

init



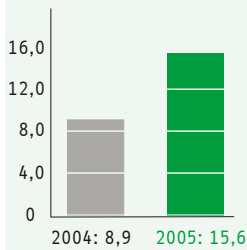
init

innovation
in traffic systems AG

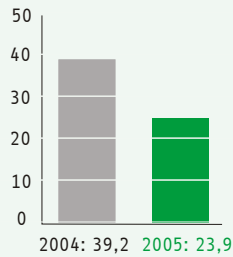


Q2 Report 2005

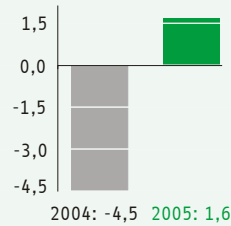
Sales Q1-Q2
in million €



Orders on hand Q1-Q2
in million €



EBIT Q1-Q2
in million €



Earnings per share
Q1-Q2 2004: -0,30 €
Q1-Q2 2005: 0,09 €

init at a Glance

Municipal and regional passenger transportation should be comfortable, fast, and attractive. The systems supplied by init innovation in traffic systems AG ensure that buses and trams are able to meet these requirements today, while at the same time increasing the efficiency of transportation companies. init is the leader in innovative telematics and fare management systems that offers a suite of integrated solutions for all type of needs related to public transportation. init products are operational in over 300 transportation companies worldwide.

Director's Holdings

Management Board	Number of shares
Dr. Gottfried Greschner, CEO	3.851.400
Joachim Becker, COO	420.983
Wolfgang Degen, COO	140.000
Dr. Jürgen Greschner, CSO	107.364
Bernhard Smolka, CFO	9.600

Supervisory Board	Number of shares
Prof. Dr.-Ing. Dr.-Ing. E.h. Günter Girnau	-
Bernd Koch	-
Fariborz Khavand	-

Company calendar 2005/2006

Wk. 46/2005	Disclosure Q3 2005 Report
Wk. 47/2005	Analyst Conference
Wk. 13/2006	Disclosure Annual Report 2005

Statutory bodies of the Company

Supervisory Board

> Prof. Dr.-Ing. Dr.-Ing. E.h. Günter Girnau
(Chairman)

Honorary member and former Managing Director of the Association of German Transport Enterprises (VDV), Honorary Vice President of the International Association for Public Transport (UITP).

> Bernd Koch (Vice-chairman)

Self-employed business consultant for strategy and organisation, Member of the Advisory Board of the IHK (German Chamber of Industry and Commerce) Training Centre in Karlsruhe.

> Fariborz Khavand

Self-employed business consultant, Managing Director, Member of the supervisory board of Rhön Residence GmbH & Co. Management KG.

Management Board

> Dr. Gottfried Greschner (Chairman), M.Sc.
Business Development, Personnel, Purchasing and Supply Management

> Joachim Becker, M.Sc. in Information Science
Business Division: Telematics Software and Services

> Wolfgang Degen, M.Sc.
Business Division: Mobile Telematics and Fare Management Systems

> Dr. Jürgen Greschner, B.A.M.
Sales

> Bernhard Smolka, B.A.M.

Finance, Controlling and Investor Relations



Report of the Managing Board

Ladies and Gentlemen,

In the 2005 fiscal year, init innovation in traffic systems AG continues its course toward record figures: In the second quarter, the company was able not only to maintain its terrific rate of growth in sales and operating result (EBIT) but to accelerate it further. At 7.9 million Euro, the quarterly sales figure came out 47.5 % above the prior-year result of 5.3 million Euro. This corresponds to an increase in sales as at mid-year of around 75 % to 15.6 million Euro (2004: 8.9 million Euro).

Annual EBIT projection already exceeded at mid-year

Not merely recording a considerable turnaround as compared to the previous year, the earnings side indeed reported a lasting increase in profitability. The operating result (before interest and taxes) from April to the end of June reached a figure of +1.0 million Euro, after -2.3 million Euro in the previous year. For the full six-month period, it thus stood at +1.6 million Euro (2004: -4.5 million Euro). Consequently, after only six months into the current fiscal year, init already managed to exceed the previous annual EBIT projection for 2005 (1.4 million Euro). The profit margin before taxes could be increased to 10 %.

