

Report on third quarter of fiscal year 2007/08.

Highlights

Operational performance	Operating results and operational outlook
Adjusted EBIT in first three quarters compared to first three quarters of previous year up 89 % to EUR 18.6m; EBIT margin doubled from 7 % to 14 %	Contract conclusion on extension of nationwide truck tolling system (Phase II) in Czech Republic
Revenues in SEC segment in first three quarters compared to first three quarters of previous year up 87 % to EUR 84.9m and EBIT up 77 % to EUR 15.9m	Continuation of the tender for nationwide truck tolling system in Slovakia
Net assets further increased to EUR 35.8m and total equity to EUR 116.2m as of 31 December 2007	Preliminary termination of the tender for nationwide truck tolling system in Hungary

Kapsch TrafficCom Key Figures ¹⁾

Operating Figures (cumulative)		FY08-Q3	FY07-Q3	+/- %	FY07
Revenues	in million EUR	123.6	140.9	-12 %	198.6
EBITDA ²⁾	in million EUR	21.5	13.1	65 %	30.8
EBIT	in million EUR	17.7	9.9	79 %	26.9
EBIT adjusted ²⁾	in million EUR	18.6	9.9	89 %	26.9
Profit before tax	in million EUR	21.2	11.0	92 %	27.0
Profit after tax	in million EUR	13.8	8.4	64 %	20.3
Earnings per share ³⁾	in EUR	1.03	0.85	21 %	2.04
Earnings per share ³⁾ , adjusted ²⁾	in EUR	1.11	0.85	31 %	2.04
Free Cash Flow ⁴⁾	in million EUR	-5.8	-18.8	-69 %	-4.3
Capital Expenditure ⁵⁾	in million EUR	-3.1	-1.8	77 %	-2.3

Financial Ratios		31 December 2007	31 March 2007	+/- %
Total Equity ⁶⁾	in million EUR	116.2	45.6	>100 %
Net assets (+) /-debt (-) ⁷⁾	in million EUR	35.8	-12.5	<-100 %
Capital Employed	in million EUR	144.9	78.2	85 %
Total Assets	in million EUR	285.5	227.2	26 %
Employees as of 31 December 2007		793	774	2 %

Key Capital Market Data ⁸⁾		FY08-Q3	Information on the Share/Financial Calendar	
Offer price per share on 25 June 2007	in EUR	32.0	Stock exchange/ISIN	Vienna, Prime Market/AT000KAPSCH9
Number of shares as of 31 Dec 2007	in million	12.2	Trading Symbol	KTCG, (Reuters) KTCG.VI (Bloomberg) KTCG AV
Free float as of 31 Dec 2007	in %	30.3	18 June 2008	Results FY08
Closing price as of 31 Dec 2007	in EUR	34.9	10 July 2008	Annual General Meeting
Market Capitalization as of 31 Dec 2007	in million EUR	426.3		

1) only continuing operations

2) adjusted by non-recurring items (see item 11 under notes in condensed interim financial information as of 31 December 2007)

3) earnings per share in FY08-Q3 related to 12.2 million shares, in FY07-Q3 related to 10.0 million shares.

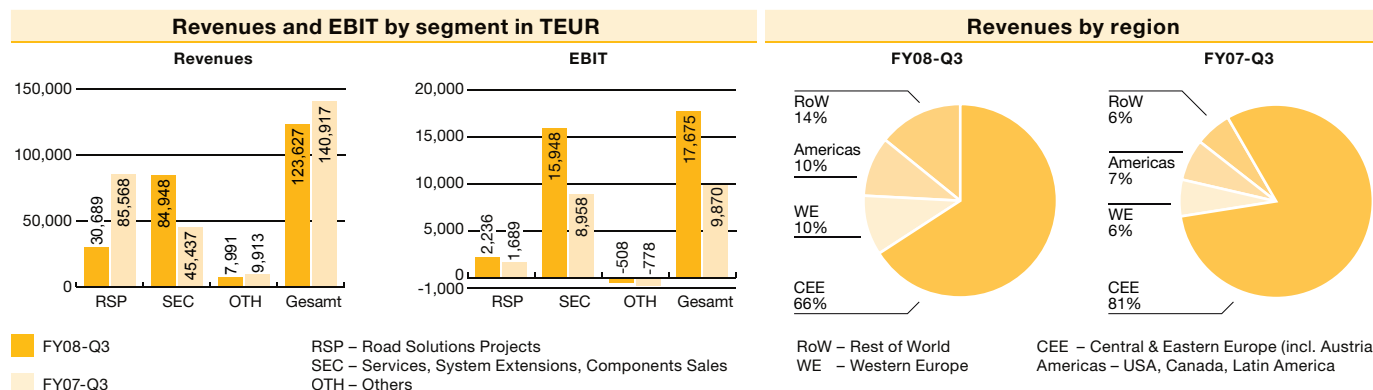
4) operating cashflow minus capital expenditure from operations (excl. acquisitions and securities)

5) capital expenditure from operations (excl. acquisitions and securities)

6) incl. minority interests

7) excl. long-term securities (see item 6 under notes in condensed consolidated interim financial information as of 31 December 2007)

8) for additional capital market data see page 8



Letter from the Chief Executive Officer.



