Kapsch TrafficCom

EN

What Will Move Us **Tomorrow?**

Visions of Future Mobility.

Annual Report on Fiscal Year 2011/12.

always one step ahead

Discussions of the future of mobility are influenced by a number of aspects: technology, economic and transportation policy, structural development, environmental and climate protection, communication and quality of life, to name a few. This year's annual report from Kapsch TrafficCom gives voice to people who are directly or indirectly involved with these complex challenges. What personal expectations, what dream visions of the future of mobility are held, for instance, by an international transportation expert or a truck driver who travels the highways of many countries as part of his daily work? Whatever the mobility of the future might bring: Kapsch TrafficCom is always one step ahead – with innovative solutions for Intelligent Transportation Systems (ITS) and Electronic Toll Collection (ETC). For the transportation infrastructure of today and tomorrow.

Modern road infrastructure today relies on an adequate road network and telematic solutions, factors that complement each other. More importantly, without one or the other, the defined objectives cannot be achieved.

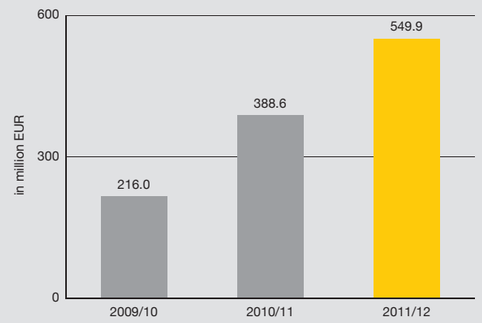
Magdalena Jaworska
GDDKiA, Deputy General Director for
National Roads and Motorways, Poland

Highlights of the Fiscal Year.

Earnings Data		2011/12	2010/11	+/- %	2009/10
Revenues	in million EUR	549.9	388.6	42 %	216.0
EBITDA	in million EUR	60.6	62.5	-3 %	32.0
EBITDA margin	in %	11.0	16.1		14.8
EBIT	in million EUR	42.2	48.9	-14 %	24.5
EBITDA margin	in %	7.7	12.6		11.4
Profit before tax	in million EUR	36.3	41.3	-12 %	43.9
Profit for the period	in million EUR	27.5	28.4	-3 %	36.5
Earnings per share [1]	in EUR	1.62	1.81	-11 %	2.64
Free cash flow [2]	in million EUR	-50.9	-19.9	156 %	41.6
Capital expenditure [3]	in million EUR	13.1	8.3	58 %	4.8
Employees [4]		2,705	2,167	25 %	1,023
On-board units delivered	in million units	11.2	5.2	115 %	3.5
Business Segments		**2011/12**	**2010/11**	**+/- %**	**2009/10**
Road Solution Projects (RSP)					
Revenues (% of total revenues)	in million EUR	229.9 (42 %)	158.9 (41 %)	45%	45.8 (21 %)
EBIT (EBIT margin)	in million EUR	4.1 (1.8 %)	0.1 (0.1 %)	>300 %	-20.9 (-45.6 %)
Services, System Extensions, Components Sales (SEC)					
Revenues (% of total revenues)	in million EUR	308.1 (56 %)	223.3 (57 %)	38 %	161.9 (75 %)
EBIT (EBIT margin)	in million EUR	37.3 (12.1 %)	48.3 (21.6 %)	-23 %	45.3 (28.0 %)
Others (OTH)					
Revenues (% of total revenues)	in million EUR	12.0 (2 %)	6.4 (2 %)	88 %	8.3 (4 %)
EBIT (EBIT margin)	in million EUR	0.8 (6.5 %)	0.4 (6.7 %)	82 %	0.2 (1.9 %)
Region		**2011/12**	**2010/11**	**+/- %**	**2009/10**
Austria – Revenues (% of total revenues)	in million EUR	32.8 (6 %)	37.5 (10 %)	-13 %	42.4 (20 %)
Europe [5] – Revenues (% of total revenues)	in million EUR	341.4 (62 %)	182.0 (47 %)	88 %	117.1 (54 %)
Americas – Revenues (% of total revenues)	in million EUR	63.6 (12 %)	27.6 (7 %)	130 %	12.1 (5 %)
Rest of World – Revenues (% of total revenues)	in million EUR	112.1 (20 %)	141.5 (36 %)	-21 %	44.5 (21 %)
Balance Sheet Data		**31 March 2012**	**31 March 2011**	**+/- %**	**31 March 2010**
Total assets	in million EUR	557.7	450.1	24 %	295.1
Total equity [6]	in million EUR	256.2	191.5	34 %	168.2
Equity ratio [6]	in %	45.9	42.5		57.0
Net assets (+) / debt (-)	in million EUR	-74.4	-47.2	58 %	35.3
Capital employed	in million EUR	383.8	288.7	33 %	187.5
Net working capital	in million EUR	285.7	175.9	62 %	104.6
Stock Exchange Data		**2011/12**	**2010/11**	**+/- %**	**2009/10**
Number of shares [4]	in million	13.0	12.2	7 %	12.2
Free float [4]	in %	38.1	31.6		31.6
Closing price [4]	in EUR	63.5	62.5	2 %	25.3
Market capitalization [4]	in million EUR	825.5	762.5	8 %	308.2
Share performance	in %	1.6	247.4		70.9
Dividend per share	in EUR	0.90 [7]	1.00	-10 %	0.75

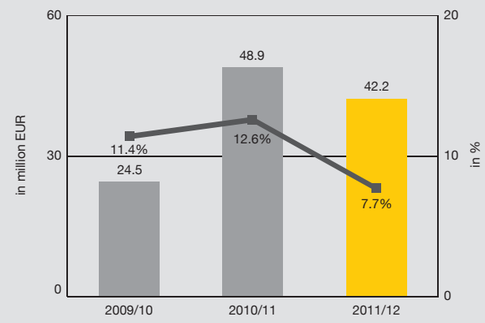
1 Earnings per share 2011/12 relate to a weighted average number of 12.74 million shares
2 Operating cash flow minus capital expenditure from operations (excl. payments for acquisition of companies and purchases of securities and investments)
3 Capital expenditure from operations (excl. payments for acquisition of companies and purchases of securities and investments)
4 As of 31 March of each year
5 Excl. Austria
6 Incl. minority interests
7 Proposal of the executive board subject to approval of the shareholders' meeting on 24 August 2012

Revenues



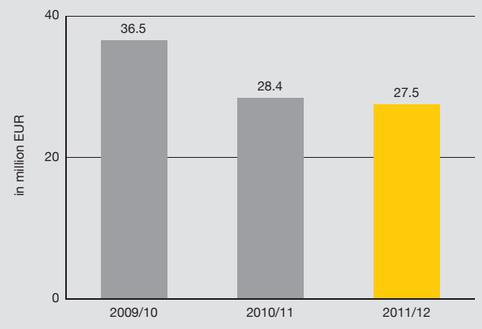
Revenues increased by 42 % or EUR 161.3 million to EUR 549.9 million.

EBIT and EBIT margin



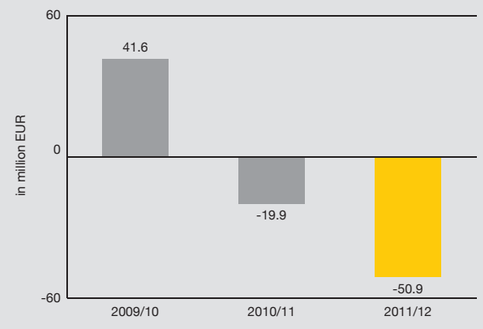
EBIT decreased by 14 % to EUR 42.2 million, the EBIT margin to 7.7 %.

Profit for the period



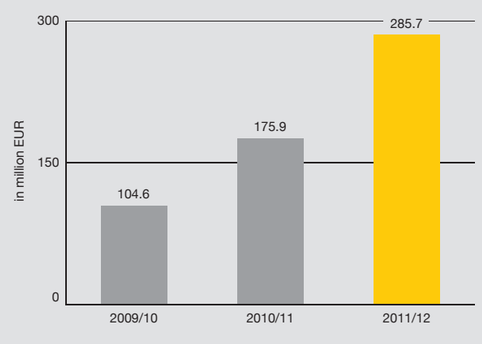
Profit for the period remained mostly unchanged at EUR 27.5 million.

Free cash flow [2]



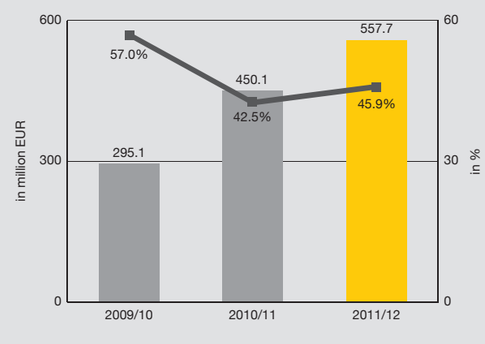
Free cash flow decreased by 156 % to EUR -50.9 million.

Net working capital



Net working capital increased by 62 % to EUR 285.7 million.

Total assets and equity ratio [3]



Total assets increased by 24 % to EUR 557.7 million, the equity ratio was at 45.9 %.

System implementation in Poland

On 3 July 2011, we launched the nationwide electronic toll collection system viaTOLL on the existing road network of around 1,560 kilometers for all vehicles above 3.5 tons after an implementation period of only eight months.

The system was completed in stages up to the end of December 2011 and finally accepted on 21 February 2012.

In the first nine months of the operation, the system generated toll revenues of approximately PLN 615 million (EUR 147 million).

The revenues of EUR 205.3 million correspond to 37 % of total revenues, making Poland the largest sales market in fiscal year 2011/12.

System implementation in South Africa

In South Africa, the start of the electronic toll collection system for multi-lane free-flow traffic in the Gauteng province has been delayed.

On 28 April 2012 – just two days before the final scheduled commissioning deadline – the start of the fully completed system was suspended by court order due to a lawsuit.

On 23 May 2012, the government elected to appeal the court decision.

Technology and service contract with the E-ZPass Group

On 22 July 2011, Kapsch TrafficCom IVHS was selected as supplier by the E-ZPass Group for the new ten-year technology and service contract.

We will therefore continue providing on-board units and readers as well as ancillary equipment and services to support the operation of the largest interoperable toll collection system in the world.

The E-ZPass Group is a coalition of 24 toll agencies in 14 U.S. states. Most of the contracts with the agencies were already signed by 31 March 2012.

First contract award in Portugal

In July 2011, we received the order for implementation of an electronic toll collection system for multi-lane free-flow traffic on more than 100 kilometers of Portugal's primary road network.

The system for the Portuguese operator ASCENDI will be completed in stages by October 2013. The first toll stations are already operating.

Upon completion, we will take over the technical operation including maintenance of the system.

Contract award in Russia

On 29 December 2011, the contract for the maintenance and toll-based operation of a 400 kilometer segment of the M4 Don highway was concluded.

The contract encompasses the implementation of a toll collection system as well as traffic information and management systems.

The contract was awarded to LLC "United Toll Systems", a joint venture in which our Russian partner Mostotrest holds the controlling stake of 51 % and Kapsch TrafficCom Russia holds 33.3 %.

Upon implementation, LLC "United Toll Systems" will take over the operation of the systems for 10 years with a three-year extension option.

Contract award in Belarus

On 29 February 2012, we concluded the implementation of a nationwide electronic toll collection system for a road network that will total 2,743 km upon completion of the final project stage in Belarus.

The total contract value for the implementation of the system (excluding operation) amounts to approximately EUR 267 million, of which EUR 158 million will go toward the first two phases. The first phase of the system will start operation on 1 July 2013.

Each phase will be financed and implemented by Kapsch TrafficCom and repaid within three years from the start of the operation.

Upon implementation, we will take over operation of the system for 20 years.

Contract award in France

In March 2012, we concluded an agreement with the French toll service provider Axxès regarding the supply of on-board units based on global navigation satellite system (GNSS) technology as well as central solutions for a charging system.

The order relates to the introduction of a distance-based truck tax in France as part of the Ecotaxe project.

With a total value of more than EUR 25 million, this is our largest contract for GNSS technology so far.

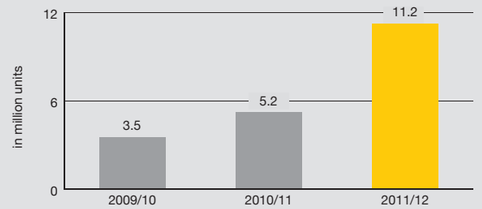
Extension of contract in Austria

In October 2011, we reached a basic agreement with Asfinag Mautservice GmbH on the extension of the operation and maintenance contract for the nationwide electronic toll collection system on roughly 2,200 kilometers of motorways and expressways in Austria.