For the first time in company history, init thus attained a consolidated net profit of 0.9 million Euro in the first six months of the year (2004: -3.0 million Euro). As a consequence, the earnings per share improved to 0.09 Euro, compared to -0.30 Euro in the previous year. This above-average improvement in performance not only reflects the multiplying deliveries related to major projects in North America and Europe, but also the results of the savings measures introduced in 2004.

Major projects in North America and Europe push growth

The driving factor in the growth of the company proved to be our business in foreign countries. In North America, sales increased by over 150 % to 6.9 million Euro (2004: 2.7 million Euro). In Europe (excluding Germany), the revenue of 6.1 million Euro exceeded the prior-year result (3.5 million Euro) by 75 %. As in the first quarter, the decisive elements here were the deliveries of hardware for vehicle equipment in on-going major projects in Houston, Oslo, and Stockholm, which considerably increased as the projects progressed.

Our American subsidiary, INIT Inc., once again contributed most substantially to our increase in sales. Around 44 % of mid-year sales (2004: 30.6 %) were generated in North America, while Europe reported a good 39 % (2004: 39.1 %).

Investments of local public transportation companies in Germany on the rise again

Due to the dynamic growth in international business, the weight of the domestic market in the init sales split further reduced in the first six months of 2005.

While 30 % of the revenues in the previous year had still been attributable to domestic business, this figure reduced to just less than 17 % by the end of June 2005.

The trend toward a fresh rise in investments among German local public transportation companies and, consequently, toward reviving sales potentials for init in Germany continued in the second quarter of 2005. Between April and June, init recorded sales of 1.4 million Euro, thus turning over around 20 % more than in the prior three-month period. However, owing to the comparably strong prior-year quarter, the figure as of the mid-year cutoff date (2.6 million Euro) once again leveled with the prior-year result of 2.7 million Euro.

Rise in new orders from Germany

The upturn in economic activity on the German market is apparent even more clearly in the rate of new orders received. In the first six months of the year, init recorded an increase here of 136 % as compared to the previous year. The pre-eminent event in this period was the major contract awarded in early May by the second largest local transportation company in Germany, Münchner Stadtwerke, involving the supply of a computer-aided dispatch and automatic vehicle location system for the control center of Münchner Verkehrsgesellschaft (MVG) and the equipment of vehicles with hardware and software. The order volume in the first phase will amount to around 4 million Euro. A further contract was awarded in Bremen, where init will upgrade the payment system of Bremer Verkehrsbetriebe.

Another satisfactory result was achieved in the follow-up order sector, where the company also registered substantial increases in Germany. This positive tendency is expected to continue over the next few months.

On the whole, the level of new orders in the first six months rose by about of 25 % as compared to the previous year, totaling 15.3 million Euro (2004: 12.3 million Euro). As of the cutoff date on June 30, 2005, the orders on hand aggregated 23.9 million Euro and thus exceeded the figure reported at the end of 2004 (22.7 million Euro), despite the high sales volume in the first six months of that year.

At the international level, init also achieved further successes. In July, the company received its first major contract from Denmark, supplying the Danish national railway company (Danske Statsbaner, DSB AG) with an integrated on-board information system and further hardware and software components by mid-2007. The first phase involves the equipment of around 135 track vehicles used for local public transportation in the Greater Copenhagen Area with an integrated on-board system.

The further prospects of the company look promising. The offers prepared and tenders submitted by init, which have yet to be decided, currently amount to 70 million US dollar in North America and to around 25 million Euro in Europe.

Record result - cash flow more than quadrupled

In the first six months of 2005, init registered a record result. Aside from the highly satisfactory business trend, the driving factors in the above-average increase in net earnings proved to be the now fully operative effects from the savings measures implemented in 2004, along with foreign exchange gains in US business due to the recovering dollar price. The operating result in the second quarter rose to exceed one million Euro, after a negative value of -2.3 million Euro in the same period of the previous year. For the six-month period, init reported a new record level of 1.6 million Euro (2004: -4.6 million Euro).

