probable that the fulfilment of the obligation will lead to an outflow of resources embodying economic benefits, and a reliable estimate can be made of the amount of the obligation. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate. Where the time value of money is material, the amount of the provision corresponds to the present value of the expenditure that is expected to be required to fulfil the obligation. In the case of discounting, the increase in the provision reflecting the time value of money is recognised as borrowing costs.

b) Financial liabilities

(63) Financial liabilities are divided into the following categories:

- Financial liabilities held for trading and
- Other financial liabilities.

The financial liabilities reported in the consolidated financial statements of IVU AG have been classified as other financial liabilities.

(64) On initial recognition, financial liabilities are carried at cost, which corresponds to the fair value of the consideration paid. Transaction costs are included. Financial liabilities from typical purchases and sales are recognised on the trade date.

(65) Financial liabilities are derecognised on repayment, i.e. when the obligations specified in the contract has been settled or waived or have expired.

Contingent liabilities and contingent assets

(66) Contingent liabilities are not recognised in the financial statements. They are disclosed in the notes to the financial statements unless the possibility of an outflow of resources embodying economic benefits is remote.

(67) Contingent assets are not recognised in the financial statements. However, they are disclosed in the notes to the financial statements where an inflow of economic benefits is probable.

Government grants

(68) A government grant is recognised when there is reasonable assurance that the company will comply with the conditions attaching to it. Government grants are recognised in profit or loss over the periods necessary to match them with the related costs which they are intended to compensate. Grants received for the acquisition of property, plant and equipment are recognised in other liabilities as deferred income. The income realised in connection with the grants is recognised in profit or loss as other operating income.

(69) The grants received by the company from various bodies as investment subsidies are contingent on the fulfilment of future conditions. The investment allowances received from the tax authorities are dependent on the fulfilment of guarantees that the subsidised assets will continue to be held. No investment subsidies or investment allowances were recognised as at 31 December 2014.

(70) In 2014, IVU AG recognised subsidies for the further development of software applications as part of various federal funding projects in profit or loss in the amount of € 858 thousand (previous year: € 474 thousand). The income is reported in other operating income.

Borrowing costs

(71) The Group capitalises borrowing costs for all qualifying assets originating on or after 1 January 2011. As in the previous year, no borrowing costs for qualifying assets arose in the 2014 financial year.

Research and development costs

(72) Research and development costs amounted to € 1,102 thousand in the 2014 financial year (previous year: € 863 thousand).

Leases

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

(74) A lease is classified as an operating lease if substantially all the risks and rewards of ownership remain with the lessor. Lease payments within an operating lease are expensed on a straight-line basis over the term of the lease.

(75) The IVU Group has primarily entered into leases for motor vehicles. These operating leases are generally concluded for three or four years.

(76) Finance leases, under which substantially all the risks and rewards of ownership of the leased asset are transferred to the Group, require the recognition of the leased asset at the inception of the lease. The leased asset is carried at the lower of its fair value or the present value of the minimum lease payments. Leased assets are depreciated over the useful life of the respective asset. If there is not reasonable certainty that the Group will obtain ownership at the end of the lease term, however, the leased asset is depreciated in full over the shorter of the lease term and the useful life of the asset.

(77) In 2014, the Group made investments under hire-purchase agreements in the amount of € 500 thousand (previous year: € 466 thousand). This primarily relates to hardware (workstations, servers and infrastructure). These finance leases are concluded for four years.

Revenue recognition

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

a) Project business

(79) For long-term project contracts which meet the conditions for the use of the percentage-of-completion method, revenue from the development and sale of software products is defined and recognised on the basis of the percentage of completion, which is calculated by reference to the ratio of the costs incurred to the total planned costs. Advances received from customers are offset against the corresponding receivables in equity. Changes in project conditions may lead to adjustments to the costs and revenues originally recognised for individual projects. The changes are recognised in the period in which they are established; this is generally the case when follow-up agreements are concluded between the company and its customers. In addition, provisions for onerous contracts are recognised in the period in which these losses are established and offset against the receivables for the respective project.

b) Sale of licences

(80) The IVU Group recognises revenue on the basis of a corresponding contract as soon as the licence has been delivered, the sale price is agreed or can be determined, there are no material obligations towards customers and it is probable that the receivables will be collected.

c) Maintenance, consultancy and training

(81) Revenue from maintenance contracts is recognised on a straight-line basis over the term of the contract on the basis of past experience. Revenue from consultancy and training is realised as soon as the service is provided.

d) Delivery of hardware

(82) Revenue from the sale of goods (project-related hardware deliveries) is recognised as soon as the delivery is made and the risks and rewards are transferred to the buyer. The corresponding revenue is contained in revenue for deliveries/services/contracts for work in note D.13.

e) Recognition of interest income

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

Income taxes

(84) Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the tax authorities using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date.

(85) Deferred taxes are recognised using the liability method for all temporary differences between the carrying amount of an asset or liability in the statement of financial position at the reporting date and the tax base. Deferred tax liabilities are recognised for all taxable temporary differences with the following exceptions:

- Deferred tax liabilities arising from the initial recognition of goodwill or an asset or a liability in a transaction which is not a business combination and which, at the transaction date, affects neither the accounting profit nor the taxable profit may not be recognised.