Georg Kapsch, Chief Executive Officer

Erwin Toplak, Chief Operating Officer

Dear shareholders,

I am delighted to report that Kapsch TrafficCom considerably increased its adjusted EBIT for the first three quarters of the current fiscal year 2007/08: at EUR 18.6 million it was up 89 % compared to the same period of the previous fiscal year (EUR 9.9 million). The volatility of the project business and the Road Solution Projects (RSP) segment in particular together with large projects that were ultimately non awarded led to a decline in revenues in the first nine months of 2007/08 compared to the same period during the previous fiscal year, down 12 % from EUR 140.9m to EUR 123.6m. The doubling of the EBIT margin from 7 % in the first three quarters of the previous fiscal year to 14 % in the same period during the current fiscal year is particularly encouraging.

While revenue in the segment were down from EUR 85.6 million in the same period a year earlier to EUR 30.7 million, the performance of the SEC (Services, System Extensions, Components Sales) segment was particularly strong, with a 87 % jump in revenues from EUR 45.4 million to EUR 84.9 million and an increased EBIT from EUR 9.0 million to EUR 15.9 million (up 77 %). This was primarily attributable to recurring revenues from the technical and commercial operation of the nationwide truck tolling system in the Czech Republic and a high volume of components sales.

Adjusted EBIT in first three quarters compared to first three quarters of previous year up 89 % to EUR 18.6m; EBIT margin doubled from 7% to 14%

Revenues in SEC segment in first three quarters compared to first three quarters of previous year up 87 % to EUR 84.9m and EBIT up 77 % to EUR 15.9m

With respect to the consolidated balance sheet, I would like to point out that we continued improving net assets to EUR 35.8 million as of 31 December 2007 (EUR -12.5 million as of 31 March 2007) and total equity to EUR 116.2 million as of 31 December 2007 (31 March 2007: EUR 45.6 million) with an equity ratio of 40.7 % (31 March 2007: 20.1 %).

On 28 December 2007, we could successfully close the negotiations between the Czech Ministry of Transport (CZ MoT) and the consortium led by Kapsch TrafficCom (Kapsch consortium) with the conclusion of the contract for the supply and for the operation of the microwave technology based tolling system in the Czech Republic. The amendment formalizes the content of the second phase of construction of the nationwide electronic truck tolling system in the Czech Republic in a sense that the system shall be extended to another approximately 1,000 km of future motorways, the construction or extension of which is scheduled to begin by the end of 2017, instead of to the originally planned approximately 1,000 km of 1st class roads.

As of January 1, 2008, the Kapsch consortium extended the existing truck tolling system by 37 toll gantries to cover about 180 km of selected 1st class roads mainly used by international transit traffic.

The distance-related tolls are to be extended to cover all vehicles of 3.5 tonnes or more by January 1, 2009, according to the CZ MoT's most current plans. Kapsch TrafficCom Construction & Realisation, supplier of the tolling system in the Czech Republic, will make the necessary adaptations to the existing system and ensure supply of another 350,000 on-board units (OBUs).

For the extended use of the tolling system, the Kapsch consortium has now been charged with the implementation of the interface for a future satellite-based toll collection system on 1st class, 2nd class and 3rd class roads as well as with the supply of an interface for telematic applications and the implementation of a traffic regulation system for the D1 motorway route. Further the service agreement has been extended to 10 years.

Adaptations and additions to the tolling system are expected to cost about CZK 3 billion, in which Czech sub-contractors will participate to a high degree.

With respect to the nationwide electronic truck tolling system in Slovakia, I may report that after the settlement of two claims the tender is now continued. The tender comprises the installation of an electronic multi-lane free-flow (MLFF) system including 13 years of operation intended for the toll collection on vehicles above 3.5 tonnes on a road network of approximately 2,400 kilometres with a start of operation as of 1 January 2009. The presentation of the offers and the bid opening is scheduled for 13 March 2008. A decision is announced for end of April 2008.

On 21 December 2007, we were officially informed by the principal Közlekedésfejlesztési Koordinációs Központ (KKK) that the tender process for the installation and operation of the Electronic Toll Collection (ETC) system in Hungary was discontinued. At the time of the discontinuation, we and two other bidding consortia were already prequalified. From our

Net assets further increased to EUR 35.8m and total equity to EUR 116.2m as of 31 December 2007

Contract conclusion on extension of nationwide truck tolling system (Phase II) in Czech Republic

Continuation of the tender for nationwide truck tolling system in Slovakia

Preliminary termination of the tender for nationwide truck tolling system in Hungary

current point of view, this means a postponement and presumably a modification of the tender as regards content rather than a final cancellation.

Assuming that economies worldwide continue to perform satisfactorily, and given the growing interest around the world in tolling systems and road traffic telematics, we take a thoroughly optimistic view of our future prospects.

With all best wishes



Georg Kapsch

Looking forward with optimism

Disclaimer

Certain statements contained in this report constitute "forward-looking statements." These statements, which contain the words "believe", "intend", "expect" and words of similar meaning, reflect management's beliefs and expectations and are subject to risks and uncertainties that may cause actual results to differ materially. As a result, readers are cautioned not to place undue reliance on such forward-looking statements. The company disclaims any obligation to publicly announce the result of any revisions to the forward-looking statements made herein, except where it would be required to do so under applicable law.

Analysis of results and balance sheet.

