IVU TRAFFIC TECHNOLOGIES AG

ANNUAL REPORT 2015

OUTLOOK

HIGHLIGHTS

MANAGEMENT REPORT

Consolidated financial statements in accordance with IFRS

	2011 € million	2012 € million	2013 € million	2014 € million	2015 € million	Change 2015 to 2014 € million
Revenues	39.9	44.4	46.3	47.2	58.1	+10.9
Gross profit	30.4	31.8	34.8	37.1	40.1	+3.0
Personnel expenses	19.6	21.4	22.8	23.9	25.2	+1.3
EBIT	2.9	3.4	3.9	4.3	4.9	+0.6
EBT	2.8	3.1	3.6	4.1	4.6	+0.5
Consolidated net profit	2.4	3.6	3.8	4.4	3.6	-0.8

Key figures

	2011	2012	2013	2014	2015
Equity ratio (Equity/total assets)	61%	60%	55%	56%	63%
EBT margin (EBT/gross profit)	9.1%	9.6%	10.3%	11.1%	11.6%
Full-time equivalents as annual average	295	301	322	332	353
Gross profit per FTE (in € thousand)	103	106	108	112	114

Supervisory Board
Prof Herbert Sonntag
André Neiss
Uli Mayer-Johanssen

Executive Board
Martin Müller-Elschner (Chairman)
Dr Helmut Bergstein

Contents

The complete annual financial statements and management report of IVU Traffic Technologies AG for the financial year 2015 were audited by Ernst & Young GmbH Wirtschaftsprüfunggesellschaft, Berlin, and provided with an unqualified audit opinion.

Letter to the shareholders

Dear Shareholders,
Dear Friends of IVU,

IVU can look back once more on a very exciting and successful financial year. Revenues in 2015 rose sharply by €10.9 million to €58.1 million driven in particular by stronger materials sales in our projects. Gross profit, which reflects the value created by IVU, grew 8% to €40.1 million. Profit also continues to develop positively: Earnings before interest and taxes (EBIT) increased by 12% to €4.9 million. IVU is therefore enjoying continued growth – and improved profitability.

The development of IVU.rail in particular demonstrates the success of our strategy. Our integrated standard solution supports railways in the planning and deployment of rolling stock and personnel. The high-performance optimisation core guarantees the optimum use of all resources. The results are convincing. In Germany, we have attracted additional private railway companies that have secured large networks in the past year. On the international stage, we won important orders in Canada and Sweden among other things and our customer base now includes no less than nine national railway operators.

A key future topic is "Software as a Service". To save costs, many companies outsource their IT infrastructure – particularly in the transport sector where cost pressure is especially intense. To cater to this trend, we developed IVU.cloud. This allows us to provide complete hosting of our systems for the customer, who then profits from advantages such as needs-based scalability available at short notice and low maintenance costs. The solution is also suitable for major transport companies such as Italian State Railways Trenitalia, which executes all its resource planning in the IVU.cloud.

Our customers trust in us and our systems – and have been doing so for 40 years. Since the foundation of IVU in 1976, we have established ourselves as a reliable partner. The fact that our customers appreciate this is also borne out by numerous follow-up orders and contract extensions, such as those recently agreed with the German Federal Returning Officer and the Kiesraad, the Dutch electoral council, for IVU.elect.

We are confident that IVU will continue to earn your loyalty in 2016,
Yours sincerely

The Executive Board
Berlin, March 2016

Dr Helmut Bergstein Martin Müller-Elschner

Introduction

IVU and the market

For the transport sector, last year was the year of digitalisation. At conferences such as the annual congress of the Association of German Transport Companies (VDV) or the various IVU events, participants held intensive discussions on the topic of "Mobility 4.0" and the further development of public transport in the digital age. In this context, the ability to link data in real time and across all corporate divisions plays a central role. From resource planning, fleet management and passenger information all the way to settlement with purchasers, an integrated flow of data is the key to delivering optimally coordinated services. With the integrated systems of the IVU.suite, IVU is exceptionally well positioned in this area.

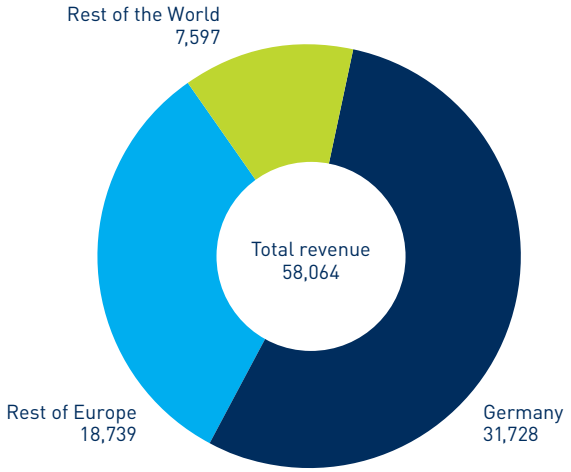
Strong railway market

With IVU.rail, IVU attracted additional important customers during the past year. Abellio Rail Mitteldeutschland and National Express opted to use IVU for their new networks. Sweden's state railway company SJ is also impressed with the system. Integrated systems with a broad functional scope that are tried and tested and can be quickly commissioned are highly sought-after among railway companies in particular. IVU has particular advantages in this area. IVU.rail allows it to meet the requirements of railway companies optimally. The system offers a seamless flow of data from scheduling rolling stock and personnel all the way to managing the deployment of all resources. In this respect, the optimisation algorithms fully integrated in the product that were developed in cooperation with the Zuse Institute Berlin are also extremely important.

Railways are also increasingly using additional modules from the IVU.suite, whose modular structure allows them to be integrated seamlessly. These include IVU.control for transparent and precise settlement with authorities, and IVU.realtime, which enables the connection of real-time information systems.

Software as a service

High cost pressure is currently driving many transport companies to outsource their IT infrastructure as far as possible. With IVU.cloud, IVU offers a simple method of operating their systems as "Software as a Service" (SaaS). On the customer's end, only the client runs, which is linked to the server by a secure connection. This saves the high costs of technical management while at the same time offering enhanced flexibility as the system can be expanded as and when required. If necessary, transport companies can easily reserve additional capacity, for example, if computationally intensive optimisations are pending. During the past year, numerous customers availed themselves of this option. The example of Trenitalia demonstrates how powerful this solution is.
Since last year, the Italian State Railways has used IVU.cloud to schedule, dispatch and optimise some 14,000 employees and over 5,000 vehicles – an undertaking on a scale that is unique in Europe. To make this possible, IVU works closely with IBM, which provides the necessary server capacity at an Italian data centre.



Revenues for the 2015 financial year in € thousand

Passenger information

An important advertisement for transport companies and a means of customer acquisition is the provision of continuous and comprehensive information to passengers about departures, connections, the current traffic situation or possible delays. With IVU.realtime, IVU offers a tried and tested real-time information system that has been operating in London for many years, where it supplies some 2,500 stop indicators as well as websites and apps with real-time data from more than 8,500 buses. In a pilot project, Transport for London is now testing whether digital information systems at railway stations can be usefully supplemented with additional information such as weather reports, news or Twitter feeds. The IVU.realtime.app, which serves as a basis for smartphone apps operated by transport companies, is also undergoing continuous further development. For instance, the most recent update to the 'ASEAG Mobil' bus timetable app provided users with a full-service travel companion that provides information about connections, stops or disruptions during the journey. This type of information is particularly beneficial to passengers in rural areas. Consequently, IVU continues to register strong demand from regional transport associations for systems offering multi-tenant capability that can deliver real-time information or enable e-ticketing. We expect this trend to continue in the future.

International presence

IVU continues to expand its international reach. On the North American market, the company successfully acquired an important reference customer in VIA Rail Canada. This state-owned railway company operates passenger services across eight of the country's provinces and is now turning to IVU.rail to handle the duty scheduling and dispatching of approximately 1,200 employees. To further strengthen sales in North America, IVU has also established its own subsidiary in the US: IVU Traffic Technologies Inc. The new company is located in San Francisco. By attending key events and trade fairs such as the APTA Annual Meeting in San Francisco, the California Transit Association Expo in Pasadena and the CUTA Trans-Expo in Montreal, IVU has significantly expanded its market presence.

IVU is also focussed on customer proximity in the European market. To this end, it has opened a new office in Basel, which means that the company is now represented in Switzerland from its own premises. As a result, prestigious customers such as Swiss Federal Railways (SBB), PostBus Switzerland or Zurich Public Transport (VBZ) now have a locally based personal contact. The new office also enables IVU to boost its sales activities in the tri-border region of Switzerland, Germany and France. The long-standing cooperation with Zurich-based consultancy firm STI and the strategic partnership in the area of ticketing solutions with Scheidt & Bachmann are also profiting from this geographical proximity. As a result, IVU and Scheidt & Bachmann initiated a range of activities that included a joint conference to examine the future of public transport in Switzerland, which was attended by around 50 representatives of Swiss transport companies.

Highlights 2015
Germany

Stuttgart. Sustainable mobility in the region

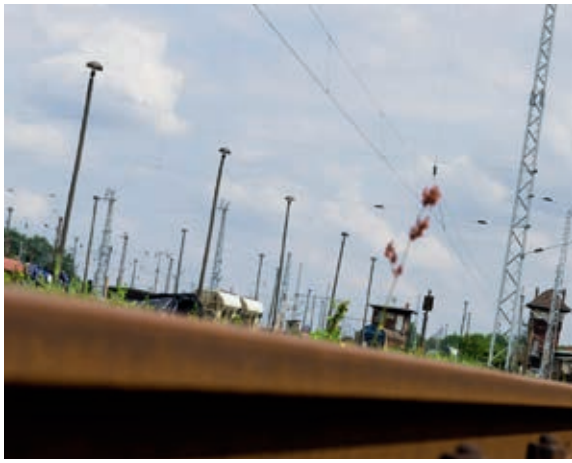
As part of the "NaMoReg" project (German abbreviation for "Sustainably Mobile Region Stuttgart"), a central control and real-time information system from IVU was installed by VVS, the transit and tariff association of Stuttgart. With the multi-tenant solution, VVS can now process current data for a total of 26 small and mid-sized transport companies centrally and transmit it to information systems. This guarantees more reliable connections for passengers switching between routes and cuts unnecessary waiting times.

For this purpose, IVU engineers installed new on-board computers in the approximately 500 vehicles belonging to the participating companies. All computers are equipped with the IVU.cockpit software package, which communicates with the IVU.fleet control centre and displays information such as the current timetable situation to the drivers. Whereas IVU.fleet handles fleet management, IVU.realtime processes and distributes the real-time data that is then made available to the various VVS offerings and to the timetable information service of the Federal State of Baden-Württemberg.

Halle. Abellio opts for integrated resource planning

When Abellio Rail Mitteldeutschland GmbH took over the Saale-Thüringen-Südharz network (STS) in December 2015, IVU.rail provided for the optimum deployment of vehicles and personnel. Abellio now operates ten lines with a total length of 575 km between the Federal States of Saxony-Anhalt, Thuringia, Saxony, Lower Saxony and Hesse. A total of 35 new trains and 350 employees will bring approximately 8.5 million passengers annually to their destination on time and in comfort.

IVU.rail assists planners and dispatchers in resource planning with numerous automation functions and flexible rule engines. A mobile employee portal ensures straightforward, paperless communication. In the future, drivers and on-board personnel will be able to 'clock-in' online and document the activities they carry out while on duty.



Cologne. Complete solution for National Express

In December 2015, private railway company National Express commenced operations on its first two lines in Germany. A total of 35 brand-new trains and around 130 employees provide reliable rail services on the Rhine-Münsterland route. By using the standard products from the IVU.suite, IVU was able to set up the necessary IT infrastructure within a very short time of just a few months from project start to commissioning.

IVU.rail is used to prepare timetables and staff rosters and to dispatch vehicles and personnel on a daily basis. The control-centre software IVU.fleet supports operational control, and IVU.realtime supplies connected information systems with all real-time data. Ultimately, IVU.control administers all data of relevance to transport agreements, such as infrastructure costs, punctuality or cancellations and exchanges this data with systems operated by the respective authorities. In this way, the IVU complete solution ensures the seamless integration of all operational tasks.

Schweinfurt. City bus operates with IVU technology

With a total of 50 buses on 34 lines, Stadtwerke Schweinfurt GmbH provides reliable local transport in this industrial city in northern Bavaria. Some eight million passengers avail themselves of the service each year to commute to work and school or for leisure purposes. With the help of IVU.suite, the municipal authority is now rolling out a flexible e-ticketing system to make travelling on its buses even more convenient for customers.

Based on the journeys for a particular month, the background system IVU.fare automatically calculates the best prices in each case – for example, if day tickets or even a monthly ticket offers better value than multiple one-way tickets. At the same time, IVU.fare administers the customer data and handles the entire settlement process. The operational control software IVU.fleet controls the operations, collects the data from all vehicles and makes it available to downstream systems. Last but not least, IVU.ticket.box on-board computers with integrated ticket printers and card readers for e-ticketing on the buses guarantee accurate data acquisition.

Highlights 2015
International

Canada. Resource planning for VIA Rail Canada

VIA Rail Canada is another major national railway to place its trust in the software solutions from IVU. The company operates passenger rail services in eight of Canada's ten provinces. Around 500 trains are operated on a weekly basis on a route network of over 12,500 kilometres. In the country with the second-largest surface area in the world, the trains often have to cover considerable distances to reach their destination. In order to provide excellent service on board, the trains are usually staffed with several teams made up of drivers and train crew.

IVU.rail now ensures efficient duty scheduling and dispatching for the approximately 1,200 train drivers and on-board personnel. The system helps to centralise the extremely complex duty scheduling process and to optimise the use of resources. In this context, IVU.rail also caters for requirements peculiar to the North American market such as the process of "seniority bidding", whereby the wishes of longer-serving employees are given priority over those of newer colleagues during planning.

Ireland. Personnel dispatching for 1,300 bus drivers

With a total of 685 vehicles, Bus Éireann operates long-distance bus connections between Ireland's major cities in addition to providing public transport services within cities and in rural areas. Bus Éireann also operates services to Northern Ireland, Great Britain and the European mainland as well as the national school bus service. To dispatch its more than 1,300 drivers, the company uses the IVU.crew system.

It supports Bus Éireann's dispatchers with its automatic driver allocation function and an individual roster layout check. Drivers can also specify their preferred rosters, which are then considered preferentially during planning. The graphical personnel dispatching process makes it possible to plan efficient and balanced duties and personnel rosters. Thanks to its flexible and adjustable payroll rules, IVU.crew is also equipped to meet future demands.

Sweden. SJ is planning with IVU.rail

Swedish rail operator SJ AB is to use the software solution from IVU for all of its resource planning. Sweden's largest railway company carries almost 85,000 passengers every day. Some 5,000 employees ensure a safe, reliable, comfortable and customer-friendly journey at 440 stops per day at 160 railway stations between Copenhagen and Narvik.

IVU is providing its integrated standard system IVU.rail, which is tailored specifically to the needs of train operating companies. SJ will replace several standalone systems and conduct future planning and dispatching of all vehicles and employees using IVU.rail. In order to maximise the homogeneity of the system environment, the railway company went to great lengths to implement a standard software solution with a broad customer base from a single vendor that had a strong track record of expertise and experience in this area. The decisive factor in this case was the tried and tested functional scope of IVU.rail, which is already in service with numerous other national railway operators.

Peru. Lima modernises public transport

The Peruvian capital Lima has been investing heavily for some years in the modernisation of its public transport system. This includes calls for new tenders for numerous important connections such as the Lima–Callao service. Since the start of 2015, Grupo Express Perú (GEP Lima) has been operating a regular service with 150 buses between the capital and the neighbouring port city. IVU supplies the IVU.suite for scheduling and managing vehicles and personnel as well as the e-ticketing system.

