

**Solutions from
Kapsch TrafficCom
benefit more than
traffic.**

Annual Report for Fiscal Year 2009/10.

Consolidated Financial Statements as of 31 March 2010.

Consolidated statement of comprehensive income.

All amounts in EUR	Note	2009/10	2008/09
Revenue	(1)	216,012,391	200,281,637
Other operating income	(2)	10,938,947	2,612,709
Changes in finished and unfinished goods and work in progress	(3)	5,135,163	4,656,943
Other own work capitalized		15,707	145,729
Cost of materials and other production services	(4)	-98,041,051	-78,143,939
Staff costs	(5)	-59,701,767	-54,637,097
Amortization of intangible assets and depreciation of property, plant and equipment	(6)	-7,485,401	-6,031,349
Other operating expenses	(7)	-42,333,317	-39,882,867
Operating result		24,540,673	29,001,766
Finance income	(8)	9,260,153	12,076,245
Finance costs	(8)	-5,134,662	-19,211,633
Financial result	(8)	4,125,491	-7,135,388
Result from associates	(14)	15,243,465	0
Profit before income taxes		43,909,629	21,866,378
Income taxes	(9)	-7,398,920	-5,498,770
Profit for the period		36,510,709	16,367,608
Other comprehensive income for the period			
Gains/losses recognized directly in equity:			
Available for sale financial assets		2,776,231	780,930
Effects from disproportionate capital increase at associates		69,121	0
Currency translation differences		3,798,590	-4,291,896
Income tax relating to components of other comprehensive income		-757,790	44,573
Other comprehensive income for the period net of tax	(10)	5,886,150	-3,466,394
Total comprehensive income for the period		42,396,859	12,901,215
Profit attributable to:			
Equity holders of the Company		32,215,536	12,976,941
Minority interests		4,295,173	3,390,667
		36,510,709	16,367,608
Total comprehensive income attributable to:			
Equity holders of the Company		37,676,550	9,772,685
Minority interests		4,720,309	3,128,530
		42,396,859	12,901,215
Earnings per share from the profit for the period attributable to the equity holders of the Company (in EUR)	(29)	2.64	1.06
Earnings per share from the profit for the period attributable to the equity holders of the company (in EUR), adjusted *)	(29)	1.49	1.06

*) Adjusted for the fair value adjustment of the share in Q-Free ASA, Norway (see note 29).

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Consolidated balance sheet.

All amounts in EUR	Note	31 March 2010	31 March 2009
ASSETS			
Non-current assets			
Property, plant and equipment	(12)	15,823,618	16,886,895
Intangible assets	(13)	28,528,781	26,089,490
Shares in associates	(14)	0	12,302,472
Other non-current financial assets and investments	(15)	38,937,076	3,784,450
Other non-current assets	(16)	8,480,571	18,423,234
Deferred tax assets – due from tax group leader	(22)	1,302,201	1,300,938
Deferred tax assets – non-tax group	(22)	8,347,863	6,940,884
		101,420,110	85,728,363
Current assets			
Inventories	(17)	37,582,150	34,219,784
Trade receivables and other current assets	(18)	101,448,315	140,408,909
Other current financial assets	(15)	6,897,848	3,945,728
Cash and cash equivalents	(19)	47,743,108	60,229,653
		193,671,421	238,804,074
Total assets		295,091,531	324,532,437
EQUITY			
Capital and reserves attributable to equity holders of the Company			
Share capital	(20)	12,200,000	12,200,000
Capital reserve		70,077,111	70,077,111
Retained earnings and other reserves		80,936,724	47,769,158
		163,213,835	130,046,268
Minority interests		5,034,869	4,193,524
Total equity		168,248,704	134,239,792
LIABILITIES			
Non-current liabilities			
Non-current financial liabilities	(21)	10,060,250	10,060,250
Liabilities from post-employment benefits to employees	(23)	14,316,080	14,214,016
Non-current provisions	(26)	582,733	524,042
Other non-current liabilities	(24)	9,353,264	14,773,324
Deferred income tax liabilities – due to tax group leader	(22)	1,812,366	1,653,383
Deferred income tax liabilities – non-tax group	(22)	1,471,490	217,025
		37,596,183	41,442,040
Current liabilities			
Trade and other current payables		41,332,197	56,253,018
Other liabilities and deferred income	(25)	25,932,719	25,316,061
Current tax payables		5,900,286	7,449,143
Current financial liabilities	(21)	9,236,566	49,209,541
Current provisions	(26)	6,844,878	10,622,842
		89,246,646	148,850,605
Total liabilities		126,842,829	190,292,645
Total equity and liabilities		295,091,531	324,532,437

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Consolidated statement of changes in equity.

All amounts in EUR					
	Attributable to equity holders of the Company			Minority interests	Total equity
	Share capital	Capital reserve	Consolidated retained earnings and other reserves		
Carrying amount as of 31 March 2008	12,200,000	70,077,111	48,976,473	2,123,011	133,376,596
Dividend for 2007/08			-10,980,000	-1,058,019	-12,038,019
Total comprehensive income			9,772,685	3,128,530	12,901,215
Carrying amount as of 31 March 2009	12,200,000	70,077,111	47,769,158	4,193,524	134,239,792
Dividend for 2008/09			-6,100,000	-2,287,948	-8,387,948
Effects from the acquisition of minority interests			1,591,015	-1,591,015	0
Total comprehensive income			37,676,550	4,720,309	42,396,859
Carrying amount as of 31 March 2010	12,200,000	70,077,111	80,936,724	5,034,869	168,248,704

Consolidated cash flow statement.

All amounts in EUR				
	Note	2009/10	2008/09	
Cash flow from operating activities				
Operating result		24,540,673	29,001,766	
Adjustments for non-cash items and other reconciliations:				
Depreciation and amortization	(6)	7,485,401	6,031,349	
Increase/decrease in obligations for post-employment benefits	(23)	102,064	125,079	
Change in other non-current liabilities and provisions	(24, 26)	58,691	-39,109	
Increase in trade receivables (non-current)	(16)	9,911,672	36,613,599	
Increase in trade payables (non-current)	(24)	-5,494,549	-11,376,358	
Other (net)		3,243,138	-3,479,570	
		39,847,090	56,876,755	
Changes in net current assets:				
Increase/decrease in trade receivables and other assets	(18)	38,826,166	-4,571,823	
Increase/decrease in inventories	(17)	-3,362,366	-8,485,405	
Increase/decrease in trade payables and other current payables		-14,304,162	13,033,471	
Increase/decrease in current provisions	(26)	-3,777,964	-7,627,003	
		17,381,674	-7,650,760	
Cash flow from operations		57,228,764	49,225,995	
Interest received	(8)	676,682	2,025,158	
Interest payments	(8)	-2,642,103	-3,698,830	
Net payments of income taxes		-8,808,142	-5,454,731	
Net cash flow from operating activities		46,455,200	42,097,592	

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All amounts in EUR	Note	2009/10	2008/09
Cash flow from investing activities			
Purchase of property, plant and equipment	(12)	-3,878,745	-17,542,971
Purchase of non-current intangible assets	(13)	-957,846	-4,687,266
Purchase of securities and investments	(15)	-6,279,899	-383,060
Payments for acquisition of companies (net of cash acquired)		0	-11,570,796
Payments for acquisition of minority interests		-4,226,308	0
Payments for the acquisition of shares in companies consolidated at equity	(14)	-103,918	-12,302,472
Proceeds from the disposal of property, plant and equipment and intangible assets		144,624	1,703,650
Proceeds from the sale of securities		0	13,358
Net cash flow from investing activities		-15,302,092	-44,769,557
Cash flow from financing activities			
Dividends paid to company shareholders		-6,100,000	-10,980,000
Dividends paid to minority shareholders of group companies		-2,287,948	-1,058,019
Increase in other non-current financial liabilities	(21)	0	10,060,250
Decrease in other non-current financial liabilities	(21)	0	-10,581,243
Increase in current financial liabilities	(21)	1,937,233	71,090,878
Decrease in current financial liabilities	(21)	-41,910,208	-39,263,120
Net cash flow from financing activities		-48,360,924	19,268,746
Net decrease/increase in cash and cash equivalents		-17,207,816	16,596,781
Change in cash and cash equivalents			
Cash and cash equivalents at beginning of year	(19)	60,229,653	47,428,544
Net decrease/increase in cash and cash equivalents		-17,207,816	16,596,781
Exchange gains/losses on cash and cash equivalents		4,721,271	-3,795,672
Cash and cash equivalents at end of year	(19)	47,743,108	60,229,653

Notes to the consolidated financial statements.

General information.

Kapsch TrafficCom Group is an international supplier of superior intelligent transportation systems (ITS).

The business activities of the Kapsch TrafficCom Group are subdivided into the following three segments:

- Road Solution Projects
- Services, System Extensions, Components Sales
- Others

The segment Road Solution Projects relates to the installation of ITS solutions.

The segment Services, System Extensions, Components Sales relates to the sale of services (maintenance and operation) and components in the area of ITS solutions.

The segment Others relates to non-core business activities conducted by Kapsch Components KG. In this segment, Kapsch TrafficCom Group offers engineering solutions, electronic manufacturing and logistics services to affiliated entities and third parties.

Group structure.

DATAX HandelsgmbH, Vienna, is the ultimate parent of Kapsch Group. Until June 2007 KAPSCH-Group Beteiligungs GmbH, Vienna, a wholly-owned subsidiary of DATAX HandelsgmbH, had been the sole shareholder of the parent company Kapsch TrafficCom AG. Under an initial public offering in June 2007 and as a result of further changes in share ownership in the fiscal year ending 31 March 2009, KAPSCH-Group Beteiligungs GmbH reduced its share to 68.42%.

Consolidated group.

The parent company, Kapsch TrafficCom AG, is a joint stock corporation incorporated and domiciled in Vienna, Austria. The address of its registered office is A-1120 Vienna, Am Europlatz 2. Since 26 June 2007 the shares of the parent company have been listed in the Prime Market segment of the Vienna Stock Exchange.

