

init

innovation in
traffic systems AG



Q2 Report 2009



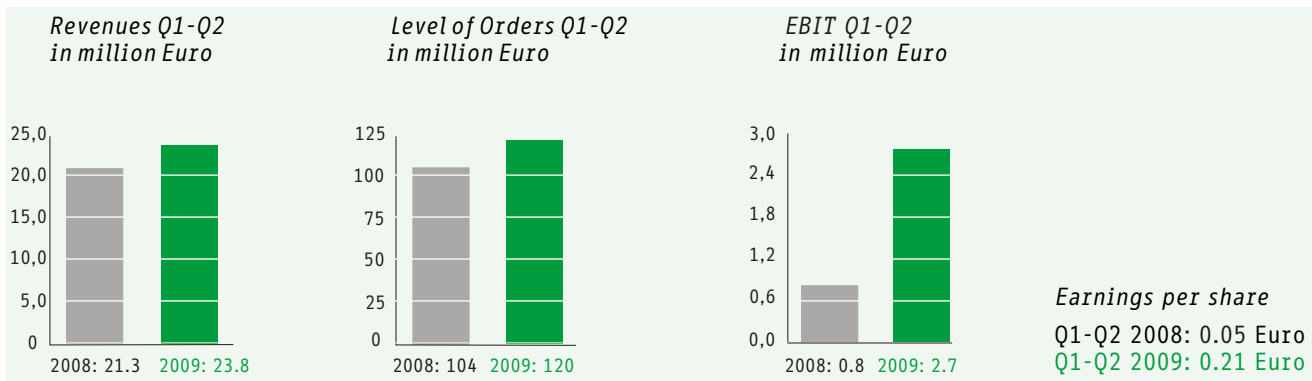
init at a Glance

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 offer a suite of integrated solutions for all type of needs related to public transportation. init products are operational in over 300 transportation companies worldwide.

Key Figures of init Group (according to IFRS)

		06/30/2009		06/30/2008
Balance sheet				
Balance sheet total	kEUR	57,608	kEUR	48,751
Shareholders' equity	kEUR	32,258	kEUR	25,541
Subscribed capital	kEUR	10,040	kEUR	10,040
Equity-to-assets ratio	%	56.00	%	52.39
Return on shareholder equity	%	6.30	%	1.54
Income Statement				
Revenues	kEUR	23,800	kEUR	21,273
Gross profit	kEUR	7,909	kEUR	5,493
EBIT	kEUR	2,699	kEUR	835
EBITDA	kEUR	3,704	kEUR	1,604
Net profit	kEUR	2,032	kEUR	393
Earnings per share	EUR	0.21	EUR	0.05
Dividend	EUR	0.16	EUR	0.14
Cashflow				
Cashflow from operating activities	kEUR	884	kEUR	3.869
Share				
		01/01/2009-06/30/2009		01/01/2008-06/30/2008
Issuing price (07/24/2001)	EUR	5.10	EUR	5.10
Peak share price	EUR	8.36	EUR	8.80
Bottom share price	EUR	5.10	EUR	6.76



Statutory bodies of the Company

Supervisory Board

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

Consulting engineer specializing in local public transportation (Chairman), member of the Supervisory Board of BT Berlin Transport GmbH, Berlin, member of the Advisory Board of PTM, master's degree at the University of Duisburg/EsSEN.
- > Bernd Koch (Vice-Chairman)

Self-employed business consultant, 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 Elco Motores GmbH, Hagen.

Management Board

- > Dr. Gottfried Greschner (Chairman), M.Sc.
Business Development, Personnel, Purchasing, Logistics and Production
- > 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

Director's Holdings

Management Board	Number of shares
Dr. Gottfried Greschner, CEO*	3,525,000
Joachim Becker, COO	345,983
Wolfgang Degen, COO	99,000
Dr. Jürgen Greschner, CSO	97,364
Bernhard Smolka, CFO	22,380

* thereof 3,485,000 shares held by Dr. Gottfried Greschner GmbH & Co. Vermögens-Verwaltungs KG

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

Company calendar 2009

Sept. 10, 2009	Small and Mid Cap Conference of Baader Wertpapierhandelsbank, Unterschleißheim
Nov. 10, 2009	Deutsches Eigenkapitalforum, Frankfurt - Analyst Conference
Nov. 13, 2009	Disclosure Q3 2009 Report



Letter to the Shareholders

Ladies and Gentlemen,
Dear Shareholders,

The headlines of the mass media continue to be dominated by the worst crisis in the global economy since the twenties of last century. The uncertainty remains great as to whether we have finally reached the tipping point in the economic crisis, and about the prospects for 2009 and 2010 remains great.

Naturally, init innovation in traffic systems AG is not entirely unaffected by these adverse economic conditions either. Business with customers abroad, an area in which both German and European companies reported the heaviest losses in the period under review, is a particularly crucial factor for the success or failure of any company, even ours.

There are, however, fundamental differences between our business model and market for our products and the markets and concepts of other companies: the demand for intelligent telematics and electronic fare collection systems for buses and railway is not subject to short-term cycles, our customer relations are established for many years, and our international references makes us a prime partner for new customers.

Earnings targets exceeded in first half of 2009

In contrast to other companies, init was able, on the whole, to present an excellent bottom line for the first half of 2009. Revenues of EUR 23.8M (previous year: EUR 21.3M) meant we have just about exceeded our sales target. In terms of earnings, before interest and taxes (EBIT) and our consolidated surplus, figures of EUR 2.7M (previous year: EUR 0.8M) and EUR 2.0M (previous year: EUR 0.4M), respectively, prove that results here are significantly above our projections. On the whole, we can confirm our conviction that init is well on its way to achieving the growth targets set for the whole of 2009.