In particular, the integrated timetabling, vehicle working and duty scheduling functions ensure optimum use of all resources and efficient operation. The IVU.fleet operational control system allows the newly established control centre to maintain control over the vehicles amidst Lima's traffic congestion and to intervene if necessary. IVU.realtime allows GEP Lima to provide passengers with up-to-date departure times via smartphone apps or the website. All vehicles are equipped with the IVU.ticket.box on-board computer that allows for easy payments using the e-ticketing system.

Highlights 2015
Logistics

IVU.workforce. Rapid response

A gas leak caused by excavation works, power outages in a city district, hundreds of households without drinking water – these situations demand a rapid response. The Berlin-based Competence Centre for Critical Infrastructures GmbH (KKI) operates a hotline service for supply companies and local authorities, which is available 24/7 and immediately initiates the appropriate measures. Deployment of crisis management services is managed by IVU.workforce. When a call is received, the hotline service staff log all the important details on a clearly laid out input screen and alert one or more crisis management services depending on the event and customer process. An intelligent algorithm uses stored data and standardised query technology to determine the nearest available response personnel with the appropriate qualifications. This ensures that the right employee is dispatched to every location as quickly as possible.

IVU.elect. Trust counts

When it comes to elections, absolute reliability is vital. From organisation and the casting of votes all the way to counting the ballots and announcing the result, every step of the process must be secure, transparent and properly carried out. To do this, the electoral authorities need a software solution in which they can have complete confidence. The fact that IVU.elect fulfils this requirement was demonstrated yet again during the past year. The Kiesraad, the Dutch electoral council, extended its framework agreement with IVU by a further seven years. As a result, IVU.elect will continue to be used for all elections in the Netherlands until 2022, from local level all the way to national and European level. The contract with the German Federal Returning Officer, which has cooperated with IVU since 2002, was also recently extended. The objective of the cooperation is to further modernise the election process in the coming years and to reduce the number of manual tasks.

IVU.locate. Strong customer loyalty

The location intelligence solution IVU.locate is also a big hit with customers. The software helps companies to make effective use of geodata and spatial information. Among other things, it offers functions for target group analysis and route planning as well as location, area and media planning. The close cooperation with customers leads to repeated follow-up orders, most recently with DHL, for example. Following the successful roll-out of same-day deliveries during the previous year, the parcel service subsidiary of Deutsche Post AG has now ordered new licenses for its international network planning. In the future, the locations for parcel shops, points of sale and Packstations are set to be determined using IVU.locate. Our cooperation with the Federal Waterways and Shipping Administration (WSV) and the Federal Ministry of Transport and Digital Infrastructure (BMVI) is also running smoothly. In 2013, work commenced on an application based on IVU.locate to record and administer all navigation marks on German inland waterways. The pilot phase of the project was completed last year and is now being transferred into regular operation.

Highlights 2015
Events

User forum. Record attendance

Representatives of international public transport companies came together in February 2015 for the 27th User Forum of IVU Traffic Technologies AG in Berlin. In talks and discussions, they exchanged views about topics relating to the future of public transport. The keynote speech on the topic of "Mobility 4.0" was given by Oliver Wolff, Managing Director of the Association of German Transport Companies (VDV). In the ensuing specialist presentations, speakers ranging from managing directors of medium-sized bus companies to representatives of major railway companies reported on their experiences using the IVU.suite. With more than 500 guests from 18 countries, the industry event recorded yet another record attendance.

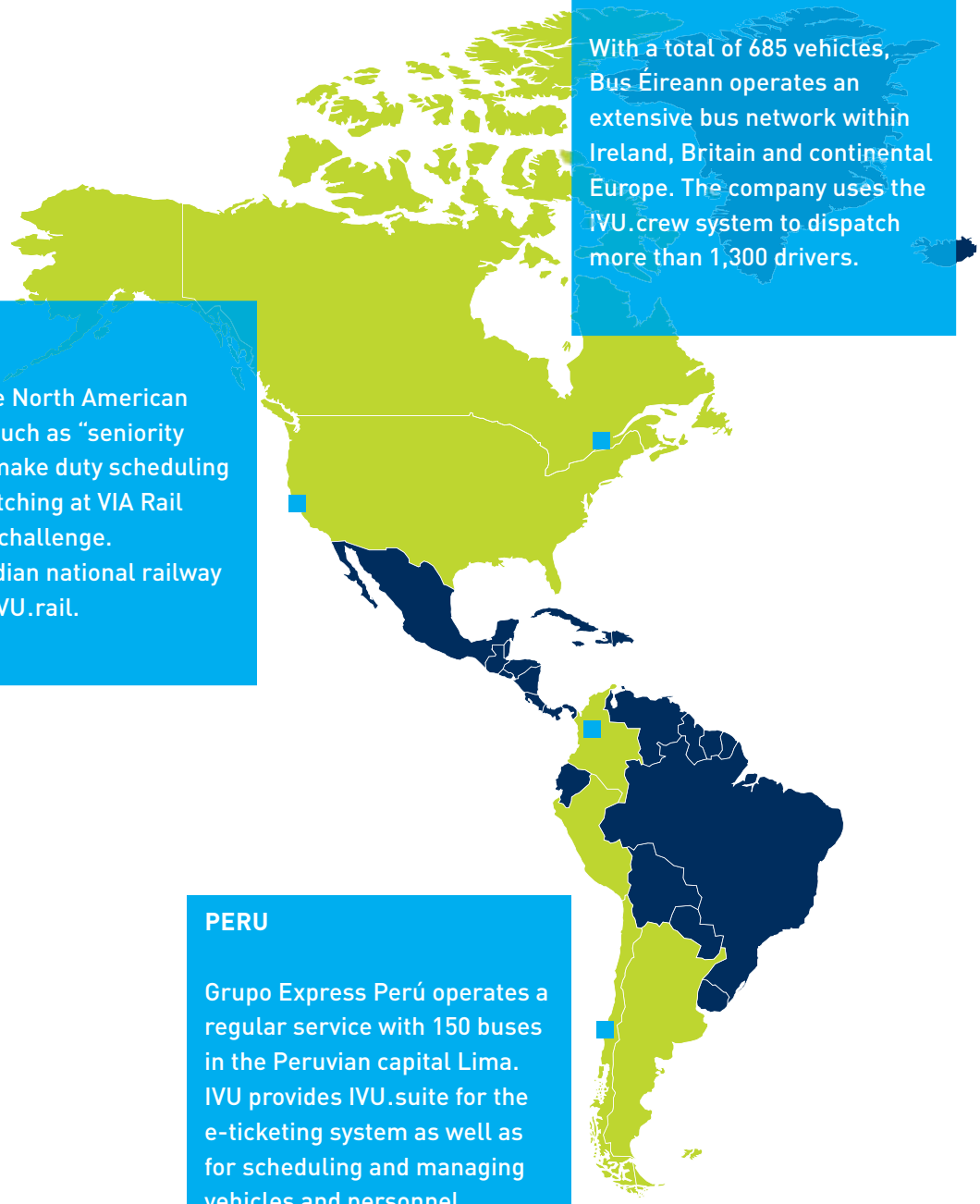
UITP World Congress. Innovative solutions

At the industry convention of the International Association of Public Transport (UITP) in June 2015 in Milan, IVU presented a new smartphone app and improvements to its integrated systems IVU.suite and IVU.rail, and more. In a Focus Session, IVU Product Manager Dr Claus Dohmen offered insight into the development of the IVU.realtime.app. Based on the evaluation of real-time data, a new, innovative route calculation will in the future only show users connections that actually exist at the time of their query. If a scheduled trip is cancelled, the app automatically searches for alternative routes – even if the passenger is already under way.

IT for Rail. Digitalisation on track

Modern IT solutions are the key to more efficient rail traffic – this was the conclusion drawn by participants at the "IT for Rail" conference, which took place on 1 and 2 October 2015 in Rome. Over 25 top managers from prestigious European railway companies responded to the joint invitation from Italian State Railways Trenitalia and IVU. The focus of the two-day event was on how to make the most efficient use of all resources with the help of integrated software solutions. This is because the increasing digitalisation of the rail sector is also changing the way that companies deal with vehicles and personnel – undoubtedly the most important resources of a rail operation. In presentations, the CIOs reported their companies' experiences and held intensive discussions on the potential of "Software as a Service" solutions.

More than 500 customers
In over 30 countries
With 15 locations



IRELAND

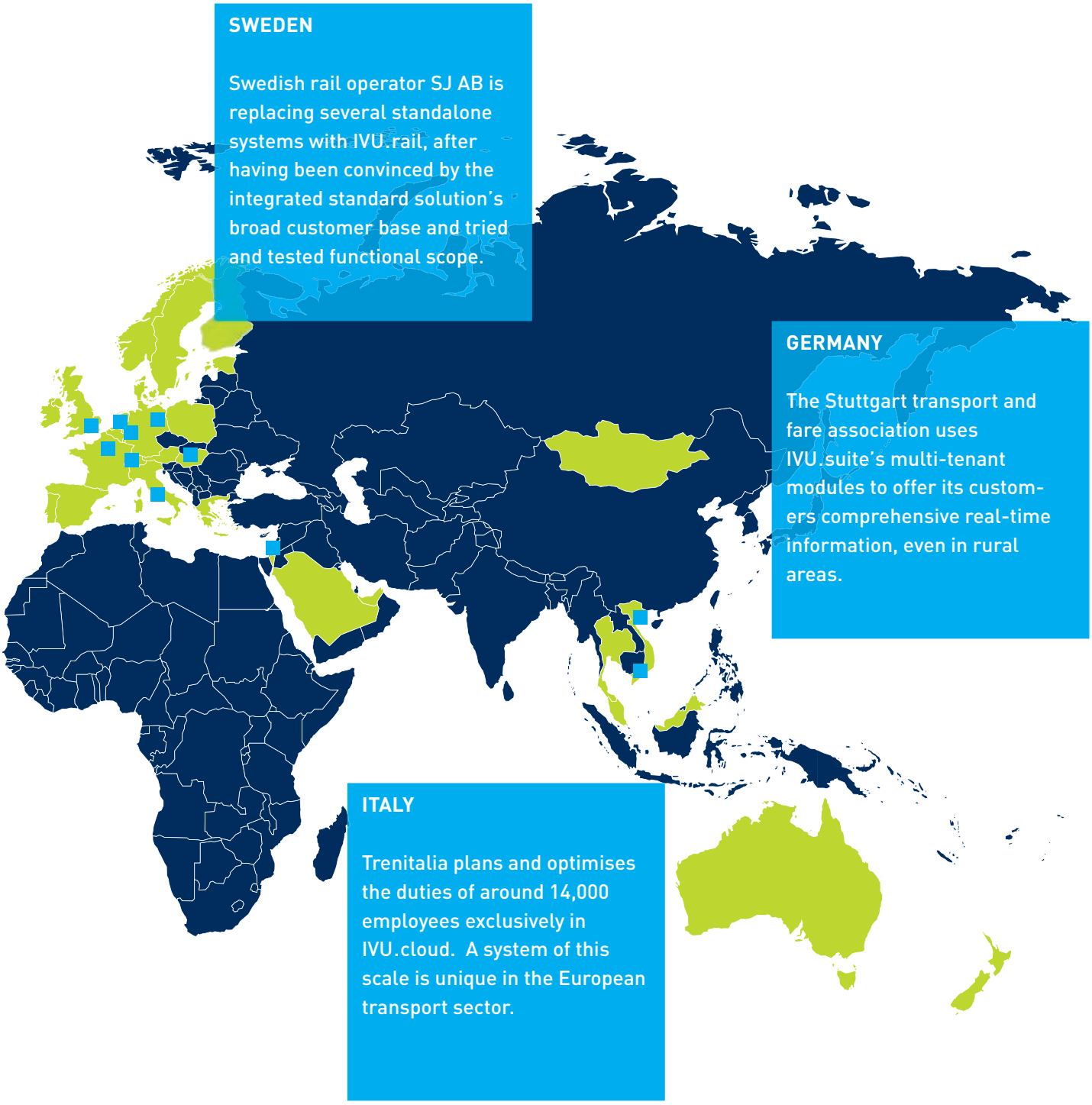
With a total of 685 vehicles, Bus Éireann operates an extensive bus network within Ireland, Britain and continental Europe. The company uses the IVU.crew system to dispatch more than 1,300 drivers.

CANADA

Distinctive North American features such as "seniority bidding" make duty scheduling and dispatching at VIA Rail Canada a challenge.
The Canadian national railway trusts in IVU.rail.

PERU

Grupo Express Perú operates a regular service with 150 buses in the Peruvian capital Lima. IVU provides IVU.suite for the e-ticketing system as well as for scheduling and managing vehicles and personnel.



- IVU locations
- IVU references

Research and development

The innovative strength of IVU is a key pillar of its economic success. In close cooperation with customers, existing products are further developed and ideas serve as the inspiration for completely new modules. At the same time, IVU is actively involved in basic research. This work frequently delivers insights that are then incorporated into the product portfolio over the medium to long term, thus guaranteeing the high technical standard of the IVU systems. In the past year, IVU invested approximately €1.8 million in R&D.

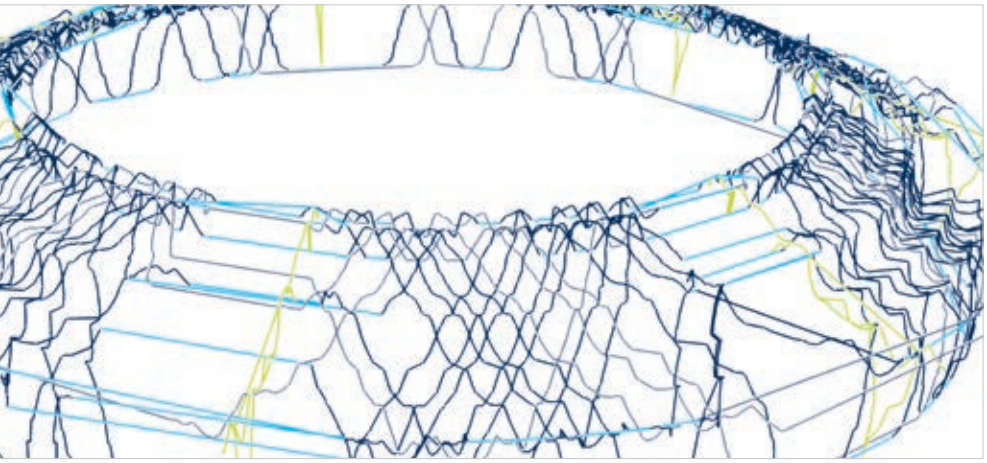
Development

IVU.cloud

The modern IT infrastructures operated by railway and transport companies are more complex than ever. With IVU.cloud, IVU now offers a way to use the majority of the proven IVU solutions according to the principle of "Software as a Service" (SaaS). Rather than providing the necessary servers to operate the software themselves, transport companies simply lease the computing capacity they need from IVU. Since April 2015, for example, the IVU.rail modules for planning personnel and rolling stock at Italian State Railways Trenitalia have been running entirely in the IVU.cloud around the clock. Over 400 administrators working in parallel, 14,000 driving personnel and a large number of linked systems make this highly integrated operating environment unique in the European transport sector.