- Deferred tax liabilities from taxable temporary differences relating to investments in subsidiaries and associates and interests in joint ventures may not be recognised if the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

(86) Deferred tax assets are recognised for all deductible temporary differences, unused tax loss carryforwards and unused tax credits in the amount of the future taxable profit that is likely to be available against which the deductible temporary differences, unused tax loss carryforwards and unused tax credits can be utilised,

(87) with the following exceptions:

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

- Deferred tax assets for taxable temporary differences relating to investments in subsidiaries and associates and interests in joint ventures may only be recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and sufficient taxable profit will be available so that the temporary differences can actually be utilised.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow part or all of the respective deferred tax asset to be utilised. Unrecognised deferred tax assets are reviewed at each balance sheet date and recognised to the extent that it has become probable that future taxable profit will allow the respective deferred tax asset to be recovered.

(88) Deferred tax assets and liabilities are measured using the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on the tax rates (and tax laws) that have been enacted or substantively enacted by the balance sheet date. Deferred and current taxes relating to items recognised directly in equity are also taken directly to equity and not recognised in profit or loss.

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

(90) *Value-added tax*

Revenue, expenses and assets are reported net of value-added tax with the following exceptions:

- If the value-added tax incurred on the purchase of an asset or a service cannot be recovered from the tax authority, it is recognised as part of the cost of the asset or as part of the expenses.

- Receivables and liabilities are recognised together with the amount of value-added tax they contain.

The value-added tax recovered from or paid to the tax authority is reported in receivables or liabilities in the consolidated statement of financial position.

Segment reporting

a) Operating segments

(91) For the purposes of company management, the IVU Group is organised into two main operating segments:

- Public Transport
- Logistics

(92) These segments form the basis of presentation for the IVU Group's segment information. Financial information on the operating and geographical segments can be found in note F. and in a separate annex to these notes to the consolidated financial statements.

b) Transactions between the operating segments

(93) Segment income, segment expenses and segment results only contain transfers between operating segments to a limited extent. These transfers are recognised at arm's-length conditions and are eliminated in consolidation.

C. Notes to the consolidated statement of financial position

Non-current assets

1 Intangible assets and property, plant and equipment

(94) With regard to the development of non-current assets in the financial year ended 31 December 2014, reference is made to the attached statement of changes in intangible assets and property, plant and equipment.

(95) The IVU Group tested goodwill for impairment at 31 December 2014 and 31 December 2013. Impairment testing is based on the following cash-generating units and their carrying amounts for goodwill:

Cash-generating unit	31 Dec. 2014 € thousand	31 Dec. 2013 € thousand
Public Transport	8,980	8,980
Logistics	2,369	2,369
	11,349	11,349

(96) Impairment testing is based on cash flow planning for the individual cash-generating units for a five-year planning. Further cash flow growth of 1.0% is assumed for periods after the end of the planning horizon (previous year: 1.0%). The management also assumes growth in gross profit of around 1% for the detailed planning period. The cash flows applied were derived from past information and contracted orders for the 2014 financial year. The assumptions made by the management with regard to business development trends in the software industry correspond to the expectations of industry experts and market observers. The software industry is expected to see comparatively moderate growth rates. Further new investment will be necessary in order to achieve long-term growth. The discount rates applied were 5.47% after tax and 7.55% before tax (previous year: 6.51% after tax and 8.85% before tax). The adjustment of the discount rate reflects the current economic conditions (real economic developments and financing conditions). As the current economic conditions mean there is considerable uncertainty with regard to the expected cash flows and financing conditions, the Executive Board of the IVU Group performed impairment testing on the basis of a worst-case scenario of a 20% reduction in cash flows and a discount rate after tax of 8%. Even assuming this scenario, no impairment losses were required to be recognised.

(97) In the year under review, IVU AG entered into finance leases for hardware and software with a volume of € 219 thousand (previous year: € 170 thousand). The leases have a term of four years. At the reporting date, the carrying amount of the assets leased under finance leases was € 375 thousand (previous year: € 695 thousand).

Current assets

2 Inventories

	2014 € thousand	2013 € thousand
Merchandise (carried at the lower of cost and net realisable value)	2,440	1,541
Advance payments	856	1,012
	3,296	2,553

(98) There were no valuation allowances on merchandise in the year under review (previous year: € 44 thousand).

3 Trade receivables

	2014 € thousand	2013 € thousand
Trade receivables	17,225	20,092
Specific valuation allowances	-2,117	-973
	15,108	19,119

(99) Trade receivables are non-interest-bearing and are due between 0 and 90 days. The specific valuation allowances recognised developed as follows:

	2014 € thousand	2013 € thousand
At 1 January	973	172
Addition recognised in profit/loss	1,144	917
Utilisation	0	-105
Reversal recognised in profit/loss	0	-11
At 31 December	2,117	973

(100) At 31 December, the maturity structure of trade receivables was as follows:

	2014 € thousand	2013 € thousand
Neither overdue nor impaired	8,132	13,093
Overdue, not impaired		
< 30 days	3,364	2,686
31 – 60 days	639	827
61 – 90 days	718	958
> 90 days*	2,255	1,555
	6,976	6,026
At 31 December	15,108	19,119
of which current receivables	15,098	17,867
of which non-current receivables	10	1,252

* of which paid by 28 February 2015: € 793 thousand
(previous year: € 2 thousand)

4 Current receivables/liabilities from contract manufacturing

(101) Receivables using the percentage-of-completion method arise when revenue is recognised but cannot yet be invoiced under the terms of the respective contract. These amounts are generally determined by reference to the ratio of the costs incurred to the total planned costs (cost-to-cost method). The item contains the direct costs (personnel expenses and purchased services) as well as an appropriate portion of overheads.