Revenues and earnings

Revenues in the first three quarters of the current fiscal year 2007/08 were EUR 123.6 million down 12 % of the EUR 140.9 million recorded in the same period of the previous fiscal year. This decrease was primarily attributable to the volatility of our project business and developments particularly in the Road Solution Projects (RSP) segment, which is also visible from the segment analysis.

Revenues by segment in the first nine month were as follows:

- The Services, System Extensions, Components Sales (SEC) segment recorded a significant increase in revenues due to rapidly growing business volumes. At EUR 84.9 million, segment revenues for the first nine months were up 87 % on the same period a year earlier (EUR 45.4 million). The successful technical and commercial operation of the nationwide truck tolling system in the Czech Republic and the significant increase in sales of components, particularly on-board units (OBUs) made a significant contribution to the segment's encouraging performance. First nine months sales of almost 1.61 million on-board units (OBUs) are already up 38 % as those for the whole of the previous fiscal year (1.18 million OBUs).
- Road Solution Projects (RSP) segment's revenue for the first nine months decreased from EUR 85.6 million in the same period a year earlier to EUR 30.7 million. In the first nine months of the previous fiscal year, revenues in an amount of EUR 79.0 million were included for the major part of the construction of phase I of the nationwide electronic truck tolling system in the Czech Republic, while RSP segment's revenue in the Czech Republic was at EUR 14.5 million in the current fiscal year. Tenders for other major projects in Central and Eastern Europe (CEE) have been postponed or are in preparation of a new tender.
- The Others (OTH) segment's revenues declined from EUR 9.9 million in the previous year to EUR 8.0 million (down 19.2 %).

In the first three quarters of 2007/08, Kapsch TrafficCom recorded EBIT up 79 % from EUR 9.9 million in the previous year to EUR 17.7 million, adjusted by non-recurring items up 89 % from EUR 9.9 million in the previous year to EUR 18.6 million. This is reflected in the significant increase in profitability and an improvement in the EBIT margin from 7 % to 14 %. EBIT by segment was as follows:

- In the first nine months of 2007/08 the EBIT for the SEC segment advanced in line with expectations, from EUR 9.0 million in the previous year to EUR 15.9 million (up 77 %).
- The RSP segment's EBIT for the first nine months increased from EUR 1.7 million in the previous year to EUR 2.2 million (up 29 %).
- With an improvement from EUR -0.8 million in the previous year to EUR -0.5 million (up 29 %) the OTH segment positively contributed to the EBIT development.

In the first three quarters of the fiscal year 2007/08, Kapsch TrafficCom recorded a profit after tax up 64 % from EUR 8.4 million in the previous year to EUR 13.8 million. The current fiscal year includes income taxes of EUR 7.4 million compared to EUR 2.7 million in the previous fiscal year. This increase is attributable to the improvement in the profit and to a tax rate above average due to a specific local provision in a subsidiary (profits according to tax law deviate from profits in accordance with IFRS).

Financial position and cash flows

With total assets of EUR 285.5 million (as of 31 December 2007) and total equity of EUR 116.2 million (as of 31 December 2007), the Company's equity ratio as of 31 December 2007 was 40.7 % (31 March 2007: 20.1 %) . After deduction of all associated expenses, the initial public offering raised EUR 65 million, which contributed to improving liquidity. Net debt as of 31 March 2007 in an amount of EUR 12.5 million was transformed into net assets of EUR 35.8 million as of 31 December 2007, in particular due to the first instalment from the implementation of the nationwide electronic truck tolling system in the Czech Republic (phase I) in the amount of EUR 30.8 million received on 1 October 2007. According to the payment plan, the next instalment of another 25 % is scheduled for the end of September 2008. Net cash from operating activities improved from EUR -17.1m to EUR -2.6m including net payments from income tax of EUR 5.9 million compared to EUR 0.9 million in the same period of the previous fiscal year.

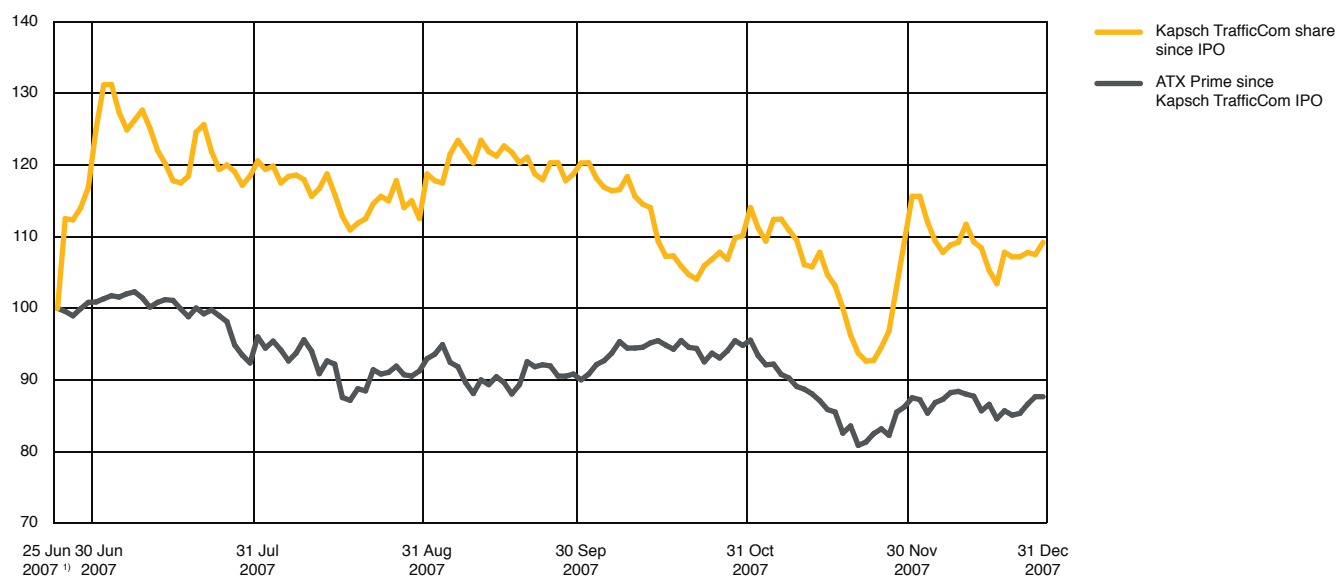
As of 31 December 2007, Kapsch TrafficCom held cash and short-term securities in an amount of EUR 64.4 million. This reserve in liquidity serves as a basis to finance future projects or strategic acquisitions of companies.