The fundamental improvement in profitability was even more apparent in the cash flow. Thus, at 4.5 million Euro, the total generated from the operating activities of init in the first six months more than quadrupled as compared to the previous year (1.0 million Euro). Consequently, the liquidity situation of init turned out to be very comfortable. The cash balance year to date increased by 4.6 million Euro to 6.5 million Euro, while the liquid funds (incl. securities) as at the end of June totaled 7.5 million Euro (2004: 2.8 million Euro).

The equity ratio also continued to rise substantially, reaching 54.3 % as of the end of June, compared with 49.5 % as of the end of 2004.

Prospects

In the first six months of 2005, init innovation in traffic systems AG reaped the fruits of its concentrated savings policy and its accelerated internationalization measures commenced in previous years. These two strategic cornerstones will remain unchanged over the course of the remaining year. We will continue to work on cost savings both on the purchase and the production side. However, in so doing, we will not neglect the investments and research and development expenditure necessary for our technological leadership.

Consequently, in the first six months of the year, we opened up new sales potentials through the further development of innovative products such as our on-board computer, COPILOTpc, our planning software, MOBILE-PLAN, and our new product range of display systems (PIDmobil, PIDintegral, and PIDstation). Over the next few months, these are expected to have a positive effect on our business.

The market environment in our key markets also continues to develop favourably: We are currently awaiting decisions on tenders for telematics systems in Europe and North America, with North America specifically having received further funds from the Bush administration for an extension of its local public transportation infrastructure. In Germany, the positive tendency toward new investments in the extension of local public transportation and the modernization of existing systems is continuing.

Init also managed to attain initial achievement in the newly forming market segment for the equipment of vehicles with telematics units. Here, first pilot projects suggest, that we can expect an increase in demand over the next few quarters.

Against this background, we anticipate sales to further increase significantly in 2005. For the full year 2005 we are now forecasting EBIT exceeding 2 million Euro. (So far: 1.4 million Euro)

init share doubles in value

In the first six months of the year, the demand for the init share took account of the highly satisfactory business trend. After a comparably restrained start into the new year, the share price was driven by the disclosure of the figures for the first quarter. As a result, the share price doubled and reached a new annual high of 6.45 Euro as of the end of June.

After profit taking, the share as at June 30, 2005 stood at 5.73 Euro. This corresponds to an appreciation of around 93 % as compared to the end of 2004 and a massive outperformance of all relevant references indices. In the words of an investment journal, the init share definitely was a security "one has to have".

Karlsruhe, August 5, 2005

for the Managing Board

Dr. Gottfried Greschner

Chairman

Your contact for Investor Relations

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Performance January - July 2005



— init innovation in traffic systems AG
— Prime Technology Performance Index

Explanatory notes to the interim financial statements

Notes to the reconciliations

The quarterly financial statements as of June 30, 2005 and the benchmark figures were prepared in compliance with the International Financial Reporting Standards (IFRS). The financial statements are in keeping with IAS 34. Compared with previous financial statements prepared in conformity with US-GAAP, the changes in the accounting and valuation methods are but minor:

Interest on software development was capitalized in the financial statements in compliance with US-GAAP. init did not avail itself of the option under IAS 23 of capitalizing borrowing costs even in financial statements under IFRS. Therefore, exercising this option retrospectively as at the date of transition on January 1, 2004, the interest (194 TEuro) capitalized on long-term assets (balance sheet item 2. Internally generated software and other intangible assets) was eliminated in the financial statements under IFRS in accordance with IFRS 1. The deferred tax liabilities attributable to this (22 TEuro short-term and 53 TEuro long-term) were released. The balance of these adjustments (119 TEuro) reduced the net profit as of January 1, 2004, without affecting the operating result. The same procedure was applied in the transition to the IFRS quarterly financial statements as of June 30, 2004. In so doing, the elimination of interest capitalized after the date of transition as of January 1, 2004 and the reduction in depreciation as a consequential effect were taken into account in the consolidated statement of operations (items 8. Interest income and expenses, 2. Cost of revenues and 4. General administrative expenses, 11. Income tax) with due regard to the deferred taxes, and affected the current-period operating result. These activities are also reflected in the transition of the cash flow statement for the first half-year 2004.