Even beyond 2009, the mid-term growth prospects of init remain positive despite the current difficulties in the global economy. Ongoing international tenders and our current record level of contracts worth some EUR 120M (previous year: EUR 104M) enable us to continue our dynamic trend even in the crisis year of 2009. The prospects for 2010 are promising.

This success, even in an extremely difficult environment, is due first and foremost to our customers - both in Germany and abroad who appreciate efficiency, reliable cooperation, experience and professional quality. One aspect that

counts more than ever today is the successful and reliable handling of projects and their completion on schedule. Customers continuously attest to our good track record in this regard.

International references open doors to new customers on every continent

It is these very references that prepare the way for us to participate in major tenders at the international level and open doors to new customers on every continent. In June 2009, for example, we managed to win our first contract in New Zealand and have thus successfully gained a foothold in a new market. In Christchurch, the capital of the administrative district of Canterbury and its environs, we will soon equip four bus companies with modern on-board computers and e-ticketing.

A further aspect that makes the business model of init stand out against others, particularly in times of crisis, is that the potential of follow-up contracts, and thus of continued growth, rises in proportion to the number of our customers both at a national and international level. A recent example of this is Dubai. By 2011, this Arab emirate plans to invest over five billion euros in its public transportation system. We have already been successful in acquiring two major contracts here with further tenders due to be decided shortly. Since the emirate of Dubai will soon have the most modern local public transportation system in the world, our cooperation here will have a signal effect beyond this region.

Wherever it is necessary to increase the efficiency, speed, flexibility and competitiveness of local public transportation through innovative transportation concepts while at the same time saving precious resources, our products are an indispensable part of the plan. This is true in Karlsruhe and Munich, as well as Dubai, London, Oslo, Stockholm, New York or Vancouver.

Market share of local public transportation to double by 2025

We were able to demonstrate this very fact at the 58th World Congress and Exhibition of the International Association of Public Transport (UITP) on Mobility and City Transport in Vienna in mid-June. There, we presented experts with the first integrated telematics and electronic fare collection system,



which we are currently implementing for regional transportation in Bavaria. In the future, it will manage and control over 3,000 vehicles of various transportation service providers and combine all relevant information in a standardized system, as well as make it available to passengers in real time. This also makes it the largest telematics system in local public transportation in Germany.

But it is not merely the positive reactions from experts to innovative solutions such as this that make us confident for the future. The direction that the UITP established at the Congress also provides excellent prospects for our future business. Thus, for example, the UITP with its 3,100 member companies in 90 countries plans to upgrade and expand local public transportation worldwide on a large scale and double passenger figures by 2025. This involves the clear commitment to corresponding investments and tenders in many countries. For us as a company, this commitment means a wealth of new possibilities and business opportunities, not only in the short term, but also for many years to come.

We look forward to using these opportunities together with you, our shareholders, and thank you for your confidence placed in our company.

Karlsruhe, August 14, 2009

For the Management Board:

Dr. Gottfried Greschner
Chairman

Number of Employees (annual average)
(incl. temporary workers and students)

	06/30/2009	06/30/2008
Germany	221	196
North America	45	56
Other Countries	9	2
Total	275	254

Share and Investor Relations

The init share: Popular even in upturn

In the second quarter of 2009, the global financial and economic crisis once again put a noticeable damper on movements in the stock market. However, more and more positive data since the middle of the year has led to a trend reversal in the capital markets. In the period under review, the German stock index DAX, for example, recovered from its low, and even the stock index tracking the performance of leading companies from the technology sector, TecDax, is pointing up.

The share of init innovation in traffic systems AG (ISIN DE 0005759807) managed to break away from this generally negative course in the first six months of 2009. Since February, the price has moved up steadily and in mid-May, pushed past the seven euro mark again for the first time in nine months. In the following period, the init share continued its upward trend and even climbed to over eight euros on a number of occasions. As of June 30, the share price stood at just under eight euros. In the first half of 2009, the init share thus gained a total of around 60 percent in value, while the DAX reported a loss in the same period and the TecDax, a gain of 23 percent.

init shareholders, however, were pleased not only with the above-average performance of the share, but also with the higher dividend. In times of a global economic and financial crisis, both the Management Board and the Supervisory Board signaled cause for confidence in the future by proposing an increase in the dividend per share to EUR 0.16 (previous year: EUR 0.14). The shareholders' meeting accepted this proposal by a vast majority and approved the strategy of the Management Board for the second time in a row by a unanimous approval of the Board.

Analysts see further potential

Due to its strong performance and intact growth prospects, init innovation in traffic systems AG also increasingly generated much interest among institutional investors. This was evident, on the one hand, by the highly positive response at presentations held both in Germany and abroad and, on the other, by specific interest in acquiring larger numbers of init shares. In this context, our main shareholder, Dr. Gottfried Greschner GmbH & Co. Vermögens-Verwaltungs KG, sold a total of 75,000 shares over the counter to an investor, at a price of EUR 8.00 per share, in the period under review.

Due to our excellent key data and growth prospects, analysts have once again raised their upside target for init innovation in traffic systems AG. The price of the share now ranges between 8 and 12 euros.