The Kapsch TrafficCom Share.

The Kapsch TrafficCom AG share closed the previous quarter (FY08-Q2 as of 30 September 2007) at EUR 38.49 up 20,3 % compared with the offer price per share of EUR 32.00 on 26 June 2007. With the beginning of the third quarter of 2007/08 (FY08-Q3) the share price experienced a decline due to the overall situation of the stock market and closed on 20 November 2007 for the first time below the offer price per share at the time of the initial public offering. Until 5 December 2007 the price per share recovered to EUR 35.85 (closing price) and closed the third quarter at EUR 34.94 (closing price). Thus, the price per share decreased by approximately 11.1 % compared with the closing price of the previous quarter. Since the initial public offering, the price of the share has climbed 9.2 %, as of 31 December 2007, while the ATX Prime was down about 12.4 %.

Based on a closing price of EUR 34.94 per share as of 31 December 2007 and the number of outstanding shares in circulation unchanged at 12.2 million, Kapsch TrafficCom's market capitalization as of the end of the third quarter of the fiscal half year was EUR 426.3m. The ownership structure remained unchanged during the period under review: 30.3 % of the shares were in free float, whereas the remaining 69.7 % continued to be held by KAPSCH-Group Beteiligungs GmbH. Schroder Investment Management Limited informed us, that as of 15 August 2007 it held 5.12 % of the Kapsch TrafficCom AG voting rights.

Share price development in FY08-Q3 and since IPO (Kapsch TrafficCom AG vs. ATX Prime)



1) Offer price on 25 June 2007 and closing value for ATX Prime on 25 June 2007, each indexed to 100

Capital Market Data in FY08-Q3 and since IPO

Offer price per share on 25 June 2007	in EUR	32.00	Highest closing price 1 Oct 2007	in EUR	38.50
Closing price as of 30 September 2007	in EUR	38.49	Lowest closing price 22 Oct 2007	in EUR	29.64
Closing price as of 31 December 2007	in EUR	34.94	Intraday high 1 Oct 2007	in EUR	38.50
Performance in FY08-Q3	in %	-11.1	Intraday low 22 Oct 2007	in EUR	28.52
Performance since IPO	in %	+9.2	Average daily trading volume in FY08-Q3 ¹⁾	In shares	25,194
Performance of ATX Prime in FY08-Q3	in %	-2.6	Free float as of 31 Dec 2007	in %	30.3
Performance of ATX Prime since Kapsch TrafficCom IPO	in %	-12.4	Market Capitalization as of 31 Dec 2007	in mill. EUR	426.3

1) Double counting

Condensed consolidated interim financial information

31 December 2007 (unaudited)

Kapsch TrafficCom AG – Consolidated income statement

All amounts in TEUR

	Note	FY08-Q3	FY07-Q3	FY08-Q3 cum.	FY07-Q3 cum.
Continuing Operations					
REVENUE	(4)	54,828	68,281	123,627	140,917
Other operating income		3,207	360	3,901	303
Changes in finished and unfinished goods and work in progress		-11,009	1,986	-77	2,923
Cost of material and other production services		-14,239	-46,183	-52,398	-85,622
Staff costs		-12,075	-10,886	-33,553	-28,655
Amortisation of intangible assets and depreciation of property, plant and equipment		-965	-1,138	-2,911	-3,182
Other operating expenses		-8,803	-8,130	-20,914	-16,815
Operating result	(4,11)	10,945	4,290	17,675	9,870
Finance income		3,937	1,633	8,093	2,433
Finance costs		2,242	684	4,495	1,259
Financial result		1,695	949	3,599	1,174
Result from associates		-20	0	-51	0
Profit before tax		12,620	5,239	21,223	11,043
Income taxes	(12)	-5,139	-1,120	-7,447	-2,650
Profit after tax for the period from continuing operations		7,481	4,119	13,776	8,394
Discontinued Operations					
Result from discontinued operations	(15)	0	-713	0	-1,017
Profit for the period		7,481	3,406	13,776	7,377
Attributable to:					
Equity holders of the Company		7,119	5,211	12,584	7,475
Minority interest		362	-1,805	1,192	-98
		7,481	3,406	13,776	7,377
Earnings per share for profit from continuing operations attributable to the equity holders of the company (expressed in EUR per share)	(13)	0.58	0.59	1.03	0.85

Earnings per share in FY08-Q3 related to 12.2 million shares, in FY07-Q3 related to 10.0 million shares.
The notes on the following pages form an integral part of this condensed interim financial information.