As in previous financial statements in compliance with US-GAAP, scheduled amortizations of goodwill are not effected under IFRS 3. According to IAS 36 (revised in 2004), goodwill is examined each year for its value. Exercising the option under IFRS 1, IFRS 3 is applied prospectively in conjunction with IAS 36 (revised in 2004), so that the book value under US-GAAP was transferred to the financial statements under IFRS as it stood on the date of transition on January 1, 2004.

Other explanatory notes

The consolidated group of init AG includes INIT GmbH, Karlsruhe, init telematik gmbh, Karlsruhe, and INIT Inc., Chesapeake, USA, all of which are fully owned by init AG. INIT GmbH holds 43% of the shares in iris GmbH, Berlin, and init AG 44% of the shares in id systeme GmbH, Hamburg, along with 45% in

CarMedialab GmbH, Bruchsal, all of which are included "at equity" in the consolidated financial statements.

As of December 31, 2004, there were no contingent liabilities/claims in the init group. Replacement investments were made in tangible fixed assets in the amount of 106 TEuro. The sale of a vehicle generated revenue of 5 TEuro. Of the five legal disputes pending as at the end of 2004, all have now been brought to an end. These have not had a significant effect on the company's assets, liabilities, financial position and profit and loss. The accounts receivable from affiliated companies amount to 89 TEuro and relate to accounts receivable from sales and services to iris GmbH, Berlin, to the amount of 11 TEuro and to CarMedialab GmbH, Bruchsal, of 78 TEuro. The accounts payable to affiliated companies amount to 36 TEuro and are a result of trade accounts payable to iris GmbH.

Based on the resolution passed at the shareholders' meeting on May 15, 2003, replaced by the resolutions of May 3, 2004 and of May 11, 2005 the company is authorized to purchase treasury stock. On December 23, 2003, the Managing Board decided on a stock repurchase of up to 60,000 shares. A further stock repurchase was decided on August 26, 2004 in the amount of up to 60,000 shares and on March 21, 2005 of up to 50,000 shares. The company's treasury stock was valued at cost at 908,000 Euro (previous year: 625,000 Euro) and openly deducted from the equity capital. Of the current treasury stock of 268,000 shares with an imputed share of 268,000 Euro (2.67%) in the capital stock, 3,474 resulted from the capital increase in 2002 and 264,526 from the company's stock repurchasing programs. The shares were repurchased at an average price of Euro 3.37 per share. In the first half of 2005, the company purchased a total of 31,000 shares at an average price of Euro 3.14. The treasury stock was purchased for use as consideration within the scope of mergers or to acquire other companies or parts of companies or participations, or, where required, for the opening up of additional capital market sectors, or to participate the employees.

Number of Employees

Thereof 75% with an academical degree (Dipl.-Ing., Dipl.-Math., Dipl.-Inform., ...) without technical assistants, trainees, temporary workers and students at the end of period

	30.06.2005	30.06.2004
Germany	133	172
USA	27	33
Total	160	205

Consolidated balance sheet according to IFRS at June 30, 2005

Assets	IFRS 30.06.2005 T€	IFRS 30.06.2004 T€	IFRS 31.12.2004 T€
Current assets			
1. Cash and cash equivalents	6,502	1,335	1,894
2. Marketable securities	957	1,473	1,466
3. Trade accounts receivable, net	11,499	9,837	14,519
4. Accounts receivable from related parties	89	54	81
5. Inventories	2,884	3,844	2,931
6. Deferred tax assets	41	1,961	604
7. Prepaid expenses and other current assets	694	1,658	849
Current assets, total	22,666	20,162	22,344
Non-current assets			
1. Tangible fixed assets, net	862	1,263	1,039
2. Internally generated software and other intangible assets, net	4,185	5,519	4,565
3. Goodwill, net	1,877	1,877	1,877
4. Financial investments	1,549	999	1,537
5. Loans	68	68	68
6. Deferred tax assets	192	61	42
7. Other assets	660	342	567
Non-current assets, total	9,393	10,129	9,695
Assets, total	32,059	30,291	32,039