Passenger information

At London's Manor Park Station, a pilot project by the city's transport authority Transport for London (TfL) that fundamentally changes the way passenger information is presented has been running for some time. Two large screens located in the immediate vicinity of the ticket counters provide real-time information about departure times of TfL Rail trains, underground trains and buses at nearby stops. The system developed by IVU is part of IVU.realtime, which is already providing the up-to-date departure times of more than 8,500 buses in London. The system in Manor Park Station integrates additional information such as the official @TfL Twitter feed, the local weather forecast and headlines from BBC News. In the event of disruptions, the software automatically replaces the Twitter and news reports with clearly visible information so that passengers are immediately made aware of changes.



itcs Innovation Award

In October 2015, IVU was presented with the itcs Innovation Award in recognition of its long-standing commitment to research and development. In particular, the Association of German Transport Companies (VDV) honoured the driving role played by IVU in the development and introduction of the new standard for vehicle communication, IBIS-IP. In his eulogy, Berthold Radermacher, Head of Telematics, Information and Communications Technology at VDV, singled out IVU's courage in putting the new protocol into practice at an early stage and thereby promoting its adoption. IVU is the first company to actively roll out IBIS-IP with customers, for example in Budapest.

Research

m4guide

As part of the m4guide research project sponsored by the Federal Ministry of Economic Affairs and Energy, IVU is working with other partners from industry and research fields to develop a door-to-door travel information system for blind and visually impaired users. By integrating various data sources, the system aims to provide navigation information not only along roads but also in public buildings such as railway stations. It will also suggest routes suitable for blind and visually impaired users across all modes of transport. For this purpose, the solution uses geodata as well as real-time information about public and private means of transport. IVU's contribution to the project is a model that enables geodata that is freely available from local authorities to be converted and used for the routing and navigation application.

RailLab

In comparison to buses or aircraft, the vehicle working scheduling and automatic optimisation processes for vehicles in rail transport are far more complicated. For example, trains generally consist of multiple sections in a fixed sequence and orientation. Scientists from the RailLab at the Konrad Zuse Institute Berlin, working closely with IVU and Berlin-based research organisation LBW, have now developed a new method of solving the problems associated with schedule planning for trains. Combined with duty optimisation, it forms the key element of the optimisation cores in IVU.rail, which can then ensure efficient train schedules and shifts.

Personnel

Personnel development

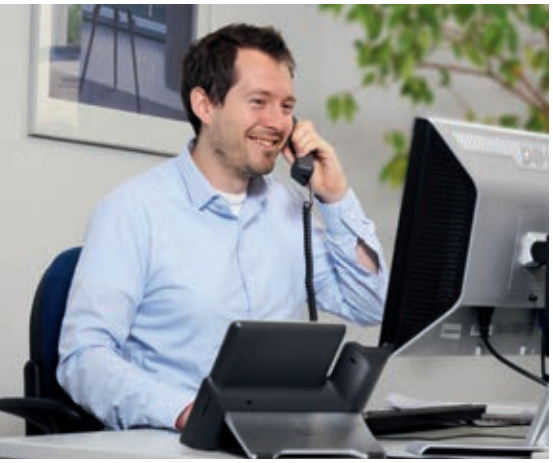
	2015	2014	CHANGE
Number of employees as of 31 December	455	409	+11%
Average full-time equivalents	353	332	+6%

About Us

The economic success of IVU also has an impact on personnel development. Numerous new projects, both in Germany and abroad, require a strong team that can provide professional advice to our customers. In addition, we require highly qualified software and project engineers for the ongoing development and maintenance of our products. Thanks to intensive recruitment activities, our human resources capacity has continued to expand despite the ongoing challenges in the labour market for IT specialists. As at 31 December 2015, IVU had a total workforce of 455 employees, including part-time employees and students (2014 : 409). The number of full-time equivalents (FTE) increased accordingly by 6% to 353 (2014: 332).

Diversity

The growing head count is also leading to greater diversity in the company. Across all company locations, IVU employs people from a total of 22 nations, of which some 30% are women – a very high figure given the generally low proportion of female graduates of relevant MINT subjects. The number of applications for



permanent positions increased by around 39% year on year. This proves the success of the recruitment activities and the excellent reputation enjoyed by IVU among graduates and specialists. In the past year alone, IVU attended 15 recruiting fairs in the Berlin-Brandenburg and North Rhine-Westphalia regions. Given the large number of new hires, the induction process presents a particular challenge. New employees must familiarise themselves with the IVU systems and must be introduced to their specific working areas. IVU promotes integration of new recruits with special induction training courses. During the past year, we held 16 events with 140 participants. The company also operates a mentoring program, in which experienced IVU employees support a new colleague during the initial months and assist with any questions and problems he or she may have.

Ongoing training

Only those who are constantly at the forefront of technical development are equipped to develop complex IT systems. For this reason, IVU provides its employees with ongoing further training opportunities. This is essential to the development of high-quality systems on which customers can rely. This has led to the development of an active knowledge culture within the company. One example of this is the in-house Developer School. It gives software engineers at IVU the opportunity to engage collectively with colleagues with regard to new technologies and further developments in their programming environments.

Knowledge transfer

In user groups, IVU customers talk to IVU engineers on a regular basis about their requirements regarding the IVU software. In this way, knowledge is transferred directly from the 'coalface' to the development process. In the past year, a new user group was founded in order to define common requirements for a multi-tenant ITCS. In Asia, IVU also avails itself of opportunities to exchange knowledge. The joint training centre set up with the Vietnamese University of Transport and Communications (UTC) has successfully started its work. In the interim, the first two advanced training courses for traffic managers have been successfully completed.

Earnings, finances and assets

Growth continues

IVU continued the positive trend of recent years in the 2015 financial year. Revenue climbed by 23% to €58.1 million (2014: €47.2 million). The revenue forecast for 2015 of €50.0 million was comfortably exceeded as a result of unexpectedly high materials sales.

Revenue breakdown

55% of revenue was generated on the German market and 45% from export business in 2015. Revenue on the German market increased to €31.8 million (2014: €25.7 million), while international revenue amounted to €26.3 million (2014: €21.5 million).

The core market of Public Transport accounted for revenue of €52.6 million in 2015 (2014: €41.8 million). The Logistics sector again contributed revenue of €5.4 million (2014: €5.4 million).

Significant increase in cost of materials

As a result of the rise in materials sales, the cost of materials was up significantly by €7.6 million at €18.8 million (2014: €11.2 million). This is due to additional materials deliveries in ongoing projects and to new materials-intensive projects. The cost of materials includes a write-down of €0.9 million in receivables from construction contracts and an impairment loss on merchandise of €0.2 million.

Gross profit

The value added within the company is reflected mainly by its gross profit, which rose by 8% to €40.1 million (2014: €37.1 million). The gross profit forecast for 2015 of €39.0 million was therefore exceeded.

Costs, depreciation and amortisation

Staff costs climbed by 5% in 2015 to €25.2 million (2014: €23.9 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.

Following investment in the company's internal IT infrastructure, depreciation and amortisation on non-current assets rose slightly to €1.2 million (2014: €1.0 million).

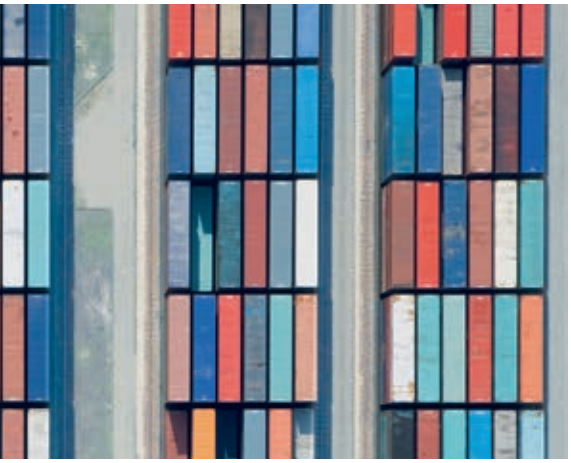
Other operating expenses climbed by 12% in 2015 to €8.8 million (2014: €7.9 million). The reasons for this include additional expenses for sales and the establishment of international branches, higher travel expenses due to international projects and growth-related cost increases.

Operating result

Encouragingly, growth in 2015 is also reflected in EBIT. With an increase of 12% to currently €4.9 million (2014: €4.3 million), profitability was up once again at IVU. The EBIT margin (EBIT/revenue) was down slightly from 9.2% to 8.4% owing to lower margins on the strong rise in sales of materials.

EBT surged by 12% to €4.6 million (2014: €4.1 million). The key performance indicator of EBT/gross profit was in the double digits again at 11.6% (2014: 11.1%), showing that IVU is not just expanding but also becoming more profitable.

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



Earnings, finances and assets

Financial strength excellent

Equity increased by €3.0 million to €39.2 million in the reporting year (2014: €36.2 million).
In the financial year, in preparing the HGB annual financial statements, the Executive Board withdrew €1,705 thousand from the capital reserves to offset the residual net loss for the year, taking into account the offsetting against the remaining profit carryforward following distribution of the dividend. At 63%, the equity ratio for 2015 outperformed the strong figure for the previous year (2014: 56%). The company's net assets are stable and its overall financial strength is very good.

Good liquidity

As a result of an increase in receivables from construction contracts and the reduction of current liabilities, IVU reported a cash flow from operating activities of € -5.0 million (2014: €5.3 million) in the 2015 financial year. Taking into account the cash flow for investing activities (€ -1.3 million) and the payment of the dividend (€ -0.9 million), cash and cash equivalents declined by €7.2 million.

With €7.5 million in cash and cash equivalents as at 31 December 2015 (2014: €14.7 million), IVU's financial position remains good.

IVU was able to meet its financial obligations at all times in the reporting year. The company did not utilise its total credit facilities of €3.2 million. IVU's clients have a correspondingly positive assessment of its credit quality.

Good order situation

The order backlog for the current year was around €40 million as at 1 January 2016. A considerable portion of the targets 2016 are thus already covered by the order situation.

Successful 2015

IVU has had another successful year. It has continued its profitable growth with increases in revenue and earnings, and is optimistic for the future thanks to the good order situation and promising sales prospects.

Forecast

Outlook

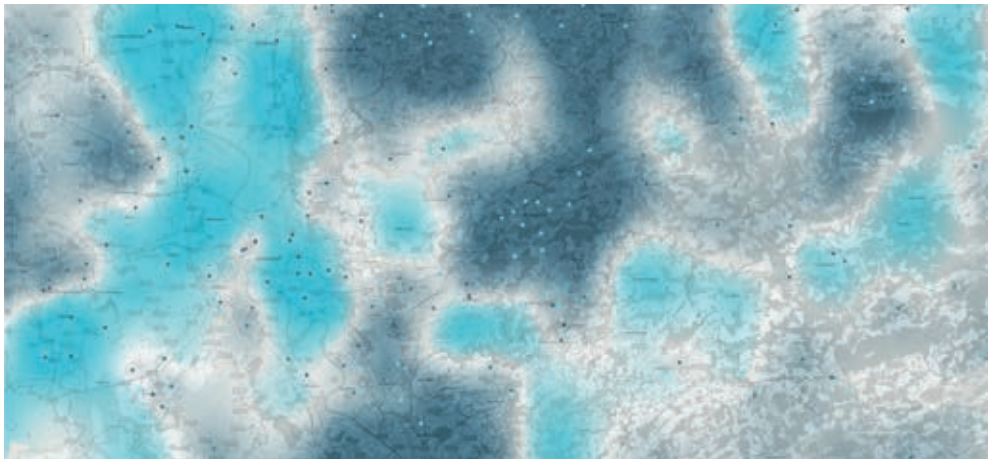
IVU further reinforced its position in the core market of public transport during 2015 and is a sought-after contact partner both in Germany and internationally. After South America, the year 2015 also saw us open up new opportunities in North America, where we hope to acquire further customers. The German-speaking domestic market is and will remain important.

With the integrated rail solution IVU.rail, we were able to acquire new customers during the reporting year and further expand our extremely strong position in the market. As it is still the sole standard product for the entire rail sector (local, intercity, regional and freight transport), the outlook for IVU.rail in 2016 is also favourable.

In the logistics sector, only a small number of new customers were acquired in 2015. However, strong ties with existing customers in the sector are leading to repeated new orders. A newly established sales team created opportunities in 2015 that are likely to result in orders for 2016.

The key performance indicators for achieving the strategic goals are the development of revenue – as an indicator of the growth rate – and gross profit (gross revenue plus other operating income and less cost of materials) – as an indicator of profitability.

With the market environment remaining positive, we are anticipating a solid business performance in 2016 as well. Revenue is strongly influenced by project-related hardware deliveries, which can possibly be deferred past the end of the year. On the basis of the order backlog and the transactions expected and owing to lower sales of materials, consolidated revenue for 2016 is planned at around €55 million (actual figure for 2015: €58.1 million) and gross profit is planned at around €42 million (actual figure for 2015: €40.1 million).



Risk and opportunity report

Risk management

To secure the long-term success of the company, we must identify and manage all types of risks. Our risk management aims to identify, analyse and manage risk at an early stage, and Management uses deviation analyses as an instrument for corporate control.

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. The subsidiaries are included in the reporting system. Regular meetings held with those responsible for revenue, cost and deadline development 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 fixed item on the agenda at every meeting of the Supervisory Board, and is discussed in detail at each of its meetings. The relevance of risks is assessed based on the extent of possible damages. The company has identified the following significant risks and classified them as low, medium, or high based on its assessment of their estimated probability of occurrence 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 use a range of instruments for securing payment, such as letters of credit, advance payments or payments on account.

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 and the extent of damage remain unchanged at high and medium respectively. 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 at medium (previous year: low). Measures to reduce these risks are efficient project management as well as adherence to deadlines and quality standards.

Quality deficits

In the event of deficiencies in the software or hardware supplied, this can delay the acceptance and, consequently, the payment of invoices. The probability of occurrence is rated as medium (previous year: low) and the anticipated extent of damage remains 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 euro zone, 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 €0.5 million at nominal value.

Shortage of specialists and managers
A specialised software company such as IVU derives its strength on the market from the ability of its highly qualified specialists and managers 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. Measures to reduce these risks include a long-term human resources policy to ensure low rates of staff turnover and a corporate culture based on openness and trust, which promotes a high level of staff loyalty.

Overall risk assessment
We are still assuming low risk overall.

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 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, also with the potential for significant upward adjustments.