Kapsch TrafficCom AG – Consolidated balance sheet

All amounts in TEUR

ASSETS	Note	31 Dec 2007	31 March 2007
Non-current assets			
Property, plant and equipment	(5)	6,350	6,148
Intangible assets	(5)	8,732	9,269
Shares in associates		0	254
Other financial assets		3,534	3,619
Other non-current assets		66,714	81,694
Deferred tax assets		7,792	8,660
		93,122	109,644
Current assets Inventories			
Inventories		22,051	19,900
Trade receivables and other assets		105,863	77,460
Other current financial assets	(6)	9,538	0
Cash and cash equivalents		54,941	20,183
		192,392	117,543
TOTAL ASSETS		285,514	227,187
EQUITY AND LIABILITIES			
Equity			
Share capital	(7)	12,200	10,000
Capital Reserve		70,648	5,325
Currency translation differences		-1	914
Unrealised gains/losses from securities		-178	-114
Consolidated profit and other reserves		31,899	29,130
		114,568	45,256
Minority interests		1,617	340
Total Equity		116,185	45,595
Non-current liabilities			
Non-current financial liabilities	(8)	12,307	10,523
Liabilities from post-employment benefits to employees	(9)	14,266	14,552
Non-current provisions	(10)	1,634	1,684
Other non-current liabilities		32,691	26,886
Deferred tax liability		2,112	2,466
		63,009	56,111
Current liabilities			
Trade and other current payables		33,964	40,524
Other liabilities and deferred income		37,083	42,249
Current tax payables		6,178	5,123
Current financial liabilities	(8)	16,407	22,124
Current provisions	(9)	12,689	15,462
		106,320	125,481
Total Liabilities		169,330	181,592
TOTAL EQUITY AND LIABILITIES		285,514	227,187

The notes on the following pages form an integral part of this condensed interim financial information.

Kapsch TrafficCom AG – Consolidated statement of changes in equity

All amounts in TEUR

	Attributable to equity holders of the Company					Minority Interest	Total Equity
	Share capital	Capital reserve	Currency translation differences	Fair Value valuation reserve	Consolidated retained earnings & other reserves		
Carrying amount at 1 April 2007	10,000	5,325	914	-114	29,130	340	45,595
Currency translation differences			-915			86	-830
Fair Value gains/losses realised (net of tax)				-64			-64
<i>Net income/expenses recognised directly in equity</i>			-915	-64		86	-894
Increase in share capital due to IPO	2,200						2,200
Increase in capital reserve due to IPO less IPO costs		65,323					65,323
Effects from Business Combinations					185		185
Dividend relating to 2006/07					-10,000		-10,000
Profit for the year					12,584	1,192	13,776
Carrying amount at 31 December 2007	12,200	70,648	-1	-178	31,899	1,617	116,185
Carrying amount at 1 April 2006	10,000	5,325	1,272	-57	21,722	789	39,051
Currency translation differences			111		3	-34	80
Fair Value gains/losses realised (net of tax)				0			0
<i>Net income/expenses recognised directly in equity</i>			111	0	3	-34	80
Acquisition of minority interest					-716	-280	-996
Dividend relating to 2005/06					-10,000	0	-10,000
Profit for the year					7,475	-98	7,377
Carrying amount at 31 December 2006	10,000	5,325	1,383	-57	18,484	378	35,512

The notes on the following pages form an integral part of this condensed interim financial information.

Kapsch TrafficCom AG – Consolidated cash flow statement

All amounts in TEUR

Cash flow from operating activities	FY08-Q3	FY07-Q3	FY08-Q3 cum.	FY07-Q3 cum.
Operating result	10,945	4,290	17,675	9,870
Adjustments for non-cash items and other reconciliations:				
Depreciation and amortisation	965	1,138	2,911	3,182
Increase/decrease in obligations for post-employment benefits	-68	-37	-287	-62
Change in other non-current liabilities and provisions	1	-15	-50	17
Increase/decrease in non-current trade receivables	-2,783	0	17,327	0
Increase/decrease in non-current trade payables	3,148	231	5,069	335
Other (net)	215	387	262	-317
	12,423	5,993	42,906	13,025
Changes in net current assets:				
Increase/decrease in trade receivables and other assets	-914	-64,666	-28,402	-89,558
Increase/decrease in inventories	11,341	-269	-2,151	-4,094
Increase/decrease in trade payables and other current payables	-1,837	46,766	-5,226	66,346
Increase/decrease in current provisions	171	-123	-2,773	-172
	8,761	-18,292	-38,553	-27,478
Cash generated from operations:	21,184	-12,298	4,354	-14,453
Interest received	532	218	1,139	708
Interest payments	-289	-494	-2,242	-957
Payments/refund of income taxes	-4,726	-959	-5,879	-863
Net cash flow from operating activities from continuing operations	16,701	-13,533	-2,628	-15,565
Net cash flow from operating activities from discontinued operations	0	-676	0	-1,507
Net cash flow from operating activities – total	16,701	-14,209	-2,628	-17,072
Cash flow used in investing activities				
Purchases of property, plant and equipment	-591	-556	-2,446	-1,492
Purchases of non-current intangible assets	-550	21	-696	-285
Purchases of securities and shares	0	0	-30,000	-4
Payments for acquisition of companies (less cash and cash equivalents of these companies)	-35	0	-70	-1,880
Payments for acquisition of minority interest	0	0	0	-996
Payments made for the acquisition of shares in companies consolidated at equity	0	-18	0	-18
Proceeds from sale of shares in consolidated companies	0	0	54	0
Proceeds from disposal of property, plant and equipment and intangible assets	81	135	635	331
Proceeds from sale of securities	20,000	0	20,000	126
Net cash flow used in investing activities from continuing operations	18,905	-418	-12,522	-4,218
Net cash flow used in investing activities from discontinued operations	0	157	0	427
Net cash flow used in investing activities – total	18,905	-261	-12,522	-3,791