The following subsidiaries are part of the consolidated group:

- ArtiBrain Software Entwicklungsgesellschaft mbH, Vienna
- Durante Investments sp. z o.o., Poland **)
- Electronic Toll Collection (PTY) Ltd., South Africa *)
- Jibesoev GmbH, Vienna
- Kapsch Components GmbH, Vienna
- Kapsch Components KG, Vienna
- Kapsch Telematic Services Danmark ApS, Denmark *)
- Kapsch Telematic Services GmbH, Vienna
- Kapsch Telematic Services GmbH, Germany

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- Kapsch Telematic Services Kft, Hungary
- Kapsch Telematic Services spol. s r.o., Czech Republic
- Kapsch Telematik Technologies Bulgaria AD, Bulgaria
- Kapsch TrafficCom (M) Sdn Bhd, Malaysia
- Kapsch TrafficCom AB, Sweden
- Kapsch TrafficCom Argentina S.A., Argentina
- Kapsch TrafficCom Australia Pty Ltd., Australia
- Kapsch TrafficCom Construction & Realization spol. s r.o., Czech Republic
- Kapsch TrafficCom Kazakhstan LLC, Kazakhstan *)
- Kapsch TrafficCom U.S. Corp., U.S.A.
- Kapsch TrafficCom d.o.o., Slovenia
- Kapsch TrafficCom France SAS, France
- Kapsch TrafficCom Holding Corp., U.S.A.
- Kapsch TrafficCom Inc., U.S.A.
- Kapsch TrafficCom Limited, UK
- Kapsch TrafficCom Ltd., New Zealand
- Kapsch TrafficCom Russia ooo, Russia
- Kapsch TrafficCom S.r.l., Italy
- Kapsch TrafficCom South Africa (Pty) Ltd., South Africa
- Kapsch TrafficCom Chile S.A., Chile
- Kapsch-Busi S.p.A., Italy
- PREMID, a.s., Slovakia
- Triple Advanced Investments 22 (Pty) Ltd., South Africa **)
- VTI Industrials (Pty) Ltd., South Africa

*) Companies newly established in the fiscal year 2009/10

**) Acquisition of a shell company in the fiscal year 2009/10

In the fiscal year 2009/10, Kapsch TrafficCom SK Construction & Realization s.r.o., Slovakia, and Kapsch Telematik Services SK s.r.o., Slovakia, were merged into PREMID, a.s., Slovakia, as receiving company. DPS Automation Chile S.A., Chile, was merged into Kapsch TrafficCom Chile S.A., Chile, as receiving company in the fiscal year 2009/10. By purchasing all shares in Jibesoev GmbH, Vienna (formerly BRISA ACCESS Europe GmbH, Vienna), a minority interest in the amount of 7 % was acquired in Kapsch Telematic Services GmbH, Vienna, in the fiscal year 2009/10.

Accounting and measurement.

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below:

1 Basis of preparation.

Pursuant to § 245a UGB the consolidated financial statements as of 31 March 2010 have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union (EU). Presentation currency is the Euro (EUR). The consolidated financial statements as of 31 March 2010 are prepared under the historical cost convention, with the exception of available-for-sale securities and derivative financial instruments, which are measured at fair value at the balance sheet date.

The preparation of the consolidated financial statements in conformity with IFRS requires the use of estimates and assumptions which influence the amount and presentation of assets and liabilities reported at the balance sheet date, and income and expenses recorded during the reporting period. Although these estimates are made by the managing board to the best of their knowledge and are based on current transactions, actual figures may differ from these estimates. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are material to the consolidated financial statements are disclosed in Note 21.

a) New and amended standards and interpretations that have been adopted by the EU and applied for the first time in the fiscal year:

IAS 1 “Presentation of financial statements” replaces the existing IAS 1. The main changes to the previous version are that an entity shall a) present all non-owner changes either in one statement of comprehensive income or in two statements (a separate income statement and a reconciliation to comprehensive income), and b) present a statement of financial position (balance sheet) as at the beginning of the earliest comparative period in a complete set of financial statements when the entity applies an accounting policy retrospectively or makes a retrospective restatement, and c) disclose income tax relating to each component of other comprehensive income, and d) disclose reclassification adjustments relating to the components of other comprehensive income. The first-time application resulted in minor changes in the presentation of the income statement and the statement of changes in equity

IFRS 8 “Operating segments” replaces IAS 14 “Segment reporting”. The new standard requires a “management approach”, under which segment information is presented on the same basis as that used for internal reporting purposes. The first-time adoption did not have a material impact on the presentation of the consolidated financial statements.

All other new regulations (standards, amendments to standards, interpretations) mandatory for the first time in the fiscal year had no material impact on the consolidated financial statements.

b) New standards and interpretations adopted by the European Union:

IFRS 3 (revised) “Business combinations” and IAS 27 (amendments) “Consolidated and separate financial statements” (mandatory for reporting periods beginning on or after 1 July 2009). In case of future business combinations that fall under the scope of these standards, the Company plans to apply the amended standards for reporting periods beginning on or after 1 April 2010.

A number of further amendments to standards and interpretations were published and adopted by the European Union. The impact of these regulations on the consolidated financial statements of the Company is not material and, therefore, not presented in detail.

c) Standards, interpretations and amendments to published standards that have not yet been adopted by the European Union and are not relevant for the Group:

A number of amendments to standards, as well as a new standard and a new interpretation and an amended interpretation have already been published, but have not yet been adopted by the European Union. The impact of these regulations on the consolidated financial statements of the Company is not material or cannot be adequately assessed and, therefore, is not presented in detail.

The consolidated financial statements were prepared by the managing board on the undersigned date and released for publication. The entity financial statements of the parent company, which have been included in the consolidated financial statements after transition to the applicable accounting standards, have not yet been approved by the supervisory board. The supervisory board and, in the event of presentation to the general meeting of shareholders, the general meeting of shareholders could amend the entity financial statements in a way that might affect the presentation of the consolidated financial statements.

2 Consolidation.

a) Subsidiaries

Subsidiaries are entities in which the Group has a direct or indirect shareholding of more than one half of the voting rights or over which it otherwise has the power to govern the financial and operating policies. Such subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases. All intra-group balances and transactions are eliminated. Accounting policies of subsidiaries are changed where necessary to ensure consistency with the policies adopted by the Group.

The Group applies a policy of treating transactions with minority interests as transactions with equity owners of the Group. For purchases from minority interests, the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is deducted from equity. Gains or losses on disposals to minority interests are also recorded in equity. For disposals to minority interests, differences between any proceeds received and the relevant share of minority interests are also recorded in equity.

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group. The cost of acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus the costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill and disclosed under intangible assets. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognized directly in the income statement.

Goodwill is tested annually for impairment, as well as when there are indications of impairment. If an impairment requirement is identified, goodwill will be reduced immediately by the amount of the impairment. Impairment losses on goodwill are not reversed. Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose.

b) Associates

Associates are accounted for by the equity method. Associates are companies in which the group has significant influence, but not control, generally accompanied by shareholding of between 20 % and 50 % of the voting rights. The Group's share of its associates' post-acquisition profits or losses is recognized in the income statement and its share of post-reserve movements is recognized in reserves. Goodwill on acquisition of associates is included in the investment in associates, net of any impairment losses.

The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognize further losses, unless it has incurred obligations or made payments on behalf of the associate.

Significant unrealized gains from transactions between the Group and associates are eliminated to the extent of the Group's interest in the associates. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

c) Transactions and balances

Intra-group receivables and payables, income, expenses and intercompany results, if any, are eliminated unless they are deemed immaterial for the presentation of the Group's net assets, financial situation and profitability.

3 Currency translation.

a) Translation of financial statements in foreign currencies

In accordance with IAS 21, financial statements of foreign subsidiaries which are included in the consolidated financial statements are translated as follows:

Income statements of foreign subsidiaries are translated into the Group's functional currency at average exchange rates of the reporting periods, balance sheets at the prevailing mean exchange rate at the balance sheet date. Exchange differences arising from the translation of the net investment in foreign entities are recognized in shareholders' equity under "Currency translation differences". When a foreign operation is sold, such exchange differences are recognized in the income statement as part of the gain or loss on disposal of shares in foreign entities.

Goodwill and fair value write-ups arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

b) Foreign currency transactions

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies are recognized in the income statement. Non-cash items in the balance sheet are translated at historical exchange rates, non-cash items which were recognized at their lower net realizable value are translated at the exchange rate prevailing at the time of measurement.

4 Financial instruments and risk management.

Material financial instruments presented in the balance sheet include "cash and cash equivalents", "securities", "financial assets and investments", "receivables and payables" and "loans". For the accounting and measurement policies applicable for these items refer to the explanation of the respective balance sheet item.

The Group's activities expose it to a variety of financial risks, particularly foreign exchange risk, interest rate risk and credit risk. The Group's risk management focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group's financial performance. The Group does not employ hedge accounting as envisaged by IAS 39.

a) Foreign exchange risk

Foreign exchange risk is the risk arising from fluctuations in the value of financial instruments, other balance sheet items (e. g. receivables and payables) and/or cash flows due to exchange rate fluctuations. In particular, foreign exchange risk exists where business transactions are made or could arise in the normal course of business in a currency other than the company's functional currency (referred to as foreign currency below).

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the Czech crown. Customer orders are invoiced mainly in the respective local currencies of the group companies. Only in case the Group expects to be exposed to significant foreign exchange risk, major orders denominated in foreign currencies are hedged by forward foreign exchange contracts.

If the exchange rate of the stated currencies as of 31 March 2010 (31 March 2009) had changed by the percentage rate (“volatility”) stated below, the profits before tax, provided all other variables had remained unchanged, would have been higher or lower, respectively, by the following amounts.

Currency	Volatility	Hypothetical impact on result in TEUR	
		2009/10	2008/09
CZK	10 %	2,991	1,895
SEK	10 %	3	102
USD	10 %	149	201
ZAR	10 %	160	0

b) Interest rate risk

Interest rate risk is the risk arising from fluctuations in the value of financial instruments, other balance sheet items (e. g. receivables and payables) and/or cash flows due to fluctuations in the market interest rates.