Your investor relations contact

init
innovation in traffic systems AG

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Performance Q1-Q2 2009



— init innovation in traffic systems AG
— TecDax



Group Status Report

General business trend

After the serious tumble of the global economy over the past twelve months due to the global financial crisis, the signs suggesting gradual stabilization of the international economy have been increasing since mid-2009. The recovery, however, remains at a very insignificant level, and is rather patchy. While the International Monetary Fund, (IMF) expects worldwide growth of 2.5% from as early as 2010, this positive forecast does not apply to the Euro zone. Rather, experts fear that the gross domestic product here will decline by as much as 4.8% in 2009 and predict that the economy could shrink by a further 0.3% next year. For Germany, the IMF anticipates even worse results. Here, the decline in general business activity in 2009 could well be 6.2%, with a further 0.6% in 2010. The strongest growth, according to the IMF, will likely be in the Asian region.

This negative trend will primarily affect the export, which, traditionally, has been the driving force behind economic growth in Germany and Europe. Increasingly, individual countries also show protectionist tendencies.

To what extent the state aid programs and structural measures will counteract this trend and the global recession can be softened both in the short and long term through planned investments worth billions in the public sector, still cannot be anticipated precisely.

While the underlying conditions of the overall economy are difficult to assess, the growth prospects of init at the end of the first six months of 2009 continue to be positive and intact. Furthermore, we anticipate new and follow-up contracts to materialize in the short term. Even in these early stages, these contracts will ensure our continued growth in 2010.

Despite the fact that the first half of the year is traditionally weaker, init has managed to exceed all expectations in terms of sales and earnings in 2009. Based on this positive business trend in the first half of the year, we believe we are well on our way to achieving the targets set for 2009.

Order situation

The order situation of init as a group remains highly satisfactory. Orders received in the first half of the year added some EUR 30M to our books, of which EUR 5.3M came from Germany, EUR 9.5M from Europe, around EUR 8.5M from the Middle East, and EUR 2.3M from Australia/New Zealand. A further USD 6.3M worth of new orders were acquired in North America.

In the second quarter of 2009, init was also able to gain a foothold in a new market by winning its first contract in New Zealand. Here, init has been commissioned to equip a total of 300 vehicles of four

bus companies in and around the city of Christchurch with the EVENDpc. The EVENDpc is an integrated on-board computer with an electronic ticket printer. The four bus companies will also be provided with the background and clearing system MOBILEvario and integrated into a smart card ticketing system.

In Dubai, init has gained a follow-up contract for the equipment of some further 600 buses. The vehicle equipment will be delivered directly to European bus manufacturers that will install the systems in the production stage of the new vehicles. In Dubai, init will integrate the new buses into the control system developed by init and handle the maintenance of the technology.

Due to open international tenders and the current order volume of init in the amount of around EUR 120M (previous year: EUR 104M), we believe that we will be able to continue our growth trend throughout 2009.


Earnings position

Consolidated revenue generated as of June 30, 2009 totaled EUR 23.8M (previous year: EUR 21.3M). It must be taken into account here that the distribution of sales over the course of the fiscal year is traditionally uneven for the init group, with the first quarter normally having the lowest sales figures and the fourth quarter delivering the strongest sales. Around 74.3% (previous year: 76.5%) was due to foreign sales. In order to be able to meet order deadlines and at the same time to exploit new growth opportunities in the market, init has moderately adjusted its personnel capacity in the current fiscal year to 275 employees (previous year: 254). Gross profit on sales amounting to EUR 7.9M as of the end of June is considerably above the prior-year figure (EUR 5.5M), which is essentially attributable to the improved exchange rates in the US dollar and for the United Arab Emirates dirham.

Compared to the prior-year period, our earnings before interest and taxes (EBIT) trebled in the first six months of 2009 to EUR 2.7M (previous year: EUR 0.8M). This produced a result of EUR 2.0M (previous year: EUR 0.4M), which corresponds to earnings per share of EUR 0.21 (previous year: EUR 0.05).

Financial and net worth position

Total assets rose by EUR 8.9M in the reporting period compared with the previous year (June 30, 2008), to reach EUR 57.6M. On the assets side of the balance sheet, this increase results primarily from the increase in receivables, inventories and non-current assets. On the liabilities side of the balance sheet, the increase is for the most part reflected in the rise in provisions, trade accounts payable and in the liabilities arising from the "Percentage of Completion" method to be applied according to the International Financial Reporting Standards (IFRS).



Operating cash flow in the first half year reduced to EUR 0.9M (previous year: EUR 3.9M), which results from a rise in inventories due to imminent hardware deliveries. However, cash flow will improve significantly, as we expect to receive some sizeable payments from various major projects.

Equity amounted to EUR 32.3M as of June 30, 2009 (previous year: EUR 25.5M). The equity ratio increased to 56.0%, from 52.4% in the previous year.

Current liabilities to banks amounted to EUR 0.2M at the end of June (previous year: EUR 3.3M) and relate to our subsidiary CarMedialab GmbH. The non-current bank liabilities amounting to EUR 1.2M (previous year: EUR 1.2M) concern a loan for the extension of the Karlsruhe location.

Liquid resources, including short-term securities amount to EUR 4.4M (previous year: EUR 6.7M), but will rise significantly over the next few months due to sizeable payments from various major projects. The existing guarantee and credit lines continue to secure the financing of our business activities.

In the first six months of 2009, EUR 0.4M (previous year: EUR 1.0M) were used for capital expenditure and intangible assets (not including software development). These were essentially replacement and rationalization investments.

Production

init has no production facilities of its own, concentrating instead on production management and quality assurance.

We are not dependent on individual suppliers. This allows us to switch suppliers should one of our business partners be unavailable. For fiscal 2009, we have extended the group of suppliers and negotiated new framework agreements. The economic crisis also offers the opportunity to enhance quality while at the same time reduce the cost of production.