Liabilities and shareholders' equity	IFRS 30.06.2005 T€	IFRS 30.06.2004 T€	IFRS 31.12.2004 T€
Current liabilities			
1. Short-term debt and current portion of long-term debt	617	138	1,299
2. Dormant partners' capital	400	50	50
3. Trade accounts payable	2,756	3,443	4,356
4. Accounts payable due to related parties	36	317	717
5. Advance payments received	2,968	5,098	2,281
6. Accrued expenses	2,157	1,201	1,927
7. Deferred tax liabilities	865	1,280	948
8. Prepaid expenses and other current liabilities	2,634	2,008	2,184
Current liabilities, total	12,433	13,535	13,762
Non-current liabilities			
1. Deferred tax liabilities	1,016	1,356	1,009
2. Dormant partners' capital	0	350	350
3. Pension accrued and similar obligations	1,076	1,001	1,019
4. Other non-current liabilities	116	0	26
Non-current liabilities, total	2,208	2,707	2,404
Shareholders' equity			
1. Subscribed capital (shares without nominal value) Allowed: 3,960,000 shares Issued and floating: 10,040,000 shares (previous year 10,040,000)	10,040	10,040	10,040
2. Additional paid-in capital	3,141	3,141	3,141
3. Treasury stock	-908	-625	-810
4. Consolidated unappropriated profit	5,035	1,846	4,132
5. Other comprehensive income	110	-353	-630
Shareholders' equity, total	17,418	14,049	15,873
Liabilities and shareholders' equity, total	32,059	30,291	32,039

Consolidated balance sheet adjustments from US-GAAP to IFRS at June 30, 2004

Assets	IFRS	Adjustment to IFRS	US GAAP
	30.06.2004 T€	30.06.2004 T€	30.06.2004 T€
Current assets			
1. Cash and cash equivalents	1,335	0	1,335
2. Marketable securities	1,473	0	1,473
3. Trade accounts receivable, net	9,837	0	9,837
4. Accounts receivable from related parties	54	0	54
5. Inventories	3,844	0	3,844
6. Deferred tax assets	1,961	0	1,961
7. Prepaid expenses and other current assets	1,658	0	1,658
Current assets, total	20,162	0	20,162
Non-current assets			
1. Tangible fixed assets, net	1,263	0	1,263
2. Internally generated software and other intangible assets, net	5,519	-221	5,740
3. Goodwill, net	1,877	0	1,877
4. Financial investments	999	0	999
5. Loans	68	0	68
6. Deferred tax assets	61	0	61
7. Other assets	342	0	342
Non-current assets, total	10,129	-221	10,350
Assets. total	30,291	-221	30,512



Liabilities and shareholders' equity	IFRS 30.06.2004 T€	Adjustment to IFRS 30.06.2004 T€	US GAAP 30.06.2004 T€
Current liabilities			
1. Short-term debt and current portion of long-term debt	138	0	138
2. Dormant partners' capital	50	0	50
3. Trade accounts payable	3,443	0	3,443
4. Accounts payable due to related parties	317	0	317
5. Advance payments received	5,098	0	5,098
6. Accrued expenses	1,201	0	1,201
7. Deferred tax liabilities	1,280	-22	1,302
8. Prepaid expenses and other current liabilities	2,008	0	2,008
Current liabilities, total	13,535	-22	13,557
Non-current liabilities			
1. Deferred tax liabilities	1,356	-64	1,420
2. Dormant partners' capital	350	0	350
3. Pension accrued and similar obligations	1,001	0	1,001
4. Other non-current liabilities	0	0	0
Non-current liabilities, total	2,707	-64	2,771
Shareholders' equity			
1. Subscribed capital (shares without nominal value) Allowed: 3,960,000 shares Issued and floating: 10,040,000 shares (previous year 10,040,000)	10,040	0	10,040
2. Additional paid-in capital	3,141	0	3,141
3. Treasury stock	-625	0	-625
4. Consolidated unappropriated profit	1,846	-135	1,981
5. Other comprehensive income	-353	0	-353
Shareholders' equity, total	14,049	-135	14,184
Liabilities and shareholders' equity, total	30,291	-221	30,512