For fixed-interest balance sheet items, the risk comprises the present value risk. In case the market rate for the financial instrument fluctuates, either a profit or a loss may result if the financial instrument is sold prior to maturity.

For variable-interest balance sheet items, the risk relates to the cash flow. With variable-interest financial instruments, adjustments in the interest rates may result from changes in the market rates. Such changes would entail changes in interest payments. Variable-interest (both short-term and long-term) financial liabilities account for the major part of financial interest balance sheet items. If the market interest rate had been 100 basis points higher (lower) as of 31 March 2010, this, as in the prior year, would not have had a material impact on the result of the Group. At the balance sheet date, no financial derivatives were used to hedge the interest rate risk.

c) Credit risk

As part of the Group’s risk management policy, the Group only deals with recognized creditworthy third parties, and implements policies to ensure that the Group sells to customers with appropriate credit histories. In addition, the Group monitors its receivables balances on an ongoing basis in order to limit its exposure to bad debts. Certain of the Group’s policies limit the amount of its credit exposure to any financial institution, depending on the rating of the institution. With the exception of the Czech tolling project (see Note 18), there is no concentration of credit risk relating to trade receivables, since the Group generally has a large number of customers worldwide. Based on the Group’s experiences, the default risk for trade receivables can be considered low.

d) Liquidity risk

Prudent liquidity risk management shall involve securing the availability of sufficient cash and cash equivalents as well as the possibility of funding through the availability of adequate credit lines. Providing for adequate liquidity is statutory for every company under Austrian commercial law. The Group provides for its liquidity through available credit lines.

e) Capital management

The objectives of the Group with respect to capital management, on the one hand, include securing its going concern in order to be able to provide the equity holders with dividends and the other stakeholders with appropriate services, and on the other hand, maintaining an optimal capital structure.

The Group monitors its capital based on net gearing, calculated from the ratio of net debt (net assets) to equity. Net debt (net assets) includes non-current and current financial liabilities less cash and cash equivalents, bank balances and current securities.

in TEUR	2009/10	2008/09
Non-current financial liabilities	10,060	10,060
Current financial liabilities	9,237	49,210
Total financial liabilities	19,297	59,270
Cash on hand and at banks	47,743	60,230
Current securities	6,898	3,946
Net assets	35,344	4,906
Equity	168,249	134,240
Net gearing	n/a	n/a

At the balance sheet date 31 March 2010, mainly due to the initial public offering carried out in 2007, the Company had significant net assets (excess of cash and cash equivalents, bank balances and current securities over financial liabilities) so that the net gearing cannot be calculated. The net assets are retained with regard to planned acquisitions and the financing of future projects.

5 Research and development costs.

Research expenditure is recognized as an expense as incurred. Costs incurred on development projects (relating to the design and testing of new or improved products) are recognized as intangible assets when the following criteria are fulfilled:

- a) it is technically feasible to complete the intangible asset so that it will be available for use or sale;
- b) management intends to complete the intangible asset and use or sell it;
- c) there is an ability to use or sell the intangible asset;
- d) it can be demonstrated how the intangible asset will generate probable future economic benefits;
- e) adequate technical, financial and other resources to complete the development and to use or sell the intangible asset are available; and
- f) the expenditure attributable to the intangible asset during its development can be reliably measured.

Other development expenditures that do not meet these criteria are recognized as an expense. Development costs previously recognized as an expense are not recognized as an asset in a subsequent period. Capitalized development costs are recorded as intangible assets and amortized from the point at which the asset is ready for use on a straight-line basis over its useful life, not exceeding three years.

Development assets are tested for impairment annually in accordance with IAS 36.

6 Intangible assets.

Acquisition costs of computer software, industrial property and similar rights are capitalized and amortized systematically over their useful lives ranging from 4 to 30 years. The carrying amount of each intangible asset is tested for impairment when a triggering event occurs.

7 Other financial assets.

a) Securities

Financial assets recognized under non-current assets and other short-term financial assets include available-for-sale securities only. Available-for-sale securities are carried at fair value. Unrealized gains and losses arising from the changes in fair value are recognized in equity under a separate item.

The difference arising on the sale of financial assets between the proceeds and the carrying amounts is taken through profit or loss. Additionally, the amount recognized in equity is taken through profit or loss. All acquisitions and sales are recognized at the respective date of the transaction; transaction costs are included in acquisition costs.

At each balance sheet date the group assesses whether there is objective evidence of impairment of each significant individual financial asset or group of financial assets. If such evidence exists, the group accounts for that impairment and the amounts previously recognized in equity are removed from equity and recognized in profit or loss. The amount of the impairment is measured as the difference between the carrying amount and the present value of the estimated future cash flows.

If in subsequent periods the fair value of the impaired financial instruments increases and that increase can be directly related to an event occurring after the impairment was recognized in profit or loss, the group reverses the impairment loss. In case of debt instruments the reversal is recognized in profit or loss, in case of equity instruments it is recognized directly in equity.

b) Other Investments

Other available-for-sale investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are carried at cost less impairment.

At each balance sheet date the Group assesses whether there is objective evidence that a financial asset or a group of financial assets is impaired.

c) Derivative financial instruments at fair value through profit or loss

Derivative instruments do not qualify for hedge accounting and are accounted for at fair value through profit or loss. Changes in the fair value of these derivative financial instruments are recognized immediately in the income statement within other gains/(losses) – net.

8 Property, plant and equipment.

Property, plant and equipment is carried at cost less accumulated depreciation. Depreciation is charged on a straight line basis over the expected useful lives of the assets.

The useful lives range between 3 to 26 years for plants and buildings on leasehold land, 4 to 20 years for technical equipment and machinery and 3 to 10 years for other equipment, factory and office equipment.

Impairment is charged for the difference between the recoverable amount and the carrying amount of an asset. The recoverable amount represents the higher of fair value less cost to sell or value in use of an asset. For purposes of impairment testing, the assets are grouped down to the lowest level where separate cash flows are identifiable.

The difference between the proceeds from the sale of property, plant and equipment and their carrying amount is taken through profit or loss and recognized in the operating result.

9 Leases.

a) Finance leases – Accounting for leasing agreements from the lessee’s perspective

Leasing agreements by which the Group as lessee assumes substantially all risks and rewards associated with the use of an asset are accounted for as finance leases.

The respective assets are capitalized under non-current assets at the lower of the net present value of minimum lease payments or the fair value of the leased asset and are depreciated over their expected useful lives or shorter lease term, if applicable. The difference between the minimum lease payments and the accrued net present value is recognized as deferred interest expense. The interest component is spread over the term of the lease using the effective interest rate method.

b) Operating leases – Accounting for leasing agreements from the lessee’s perspective

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease.

10 Government grants.

Government grants with regard to assets relate to purchased non-current assets (technical equipment) and are deferred and taken through profit or loss over the estimated useful life of the respective asset.

Other government grants received as compensation for expenses or losses already incurred are immediately taken through profit or loss.

11 Inventories.

Inventories are stated at the lower of cost and net realizable value. Cost is determined using the weighted average cost method. The cost of finished goods and work in progress comprises design costs, raw materials, direct labor, other direct costs and related production overheads (based on normal operating capacity). It excludes borrowing costs. Net realizable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

12 Construction contracts.

The Group accounts for construction contracts in accordance with IAS 11. When the outcome of a construction contract can be estimated reliably and it is probable that the contract will be profitable, contract revenue is recognized over the period of the contract. When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognized as an expense immediately. The construction progress is represented by the ratio of costs incurred by the balance sheet date and the estimated total costs for the respective project.

The carrying amount results from comparing the total of accumulated costs incurred by the balance sheet date plus the profit calculated according to the percentage of completion method (prorated) or loss (in full) on the respective construction contract to the invoiced amounts. The balance is recognized either under current assets (amounts due from customers for contract work) or under current liabilities (amounts due to customers for contract work).

13 Trade receivables.

Trade receivables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method, less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The amount of the provision is recognized in the income statement.

14 Cash and cash equivalents.

For the presentation of the cash flow statement cash and cash equivalents include cash in hand, deposits held at call and other cash at banks. Overdrafts are recognized in the balance sheet under current financial liabilities.

15 Other provisions.

Provisions are set up when the Group has a present legal or constructive obligation to third parties as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made.

Provisions for warranties, liabilities for construction flaws, serial and systems problems mainly serve as coverage for obligations for free repairs and replacement deliveries, in accordance with the general sales and delivery conditions or due to individual agreements and are measured using rates based on past experience regarding direct labor and material costs incurred, overheads, replacement deliveries or rebates. A provision is recognized for the best estimate of the costs of defects to be rectified under the warranty for products sold before the balance sheet date.

16 Employee benefits.

The Group provides various post-employment benefits to employees and other long-term benefits either based on individual agreements or in accordance with local labor law provisions.

For the calculation of liabilities arising from pension obligations and severance payments in accordance with IAS 19 the projected unit credit method is used. According to this method, post-employment costs for employee benefits are recognized in the income statement in such a way that scheduled costs are spread over the employees' years of service on the basis of an expert opinion by a qualified actuary, who completely remeasures the schemes annually. The obligation for pension payments and severance payments is calculated as the present value of future benefits using an interest rate based on the average yield on industrial bonds of the same maturity. Actuarial gains and losses exceeding the corridor (= up to 10% of benefit obligation or 10% of plan assets, if any, at beginning of period) are charged to the income statement over the average remaining service of the active staff.

Contributions paid by the Group under a defined contribution pension scheme are charged to the income statement under staff costs in the period in which they occur.

For the calculation of liabilities arising from obligations for anniversary bonuses in accordance with IAS 19 the projected unit credit method is used. Anniversary bonuses are special lump-sum payments stipulated in the Collective Agreement and dependent on compensation and years of service. Eligibility is determined by a certain number of service years. The calculation of liabilities arising from obligations for anniversary bonuses is performed similarly to the calculation for liabilities arising of severance payments, however without taking the corridor method into consideration.

17 Deferred income tax.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, if the deferred income tax arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss, it is not accounted for. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred income tax assets are recognized to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized.