The contract currently terminates at the end of 2013, and a new annex to the contract now extends the termination up to the end of 2018.

At an average toll transaction rate of 99.9 %, the system generated toll revenues of about EUR 1.1 billion in 2011.

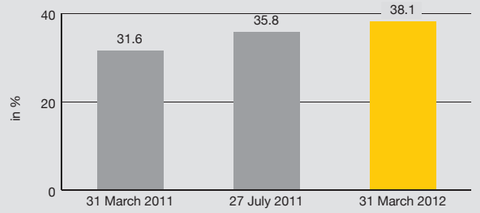
Business with on-board units



We increased the volume of on-board units delivered to an all-time high of 11.2 million units.

Of this volume, 43 % of the deliveries went to America, 30 % to Europe and 27 % to other countries.

Increase of free float



On 27 July 2011, Kapsch TrafficCom AG issued 800,000 new shares of approved capital. The gross proceeds reached EUR 49 million. Together with the sale of shares by the core shareholder KAPSCH-Group Beteiligungs GmbH to increase the free float and thus the liquidity of the shares, this increased the free float from 31.6 % as at 31 March 2011 to 38.1 % as at 31 March 2012.

Strategy 2016 and organization

The strong growth of Kapsch TrafficCom in recent years, the planned continuation of this growth as well as the expected changes in the market environment require the further development of the group.

In fiscal year 2011/12, we defined the strategy up to the year 2016, which we have now begun implementing.

On one hand, the organization must be adapted to our growth and its efficiency must be increased; on the other, we can develop additional growth prospects by expanding into new fields of business and markets.

Innovation award

At Intertraffic Amsterdam, one of the world's biggest trade exhibitions for traffic, our new tunnel safety product, Automatic Camera Calibration (ACC), was awarded the Intertraffic Innovation Award in the "Safety" category.

ACC beat numerous other entries to win by virtue of its extraordinary speed, precision, cost efficiency and clear safety benefits.

With ACC, we have a revolutionary and simple way of calibrating tunnel cameras within the framework of our Incident Detection System 2.0.

Contents.

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To improve general readability, generic masculine pronouns and word forms have been used where appropriate and the consistent quotation of academic titles was neglected. An overview of the technical terms used in this document can be found in the glossary on page 96. This annual report was created with the greatest possible care, and all data has been checked conscientiously. Nevertheless, the possibility of layout and printing errors cannot be completely excluded. Slight differences in calculations may arise due to the rounding of individual items and percentages. The English translation is for convenience; only the German text is binding.

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.

Always one step ahead.

Our company philosophy is concisely expressed in a single phrase: always one step ahead. Striving for global quality and innovation leadership in the rapidly growing market of intelligent transportation systems (ITS), we are always the decisive step ahead of the competition.

Kapsch is always looking to the future. Visionary ideas combined with entrepreneurial expertise are a high priority at Kapsch TrafficCom. Based on the technology applied in systems around the world, we are helping to define the future for drivers, road operators and commercial service providers with innovative traffic applications. At the same time, we are committed to consistent value creation and we accept our responsibility toward society.

Kapsch is always innovative. Taking advantage of the newest technologies in practical applications is an integral part of the company strategy and a key element of the success of Kapsch TrafficCom. Our networked international research and development centers are therefore constantly searching for new, forward-looking applications. This has given rise to pioneering projects of ITS applications such as Section Control, Weigh in Motion, Incident Detection System, Traffic Flow Analysis and Hazardous Goods Transport Tracking, which offer added value to our customers and enable new commercial applications. A system-independent perspective, an international pool of experts and a sound business attitude allow us to develop high-performance products and solutions used around the world.

Kapsch is always striving for excellence. The systems of Kapsch TrafficCom offer customers high return on investment through outstanding transaction performance and system security – all thanks to state-of-the-art technologies, more than 2,700 dedicated employees and our many years of experience. Around the world, more than 70 million delivered on-board units and about 18,000 equipped lanes provide for safe and reliable operation. We follow an integrated management system for health and safety, security, environment and quality (HSSEQ) whose processes are based on the standard according to ISO and are frequently audited.

Kapsch is always aware of its responsibilities. We are aware that we make a meaningful contribution to shaping a sustainable future. The solutions of Kapsch TrafficCom provide a wide range of benefits: they contribute to the financing of infrastructure projects, improve traffic safety and help prevent traffic jams, which also reduces CO_2 emissions. You can learn how we address sustainability and our related responsibilities in our sustainability report.

Kapsch is always close to its customers. Our solutions are experienced by people around the world. The international success of Kapsch TrafficCom is exemplified by more than 280 customer references in 41 countries on all 5 continents. We offer products, systems and services for high-performance intelligent transportation systems as a one-stop shop and cover the entire value creation chain of our customers with our end-to-end solution portfolio.

Mobility has much to do with communication, prosperity and freedom. That is why we need transportation systems that are equally accessible to all people. New drive technologies and more efficient networking of the various modes of transport will make this possible.

Gabriele Zuna-Kratky
Director of the Vienna Museum of Technology

Letter from the **Chief Executive Officer.**

Georg Kapsch, Chief Executive Officer

Dear Shareholders.

Fiscal year 2011/12 was an eventful one for the Kapsch TrafficCom Group. This annual report demonstrates just how much we have achieved. Our existing projects as well as new orders contributed to our strong continued growth. The 42 % increase in revenues reflects in particular the progress of our major projects in Poland and South Africa but also the successful expansion of our business in the U.S.A. The volume of delivered on-board units also paints a clear picture: after delivering 5.2 million units in the previous year, the volume in the reporting year rose to an impressive 11.2 million. Furthermore, the completion and the start of the operation of the nationwide electronic toll collection system in Poland and the new projects we have recently acquired give us good reason to view the future with optimism.

On the other hand, we are less than pleased by the operating results for the reporting period. Delays in the system implementation and the resulting considerable reduction in operating income in Poland and South Africa made for disappointing developments in the second half of 2011/12. With a negative EBIT in the third quarter and only weak positive developments in the fourth quarter, we clearly missed our target of a two-digit EBIT margin this year. Despite all this, I am able to report today that the uncertainties surrounding these two projects, at least those over which we have control, have been significantly reduced and in many cases eliminated.

Major project in Poland completed. In Poland, after an implementation period of only eight months, we started the operation of the nationwide electronic toll collection system viaTOLL on 3 July 2011 and completed it in stages up to the end of December. The system acceptance finally took place on 21 February 2012. Up to this time, we were already covering the ongoing expenses despite significantly reduced revenues from the operation of the system due to the delayed system acceptance. Payment of the last system installation milestone was also linked to this. Recent months proved challenging in this regard, but we are nevertheless quite satisfied with the result. In the first quarter of 2012/13, we will be able to generate the full revenues from the operation of the system for the first time. The net payment of EUR 103.3 million received in April will also be reflected strongly in the free cash flow.

Delay in South Africa. The start of the electronic toll collection system for multi-lane free-flow traffic in the South African province of Gauteng has been delayed. On 28 April 2012 – just two days before the scheduled commissioning deadline – the start of the fully completed system in South Africa was suspended indefinitely by court order due to a lawsuit. On 23 May 2012, the government elected to appeal the court decision.

New projects and markets support continued growth. By contrast, our business in the U.S.A. has developed extremely successfully following extensive investments over recent years in developing this market for Kapsch TrafficCom. This is highlighted in particular by the strategic significance of the success we achieved in July 2011. Kapsch TrafficCom IVHS was selected by the E-ZPass Group – a coalition of 24 toll agencies in 14 U.S. states and operator of the world's largest interoperable toll collection system – as supplier for the new ten-year technology and service contract.

Another bright spot of our fiscal year was the contract for maintenance and toll-based operation of a highway section in Russia obtained by our joint venture with the Russian construction company Mostotrest. In addition to a toll collection system, the joint venture will be implementing a traffic information and management system to enhance the traffic safety and control. The operation contract has a ten-year term with an extension option. Already in the previous year, we equipped intersections in the city of Kazan with fully electronic red light, lane and speed monitoring systems. With this important order, we have now taken another major step into the Russian market, which is one of the world's most rapidly growing ITS markets.

In February 2012, we also received a major order in Belarus, where we will be implementing a nationwide electronic toll collection system, followed by 20 years of operation. We were able to offer a financing model that involves prefinancing of the individual phases by Kapsch TrafficCom and repayment within three years of the start of operation. This confirms our belief that we must increasingly offer intelligent and creative financing models in the future.

In Portugal, we were contracted to build an electronic toll collection system for multi-lane free-flow traffic on a stretch of over 100 km. The system will be completed in stages by October 2013. After implementation, we will take over technical operation including maintenance.

In March, we concluded an agreement with the French toll service provider Axxès regarding the supply of on-board units based on global navigation satellite system (GNSS) technology as well as central solutions for a charging system in connection with the introduction of a distance-based truck tax in France as part of the Ecotaxe project. This is the largest GNSS technology contract obtained by Kapsch TrafficCom so far.

In Austria, we reached a basic understanding in July 2011 regarding the extension of the operation and maintenance contract for the nationwide electronic truck toll collection system to expire at the end of 2013. From a historical perspective, this is our first operation contract to expire, which makes us all the more pleased to have arrived at an early understanding with Asfinag Mautservice GmbH regarding an extension to the end of 2018.

Five years on the stock exchange – a look back. I would like to take this opportunity to invite you to look back somewhat farther than just the current reporting period. As of the publication of this annual report, Kapsch TrafficCom AG will have been a publicly listed company for almost exactly five years. On the occasion of our IPO on 26 June 2007, we presented you with a growth story. Today, I am pleased to confirm this growth: Since that

day, we have entered into new markets and our revenue has increased considerably from EUR 200 million to EUR 550 million. Our global employee population of roughly 2,700 is today four times larger than it was, and over half of our employees are already working outside of Europe. The value of the Kapsch TrafficCom Group as measured by the stock market has more than doubled since the IPO.

In this time, we have realized many important projects. We have implemented toll collection systems on all five continents, and we handle the operation of existing systems. We have grown both organically and with the help of major acquisitions, such as the one in the U.S.A. in 2010. In this way, the Kapsch TrafficCom Group has been able to significantly strengthen its market position and expand its market share. At the same time, we strengthened our capital base through the issue of corporate bonds in November 2010 as well as new shares in July 2011 in order to remain a reliable partner and continue our growth.

Looking forward: Strategy 2016 and a new organizational structure. Five years are a good beginning, but we are striving for further growth as well as global leadership in quality and innovation. In the previous year, we defined our new strategy until the year 2016 as well as five strategic paths that will guide us during the coming years. Put simply, we want to grow in our core business of electronic toll collection and also expand both regionally and by moving into new business fields. We are planning to increasingly offer selected ITS applications even beyond toll collection systems, as we are already doing successfully in individual projects. We want to prepare ourselves for the convergence of the ITS market that we expect in the next five to ten years and secure our long-term growth prospects. In parallel to this, we have developed a new company structure aligned with the strategic requirements to ensure maximum efficiency in our day-to-day business. We will adapt the structure of Kapsch TrafficCom Group to ensure that global synergies are identified and that decision-making processes are accelerated.

The challenges of change. With the planned changes to our group, we believe we are well prepared for the expected market developments and for our continued growth. Nevertheless, we are also aware of the associated challenges – both on the market and internally. The new organization must be actively embraced by all our employees. I would therefore like to first thank you all for the dedication that has made Kapsch TrafficCom successful over the years.

Thanks also to my colleagues on the executive board, Erwin Toplak and André Laux, for their outstanding cooperation. I also thank the supervisory board for their advice and consultations. Long-term partnerships bind us to our customers, both contributing to and confirming the success of Kapsch TrafficCom. My gratitude therefore extends to our customers as well for their excellent cooperation.

Last but not least, I thank you, our esteemed investors, for your trust in our company. We hope you continue to share in our journey of growth.

Georg Kapsch
Chief Executive Officer

Corporate Governance Report.

In June 2007, the executive board (*Vorstand*) and supervisory board (*Aufsichtsrat*) resolved to apply the rules of the Austrian Code of Corporate Governance (the Code) as far as they are consistent with the specific situation of the company. The Code as amended in January 2012 is available (together with the version as of January 2010, which was relevant for the past fiscal year) for download under www.corporate-governance.at. Compliance with the Code is evaluated by the compliance officer together with internal audit on an annual basis.

Corporate Governance Declaration.

In the fiscal year 2011/12 ended 31 March 2012, Kapsch TrafficCom AG complied with the L-Rules and C-Rules of the Code in the January 2010 version, with the exception of C-Rule 53 (the company does not intend to establish independence criteria that differ from the general requirement set forth in the Code as it believes such additional criteria are not required) and C-Rule 67 (due to the intense competition in the industry in which the company is active, it will not make available to all shareholders all information at the same time it may make available to financial analysts).