(102) Receivables measured using the percentage-of-completion method are broken down as follows:

	2014 € thousand	2013 € thousand
Costs incurred	10,153	8,197
Shares of profits	7,823	4,829
Contract revenue	17,976	13,026
Advance payments received	-17,806	-16,516
of which offset against contract revenue	-8,389	-5,891
Current receivables from contract manufacturing	9,587	7,135
Liabilities from contract manufacturing	9,417	10,625

Liabilities from contract manufacturing consist of advance payments received in excess of the corresponding receivables from long-term contract manufacturing.

(103) There are warranty obligations for the contract manufacturing performed in the course of the Group's ordinary business activities.

5 Other short-term assets

	2014 € thousand	2013 € thousand
Call money to secure guarantees	3,389	3,061
Tax credit receivables	771	771
Government grant receivables	154	203
Miscellaneous	338	215
	4,652	4,250

(104) The call money is used to secure guarantees and is not freely available.

6 Cash and cash equivalents

	2014 € thousand	2013 € thousand
Bank balances	14,664	10,663
Cash on hand	3	5
	14,667	10,668

7 Equity

(105) With regard to the development of equity, reference is made to the statement of changes in consolidated equity.

Share capital and authorised capital

(106) The fully paid-up share capital entered in the commercial register at the reporting date amounted to € 17,719,160.00 (previous year: € 17,719,160.00). The share capital is composed of 17,719,160 (previous year: 17,719,160) no-par value shares.

(107) By resolution of the Annual General Meeting on 19 May 2010, Authorised Capital 2002/I was cancelled and the Executive Board was authorised to increase the share capital of the company, with the approval of the Supervisory Board, by up to € 1,000,000 in exchange for cash and/or non-cash contributions on one or more occasions up until 18 May 2015 by issuing up to 1,000,000 new no-par value bearer shares (Authorised Capital 2010/I). This authorisation had not been utilised as at 31 December 2014.

(108) In the 2013 financial year, the Executive Board withdrew € 42,760 thousand from capital reserves in preparing the annual financial statements and offset this amount against the accumulated losses reported.

<u>Non-current liabilities</u>

8 Provisions for pensions

(109) Provisions for pensions are recognised to meet obligations (retirement, invalidity and surviving dependants' benefits) from accrued benefits and current benefits to active and former employees of IVU AG and their surviving dependants.

(110) The amount of the pension obligation (present value of the accrued benefits) was calculated using actuarial methods based on the following assumptions:

	2014 %	2013 %
Discount factor	1.80	3.50
Salary trend	2.50	2.50
Pension trend	2.00	2.00
Fluctuation	3.00	3.00

(111) The salary trend includes expected future salary growth, which is estimated annually taking into account inflation and length of service, among other things.

The net pension expense is composed as follows:

	2014 € thousand	2013 € thousand
Current service cost	9	9
Interest cost	132	133
Expense for the period	141	142

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

	2014 € thousand	2013 € thousand
Present value of pension obligations, 31 Dec.	5,954	4,835
less fair value of plan assets	938	1,080
Provisions for pensions	5,016	3,755

(113) The following table shows the development of pension obligations:

	2014 € thousand	2013 € thousand
Present value of pension obligations, 1 Jan.	4,835	5,129
Current service cost	9	9
Interest cost	165	171
Pension payments	-214	-203
Actuarial gains and losses taken directly to equity due to changes in financial assumptions	1,186	-62
Actuarial gains and losses taken directly to equity due to experience adjustments	-27	-209
Present value of pension obligations, 31 Dec.	5,954	4,835

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

	2014 € thousand	2013 € thousand
Fair value of plan assets, 1 Jan.	1,080	1,104
Net return on plan assets	33	38
Additions to plan assets.	6	123
Payments from plan assets	-151	-141
Actuarial gains and losses taken directly to equity	-30	-44
Plan assets, 31 Dec.	938	1,080

(115) The following table shows a quantitative sensitivity analysis of the most important assumptions as at 31 December 2014.

Assumption	**Interest rate sensitivity**		**Pension trend sensitivity**
Scenario	0.50% increase	0.50% reduction	1.00% increase
Impact on defined benefit obligation (in € thousand)	-393	437	816

The above sensitivity analysis was performed using a technique that extrapolates the impact on the defined benefit obligation of realistic changes in the most important assumptions to the end of the reporting period.

(116) At the end of the reporting period, the average term of the defined benefit obligations was 13.93 years (previous year: 12.89 years).

(117) The expected return on plan assets is based on an expected rate of return of 1.8% (previous year: 3.5%). No contributions will be made to the plan in the next twelve months.

(118) The plan assets consist solely of cash and cash equivalents.