	FY08-Q3	FY07-Q3	FY08-Q3 cum.	FY07-Q3 cum.
Cash flow used in financing activities				
Contributions from shareholders	0	0	0	0
Increase in share capital	0	0	2,200	0
Increase/decrease in capital reserve less IPO costs	-56	0	65,323	0
Dividends paid to company shareholders	-6,500	0	-13,500	-6,500
Increase/decrease in other non-current financial liabilities	-3,955	97	1,785	293
Increase/decrease in current financial liabilities	1,374	3,485	-5,716	8,940
Net cash flow used in financing activities from continuing operations	-9,137	3,581	50,091	2,733
Net cash flow used in financing activities from discontinuing operations	0	0	0	-233
Net cash flow used in financing activities – total	-9,137	3,581	50,091	2,500
Net decrease/increase in cash and cash equivalents	26,470	-10,888	34,941	-18,363
Change in cash and cash equivalents				
Cash and cash equivalents at beginning of the period	28,651	38,804	20,183	46,725
Net decrease/increase in cash and cash equivalents	26,470	-10,888	34,941	-18,363
Exchange gains/losses on cash and cash equivalents	-180	284	-184	-163
Cash and cash equivalents at end of the period	54,941	28,200	54,941	28,200

The notes on the following pages form an integral part of this condensed interim financial information.

Kapsch TrafficCom AG –

Selected notes to the condensed consolidated interim financial information.

1. General Information

The Kapsch TrafficCom Group operates mainly in the road traffic telematics market. It holds shares in several domestic and foreign companies. The parent company is headquartered in Vienna.

For financial reporting purposes the business activities of the Kapsch TrafficCom Group are subdivided into the following 3 segments:

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

The Road Solution Projects segment relates to the installation of road traffic telematics solutions.

The Services, System Extensions, Components Sales segment relates to the sale of services (maintenance as well as technical and commercial operation) and components in the area of traffic telematics solutions.

The Others segment represents the non-core-business. In this segment we offer engineering solutions, electronic manufacturing and logistics services to affiliated entities and third parties, including audio solutions equipment and systems for the Austrian E-Card.

2. Basis of preparation

This condensed interim financial information for the third quarter ended 31 December 2007 has been prepared in accordance with IAS 34, „Interim financial reporting“. The interim condensed financial report should be read in conjunction with the annual financial statements for the year ended 31 March 2007.

3. Accounting policies

The accounting policies adopted are consistent with those of the annual financial statements for the year ended 31 March 2007, as described in the annual financial statements for the year ended 31 March 2007.

In order to affect better disclosure certain items in the comparatives have been reclassified.

4. Segment Information

- RSP = Road Solution Projects
- SEC = Services, System Extensions and Components Sales
- OTH = Others

Primary reporting format – business segments

from continuing operations – in TEUR

FY08-Q3 (cum.)	RSP	SEC	OTH	Consolidated Group
Revenues	30,689	84,948	7,991	123,627
Operating Result	2,236	15,948	-508	17,675

FY07-Q3 (cum.)	RSP	SEC	OTH	Consolidated Group
Revenues	85,568	45,437	9,913	140,917
Operating Result	1,689	8,958	-778	9,870

5. Capital Expenditure

All amounts in TEUR

	Tangible and intangible Assets
Opening net book amount as of 1 April 2007	15,417
Additions	2,665
Change in consolidated entities	477
Disposals	-635
Depreciation, amortisation, impairment and other movements	-2,626
Currency translation differences	-216
Closing net book amount as of 31 December 2007	15,081
Opening net book amount as of 1 April 2006	15,427
Additions	3,907
Change in consolidated entities	488
Disposals	-29
Depreciation, amortisation, impairment and other movements	-3,496
Currency translation differences	86
Closing net book amount as of 31 December 2006	16,384

6. Other current financial assets

In July 2007 Kapsch TrafficCom Group bought financial instruments (securities) in the amount of EUR 30 million, that were classified as securities available-for-sale. In the third quarter of FY08 the TrafficCom Group sold thereof EUR 20 million and made a fixed term deposit (shown under Cash & cash equivalents) in the same amount.

7. Share Capital

The company issued 2.2 million new no-par value ordinary bearer shares in the course of its IPO. The offer price per share was EUR 32. The shares have a notional value of EUR 1. The total number of shares is 12.2 million (of which 3.7 million are in free float). The total share capital amounts to EUR 12.2 million.