Temporary differences mainly arise in connection with depreciation (amortization) periods of non-current assets, provisions for pension benefits, other post-employment benefits, differences regarding the measurement of receivables and payables and tax loss carry-forwards.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not be reversed in the foreseeable future.

In March 2005, the major Austrian group companies of the entire Kapsch Group formed a tax group according to Sec. 9 of the Austrian Corporate Income Tax Act. The group taxation regime applies for the respective entities effective from the tax year 2005 (i.e. fiscal year 2004/05). Tax group leader is KAPSCH-Group Beteiligungs GmbH, the parent of this group. Principally, this entity is the only entity which has tax receivables or tax liabilities. Tax group members, such as the Austrian companies in the Kapsch TrafficCom Group, merely reflect receivables or liabilities with the tax group leader and not with tax authorities. Any tax loss incurred by a member of the tax group prior to the effective date of the tax group is not available for utilization by the leader of the tax group. Such tax losses are only available for utilization against future taxable income by the entity in which they initially arose.

Accordingly, deferred taxes arising in entities which are members of the tax group and where the right of set-off of taxable income and losses exists are shown as “deferred tax assets – due from group leader” or “deferred tax liabilities – due to group leader”. Those deferred tax effects arising in periods prior to the formation of the tax group or representing tax losses from periods prior to the formation of the tax group are shown as deferred tax assets or deferred tax liabilities.

18 Liabilities.

Liabilities are recognized at amortized cost using the effective interest rate method. Liabilities denominated in foreign currencies are measured at the current rate at the balance sheet date. Borrowings are recognized initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortized cost using the effective interest rate method; borrowing costs are charged to the income statement in the period in which they are incurred.

19 Contingent liabilities.

Contingent liabilities occur for two reasons. For one, they comprise possible obligations that arise from past events and whose existence will be confirmed by uncertain future events that are at least partly beyond an entity's control. For another, they comprise present obligations that fail to meet general or special recognition standards (i. e. the amount of settlement of an obligation cannot be measured with sufficient reliability or an outflow of resources to settle the obligations is not deemed probable).

The Group discloses contingent liabilities unless the possibility of an outflow of resources embodying economic benefits is remote, but – in accordance with IFRS – fails to recognize them.

20 Revenue recognition.

In accordance with IAS 18 revenue is recognized in the income statement upon delivery when the significant risks and rewards of ownership of the goods are transferred to the customer, net of discounts and eliminated sales within the Group. Sales of services are recognized in the accounting period in which the services are rendered, by reference to completion of the specific transaction assessed on the basis of the actual service provided as a proportion of the total services to be provided.

Revenue for construction contracts is recognized in accordance with the "percentage-of-completion method", provided the conditions under IAS 11 are met.

Other revenue is recognized by the Group as follows:

- Revenue from expenses recharged is recognized on the basis of the accumulated amounts in accordance with the respective agreements.
- Interest income is recognized on a time-proportion basis using the effective interest method.

21 Critical accounting estimates and assumptions.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, rarely equal the related actual results.

In particular estimates and assumptions regarding revenue recognition have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next fiscal year.

The Group uses the percentage-of-completion method in accounting for its construction contracts. Use of the percentage-of-completion method requires the Group to estimate the expected profit mark-up for the construction contract. Sensitivity analyses on assumptions made by Management indicate that no material effect is to be expected, if the actual final results should deviate by 10% from estimates. The analysis of assumptions made in the past as well as of actual profit mark-ups showed that the estimates had been reliable up to now.

Further areas where assumptions and estimates are significant to the consolidated financial statements include capitalized goodwill, inventories, deferred taxes and provisions for warranties. Sensitivity analyses of the assumptions made by management in connection with capitalized goodwill, inventories, deferred taxes and provisions for warranties indicate that no material effect will arise if the actual final outcomes were to differ by 10% from the estimates made.

22 Segment information.

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker is responsible for allocating resources to the operating segments and assessing their performance. The managing board has been identified as the chief operating decision-maker.

Notes to the consolidated financial statements.

Figures in the disclosure notes are presented in Euro thousands (TEUR) unless otherwise stated.

1 Segment Information.

Operating segments

The Group reports three main operating segments (see section “General Information”):

- Road Solution Projects (RSP)
- Services, System Extensions, Components Sales (SEC)
- Others (OTH)

The segment results for the fiscal year ended 31 March 2010 are as follows (in EUR million):

	Road Solution Projects	Services, System Extensions, Components Sales	Others	Consolidated Group
Revenue	45.8	161.9	8.3	216.0
Operating result	-20.9	45.3	0.2	24.5

The segment results for the fiscal year ended 31 March 2009 are as follows (in EUR million):

	Road Solution Projects	Services, System Extensions, Components Sales	Others	Consolidated Group
Revenue	56.8	135.6	8.0	200.3
Operating result	-1.7	31.7	-1.0	29.0

The segment assets and liabilities as of 31 March 2010 and capital expenditure, depreciation and amortization and other non-cash-effective expenses for the period then ended are as follows (in EUR million):

	Road Solution Projects	Services, System Extensions, Components Sales	Others	Consolidated Group
Assets	66.2	121.1	4.6	191.9
Unallocated assets				103.2
Total assets	66.2	121.1	4.6	295.1
Liabilities	33.2	69.8	1.3	104.3
Unallocated liabilities				22.6
Total liabilities	33.2	69.8	1.3	126.8
Capital expenditure	0.8	4.0	0.0	4.8
Depreciation and amortization	1.8	5.3	0.4	7.5
Other non-cash-effective expenses	0.0	0.4	0.0	0.4

The segment assets and liabilities as of 31 March 2009 and capital expenditure, depreciation and amortization and other non-cash-effective expenses for the period then ended are as follows (in EUR million):

	Road Solution Projects	Services, System Extensions, Components Sales	Others	Consolidated Group
Assets	133.7	94.7	8.0	236.4
Investments in associates	0.0	12.3	0.0	12.3
Unallocated assets				75.9
Total assets	133.7	107.3	8.0	324.5
Liabilities	67.2	44.3	16.7	128.2
Unallocated liabilities				62.0
Total liabilities	67.2	44.3	16.7	190.3
Capital expenditure	1.6	17.1	1.1	19.8
Depreciation and amortization	1.7	3.9	0.4	6.0
Other non-cash-effective expenses	0.0	0.1	0.0	0.2

The breakdown of revenue by customer who contributed more than 10 % to the result for the year is as follows. In addition, the respective segments are shown (in EUR million):

	2009/10			2008/09		
	Revenue	Road Solution Projects	Services, System Extensions, Components Sales	Revenue	Road Solution Projects	Services, System Extensions, Components Sales
Customer 1	78.6	X	X	92.3	X	X
Customer 2	35.0		X	30.5		X

Information by region

Revenues are segmented by the location of the customer and balance sheet figures by the location of the Company.

The figures for the fiscal year ended 31 March 2010 are as follows (in EUR million):

	Austria	Europe (excl. Austria)	Americas	Rest of World	Consolidated Group
Revenues	42.4	117.1	12.1	44.5	216.0
Non-current non-financial assets	15.8	13.9	14.5	0.1	44.4

The figures for the fiscal year ended 31 March 2009 are as follows (in EUR million):

	Austria	Europe (excl. Austria)	Americas	Rest of World	Consolidated Group
Revenues	37.8	112.8	14.0	25.6	200.3
Non-current non-financial assets	27.8	13.7	13.6	0.2	55.3

2 Other operating income.

	2009/10	2008/09
Income from the sale of non-current assets	2	5
Income from costs recharged	43	0
Sundry operating income	10,895	2,607
	10,939	2,613

In the fiscal year 2009/10, sundry operating income mainly relates to the retroactive settlement of the assumption of costs of transactions billed for the nationwide electronic truck tolling system in the Czech Republic.

3 Change in finished and unfinished goods and work in progress.

	2009/10	2008/09
Change in unfinished goods and work in progress	3,217	-7,534
Change in finished goods	1,918	12,191
	5,135	4,657

4 Costs of materials and other production services.

	2009/10	2008/09
Cost of materials	32,066	25,972
Cost of purchased services	65,975	52,172
	98,041	78,144

5 Staff costs.

	2009/10	2008/09
Wages	2,197	2,483
Salaries and other remunerations	43,317	38,431
Expenses for social security and payroll-related taxes and contributions	12,484	11,842
Expenses for termination benefits (see Note 23)	569	641
Expenses for pensions (see Note 23)	502	485
Contributions to pension funds and other external funds (see Note 23)	164	164
Fringe benefits	468	592
	59,702	54,637

As of 31 March 2010, the number of staff amounted to 1,023 persons (31 March 2009: 946 persons) and averaged 973 persons in the fiscal year 2009/10 (2008/09: 898).

6 Depreciation and amortization expense.

	2009/10	2008/09
Depreciation of property, plant and equipment	5,145	3,587
Amortization of other intangible assets	2,340	1,789
Expenses from low-value assets written-off	0	655
	7,485	6,031

As of the fiscal year 2009/10, low-value assets are capitalized as property, plant and equipment or intangible assets and written off in the year of acquisition.

7 Other operating expenses.

	2009/10	2008/09
Rental expenses	7,094	5,391
Legal and consulting fees	7,252	10,319
Impairment of receivables	371	103
Marketing and advertising expenses	8,671	7,629
Travel expenses	4,353	4,251
Maintenance	1,538	1,860
Communication and IT expenses	3,407	3,176
Training costs	855	638
Losses on disposal of non-current assets	35	56
Insurance costs	720	835
License and patent expenses	1,167	1,241
Office expenses	886	818
Taxes and charges	245	461
Adjustment provision for warranties	504	-1,646
Commissions and other fees	994	1,528
Transport costs	842	981
Automobile expenses	1,583	1,495
Other	1,815	748
	42,333	39,883

The item "Other" includes membership dues and bank charges as well as other administrative and selling expenses.