Consolidated statement of operations according to IFRS at January 1, 2005 to June 30, 2005

	Q2 2005 01.04.2005- 30.06.2005	Q2 2004 01.04.2004- 30.06.2004	Q1-Q2 2005 01.01.2005- 30.06.2005	Q1-Q2 2004 01.01.2004- 30.06.2004
	T€	T€	T€	T€
1. Revenues	7,885	5,344	15,597	8,919
2. Cost of revenues	-5,374	-5,830	-11,405	-9,750
Gross profit/ loss	2,511	-486	4,192	-831
3. Sales and marketing expenses	-1,113	-1,172	-2,133	-2,221
4. General administrative expenses	-551	-551	-900	-1,102
5. Research and development expenses	-355	-306	-569	-620
6. Other operating income and expenses	-75	403	66	389
7. Foreign currency exchange gains/losses	630	-236	995	-173
Operating income (+) / loss (-)	1,047	-2,348	1,651	-4,558
8. Interest income and expenses	-26	-40	-73	-78
9. Income from investments accounted for by the equity method	6	28	12	56
10. Other income/expenses	0	8	-32	18
Profit (+) / loss (-) before income tax	1,027	-2,352	1,558	-4,562
11. Income tax	-435	727	-655	1,575
Net income (+) / loss (-)	592	-1,625	903	-2,987
Earnings per share (undiluted) in Euro	0,06	-0,16	0,09	-0,30
Earnings per share (diluted) in Euro	0,06	-0,16	0,09	-0,30
Average number of floating shares (undiluted)	9,776,337	9,893,547	9,786,015	9,895,198
Average number of floating shares (diluted)	9,776,337	9,893,547	9,786,015	9,895,198

Consolidated statement of operations adjustments from US-GAAP to IFRS

	IFRS 01.01.2004- 30.06.2004	Adjustment to IFRS Q1-Q2 2004	US GAAP 01.01.2004- 30.06.2004	IFRS 01.04.2004- 30.06.2004	Adjustment to IFRS Q2 2004	US GAAP 01.04.2004- 30.06.2004
	T€	T€	T€	T€	T€	T€
1. Revenues	8,919	0	8,919	5,344	0	5,344
2. Cost of revenues	-9,750	22	-9,772	-5,831	10	-5,841
Gross profit/ loss	-831	22	-853	-487	10	-497
3. Sales and marketing expenses	-2,221	0	-2,221	-1,172	0	-1,172
4. General administrative expenses	-1,102	1	-1,103	-551	1	-552
5. Research and development expenses	-620	0	-620	-306	0	-306
6. Other operating income and expenses	389	0	389	403	0	403
7. Foreign currency exchange gains/losses	-173	0	-173	-235	0	-235
Operating income (+) / loss (-)	-4,558	23	-4,581	-2,348	11	-2,359
8. Interest income and expenses	-78	-50	-28	-40	-26	-14
9. Income from investments accounted for by the equity method	56	0	56	28	0	28
10. Other income/expenses	18	0	18	8	0	8
Profit (+) / loss (-) before income tax	-4,562	-27	-4,535	-2,352	-15	-2,337
11. Income tax	1,575	11	1,564	727	6	721
Net income (+) / loss (-)	-2,987	-16	-2,971	-1,625	-9	-1,616
Earnings per share (undiluted) in Euro	-0,30	0	-0,30	-0,16	0	-0,16
Earnings per share (diluted) in Euro	-0,30	0	-0,30	-0,16	0	-0,16
Average number of floating shares (undiluted)	9,895,198		9,895,198	9,893,547		9,893,547
Average number of floating shares (diluted)	9,895,198		9,895,198	9,893,547		9,893,547

Cash flow statement for the consolidated financial statement from January 1, 2005 to June 30, 2005 (IFRS)