Executive Board.

Kapsch TrafficCom AG has a two-tier management and oversight structure in accordance with the Austrian Stock Corporation Act *(Aktiengesetz)*, consisting of the executive board *(Vorstand)* and the supervisory board *(Aufsichtsrat)*. The executive board is responsible for directing the business and represents the company in dealings with third parties. The supervisory board is responsible for appointing and dismissing the members of the executive board and supervising the business conducted by the executive board. Although the supervisory board does not actively manage the company, the executive board must obtain the consent of the supervisory board before engaging in certain transactions in accordance with the Austrian Stock Corporation Act *(Aktiengesetz)*, the company's articles of association and the executive board's internal rules of procedure *(Geschäftsordnung)*.

Erwin Toplak, Chief Operating Officer Georg Kapsch, Chief Executive Officer André Laux, Executive Board Member

Pursuant to the articles of association, the executive board consists of one to four members appointed by the supervisory board for a term of up to five years. The executive board currently consists of three members.

Name	Area of responsibility	Year of birth	Year first appointed	Year current term expires
Georg Kapsch (CEO)	Finance and Administration, Mergers & Acquisitions, Investor Relations, Legal, International Subsidiaries, Human Resources, Marketing & Communications, International Relations & Affairs, Innovation Management, Production, Telematic Services and Region North America	1959	2002	2014
Erwin Toplak (COO)	Sales Region 1[1], Business Development, System Engineering, Research & Development and Technical Operations	1961	2002	2014
André Laux (Executive Board Member)	Sales Region 2[1], Business Development, Product and Project Management	1962	2010	2013

1 The sales regions have developed historically and are addressed in the case of Region 1 by Kapsch TrafficCom AG and in the case of Region 2 by Kapsch TrafficCom AB, Sweden.

Georg Kapsch was appointed CEO of Kapsch TrafficCom AG in December 2002 and also holds functions in some of its direct and indirect subsidiaries. Since October 2000, Georg Kapsch has also served as the CEO of KAPSCH-Group Beteiligungs GmbH. He has been a member of the executive board of Kapsch AG since July 1989 and was appointed as its CEO in October 2001. Georg Kapsch studied business administration at the Vienna University of Economics and Business Administration *(Wirtschaftsuniversität Wien)* and graduated in 1981. He has been the chairman of the Technical University of Applied Sciences Vienna *(Fachhochschule Technikum Wien)* since September 2002 and of the Austrian Electronic Association *(Österreichischer Elektronik-verband)* since December 2002. He was the vice president of the Association of the Austrian Electrical and Electronics Industries *(Fachverband der Elektro- und Elektronikindustrie)* between January 2003 and June 2012. In December 2008, Georg Kapsch was appointed president of the Vienna Regional Group of the Federation of Austrian Industries *(Industriellenvereinigung Wien)* and on 21 June 2012 he was also elected president of the Federation of Austrian Industries *(Industriellenvereinigung Österreich)*.

In addition, Georg Kapsch serves as CEO of DATAX HandelsgmbH, as chairman of the supervisory board of Kapsch CarrierCom AG, as deputy chairman of the supervisory board of Kapsch Business Com AG as well as member of the supervisory board of Teufelberger Holding AG.

Erwin Toplak has been a member of the executive board of Kapsch TrafficCom AG since June 2002 and also holds functions in some of its direct and indirect subsidiaries. He has been employed by the Kapsch Group since 1991, first as marketing and sales manager of the newly established toll collection division of Kapsch AG (1991–1994) and later as senior manager (1994–1999) as well as director (1999–2002) of the traffic control systems division of Kapsch AG. Erwin Toplak graduated from the polytechnic *(Höhere Technische Lehranstalt)* in Graz in 1984 with a degree in telecommunications and electrical engineering. He is vice president of the Austrian Electrotechnical Association *(Österreichischer Verband für Elektrotechnik).*

André Laux has joined the Kapsch TrafficCom Group in December 2007, has been a member of the executive board of Kapsch TrafficCom AG since 1 April 2010 and also holds functions in some of its direct and indirect subsidiaries. He began his professional career in different sales and management positions, both internationally and domestically (1988-1997), after completing a degree in business administration in Germany and England. In 1997, he became director of the German chip maker ODS Landis & Gyr in Munich. In 2000, André Laux transferred within the group to become CEO of Skidata AG in Salzburg. In 2004, he took over as CEO of Winter AG in Munich.

Workflow. The areas of responsibility of the individual executive board members, the procedures (such as requirements and procedures to pass resolutions) as well as the transactions that require approval by the supervisory board are defined in the articles of association and the internal rules of procedure for the executive board. The executive board holds regular meetings to exchange information and pass resolutions on all issues that fall under the competence of the entire executive board.

Remuneration. In the fiscal year 2011/12, the aggregate fixed and variable remuneration for the members of the executive board, including the cross-charge from Kapsch AG for the services of Georg Kapsch, amounted to EUR 1.82 million (fiscal year 2010/11: EUR 1.57 million).

Georg Kapsch is employed by Kapsch AG. His work is part of the management and consulting services provided by Kapsch AG, which are billed to Kapsch TrafficCom AG and disclosed in the notes to the consolidated financial statements under “Related parties”.

Erwin Toplak. The remuneration of Erwin Toplak is based on a compensation system that, in addition to the base compensation, provides for annual variable compensation of up to 28 % of the base compensation. The variable compensation depends primarily on the achievement of certain predefined financial performance indicators. If his executive board contract is terminated at the end of the current term of office, Erwin Toplak is entitled to a severance payment that equals eleven times his monthly salary. Mr. Toplak is required to comply with a non-competition clause for one year following the termination of his executive board position (unless he terminates for cause). In addition, he has an individually defined pension scheme for which Kapsch TrafficCom AG pays approximately TEUR 14 annually to an outside pension fund. As of 31 March 2012, Erwin Toplak held 152,728 shares of Kapsch TrafficCom AG, corresponding to about 1.2 % of the share total of 13 million.

André Laux. The remuneration of André Laux is determined based on a compensation system that, in addition to the base compensation, provides for annual variable compensation of up to 34 % of the base compensation. The variable compensation depends primarily on the achievement of certain predefined financial performance indicators. If his executive board contract is terminated at the end of the current term of office, André Laux is required to comply with a non-competition clause for one year following termination of his executive board position (unless he terminates for cause). André Laux has an individually defined pension scheme for which Kapsch TrafficCom AG pays approximately TEUR 5 annually to an outside pension fund.

Executive board remuneration 2011/12 in TEUR	Fixed	Variable	Total
Georg Kapsch	444	578	1,022
Erwin Toplak	378	64	442
André Laux	285	74	359
Total	**1,107**	**716**	**1,823**

Directors and officers liability insurance. The members of the executive board are insured against financial losses with a directors and officers liability insurance policy. In addition to the executive board, the policy also covers the members of the supervisory board as well as key managers of the Kapsch TrafficCom Group. Because a collective premium is paid, it is not possible to allocate a specific amount to individual members of the executive board.

Supervisory Board.

Pursuant to the articles of association, the supervisory board consists of three to six members elected by the shareholders' meeting, plus the representatives delegated by the works council *(Betriebsrat)* according to the Austrian Labor Constitutional Act *(Arbeitsverfassungsgesetz)*. The current members are:

Name	Position	Year of birth	Year first appointed	Year current term expires
Franz Semmernegg	Chairman	1968	2002	2013
Kari Kapsch	Deputy chairman	1964	2002	2013
Sabine Kauper	Member[1,2]	1968	2011	2014
Christian Windisch	Member[3]	1963	2002	–
Claudia Rudolf-Misch	Member[3]	1967	2010	–

1 Member meeting the criteria of rule C-54 of the Code
2 Since 22 August 2011 (until such date William Morton Llewellyn)
3 Delegated by the works council; without information on expiration since the works council may recall a member it has delegated at any time

Franz Semmernegg has been a member of the supervisory board of Kapsch TrafficCom AG since June 2002. Since June 2005, he has been chairman of the supervisory board. Franz Semmernegg has been the CFO of KAPSCH-Group Beteiligungs GmbH since April 2005. He also serves as the CEO of Kapsch BusinessCom AG and has been a member of the executive board of Kapsch BusinessCom AG since March 2003. In addition, he has also been the CFO of Kapsch AG since October 2001 and was a member of the executive board of Schrack BusinessCom AG from 1999 to September 2001. In 1998, Franz Semmernegg was responsible for the successful management buy-out of Schrack BusinessCom AG from Ericsson Austria AG and was previously involved in management functions at Ericsson Austria AG (1998) and Schrack Seconet AG (1997). He graduated with a degree in business administration (1992) and a Ph.D. (1997) from the University of Graz *(Karl-Franzens-Universität).*

In addition, Franz Semmernegg serves as a member of the executive board of CALPANA business consulting GmbH, Kapsch Smart Energy GmbH, Kapsch Cashpooling and Hedging GmbH as well as Kapsch IT Services for finance and industries GmbH. He also serves as a member of the advisory board of Kapsch Sp. z.o.o., Kapsch BusinessCom Kft., Kapsch BusinessCom s r.o. (Prague), Kapsch s r.o. (Bratislava), Kapsch S.R.L. and Enso GmbH.

Kari Kapsch has been a member of the supervisory board of Kapsch TrafficCom AG since June 2002 and the deputy chairman since June 2005. He previously served as deputy chairman of the supervisory board from June 2002 to December 2002 and as chairman of the supervisory board from December 2002 to June 2005. Kari Kapsch has also been the COO of KAPSCH-Group Beteiligungs GmbH since December 2005. In addition, he is also the COO of Kapsch AG and CEO of Kapsch CarrierCom AG. He is involved in several industry-related associations and was the chairman of the executive board of Young Industry Vienna *(Junge Industrie Wien)* and deputy chairman of Young Industry Austria *(Junge Industrie Österreich)* from 1996 to 2002. Kari Kapsch graduated with a degree (1988) and a Ph.D. (1992) in physics from the University of Vienna *(Universität Wien).*

In addition, Kari Kapsch is a member of the executive board of Kapsch Immobilien GmbH, chairman of the board of Kapsch BusinessCom AG and as well a member of the advisory board of Kapsch Sp. z.o.o., Kapsch BusinessCom Kft., Kapsch BusinessCom s r.o. (Prague), Kapsch s r.o. (Bratislava) and Kapsch S.R.L.. Kari Kapsch is the brother of Georg Kapsch, the CEO of Kapsch TrafficCom AG.

Sabine Kauper, holds a master's in business administration. She was most recently the CFO of Sunselex AG in Munich and completed a training program to become a qualified supervisory board member with certification by Deutsche Börse AG. From the year 2000 to December 2011, she worked for Phoenix Solar AG, Germany, and was a member of the executive board of Phoenix Solar AG since 2007. As Chief Financial Officer she was responsible for Finance, Personnel and Organizational Development, International Processes and IT, Internal Audit and Legal. Sabine Kauper has been on the supervisory board of SKW Stahl-Metallurgie Holding AG since 2009. She obtained a master's degree in business administration with electives in tax and auditing. After completion of her degree course, she worked for an auditing company for four years.

Christian Windisch has been a member of the supervisory board delegated by the works council since November 2002. He joined Kapsch Group in September 1984 and is currently employed in quality management. Christian Windisch graduated from the polytechnic *(Höhere Technische Lehranstalt)* in Vienna with a degree in telecommunications and electrical engineering.

Claudia Rudolf-Misch has been a member of the supervisory board of Kapsch TrafficCom AG delegated by the works council since November 2010. She joined Kapsch TrafficCom in June 2004 and is responsible for the integrated management systems HSSEQ (Health-Safety-Security-Environment-Quality). She is a certified manager and auditor according to ISO 9001, ISO 14001 and OHSAS 18001. Claudia Rudolf-Misch received an MBA in 2001.

All members elected by the shareholders' meeting are considered independent as defined by rule C-53 of the Code and the guidelines for independence according to appendix 1 of the Code. Sabine Kauper is also independent of the principal shareholder of KAPSCH-Group Beteiligungs GmbH as defined by rule C-54 of the Code.

The supervisory board held four meetings in the past fiscal year. No member of the supervisory board attended less than half the meetings. In the past fiscal year, there were no transactions requiring approval in accordance with § 95 para. 5 no. 12 of the Stock Corporation Act *(Aktiengesetz)* with members of the supervisory board or with companies in which a member of the supervisory board has a significant financial interest, with the exception of the transactions listed in the notes to the consolidated financial statements under "Related parties".