Personnel

The increased volume of orders made it necessary to adjust the size of the workforce within the init group. This trend will also continue to a moderate degree in the coming months, as we anticipate further major orders shortly.

As of June 30, 2009, init employed 275 staff (previous year: 254) including temporary staff, scientific assistants, and graduate students. There are another 16 employees undertaking an apprenticeship.

Over 65% of permanent init employees have a university degree in information technology, e-technology, HF technology, physics, mathematics, or industrial engineering.

Against the background of the expected general shortage of skilled personnel in the next few years, one of our key personnel policy objectives is to retain

qualified employees within the company over the coming years.

Environmental protection

In order to prevent an impending climate crisis, it is vital to reduce carbon dioxide emissions. Efficient public transportation systems thus play an ever increasing role here.

As a catalyst of resource-saving technological developments for local public transportation, init is particularly committed to the protection of the environment. Our products help transportation companies provide faster and more competitive public transport while saving resources. Our goal is to lessen the impact on the environment by decreasing the amount of exhaust gas and particulate matter released by public transit vehicles. init actively applies these basic ecological principles along its entire value-added chain and in its individual segments from procurement to production and administration to sales.

Research and development

In 2009, our software and hardware development teams worked on the further development of existing and various new products and innovations.

In the first half year, a total of EUR 0.9M (previous year: EUR 1.1M) were spent within the init group on the development of new products. Of these, software developments amounting to EUR 0.3M (previous year: EUR 0.6M) were capitalized.

The depreciation applied to capitalized software amounted to EUR 0.4M (previous year: EUR 0.3M).

In addition, customer-funded new and further developments were carried out in the course of projects, amounting to at least five times as much again.

Risks and risk management

The risks for the future development of the init group depend essentially on the risks in the group's operating companies. There are currently no risks within the init group that are a threat to survival.

In that context, a risk management system is an integral part of our business and decision-making processes. Prior to making a decision on important measures, these are discussed in detail in regular meetings of the Management Board, and there prospects and risks weighed against each other. There are regular reports relating to any imminent risks in the meetings of the Management Board and the Supervisory Board. Alternative measures are discussed with the Supervisory Board.

The crucial success factor for the init group is project management. The successful handling of projects depends on their completion as scheduled, the scope



of each individual project, the enforceability of contractual terms, the readiness of the customer to be involved in the project implementation through productive contributions, and the specific national laws and regulations. Apart from unforeseeable technical and customer-specific difficulties, the punctual completion of projects also depends to a degree on the availability of sufficiently qualified personnel.

Contracts concluded in foreign currency involve exchange risks that can affect sales, the purchase prices, the valuation of claims, currency reserves, liabilities, and with it, results. init meets these exchange risks with active exchange rate management, making use of switch deposits, forward exchange dealings and currency options. Since init also tries to keep its options open here and focuses on active management, we may consequently incur losses. Due to our risk policy, however, we consider this risk of loss to be minimal.

The investments of init include stocks, fixed-interest securities and fixed-term deposits. Exchange and interest change risks can therefore reduce the financial result of the group.

Opportunities

With international reference projects in such places as New York, Vancouver (Canada), Dubai, Stockholm and Oslo, init has an excellent starting basis for future invitations to tender. The projects in Dubai and Tasmania in particular are of great significance for further tenders in the Middle East and in Oceania. In the United Arab Emirates alone, the intention is to invest billions more in local public transportation in the next few years, with the result that follow-up orders can be expected from this region.

In the USA, President Obama signed a bill on June 24, 2009 which allows American transportation companies to finance up to ten percent of their operating costs from subsidies, which will ultimately also affect the demand for our systems and products.

In Germany, an excellent starting position has been achieved for further tenders as a result of the major projects of Stadtverkehr Bayern (Urban Public Transport, Bavaria), Nuremberg, and Dresden Regional Public Transportation. Here, too, we expect to see interesting business opportunities to materialize over the next few months.

We are currently involved in several tenders worldwide on four continents.

Prospects

The overall economic situation in 2009 has largely been defined by the most drastic fall in prices since the great depression in the twenties of the previous century. In many countries, however, government bodies have initiated programs that are aimed at supporting and stabilizing the economy. This also

means additional investments in the transportation infrastructure and thus, a steady number of tenders for local public transportation systems throughout the world.

init innovation in traffic systems AG plans to use these potentials to gain further shares in the market. The start has been made with the award of the first tender in New Zealand late in the second quarter. Because of our numerous international references, we have a good starting basis for winning further major tenders. In addition to which we expect to receive follow-up contracts for ongoing or completed major projects such as in Dubai, Oslo and New York City.

After the positive outcome of the first half year, and based on our current record level of contracts worth some EUR 120M, we are confident that we will once again be able this year to achieve our targets and generate sales of EUR 60M with earnings before interest and taxes (EBIT) of EUR 8.6M.

The trend in the second quarter of 2009 has confirmed our confidence that even in the current unfavorable economic climate; we will be able to maintain our successful growth trend. We believe that the prospects for init in terms of sustained growth will continue to be intact in the medium and long term.