	IFRS 01.01.2005- 30.06.2005	IFRS 01.01.2004- 30.06.2004
	T€	T€
Cash flow from operating activities:		
1. Net income (+) / Net loss (-)	903	-2,987
2. Depreciation and amortization	975	1,094
3. Profit (-)/Loss (+) on the disposal of fixed assets	-7	12
4. Appreciation on fixed interest-bearing securities	-4	0
5. Profit from the sale of securities	-5	0
6. Change in accrued liabilities and cumulative value adjustments	287	312
7. Change in inventories, trade accounts receivable and other assets, not provided by/used in investing or financing activities	3,121	1,967
8. Change in trade accounts payable and other liabilities, not provided by/used in investing or financing activities	-1,055	2,161
9. Other non-cash income	-12	-56
10. Change in deferred taxes	338	-1,551
Net cash provided by operating activities	4,541	952
Cash flow from investment activities:		
1. Proceeds from sales of tangible fixed assets	7	28
2. Investments in tangible fixed assets and other intangible assets	-118	-312
3. Investments in software development	-253	-534
4. Investments in financial assets	0	0
5. Inflows from the sale of fixed interest-bearing securities as part of short-term cash management	955	1,000
6. Investments in fixed interest-bearing securities as part of short-term cash management	-450	-504
Net cash provided/used in investment activities	141	-322
Cash flow from financing activities:		
1. Cash payments for the purchase of treasury stock	-98	-64
2. Cash repayments for dormant partners' capital	0	-50
3. Proceeds from taking up loans	0	0
4. Cash payments from redemption of loans	-682	-1,409
5. Other adjustments made directly to shareholders' equity	633	-38
Cash flow from financing activities	-147	-1,561
Net effect of currency translation in cash and cash equivalents	73	5
Change in cash and cash equivalents	4,608	-926
Cash and cash equivalents at the beginning of period	1,894	2,261
Cash and cash equivalents at the end of period	6,502	1,335

Consolidated statement of operations adjustment from US-GAAP to IFRS January 1, 2004 - June 30, 2004

	IFRS 01.01.2004- 30.06.2004 T€	Adjustment to IFRS Q1-Q2 2004 T€	US GAAP 01.01.2004- 30.06.2004 T€
Cashflow from operating activities:			
1. Net income (+) / Net loss (-)	-2,987	-16	-2,971
2. Depreciation and amortization	1,094	-23	1,117
3. Profit (-)/Loss (+) on the disposal of fixed assets	12	0	12
4. Appreciation on fixed interest-bearing securities	0	0	0
5. Profit from the sale of securities	0	0	0
6. Change in accrued liabilities and cumulative value adjustments	312	0	312
7. Change in inventories, trade accounts receivable and other assets, not provided by/used in investing or financing activities	1,967	0	1,967
8. Change in trade accounts payable and other liabilities, not provided by/used in investing or financing activities	2,161	0	2,161
9. Other non-cash income	-56	0	-56
10. Change in deferred taxes	-1,551	-11	-1,540
Net cash provided by operating activities	952	-50	1,002
Cash flow from investment activities:			
1. Proceeds from sales of tangible fixed assets	28	0	28
2. Investments in tangible fixed assets and other intangible assets	-312	0	-312
3. Investments in software development	-534	50	-584
4. Investments in financial assets	0	0	0
5. Inflows from the sale of fixed interest-bearing securities as part of short-term cash management	1,000	0	1,000
6. Investments in fixed interest-bearing securities as part of short-term cash management	-504	0	-504
Net cash used in investment activities	-322	50	-372
Cash flow from financing activities:			
1. Cash payments for the purchase of treasury stock	-64	0	-64
2. Cash repayments for dormant partners' capital	-50	0	-50
3. Proceeds from taking up loans	0	0	0
4. Cash payments from redemption of loans	-1,409	0	-1,409
5. Other adjustments made directly to shareholders' equity	-38	0	-38
Cash flow used in financing activities	-1,561	0	-1,561
Net effect of currency translation in cash and cash equivalents	5	0	5
Change in cash and cash equivalents	-926	0	-926
Cash and cash equivalents at the beginning of period	2,261	0	2,261
Cash and cash equivalents at the end of period	1,335	0	1,335

Consolidated statements of changes in shareholders' equity (IFRS)