Remuneration. The members of the supervisory board and its committees receive reimbursement of actual expenses, including reasonable travel expenses. In addition, the shareholders' meeting may provide for the annual remuneration of supervisory board members. On 24 June 2009, the annual shareholders' meeting resolved to grant William Morton Llewellyn remuneration of TEUR 3 per meeting. Remuneration of TEUR 8 was paid for the past fiscal year until his resignation on 22 August 2011. No other member of the supervisory board receives specific remuneration for such office; any remuneration for Sabine Kauper for the past fiscal year needs to be resolved upon by the annual general meeting on 24 August 2012.

Kapsch AG renders additional, remunerated consulting services to Kapsch TrafficCom AG, which are performed in part by Franz Semmernegg and/or Kari Kapsch.

Directors and officers liability insurance. The members of the supervisory board are insured against financial losses with a directors and officers liability insurance policy. In addition to the supervisory board, the policy covers the members of the executive board as well as key managers of the Kapsch TrafficCom Group. Because a collective premium is paid, it is not possible to allocate a specific amount to individual members of the supervisory board.

Committees of the Supervisory Board.

The supervisory board has established an audit committee *(Prüfungsausschuss)* and a committee for executive board matters *(Ausschuss für Vorstandsangelegenheiten)*.

The committee for executive board matters is responsible for the relationship between the company and the members of the executive board (including remuneration issues), except for the appointment or dismissal of members of the executive board. It consists of two members of the supervisory board elected by the shareholders' meeting, including the chairman of the supervisory board. The current members of the committee for executive board matters are Franz Semmernegg (chairman) and Kari Kapsch. The committee for executive board matters held no meeting in the past fiscal year.

The audit committee is responsible for the duties set out in section 92 para 4a Stock Corporation Act *(Aktiengesetz)*. These responsibilities include the review and preparation of the approval of the financial statements and consolidated financial statements, the audit of the corporate governance report, the review of the audit process and the auditor's independence, the preparation of a proposal for the distribution of profit and the preparation of a report to the annual shareholders' meeting. Furthermore, the audit committee prepares the proposal of the supervisory board for the selection of an auditor, reviews the accounting process and the effectiveness of the internal control and risk management systems.

One member of the audit committee must be a financial expert *(Finanzexperte).* Persons who were previously members of the executive board, managing directors or auditors of the company or persons who certified the company's annual or consolidated financial statements within the last three years do not qualify as financial experts and may not serve as chairman of the audit committee. The current members of the audit committee are Franz Semmernegg (chairman/financial expert), Kari Kapsch and Christian Windisch. The audit committee held a total of four meetings in the past fiscal year.

In addition to the members of the audit committee, the audit committee meetings must be attended by the executive board and a representative of the auditor, if requested by the chairman of the audit committee or required by law.

Promotion of Women to the Executive and Supervisory Boards and Senior Positions.

Kapsch TrafficCom AG has no specific plan for promoting women to the executive board, the supervisory board or senior positions in the company and its subsidiaries. Candidates are always selected with a view to identifying the best person for the job, regardless of gender. Women are employed in various senior positions throughout Kapsch TrafficCom AG (such as head of finance & administration) and its subsidiaries. Currently two members and thus one third of all members of the supervisory board are female, Claudia Rudolf-Misch (delegated by the works council) and Sabine Kauper (elected by the general meeting).

Women are supported through a flexible working hours scheme that is designed to help combine professional and private life. In addition, Kapsch TrafficCom cooperates with schools, universities and colleges in order to increase the proportion of women employed, among other goals. The company also promotes women in the workforce through participation in specific programs such as "FIT *Frauen in die Technik*" or "FemTech". A specific trainee program "Women into Sales" has been established within the Kapsch TrafficCom Group in addition to a committee for non-discrimination.

Report of the Supervisory Board.

Franz Semmernegg, Chairman of the Supervisory Board

The Kapsch TrafficCom AG supervisory board held a total of four meetings during the fiscal year from 1 April 2011 to 31 March 2012. No member of the supervisory board attended less than half of all meetings. The supervisory board was informed by the executive board on an ongoing basis in writing and verbally as well as in the meetings held jointly with the executive board on the position, development and strategy of the company. It also monitored and advised the executive board during the period under review. The chairman of the supervisory board was in regular contact with the chairman of the executive board in order to discuss business development, strategy and risk management.

PwC Wirtschaftsprüfung GmbH, Wirtschaftsprüfungs- und Steuerberatungsgesellschaft, Vienna, as independent auditor appointed by the general meeting has audited and issued an unqualified audit opinion on the annual separate financial statements and the annual consolidated financial statements of Kapsch TrafficCom AG as of 31 March 2012 as well as the management report on the company and the group dated 30 May 2012, each as prepared by the executive board. The annual separate financial statements and the annual consolidated financial statements, the executive board's proposal for the distribution of profit, the auditors' reports (including the management letter) as well as the corporate governance report were discussed in detail with the executive board and the independent auditors at a meeting of the audit committee and subsequently presented to the supervisory board. The supervisory board reviewed such documents in accordance with Section 96 of the Austrian Stock Corporation Act *(Aktiengesetz)* and approved the annual separate financial statements in line with Section 96 para. 4 of the Austrian Stock Corporation Act *(Aktiengesetz).* The supervisory board concurs with the executive board's proposal for the distribution of profit.

The audit committee held a total of four meetings during the fiscal year from 1 April 2011 to 31 March 2012 and met the responsibilities as set out in section 92 para 4a of the Austrian Stock Corporation Act *(Aktiengesetz).*

The supervisory board extends its thanks to the members of the executive board and all employees of Kapsch TrafficCom AG for their work in fiscal year 2011/12.

Vienna, 11 June 2012

Franz Semmernegg
Chairman of the Supervisory Board

»I see four challenges for the future of mobility: avoiding traffic jams, increasing passenger vehicle seating capacity (efficient passenger models), improvements in switching modes of transport and a distribution of expenses appropriate to the cost origins.«

Wilhelm Rasinger
President of the IVA Association for Investors and supervisory board member at various Austrian stock corporations

Kapsch TrafficCom **Shares.**

Stock Markets in Fiscal Year 2011/12.

International stock markets. In the international stock markets, the year 2011 was characterized by heavy price losses and high volatility. The intensification of the euro debt crisis and weak economic outlooks led to significant share price drops, especially in the second half of the year. The European share index DJ Euro Stoxx, the DAX and the Japanese Nikkei 225 finished 2011 at more than 15 % below the closing values of the previous year; in the U.S.A., the Dow Jones Industrial was able to recover in the fourth quarter and achieve growth of about 5 %. This was followed in the first quarter of 2012 by clear easing on the financial markets: two interest rate cuts by the European Central Bank at the end of 2011, the easing of the euro crisis, satisfactory company results and, not least, the stabilization of the economic expectations reduced the volatility and allowed the international share index to rise by 10 to 20 %. In consequence, the Dow Jones Industrial and the Nikkei 225 both finished March 2012 above the closing values of the previous year's quarter.

Vienna Stock Exchange. Compared with international developments, the prime index of the Vienna Stock Exchange ATX experienced a much more significant loss in value during 2011. The contraction by roughly 35 % can be attributed to the weighting of bank shares as well as the economic proximity of Austria to the CEE countries and Italy, among other factors. The market capitalization on 31 December 2011 was roughly EUR 66 billion, considerably below the previous year's value of EUR 94 billion. In the first quarter of 2012, the ATX was able to regain some ground. It surpassed the 2,000-point mark, and although it was still well below the value from the same quarter of 2011, it was roughly 14 % above the year-end value for 2011.

Kapsch TrafficCom Shares in Fiscal Year 2011/12.

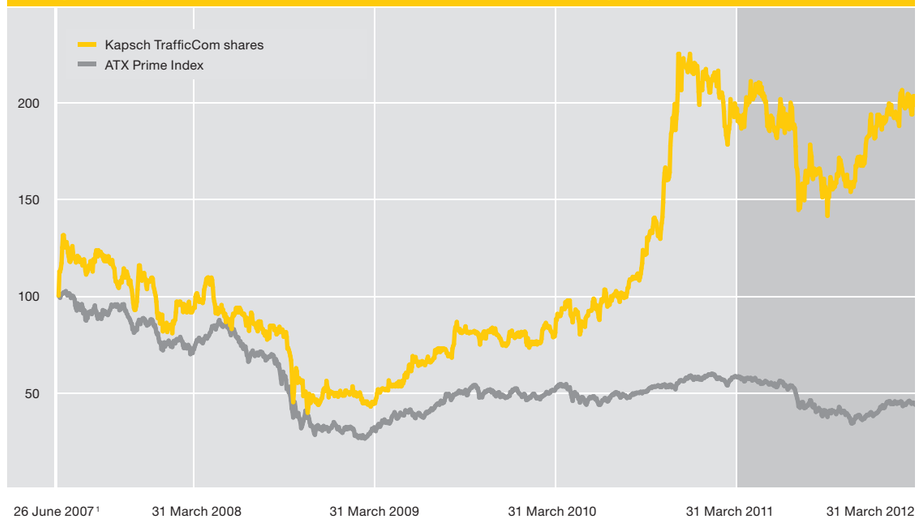
The shares of Kapsch TrafficCom have been listed in the Prime Market of the Vienna Stock Exchange since 26 June 2007. They are included in the ATX Prime Index and since 2009 also in the Austrian sustainability index, VÖNIX. As a member of the United Nations Global Compact (UNGC), Kapsch TrafficCom is committed to corporate social responsibility and sustainable development.

In July 2011, Kapsch TrafficCom undertook a capital increase and was able to successfully place 800,000 new shares of approved capital with institutional investors at a price of EUR 61.25 per share. This also increased the share capital from EUR 12.2 million to EUR 13.0 million. The gross proceeds of EUR 49 million strengthened the financial basis for further growth. The first trading day for the new shares was 1 August 2011.

In the 2011/12 fiscal year, Kapsch TrafficCom shares were able to significantly outperform the developments on the Austrian stock market. After the stock markets fell heavily at the start of September 2011, Kapsch TrafficCom shares remained more stable than the rest of the market and also made a slight recovery as of the start of 2012. On the closing date of the 2011/12 fiscal year (31 March 2012), the share price was EUR 63.50; compared with the 2010/11 closing price on 31 March 2011 of EUR 62.50, this represents an increase of 1.6 %. The comparison index ATX Prime lost 24.6 % during the same period.

From the floatation in 2007 with an offer price of EUR 32 up to the reporting date on 31 March 2012, Kapsch TrafficCom shares have increased in value by 98 %, while the ATX Prime and the prime index ATX fell by roughly 55 % during the same period against the backdrop of economic turbulence.

Development of Kapsch TrafficCom shares and ATX Prime Index from 26 June 2007 to the reporting date on 31 March 2012



1 Offer price on 26 June 2007 and opening value for ATX Prime Index on 26 June 2007, each indexed to 100

Based on a closing price of EUR 63.50 per share as of 31 March 2012 and a quantity of 13.0 million shares, Kapsch TrafficCom's market capitalization was EUR 825.5 million (31 March 2011: EUR 762.5 million). The average daily turnover of the Kapsch TrafficCom shares on the Vienna Stock Exchange was approximately EUR 1.04 million (double count), down by about 16 % compared to the previous year's value of EUR 1.24 million (double count).

Key data on the shares		2011/12	2010/11	2009/10	2008/09	2007/08
Weighted Ø number of shares [1]	in million	12.74	12.20	12.20	12.20	11.70
Earnings per share [2]	in EUR	1.62	1.81	2.64	1.06	2.60
Dividend per share	in EUR	0.90 [5]	1.00	0.75	0.50	0.90
Free cash flow per share	in EUR	-3.99	-1.63	3.41	1.63	-1.26
Offer price per share [3]	in EUR					32.00
Share price [1]	in EUR	63.50	62.50	25.26	14.80	31.82
P/E ratio [1]	in EUR	39.29	34.56	9.57	13.96	12.23
Market capitalization [1]	in million EUR	825.50	762.50	308.17	180.56	388.20
Performance of shares	in %	1.60	247.40	70.90	-53.49	-0.56
Performance of ATX Prime	in %	-24.59	45.21	69.80	-68.63	-26.00
Ø daily trading volume [4]	in million EUR	1.04	1.24	0.26	0.30	1.49

1 As of 31 March
2 Relate to the weighted Ø number of shares; earnings per share calculated from the profit for the period attributable to the equity holders of the company
3 On 26 June 2007
4 Double count
5 Proposal of the executive board subject to approval of the shareholders´ meeting on 24 August 2012

Dividend Policy.