8 Financial result.

	2009/10	2008/09
Interest and similar income:		
Interest income from bank deposits and loans granted	454	1,757
Income from securities	223	269
Income from interest accretion of long-term receivables	1,825	3,790
Gains from the disposal of financial assets	7	13
Income from currency hedging	0	611
Currency translation differences	6,752	5,637
	9,260	12,076
Interest and similar expenses:		
Interest expense	-2,642	-3,699
Expense from interest accretion of long-term payables	-701	-1,277
Losses on disposals and write-down of financial assets, investments and securities	-79	-84
Impairment of available-for-sale securities	0	-4,950
Expenses from other investments	-22	0
Expenses from currency hedging	-1,219	-2,121
Currency translation differences	-471	-7,081
	-5,135	-19,212
	4,125	-7,135

The consolidated financial statements of Kapsch TrafficCom AG as of 31 March 2010 prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the EU and with section 245a (1) of the Austrian Commercial Code (UGB) have been translated into English. In case of different interpretations the German original is valid.

9 Income taxes.

	2009/10	2008/09
Current tax expense	-7,915	-6,748
Deferred tax assets/liabilities (see Note 22)	516	1,249
Total	-7,399	-5,499
Thereof income/(expense) from group taxation	112	1,309

The reasons for the difference between the arithmetic tax expense/(income) based on the Austrian corporate income tax rate of 25 % and the recognized tax expense/(income) are as follows:

	2009/10	2008/09
Profit before income taxes	43,910	21,866
Arithmetic tax income/(expense) based on a tax rate of 25 % (2008/09: 25 %)	-10,977	-5,467
Unrecognized deferred tax assets on current losses	-183	-773
Different foreign tax rates	109	625
Tax allowances claimed and other permanent tax differences	162	23
Income and expenses not subject to tax and other differences	3,490	93
Recognized tax income/(expense)	-7,399	-5,499

For further information on deferred tax assets and liabilities see Note 22.

10 Other comprehensive income.

2009/10	Before taxes	Tax expense /income	After taxes
Fair value gains/losses on available-for-sale financial assets:			
Unrealised gains/losses in the current period	2,776	-758	2,018
Effects from disproportional capital increases	69	0	69
Currency translation differences	3,799	0	3,799
Fair value changes recognized in equity	6,644	-758	5,886

2008/09	Before taxes	Tax expense /income	After taxes
Fair value gains/losses on available-for-sale financial assets:			
Unrealised gains/losses in the current period	-223	45	-178
Gains/losses recognized in the income statement	1,004	0	1,004
Currency translation differences	-4,292	0	-4,292
Fair value changes recognized in equity	-3,511	45	-3,466

11 Additional disclosures on financial instruments by category.

	2009/10	2008/09
Available-for-sale financial assets		
Other non-current financial assets and investments	38,937	3,784
Other current financial assets	6,898	3,946
	45,835	7,730
Loans and receivables		
Other non-current assets	8,481	18,423
Trade receivables and other current assets	101,448	140,409
Cash and cash equivalents	47,743	60,230
	157,672	219,062
Financial liabilities at (amortized) cost		
Non-current financial liabilities	10,060	10,060
Other non-current liabilities	9,353	14,773
Trade payables and other current liabilities	41,332	56,253
Current financial liabilities	9,237	49,210
	69,982	130,296

Financial instruments are recognized in the income statement with the following net results:

	2009/10	2008/09
Available-for-sale financial assets	128	-4,141
Loans and receivables	8,559	4,102
Financial liabilities at (amortized) cost	-4,562	-7,097
	4,125	-7,135

12 Property, plant and equipment.

	Land and buildings	Technical equipment and machinery	Construction in progress	Other equipment, factory and office equipment	Total
Carrying amount as of 31 March 2008	1,201	2,551	157	2,283	6,192
Currency translation differences	-16	-142	-2	-222	-381
Change in consolidated entities	3	26	0	27	55
Additions	4,444	5,629	1,509	5,905	17,488
Disposals	-912	-27	-1,639	-300	-2,879
Scheduled depreciation	-305	-1,291	0	-1,992	-3,587
Carrying amount as of 31 March 2009	4,416	6,745	25	5,701	16,887
Acquisition/production cost	4,966	24,080	25	11,810	40,882
Accumulated depreciation	-551	-17,335	0	-6,109	-23,995
Carrying amount as of 31 March 2009	4,416	6,745	25	5,701	16,887
Currency translation differences	12	133	6	219	371
Change in consolidated entities	0	0	0	-7	-7
Additions	201	2,017	191	1,470	3,879
Disposals	-36	-43	-27	-52	-160
Scheduled depreciation	-662	-3,100	0	-1,383	-5,145
Carrying amount as of 31 March 2010	3,930	5,751	194	5,948	15,824
Acquisition/production cost	4,805	26,687	194	13,108	44,794
Accumulated depreciation	-875	-20,936	0	-7,160	-28,971
Carrying amount as of 31 March 2010	3,930	5,751	194	5,948	15,824

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13 Intangible assets.

	Capitalized development costs	Concessions and rights	Goodwill	Total
Carrying amount as of 31 March 2008	111	2,309	6,173	8,593
Currency translation differences	-12	56	0	44
Change in consolidated entities	536	2,107	41	2,685
Additions	12	2,031	14,519	16,563
Disposals	0	-6	0	-6
Scheduled amortization	-352	-1,437	0	-1,789
Carrying amount as of 31 March 2009	296	5,059	20,734	26,089
Acquisition/production cost	7,125	11,427	20,734	39,285
Accumulated amortization	-6,829	-6,368	0	-13,196
Carrying amount as of 31 March 2009	296	5,059	20,734	26,089
Currency translation differences	9	-93	-148	-232
Additions	0	5,021	0	5,021
Disposals	0	-10	0	-10
Scheduled amortization	-124	-2,216	0	-2,340
Carrying amount as of 31 March 2010	181	7,761	20,586	28,529
Acquisition/production cost	8,013	16,070	20,586	44,669
Accumulated amortization	-7,832	-8,309	0	-16,141
Carrying amount as of 31 March 2010	181	7,761	20,586	28,529

The goodwill results from the acquisition of Kapsch TrafficCom AB, Jönköping, Sweden, of the "Mobility Solutions" business of TechnoCom Corporation, Encino, U.S.A., and the foundation of Kapsch-Busi, S.p.A, Bologna, Italy.

For the purpose of impairment testing, goodwill was allocated to two cash-generating units (CGU) ("Road Solution Projects" and "Services, System Extensions, Components Sales"). The following assumptions were made:

	Road Solution Projects	Services, System Extensions, Components Sales
The carrying amount of goodwill allocated to the CGU	TEUR 15,197	TEUR 5,389
The carrying amount of intangible assets with indefinite useful lives allocated to the CGU	TEUR 0	TEUR 0
Determination of recoverable amount of CGU	Value in use	Value in use

Cash-generating unit “Road Solution Projects”:

Key assumptions for determining expected cash flows of the CGU

- The Management has based its determination on the assumption that after the successful implementation of road tolling systems, in particular in Austria, the Czech Republic, Switzerland, Australia, South America and South Africa, demand for tolling systems will increase, in particular as a result of tight public budgets.
- The planning for the Road Solution Projects segment is based on projects in the Czech Republic, South Africa, America, Australia, as well as the fact that tenders in several countries are already in progress.
- 4 years of detailed planning
- 14.3 % (2008/09: 14.3 %) discount rate before tax
- Due to the growth potential of this business unit, the cash flows beyond the four-year period of detailed planning were accounted for at a continuous growth rate of 4 % (2008/09: 4 %) in the determination of value.

Effects of changes in key assumptions on the recoverable amount

- Management has based its determination on the assumption that realistically possible changes in key assumptions on which the recoverable amount is based, will not result in the carrying amount of goodwill of the CGU exceeding the recoverable amount of the CGU.

Cash-generating unit “Services, System Extensions, Components Sales”:

Key assumptions for determining expected cash flows of the CGU

- The Management has based its determination on the assumption that the Group will remain the preferred supplier for operation, maintenance and supply of components for tolling projects installed in previous years.
- The planning for the Services, System Extensions, Components Sales segment is based on ongoing maintenance for existing tolling systems in Austria, Switzerland, the Czech Republic, Australia and South America, on the commercial operation in the Czech Republic as well as on component orders for customers worldwide, particularly in Australia, Turkey, Spain, Denmark, France, Greece, Chile and Thailand.
- 4 years of detailed planning
- 13.7 % (2008/09: 13.8 %) discount rate before tax
- Due to the growth potential of this business unit, the cash flows beyond the four-year period of detailed planning were accounted for at a continuous growth rate of 4 % (2008/09: 4 %) in the determination of value.

Effects of changes in key assumptions on the recoverable amount

- The Management has based its determination on the assumption that realistically possible changes in key assumptions on which the recoverable amount is based, will not result in the carrying amount of goodwill of the CGU exceeding the recoverable amount of the CGU.

Development costs relate to expenses in the area of, which in accordance with IAS 38 are capitalized and amortized over 3 years once the assets are available for commercial use. Additional research and development costs of the Group in the fiscal year 2009/10 amounted to EUR 24.9 million (2008/09: EUR 21.3 million). In the fiscal year 2009/10 EUR 7.4 million thereof (2008/09: EUR 7.1 million) was project-specific development costs and charged to the customer. The remaining amount of EUR 17.5 million (2008/09: EUR 14.2 million) was recognized as an expense.

Other non-current intangible assets are amortized systematically over their useful lives (concessions and rights 5-30 years, rights to computer software 4-10 years).

14 Shares in associates.

Shares in associates developed as follows:

	2009/10	2008/09
Carrying amount as of 31 March of prior year	12,302	0
Share in result	1,205	0
Addition	104	12,302
Currency translation differences	760	0
Effects from disproportional capital increases	69	0
Fair value adjustment on the date of losing significant influence according to IAS 28.18	14,038	0
Reclassification to "Other non-current financial assets and investments"	-28,479	0
Carrying amount as of 31 March of fiscal year	0	12,302

In January 2009, the Group acquired an investment in the amount of 20.47 % in Q-Free ASA, Norway, at a purchase price of TEUR 12,302. In the third quarter of the fiscal year ending 31 March 2010, the share of Kapsch TrafficCom AG was diluted to now 18.46% as a result of a capital increase at Q-Free ASA. This resulted in a reclassification to "Other non-current financial assets and investments" (see Note 15). The resulting accounting profit at the time of the dilution was recognized in profit and loss pursuant to IAS 28.18.