	Ordinary shares Number	Subscribed capital T€	Additional paid-in capital T€	Ordinary unappropri- ated profit T€
Status at December 31, 2003	10,040,000	10,040	3,141	4,833
1. Purchase of treasury stock in 2004				
2. Net loss Q1 and Q2 2004				-2,987
3. Adjustment item for currency translation Q1 and Q2 2004 after deduction of T€ 0 tax				
4. Change in value of the marketable securities Q1 and Q2 2004 (available for sale) after deduction of T€ 4 tax				
Status at June 30, 2004	10,040,000	10,040	3,141	1,846
Status at December 31, 2004	10,040,000	10,040	3,141	4,132
1. Purchase of treasury stock in 2005				
2. Net income Q1 and Q2 2005				903
3. Adjustment item for currency translation Q1 and Q2 2005 after deduction of T€ 0 tax				
4. Change in value of the marketable securities Q1 and Q2 2005 (available for sale) after deduction of T€ 2 tax				
Status at June 30, 2005	10,040,000	10,040	3,141	5,035

Division reporting

	Q2 2005		Q2 2004		Q1-Q2 2005		Q1-Q2 2004	
	01.04.2005- 30.06.2005		01.04.2004- 30.06.2004		01.01.2005- 30.06.2005		01.01.2004- 30.06.2004	
	T€	%	T€	%	T€	%	T€	%
Revenues								
Mobile Telematics and Fare Management Systems	4,679	59.3	3,711	69.4	9,704	62.2	5,795	65.0
Telematics Software and Services	3,206	40.7	1,633	30.6	5,893	37.8	3,124	35.0
Total	7,885	100.0	5,344	100.0	15,597	100.0	8,919	100.0
Operating profit/loss								
Mobile Telematics and Fare Management Systems	683	65.2	-1,089	46.4	1,118	67.7	-2,168	47.6
Telematics Software and Services	364	34.8	-1,259	53.6	533	32.3	-2,390	52.4
Total	1,047	100.0	-2,348	100.0	1,651	100.0	-4,558	100.0
Amortization								
Mobile Telematics and Fare Management Systems	194	40.0	168	31.4	401	41.1	352	32.2
Telematics Software and Services	291	60.0	367	68.6	574	58.9	742	67.8
Total	485	100.0	535	100.0	975	100.0	1,094	100.0
Long-lived tangible fixed assets								
Mobile Telematics and Fare Management Systems	476	55.2	675	53.4	476	55.2	675	53.4
Telematics Software and Services	386	44.8	588	46.6	386	44.8	588	46.6
Total	862	100.0	1,263	100.0	862	100.0	1,263	100.0
Investments in tangible fixed assets and intangible assets exclusive software development								
Mobile Telematics and Fare Management Systems	18	52.9	59	54.6	65	55.1	172	55.1
Telematics Software and Services	16	47.1	49	45.4	53	44.9	140	44.9
Total	34	100.0	108	100.0	118	100.0	312	100.0

Other changes in shareholders' equity without effects on profit

Difference from pension evaluation T€	Difference from currency translation T€	Stock market valuation of securities T€	Treasury stock at cost T€	Total T€
-95	-287	11	-561	17,082
			-64	-64
				-2,987
	26			26
		-8		-8
-95	-261	3	-625	14,049
-67	-562	-1	-810	15,873
			-98	-98
				903
	736			736
		4		4
-67	174	3	-908	17,418

Geographical arrangement

	Q2 2005		Q2 2004		Q1-Q2 2005		Q1-Q2 2004	
	01.04.2005-30.06.2005 T€	%	01.04.2004-30.06.2004 T€	%	01.01.2005-30.06.2005 T€	%	01.01.2004-30.06.2004 T€	%
Revenues								
Germany	1,422	18.0	1,781	33.3	2,589	16.6	2,702	30.3
Europe	3,472	44.0	2,177	40.7	6,132	39.3	3,485	39.1
North America	2,991	38.0	1,386	26.0	6,876	44.1	2,732	30.6
Total	7,885	100.0	5,344	100.0	15,597	100.0	8,919	100.0
Long-lived tangible fixed assets								
Germany	627	72.7	952	75.4	627	72.7	952	75.4
North America	235	27.3	311	24.6	235	27.3	311	24.6
Total	862	100.0	1,263	100.0	862	100.0	1,263	100.0

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