Kapsch TrafficCom follows a clear dividend policy. Accordingly, the executive board recommends a distribution of dividends in a long-term average that would reflect a payout ratio of approximately one-third of group annual profits. For the fiscal year 2011/12, the executive board will make a proposal to the shareholders' meeting on 24 August 2012 calling for the approval of a dividend of EUR 0.90 per share (2010/11: EUR 1.00 per share). The executive board's proposal reflects a payout ratio of approximately 57 % in relation to the profit for the period attributable to equity holders of the company (2010/11: approximately 55 %), a ratio that exceeds the long-term average based on the dividend policy. This deviation is related to one-time effects and the realization of projects which may lead to profit fluctuations from period to period. In general, Kapsch TrafficCom views itself as a dividend-bearing company, and this is reflected in a continuous absolute payout ratio in compliance with the long-term dividend policy, insofar as company developments permit this.

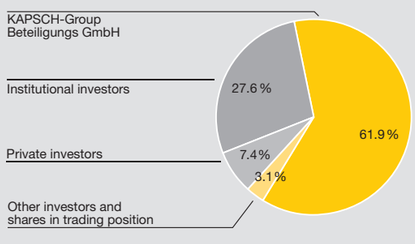
Shareholder Structure.

As of 31 March 2012, approximately 38.1 % (31 March 2011: approximately 31.6 %) of the shares were in free float, whereas the remaining approximately 61.9 % (31 March 2011: approximately 68.4 %) were held by KAPSCH-Group Beteiligungs GmbH. As of 31 March 2012, no other shareholder held more than 5 % of the voting rights in Kapsch TrafficCom. The increase of the free float compared to the previous year resulted from the issuance of new shares in July 2011 and the sale of 300,000 shares by the core shareholder KAPSCH-Group Beteiligungs GmbH in March 2012 in order to increase the free float and the liquidity of the shares.

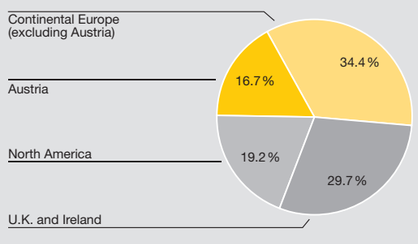
Core shareholder. KAPSCH-Group Beteiligungs GmbH is a wholly-owned subsidiary of DATAX HandelsgmbH. The shares in DATAX HandelsgmbH are held in equal proportions by Traditio-Privatstiftung, ALUK-Privatstiftung and Children of Elisabeth-Privatstiftung, each a private trust under the Austrian Law for Private Trusts *(Privatstiftungsgesetz).* Each of these private trusts is managed by a separate executive board *(Stiftungsvorstand)* and no person serves on the executive board of more than one of the three private trusts. The beneficiaries of these private trusts are Georg Kapsch and members of his family *(Traditio-Privatstiftung)*, Kari Kapsch and members of his family *(ALUK-Privatstiftung)* and Elisabeth Kapsch and members of her family *(Children of Elisabeth-Privatstiftung)*.

Free float. Kapsch TrafficCom AG has a widely diversified shareholder structure. In addition to the core shareholder, KAPSCH-Group Beteiligungs GmbH (61.9 %), 27.6 % is held by institutional investors, with the top ten investors holding in aggregate 65.8 % of that share. The share of private investors totals 7.4 %, including the shares held by Erwin Toplak, the COO of Kapsch TrafficCom AG. The remaining 3.1 % is held by other investors, including shares in trading positions. Based on information available to the company, the majority of the institutional investors come from Anglo-Saxon countries, the U.K. and Ireland (29.7 %) as well as North America (19.2 %). Austrian institutional investors hold 16.7 % of the shares, and the remaining 34.4 % is attributable to investors in continental Europe (excluding Austria).

Shareholder structure as at 31 March 2012



Geographical distribution of institutional investors



Corporate Bonds.

On 3 November 2010, Kapsch TrafficCom AG issued a 4.25 % corporate bond with a volume of EUR 75 million and a tenor of seven years until 2017. The corporate bond is listed in the Regulated Market of the Vienna Stock Exchange. Based on information available to the company, more than 70 % of the bonds are held by retail investors, while the remainder is held by domestic and international institutional investors. The proceeds were intended to finance the acquisition of Mark IV IVHS and the capital requirements of other potential projects. The bonds traded at EUR 103.49 at the end of the period on 31 March 2012.

Investor Relations.

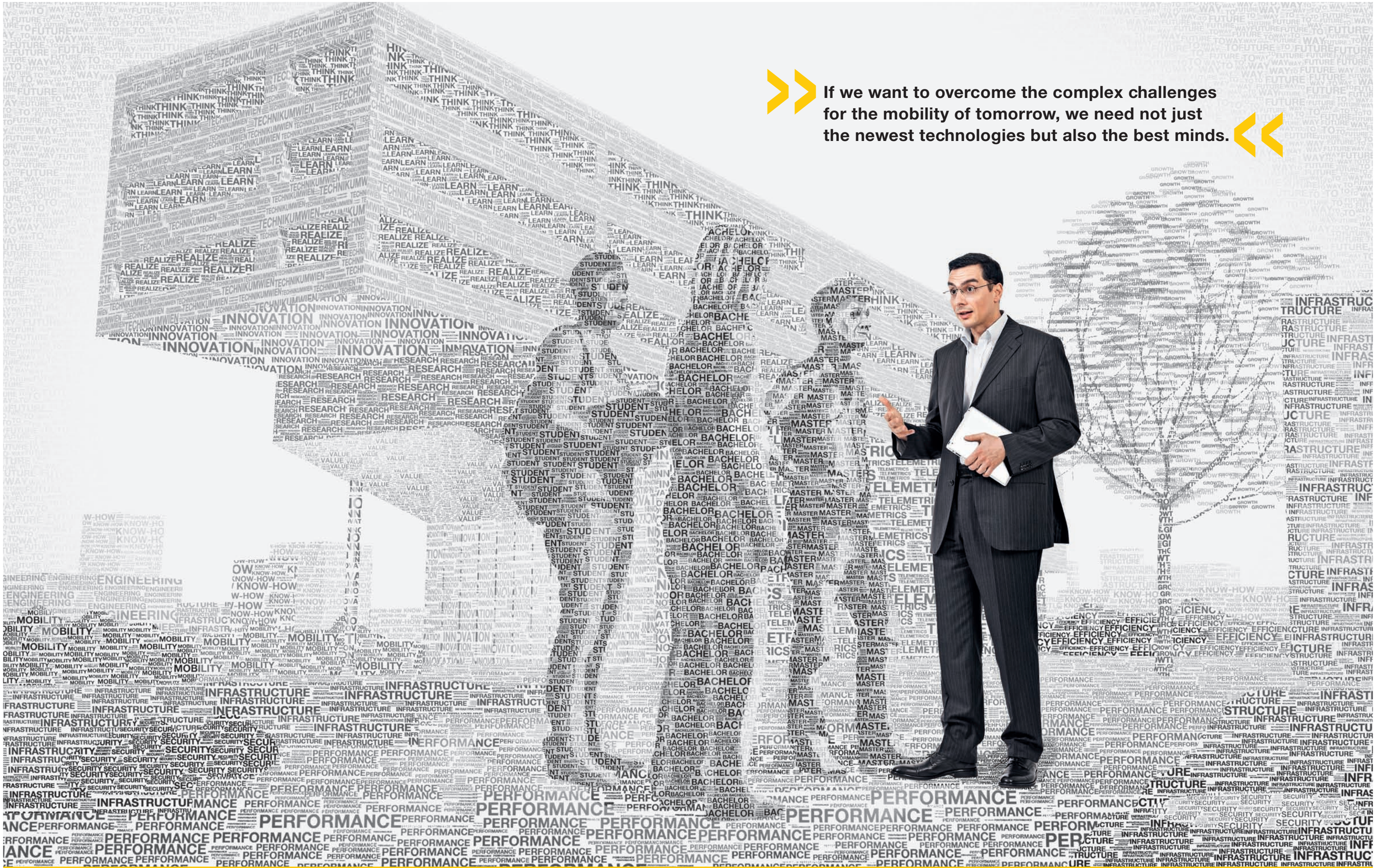
Professional investor relations have a high priority at Kapsch TrafficCom. This department reports directly to the CEO, but its work is also integrated closely with the head of finance and administration. The goal of investor relations activities at Kapsch TrafficCom is to provide a comprehensive view of the company, thereby facilitating an appropriate valuation of the Kapsch TrafficCom shares and the corporate bonds.

The CEO and the investor relations team participated in international road shows and investor conferences in Europe and the U.S.A. once again during the fiscal year 2011/12, meeting with numerous investors throughout the world to discuss the company as well as its development and strategy. The Kapsch TrafficCom website, which offers comprehensive and up-to-date information about the company and all relevant investor topics, was completely redesigned and expanded in the reporting year.

Research Reports. Regular analysis by reputable domestic and international investment banks maintains the visibility of the Kapsch TrafficCom shares in the financial community. Kapsch TrafficCom AG is currently covered by four analysts (in alphabetical order):

- Berenberg (London, U.K.)
- Deutsche Bank (Vienna, Austria)
- Erste Group (Vienna, Austria)
- Raiffeisen Centrobank (Vienna, Austria)

Vienna Stock Exchange Award 2012. In May 2012, Kapsch TrafficCom received the Vienna Stock Exchange Award 2012 in the category "Small and mid caps" for the second consecutive time. The Vienna Stock Exchange Award is a joint initiative of Aktienforum, Cercle Investor Relations Austria (C.I.R.A.), the Austrian National Bank (OeNB), the Austrian Association for Financial Analysis and Asset Management (ÖVFA), the Association of Austrian Investment Companies (VÖIG), the Vienna Stock Exchange and the Representative for Capital Market Development and Corporate Governance. The purpose of this award is to honor companies for their excellent work on the Austrian capital market.



If we want to overcome the complex challenges for the mobility of tomorrow, we need not just the newest technologies but also the best minds.

Prof. Emil Simeonov
Director of the Institute for Applied Mathematics & Natural Sciences
and Head of the Master Intelligent Transport Systems program
at the UAS Technikum Wien

About Us.

Our Strategy up to 2016.

WE ARE	5-Path Strategy	WE WILL BE
A provider of primarily electronic toll collection (ETC)	Exploit the ETC market growth	A provider of electronic toll collection (ETC) and of select intelligent transportation systems (ITS)
	Enter new ITS segments	
	Expand product business	
	Enter new regional markets	
	Prepare for the convergence of the ITS market	

We follow a focused, long-term expansion strategy. Our strategic goals are to significantly increase revenues still further while maintaining a double-digit EBIT margin. Over the long-term, we plan to generate three-fourths of our business via recurring revenues in order to reduce the volatility of the cash flows resulting from the project business as well as to significantly increase the proportion of business with select ITS applications other than electronic toll collection.

In this way, we are preparing the Kapsch TrafficCom Group for the convergence of the ITS market that we expect in the next 5 to 10 years: applications, platforms and technologies will presumably become increasingly interconnected and converge over time. In our view, the future lies in “connected vehicles in cooperative systems”, which are systems for real-time interaction between vehicles (car-to-car communication) as well as between vehicles and infrastructure (car-to-infrastructure communication). As a prerequisite for this, we strive for global leadership in quality and innovation.

5-path strategy. These goals are underpinned by five paths that will show us the way in the upcoming years. The major strategic implications are the continued growth and the preparation for the expected convergence of the ITS market. Electronic toll collection (ETC) is and will remain our core business, but we need and want to expand our offering even more to become a provider of ETC and select intelligent transportation systems (ITS) in the future.

Firstly, we will participate in the strong growth expected in the ETC market. We see significant opportunities for the implementation and operation of toll collection systems around the world. We intend to capitalize on our strong position and further increase our market share. On one hand, we must strive to win as many nationwide projects as possible; on the other, we must further develop our systems to maintain our technological advantage. The existing organization has to be adapted to handle several large projects in parallel and to ensure that small projects are executed in a cost-efficient way.

Secondly, we will enter specific segments of the ITS market with an eye toward convergence. We aim to create a complementary and future-oriented portfolio that capitalizes on synergies that benefit us by leveraging existing sales channels, existing technologies or the project organization we already have in place and our customers by helping them to manage the transition from today’s conventional ITS systems to future-oriented ITS applications. We see ourselves as well-positioned for this objective since the 5.9 GHz technology that we developed in the U.S.A. is likely to become the enabling technology for many of the ITS segments we plan to address.

Thirdly, we will expand our product business. For many of these additional ITS applications, the sale of open market products, including indirectly via partners such as system integrators and value-added resellers, as well as the small-scale project business will presumably be of greater initial importance than in our large toll collection projects, which focus on the system as a whole. Over time, however, we intend to create complete solutions in the ITS space as well. We must also prepare the organization for this.

Fourthly, we will enter new regional markets. Already today, Kapsch TrafficCom is active around the globe, but there are still markets in which we are hardly or not at all represented. We see further opportunities and growth potential for us in the large operation projects in Europe as well as those in South America and South East Asia. We also view the U.S.A. as among these markets, and we are already one step ahead there after the acquisition of Mark IV IVHS in 2010.