15 Current and non-current financial assets.

	2009/10	2008/09
Other non-current financial assets and investments	38,937	3,784
Other current financial assets	6,898	3,946
	45,835	7,730

Other non-current financial assets and investments	Available-for-sale securities	Available-for-sale investments	Other	Total
Carrying amount as of 31 March 2008	3,401	4	0	3,405
Additions	40	343	0	383
Disposals	0	0	0	0
Change in fair value	-4	0	0	-4
Carrying amount as of 31 March 2009	3,437	347	0	3,784
Currency translation differences	0	0	417	417
Addition from reclassification	0	28,479	0	28,479
Additions	0	0	6,432	6,432
Change in fair value	79	-255	0	-176
Carrying amount as of 31 March 2010	3,517	28,571	6,849	38,937

Other current financial assets	Available-for-sale securities	Other	Total
Carrying amount as of 31 March 2008	8,895	0	8,895
Additions	0	0	0
Disposals	0	0	0
Change in fair value (impairment)	-4,950	0	-4,950
Carrying amount as of 31 March 2009	3,946	0	3,946
Additions	0	0	0
Disposals	0	0	0
Change in fair value	2,952	0	2,952
Carrying amount as of 31 March 2010	6,898	0	6,898

As of 31 March 2010, available-for-sale securities relate to government and bank bonds as well as shares in investment funds. Their fair value is determined according to level 1 pursuant to IFRS 7. As of 31 March 2010, the investments classified as available for sale relate to a 18.46 % investment in Q-Free ASA, Norway (see Note 14) (Level 1 pursuant to IFRS 7), a 12.5 % investment in ATC Austrian Technology Corporation GmbH, Vienna (Level 3 pursuant to IFRS 7), and a 25 % investment in Autostrada Wschodnia Spolka z o.o., Poland (Level 3 pursuant to IFRS 7).

Unrealised gains and losses are recognized in other comprehensive income of the period (see Note 10).

TEUR 6,280 of the addition to other non-current financial assets relates to a fixed-term investment. The fair value approximates the carrying amount.

16 Other non-current assets.

	2009/10	2008/09
Truck tolling system Czech Republic	8,480	18,392
Other	1	31
	8,481	18,423

Other non-current assets relate to trade receivables (long-term) that are due from the Czech Ministry of Transport for the installation of the Czech truck tolling system. As in the prior year, they fall due between 1 and 5 years as of the balance sheet date.

Long-term receivables were discounted on the basis of cash flows using an interest rate of 5.00% (for that part which was funded by external loans) and an interest rate for alternative investments of 2.89 % (for that part which was funded by internal cash flows of the Group). Thus, the fair values approximate the carrying amounts.

Gross cash flows of other non-current assets are as follows:

	2009/10	2008/09
Up to 2 years	7,338	16,659
Between 2 and 3 years	1,554	2,745
More than 3 years	0	0
	8,892	19,404

Long-term receivables in the amount of TEUR 8,480 (2008/09: TEUR 18,392) were pledged as collateral to banks (see Note 21).

17 Inventories.

	2009/10	2008/09
Purchased parts and merchandise, at acquisition cost	9,079	10,852
Unfinished goods and work in progress, at production cost	9,297	6,080
Finished goods, at production cost	19,206	17,288
	37,582	34,220

Individual inventory items were written down, where necessary, to their net realizable values. The write-downs of inventories amounts to TEUR 7,029 (2008/09: TEUR 5,890).

18 Trade receivables and other assets.

	2009/10	2008/09
Trade receivables, less allowance for bad debt	83,999	129,993
Gross amount due from customers for contract work	7,301	653
Prepayments made	971	1,325
Receivables from tax authorities (other than income tax)	2,779	3,415
Other receivables and prepaid expenses	6,399	5,023
	101,448	140,409

Valuation allowances relating to trade receivables developed as follows:

	2009/10	2008/09
Balance as of 31 March of prior year	278	1,235
Addition	425	182
Utilization	0	-302
Disposal	-115	-838
Balance as of 31 March of fiscal year	587	278

Maturity structure of trade receivables and other current assets:

	2009/10	2008/09
Not yet due	81,753	133,371
Overdue, but not impaired		
Less than 60 days	16,061	2,872
More than 60 days	4,221	4,444
	102,035	140,687

The fair values approximate the carrying amounts. There is no concentration of credit risk with respect to trade receivables, as the Group generally has a large number of customers worldwide. Trade receivables (current) relating to the installation of the Czech truck tolling system in the amount of TEUR 17,712 (2008/09: TEUR 49,745) and to the operation and maintenance of the system in the amount of TEUR 5,062 (2008/09: TEUR 15,272) are due from Ředitelstvím silnic a dálnic ČR (RSD), a company of the Czech Republic.

Trade receivables in an amount of TEUR 17,712 (2008/09: TEUR 49,745) were pledged as collateral to banks (see Note 21).

Amounts due from customers for contract work detail as follows:

	2009/10	2008/09
Construction costs incurred plus recognized gains	7,301	653
Less amounts billed and prepayments received	0	0
	7,301	653

19 Cash and cash equivalents.

	2009/10	2008/09
Cash on hand	20	25
Deposits held with banks	47,723	60,205
	47,743	60,230

The carrying amounts of this item also represent cash and cash equivalents at the end of the reporting period as presented in the cash flow statement.

20 Share capital.

	2009/10	2008/09
Carrying amount as of 31 March of fiscal year	12,200	12,200

The registered share capital of the company amounts to EUR 12,200,000. The share capital is fully paid in. The total number of shares issued is 12,200,000. The shares are ordinary bearer shares and have no par value.

21 Current and non-current financial liabilities.

	2009/10	2008/09
Current		
Loans for project financing	0	27,430
Other current loans	9,237	21,780
	9,237	49,210
Non-current		
Loans for project financing	0	0
Loans for acquisitions	10,000	10,000
Other	60	60
	10,060	10,060
Total	19,297	59,270

The non-current liabilities mature in 1 to 5 years.

The fair values and the gross cash flows of non-current financial liabilities are as follows:

	2009/10	2008/09
Carrying amount	19,297	59,270
Fair value	18,736	58,467
Gross cash flows		
Up to 1 year	9,237	49,210
Between 1 and 2 years	10,482	10,642
Between 2 and 3 years	61	61
	19,779	59,913

Interest rates on current and non-current financial liabilities are as follows:

	2009/10	2008/09
Total financial liabilities:		
Carrying fixed interest rates	1,937	15,104
Carrying variable interest rates	17,360	44,165
	19,297	59,270
Average interest rates:		
Short-term loans	1.67 – 3.25 %	2.00 – 6.40 %
Loans for project financing	3.44 – 4.19 %	4.69 %
Loans for acquisitions	3.19 %	3.82 – 4.35 %
Other	2.50 %	2.50 – 3.64 %

Other non-current assets amounting to TEUR 8,480 (2008/09: TEUR 18,392), trade receivables (current) amounting to TEUR 17,712 (2008/09: TEUR 49,745) and securities amounting to TEUR 0 (2008/09: TEUR 3,437) as well as 9.9 million shares in Q-Free ASA were pledged as collateral for guarantees issued by banks and for loans granted. A bill of exchange amounting to TEUR 1,425 (2008/09: TEUR 1,425) was issued for an export promotion credit.

22 Deferred tax assets/liabilities.

	2009/10	2008/09
Deferred tax assets – due from tax group leader	1,302	1,301
Deferred tax assets – non-tax group	8,348	6,941
	9,650	8,242
Deferred tax liabilities – due to tax group leader	1,812	1,654
Deferred tax liabilities – non-tax group	1,471	217
	3,284	1,871
Balance	6,366	6,371

Deferred taxes due to tax loss carry-forwards and other temporary differences deductible in the future are recognized only to the extent of their potential realization. In these consolidated financial statements tax loss carry-forwards in the amount of TEUR 2,080 (2008/09: TEUR 1,938) have not been recognized, because it was uncertain whether there would be sufficient taxable profits available against which to offset them. All other deferred tax assets have been recognized in the respective group companies as future deductible items. Deferred tax assets are normally realized after more than 12 months.

Deferred tax assets/liabilities are attributable to the following positions:

	31 March 2008	Change in consolidated entities	Taken through profit or loss	Taken through equity	Currency translation differences	31 March 2009
Deferred tax assets						
Tax loss carry-forwards	2,213	0	565	0	26	2,804
Provisions disallowed for tax purposes	980	0	172	0	-12	1,140
Depreciation disallowed for tax purposes	14	0	30	0	-4	40
Other	4,074	0	286	45	-147	4,258
	7,280	0	1,053	45	-138	8,242
Deferred tax liabilities						
Special depreciation/amortization of non-current assets	0	0	0	0	0	0
Other	2,055	0	-196	0	12	1,871
	2,055	0	-196	0	12	1,871
Total change	5,226	0	1,249	45	-150	6,371

	31 March 2009	Change in consolidated entities	Taken through profit or loss	Taken through equity	Currency translation differences	31 March 2009
Deferred tax assets						
Tax loss carryforwards	2,804	0	584	0	25	3,413
Provisions disallowed for tax purposes	1,140	0	695	0	33	1,868
Depreciation disallowed for tax purposes	40	0	-42	0	2	0
Other	4,258	0	-19	-20	150	4,369
	8,242	0	1,218	-20	210	9,650
Deferred tax liabilities						
Special depreciation/amortization of non-current assets	0	0	0	0	0	0
Other	1,871	0	702	738	-27	3,283
	1,871	0	702	738	-27	3,283
Total change	6,371	0	516	-758	237	6,366

23 Liabilities from post-employment benefits to employees.

Amounts recognized in the balance sheet:

	2009/10	2008/09
Termination benefits	5,561	5,294
Pension benefits	8,755	8,920
	14,316	14,214

Termination benefits

The obligation to set up a provision for termination benefits is based on the respective labor law.

Retirement benefits

Liabilities for retirement benefits recognized at the balance sheet date relate to retirees only. All pension agreements are based on past service cost and are not covered by external plan assets (funds). In addition, contributions are paid to an external pension fund for employees of the Group (see Note 5).