(119) The following table shows the expected payment structure for the period from 2015 to 2019:

	€ thousand
Pension payments made	
2013	203
2014	214
Expected pension payments	
2015	229
2016	233
2017	238
2018	249
2019	268

(120) Defined contributions exist only in the form of the mandatory contributions made by IVU AG to the statutory pension scheme. In the year under review, employer's contributions totalled € 1,514 thousand (previous year: € 1,423 thousand).

<u>Current liabilities</u>

9 Financial liabilities

(121) IVU AG has the following credit facilities:

	Utilisation 31 Dec. 2014 € thousand	Utilisation 31 Dec. 2013 € thousand	Credit facility € thousand
Berliner Sparkasse	0	0	1,500
Deutsche Bank AG	0	0	1,500
Monte del Paschi di Siena	0	0	150

(122) As in the previous year, the revocable credit facilities with Deutsche Bank AG and Berliner Sparkasse are each secured in the amount of € 1,500 thousand by way of the global assignment of trade receivables and licensing receivables.

(123) Interest and commission expenses amounted to € 233 thousand in the 2014 financial year (previous year: € 292 thousand).

10 Provisions

(124) Provisions developed as follows:

	At 1 Jan. 2014 € thousand	Utilisation € thousand	Reversal € thousand	Addition € thousand	At 31 Dec. 2014 € thousand
Warranty	1,101	540	168	425	818
Onerous contracts	0	0	0	14	14
	1,101	540	168	439	832
of which current	1,101				832

(125) Warranty provisions relate to work that is still to be performed for projects that are largely already complete. The provisions do not contain an interest portion.

(126) In the 2013 financial year, forward foreign exchange contracts were entered into in connection with a contracted customer order denominated in foreign currency

with the aim of hedging against exchange rate risks. This relates to hedges of future cash flows from expected transactions.

(127) The Group's holdings of derivative financial instruments developed as follows:

Hedging instrument	Hedge type	Currency	Notional amount	Fair value	
				31 Dec. 2014	31 Dec. 2013
			€ thousand	€ thousand	€ thousand
Forward foreign exchange contract (future transaction)	Currency risk	Swiss franc	1.156	-14	0
Total			1.156	-14	0

11 Other current liabilities

	2014 € thousand	2013 € thousand
Personnel-related liabilities	3,193	2,580
Liabilities from contractual risks	121	500
Tax liabilities (value-added tax, payroll tax)	1,390	1,210
Social security liabilities	30	10
Liabilities for outstanding invoices	1,165	1,196
Miscellaneous	929	1,169
	6,828	6,665

(128) Personnel-related liabilities primarily relate to obligations for holiday entitlement, overtime and special payments.

12 Deferred taxes/income taxes

(129) German trade income tax is levied on the trade income as derived from the taxable income for corporation tax purposes. The effective trade tax rate depends on the locality in which the IVU Group operates. The average trade tax rate for 2014 was 15.1% (previous year: 14.7%). In the 2013 and 2014 financial years, the corporation tax rate was 15%. In addition to corporation tax, a solidarity surcharge of 5.5% is levied on the corporation tax paid. For the calculation of current income tax for the 2014 financial year, this results in an effective tax rate of 30.90% for the 2014 financial year and 30.56% for the 2013 financial year.

(130) Income tax expense for the current financial year is composed as follows:

	2014 € thousand	2013 € thousand
Current tax expense/income		
• Current year	-208	-934
Deferred tax income/expense		
• Change in tax loss carryforwards	1,216	159
• Tax-deductible goodwill amortisation	-152	-136
• Change in long-term contract manufacturing	-789	19
• Liabilities from contract manufacturing at IVU Italia	177	1,101
• Change in provisions for pensions	-13	-2
• Change in other assets	-1	30
• Change in other provisions	4	-1
	442	1,170
Income from income taxes	234	236

(131) The following table shows the reconciliation of tax expense:

	2014 € thousand	2013 € thousand
Earnings before taxes	4,131	3,591
Theoretical income tax expense (30.90%; previous year: 30.56%)	-1,276	-1,097
Differences in the tax treatment of certain expenses	-70	-137
Utilisation of tax loss carryforwards	426	1,383
Remeasurement of German tax loss carryforwards	1,197	159
Effects from differences in tax rates	-48	61
Other	5	-133
Current tax income	234	236

(132) The deferred taxes reported in IVU's consolidated statement of financial position are composed as follows:

	2014 € thousand	Change € thousand	2013 € thousand	Change € thousand	2012 € thousand
Deferred tax assets					
• Tax loss carryforwards	2,890	1,217	1,673	159	1,514
• Provisions for pensions	911	354	557	-71	628
• Liabilities from contract manufacturing at IVU Italia	2,377	177	2,200	1,101	1,099
• Other provisions	4	4	0	-1	1
	6,182	1,752	4,430	1,188	3,242
Deferred tax liabilities					
• Receivables from long-term contract manufacturing	-1,676	-789	-887	19	-906
• Tax-deductible goodwill amortisation	-1,462	-153	-1,309	-136	-1,173
• Other assets	-35	-1	-34	30	-64
	-3,173	-943	-2,230	-87	-2,143
Deferred tax assets, net	3,009	809	2,200	1,101	1,099
- of which change recognised in profit/loss		442		1,170	
- of which change recognised in equity		368		-69	
Amounts reported in the statement of financial position					
• Deferred tax assets	3,009		2,200		1,099
• Deferred tax liabilities	0		0		0

(133) The IVU Group's tax loss carryforwards are as follows:

	2014 € million	2013 € million
Trade tax loss carryforward, Germany	32.8	34.0
Corporation tax loss carryforward, Germany	37.3	38.5

There are no tax loss carryforwards outside Germany. The tax loss carryforwards in Germany do not expire.