Karlsruhe, August 14, 2009

Dr. Gottfried Greschner
Chief Executive Officer

Bernhard Smolka
Chief Financial Officer

Achim Becker
Chief Operating Officer

Wolfgang Degen
Chief Operating Officer

Dr. Jürgen Greschner
Chief Sales Officer



Consolidated Income Statement according to IFRS from January 1, 2009 to June 30, 2009
(unaudited)

	04/01/2009- 06/30/2009	04/01/2008- 06/30/2008	01/01/2009- 06/30/2009	01/01/2008- 06/30/2008
	kEUR	kEUR	kEUR	kEUR
Revenues	14,125	12,832	23,800	21,273
Cost of revenues	-9,089	-8,733	-15,891	-15,780
Gross Profit	5,063	4,099	7,909	5,493
Sales and marketing expenses	-1,649	-1,644	-3,117	-3,123
General administrative expenses	-997	-950	-1,820	-1,684
Research and development expenses	-261	-126	-513	-513
Other operating income	105	18	402	182
Other operating expenses	-8	-324	-14	-324
Foreign currency gains/losses	-518	439	-299	618
Operating profit	1,735	1,512	2,548	649
Income from associated companies	64	50	104	100
Other income and expenses	33	40	47	86
Profit before interest and income tax (EBIT)	1,832	1,602	2,699	835
Interest income	11	37	61	99
Interest expenses	-12	-114	-51	-184
Profit before income tax (EBT)	1,831	1,525	2,709	750
Income tax	-264	95	-677	-357
Net profit	1,567	1,620	2,032	393
thereof attributable to equity holders of the parent company	1,562	1,662	2,089	493
Minority interests	5	-42	-57	-100
Net profit and diluted net profit per share in EUR	0.16	0.17	0.21	0.05
Average number of floating shares (undiluted)	9,881,229	9,874,278	9,878,732	9,874,278
Average number of floating shares (diluted)	9,881,229	9,874,278	9,878,732	9,874,278

*Consolidated Balance Sheet according to IFRS as of June 30, 2009
(unaudited)*

Assets	06/30/2009 kEUR	12/31/2008 kEUR
Current assets		
Cash and cash equivalents	4,279	6,806
Marketable securities	145	14
Trade accounts receivable	21,460	26,389
Accounts receivable from related parties	3	4
Inventories	13,532	7,685
Income tax receivable	6	51
Other current assets	2,750	1,816
Current assets, total	42,175	42,765
Non-current assets		
Tangible fixed assets	4,860	4,955
Goodwill	2,081	2,081
Other intangible assets	3,584	3,695
Interest in associated companies	1,956	1,852
Accounts receivable from related parties	68	68
Deferred tax assets	1,059	1,062
Other assets	1,825	1,473
Non-current assets, total	15,433	15,186
Assets, total	57,608	57,951



Liabilities and shareholders' equity	06/30/2009 kEUR	12/31/2008 kEUR
Current liabilities		
Bank loans	201	1,129
Trade accounts payable	4,216	2,672
Amounts payable of percentage of completion method	5,150	5,262
Accounts payable due to related parties	39	170
Advance payments received	1,549	2,249
Income tax payable	1,339	1,060
Provisions	3,396	3,907
Other current liabilities	3,761	4,482
Current liabilities, total	19,651	20,931
Non-current liabilities		
Long-term debt less current portion	1,200	1,200
Deferred tax liabilities	2,245	2,037
Pensions accrued and similar obligations	2,164	2,082
Other non-current liabilities	90	105
Non-current liabilities, total	5,699	5,424
Shareholders' equity		
Attributable to the equity holders of the parent company		
Subscribed capital	10,040	10,040
Additional paid-in capital	3,886	3,950
Treasury stock	-559	-789
Consolidated unappropriated profit	19,390	18,881
Other reserves	-636	-680
	32,121	31,402
Minority interests	137	194
Shareholders' equity, total	32,258	31,596
Liabilities and shareholders' equity, total	57,608	57,951

*Cashflow Statement for the Consolidated Financial Statement
from January 1, 2009 to June 30, 2009 (IFRS)
(unaudited)*

	01/01/2009- 06/30/2009	01/01/2008- 06/30/2008
Cashflow from operating activities:	kEUR	kEUR
Net income	2,032	393
Depreciation and amortization	1,005	769
Losses on the disposal of fixed assets	10	88
Changes in provisions and accruals	-429	1,030
Changes in inventories	-5,847	-1,605
Changes in trade accounts receivable	4,929	1,708
Changes in other assets, not provided by/used in investing or financing activities	-1,240	-672
Changes in trade accounts payable	1,544	-936
Changes in advanced payments received and amounts payable of POC	-812	3,877
Changes in other liabilities, not provided by/used in investing or financing activities	-588	-403
Amount of other non-cash income and expense	280	-380
Net cash from operating activities	884	3,869
Cashflow from investing activities:		
Investments in tangible fixed assets and other intangible assets	-402	-1,017
Investments in software development	-398	-648
Inflows from associated companies and loans receivable	0	190
Investments in securities as part of short-term cash management	-123	5
Net cashflows used in investing activities	-923	-1,470
Cashflow from financing activities:		
Dividend paid out	-1,580	-1,378
Redemption of bank loans	-982	0
Proceeds of bank loans	0	1,947
Net cashflows used in financing activities	-2,508	569
Net effect of currency translation changes in cash and cash equivalents	20	-31
Increase/Decrease in cash and cash equivalents	-2,527	2,937
Cash and cash equivalents as of the beginning of the period	6,806	3,748
Cash and cash equivalents as of the end of the period	4,279	6,685

Selected explanatory notes for Q1-Q2 2009 (IFRS)

General disclosure

The init group is an internationally operating system supplier of transportation telematics (telecommunications and informatics, also known internationally as “Intelligent Transportation Systems” or ITS). The business activities are subdivided into the following segments: Telematics and Electronic Fare Collection Systems, Planning Systems and Automotive Engineering.