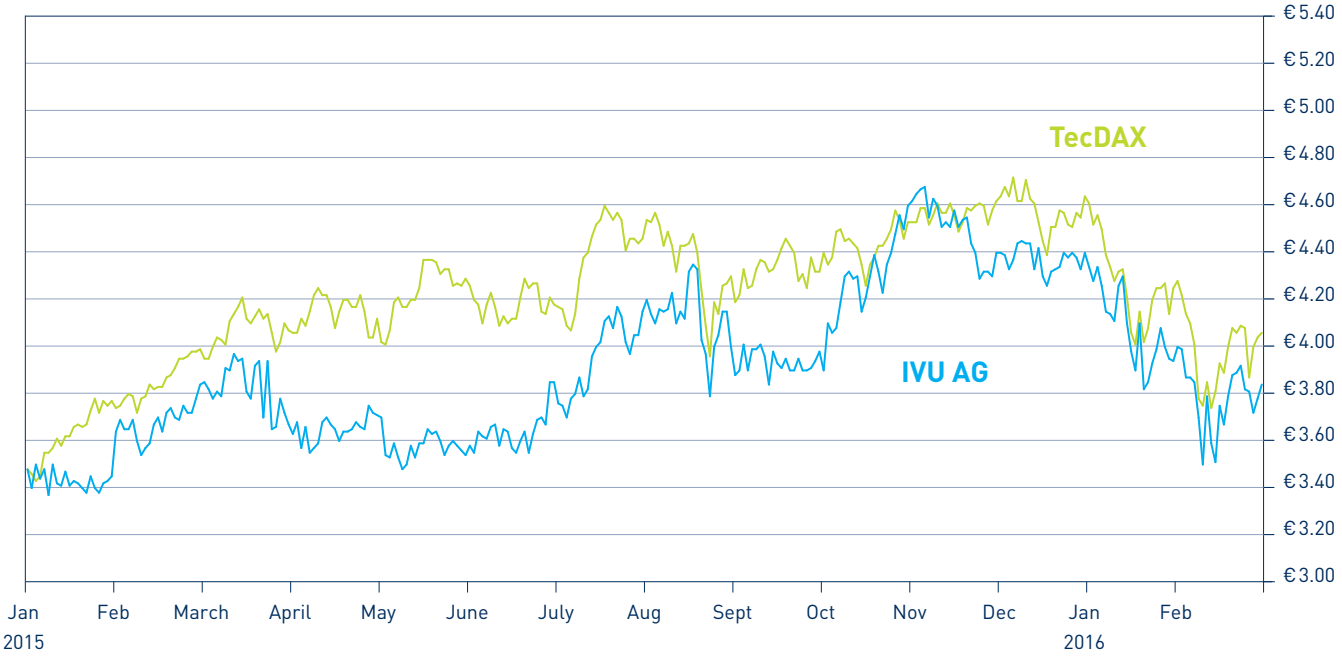
Overall, the opportunities for IVU are assessed as very good. We are profiting from the sustained trend towards urbanisation, which is forcing cities to invest increasingly in the expansion and modernisation of their infrastructures. As a result of successfully implemented projects, IVU has become a 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

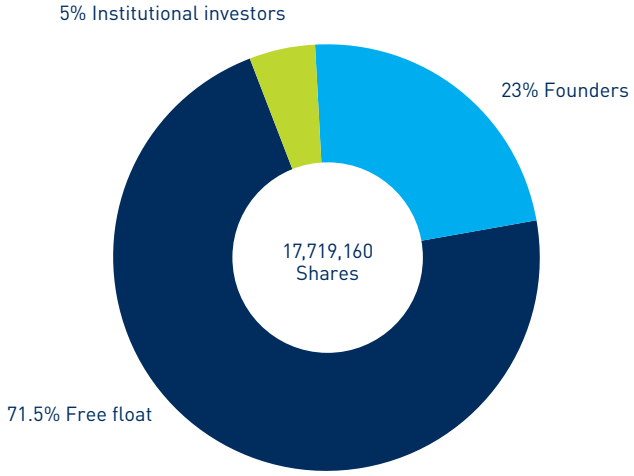
Since 31 December 2015, there have been no events of particular significance that have affected the situation regarding earnings, finances and assets.

IVU shares

IVU share price in comparison with the TecDax index



Shareholder structure as at 31 December 2015



Shares held by Board members as at 31 December 2015

	Shares
Executive Board	
Martin Müller-Elschner	177,200
Dr Helmut Bergstein	30,000
TOTAL, EXECUTIVE BOARD	**207,200**
Supervisory Board	
Prof Herbert Sonntag	866,000
TOTAL, SUPERVISORY BOARD	**866,000**
TOTAL, BOARD MEMBERS	**1,073,200**

Annual financial statements

Consolidated income statement in line with IFRS for the 2015 financial year

	2015 € thousand	2014 € thousand
REVENUES	**58,064**	**47,236**
Other operating income	795	1,074
Cost of materials	-18,762	-11,230
GROSS PROFIT	**40,097**	**37,080**
Personnel expenses	-25,205	-23,887
Depreciation and amortisation on non-current assets	-1,188	-951
Other operating expenses	-8,837	-7,895
OPERATING RESULT (EBIT)	**4,867**	**4,347**
Financial income	7	17
Financial expenses	-230	-233
PRE-TAX PROFIT (EBT)	**4,644**	**4,131**
Income taxes	-1,043	234
CONSOLIDATED NET PROFIT	**3,601**	**4,365**

	€	€
Earnings per share (basis and diluted)	0.20	0.25
Average shares outstanding (in thousand shares)	17,719	17,719

Consolidated statement of comprehensive income for the 2015 financial year

	2015 € thousand	2014 € thousand
CONSOLIDATED NET PROFIT	**3,601**	**4,365**
Currency translation	4	1
Items that may be reclassified subsequently to profit or loss	4	1
Actuarial (losses)/gains from the remeasurement of pension commitments	488	-1,190
Income tax effect	-151	368
Items that will not be reclassified subsequently to profit or loss	337	-822
Other comprehensive income after taxes	**341**	**-821**
CONSOLIDATED TOTAL COMPREHENSIVE INCOME AFTER TAXES	**3,924**	**3,544**

Consolidated statement of cash flows in line with IFRS for the 2015 financial year

	2015 € thousand	2014 € thousand
1. OPERATING ACTIVITIES		
Group earnings before tax of the period	**4,644**	**4,131**
Depreciation and amortisation on non-current assets	1,188	951
Change in provisions	-319	-198
Net interest income	223	216
Other non-cash expenses/income	3	60
	5,739	**5,160**
Change of items of working capital and borrowings		
Inventories	70	-743
Receivables and other assets	-6,226	1,157
Liabilities (without provisions)	-3,655	1,063
	-4,072	**6,637**
Interest paid	-230	-233
Income taxes paid	-714	-1,147
Cash flow from operating activities	**-5,016**	**5,257**
2. INVESTING ACTIVITIES		
Outflows for investments in non-current assets[1]	-1,267	-1,275
Interest received	7	17
Cash flow from investing activities	**-1,260**	**-1,258**
3. FINANCING ACTIVITIES		
Payment of dividends	-886	0
Cash flow from financing activities	**-886**	**0**
4. CASH AND CASH EQUIVALENTS		
Change in cash and cash equivalents	-7,162	3,999
Cash and cash equivalents at beginning of period	14,667	10,668
Cash and cash equivalents at end of period	**7,505**	**14,667**

[1] In the table to the left, in 2014 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

Annual financial statements

Consolidated statement of financial position in line with IFRS as at 31 December 2015

Assets	31 December 2015 € thousand	31 December 2014 € thousand
A. CURRENT ASSETS	**45,780**	**47,300**
1. Cash and cash equivalents	7,505	14,667
2. Current trade receivables	18,013	15,098
3. Current receivables from contract manufacturing	13,351	9,587
4. Inventories	3,226	3,296
5. Other current assets	3,685	4,652
B. NON-CURRENT ASSETS	**16,599**	**16,797**
1. Property, plant, and equipment	1,681	1,489
2. Intangible assets	12,170	12,289
3. Non-current trade receivables	514	10
3. Deferred taxes	2,234	3,009
ASSETS	**62,379**	**64,097**

Liabilities	31 December 2015 € thousand	31 December 2014 € thousand
A. CURRENT LIABILITIES	**18,487**	**22,561**
1. Current trade payables	3,533	5,111
2. Liabilities from contract manufacturing	7,136	9,417
3. Provisions	484	832
4. Provisions for taxes	61	373
5. Other current liabilities	7,273	6,828
B. NON-CURRENT LIABILITIES	**4,651**	**5,351**
1. Provisions for pensions	4,557	5,016
2. Other	94	335
C. EQUITY	**39,241**	**36,185**
1. Share capital	17,719	17,719
2. Capital reserves	1,991	3,696
3. Retained earnings	-935	-1,272
4. Unappropriated surplus	20,415	15,995
5. Foreign exchange reconciling item	51	47
LIABILITIES	**62,379**	**64,097**

Consolidated statement of changes in equity in line with IFRS for the financial years 2014 and 2015

	Share capital	Capital reserves	Retained earnings	Foreign exchange reconciling item	Unappropriated surplus / cumulative loss	Total
	€ thousand	€ thousand	€ thousand	€ thousand	€ thousand	€ thousand
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**
As at 1 January 2015	**17,719**	**3,696**	**-1,272**	**47**	**15,995**	**36,185**
Consolidated net income 2015	0	0	0	0	3,601	3,601
Other comprehensive income, net of tax	0	0	337	4	0	341
Payment of dividends (€0.05 per share)	0	0	0	0	-886	-886
Offsetting	0	-1,705	0	0	1,705	0
Consolidated recognised results after tax	**0**	**-1,705**	**337**	**4**	**4,420**	**3,056**
AS AT 31 DECEMBER 2015	**17,719**	**1,991**	**-935**	**51**	**20,415**	**39,241**

Consolidated companies

	Share %
IVU Traffic Technologies Italia s.r.l., Rome, Italy ('IVU Italia')	100
IVU Traffic Technologies UK Ltd., Birmingham, Great Britain ('IVU UK')	100
IVU Traffic Technologies Benelux B.V., Veenendaal, Netherlands ('IVU Benelux')	100
IVU Chile LTDA., Santiago de Chile, Chile ('IVU Chile')	100
IVU Traffic Technologies Israel Ltd., Tel Aviv, Israel ('IVU Israel')	100
IVU Traffic Technologies Inc., Wilmington, DE, USA	100

Notes to the 2015 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 2015 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 2016

Report of the Supervisory Board

Dear Shareholders,

During the 2015 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 Chairman of the Supervisory Board was in regular contact with the Executive Board between meetings.

Meetings

Four scheduled meetings were held in 2015: on 25 March, 2 June, 26 August and 18 November 2015.

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 2015
- Approval of the consolidated financial statements
- Approval of the separate financial statement
- 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

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 2015 reporting year and submitted the declaration of compliance in accordance with Section 161 AktG.

Annual and consolidated financial statements

At our balance sheet meeting on 18 March 2016, we considered in detail the financial statements of IVU Traffic Technologies AG, the consolidated financial statements of 31 December 2015 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 has not led to any reservations. In our opinion, based on the findings of our audit, the consolidated financial statements comply with IFRSs as adopted by the EU, and the additional requirements of German commercial law pursuant to Sec. 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."

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

Berlin, March 2016

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

Prof Herbert Sonntag, Berlin (Chairman)
- 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
- Member of the Management Board of VDV-Akademie e.V., Cologne (since 18 May 2015)

Uli Mayer-Johanssen, Berlin
- Founder and Non-Executive Chairwoman of MetaDesign AG
- External economics expert on the Supervisory Board of University Hospital Düsseldorf
- Honorary Senator at the University of Design, Schwäbisch Gmünd
- Member of the German Advertising Standards Council
- Member of the German Designer Club

In the financial year 2015, Supervisory Board remuneration amounted to €45 thousand (2014: €45 thousand).

Executive Board

Martin Müller-Elschner (CEO)
Dr Helmut Bergstein

In the financial year 2015, the members of the Executive Board received remuneration amounting to €848 thousand (2014: €1,634 thousand). The remuneration of the Executive Board comprises a fixed and a variable portion. In the reporting period the variable portion amounted to approximately 45% (2014: 35%) of the total emoluments.

Advisory Board

Dr Heiner Bente, Hamburg
- Deputy Chairman of the Advisory Board of G. A. Schürfeld & Co. GmbH
- Chairman of the Advisory Board of X-label GmbH
- Chairman of the Advisory Board of civity Management Consultants GmbH & Co. KG
- Senior Advisor @VISORY partners GmbH

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
- Member of the Management Board of Forum für Verkehr und Logistik 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 2016

Friday, 18 March 2016
Publication of the 2015 annual report

Tuesday, 24 May 2016
Three-months report as at 31 March

Wednesday, 25 May 2016
Annual General Meeting

Tuesday, 30 August 2016
Six-months report as at 30 June

Wednesday, 23 November 2016
Nine-months report as at 30 September

Imprint

Publisher
IVU Traffic Technologies AG

The 2015 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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www.ivu.com

IVU Traffic Technologies AG, Berlin **Annex 1**

Consolidated statement of financial position as at 31 December 2015

ASSETS		Note	31 Dec. 2015 EUR thou.	31 Dec. 2014 EUR thou.
A.	**Current assets**			
	1. Cash and cash equivalents	C. 6	7,505	14,667
	2. Current trade receivables	C. 3	18,013	15,098
	3. Current receivables from construction contracts	C. 4	13,351	9,587
	4. Inventories	C. 2	3,226	3,296
	5. Other current assets	C. 5	3,685	4,652
	Total current assets		45,780	47,300
B.	**Non-current assets**			
	1. Property, plant and equipment	C. 1	1,681	1,489
	2. Intangible assets	C. 1	12,170	12,289
	3. Non-current trade receivables	C. 3	514	10
	4. Deferred taxes	C. 12	2,234	3,009
	Total non-current assets		16,599	16,797
			62,379	**64,097**
EQUITY AND LIABILITIES				
A.	**Current liabilities**			
	1. Current trade payables		3,533	5,111
	2. Liabilities from construction contracts	C. 4	7,136	9,417
	3. Provisions	C. 10	484	832
	4. Provisions for taxes	C. 12	61	373
	5. Other current liabilities	C. 11	7,273	6,828
	Total current liabilities		18,487	22,561
B.	**Non-current liabilities**			
	1. Provisions for pensions	C. 8	4,557	5,016
	2. Other		94	335
	Total non-current liabilities		4,651	5,351
C.	**Equity**			
	1. Issued capital	C. 7	17,719	17,719
	2. Capital reserves	C. 7	1,991	3,696
	3. Retained earnings		-935	-1,272
	4. Net retained profits	C. 7	20,415	15,995
	5. Currency translation adjustments		51	47
	Total equity		39,241	36,185
			62,379	**64,097**

IVU Traffic Technologies AG, Berlin **Annex 2-1**

Consolidated income statement for the 2015 financial year

	Note	2015 EUR thou.	2014 EUR thou.
1. Revenue	D. 13	58,064	47,236
2. Other operating income	D. 14	795	1,074
3. Cost of materials	D. 15	-18,762	-11,230
Gross profit		**40,097**	**37,080**
4. Personnel expenses	D. 16	-25,205	-23,887
5. Depreciation and amortisation on non-current assets	D. 17	-1,188	-951
6. Other operating expenses	D. 18	-8,837	-7,895
EBIT		**4,867**	**4,347**
7. Finance income		7	17
8. Financial expenses		-230	-233
EBT		**4,644**	**4,131**
9. Income taxes	C. 12	-1,043	234
10. Consolidated net profit		**3,601**	**4,365**

		2015 EUR	2014 EUR
Earnings per share (basic and diluted)	D. 19	0.20	0.25
Average number shares outstanding (in thousands)	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 2015

	2015 EUR thou.	2014 EUR thou.
Consolidated net profit	**3,601**	**4,365**
Currency translation	4	1
Items that may be reclassified subsequently to profit or loss	4	1
Actuarial (losses)/gains from the remeasurement of pension commitments	488	-1,190
Income tax effect	-151	368
	337	-822
Items that will not be reclassified subsequently to profit or loss	337	-822
Other comprehensive income after taxes	**341**	**-821**
Consolidated total comprehensive income after taxes	**3,942**	**3,544**

IVU Traffic Technologies AG, Berlin **Annex 3**

Consolidated statement of changes in equity for the 2015 and 2014 financial years

	Share capital EUR thou.	Capital reserves EUR thou.	Retained earnings EUR thou.	Foreign exchange reconciling item EUR thou.	Unappropriated surplus/ cumulative loss EUR thou.	Total EUR thou.
Note	C. 7	C. 7				
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**
As at 1 January 2015	**17,719**	**3,696**	**-1,272**	**47**	**15,995**	**36,185**
Consolidated net income 2015	0	0	0	0	3,601	3,601
Other comprehensive income, net of tax	0	0	337	4	0	341
Dividend payments (EUR 0.05 per share)	0	0	0	0	-886	-886
Offsetting	0	-1,705	0	0	1,705	0
Consolidated recognised results after tax	**0**	**-1,705**	**337**	**4**	**4,420**	**3,056**
As at 31 December 2015	**17,719**	**1,991**	**-935**	**51**	**20,415**	**39,241**

IVU Traffic Technologies AG, Berlin **Annex 4**

Consolidated statement of cash flows for the 2015 financial year

	Note	EUR thou.	2015 EUR thou.	2014 EUR thou.
1. Operating activities				
Group earnings before tax for the period			**4,644**	**4,131**
Depreciation and amortisation on non-current assets	D. 17	1,188		951
Change in provisions		-319		-198
Net interest income		223		216
Other non-cash expenses/income		3		60
			5,739	**5,160**
Change in items of working capital and borrowings				
Inventories		70		-743
Receivables and other assets		-6,226		1,157
Liabilities (without provisions)		-3,655		1,063
			-4,072	**6,637**
Interest paid		-230		-233
Income taxes paid		-714		-1,147
Cash flow from operating activities			**-5,016**	**5,257**
2. Investing activities				
Outflows for investments in non-current assets*)		-1,267		-1,275
Interest received		7		17
Cash flow from investing activities			**-1,260**	**-1,258**
3. Financing activities				
Payment of dividends		-886		0
Cash flow from financing activities			**-886**	**0**
4. Cash and cash equivalents				
Change in cash and cash equivalents			-7,162	3,999
Cash and cash equivalents at beginning of period			14,667	10,668
Cash and cash equivalents at end of period	C. 6		**7,505**	**14,667**

(+ = cash inflow / - = cash outflow)

*) In the table above, in 2014 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.