D. Notes to the consolidated income statement

(134) The income statement is prepared using the nature of expense method.

13 Revenue

	2014 € thousand	2013 € thousand
Deliveries/services/contracts for work	25,478	27,442
Licences	8,970	6,483
Maintenance	12,788	12,325
	47,236	46,250

14 Other operating income

	2014 € thousand	2013 € thousand
Income from the reversal of impairment losses	0	11
Government grants	858	474
Miscellaneous	216	190
	1,074	675

15 Cost of materials

	2014 € thousand	2013 € thousand
Cost of purchased goods	6,606	7,962
Cost of purchased services	4,624	4,203
	11,230	12,165

16 Personnel expenses

	2014 € thousand	2013 € thousand
Wages and salaries	20,170	19,115
Social security contributions and expenses for pensions and other benefits	3,717	3,650
	23,887	22,765

17 Depreciation and amortisation of non-current assets

	2014 € thousand	2013 € thousand
Amortisation of intangible assets	332	290
Depreciation of property, plant and equipment	619	699
	951	989

18 Other operating expenses

	2014 € thousand	2013 € thousand
Selling expenses	2,806	2,535
Operating costs	1,735	1,636
Administration costs	1,286	1,131
Miscellaneous	2,068	1,848
	7,895	7,150

19 Earnings per share

(135) In accordance with IAS 33, basic earnings per share are calculated by dividing the consolidated net income for the period by the weighted number of no-par value shares.

	2014	2013
Net income for the period (€ thousand)	4,365	3,827
Number of ordinary shares at 1 January	17,719	17,719
Number of ordinary shares at 31 December	17,719	17,719
Weighted number of no-par value shares (thousand)	17,719	17,719
Basic earnings per no-par value share (€/share)	0.25	0.22

(136) To calculate the diluted earnings per share, the net income for the period attributable to the ordinary shareholders and the weighted average number of shares in circulation are adjusted for the effects of all dilutive potential ordinary shares that could result from subscription rights being exercised. For this purpose, the number of ordinary shares corresponds to the weighted average number of ordinary shares plus the weighted average number of ordinary shares that would be issued if all dilutive potential ordinary shares were converted into ordinary shares. The conversion of share options into ordinary shares is considered to have taken place on the date on which the subscription rights were granted. There were no dilutive effects from issued share options as at 31 December 2014 and 2013.

E. Notes to the statement of cash flows

The reported cash and cash equivalents are not subject to any third-party restrictions on title. Interest and income tax payments are recognised; no dividend was paid. The composition of cash and cash equivalents can be found in note C.6.

F. Notes on segment reporting

(137) The IVU Group applies IFRS 8 "Operating Segments". This standard requires the disclosure of information on the operating segments of the Group. The IVU Group is organised in two operating segments: Public Transport and Logistics.

(138) The segment reporting by operating segment is attached as a separate annex to these notes.

Public Transport

(139) This operating segment develops software solutions for the customer groups of transport companies (bus, rail, ferry) and buyers (associations, federal states, municipalities) with the aim of supporting and optimising the planning and operation of transport services through intelligent IT systems. In the year under review, no individual customer accounted for more than 10% of total revenue.

Logistics

(140) This operating segment integrates software products for mapping business processes and optimises transport procedures for the waste disposal logistics and building materials market segments. In some cases, Internet-based products are developed for our customer groups Deutsche Post, retail chains and other public authorities. In the year under review, no individual customer accounted for more than 10% of total revenue.

Reconciliation of segment assets

(141) Segment assets are reconciled to gross assets as follows:

	2014 € thousand	2013 € thousand
Gross assets as reported in the statement of financial position	64,097	58,995
- Deferred tax assets	-3,009	-2,200
Segment assets	61,088	56,795

G. Other disclosures

Other financial obligations and contingent liabilities

<u>Rental and lease agreements</u>

(142) Vehicles, office equipment and other equipment was leased under operating lease agreements. Leasing charges and maintenance costs amounted to € 460 thousand in 2014 (previous year: € 384 thousand).

(143) In 2014, leasing charges under finance leases amounted to € 289 thousand for hardware (previous year: € 296 thousand) and € 20 thousand for office equipment (previous year: € 34 thousand). Finance lease liabilities are reported in trade payables.