We will also offer products and smaller scale systems for emerging markets in which conventional manual tolling is often still the preferred way of collecting tolls, although ETC systems will eventually be introduced in the long run.

Fifthly, we will prepare for the convergence of the ITS market in order to secure our long-term growth. For the future topic of “connected vehicles in cooperative systems”, we will actively participate in standardization processes and research projects while also establishing contacts with the automotive industry as a new target group.

New, efficient organizational structure. The strong growth in recent years and its planned continuation within the strategy up to 2016 require the adaptation of our company structures. We must first adapt the organization for sustained growth and thereby increase our efficiency. Additional growth prospects also lie in expanding into new fields of business and markets. On one hand, the increasingly regional orientation in the future should bring greater focus onto the three sales regions, allowing us to act in a more decentralized fashion as our size grows. On the other hand, we want to create space for additional ITS segments.

Successful implementation of these changes requires that our employees not only understand the technologies but also anticipate the future business models of our customer. We believe that it will become increasingly important in the future to offer business models as well as creative and intelligent financing models. This is the only way to secure a competitive edge and make ourselves hard to imitate.

For this reason, we will continue to invest directly in employee education and development, and employees will continue to enjoy the fruits of their success, the success of Kapsch TrafficCom. The existing core values of Kapsch TrafficCom – dynamism, respect, responsibility, family, discipline, performance, transparency and freedom – and their realization in daily business life should continue to foster a good working atmosphere in the future while forming the basis for embracing diversity on the global market.

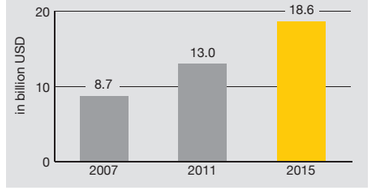
Our Market.

We address the intelligent transportation systems (ITS) market. Intelligent transportation systems employ information and communication technologies to support and optimize road transportation, including infrastructure, vehicles and users. The market comprises the following segments:

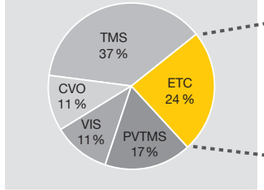
Electronic Toll Collection	ETC	Enabling drivers to pay toll fees without stopping at toll stations.
Traffic Management Systems	TMS	Monitoring traffic, optimizing signal timing, and regulating the flow of traffic.
Commercial Vehicle Operations	CVO	Systems for operating commercial vehicles in order to enhance freight carrier productivity and safety.
Public Vehicle Transportation Management Systems	PVTMS	Facilitating management of both local and long-distance public transportation.
Vehicle Information Systems	VIS	Increasing traffic safety and security.

Market volume. According to Global Industry Analysts (May 2008 and September 2010), the volume of the ITS market amounted to USD 13.0 billion in 2011 and is expected to continue growing.

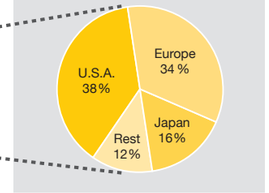
Development ITS global market volume



ITS 2011 by market segments



ETC 2011 by geographic regions



Market segmentation. The largest ITS market segment in 2011 was Traffic Management Systems, accounting for almost 37 % (USD 4.8 billion). Based on a worldwide volume of about USD 3.1 billion, Electronic Toll Collection had an ITS market share of about 24 % in 2011. The largest geographic region for ETC in 2011 was the U.S.A. at 38 %, followed by Europe at 34 %.

Market growth. The ITS market is expected to grow at an average annual rate of 10 % between 2007 and 2015 to reach USD 18.6 billion in 2015, of which ETC will account for USD 5.2 billion equalling a share of 28 %, thereby exhibiting the fastest growth of all ITS segments at an average annual rate of 13 %.

Market drivers. We have identified the following six factors as the main drivers for our market. These are described in more detail in the Management Report.

- Funding for infrastructure projects
- Reducing congestion
- Reducing environmental pollution caused by road traffic
- Increasing traffic safety and security
- Enhancing vehicle and fleet productivity
- Increased comfort expectations of travelers

Our Market Positioning.

Kapsch TrafficCom has developed its own understanding of the ITS market in order to define and develop its market positioning. From this perspective, we have identified four fields of the ITS market.

Operator/authority-related ITS. This field encompasses both ETC and TMS as well as applications for traffic safety and security in addition to urban access management. The addressees are governmental and regional authorities as well as other organizations, such as concessionaires, that develop transport policies using ITS to ensure the availability and quality of the infrastructure in a way that improves safety, performance, security and environmental protection.

Vehicle-related ITS. Aimed at in-car telematics such as remote diagnostics or advanced driver assistance systems, these systems are intended mainly to enhance vehicle productivity, particularly that of commercial vehicles (CVO), as well as traffic safety and security. Addressees are mainly car makers and their suppliers. This field includes systems for real-time interaction between vehicles (car-to-car communication) as well as between vehicles and infrastructure (car-to-infrastructure communication), which we believe will be increasingly based on 5.9 GHz technology. In the CVO segment, for example, data sent by the vehicle's on-board electronics via the 5.9 GHz band is analyzed to determine the condition of the vehicle.

User-related ITS. These systems are focused mainly on convenience and efficiency for travelers. The customer in the car receives information to aid in orientation, thereby increasing traffic safety. Example applications for vehicle information systems (VIS) include transmitting traffic-related vehicle information to travelers before or during the trip as well as navigation. Addressees are information service providers such as wireless network operators, radio broadcasters and vendors of portable navigation devices. The 5.9 GHz technology as a communication platform will enable a variety of future applications involving "connected vehicles".

Industry-related ITS. Commercial applications designed to reduce the costs or maximize the revenue of vehicle fleet operators, including transportation companies (PVTMS) make up this field. Examples include systems for fleet management and for collecting information on the logistics of large-scale vehicle operators. Among the drivers in this field are insurance companies, who see pay-as-you-drive car insurance as a promising way to attract new customers by offering fair insurance rates and ITS-based value-added mobility services.

As the ITS market undergoes a process of convergence, we expect that future solutions in these four fields will become increasingly interconnected and will finally converge over time. The technical boundaries and organizational requirements are being identified and standardized within research projects. The driving forces in this area are transport ministries and the automotive industry.

Our current focus aims at the operator/authority-related segment of the ITS market. Our goal is to become a leading provider of solutions and technologies in the future field of "connected vehicles in cooperative systems". We intend to offer solutions at both the infrastructure and vehicle levels, supplying the communication channel as well as select applications.

Our Range of Applications.

In line with the focus on operator/authority-related ITS our current core business is toll collection. We design, build and operate primarily electronic toll collection systems, in particular for multi-lane free flow traffic. Starting from there, we have added applications in the fields of urban access management and traffic safety & security to our portfolio.

Toll collection	Urban access management	Traffic safety & security
Target groups ■ Road operators ■ Concessionaires	**Target groups** ■ Municipalities	**Target groups** ■ Police authorities ■ Road authorities
Applications ■ Highway tolling ■ Area tolling ■ Plaza tolling ■ HOT lane tolling ■ Toll enforcement	**Applications** ■ City tolling ■ Access restriction ■ Low emission zones ■ On-street parking	**Applications** ■ Speed monitoring ■ Weigh in motion ■ Incident detection ■ Traffic surveillance ■ Commercial vehicle operations
Add-on applications		
■ Traffic management	■ Access & payment	■ Truck parking ■ Vehicle tracking

Our current target groups. With the direct system business, we primarily address road operators and concessionaires but also municipalities, police and related authorities, such as road authorities. Additional target groups are system integrators and value-added resellers for the indirect product business as well as end users such as haulers or road users in those cases where we operate a system on behalf of our direct end customer.

Toll collection. In this application field, we address road operators and concessionaires. Our offering encompasses electronic, manual and automatic systems for toll collection on highways, in areas, at plazas and on lanes as well as toll enforcement. Depending on the specific requirements, the systems are based on different core technologies and thereby combine the advantages of microwave technology (dedicated short-range communication; DSRC), satellite navigation (global navigation satellite system; GNSS) and video technology (automatic number plate recognition; ANPR). This application field represents the current core business of Kapsch TrafficCom, and we will continue enhancing our application portfolio with innovative ideas in the future.

Urban access management. Municipalities are the main target group of this application field. Today, we already offer urban access management in Italy and some other countries, and we intend to increasingly strengthen this field in the future by offering specific packages to the market. In addition to city tolling, our offering includes on-street parking, which will develop into fully automatic time-based charging of parking zones. We also expect a significantly increasing demand for low emission zones, which are in essence access restrictions.

Traffic safety and security. This field primarily addresses the police and road authorities. Our offer encompasses speed monitoring, weigh in motion (which we already often combine with toll collection systems), incident detection, traffic surveillance and commercial vehicle operations.

Add-on applications. In the three fields of application listed above, we also offer select add-on applications that utilize the existing infrastructure for other systems and applications such as traffic management, access & payment, truck parking and vehicle tracking.

Our End-to-End Solutions.

Within these fields of applications, we cover the entire value creation chain of our customers, acting as a one-stop shop by providing products and components as well as subsystems as open market products, by integrating them into turnkey systems and by developing end-to-end solutions, including services for technical and commercial system operations.

Products & components			Subsystems			System	System operation	
In-vehicle products	Transceivers & readers	Video & sensors	Toll station	Enforcement station	Central system	System integration	Technical operations	Commercial operations

Products and components are developed in-house and either integrated to subsystems or sold as open market products to customers such as system integrators and resellers. The product line encompasses the three product families of in-vehicle products (on-board units and transponders), transceivers and readers as well as video and sensors (cameras and components for vehicle classification, incident detection and weigh in motion).

Subsystems such as toll and enforcement stations or central systems are integral elements of a system and fulfill specific functions in the toll collection process (toll station), its enforcement (enforcement station) and clearance processes in the back office (central system). They are sold individually, in combination or integrated to turnkey systems.

System operation encompasses the technical and, since 2005, also the commercial operation of systems, merging the Kapsch TrafficCom portfolio of products, components and (sub)systems into end-to-end solutions.

Technical operations refer to the technical environment of a toll collection system as well as to the necessary organizational structure and ensure the operational safety of the roadside infrastructure. Kapsch TrafficCom takes over the technical operation at a local level, supported by services such as monitoring, maintenance and ongoing system optimization. Our offer is completed by services for the generation of statistics, reports and documentation.

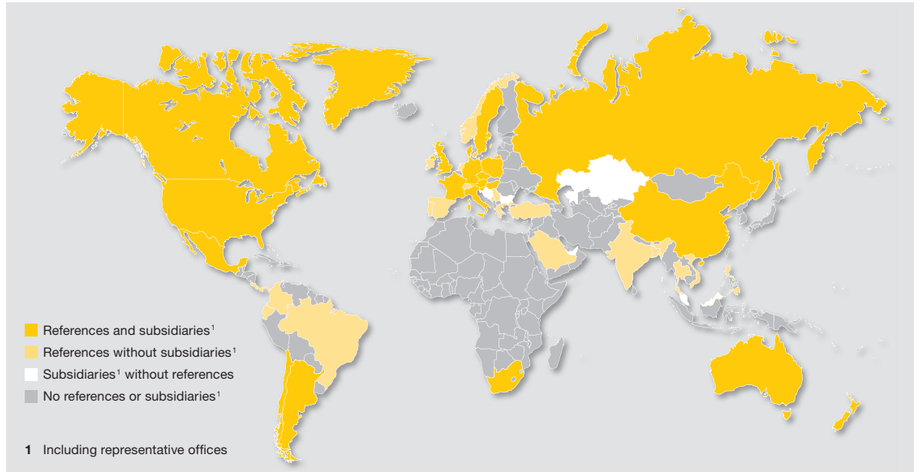
Commercial operations include the planning and implementation of point-of-sale systems, the implementation and operation of call centers and the design of suitable web portals as well as payment systems including comprehensive services from invoicing to dunning that support a variety of payment systems, such as cash, credit cards or fleet cards. In order to enable the enforcement of the toll collection process, manual validation centers are implemented within the scope of operation projects and specific measures for mobile enforcement are implemented.

Aspiring to quality and innovation. In the strategy up to 2016, we aim for global leadership in quality and innovation. It is our mission to consistently create competitive advantages and benefits for our customers and partners while ensuring that we live up to our responsibility to the environment. In our view, we win over customers and retain their trust through a strict focus on customer requirements. We work to achieve long-lasting partnerships with satisfied customers through optimal service. We are committed to a permanent and integrated innovation process. Our quality management processes follow an integrated management system for health and safety, security, environment and quality (HSSEQ).