8. Financial Liabilities

All amounts in TEUR	31 Dec 2007	31 Mar 2007	31 Dec 2006	31 Mar 2006
Non-Current	12,307	10,523	1,011	1,204
Current	16,407	22,124	17,461	8,299
Total	28,714	32,646	18,472	9,503

Movements in borrowings is analysed as follows:

Opening amount as of 1 April 2007	32,646
Additions	10,812
Repayments of borrowings	-14,744
Currency translation	0
Closing amount as of 31 December 2007	28,714
Opening amount as of 1 April 2006	9,503
Additions	8,972
Repayments of borrowings	-3
Currency translation	0
Closing amount as of 31 December 2006	18,472

9. Defined benefit plans

All amounts in TEUR	31 Dec 2007	31 Mar 2007	31 Dec 2006	31 Mar 2006
Severance payments	5,131	5,305	5,906	5,979
Pension benefits	9,135	9,247	9,248	9,237
Total	14,266	14,552	15,154	15,216

Severance Payments

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

Pension benefits

Liabilities for pension recognised 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 external pension fund for employees of the Group.

10. Provisions

All amounts in TEUR	31 Dec 2007	31 Mar 2007	31 Dec 2006	31 Mar 2006
Non-Current Provisions	1,634	1,684	1,813	1,796
Current Provisions	12,689	15,462	6,797	7,223
Total	14,323	17,146	8,610	9,020

FY08-Q3

All amounts in TEUR	01 Apr 2007	Change in consolidated entities	Use/disposal	Additions	Exchange rate differences	31 Dec 2007
Obligations from anniversary bonuses	457	19	-31	13	0	458
Costs of dismantling and removing assets	1,227	0	-46	0	-5	1,176
Non-current provisions, total	1,684	19	-77	13	-5	1,634
Warranties	4,165	0	0	0	-21	4,143
Losses from pending transactions and repairs	881	0	0	142	0	1,023
Legal fees, costs of litigation and contract risks	2,881	6	-1,896	2,450	133	3,574
Other	7,535	0	-6,698	3,065	46	3,948
Current provisions, total	15,462	7	-8,594	5,657	157	12,689
Total	17,146	26	-8,671	5,670	152	14,323

The reason for the reduction in the provisions are the changes in project work in progress and the associated change in projects risks.

FY07-Q3

All amounts in TEUR	01 Apr 2006	Change in consolidated entities	Use/disposal	Additions	Exchange rate differences	31 Dec 2006
Obligations from anniversary bonuses	620	8	-44	0	0	584
Costs of dismantling and removing assets	1,176	99	-46	0	0	1,229
Non-current provisions, total	1,796	107	-90	0	0	1,813
Warranties	3,711	0	-70	0	96	3,738
Losses from pending transactions and repairs	793	0	-170	0	0	623
Other	2,719	0	-641	358	0	2,436
Current provisions, total	7,223	0	-881	358	96	6,797
Total	9,020	107	-970	358	96	8,610

11. Operations result

The income statement for the first three quarters of FY08 includes one-off costs resulting from the IPO in the amount of TEUR 963. There were no comparable costs in the first three quarters of FY07.

12. Income taxes

Income tax expense is recognised on management's best estimate of the weighted average annual income tax rate expected for the full financial year. The estimated tax rate for the third quarter FY08 used is 35 % (the estimated tax rate for the third quarter FY07 was 24 %). This difference is attributable to specific local provisions in a subsidiary concerning financial precautions (accruals and deferrals) that are not included in the assessment basis and thus effect an increase in the corresponding corporate tax rate.

13. Earnings per share

Earnings per share attributable to equity holders of the company arises from continuing and discontinued operations as follows:

	FY08-Q3 cum.	FY07-Q3 cum.
Earnings per share for profit from continuing operations attributable to the equity holders of the company (expressed in EUR per share)	1.03	0.85
Earnings per share for profit from discontinuing operations attributable to the equity holders of the company (expressed in EUR per share)	0.00	-0.10

Earnings per share in FY08-Q3 related to 12.2 million shares, in FY07-Q3 related to 10.0 million shares.

14. Dividends

In a general meeting held on 5 June 2007 the shareholder of the parent company Kapsch TrafficCom AG, Vienna, resolved a dividend for the year 2006/07 in the amount of TEUR 10,000. In the current fiscal year this dividend was paid in full (thereof TEUR 6,500 in FY08-Q3) along with the remaining dividend for the year 2005/06 (TEUR 3,500).

15. Discontinued operations

Effective as of 8 March 2007, the Kapsch TrafficCom AG disposed of its product portfolio "mobile rail communications on GSM-R technology" to Funkwerk Systems Austria GmbH, Vienna, by means of an asset deal. Activities in this business formed part of Services, System Extensions and Component Sales segment.