(144) At the reporting date, finance lease liabilities had the following present values and residual terms:

Residual term	less than 1 year € thousand	1 to 5 years € thousand	Total € thousand
Liability	399	330	729
Interest portion	16	5	21
Present value	415	335	750

(145) At 31 December 2013, finance lease liabilities had the following present values and residual terms:

Residual term	less than 1 year € thousand	1 to 5 years € thousand	Total € thousand
Liability	308	340	648
Interest portion	30	17	47
Present value	338	357	695

(146) The following payments result from rental and lease agreements:

	2014 € thousand	2013 € thousand
Residual term of less than one year		
Rental payments	1,199	1,096
Lease payments	563	586
Sub-total	1,762	1,682
Residual term of between one and five years		
Rental payments	2,895	2,976
Lease payments	534	674
Sub-total	3,429	3,650
Total	5,191	5,332

The lease payments include hire-purchase payments in the amount of € 245 thousand (residual term of less than one year) and € 158 thousand (residual term of between one and five years).

<u>Guarantees for bills of exchange</u>

(147) At the reporting date, various banks had taken on guarantees for bills of exchange for IVU AG in the amount of € 12,119 thousand, of which € 240 thousand were in foreign currency (previous year: € 11,372 thousand, of which € 240 thousand in foreign currency).

Employees

(148) The IVU Group had an average of 404 employees in the year under review (previous year: 389). The workforce can be broken down by function as follows:

	2014	2013
Production/software development	158	149
Administration	42	39
Project work/sales	204	201
Total	404	389

Auditor's fees

(149) The auditor's fees paid to Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft in the year under review for auditing the single-entity financial statements of IVU AG and the consolidated financial statements of the IVU Group for the 2014 financial year amounted to € 114 thousand (previous year: € 95 thousand). In addition, € 49 thousand was paid to Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft for tax consultancy services in the year under

review (previous year: € 108 thousand). Other services were expensed in the amount of € 19 thousand (previous year: € 15 thousand).

Related party disclosures

(150) Related parties are companies and individuals which have the ability to control the IVU Group or exercise a significant influence over its financial and operating decisions. The current control relationships and the existence of trust arrangements were taken into account in determining the significant influence exercised by related parties over the IVO Group's financial and operating decisions.

Related companies

(151) The subsidiaries included in the consolidated financial statements are considered to be related parties. There are no other related companies.

(152) IVU AG and its subsidiaries conducted transactions for the oncharging of licence revenue, development services and cost allocations for services rendered which were eliminated in consolidation.

Related individuals

(153) The following individuals are considered to be related parties:

Members of the Executive Board of IVU AG

Martin Müller-Elschner (Chairman)
Dr Helmut Bergstein (Member of the Executive Board, head of the Aachen branch, Chief Financial Officer since 1 January 2015)
Frank Kochanski (Chief Financial Officer until 31 December 2014)

The following members were appointed to the Supervisory Board.

Klaus-Gerd Kleversaat, Berlin (Chairman until 3 June 2014)
Member of the Management Board of quirin bank AG, Berlin, until 30 May 2014
Member of the Supervisory Board of quirin bank AG, Berlin, from 13 June 2014
Member of the Management Board of Tradegate Wertpapierhandelsbank AG, Berlin
Member of the Supervisory Board of Stream Films AG, Berlin

Prof Herbert Sonntag, Berlin (Chairman since 3 June 2014)
Professor for Transport Logistics and Head of the Transport Logistics Research Group at the Technical University of Applied Sciences, Wildau
Chairman of the Executive Board of Logistiknetz Berlin Brandenburg e.V., Berlin-Potsdam
Member of the Management Board of Allianz pro Schiene e.V., Berlin

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

Ulrike Mayer-Johanssen, Berlin (since 3 June 2014)
Founder and Non-Executive Chairwoman of MetaDesign AG, Berlin
External economics expert on the Supervisory Board of Universitätsklinikum Düsseldorf, Düsseldorf
Member of the University Board at the University of Design of Schwäbisch Gmünd, Schwäbisch Gmünd
Member of the Advisory Council of Travel Industry Club, Frankfurt/Main

<u>Transactions with related individuals</u>

(154) With the exception of the transactions listed below, there were no transactions between related individuals and IVU Group companies in the year under review or the previous year.

(155) In the 2014 financial year, members of the Executive Board of IVU AG acquired shares as follows:

Mr. Müller-Elschner	37,200 shares

(156) In the 2013 financial year, members of the Executive Board and the Supervisory Board of IVU AG acquired or transferred shares as follows:

Mr. Klaus Gerd Kleversaat	50,000 shares
Mr. Müller-Elschner	48,200 shares
Mr. Frank Kochanski	10,000 shares
Prof Herbert Sonntag	-300,000 shares

Executive Board and Supervisory Board remuneration

(157) The Executive Board of IVU AG received remuneration of € 1,634 thousand in the 2014 financial year (previous year: € 952 thousand). The remuneration of the Executive Board consists of a fixed component (€ 685 thousand) and a variable component (€ 374 thousand). In the year under review, the variable component accounted for 35% of the total remuneration (previous year: 33%). The remuneration also included non-recurring termination benefits (€ 575 thousand). The Annual General Meeting on 25 May 2011 resolved to exempt the company from the requirement to disclose the remuneration paid to the individual members of the Executive Board.

(158) Provisions for pensions amounting to € 3,023 thousand were recognised for former members of the Executive Board (previous year: € 2,575 thousand). In addition, pension payments of € 151 thousand were made for former members of the Executive Board in the year under review (previous year: € 141 thousand).