For the valuation of severance payments and pension benefit obligations an interest rate of 5 % (2008/09: 5.25 %), was used and for compensation increases a rate of 3 % (2008/09: 3 %). In addition, the calculation was based on the earliest possible statutory retirement age including transition provisions and using the mortality tables AVÖ 2008-P (2008/09: AVÖ 2008-P) by Pagler & Pagler. Pension increases were estimated at 2-3 % (2008/09: 2-3 %).

The following amounts are recognized in the income statement as expenses for termination benefits:

	2009/10	2008/09
Current service cost	183	184
Interest expense	305	378
Actuarial losses	81	78
Total, included in staff costs (Note 5)	569	641
Change in liabilities recognized in the balance sheet:		
Carrying amount as of 31 March of prior year	5,294	5,001
Total expense according to the table above	569	641
Payments	-302	-347
Carrying amount as of 31 March of fiscal year	5,561	5,294
Actuarial present value of obligations (defined benefit obligation)	6,516	6,152
Unrecognized actuarial gains/losses	-954	-857
Amount recognized in the balance sheet	5,561	5,294

The following amounts are recognized in the income statement as expenses for retirement benefits:

	2009/10	2008/09
Current service cost	0	0
Interest expense	502	485
Total, included in staff costs (Note 5)	502	485
Change in liabilities recognized in the balance sheet:		
Carrying amount as of 31 March of prior year	8,920	9,088
Total expense according to the table above	502	485
Payments	-667	-653
Carrying amount as of 31 March of fiscal year	8,755	8,920
Actuarial present value of obligations (defined benefit obligation)	9,998	9,891
Unrecognized actuarial gains/losses	-1,243	-971
Amount recognized in the balance sheet	8,755	8,920

24 Other non-current liabilities.

	2009/10	2008/09
Truck tolling system Czech Republic	5,021	9,954
Other	4,332	4,820
	9,353	14,773

Other non-current liabilities relate to trade payables (non-current) in the amount of TEUR 5,021 (2008/09: TEUR 9,954) due to subcontractors for the installation of the Czech truck tolling system. As in the prior year, these liabilities are due in more than 1 year and less than 5 years as of the balance sheet date. These non-current liabilities were discounted on the basis of cash flows using discount rates that correspond to those rates applied in discounting non-current receivables from the Czech truck tolling system (see Note 16). Thus, the fair values approximate the carrying amounts.

Other non-current liabilities relate to a liability in the amount of TEUR 3,500 from a put option for shares in Kapsch-Busi S.p.A, Bologna, Italy (after interest compounding to the balance sheet date 31 March 2010) and to the non-current portion of a contingent payment obligation in the amount of TEUR 755 from the acquisition of the "Mobility Solutions" business of TechnoCom Corporation, Encino, U.S.A., in the fiscal year ending 31 March 2009.

The gross cash flows of other non-current liabilities are as follows:

	2009/10	2008/09
Less than 2 year	4,394	11,361
Between 2 and 3 years	4,910	3,522
More than 3 years	305	424
	9,610	15,306

25 Other liabilities and deferred income.

	2009/10	2008/09
Amounts due to customers for contract work	1,679	4,723
Prepayments received	1,746	896
Non-current employee liabilities	9,790	9,205
Liabilities to tax authorities (other than income tax)	3,400	917
Other liabilities and deferred income	9,318	9,576
	25,933	25,316

Amounts due to customers for contract work detail as follows:

	2009/10	2008/09
Construction costs incurred plus recognized gains	-13,872	-9,162
Less amounts billed and prepayments received	15,551	13,885
	1,679	4,723

26 Provisions.

	2009/10	2008/09
Non-current	583	524
Current	6,845	10,623
	7,428	11,147

The provisions changed as follows:

	31 March 2008	Change in consolidated entities	Addition	Utilization/ disposal	Currency translation differences	31 March 2009
Obligations from anniversary bonuses	464	5	78	-24	0	524
Costs of dismantling and removing assets	1,130	0	0	-1,130	0	0
Other	99	0	0	-88	-10	0
Non-current provisions, total	1,694	5	78	-1,242	-10	524
Warranties	4,128	0	259	-2,380	-187	1,820
Losses from pending transactions and rework	910	0	389	-364	0	934
Legal fees, costs of litigation and contract risks	6,888	0	3,129	-6,620	-169	3,228
Other	6,324	0	5,186	-6,757	-114	4,640
Current provisions, total	18,250	0	8,963	-16,121	-469	10,623
Total	19,944	5	9,041	-17,363	-479	11,147

	31 March 2009	Change in consolidated entities	Addition	Utilization/ disposal	Currency translation differences	31 March 2010
Obligations from anniversary bonuses	524	1	78	-20	0	583
Other	0	0	0	0	0	0
Non-current provisions, total	524	1	78	-20	0	583
Warranties	1,820	0	1,029	-653	165	2,361
Losses from pending transactions and rework	934	0	0	-224	0	710
Legal fees, costs of litigation and contract risks	3,228	0	36	-2,473	99	891
Other	4,640	0	9,382	-11,260	120	2,883
Current provisions, total	10,623	0	10,447	-14,609	384	6,845
Total	11,147	1	10,525	-14,629	384	7,428

The provision for anniversary bonuses relates to non-current entitlements by employees based on collective labor agreement provisions. The valuation was based on an interest rate of 5 % (2008/09: 5.25 %), the earliest possible statutory retirement age including transition provisions and using the mortality tables AVÖ 2008-P (2008/09: AVÖ 2008-P) by Pagler & Pagler, increases in salary were considered at 3 % (2008/09: 3 %).

As manufacturer, dealer and service provider the Group issues product warranties at the time of sale to its customers. Usually, under the terms of the warranty contract, the Group has the obligation to repair or replace manufacturing or software defects that become apparent within the period under guarantee.

In case the Group expects warranty claims on products sold or services rendered during the period under guarantee, a corresponding provision will be set up in the financial statements. Based on the expectation that the majority of the expenditure will be incurred in the short or medium term, the best estimate for the cost of warranty is used for the recognition of the provision. Likewise, historical data is taken into account in the calculation of the amount of the provision. According to past experience, it is probable that there will be claims under the warranties.

The provision for losses from pending transactions and re-work was set up on the basis of expected losses from construction contracts recognized at the balance sheet date.

Other provisions mainly include provisions for commissions and bonuses, credits receivable, discounts granted to customers and legal and consulting fees.

27 Contingent liabilities, other commitments and financial obligations.

The Group's contingent liabilities primarily result from large scale projects. Other commitments mainly relate to contract and warranty bonds, bank guarantees, performance und bid bonds, sureties and acceptance of guarantees for subsidiaries vis-à-vis third parties.

Details of contingent liabilities and other commitments are as follows:

	2009/10	2008/09
Contract, warranty, performance and bid bonds		
City Highway Santiago	263	846
City Highway Sydney and Melbourne	2,881	1,593
Truck Tolling System Austria	12,500	12,500
Truck Tolling System Czech Republic	10,046	19,938
Tolling project New Zealand	0	2,025
Expressway Toll Collection System, Maryland, U.S.A.	0	3,317
Tolling projects South Africa: Gauteng, Marian Hill, Huguenot	117,084	0
Other	1,069	5,338
	143,844	45,557
Bank guarantees	2,419	3,486
Sureties	30	30
	146,293	49,073

Financial obligations from lease contracts:

The future payments from non-cancellable obligations from rental and operating lease contracts are presented below:

	2009/10	2008/09
Up to 1 year	6,304	5,509
Between 1 and 5 years	16,550	14,341
Over 5 years	11,146	14,045
	34,000	33,895

28 Related parties.

The following transactions were performed with related parties:

KAPSCH-Group Beteiligungs GmbH, Vienna

From January 2005 the company has provided services to the Group in the area of group consolidation and legal advice. Expenses incurred by the Group in the fiscal year 2009/10 amounted to TEUR 494 (2008/09: TEUR 373). Furthermore, the company invoices insurance costs (directors & officers liability insurance) to the Group in the amount of TEUR 0 (2008/09: TEUR 22).

In December 2005 the company issued a parental guarantee to FöreningsSparbanken AB, Stockholm, Sweden, in favor of the group company Kapsch TrafficCom AB, Jönköping, Sweden, in the amount of EUR 19.1 million. For the project in South Africa (Gauteng), the company also issued parental guarantees in favor of Kapsch TrafficCom AG to UniCredit Bank Austria AG, Vienna, and to Raiffeisen Zentralbank Österreich Aktiengesellschaft, Vienna, in September 2009. As of the balance sheet date 31 March 2010, the assumed guarantees amount to EUR 29.4 million. The annual fee for the assumption of the liabilities is 0.5 % of the guaranteed amounts. Expenses incurred by the Group in the fiscal year 2009/10 amounted to TEUR 202 (2008/09: TEUR 83).

In January 2007 KAPSCH-Group Beteiligungs GmbH issued an unconditional and irrevocable first demand payment guarantee up to EUR 40 million with respect to the payment obligations of Kapsch TrafficCom Construction & Realization spol. s r.o., Prague, resulting from the credit and guarantee facilities agreement granted by Ceskoslovenska Obchodni Banka A.S., Prague, UniCredit Bank Austria AG, Vienna, und Raiffeisen Zentralbank Österreich AG, Vienna, for the delivery and operation of the Czech truck tolling system. The annual fee for the assumption of the liability is 0.5 % of the guaranteed amount. Expenses incurred by the Group in the fiscal year 2009/10 amounted to TEUR 199 (2008/09: TEUR 220).

KAPSCH-Group Beteiligungs GmbH acts as the tax group leader in a tax group formed in March 2005, of which Austrian subsidiaries of this Group are members. Accordingly, all post-formation tax effects of the group companies which are tax group members are considered to be related party transactions (see Note 9 and 22).

Kapsch Aktiengesellschaft, Vienna

In connection with the use of the KAPSCH trademark and logo, the company invoices license fees to the Group. The license fee amounts to 0.5 % of all third-party sales of the Group, whereby the annual minimum fee is TEUR 250. Expenses incurred by the Group in the fiscal year 2009/10 amounted to TEUR 1,104 (2008/09: TEUR 733).