Notes to the consolidated financial statements

IVU Traffic Technologies AG, Berlin
as at 31 December 2015

A. General information on the company

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

(2) The Executive Board adopted the consolidated financial statements as at 31 December 2015 and the Group management report for the 2015 financial year on 1 March 2016 and then submitted them to the Supervisory Board for approval. The Supervisory Board is expected to approve them at its meeting on 18 March 2016.

(3) The business activities of the Group comprise the development, manufacture and marketing of software for planning, organisation and information processing for public administrations, transport companies and other public and private sector operators. This includes research, the formulation of expert reports, consulting and training in these areas. The average number of employees in the Group was 438 in 2015 and 404 in 2014.

(4) The Group is divided into two main segments: Public Transport and Logistics.

(5) The main customers of the Group are operators of public transport in Germany, Europe and selected countries in the world. The IVU Group is represented at locations in Berlin, Aachen, Basel (Switzerland), Birmingham (UK), Bogotá (Colombia), Budapest (Hungary), San Francisco (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) on the Frankfurt stock exchange.

B. Accounting policies

Basis of preparation

(7) The consolidated financial statements of IVU AG were prepared in accordance with the International Financial Reporting Standards (IFRS) as applicable in the EU and the applicable regulations of section 315a(1) of the *Handelsgesetzbuch* (HGB – German Commercial Code). The consolidated financial statements were prepared in euro. Unless stated otherwise, all amounts are in thousands of euro.

(8) The consolidated financial statements of IVU AG were prepared on the basis of the historical cost principle. This does not apply to financial assets available for sale and carried at fair value.

Changes in accounting policies

(9) The accounting policies applied in the 2015 financial year are the same as those used in the previous year with the following exceptions.

Effects of new accounting standards

(10) The IFRS standards already published but not yet adopted are presented below.

In July 2014, the IASB published the final version of IFRS 9 Financial Instruments, which replaces IAS 39 Financial Instruments: Recognition and Measurement and all prior versions of IFRS 9. IFRS 9 combines the three project phases for accounting for financial instruments, “Classification and Measurement”, “Impairment” and “Hedge Accounting”. IFRS 9 is effective for the first time for financial years beginning on or after 1 January 2018. Earlier adoption is permitted. With the exception of hedge accounting, the standard is effective retroactively, though comparative information does not have to be disclosed. Generally, barring a few exceptions, the regulations for hedge accounting are to be applied prospectively. The Group intends to adopt the new standard as at its prescribed effective date. In the 2015 financial year, the Group conducted a comprehensive assessment of the effects of all three aspects of IFRS 9. This preliminary assessment is based on the information currently available and may change on the basis of further detailed analysis or additional appropriate and reliable information made available to the Group in future. Overall, the Group does not expect any significant effect on its statement of financial position or equity, except for the effect of applying the impairment regulations of IFRS 9. The Group expects to recognise higher risk provisions, which would have a negative effect on equity, and will conduct a detailed review in future to determine the extent of this impact.

IFRS 15 was published in May 2014 and introduces a five-step model framework for accounting for revenue from contracts with customers. Under IFRS 15, revenue is recognised at the amount of consideration to which an entity

expects to be entitled in exchange for transferring promised goods or services to a customer (the transaction price as defined in IFRS 15). The new standard on revenue will replace all current regulations on revenue recognition under IFRS. It is effective for financial years beginning on or after 1 January 2018, either in the form of full retrospective adoption or modified retrospective adoption. Early adoption is permitted. The Group performed a preliminary assessment of IFRS 15 in the 2015 financial year that may possibly change in the course of further detailed analysis. Furthermore, the Group is taking into account clarifications published in an Exposure Draft by the IASB in July 2015 and will monitor further developments. The Group provides installation services. These services are sold either singly in contracts with customers or as a package together with the sale of equipment to customers. The Group's preliminary assessment is that the services are provided over a period of time as the customer benefits from the Group's performance and consumes it at the same time. The Group therefore does not expect any significant impact from these service agreements.

In January 2016, the IASB published the new standard on accounting for leases. For most leases, this requires the lessee to report its right to use the leased asset and a corresponding lease liability. For lessors, however, there are only minor changes compared to the classification and recognition of leases in accordance with IAS 17. IFRS 16 requires additional disclosures in the notes for both lessees and lessors. IFRS 16 is effective for the first time for financial years beginning on or after 1 January 2019. Early adoption is permitted with the proviso that IFRS 15 (Revenue from Contracts with Customers) has already been adopted or is adopted as at the same date as IFRS 16. The Group intends to adopt the new standard as at its prescribed effective date. It is estimated that the new standards will lengthen the statement of financial position. However, the precise extent of their effects has yet to be determined.

As part of its general "Disclosure Initiative" project to evaluate and improve presentation and disclosure requirements, the IASB has published initial amendments to IAS 1 "Presentation of Financial Statements". The amendments to IAS 1 Presentation of Financial Statements are more a clarification than a substantial modification of the existing requirements of IAS 1. The amendments are effective for financial years beginning on or after 1 January 2016. Early adoption is permitted. The amendments essentially contain concept clarifications and are therefore not expected to affect the consolidated financial statements.

(11) The IASB and the IFRS IC published further proclamations in the reporting period that had or will have no material impact on the consolidated financial statements.

Significant judgements, estimates and assumptions

(12) In preparing the consolidated financial statements, the management makes judgements, estimates and assumptions that affect the amount of the income, expenses, assets and liabilities reported, the related disclosures and the disclosure of contingent liabilities.

(13) The key forward-looking assumptions and other main sources of uncertainty in the estimates at the end of the reporting period, on account of which there is a significant risk that a material adjustment to the carrying amounts of assets and liabilities could be necessary within the next financial year, are discussed below. The assumptions and estimates of the Group are based on parameters as at the time the consolidated financial statements were prepared. However, these conditions and the assumptions about future developments can change due to market developments and market conditions beyond the control of the Group. Such changes are not taken into account in the assumptions until they occur.

(14) *Impairment on goodwill:* The IVU Group tests goodwill for impairment based on the regulations of IAS 36. Impairment testing is based on the future cash flows to be generated for individual assets or groups of assets combined as cash-generating units. Further details on impairment testing can be found in note C.1. The carrying amount of the tested goodwill was EUR 11,349 thousand as at 31 December 2015 (previous year: EUR 11,349 thousand).

(15) *Project measurement:* The IVU Group recognises revenue on the basis of the estimated performance in projects. Performance estimates are made based on an estimated quantity of hours or on the basis of contractually agreed milestones and continuously updated. Further details on revenue from projects recognised but not yet invoiced can be found in note C.4. The amount of the partial revenue recognised was EUR 12,855 thousand as at 31 December 2015 (previous year: EUR 7,823 thousand).

(16) *Deferred tax assets:* Deferred tax assets are recognised for all unutilised tax loss carryforwards and temporary accounting differences to the extent that it is likely, or that there is substantial objective evidence, that there will be future taxable profit available against which the losses can actually be used. The calculation of the amount of deferred tax assets requires an estimate by the management based on the expected timing and amount of future taxable income together with future tax planning strategy (timing of tax events, consideration of tax risks, etc.). Deferred tax assets on loss carryforwards amounted to EUR 3,292 thousand (2014: EUR 2,890 thousand) as at 31 December 2015. Unutilised corporation tax losses for which no deferred tax assets have been recognised amount to EUR 26.2 million (2014: EUR 28.0 million), and unutilised trade tax losses to EUR 21.2 million (2014: EUR 23.2 million). Deferred tax assets amount to EUR 2,234 thousand (2014: EUR 3,009 thousand) as at 31 December 2015; the deferred tax liabilities to EUR 0 thousand (2014: EUR 0 thousand). Further details can be found in note C.12.

(17) *Pensions and other post-employment benefits:* The cost of post-employment defined benefit plans is determined on the basis of actuarial calculations. The actuarial valuation is based on assumptions regarding discount rates, the expected pension age, future wage and salary increases, mortality and future pension increases.

Owing to the long-term nature of these plans, such estimates are subject to significant uncertainty. The provision for pensions and similar obligations was EUR 4,557 thousand (2014: EUR 5,016 thousand) as at 31 December 2015. Further details can be found in note C.8.

Consolidation principles

a) Subsidiaries

(18) The consolidated financial statements comprise the financial statements of IVU AG and the subsidiaries it controls as at 31 December 2015. The Group controls an investee when it is exposed to, or has rights to, variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. In particular, the Group controls an investee if, and only if, all the following criteria are met:

- control of the investee (i.e. based on its currently existing rights, the Group has the ability to control the activities of the investee that have a significant influence on its returns),
- risks from or rights to variable returns from its exposure in the investee and
- the ability to utilise its control so as to influence the returns from the investee.

If the Group does not hold a majority of the voting or similar rights in an investee, it takes into account all relevant facts and circumstances in assessing whether it controls an investee. These include:

- a contractual arrangement with other parties entitled to vote,
- rights resulting from other contractual arrangements,
- voting rights and potential voting rights of the Group.

If facts and circumstances suggest evidence indicating that one or more of the three control criteria have changed, the Group must check again whether it controls an investee. Subsidiaries are included in consolidation from the date when the Group gains control of them. It ends when the Group loses control of them. The assets, liabilities, income and expenses of a subsidiary that was acquired or disposed of during the reporting period are recognised in the statement of financial position or the statement of comprehensive income respectively from the date on which the Group gains control of the subsidiary until the date on which control ceases.

The gain or loss and each component of other comprehensive income are attributed to the holders of ordinary shares of the parent company and the non-controlling interests, even if this results in a negative balance for non-controlling interests. A change in the ownership interest of a subsidiary without a loss of control is accounted for as an equity transaction. The following steps are taken if the parent company loses control of a subsidiary:

- derecognition of the assets (including goodwill) and liabilities of the subsidiary,

- derecognition of the carrying amount of non-controlling interests in the former subsidiary,
- derecognition of the cumulative translation differences recognised in equity,
- recognition of the fair value of the consideration received,
- recognition of the fair value of the investment retained,
- recognition of surplus or deficit in profit or loss,
- reclassification of the parent's share of components previously recognised in other comprehensive income to profit or loss or retained earnings, as appropriate, if the Group had directly disposed of the related assets or liabilities directly.

(19) The purchase method in accordance with IFRS 3 is applied in accounting for acquisitions. Companies acquired or disposed of during the year are included in the consolidated financial statements from the date of acquisition or up to the time of sale.

(20) The excess of the cost of an acquisition over the share in the fair values of the identifiable assets and liabilities as at the date of the acquisition is referred to as goodwill and recognised as an asset. The identifiable assets and liabilities are measured at their fair values as at the acquisition date.

(21) The following companies are included in the consolidated financial statements as subsidiaries. IVU AG's interests in them are identical to the existing voting rights.

	Share %
IVU Traffic Technologies Italia s.r.l., Rome, Italy ("IVU Italia")	100.0
IVU Traffic Technologies 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
IVU Traffic Technologies Inc., Wilmington, Delaware, USA ("IVU USA")	100.0

The subsidiary IVU USA was founded in Wilmington and included in the consolidated group on 25 September 2015.

b) Consolidation adjustments and uniform measurement in the Group

(22) The annual financial statements of the subsidiaries included in the consolidated financial statements are based on uniform accounting standards and reporting periods.

(23) Intercompany balances and transactions, and the resulting intragroup gains and unrealised gains and losses between consolidated companies, have been eliminated in full. Unrealised losses were eliminated only if the transactions gave no substantial indication of an impairment of the asset transferred.

Measurement at fair value

(24) Fair value is defined the price that would have to be received from the sale of an asset or that would have to be paid for the transfer of a liability between market participants as part of an orderly transaction on the measurement date. In measuring fair value it is assumed that the transaction in which the asset is sold or the liability is transferred takes place on

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

The Group must have access to the principal market or the most advantageous market. The fair value of an asset or liability is measured based on the assumptions that market participants would use when pricing the asset or liability. It is assumed that the market participants act in their economic best interest. A fair value measurement of a non-financial asset takes into account a 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 applies measurement methods that are appropriate in the circumstances and for which there are sufficient data to measure fair value. In doing so, the use of relevant, observable input factors is maximised and that of non-observable input factors is minimised.

All assets and liabilities that are measured at fair value or reported in the notes are assigned to the following levels of the fair value hierarchy based on the lowest input factor that is material overall for measurement:

- Level 1 – (non-adjusted) prices quoted on active markets for identical assets or liabilities
- Level 2 – measurement method in which the lowest input factor that is material overall for measurement can be observed directly or indirectly on the market
- Level 3 – measurement method in which the lowest input factor that is material overall for measurement cannot be observed on the market

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether reclassifications between the levels of the hierarchy have occurred by checking the classification at the end of each reporting period.

Currency translation

(25) The consolidated financial statements of IVU AG are prepared in euro, the reporting currency of the Group. Each company within the Group determines its own functional currency. The items included in the financial statements of the respective companies are measured using this functional currency. Foreign currency transactions are initially converted using the spot rate between the functional and the foreign currencies on the day of the transaction. Monetary assets and liabilities in

foreign currencies are converted into the functional currency at the closing rate. All exchange differences are recognised in profit or loss for the period.

The functional currency of the foreign operation IVU UK is its national currency (pound sterling). As at the end of the reporting period the assets and liabilities of this subsidiary are translated into the reporting currency of IVU AG (euro) at the closing rate (GBP/EUR = 1.3566; 2014: 1.2771). Income and expenses are translated at the weighted average exchange rate for the financial year (GBP/EUR = 1.3771; 2014: 1.2407). Exchange rate differences are recognised as a separate component of equity.

The functional currency of the foreign operation IVU Chile is its national currency (Chilean peso). As at the end of the reporting period the assets and liabilities of this subsidiary are translated into the reporting currency of IVU AG (euro) at the closing rate (CLP/EUR = 0.0013; 2014: 0.0014). Income and expenses are translated at the weighted average exchange rate for the financial year (CLP/EUR = 0.0014; 2014: 0.0014). Exchange rate differences are recognised as a separate component of equity.