The quarterly report as of June 30, 2009, and the benchmark figures were prepared in compliance with the International Financial Reporting Standards (IFRS) and are consistent with IAS 34. The accounting and valuation methods applied to the consolidated financial statements dated December 31, 2008 were retained except for the new IFRS standards.

The consolidated interim financial statement has been prepared in Euro. Unless otherwise stated, all figures are rounded to the nearest thousand (kEUR).

init AG is listed on the stock exchange (ISIN No.: DE0005759807) and, since January 1, 2003, has been in the sub-area of the regulated market with further, subsequent obligations arising from admission (Prime Standard).

The consolidated interim report and the consolidated financial statement as of June 30, 2009, were not subject to a review. The interim report of the second quarter was communicated to the supervisory board on August 6, 2009.

New accounting standards

IFRS 8 Operating Segments: use of the standard is mandatory for reporting periods beginning on or after January 1, 2009. An early adoption for previous reporting years is possible. init started using this standard as of January 1, 2008. IFRS 8 requires that the amounts indicated for each operating segment item must be the same as those amounts internally reported to the chief operating decision maker, even if these figures were not calculated according to the company's IFRS accounting and valuation methods. Compared with the previously applicable standard, the IAS 14, this leads to deviations between the segment information details at init.

This results in three segments at init:

1. Telematics and Electronic Fare Collection Systems
2. Planning Systems
3. Automotive Engineering

The Telematics and Electronic Fare Collection Systems segment currently accounts for over 90% of the total volume. This implies that the Planning Systems and Automotive Engineering do not currently have to be reported separately but are combined under “other segments”.

IAS23R replaces IAS 23 “borrowing costs”. The main difference is that borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset form shall be capitalized as part of the cost of this asset. IAS 23R is effective for annual periods beginning on or after January 1, 2009. The application of the revised standard has currently no significant effect on the group's assets, liabilities, financial position and earnings situation.

IAS1 “Presentation of Financial Statements” (revised): this standard prescribes the basis for presentation of general purpose to ensure comparability both with entity's financial statements of previous periods and with the financial statements of other entities. This standard sets out overall requirements for the presentation of financial statements, guidelines for their structure and minimum requirements for their content. The latter comprises the profit or loss of the reporting period as well as equity changes other than those changes resulting from transactions with owners in their capacity as owners that are not recognized in profit or loss (other comprehensive income or loss).

Consolidated group

Fully consolidated companies

The group of consolidated companies of init AG comprises the subsidiaries INIT GmbH, Karlsruhe, Germany (“INIT GmbH”), INIT Innovations in Transportation Inc., Chesapeake/Virginia, USA (“INIT Inc.”), INIT Innovations in Transportation (Eastern Canada) Inc./INIT Innovations en Transport (Canada Est) Inc., Montréal, Canada (“Eastern Canada Inc.”), INIT Innovations in Transportation (Western Canada) Inc., Vancouver, Canada (“Western Canada Inc.”), INIT PTY LTD, Queensland, Australia (“INIT PTY”), Init Innovation in Traffic Systems FZE, Dubai (“Init FZE”) and initplan GmbH, Karlsruhe (“initplan”). In each of the above, init AG holds a 100% shareholding. In addition, the following are also fully consolidated: CarMedialab GmbH, Bruchsal, Germany (“Car-Medialab”), in which init AG holds a 58.1% of the shares, and the TQA Total Quality Assembly LLC, Chesapeake/Virginia, USA (“TQA”), in which INIT Inc. holds a 60% share.

Associated companies

init AG has a 44% share in id systeme GmbH, Hamburg (“id systeme”) and INIT GmbH holds 43% of the stock of iris GmbH infrared & intelligent sensors, Berlin (“iris”). The associated companies are included at equity in the consolidated financial statement.

Inventories

A total of 542 kEUR (previous year: 392 kEUR) for inventory impairment losses was recorded as expenses. This expenditure is included in the income statement under “Cost of revenues”.

Accounts receivable

A total of 10 kEUR (previous year: 315 kEUR) for impairment losses in accounts receivable was recorded as expenses. This expenditure is included in the income statement under "Other operating expenses".

Tangible fixed assets

The tangible (fixed) assets essentially concern the administration building at Kaeppelestr. 4, two residential houses, office furnishings and technical equipment. Replacement investments totalling 327 kEUR were made (previous year: 369 kEUR). The sale of certain tangible (fixed) assets generated 0 kEUR (previous year: 0 kEUR).

Liabilities

Debts are carried on the liabilities side of the balance sheet at their net book value. The liabilities due to affiliated companies totalled 39 kEUR (previous year: 53 kEUR) and relate to trade accounts payable to iris GmbH, Berlin and id systeme GmbH, Hamburg.

Shareholders' equity

Subscribed capital

The capital stock is divided into 10,040,000 individual no-par stock certificates made out to the owner with an imputed share of the capital stock of 1.00 EUR each. The stock has been issued and fully paid in.

Authorized capital

An approved capital of 5,020,000 EUR was created by the resolution passed at the company's ordinary shareholders' meeting on July 13, 2006. With the approval of the Supervisory Board, this will empower the Management Board to increase the capital stock of the company by up to 5,020,000 EUR by July 13, 2011, by way of a single or repeated issue of up to 5,020,000 individual stock certificates against contributions in cash or kind. The new shares are to be taken up by banks under the obligation that they will offer them for sale to shareholders. However, with the approval of the Supervisory Board, the Management Board is authorized to withdraw the stock option in order to: issue up to 1,004,000 new shares at a price not substantially lower than the stock market value of the company's stock at the time of specifying the issue price; balance out peak amounts; open up additional capital markets; facilitate the acquisition of shareholdings and the acquisition of, or merger with, other companies or parts of companies by way of contribution as investment in kind and to convert up to 250,000 new shares into employee stocks.