Research and development activities are a high priority for us in pursuing our strategic goals. The knowledge of entirely new technologies based on national and international standards and the ability to implement these form the foundation for successful business developments and also enable our entry into new markets. Successful research and development are the foundation for the sustained improvement of existing products and systems.

Our Sales Regions and Major References.

Customers around the world value our products and services. The numbers not only speak for themselves, they speak for Kapsch TrafficCom: More than 280 customer references in 41 countries on all 5 continents and over 70 million delivered on-board units as well as about 18,000 equipped lanes plus subsidiaries in 27 countries and representative offices in another 3 countries.



Europe. In Europe, the nationwide systems in Austria, the Czech Republic and Poland are currently our largest references.

In Austria, we were awarded in 1995 the contract for the realization of the nationwide Ecopoint System, the world's first emissions-based traffic management system. On 1 January 2004, a nationwide electronic toll collection system for all vehicles above 3.5 tons was launched. This system now covers roughly 2,200 kilometers of motorways and expressways. As a system supplier, we were responsible for the entire turnkey system and since then have taken over the technical operation of the system, including maintenance. With an average toll transaction rate of 99.9 %, the system generated toll revenues of about EUR 1.1 billion in 2011. As of 31 March 2012, we have equipped some 3,000 lanes and delivered about 1.2 million on-board units.

In the Czech Republic, we were responsible for the design, development, integration and installation of the nationwide electronic toll collection system for all vehicles above 3.5 tons, which now covers roughly 1,350 kilometers. The system was completed in just nine months and started commercial operation on 1 January 2007. Since then, we have taken over the technical and commercial operation of the system and added a traffic management system. With an average toll transaction rate of 99.5 %, the system generated toll revenues of nearly CZK 8.1 billion (EUR 328 million) in 2011. As of 31 March 2012, we have equipped some 1,400 lanes and delivered about 0.7 million on-board units.

In Poland, on 3 July 2011, we launched the electronic toll collection system viaTOLL on the existing road network of around 1,560 kilometers for all vehicles above 3.5 tons after an implementation period of only eight months. Since then, we have been responsible for the technical and commercial operation of the system. In the first nine months of operation, the toll system generated revenues of nearly PLN 615 million (EUR 147 million). As of 31 March 2012, we have equipped some 1,000 lanes and delivered about 0.6 million on-board units.

In Switzerland, we implemented the nationwide infrastructure and enforcement systems for the truck system "LSVA". In Sweden and Denmark, we installed a single-lane electronic toll collection system on the Öresund and Storebaelt bridges connecting the two countries. In Italy, we have deployed urban access management solutions in Rome, Bologna, Piacenza, Genoa, Livorno, Arezzo, Ravenna, Lecce and Salerno, among other cities.

Americas. In North America, the recently acquired Mark IV IVHS has enabled many landmark ITS deployments such as the electronic toll collection system on highway 407 ETR in Canada, the interoperability between an electronic truck preclearance and a toll collection system (PrePass) in the U.S.A. as well as the E-ZPass system of the 24 toll agencies in 14 U.S. states who operate the largest interoperable toll collection system in the world. As of 31 March 2012, we have equipped some 2,000 lanes and delivered about 46 million on-board units.

In South America, we implemented three electronic toll collection systems on motorways and expressways in Chile: Costanera Norte, Autopista Central and Vespucio Norte Express. All three systems include technologies for the detection, classification and registration of vehicles. As of 31 March 2012, we have equipped some 250 lanes and delivered about 2.3 million on-board units.

Africa. In 2002, we implemented Africa's first electronic toll collection system on the Platinum Toll Highway in South Africa. Recently, we implemented an electronic toll collection system for multi-lane free-flow traffic for all vehicles on 185 kilometers in the South African Gauteng province.

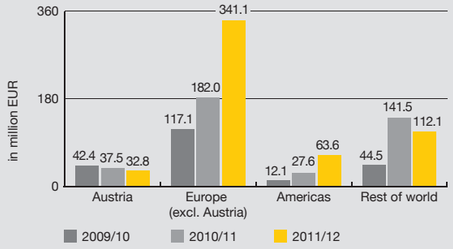
Asia-Pacific region. In Australia, we implemented in 1999 the world's first electronic toll collection system for multi-lane free-flow traffic on an urban highway in Melbourne, including systems for the detection, classification and registration of vehicles. We have also introduced other such systems in Melbourne, Sydney and Brisbane. As of 31 March 2012, we have equipped some 270 lanes and delivered about 6.5 million on-board units.

In New Zealand, we were awarded the implementation and operation of an electronic toll collection system in 2007. In the same year, we implemented a system for manual toll collection with electronic microwave communication on highway number 8 in New Delhi, India, including the largest toll plaza in Asia with 36 lanes. In Thailand, we implemented toll collection systems for the three largest city highways on a total of 55 km in Bangkok in 2008.

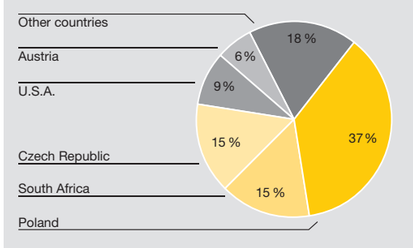
An analysis by geographic region shows that the Kapsch TrafficCom Group generated 6 % of total revenues in the fiscal year 2011/12 in Austria, 62 % in Europe excluding Austria, 12 % in the Americas and 20 % in the rest of the world.

The top five sales markets in the fiscal year 2011/12 were Poland with 37 % of total revenues, South Africa and the Czech Republic with 15 % each, the U.S.A. with 9 % and Austria with 6 %. The remaining 18 % of total revenues was generated outside the top five sales markets.

Revenue by region



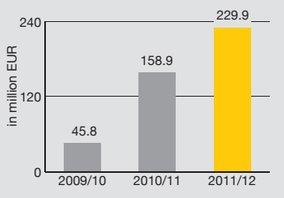
Top 5 sales markets 2011/12



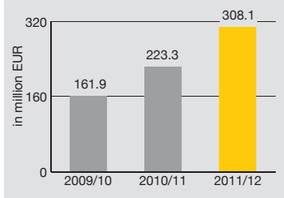
Our Business Segments.

The segment reporting of the Kapsch TrafficCom Group categorizes the business into the three segments of Road Solution Projects (RSP); Services, System Extensions, Components Sales (SEC); and Others (OTH).

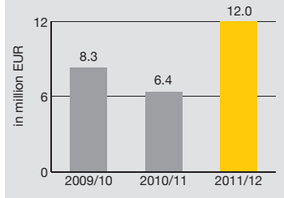
Segment RSP revenues



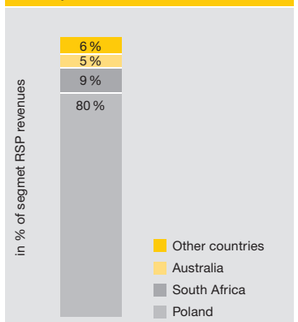
Segment SEC revenues



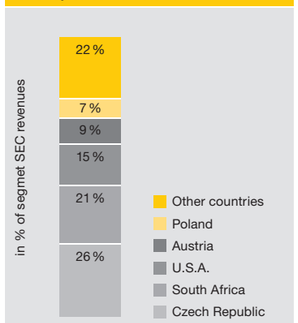
Segment OTH revenues



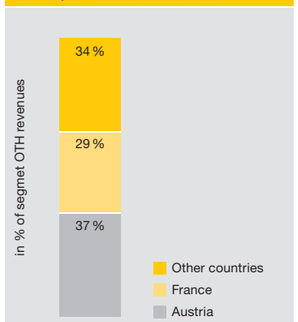
RSP top sales markets 2011/12



SEC top sales markets 2011/12



OTH top sales markets 2011/12



Road Solution Projects (RSP). In this segment, we include system installation and implementation projects. Generally, such systems are awarded in tender processes by public authorities or private sector concessionaires. The tenders can be designed to cover individual road sections or nationwide road networks.

The project nature of this segment results in fluctuations in revenues, cost of materials and other production services, staff costs as well as other operating expense and – in certain projects – also in project financing costs. The segment RSP exhibits the one-time effects from the realization of new projects. Revenues and operating results differ from period to period depending on whether individual projects are in the preparation, commencement or subsequent implementation phase.

In the fiscal year 2011/12, the segment Road Solution Projects (RSP) contributed 42 % to total revenues at EUR 229.9 million, which is an increase of 45 % compared to the same period of the previous year (fiscal year 2010/11: EUR 158.9 million).

The top five sales markets in the segment RSP were Poland at EUR 184.6 million (corresponding to 80 % of total segment RSP revenues), South Africa at EUR 21.1 million (9 %), Australia at EUR 11.8 million (5 %), Portugal at EUR 3.9 million (2 %) and the Czech Republic at EUR 3.6 million (2 %). About 2 % of total revenues from the segment RSP were generated outside the top five markets.

Services, System Extensions, Components Sales (SEC). After system implementation, we typically take over the technical operation of a system, including the maintenance. This segment is also responsible for supplying supplemental products and components, such as on-board units and transponders, transceivers, readers or cameras, for the extension and adaptation of existing systems or for upgrading manual systems to automatic or electronic toll collection. Since 2005, Kapsch TrafficCom also offers the commercial operation of systems. We report all business activities aimed at continuous revenue streams in this segment. The segment also includes smaller scale projects that are often not awarded in tender processes.

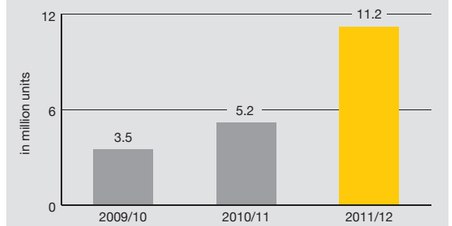
The segment SEC represents the company's recurring business. The activities in this segment are characterized by relatively stable revenue streams over a certain period since these services are provided mainly based on medium- or long-term service contracts and framework agreements.

In the fiscal year 2011/12, the segment Services, System Extensions, Components Sales (SEC) contributed 56 % to total revenues at EUR 308.1 million, an increase of 38 % compared to the same period of the previous year (fiscal year 2010/11: EUR 223.3 million).

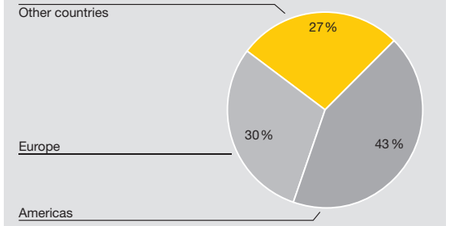
The top five sales markets in the segment SEC were the Czech Republic at EUR 81.1 million (corresponding to 26 % of total segment SEC revenues), South Africa at EUR 63.1 million (21 %), U.S.A. at EUR 47.3 million (15 %), Austria at EUR 28.4 million (9 %) and Poland at EUR 20.6 million (7 %). At EUR 67.6 million, 22 % of total revenues from the segment SEC were generated outside the top five sales markets.

This segment also encompasses our business with on-board units, with the exception of device deliveries for the initial outfitting of a system, which are assigned to the segment RSP. As of 31 March 2012, we had delivered over 70 million on-board units worldwide. In fiscal year 2011/12, the volume of delivered on-board units rose to a historic high of 11.2 million units. Of this volume, 43 % of the deliveries went to America, 30 % to Europe and 27 % to other countries. The sales in the U.S.A., South Africa, France, Australia and Spain exhibited particularly attractive developments.

Development of on-board units volume



On-board units volume 2011/12 by regions



Others (OTH). The segment Others includes the non-core business activities that are conducted by our subsidiary Kapsch Components GmbH & Co KG. These consist of engineering solutions, electronic manufacturing and logistics services rendered to affiliated entities and third parties.

In the fiscal year 2011/12, the segment Others (OTH) contributed 2 % to total revenues at EUR 12.0 million, which reflects an increase of 88 % compared to the same period of the previous year (fiscal year 2010/11: EUR 6.4 million). The top sales markets were Austria at EUR 4.4 million (corresponding to 37 % of total segment OTH revenues) and France at EUR 3.5 million (29 %). At EUR 4.2 million, 34 % of total revenues from the OTH segment were generated outside the top five sales markets.

Mobility also means thinking and acting flexibly, independently and freely. An open-minded person is able to push limits and shape the future by identifying and taking advantage of opportunities.

Therese Niss
National Chairperson of *Junge Industrie* and
Managing Director of High Tech Coatings GmbH,
a company of the Miba Group

Sustainability.

Resource scarcity, demographic change, global warming, greater environmental awareness in transportation, investments in infrastructure, new requirements by our customers – all these developments call for long-term and responsible business activities. We have taken up these challenges and are dedicated to the issue of sustainability.