(159) The Supervisory Board received remuneration of € 45 thousand in the 2014 financial year (previous year: € 37.5 thousand).

(160) The shareholdings of the members of the Executive Board and the Supervisory Board are as follows:

	Number of shares 31 Dec. 2014	Number of shares 31 Dec. 2013
Executive Board members		
Martin Müller-Elschner (Chairman)	177,200	140,000
Frank Kochanski	30,000	30,000
Dr Helmut Bergstein	30,000	30,000
Supervisory Board members		
Klaus-Gerd Kleversaat (Chairman)	312,590	312,590
Prof Herbert Sonntag	866,000	866,000

Disclosures on the German Corporate Governance Code

(161) The declaration of conformity was issued by the Executive Board and the Supervisory Board on 18 March 2014 and made permanently available to shareholders in the Investor Relations section of IVU AG's website (www.ivu.com).

Berlin, March 2015

Martin Müller-Elschner   Dr Helmut Bergstein

IVU Traffic Technologies AG, Berlin
Development of intangible assets and property, plant and equipment in 2014 (IFRS)

Statement of changes in non-current assets

	Historical cost				Depreciation, amortisation and write-downs				Residual carrying amounts	
	As at 1 Jan. 2014 € thousand	Addition € thousand	Derecognition € thousand	As at 31 Dec. 2014 € thousand	As at 1 Jan. 2014 € thousand	Addition € thousand	Derecognition € thousand	As at 31 Dec. 2014 € thousand	As at 31 Dec. 2014 € thousand	As at 31 Dec. 2013 € thousand
I. Intangible assets										
1. Industrial property rights and licences, software	6,261	1,028	0	7,289	6,017	332	0	6,349	940	244
2. Goodwill	14,626	0	0	14,626	3,277	0	0	3,277	11,349	11,349
3. Internally generated intangible assets	15,505	0	0	15,505	15,505	0	0	15,505	0	0
	36,392	1,028	0	37,420	24,799	332	0	25,131	12,289	11,593
II. Property, plant and equipment										
1. Technical equipment and machinery	2,807	0	12	2,795	2,455	55	11	2,499	296	352
2. Other equipment, operating and office equipment	7,072	634	44	7,662	5,966	564	41	6,489	1,173	1,106
3. Advance payments and assets under construction	19	1	0	20	0	0	0	0	20	19
	9,898	636	56	10,477	8,421	619	52	8,988	1,489	1,477
	46,290	1,664	56	47,897	33,220	951	52	34,119	13,778	13,070

IVU Traffic Technologies AG, Berlin
Development of intangible assets and property, plant and equipment in 2013 (IFRS)

Statement of changes in non-current assets

	Historical cost				Depreciation, amortisation and write-downs				Residual carrying amounts	
	As at 1 Jan. 2013 € thousand	Addition € thousand	Derecognition € thousand	As at 31 Dec. 2013 € thousand	As at 1 Jan. 2013 € thousand	Addition € thousand	Derecognition € thousand	As at 31 Dec. 2013 € thousand	As at 31 Dec. 2013 € thousand	As at 31 Dec. 2012 € thousand
I. Intangible assets										
1. Industrial property rights and licences, software	6,183	78	0	6,261	5,727	290	0	6,017	244	456
2. Goodwill	14,626	0	0	14,626	3,277	0	0	3,277	11,349	11,349
3. Internally generated intangible assets	15,505	0	0	15,505	15,505	0	0	15,505	0	0
	36,314	78	0	36,392	24,509	290	0	24,799	11,593	11,805
II. Property, plant and equipment										
1. Technical equipment and machinery	2,830	0	23	2,807	2,423	55	23	2,455	352	407
2. Other equipment, operating and office equipment	6,677	439	44	7,072	5,366	644	44	5,966	1,106	1,311
3. Advance payments and assets under construction	4	15	0	19	0	0	0	0	19	4
	9,511	454	67	9,898	7,789	699	67	8,421	1,477	1,722
	45,825	532	67	46,290	32,298	989	67	33,220	13,070	13,527

IVU Traffic Technologies AG, Berlin **Annex 6**

Consolidated segment reporting for the 2014 financial year (IFRS)

Operating segments in € thousand	Public Transport 2014	2013	Logistics 2014	2013	Central functions 2014	2013	**Consolidated 2014**	**2013**
Total revenue	42,897	42,142	5,765	5,831	54	2,550	**48,716**	**50,523**
Revenue from transactions with other segments	-1,115	-1,740	-365	-35	0	-2,498	**-1,480**	**-4,273**
Revenue from external customers	**41,782**	**40,402**	**5,400**	**5,796**	**54**	**52**	**47,236**	**46,250**
Segment profit (gross profit)	**31,915**	**29,575**	**5,025**	**5,071**	**140**	**114**	**37,080**	**34,760**
Expenses	-19,277	-18,931	-3,626	-3,396	-9,830	-8,577	**-32,733**	**-30,904**
EBIT	**12,638**	**10,644**	**1,399**	**1,675**	**-9,690**	**-8,463**	**4,347**	**3,856**
Financial expenses, net					-216	-265	**-216**	**-265**
EBT							**4,131**	**3,591**
Income taxes					234	236	**234**	**336**
Consolidated net income							**4,365**	**3,827**
Note							F.141	F.141
Segment assets	**51,846**	**47,465**	**6,717**	**6,820**	**2,525**	**2,510**	**61,088**	**56,795**
Capital expenditure	1,286	394	207	71	171	65	**1,664**	**530**
Impairment	734	735	119	132	98	122	**951**	**989**