The functional currency of the foreign operation IVU Israel is its national currency (Israeli new shekels). As at the end of the reporting period the assets and liabilities of this subsidiary are translated into the reporting currency of IVU AG (euro) at the closing rate (ILS/EUR = 0.2345; 2014: 0.2105). Income and expenses are translated at the weighted average exchange rate for the financial year (ILS/EUR = 0.2314; 2014: 0.2092). Exchange rate differences are recognised as a separate component of equity.

The functional currency of the foreign operation IVU USA is its national currency (US dollars). As at the end of the reporting period the assets and liabilities of this subsidiary are translated into the reporting currency of IVU AG (euro) at the closing rate (USD/EUR = 0.9152). Income and expenses are translated at the weighted average exchange rate for the financial year (USD/EUR = 0.9012). Exchange rate differences are recognised as a separate component of equity.

Non-current assets

a) Intangible assets

(26) Intangible assets are measured at cost on initial recognition. Intangible assets are recognised if it is likely that the company will derive future economic benefit from them and the cost of the asset can be measured reliably. Following initial recognition, intangible assets are carried at cost less any cumulative amortisation and cumulative impairment losses (reported under depreciation and amortisation). Intangible assets – excluding goodwill – are amortised on a straight-line basis over their estimated useful lives. The amortisation period and the amortisation method are reviewed at the end of each financial year. With the exception of goodwill, the Group has no intangible assets with indefinite useful lives.

(27) Intangible assets include:

Goodwill

(28) Goodwill is initially measured at cost, which is the excess of the total consideration transferred and the amount of the non-controlling interest in the net identifiable assets acquired and the liabilities assumed. If the fair value of the net assets acquired exceeds the total consideration transferred, the difference is recognised in profit or loss. After initial recognition goodwill is measured at cost less cumulative impairment. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units. Where goodwill has been allocated to a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

Industrial rights and licenses, software

(29) Amounts paid for the purchase of industrial rights and licenses are capitalised and then amortised on a straight-line basis over their expected useful life.

(30) The cost of new software is capitalised and treated as an intangible asset if these costs are not an integral part of the related hardware. Software is amortised on a straight-line basis over a period of three or five years, unless it has a shorter useful life.

(31) Costs incurred to restore or preserve the future economic benefits that the company had originally anticipated are expensed as incurred.

Capitalised development costs for internally developed software

(32) Research costs are expensed in the period in which they are incurred. An intangible asset arising from the development of an individual project is recognised only when the IVU Group can demonstrate the technical feasibility of completing the intangible asset so that it is available for internal use or for sale, and the intention to complete the intangible asset and use or sell it. Furthermore, the Group must demonstrate the generation of future economic benefits by the asset, the availability of resources to complete the asset and the ability to reliably determine the expenditure attributable to the intangible asset during its development. Following initial recognition of the development expenditure as an asset, the asset is carried at cost less any cumulative amortisation and cumulative impairment losses. Amounts capitalised in previous years are amortised over the period of expected future revenue from the project (straight-line depreciation over a period of three to five years). The capitalised amount of development costs is reviewed annually for impairment, if the asset is not yet in use, or during the year if there is evidence of impairment.

(33) No development costs were capitalised in the 2015 and 2014 financial years.

b) Property, plant and equipment

(34) Property, plant and equipment is carried at cost less cumulative depreciation and cumulative impairment losses. If property, plant and equipment are sold or scrapped, the corresponding cost and cumulative depreciation are derecognised; any gain or loss from the disposal is reported in the income statement.

(35) The cost of an item of property, plant and equipment comprises its purchase price, including import duties and other incidental purchase taxes in connection the acquisition non-refundable and any directly attributable costs incurred to bring the asset to its location and in a working condition for its intended use. Subsequent costs such as maintenance and repair costs incurred after the assets have been put into operation are expensed in the period in which they are incurred. If it is likely that expenditure will result in the company deriving a future economic benefit above the originally assessed standard of performance from the existing asset, the expenditure is capitalised as an additional cost of items of property, plant and equipment.

(36) Depreciation is calculated on a straight-line basis over the estimated useful life assuming a residual carrying amount of EUR 0. If assets contain several components that have different useful lives, these components are depreciated individually over their respective useful lives. The following estimated useful lives are used for the individual groups:

(37)

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

(38) Useful lives and depreciation methods for property, plant and equipment are reviewed periodically to ensure that depreciation methods and periods reflect the expected economic benefit of the assets.

c) Impairment of non-current assets

(39) Non-current assets are tested for impairment when facts or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. The first step in impairment testing is calculating the *recoverable amount* of the asset or cash-generating unit (CGU). This is defined as the higher of the *fair value less costs to sell* and the *value in use*. The fair value less costs to sell is defined as the price that can be achieved in the sale of an asset or CGU between two knowledgeable, willing and independent parties less costs to sell. The value in use of an asset or a CGU is determined by the present value under the current use on the basis of expected cash flows. No impairment of non-current assets was recognised in the 2015 and 2014 financial years.

d) Financial assets

(40) Financial assets are classified into the following categories:

- loans and receivables,
- held-to-maturity investments,
- held-for-trading financial assets and
- available-for-sale financial assets.

As at 31 December 2015 and 31 December 2014, the IVU Group had only receivables and derivative financial instruments.

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

(42) The IVU Group uses derivative financial instruments such as forward foreign exchange contracts to hedge against exchange rate risks.

(43) The IVU Group uses the following hierarchy for determining and reporting the fair value of financial instruments by measurement method: Level 1: quoted (unadjusted) prices on active markets for identical assets or liabilities. Level 2: methods in which all input parameters with a significant effect on the recognised fair value are either directly or indirectly observable. Level 3: methods that use input parameters with a significant effect on the recognised fair value that are not based on observable market data. The forward foreign exchange contracts described under note 44 are assigned to level 2.

(44) Financial assets are tested for impairment at the end of each reporting period. For financial assets at amortised cost, if it is likely that the company cannot recover all amounts contractually due for loans, receivable or held-to-maturity investments, an impairment loss, or a write-down on receivables is recognised in profit or loss. The impairment loss is defined as the difference between the carrying amount of the asset and the present value of expected future cash flows 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. An impairment loss previously recognised in profit or loss is reversed, also in profit or loss, if the subsequent partial recovery can objectively be linked to an event occurring after the original impairment. However, an increase in value is recognised only to the extent that the amortised cost that would have been without impairment is not exceeded. The financial asset is derecognised when it is classified as uncollectible.

(45) As in the previous year, the carrying amounts of financial assets and liabilities are approximately their fair values.

Objective and methods of financial risk management

(46) In addition to trade receivables, the main financial instruments of the company are cash and cash equivalents and liabilities to banks. The aim of these financial instruments is to finance operations. The material risks are from credit and liquidity

risks. Exchange rate risks are only insignificant due to the immateriality of foreign currency receivables and liabilities. Fair value risks relate solely to available-for-sale financial assets and are also insignificant.

Credit and liquidity risk

(47) Credit risks, or the risk that a counterparty does not fulfil its payment obligations, are managed through the use of credit lines and control procedures. The company obtains collateral where appropriate. The Group does not have a significant concentration of credit risk with either a single counterparty or a group of counterparties with similar characteristics. The maximum credit risk is equal to the amount of the reported carrying amounts of financial assets.

(48) Liquidity risk arises from the fact that customers may not be able to fulfil their obligations to the company under the agreed conditions.

(49) Moreover, the IVU Group endeavours to have sufficient cash and cash equivalents or corresponding lines of credit to meet its future obligations.

(50) The maturities of financial liabilities as at 31 December 2015 are as follows:

	Maturity EUR thou.	Within 1 year EUR thou.	More than 1 year EUR thou.	Total EUR thou.
Trade payables	178	3,355	0	3,533
Other liabilities	0	6,085	94	6,179
	178	9,440	94	9,712

Regarding reconciliation to other liabilities as reported in the consolidated statement of financial position, the other liabilities shown in the table do not include liabilities to the tax office for VAT (EUR 1,188 thousand).

Given the short-term nature of financial liabilities, as at 31 December 2015 there are no material differences between the carrying amounts shown in the statement of financial position and the undiscounted cash flows.

(51) The maturities of financial liabilities as at 31 December 2014 are as follows:

	Maturity EUR thou.	Within 1 year EUR thou.	More than 1 year EUR thou.	Total EUR thou.
Trade payables	701	4,410	158	5,269
Other liabilities	0	5,960	177	6,137
	701	10,370	335	11,406

Regarding reconciliation to other liabilities as reported in the consolidated statement of financial position, the other liabilities shown in the table do not include liabilities to the tax office for VAT (EUR 868 thousand).

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

Current assets

a) Inventories

(52) Inventories are measured at the lower of cost or the expected sales proceeds less costs yet to be incurred.

b) Cash and cash equivalents

(53) Cash and cash equivalents comprise cash, time deposits and demand deposits. Cash and cash equivalents are defined in line with this in the consolidated statement of cash flows.

Equity

(54) Equity comprises the issued capital, the capital reserves, retained earnings, cumulative earnings and currency translation adjustments.

(55) The premiums paid in IVU AG's IPO, net of IPO costs, are reported under capital reserves.

(56) Actuarial gains and losses from the measurement of pension commitments are reported in retained earnings.

(57) Unrealised gains and losses from currency translation are reported under currency translation adjustments.

Provisions for pensions

(58) The IVU Group has three defined benefit pension plans. Each year, the net pension obligations (pension obligations less plan assets) are measured by recognised, independent actuaries. The cost of the benefits granted is calculated separately for each plan using the projected unit credit method. Remeasurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the statement of financial position with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Remeasurements are not reclassified to profit or loss in subsequent periods. The amount recognised as an asset or liability from a defined benefit plan includes the present value of the defined benefit obligation less the unrecognised past service cost and the fair value of plan assets for the immediate settlement of obligations. The plan assets consist of cash and cash equivalents and reinsurance. Plan assets are protected from the creditors of the Group. The fair value of the reinsurance policy is based on information about its asset value.

Current liabilities

a) Other provisions

(59) Provisions are recognised only when the company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are reviewed as at the end of each reporting period and adjusted to the current best estimate. If the effect of the time value of money is material, the amount of the provision is the present value of the expenditure expected to be required to settle the obligation. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

b) Financial liabilities

(60) Financial liabilities are classified into the following categories:

- held-for-trading financial liabilities and
- other financial liabilities.

The financial liabilities reported in the IVU AG consolidated financial statements were classified as financial liabilities.

(61) A financial liability is carried at cost on initial recognition, which is the fair value of the consideration given; transaction costs are included. Financial liabilities from regular way acquisitions and sales are recognised as at the trade date.

(62) Financial liabilities are no longer reported when they are repaid, i.e. when the contractual obligation is discharged, cancelled, or expires.

Contingent liabilities and contingent assets

(63) Contingent liabilities are not reported in the financial statements. They are disclosed in the notes, unless it is highly unlikely that they will result in an outflow of economic benefits.

(64) Contingent assets are not reported in the financial statements. However, they are disclosed in the notes if the inflow of economic benefits is likely.

Government grants

(65) A government grant is recognised if there is reasonable assurance that the company will comply with the conditions attached to it. Government grants are recognised as income systematically in line with the expenses that 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 recognised in connection with grants is reported as other operating income in the income statement.

(66) The investment grants to the company from various bodies are linked to compliance with future conditions. The investment grants received from the tax authorities are subject to compliance with retention guarantees for the subsidised assets. No investment grants or subsidies were recognised as at 31 December 2015.

(67) In 2015, IVU AG recognised funding under various government projects for the development of software applications in the amount of EUR 350 thousand (previous year: EUR 858 thousand). The income is included in other operating income.

Research and development costs

(68) Research and development costs amounted to EUR 1,801 thousand in the 2015 financial year (2014: EUR 1,102 thousand).

Leases

(69) The determination as to whether an agreement is or contains a lease is made on the basis of the economic content of the agreement and requires an assessment of whether the fulfilment of the contractual agreement is dependent on the use of a particular asset or assets, and of whether the agreement grants the right to use the asset.

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

(71) The IVU Group has primarily entered into leasing agreements for motor vehicles. The terms of these operating leases are usually three to four years.

(72) Finance leases in which essentially all risks and opportunities associated with ownership of the leased asset are transferred to the Group result in the capitalisation of the leased asset at the inception of the lease. The leased asset is capitalised at the lower of its fair value or the present value of the minimum lease payments. A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

(73) In 2015, there were payments for investments in the amount of EUR 400 thousand (2014: EUR 500 thousand) made under hire purchase contracts. This relates primarily to hardware (workstations, servers and infrastructure). The term of these finance leases is four years.

Recognition of revenue and income

(74) The IVU Group mainly generates its revenue from project business. In this it enters into agreements with customers for the development/production of software and its adaptation. Revenue is also generated by the sale of hardware and services, e.g. installation, consulting, training, maintenance and the sale of licenses.

a) Project business

(75) For long-term project agreements that satisfy the conditions for applying the percentage of completion method, revenue from the development and sale of software products is deferred and recognised in accordance with the percentage of completion method based on the percentage of completion of the project. The percentage of completion is determined by the ratio of costs incurred to the total planned costs. Advance payments received from customers are netted against the corresponding receivables in equity. Changes in the project conditions can lead to adjustments to the originally recognised costs and revenue for individual projects. The changes are recognised in the period in which these changes are established, which is usually the case when supplementary agreements are concluded between the company and its customers. Furthermore, provisions for expected losses from executory contracts are recognised in the period in which these losses are established and offset against the project's receivables.

b) Sale of licenses

(76) The IVU Group recognises its revenue on the basis of a corresponding contract, once the license has been delivered, the sale price is fixed or determinable, there are no significant liabilities to customers and collection of the receivables is deemed probable.

c) Maintenance, consulting and training

(77) Revenue from maintenance contracts is recognised based on past experience on a straight-line basis over the term of the contract. Income from consulting and training is recognised when the service is rendered.

d) Supply of hardware

(78) Proceeds from the sale of goods (project-related hardware deliveries) are recognised when delivery has taken place and the risks and rewards have been transferred to the buyer. The corresponding revenue is included in D.13 under revenue for goods/services/works contracts.

e) Recognition of interest income

(79) Interest is recognised on a time proportion basis taking into account the effective yield on the asset.

Income taxes

(80) Current tax assets and tax liabilities for both the current period and prior periods are measured at the amount expected in the form of a refund from the tax authorities or to be paid to the tax authorities respectively. The calculation of this amount is based on the tax rates and tax laws in effect at the end of the reporting period or that will shortly be in effect thereafter.

(81) Deferred taxes are recognised using the asset and liability method on all temporary differences between the carrying amounts for assets and liabilities in the statement of financial position and their amounts in the tax base as at the end of the reporting period. Deferred tax liabilities are recognised for all taxable temporary differences with the following exceptions:

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

- The deferred tax liability is not recognised for taxable temporary differences in connection with investments in subsidiaries, associates or interests in joint ventures if the timing of the reversal of the temporary difference can be controlled and it is probably that the temporary differences will not reverse in the foreseeable future.

(82) Deferred tax assets are recognised for all deductible temporary differences, unutilised tax loss and interest carryforwards and unused tax credits to the extent that it is likely that future taxable income will be generated against which these deductible temporary differences and the unutilised tax loss and interest carryforwards and unused tax credits can be offset.

(83) The following exceptions apply:

- The deferred tax assets from deductible temporary differences from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss are not recognised.