Activities in the area of corporate development, public relations, sponsoring and other marketing activities are carried out centrally by Kapsch Aktiengesellschaft for all group companies. Cost allocated to the Group in the fiscal year 2009/10 amounted to TEUR 1,024 (2008/09: TEUR 925).

Furthermore, the company invoices management and consulting services (including costs for the chairman of the board of the company, Georg Kapsch, and costs for consulting services of certain supervisory board members of the company) to the Group. Expenses incurred by the Group in the fiscal year 2009/10 amounted to TEUR 1,184 (2008/09: TEUR 959).

Kapsch Aktiengesellschaft has entered into various insurance contracts covering all group companies. The cost allocated to the Group in the fiscal year 2009/10 amounted to TEUR 309 (2008/09: TEUR 249).

Kapsch Partner Solutions GmbH, Vienna

The company provides human resources services (payroll services, administration, recruiting, advice on labor law and human resources development) to the Group. Expenses incurred by the Group in the fiscal year 2009/10 amounted to TEUR 920 (2008/09: TEUR 691).

Kapsch Financial Services GmbH, Vienna

The company leases telephone and IT equipment (hardware and software) to the Group and provides call centre services and IT support. Expenses incurred by the Group in the fiscal year 2009/10 amounted to TEUR 2,246 (2008/09: TEUR 2,070).

Kapsch BusinessCom AG, Vienna

The company delivers hardware (IT equipment) on behalf of Kapsch TrafficCom AG, Vienna, and provides maintenance and other services for various customer projects, the two largest of which by far are the "Truck Tolling System Austria" and the "Truck Tolling System Czech Republic". The deliveries and services performed amounted to TEUR 2,868 in the fiscal year 2009/10 (2008/09: TEUR 4,575).

The company provides IT, EDP and telephone services to the Group in the amount of TEUR 376 (2008/09: TEUR 252), as well as other services in the amount of TEUR 928 (2008/09: TEUR 507), among other things for the IT technical restructuring of the new location of Kapsch Components KG and for the integration of the Swedish, Argentinean and U.S. American subsidiaries.

The Group invoices consulting services in the area of public relations to the company. Income of the Group resulting from these services in the fiscal year 2009/10 totaled TEUR 44 (2008/09: TEUR 0).

Kapsch Components KG provides logistic services to the company in the amount of TEUR 97 (2008/09: TEUR 128) and other services in the amount of TEUR 128 (2008/09: TEUR 74).

Kapsch CarrierCom AG, Vienna

Kapsch TrafficCom AG provides services in the area of public relations to the company. Income of the Group resulting from this service in the fiscal year 2009/10 amounted to TEUR 44 (2008/09: TEUR 0).

Kapsch Components KG provides logistic services to the company in the amount of TEUR 617 (2008/09: TEUR 826) and produces various components for the company in the amount of TEUR 19 (2008/09: TEUR 0).

Kapsch s r.o., Prague

The company provides technical maintenance services for the Czech truck-tolling system and is responsible for the current IT support for the Czech subsidiaries. Expenses incurred for this in the fiscal year 2009/10 totaled TEUR 1,910 (2008/09: TEUR 386). Furthermore, the company provided public relations services amounting to TEUR 95 in the fiscal year 2009/10 (2008/09: TEUR 98).

Kapsch Immobilien GmbH, Vienna

On 15 July 2008, a new lease agreement was concluded for the location Am Europlatz 2 and a cancellation waiver for 10 years was agreed to. It is possible to partly terminate the agreement after 5 or 7 years respectively. Investments in the amount of TEUR 0 (2008/09: TEUR 1,767) were made for the adaptation of the leased property. Lease expenses incurred by the Group amounted to TEUR 3,245 in the fiscal year 2009/10 (2008/09: TEUR 1,980).

Lease income of the Group resulting from the sub-lease to related parties in the fiscal year 2009/10 totaled TEUR 267 (2008/09: TEUR 226). The services rendered for relocations in the course of vacating the location Wagenseilgasse 1 amounted to TEUR 0 (2008/09: TEUR 142).

Services are usually negotiated with related parties on a cost-plus basis. Goods are bought and sold at arm's length.

Liabilities for pension benefits include pension obligations (pensions in payment) to the widow of Dr. Karl Kapsch, a former board member of Kapsch Aktiengesellschaft.

The following table provides an overview of receivables from and payables due to related parties at the respective balance sheet dates:

	31 March 2010	31 March 2009
Parent company		
Trade receivables and other assets	1,798	1,687
Trade payables and other payables	459	284
Affiliated companies		
Trade receivables and other assets	307	439
Trade payables and other payables	1,971	1,771
Other related parties		
Trade receivables and other assets	0	0
Trade payables and other payables	198	908

29 Earnings per share.

Earnings per share (basic earnings) is calculated by dividing the profit for the period attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the year, excluding, if any, ordinary shares purchased by the Company and held as treasury shares. As of 31 March 2010, as in the prior year, no treasury shares were held by the Company.

	2009/10	2008/09
Profit for the period attributable to equity holders of the Company (in EUR)	32,215,536	12,976,941
Weighted average number of ordinary shares	12,200,000	12,200,000
Earnings per share (in EUR)	2.64	1.06
Profit for the period attributable to equity holders of the Company, adjusted for the fair value adjustment of the share in Q-Free ASA, Norway	18,177,176	12,976,941
Number of shares	12,200,000	12,200,000
Earnings per share, adjusted (in EUR)	1.49	1.06

30 Events after the balance sheet date.

Investments

On 1 April 2010, Kapsch Telematic Services GmbH, Vienna, acquired 60% of the shares in PayVend F&P A/S, Copenhagen, Denmark, at a price of EUR 0.75 million. Subsequently, the company was renamed to Kapsch Telematic Services Solutions A/S, Copenhagen, Denmark. In South Africa, Kapsch TrafficCom AG, Vienna, through a purchased subsidiary acquired 51.43 % of the increased share capital of TMT Services and Supplies (Pty) Ltd., Cape Town, South Africa, under a capital increase on 8 April 2010. The consideration for the capital increase amounted to a total of 75 million rand (approximately EUR 8 million). Triple Advanced Investments 22 (Pty) is being renamed to Kapsch TrafficCom Holding SA.

Due to the short time span between the acquisition date and the authorization for issue of the consolidated financial statements, the disclosure of additional information is not possible.

Expansion of the managing board

Effective as of 1 April 2010, André Laux was appointed as the third member of the managing board.

31 Supplementary disclosures.

The consolidated group companies are listed in the notes to the consolidated financial statements under the item "consolidated group". The parent company Kapsch TrafficCom AG, Vienna, with the exception of Durante Investments sp. z o.o., Poland, Electronic Toll Collection (PTY) Ltd., South Africa, Kapsch Telematic Services Danmark ApS, Denmark, Kapsch Telematic Services GmbH, Vienna, Kapsch Telematic Services GmbH Deutschland, Germany, Kapsch Telematic Services Kft., Hungary, Kapsch Telematic Services spol. s r.o., Czech Republic, Kapsch TrafficCom Construction & Realization spol. s r.o., Czech Republic, and Kapsch TrafficCom U.S. Corp., U.S.A., directly or indirectly holds 100% of the shares in the fully consolidated subsidiaries. With regard to additional disclosures in accordance with § 265 (2) 1 UGB for the companies mentioned above, the protection-of-interest clause pursuant to § 265 (3) UGB was applied.

The average number of staff in the fiscal year 2009/10 was 921 salaried employees and 52 waged workers (2008/09: 831 salaried employees and 67 waged workers).

Expenses for the auditor

The expenses for the auditor amount to TEUR 109 (2008/09: TEUR 105) and are broken down as follows:

	2009/10	2008/09
Audit of the consolidated financial statements	40	35
Other assurance services	43	41
Tax consulting services	0	0
Other services	26	29
	109	105

Compensation and other payments to members of the managing and the supervisory board

Costs for the chairman of the board are included in the cross-charge of management and consulting services from Kapsch Aktiengesellschaft (see Note 28). Regarding the total emoluments of the other member of the managing board, the protection-of-interest clause of § 266 No. 7 UGB is applied.

Remunerations paid to supervisory board members amount to approximately TEUR 19 (2008/09: TEUR 0).

As in the previous years, no advances or loans were granted to members of the managing and supervisory board, nor any guarantees issued in their favor.

The consolidated financial statements of Kapsch TrafficCom AG as of 31 March 2010 prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the EU and with section 245a (1) of the Austrian Commercial Code (UGB) have been translated into English. In case of different interpretations the German original is valid.

In the fiscal year 2009/10, the following persons served on the managing board:

Mag. Georg Kapsch (Chief Executive Officer)

Ing. Erwin Toplak (Chief Operating Officer)

André Laux (since 1 April 2010)

In the fiscal year 2009/10, the following persons served on the supervisory board:

Dr. Franz Semmernegg (Chairman)

Dr. Kari Kapsch (Deputy-Chairman)

William Morton Llewellyn

Delegated by the works council:

Ing. Christian Windisch

Dipl.-Ing. Werner Dreschl

Authorized for issue:

Vienna, 14 May 2010



Mag. Georg Kapsch
Chief Executive Officer



Ing. Erwin Toplak
Chief Operating Officer



André Laux
Executive Board member

Kapsch TrafficCom is an international supplier of superior intelligent transportation systems (ITS). Its principle business is the development and supply of electronic toll collection (ETC) systems, in particular for the multi-lane free-flow (MLFF) of the traffic, and the technical and commercial operation of such systems. Kapsch TrafficCom also supplies traffic management systems, with a focus on road safety and traffic control, and electronic access systems and parking management. With more than 230 references in 38 countries in all 5 continents, and with almost 18 million on-board units (OBUs) delivered and nearly 13,000 lanes equipped, Kapsch TrafficCom has positioned itself among the leading suppliers of ETC systems worldwide. Kapsch TrafficCom is headquartered in Vienna, Austria, and has subsidiaries and representative offices in 25 countries.

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