Capital reserves

On June 30, 2009 the capital reserves totalled 3,886 kEUR, with 3,141 kEUR of this coming from the premium of the shares sold for stock market floatation and from the capital increase in the 2002 financial year. 295 kEUR were allocated in the context of recording the expenditure from the share-based remuneration from 2005 to 2008 and 80 kEUR in the second quarter 2009. The transfer of shares in the context of the share bonus agreement for employees and the Management Board released for 144 kEUR in 2009. The sale of own shares in 2007 increased the capital reserves by 514 kEUR.

Treasury stock

On January 1, 2009 the treasury stock totalled 164,655 shares. Based on the resolution passed at the shareholders' meeting on May 27, 2008, replaced by the resolution of the shareholders' meeting on May 20, 2009, the company was authorized to purchase treasury stock.

In the course of share bonus agreement 2008, 994 shares were transferred after the fact with a qualifying period of two years and in the course of the incentive program for Management Board members and directors, 30,000 shares with a qualifying period of five years were transferred in the 2009 financial year. A further 1,000 shares were transferred to employees within the scope of a bonus agreement. This means that the treasury stock on June 30, 2009 totalled 132,661 shares.

The company's treasury stock is valued at cost at 559 kEUR (previous year: 755 kEUR) and openly deducted from the shareholders' equity. Of the treasury stock of 132,661 shares on June 30, 2009, with an imputed share of 132,661 EUR (1.32%) in the capital stock, 1,139 shares come as a result of the capital increase in 2002 and 131,522 shares from the company's stock repurchasing program. The stock was repurchased at an average price of 4.22 EUR per share. The treasury stock was repurchased for use as consideration in the context of mergers or the context of buying other companies, parts thereof or interests therein, or, where required, for tapping into additional capital markets or for issue to employees and Management Board members.

Paid dividends

	kEUR
Dividend for 2008: 0.16 EUR per share, paid out on May 22, 2009	1,580

Contingent liabilities/claims

Just as of December 31, 2008, the init group had no contingent liabilities.

Legal disputes

Currently no lawsuits being pursued through the courts. The provision of the previous year in the amount of 6 kEUR were released in the first quarter 2009.

Segment reporting

The segment reporting is provided on page 17 of the consolidated interim report.

Other Disclosures

Related party transactions

The companies included in the consolidated financial statement and the associated companies are listed in the section on the consolidated group.

	Associated companies		Other related party transactions	
	2009	2008	2009	2008
Proceeds from sales to related parties and persons as of 6/30 kEUR	0	5	0	0
Earnings from related parties and persons as of 6/30 kEUR	666	202	183	183
Due from related parties and persons as of 6/30 kEUR	71	189	61	61
Due to related parties and persons as of 6/30 kEUR	39	53	0	0

Associated companies

The amount due from related parties includes loans amounting to 68 kEUR (previous year: 168 kEUR) and concerns iris GmbH. This is indicated in the balance sheet under non-current assets.

The remaining amount of 3 kEUR also concerns iris GmbH (previous year: 21 kEUR). These accounts receivable are for goods and services and have less than a year left to run. They are indicated in the balance sheet under current assets. The accounts payable to related parties are for goods and services and have less than a year left to run. These are due to iris GmbH and amount to 20 kEUR (previous year: 53 kEUR) and id systeme GmbH in the amount of 19 kEUR (previous year: 0 EUR). They are indicated in the balance sheet under current liabilities.

Other related party transactions

INIT GmbH rents its office building in Karlsruhe from Dr. Gottfried Greschner GmbH & Co. Vermögens-Verwaltungs KG. The monthly rental payments are currently running at 30 kEUR (rounded) (annual payment: 367 kEUR). The rental price is contractually fixed until June 30, 2011 and will then increase to

475 kEUR per year, every year from July 1, 2011 until June 30, 2026. In addition, a rent deposit of 61 kEUR has been paid for the office building in Karlsruhe.

Terms of the business transactions with related parties and persons

Sales to and purchases from related parties (affiliated companies and persons) shall be made to the normal market terms and conditions. There are no guarantees whatsoever for accounts receivable from or payable to related parties. The group has not made any value adjustments on accounts receivable from related parties for the financial year as of June 30, 2009.

Karlsruhe, August 14, 2009

Responsibility Statement

"To the best of our knowledge, and in accordance with the applicable reporting principles for interim financial reporting, the interim consolidated financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the group, and the interim management report of the group 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 for the remaining months of the financial year."

Dr. Gottfried Greschner
Chief Executive Officer

Bernhard Smolka
Chief Financial Officer

Achim Becker
Chief Operating Officer

Wolfgang Degen
Chief Operating Officer

Dr. Jürgen Greschner
Chief Sales Officer

Segment Reporting

The group comprises the following reportable segments:

1. The "Telematics and Electronic Fare Collection Systems" segment includes integrated systems for the management of public transport services, fare management systems, passenger information as well as passenger counting systems.
2. The category "Others" consists of the segments Planning Systems (planning and data management systems) and Automotive Engineering (analysis systems for the automotive industry).

For the purpose of corporate management the group is divided into three business segments (Telematics and Electronic Fare Management Systems, Planning Systems, Automotive Engineering) based on the products and services on offer. The business units Planning Systems and Automotive Engineering were combined into the category "Others".