- Deferred tax assets from taxable temporary differences in connection with investments in subsidiaries, associates or interests in joint ventures are only recognised to the extent that the temporary differences will reverse in the foreseeable future and there will be sufficient taxable profit against which the temporary differences can be used.

The carrying amount of deferred tax assets is assessed at the end of each reporting period and written down to the extent that it is no longer probable that sufficient taxable profit will be available against which the deferred tax asset can be at least partially offset. Unrecognised deferred tax assets are assessed at the end of each reporting period and recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

(84) Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled. The tax rates (and tax laws) which are in effect or that have been announced as at the end of the reporting period apply. Deferred and current taxes relating to items recognised directly in equity are recognised in equity and not in profit or loss.

(85) Deferred tax assets and deferred tax liabilities are offset against each other if the Group has a legally enforceable right to offset current tax assets against current tax liabilities and these income taxes relate to the same taxable entity, which is assessed by the same tax authority.

(86) *Sales tax*

Revenue, expenses and assets are recognised net of the amount of sales tax, except:

- When the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable.

- When receivables and payables are stated with the amount of sales tax included.

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the consolidated statement of financial position.

Segment reporting

a) Segments

(87) For the purposes of management the IVU Group is divided into two main segments:

- Public Transport
- Logistics

(88) The divisions are the basis on which the IVU Group presents its primary segment information. The financial information on the business segments and geographical segments are presented in note F. and in a separate annex to these notes.

b) Transactions between segments

(89) Segment income, segment expenses and segment results contain only negligible transfers between segments. Such transfers are accounted for at general market prices that are charged to unaffiliated customers for similar services. These transfers were eliminated in consolidation.

C. Notes to the consolidated statement of financial position

Non-current assets

1 Intangible assets and property, plant and equipment

(90) Please see the attached development in intangible assets and property, plant and equipment for details of changes in non-current assets in the financial year ended 31 December 2015.

(91) The IVU Group tested its goodwill for impairment as at 31 December 2015 and as at 31 December 2014. The impairment test is based on the following cash-generating units with their carrying amounts for goodwill:

Cash-generating unit	31 Dec. 2015 EUR thou.	31 Dec. 2014 EUR thou.
Public Transport	8,980	8,980
Logistics	2,369	2,369
	11,349	11,349

(92) The impairment test is based on the cash flow forecast for the individual cash-generating units over a period of five years. Beyond the planning horizon, further cash flows were included assuming growth of 1.0% (2014: 1.0%). Furthermore, for the detailed planning period the management is planning growth in gross profit of approximately 1%. The cash flows shown were derived from past information and contractually agreed orders for the 2015 financial year. The assumptions by management regarding business development trends in the software industry are consistent with the expectations of industry experts and market observers. The software sector is expected to experience somewhat moderate growth rates. Further new investment is needed to achieve long-term growth. Discount rates of 6.14% after taxes and 6.56% before taxes (previous year: 5.47% after taxes and 7.55% before taxes) were applied. The adjustment of interest rates reflects current economic conditions (real economy developments and financing conditions). As there is significant uncertainty regarding projected cash flows and financing terms in the light of the existing economic conditions, the Executive Board of the IVU Group conducted the impairment test on the basis of a worst-case scenario of 10% lower cash flows combined with a discount rate of 7% after taxes. This also did not give rise to impairment requirements.

(93) In the reporting year IVU AG entered into finance leases for hardware and software with a volume of EUR 0 thousand (2014: EUR 219 thousand). The leases from previous years have a term of four years. The carrying amount of the assets that are the subject of finance leases is EUR 330 thousand (2014: EUR 375 thousand) as at the end of the reporting period.

Current assets

2 Inventories

	2015 EUR thou.	2014 EUR thou.
Merchandise (measured at the lower of cost and net realisable value)	2,306	2,440
Advance payments	920	856
	3,226	3,296

(94) There was impairment of EUR 157 thousand (2014: EUR 0 thousand) on merchandise in the year under review.

3 Trade receivables

	2015 EUR thou.	2014 EUR thou.
Trade receivables	20,668	17,225
Specific valuation allowances	-2,141	-2,117
	18,527	15,108

(95) Trade receivables do not bear interest and mature in between 0 and 90 days. The specific valuation allowances recognised developed as follows:

	2015 EUR thou.	2014 EUR thou.
As at 1 January	2,117	973
Charge for the year	267	1,144
Utilised	-173	0
Unused amounts reversed	-70	0
As at 31 December	2,141	2,117

(96) The maturity structure of trade receivables was as follows as at 31 December:

	2015 EUR thou.	2014 EUR thou.
Neither past due nor impaired	9,419	8,132
Past due, not impaired		
< 30 days	5,300	3,364
31 to 60 days	512	639
61 to 90 days	762	718
> 90 days*	2,534	2,255
	9,108	6,976
As at 31 December	18,527	15,108
Of which current receivables	18,013	15,098
Of which non-current receivables	514	10

* Of which paid by 29 February 2016: EUR 1,211 thousand (previous year: EUR 793 thousand)

4 Current receivables/liabilities from construction contracts

(97) Percentage-of-completion method receivables arise when revenue was recognised but cannot yet be invoiced under the contractual terms. These amounts are usually calculated by the ratio of costs incurred to the total planned costs (cost-to-cost method). This item includes directly allocable costs (staff costs and third-party services) and an appropriate portion of overheads.

(98) Receivables measured using the percentage-of-completion method include the following components:

	2015 EUR thou.	2014 EUR thou.
Costs incurred	14,320	10,153
Profit shares	12,855	7,823
Contract revenue	27,175	17,976
Advance payments received	-20,960	-17,806
Of which offset against contract revenue	-13,824	-8,389
Current receivables from construction contracts	13,351	9,587
Liabilities from construction contracts	7,136	9,417

Liabilities from construction contracts include advance payments received in excess of the corresponding receivables.

(99) There are normal warranty obligations for goods accepted under construction contracts.

5 Other current assets

	2015 EUR thou.	2014 EUR thou.
Demand deposits to secure guarantees	2,635	3,389
Receivables from tax credit	634	771
Receivables from government grants	99	154
Other	317	338
	3,685	4,652

(100) The demand deposits are to secure guarantees and are not freely available.

6 Cash and cash equivalents

	2015 EUR thou.	2014 EUR thou.
Bank balances	7,502	14,664
Cash balances	3	3
	7,505	14,667

7 Equity

(101) Please see the statement of changes in consolidated equity for details.

Issued capital and authorised capital

(102) The fully paid-in share capital entered in the commercial register as at the end of the reporting period amounts to EUR 17,719,160 (2014: EUR 17,719,160) and consists of 17,719,160 (2014: 17,719,160) no-par value shares.

(103) By way of resolution of the Annual General Meeting on 19 May 2010, Authorised Capital 2002/I was cancelled and the Executive Board was authorised, with the approval of the Supervisory Board, to increase the share capital of the company on one or several occasions by up to EUR 1,000,000 against cash or non-cash contributions by issuing up to 1,000,000 new no-par value bearer shares by 18 May 2015 (Authorised Capital 2010/I). This authorisation has not been utilised.

(104) In the financial year, in preparing the HGB annual financial statements, the Executive Board withdrew EUR 1,705 thousand from the capital reserves to offset the residual net loss for the year, taking into account the offsetting against the remaining profit carryforward following distribution of the dividend.

<u>Non-current liabilities</u>

8 Pension provisions

(105) Pension provisions are recognised for benefit obligations (pension, invalidity, widows' and orphans' pensions) and for current payments to eligible active and former employees of IVU AG and their surviving dependents.

(106) The amount of the pension obligation (defined benefit obligation) was calculated using actuarial methods on the basis of the following assumptions:

	2015 %	2014 %
Discount rate	2.30	1.80
Salary trend	2.50	2.50
Pension trend	2.00	2.00
Turnover	3.00	3.00

(107) The salary trend includes expected future salary increases, which are estimated annually depending on inflation and the period of service with the company.

The net pension expenses are as follows:

	2015 EUR thou.	2014 EUR thou.
Service cost	13	9
Interest expense	91	132
Expense for the period	104	141

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

	2015 EUR thou.	2014 EUR thou.
Present value of pension obligations, 31 December	5,355	5,954
Less fair value of plan assets	798	938
Provisions for pensions	4,557	5,016

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

	2015 EUR thou.	2014 EUR thou.
Present value of pension obligations, 1 January	5,954	4,835
Service cost	13	9
Interest expense	105	165
Pension payments	-214	-214
Actuarial gains and losses from changes in financial assumptions recognised in equity	-365	1,186
Actuarial gains and losses from experience adjustments recognised in equity	-138	-27
Present value of pension obligations, 31 December	5,355	5,954

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

	2015 EUR thou.	2014 EUR thou.
Fair value of plan assets, 1 January	938	1,080
Net return on plan assets	15	33
Additions to plan assets	12	6
Payments from plan assets	-151	-151
Actuarial gains and losses recognised in equity	-16	-30
Plan assets, 31 December	798	938

(111) A quantitative sensitivity analysis of the main assumptions as at 31 December 2015 is presented below.

Assumption	**Interest sensitivity**		**Pension trend sensitivity**
Scenario	Increase by 0.50%	Decrease by 0.50%	Increase by 1.00%
Effect on defined benefit obligation (in EUR thousand)	-330	365	690

The above sensitivity analysis was performed using a method that extrapolates the effect of realistic changes in the key assumptions as at the end of the reporting period on the defined benefit obligation.

(112) The average term of defined benefit obligations as at the end of the reporting period is 13.03 years (2014: 13.93 years).

(113) The expected return on plan assets is based on an expected return of 2.3% (2014: 1.8%). No contributions will be paid into the plan in the next twelve months.

(114) The plan assets are composed exclusively of cash and cash equivalents.

(115) The anticipated payment structure for the years 2016 to 2020 is shown below:

	EUR thou.
Pension payments made	
2014	214
2015	214
Expected pension payments	
2016	229
2017	234
2018	245
2019	263
2020	265

(116) Defined contribution plans exist only in the form of the mandatory contributions by IVU AG to the state pension. Employer contributions of EUR 1,634 thousand (2014: EUR 1,514 thousand) were paid in the reporting year.

Current liabilities

9 Financial liabilities

(117) IVU AG has the following credit facilities:

	Utilisation 31 Dec. 2015 EUR thou.	Utilisation 31 Dec. 2014 EUR thou.	Credit facility EUR thou.
Berliner Sparkasse	0	0	1,500
Deutsche Bank AG	0	0	1,500
Monte del Paschi di Siena	0	0	150

(118) As in the previous year, the revocable credit facilities with Deutsche Bank AG and Berliner Sparkasse of EUR 1,500 thousand each are secured by the general assignment of trade receivables and the allocation of licences.

(119) Expenses for interest and commission amounted to EUR 230 thousand (2014: EUR 233 thousand) in the 2015 financial year.

10 Provisions

(120) Provisions developed as follows:

	As at 1 Jan. 2015 EUR thou.	Utilised EUR thou.	Unused amounts reversed EUR thou.	Arising during the year EUR thou.	As at 31 Dec. 2015 EUR thou.
Warranty	818	262	271	143	428
Onerous contract	14	0	0	42	56
	832	262	271	185	484
of which current	832				484

(121) Warranty provisions relate to work yet to be done on projects that are essentially complete. The provisions do not include interest.

(122) In the 2015 financial year, in connection with a contracted customer order denominated in foreign currency, forward exchange contracts were concluded with the aim of hedging against currency risks. The future cash flows from forecast transactions were hedged.

(123) The portfolio of derivative financial instruments developed as follows:

Hedges	Type of hedge	Currency	Nominal value EUR thou.	Fair value 31°Dec.°2015 EUR thou.	Fair value 31°Dec°2014 EUR thou.
Currency forward (future transaction)	Currency risk	Swiss franc	456	-56	-14
Total			456	-56	-14

11 Other current liabilities

	2015 EUR thou.	2014 EUR thou.
Staff-related liabilities	3,024	3,193
Liabilities from contract risks	147	121
Tax liabilities (sales tax, wage tax)	1,487	1,390
Social security liabilities	0	30
Liabilities from outstanding invoices	1,002	1,165
Other	1,613	929
	7,273	6,828

(124) The staff-related liabilities essentially include holiday entitlements, overtime obligations and special payments.

12 Deferred taxes/income taxes

(125) German trade income tax is levied on the trade income derived from income subject to corporation tax. The effective trade tax rate depends on the municipality in which the IVU Group operates. The average trade tax rate for 2015 was 15.1% (2014: 15.1%). The corporation tax rate for the 2014 and 2015 financial years is 15%. In addition to corporation tax, there is a solidarity surcharge of 5.5% on the assessed corporation tax. Thus, the effective tax rate for the calculation of current income taxes for the 2014 and 2015 financial years is 30.9%.

(126) Income tax expense for the current financial year breaks down as follows:

	2015 EUR thou.	2014 EUR thou.
Current tax expenses/income		
• Current year	-419	-208
Deferred tax income/expense		
• Change in tax loss carryforwards	402	1,216
• Software	121	0
• Goodwill amortisation affecting tax	-137	-152
• Change in long-term construction contracts	-357	-789
• Liabilities from construction contracts IVU Italy	-732	177
• Change in pension provisions	-20	-13
• Change in other assets	35	-1
• Change in other provisions	64	4
	-624	442
Income tax expense/income	-1,043	234

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

	2015 EUR thou.	2014 EUR thou.
Earnings before taxes	4,644	4,131
Notional income tax expense (30.90%; 2014: 30.90%)	-1,435	-1,276
Foreign withholding taxes	-120	0
Tax deviation in treatment of certain expenses	-122	-70
Utilisation of tax loss carryforwards	126	426
Remeasurement of German tax loss carryforwards	501	1,197
Effects of tax rate differences	-36	-48
Tax expense from prior periods	26	0
Other	17	5
Current tax expenses/income	-1,043	234

(128) The deferred taxes reported in IVU's consolidated statement of financial position break down as follows:

	2015 EUR thou.	Change EUR thou.	2014 EUR thou.	Change EUR thou.	2013 EUR thou.
Deferred tax assets					
• Tax loss carryforwards	3,292	402	2,890	1,217	1,673
• Software	121	121	0	0	0
• Provisions for pensions	741	-170	911	354	557
• Liabilities from construction contracts IVU Italy	1,645	-732	2,377	177	2,200
• Other provisions	67	63	4	4	0
	5,866	-316	6,182	1,752	4,430
Deferred tax liabilities					
• Receivables from long-term construction contracts	-2,033	-357	-1,676	-789	-887
• Goodwill amortisation affecting tax	-1,599	-137	-1,462	-153	-1,309
• Other assets	0	35	-35	-1	-34
	-3,632	-459	-3,173	943	-2,230
Deferred tax assets, net	2,234	-775	3,009	809	2,200
- of which change recognised in profit or loss		-624		442	
- of which change in equity		-151		368	
Carrying amount					
• Deferred tax assets	2,234		3,009		2,200
• Deferred tax liabilities	0		0		0

(129) The IVU Group has the following tax loss carryforwards:

	2015 EUR million	2014 EUR million
Loss carryforward for German trade tax	32.0	32.8
Loss carryforward for German corporation tax	36.7	37.3

There are no foreign loss carryforwards. The German loss carryforwards do not expire.

D. Notes to the consolidated income statement

(130) The income statement has been prepared in accordance with the total cost format.