Geographical segment information in € thousand	Germany 2014	2013	Rest of Europe 2014	2013	Rest of the World 2014	2013	**Consolidated 2014**	**2013**
Revenue from business with external customers	25,685	24,202	16,940	20,119	4,611	1,929	**47,236**	**46,250**
Segment assets	54,608	49,578	6,396	7,121	84	96	**61,088**	**56,795**
Capital expenditure	1,253	507	411	23	0	0	**1,664**	**530**
Impairment	873	906	78	83	0	0	**951**	**989**

Auditor's Report

The auditors, the Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft, have drawn up the following auditors' report for the consolidated financial statements and consolidated management report:

"We have audited the consolidated financial statements prepared by IVU Traffic Technologies AG, Berlin – consisting of the statement of financial position, the income statement, the statement of comprehensive income, the statement of changes in equity, the cash flow statement and the notes to the consolidated financial statements – together with the Group management report for the financial year from 1 January to 31 December 2014. The preparation of the consolidated financial statements and the Group management report in accordance with the IFRSs as adopted by the EU and the supplementary requirements set out in section 315a (1) of the German Commercial Code (HGB) is the responsibility of the legal representatives of the company. Our responsibility is to express an opinion on the consolidated financial statements and the Group management report based on our audit.

We conducted our audit of the consolidated financial statements in accordance with section 317 HGB and the German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer (IDW, Institute of Public Auditors in Germany). Those standards require that we plan and perform the audit such that misstatements materially affecting the presentation of the net assets, financial position and results of operations in the consolidated financial statements in accordance with the applicable financial reporting framework and in the Group management report are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the Group and expectations as to possible misstatements are taken into account in the determination of audit procedures. The effectiveness of the accounting-related internal control system and the evidence supporting the disclosures in the consolidated financial statements and the Group management report are examined primarily on a test basis within the framework of the audit. The audit includes assessing the annual financial statements of those entities included in consolidation, the determination of the entities to be included in consolidation, the accounting and consolidation principles used and significant estimates made by the legal representatives of the company, as well as evaluating the overall presentation of the consolidated financial statements and the Group management report. We believe that our audit provides a reasonable basis for our opinion.

Our audit did not give rise to any reservations.

In our opinion, based on the findings of our audit, the consolidated financial statements comply with the IFRSs as adopted by the EU and the supplementary requirements set out in section 315a (1) HGB and give a true and fair view of the net assets, financial position and results of operations of the Group in accordance with these requirements. The Group management report is consistent with the consolidated financial statements and, as a whole, provides a suitable view of the Group's position and suitably presents the opportunities and risks of future development."

Berlin, 13 March 2015

Ernst & Young GmbH
Wirtschaftsprüfungsgesellschaft

Canzler Wirtschaftsprüfer (German public auditor)	Weiß Wirtschaftsprüfer (German public auditor)

SUPPLEMENTARY INFORMATION IN ACCORDANCE WITH SECTION 315 (2) NO. 4 AND SECTION 315 (4) HGB

The Executive Board of IVU AG received remuneration of € 1,634 thousand in the 2014 financial year. The remuneration of the Executive Board comprises a fixed and a variable portion. In the year under review, the variable portion accounted for approximately 35% of total remuneration (2013: 33%). The variable portion is calculated on the basis of earnings before taxes in the IFRS consolidated financial statements. The Annual General Meeting on 25 May 2011 resolved to exempt the company from the requirement to disclose the remuneration paid to the individual members of the Executive Board.

The remuneration of the Supervisory Board does not contain a performance-based component and consists of fixed basic remuneration. No meeting fees are agreed.

The subscribed capital of the company in the amount of € 17,719,160 is divided into 17,719,160 no-par value shares each with a notional interest in the share capital of € 1.00. Authorised capital in the amount of € 1,000,000 has been resolved until 18 May 2015.

There are no restrictions on voting rights or the transfer of shares. The Executive Board is not aware of any agreements of this nature between individual shareholders. Furthermore, there are no material agreements containing provisions on a change of control in the event of a takeover bid.

The company has made the corporate governance declaration publicly available on its website at www.ivu.de. The corporate governance declaration includes the declaration of conformity with the German Corporate Governance Code in accordance with section 161 of the German Stock Corporation Act (AktG).

In accordance with Article 7 of the Articles of Association, the Supervisory Board appoints the members of the Executive Board and determines their number. The further details of appointment and dismissal are governed by sections 84f. AktG.

In accordance with Article 17 of the Articles of Association, the Supervisory Board is authorised to make amendments to the Articles of Association relating solely to their wording. In accordance with section 179 AktG, all other amendments to the Articles of Association must be approved by the Annual General Meeting with a majority of at least three-quarters of the share capital represented when the resolution is adopted.

Berlin, March 2015

The Executive Board

Responsibility statement

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

Berlin, March 2015

The Executive Board

Martin Müller-Elschner | Dr Helmut Bergstein