Management monitors the operative results separately for each business segment to decide on the allocation of resources and assess profitability. Profitability is decided based on operational performance which equates to the total declared in the group's consolidated financial statement.

01/01/2009-06/30/2009	Telematics and Electronic Fare Collection Systems	Others	Eliminations and adjustments	Consolidated
	kEUR	kEUR	kEUR	kEUR
Revenues				
with third parties	22,909	891	0	23,800
with other segments	378	664	-1,042	0
Revenues, total	23,287	1,555	-1,042	23,800
EBIT	3,050	-415	64	2,699
Segment assets	57,246	2,079	-1,717	57,608
Segment liabilities	24,700	1,641	-991	25,350
Interest income	68	1	-8	61
Interest expenses	45	14	-8	51
Scheduled depreciation	891	114	0	1,005
Cost of revenues	15,236	1,569	-914	15,891
Research and development expenses	432	81	0	513
Foreign currency gains (+)/losses (-)	-303	4	0	-299
Income from associated companies	104	0	0	104
Income tax	676	1	0	677
Impairments	552	0	0	552
Shares in associated companies	1,956	0	0	1,956
Investments in tangible fixed assets and intangible assets	898	102	-200	800
12/31/2008				
Segment assets	57,081	2,717	-1,847	57,951
Segment liabilities	25,905	1,827	-1,377	26,355
Shares in associated companies	1,852	0	0	1,852



01/01/2008-06/30/2008	Telematics and Electronic Fare Collection Systems	Others	Eliminations and adjustments	Consolidated
	kEUR	kEUR	kEUR	kEUR
Revenues				
with third parties	20,311	962	0	21,273
with other segments	317	276	-593	0
Revenues, total	20,628	1,238	-593	21,273
EBIT	1,412	-466	-111	835
Segment assets	48,297	2,767	-2,313	48,751
Segment liabilities	22,062	2,462	-1,314	23,210
Interest income	111	1	-13	99
Interest expenses	181	16	-13	184
Scheduled depreciation	675	112	-18	769
Cost of revenues	15,163	1,342	-725	15,780
Research and development expenses	513	0	0	513
Foreign currency gains (+)/losses (-)	619	-1	0	618
Income from associated companies	100	0	0	100
Income tax	284	73	0	357
Impairments	707	0	0	707
Shares in associated companies	1,797	0	0	1,797
Investments in tangible fixed assets and intangible assets	1,250	615	-200	1,665
12/31/2007				
Segment assets	43,806	1,926	-1,257	44,475
Segment liabilities	17,143	1,267	-623	17,787
Shares in associated companies	1,887	0	0	1,887

Geographical Information

	01/01/2009- 06/30/2009		01/01/2008- 06/30/2008	
	kEUR	%	kEUR	%
Revenues with external customers				
Germany	6,107	25.7	5,001	23.5
Rest of Europe	7,324	30.8	4,561	21.4
North America	3,969	16.7	8,920	42.0
Other Countries (Australia, UAE)	6,400	26.8	2,791	13.1
Group total	23,800	100.0	21,273	100.0

The above information about the sales revenue is based on the customer's location.

	06/30/2009		12/31/2008	
	kEUR	%	kEUR	%
Non-current assets				
Germany	9,317	89.6	9,387	89.4
North America	924	8.9	976	9.3
Other Countries (Australia, UAE)	159	1.5	139	1.3
Group total	10,400	100.0	10,502	100.0

The long-term assets are composed of tangible fixed assets, other intangible assets, as well as interest in associated companies.

Consolidated Statements of Changes in Equity as of June 30, 2009 (IFRS) (unaudited)

	Subscribed capital	Additional paid-in capital	Consolidated unappropriated profit
	kEUR	kEUR	kEUR
Status as of December 31, 2007	10,040	3,973	14,347
Profit for the period			493
Other comprehensive income			
Total comprehensive income			493
Dividend paid out			-1,378
Share-based payments		-59	
Status as of June 30, 2008	10,040	3,914	13,462
Status as of December 31, 2008	10,040	3,950	18,881
Profit for the period			2,089
Other comprehensive income			
Total comprehensive income			2,089
Dividend paid out			-1,580
Share-based payments		-64	
Status as of June 30, 2009	10,040	3,886	19,390

*Interim Consolidated Statement of Comprehensive Income
from January 1, 2009 to June 30, 2009 (IFRS)
(unaudited)*

	01/01/2009- 06/30/2009	01/01/2008- 06/30/2008
	kEUR	kEUR
Profit for the period	2,032	393
Exchange differences on translation of foreign operations	36	-301
Net gain (+)/net loss (-) in available-for-sale financial assets	8	-24
Other comprehensive income for the period, net of tax	44	-325
Total comprehensive income	2,076	68
thereof attributable to equity holders of the parent company	2,133	168
thereof minority interests	-57	-100

Attributable to equity holders of the parent

Treasury stock	Other reserves			Total	Minority interest	Total Shareholders' equity
	Difference from pension valuation	Difference from currency translation	Stock market valuation of securities			
kEUR	kEUR	kEUR	kEUR	kEUR	kEUR	kEUR
-977	98	-983	-4	26,494	194	26,688
				493	-100	393
		-301	-24	-325		-325
		-301	-24	168	-100	68
				-1,378		-1,378
222				163		163
-755	98	-1,284	-28	25,447	94	25,541
-789	187	-841	-26	31,402	194	31,596
				2,089	-57	2,036
		36	8	44		44
		36	8	2,133	-57	2,076
				-1,580		-1,580
230				166		166
-559	187	-805	-18	32,121	137	32,258

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