13 Revenue

	2015 EUR thou.	2014 EUR thou.
Goods/services/works contracts	35,156	25,478
Licences	8,205	8,970
Maintenance	14,703	12,788
	58,064	47,236

14 Other operating income

	2015 EUR thou.	2014 EUR thou.
Income from the reversal of impairment losses	70	0
Government grants	350	858
Exchange rate gains	105	18
Other	270	198
	795	1,074

15 Cost of materials

	2015 EUR thou.	2014 EUR thou.
Cost of purchased goods	11,532	6,606
Cost of purchased services	7,230	4,624
	18,762	11,230

16 Staff costs

	2015 EUR thou.	2014 EUR thou.
Wages and salaries	21,146	20,170
Social security, post-employment and other employee benefit costs	4,059	3,717
	25,205	23,887

17 Depreciation and amortisation on non-current assets

	2015 EUR thou.	2014 EUR thou.
On intangible assets	275	332
On property, plant and equipment	913	619
	1,188	951

18 Other operating expenses

	2015 EUR thou.	2014 EUR thou.
Selling expenses	3,096	2,806
Operating expenses	1,892	1,735
Administrative expenses	1,558	1,286
Other	2,291	2,068
	8,837	7,895

19 Earnings per share

(131) Under IAS 33, the calculation of basic earnings per share is determined by dividing the consolidated net income by the weighted number of shares.

	2015	2014
Net profit for the period (EUR thousand)	3,601	4,365
Number of ordinary shares as at 1 January	17,719	17,719
Number of ordinary shares as at 31 December	17,719	17,719
Number of weighted shares (thousands)	17,719	17,719
Basic earnings per share (EUR/share)	0.20	0.25

(132) Diluted earnings per share are calculated by adjusting the profit attributable to ordinary shareholders and the weighted average number of shares outstanding for the effects of all the dilutive potential ordinary shares arising on the exercise of share subscription rights. For this purpose, the number of ordinary shares to be included is equal to the weighted average number of ordinary shares plus the weighted average number of ordinary shares that would be issued as a result of the conversion of all the dilutive potential ordinary shares into ordinary shares. The conversion of stock options into ordinary shares is considered effective on the date on which the options were granted. There was no dilutive effect from stock options issued as at 31 December 2015 and 2014.

E. Notes to the statement of cash flows

The reported cash and cash equivalents are not subject to any restriction by a third party. Interest and income tax payments are reported. A dividend of EUR 886 thousand was distributed. The composition of cash and cash equivalents is shown in C.6.

F. Notes to segment reporting

(133) The IVU Group applies IFRS 8 Operating Segments. This standard requires the disclosure of information on the Group's operating segments. The IVU Group is divided into two segments, Public Transport and Logistics.

(134) Reporting by business segment is attached as a separate annex.

Public Transport

(135) This segment develops software solutions for the customer groups of transport operations (buses, trains, ferries) and purchasers (associations, states, municipalities) with the aim of supporting and optimising the planning and operation of transport services with intelligent IT systems. In the financial year the company generated revenue of EUR 5.5 million (10.4% of total revenue) with one customer in the Public Transport segment.

Logistics

(136) Software products are used to integrate the mapping of business processes and to optimise transport operations for the market segments of waste service and supply logistics and construction materials. Partly Internet-based products are developed for our customer groups Deutsche Post, retail chains and other public administrations. In the financial year there were no cases in which a single customer achieved a revenue volume of more than 10% of total revenue.

Reconciliation of segment assets

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

	2015 EUR thou.	2014 EUR thou.
Gross assets as per statement of financial position	62,379	64,097
- Deferred tax assets	-2,234	-3,009
Segment assets	60,145	61,088

G. Other disclosures

Commitments and contingencies

Rental and lease agreements

(138) Vehicles, office equipment and other equipment are rented under operating leases. In 2015 EUR 455 thousand (2014: EUR 460 thousand) was incurred in lease and maintenance fees.

(139) Under finance leases, lease fees of EUR 230 thousand (2014: EUR 289 thousand) were incurred for hardware and EUR 15 thousand (2014: EUR 20 thousand) for office equipment in 2015. Finance lease liabilities are included under trade payables.

(140) As at the end of the reporting period the finance lease liabilities had the following present values and remaining terms:

Remaining term	Up to 1 year EUR thou.	1 to 5 years EUR thou.	Total EUR thou.
Liability	300	30	330
Finance charges	11	1	12
Present value	311	31	342

(141) The finance lease liabilities had the following present values and remaining terms as at 31 December 2014:

Remaining term	Up to 1 year EUR thou.	1 to 5 years EUR thou.	Total EUR thou.
Liability	399	330	729
Finance charges	16	5	21
Present value	415	335	750

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

	31 Dec. 2015 EUR thou.	31 Dec. 2014 EUR thou.
Remaining term up to one year		
Rent payments	1,228	1,199
Lease payments	404	563
Subtotal	1,632	1,762
Remaining term of between one and five years		
Rent payments	2,127	2,895
Lease payments	206	534
Subtotal	2,333	3,429
Total	3,965	5,191

The lease payments include payments under a hire purchase of EUR 305 thousand (remaining term of less than one year) and EUR 30 thousand (remaining term of between one and five years).

Letters of credit

(143) As at the end of the reporting period, letters of credit of EUR 16,061 thousand, EUR 464 thousand of which in foreign currency (2014: EUR 12,119 thousand, EUR 240 thousand of which in foreign currency) were assumed by various banks for IVU AG.

Employees

(144) The average number of employees of the IVU Group was 438 in the financial year (2014: 404). The breakdown of employees by function is as follows:

	2015	2014
Production/software development	172	158
Administration	47	42
Project work/sales	219	204
Total	438	404

Audit fees

(145) The expenses incurred for audit services by Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft in the financial year for the audit of the annual financial statements of IVU AG and the IVU consolidated financial statements for the 2015 financial year amount to EUR 112 thousand (2014: EUR 114 thousand). Furthermore, expenses for tax advisory services by Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft of EUR 92 thousand (2014: EUR 49 thousand)

were incurred in the financial year. The expense for other services was EUR 5 thousand (2014: EUR 19 thousand).

Related party disclosures

(146) Related parties are those with the ability to control the IVU Group or significantly influence its financial and operating policies. In addition to control, the existence of trust relationships was also taken into account in determining the significant influence of related parties on the financial and operating policies of the IVU Group.

Related companies

(147) The affiliated companies included in the consolidated financial statements are considered related parties. There are no other related parties.

(148) Transactions between IVU AG and its subsidiaries consisted of the reallocation of license revenue, development services and allocations for services rendered that were eliminated in consolidation.

Related persons

(149) The following persons are considered related parties:

Executive Board members of IVU AG

Martin Müller-Elschner (CEO)
Dr Helmut Bergstein (member of the Executive Board, Aachen branch manager, and CFO from 1 January 2015)

The members of the Supervisory Board were.

Prof Herbert Sonntag, Berlin (Chairman)
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 (until 31 December 2015),
Member of the Management Board of Allianz pro Schiene e.V, Berlin.

André Neiss, Hanover
CEO of üstra Hannoversche Verkehrsbetriebe AG, Hanover,
Managing Director of Versorgungs- und Verkehrsgesellschaft Hannover mbH, Hanover,
Member of the Advisory Board of Hannover Region Grundstücksgesellschaft mbH HRG & Co. Passerelle KG, Hanover,
Chairman of Haftpflichtgemeinschaft Deutscher Nahverkehrs- und Versorgungsunternehmen (HDN), Bochum,
Member of the Supervisory Board of Einkaufs- und Wirtschaftsgesellschaft für Verkehrsunternehmen beka GmbH, Cologne (until 31 December 2015),
Member of the Management Board of VDV-Akademie e.V., Cologne (since 18 May 2015).

Ulrike Mayer-Johanssen, Berlin
Founder and Non-Executive Chairwoman of MetaDesign AG, Berlin,
External economics expert on the Supervisory Board of University Hospital Düsseldorf, Düsseldorf,
Honorary Senator and Member of the University Board at the Schwäbisch Gmünd University of Design, Schwäbisch Gmünd,
Member of the German Advertising Standards Council, Berlin,
Member of the German Designer Club, Frankfurt/Main

Related party transactions

(150) With the exception of those described below, there were no other business transactions between related parties and companies of the IVU Group in the reporting year or the previous year.

(151) The Executive Board and the Supervisory Board of IVU AG did not acquire or transfer any shares in the 2015 financial year.

(152) The Executive Board of IVU AG acquired the following shares in the 2014 financial year:

Mr Martin Müller-Elschner	37,200 shares

Remuneration of the Executive Board and the Supervisory Board

(153) The Executive Board of IVU AG received remuneration of EUR 848 thousand (2014: EUR 1,634 thousand) in the 2015 financial year. The remuneration of the Executive Board comprises a fixed (EUR 469 thousand) and a variable portion (EUR 379 thousand). The variable portion amounted to 45% (2014: 35%) of total remuneration in the year under review. On 25 May 2011 the Annual General Meeting resolved to exempt the company from the duty to disclose the remuneration of individual members of the Executive Board.

(154) Pension provisions of EUR 2,743 thousand (2014: EUR 3,023 thousand) were reported for former members of the Executive Board. Furthermore, pension payments of EUR 151 thousand (2014: EUR 151 thousand) were made for former members of the Executive Board.

(155) The Supervisory Board received remuneration of EUR 45 thousand (2014: EUR 45 thousand) in 2015.

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

	No. 31 Dec. 2015	No. 31 Dec. 2014
Executive Board		
Martin Müller-Elschner (Chairman)	177,200	177,200
Dr Helmut Bergstein	30,000	30,000
Members of the Supervisory Board		
Prof Herbert Sonntag	866,000	866,000

Disclosures on the German Corporate Governance Code

(157) The 2015 declaration of compliance was issued by the Executive Board and the Supervisory Board on 26 February 2015 and can be accessed by shareholders at all times on the IVU AG homepage (www.ivu.de) under Investor Relations.

Berlin, 11 March 2016

Martin Müller-Elschner Dr Helmut Bergstein

IVU Traffic Technologies AG, Berlin
Development in intangible assets and property, plant and equipment 2015 (IFRS)

Statement of changes in non-current assets

	Cost					Depreciation and amortisation				Residual carrying amounts	
	As at 1 Jan. 2015 EUR thou.	Addition EUR thou.	Reclassification	Disposal EUR thou.	As at 31 Dec. 2015 EUR thou.	As at 1 Jan. 2015 EUR thou.	Addition EUR thou.	Disposal EUR thou.	As at 31 Dec. 2015 EUR thou.	As at 31 Dec. 2015 EUR thou.	As at 31 Dec. 2014 EUR thou.
I. Intangible assets											
1. Industrial rights and licenses, software	7,289	327	0	0	7,616	6,349	446	0	6,795	821	940
2. Goodwill	14,626	0	0	0	14,626	3,277	0	0	3,277	11,349	11,349
3. Primary intangible assets	15,505	0	0	0	15,505	15,505	0	0	15,505	0	0
	37,420	327	0	0	37,747	25,131	446	0	25,577	12,170	12,289
II. Property, plant and equipment											
1. Technical equipment and machinery	2,795	0	0	1,787	1,008	2,499	55	1,784	770	238	296
2. Other equipment, operating and office equipment	7,662	940	2	102	8,502	6,489	687	99	7,077	1,425	1,173
3. Advance payments and assets under construction	20	0	-2	0	18	0	0	0	0	18	20
	10,477	940	0	1,889	9,528	8,988	742	1,883	7,847	1,681	1,489
	47,897	1,267	0	1,889	47,275	34,119	1,188	1,883	33,424	13,851	13,778

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

Statement of changes in non-current assets

	Cost				Depreciation and amortisation				Residual carrying amounts	
	As at 1 Jan. 2014 EUR thou.	Addition EUR thou.	Disposal EUR thou.	As at 31 Dec. 2014 EUR thou.	As at 1 Jan. 2014 EUR thou.	Addition EUR thou.	Disposal EUR thou.	As at 31 Dec. 2014 EUR thou.	As at 31 Dec. 2014 EUR thou.	As at 31 Dec. 2013 EUR thou.
I. Intangible assets										
1. Industrial rights and licenses, 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. Primary 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
Consolidated segment reporting for the 2015 financial year (IFRS)

Annex 6

Business segments	Public Transport		Logistics		Central services		**Consolidated**	
EUR thousand	2015	2014	2015	2014	2015	2014	**2015**	**2014**
Total revenue	53,534	42,897	5,529	5,765	1,126	54	**60,189**	**48,716**
Revenue from transactions with other segments	-959	-1,115	-125	-365	-1,041	0	**-2,125**	**-1,480**
Revenue from external customers	**52,575**	**41,782**	**5,404**	**5,400**	**85**	**54**	**58,064**	**47,236**
Segment result (gross profit)	**35,290**	**31,915**	**4,802**	**5,025**	**5**	**140**	**40,097**	**37,080**
Expenses	-16,061	-19,277	-3,161	-3,626	-16,008	-9,830	**-35,230**	**-32,733**
EBIT	**19,229**	**12,638**	**1,641**	**1,399**	**-16,003**	**-9,690**	**4,867**	**4,347**
Financial expenses, net					-223	-216	**-223**	**-216**
EBT							**4,644**	**4,131**
Income taxes					-1,043	234	**-1,043**	**234**
Consolidated net income							**3,601**	**4,365**
Note							F.137	F.137
Segment assets	**51,438**	**51,846**	**5,312**	**6,717**	**3,395**	**2,525**	**60,145**	**61,088**
Capital expenditure	979	1,286	157	207	131	171	**1,267**	**1,664**
Impairment	917	734	150	119	121	98	**1,188**	**951**

Geographical segment information	Germany		Europe		Other countries		**Consolidated**	
EUR thousand	2015	2014	2015	2014	2015	2014	**2015**	**2014**
Revenue from business with external customers	31,728	25,685	18,739	16,940	7,597	4,611	**58,064**	**47,236**
Segment assets	53,665	54,608	6,396	6,396	84	84	**60,145**	**61,088**
Capital expenditure	1,202	1,253	65	411	0	0	**1,267**	**1,664**
Impairment	1,114	873	74	78	0	0	**1,188**	**951**

Auditor’s report

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

„We have audited the consolidated financial statements prepared by IVU Traffic Technologies AG, Berlin, comprising the balance sheet, the income statement, the comprehensive income, the notes to the consolidated financial statements, the cash flow statement, and the statement of changes in equity together with the group management report for the fiscal year from 1 January 2015 to 31 December 2015. The preparation of the consolidated financial statements and the group management report in accordance with IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to Sec. 315a (1) HGB (“Handelsgesetzbuch”: German Commercial Code) is the responsibility of the Company’s management. Our responsibility is to express an opinion on the consolidated financial statements and on the group management report based on our audit.

We conducted our audit of the consolidated financial statements in accordance with Sec. 317 HGB (“Handelsgesetzbuch”: German Commercial Code) and German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer (Institute of Public Auditors in Germany) (IDW). 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 entities to be included in consolidation, the accounting and consolidation principles used and significant estimates made by management, 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 has not led to any reservations.

In our opinion, based on the findings of our audit, the consolidated financial statements comply with IFRSs as adopted by the EU, and the additional requirements of German commercial law pursuant to Sec. 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, 11 March 2016

Ernst & Young GmbH
Wirtschaftsprüfungsgesellschaft

Canzler	Geiseler
Wirtschaftsprüfer	Wirtschaftsprüfer
(German public auditor)	(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 €848 thousand in the 2015 financial year (2014: €1.634 thousand). The remuneration of the Executive Board comprises a fixed and a variable portion. In the year under review, the variable portion accounted for approximately 45% of total remuneration (2014: 35%). 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. The authorised capital 2010 expired on 18 May 2015. On 31 December 2015 the authorised capital amounted to €0.

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 2016

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 2016

The Executive Board

Martin Müller-Elschner Dr. Helmut Bergstein