As a result of the sale, the group has applied IFRS 5 in the financial year ending 31 March 2007

All amounts in TEUR	FY08-Q3	FY07-Q3	FY08-Q3 cum.	FY07-Q3 cum.
(a) Analysis of the result of discontinued operations				
Revenues	0	1,149	0	4,307
Expenses	0	-1,863	0	-5,324
Result from discontinued operations	0	-713	0	-1,017
(b) Cash flows from discontinued operations				
Net cash flow from operating activities	0	-676	0	-1,507
Net cash flow used in investing activities	0	157	0	427
Net cash flow used in financing activities	0	0	0	-233
Total cash flow	0	-519	0	-1,313

16. Business Combinations

On the basis of a share purchase agreement dated 26 April 2007 the Group has acquired 100 % of the shares of VTI Industrial (Pty) Ltd, Germiston, South Africa. The assets and liabilities arising from this acquisition, provisionally determined, are as follows:

VTI Industrial (Pty) Ltd

All amounts in TEUR

Cash paid	209
Fair value of net assets acquired	209
Goodwill	0

The assets and liabilities arising from the acquisition:

All amounts in TEUR	Fair Value	Acquiree's carrying amount
Intangible assets	145	0
Property, plant and equipment	2	2
Receivables and other assets	70	70
Cash and cash equivalents	46	46
Payables, other liabilities and accruals	-54	-54
Net assets acquired	209	64

On the basis of a share purchase agreement dated 5 December 2007 the Kapsch TrafficCom Group has acquired another 50 % of ArtiBrain Software Entwicklungsgesellschaft mbH, Vienna and is therefore sole owner with a stake of 100 %.

The assets and liabilities arising from this acquisition, provisionally determined, are as follows:“

ArtiBrain Software Entwicklungsgesellschaft mbH, Vienna

All amounts in TEUR

Cash paid incl. historical costs of foundation (387.5 TEUR)	488
Fair value of net assets acquired	488
Goodwill	0

The assets and liabilities arising from the acquisition:

All amounts in TEUR	Fair Value	Acquiree's carrying amount
Intangible assets	453	371
Property, plant and equipment	18	18
Receivables and other assets	294	294
Cash and cash equivalents	65	65
Payables, other liabilities and accruals	-343	-343
Net assets acquired	488	406

17. Contingent liabilities

The Group's contingent liabilities primarily result from major projects. Other commitments mainly relate to contract and warranty bonds, bank guarantees, performance and bid bonds, sureties and acceptance of guarantees for subsidiaries vis-à-vis third parties. Details of contingent liabilities and other commitments are as follows:

All amounts in TEUR

Contract and warranty bonds	31 Dec 2007	31 Mar 2007
City Highway Santiago	1,812	15,358
City Highway Sydney and Melbourne	1,854	7,901
	3,665	23,259
Performance, bid and other bonds		
Truck Tolling System Austria	12,500	12,500
Truck Tolling System Czech Republic	48,413	89,424
Tolling System New Zealand	2,091	0
Other	749	4,658
	63,753	106,582
Bank guarantees	1,859	12,179
Sureties	27	30
	1,886	12,209
Total	69,304	142,050

The decrease in contingent liabilities is attributable to the changes in the progress of projects.

18. Related-Party transactions

All amounts in TEUR		Sales to Related Parties Q3 (cum.)	Sales from Related Parties Q3 (cum.)	Amounts owed by Related Parties 31 Dec	Amounts owed to Related Parties 31 Dec
Affiliated companies outside the Kapsch TrafficCom Group	FY08	2,300	7,276	1,491	2,939
	FY07	3,900	9,109	649	7,991
Others	FY08	34	986	0	9,530
	FY07	18	926	2	9,758

Additionally, the related parties KAPSCH-Group Beteiligungs GmbH, Vienna, and Kapsch CarrierCom AG, Vienna, issued payment guarantees in the amount EUR 40 million and EUR 9 million respectively, in relation to the Czech truck tolling system.

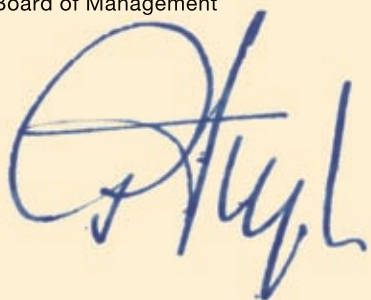
Members of the executive and supervisory boards have management functions or are member in supervisory boards of other companies of the Kapsch Group.

19. Events occurring after 31 December 2007

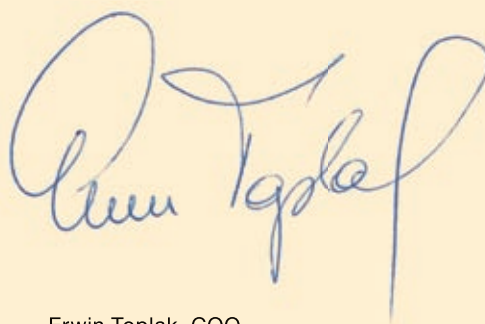
There were no material events after the balance sheet date.

Vienna, 27 February 2008

Board of Management



Georg Kapsch, CEO



Erwin Toplak, COO

Kapsch TrafficCom is an international supplier of innovative road traffic telematics systems, products and services. Its principle business is the development and supply of electronic toll collection (ETC) systems, in particular MLFF (multi-lane free-flow) ETC systems, 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 140 installed tolling systems in 30 countries in Europe, Australia, Latin America, the Asian/Pacific region and South Africa, and more than eleven million transponders and 11,000 equipped lanes, Kapsch TrafficCom has positioned itself among the market leaders in ETC systems worldwide. Kapsch TrafficCom is headquartered in Vienna, Austria, and has subsidiaries and representative offices in 18 countries.