Kapsch TrafficCom actively incorporates relevant stakeholders into the discussion of current issues and into the further development of our sustainability program. Upon the achievement of major milestones, a sustainability report is published that satisfies the requirements of the Global Reporting Initiative (GRI) and represents the progress report for the United Nations Global Compact (UNGC). This should help make our progress and future goals more transparent. The current 2010/11 sustainability report can be found on our homepage at www.kapschtraffic.com.

The key points adhere to our self-image: always future-oriented – always innovative – always performance-oriented – always aware of our responsibilities – always close to our customers – **always one step ahead.**

Climate protection. Our products make valuable contributions to climate protection. The use of electronic toll collection systems keeps vehicles from standing and waiting at toll stations, which contributes to the reduction of CO_2 emissions by the vehicles. For the future, we are working intensively on linking these products with renewable energies. In addition, we are actively reducing the indirect emissions caused by our manufacturing activities.

Resource consumption. We constantly strive to use fewer resources in the creation of products and to increase the share of recycling. These efforts are supported by awareness-raising measures and the reduction of waste through the partial use of compostable packaging. In addition, products with environmentally-oriented quality seals (eco label, Forest Stewardship Council – FSC) have preference in procurement.

Employee development and diversity. Committed employees represent our greatest capital. For this reason, their development, diversity and equal opportunities are important to us. An attractive range of career options, a great working climate and special promotion programs result in a low fluctuation rate and high average term of employment of over 10 years with the company.

Sustainable innovation. We make an important contribution to a sustainable future with high-performance intelligent transportation systems. We constantly invest in the development of innovative and environmentally friendly products, such as compostable product packaging or the operation of toll stations on the basis of photovoltaic modules and windmills.

Energy consumption and efficiency. We strive to minimize the direct environmental footprint of our manufacturing and administration activities. For example, we always pay attention to energy efficiency when investing in new manufacturing plants. At our subsidiary Kapsch Components, manufacturing optimization saved 856,290 kWh of electricity per year – a success that has already been recognized with an energy efficiency award.

Product responsibility. The processes of our quality management system are based on *ÖNORM* EN ISO 9001:2000 and also satisfy additional quality requirements. In addition, we operate an integrated quality management system and have established general guidelines for environmental protection, general safety and workplace safety. Kapsch TrafficCom AG and its subsidiary Kapsch Components GmbH & Co KG are certified in environmental management according to ISO 14001. Additional certifications are in planning.

Anti-corruption and compliance. As part of our internal compliance management, all business units over which Kapsch TrafficCom AG has primary influence are audited with regard to their corruption risks, and the first and second management level employees are trained in anti-corruption policy and anti-corruption processes. During the reporting period covered by the current sustainability report, there were no corruption incidents or complaints due to anticompetitive behavior or the formation of a cartel or monopoly. There were also no reported discrimination incidents in the areas of human rights, promotion of diversity and enforcement of equal opportunities.

Work safety and employee health. A safe workplace and healthy employees are very important to us, which is why two Austrian locations are certified according to the Occupational Health and Safety Assessment Series (OHSAS) 18001. In addition, we have implemented a number of initiatives and programs to promote employee health.

Supply chain management. We expect high standards in performance and integrity from all our partners. Our supplier relationships are based on a high quality level, and we expect our business partners to comply with applicable laws, industry rules and contractual conditions. As part of our social responsibility efforts, we place particular value on complying with recognized standards, e. g. for the protection of human rights, workplace safety, environmental protection, anti-corruption principles and the prohibitions on child labor and forced labor.

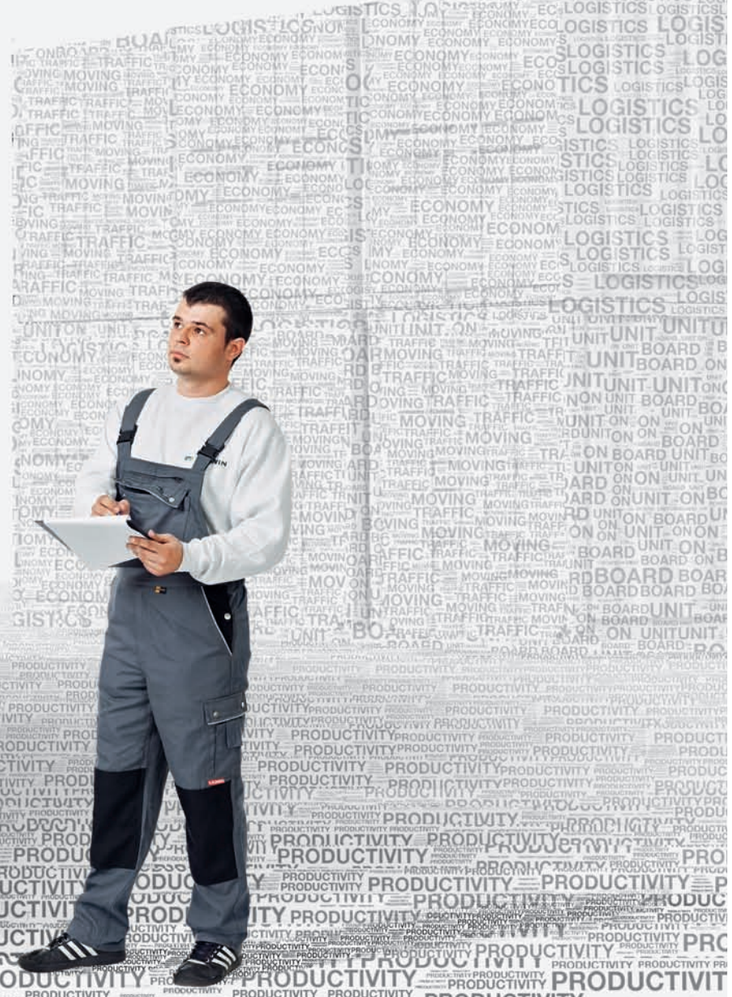
Stakeholder dialog. We communicate extensively with all our stakeholders through a wide range of personal, written and electronic communication.

Regional value creation. As an internationally active company, we understand that regional value creation gives rise to opportunities for both us and the business environment. The men and women employed by the subsidiaries of the Kapsch TrafficCom Group come primarily from the respective local regions, which allows the use of a shared language as a valuable asset. When possible, materials and supplies are purchased locally.

Outlook, challenges, goals. We will continue to develop the Kapsch TrafficCom AG sustainability report, including in accordance with our membership in the United Nations Global Compact (UNGC). In the fiscal year 2011/12, we elaborated an enhanced sustainability concept according to the Global Reporting Initiative (GRI) that will form the basis for defining the most important action areas and processes for meeting these objectives.

The issue of sustainability is being increasingly systematized and integrated into the Kapsch TrafficCom Group to ensure the best approach to the challenges of tomorrow and to remain, as ever, always one step ahead.

Traffic systems that pilot me around any traffic jams, plus trucks that drive quietly and have low fuel consumption – that is how I imagine the mobile future.



Sinisa Lukin
Truck driver at Logwin, one of the leading logistics companies in Austria

Management Report.

Kapsch TrafficCom AG on the Consolidated Financial Statements as of 31 March 2012.

1 Economic climate.

1.1 General economic situation

Global Economy

The recovery from the global financial and economic crisis which started in 2009 gained pace during 2010 but turned out to be fragile in 2011. The global economic growth rate slowed to 3.9 % from 5.3 % in 2010, and world trade also lost dynamism and slumped to 5 % in 2011 following a rebound to 13.8 % the previous year. Although global economic activity began to stabilize towards the end of 2011 and remained stable in the first quarter of 2012, world economic growth for the whole of 2012 is expected to be slightly below that of 2011. The forecasted growth rate is 3.5 %, although this might be seen as optimistic due to uncertainties affecting the forecast.

The greatest threat to the global economy is that sovereign debt problems in the eurozone could re-trigger a substantial financial and economic crisis. However, there are also other developments curbing growth in world economic activity. First of all, oil price increases did not let up 2011. The average price for Brent climbed to USD 111.3 per barrel compared to USD 79.5 per barrel in 2010. As these oil price pressures reflect geopolitical tensions and the risk of supply disruption rather than a surge in global demand, they are expected to persist in 2012, thereby providing no relief for the economies of oil importing countries.

Furthermore, financial markets were highly vulnerable in 2011. Concerns about the contagion of the eurozone debt crisis have affected investor sentiment worldwide. This has contributed to significant volatility in a wide range of asset prices and, at times, has prompted noticeably more risk-averse behavior by investors. Although the situation on the global financial markets relaxed in late 2011 as well as in the first months of 2012, continued volatility is still expected.

Another reason for the weakness of the economic recovery has been the high debt burden of the household sector in many highly developed countries. The International Monetary Fund (IMF) recently established that recessions are more severe, lasting for at least five years, when they follow a big run-up in household debt, as was the case in the U.S., the U.K. and other European countries at the beginning of the financial crisis in 2007.

Economic developments in 2011 varied among the individual regions of the world. Governments of EU member states and of eurozone countries were faced with sovereign debt crises and the risk of their spreading to the global economy. An adequate and comprehensive set of policy measures, amongst others the enforcement of fiscal tightening, have proven successful in easing financial market pressure and in raising confidence, albeit at the cost of lower GDP growth. Real GDP increased by 1.5 % in the EU in 2011 and will probably stagnate in 2012, while the eurozone saw economic growth of 1.4 % in 2011 and is expected to go through a mild recession in 2012. The U.S. economy performed better than expected in 2011 with a GDP increase of 1.7 % and gave strong signs at the end of the year that the recovery would accelerate in 2012. Japan struggled with the devastating effects of the earthquake in March and was additionally hit by the consequences of the floods in Thailand at the end of the year. As Thailand is an important production location for Japan, particularly for the electronic and automotive sectors, industrial activity in Japan suffered from severe disruptions in supply, which consequently had a negative impact on Japanese exports. Furthermore, the persistent strength of the yen has been a real burden for the export industry in Japan. Several exchange market interventions in 2011 aimed at tumbling the yen brought only temporary results. Japan's very expansive monetary policy (with key interest rates close to 0 %) is currently being combined with a comprehensive asset purchase program which was enlarged by JPY 10 trillion in February 2012. In spite of these measures, real GDP contracted by 0.7 % in 2011, but forecasts for 2012 predict a stronger Japanese economy. Emerging Markets were by far the biggest contributors to global growth once again in 2011, although they did lose some momentum. Their performance is expected to slow further in 2012 because of a less favorable external environment and a weakening of internal demand. In the BRIC countries (Brazil, Russia, India and China), real GDP growth rates in 2011 ranged between 9.2 % in China and 2.7 % in Brazil.

Global inflation picked up in 2011 mainly because of a marked increase in energy prices. In 2012, global consumer price inflation is projected to ease as world demand drops further. In highly developed economies, inflation is expected to fall from 2.7 % in 2011 to 1.9 % in 2012. In emerging and developing economies, pressures are also expected to ease, with inflation around 6.2 % in 2012 compared to 7.1 % in 2011.

In light of the fragile world economy, economic policy continues to play a critical role. Monetary policy is expected to remain supportive, with key interest rates already at very low levels in many highly developed countries while further room for easing exists in emerging market economies. In contrast, as government debt levels have soared in a number of highly developed countries in recent years, fiscal consolidation is set to continue, with only limited scope for supporting growth through fiscal policy should the global economy weaken further.

U.S.A.

The gross domestic product of the United States expanded moderately in the second half of 2011 following subdued gains in the first half of the year, resulting in a growth rate of 1.7 % for the year as a whole. Economic data for the first quarter of 2012 indicates that economic developments have improved further. For instance, the IMF is currently forecasting a GDP growth rate of 2.1 % for 2012. Private consumption, which is traditionally one of the main drivers of growth in the U.S.A., recovered at the end of 2011 and continued to rise in early 2012. Conditions in the labor market have improved with an increase in the pace of job creation and a reduction in the unemployment rate, which stood at 8.2 % in March 2012 compared with 8.9 % in March 2011. Nevertheless, the jobless rate remains quite high in the U.S.A.. Consumer price inflation fell to approximately 3.0 % in December 2011 from a 3.9 % peak in September. In order to support stronger economic recovery, the U.S. not only pursued an accommodative monetary policy but also employed a number of fiscal stimulus measures that subsequently led to a budget deficit of 8.5 % of GDP in 2011. To avoid defaulting, the U.S. government raised the ceiling for public debt in August 2011, and a panel of Republicans and Democrats was set up to identify potential savings of at least USD 1.2 trillion by the end of November. As the panel failed to reach agreement, automatic spending cuts are due to enter into effect in 2013, after the presidential election in November 2012. Standard & Poor's (S&P) downgraded the long-term U.S. credit rating to AA+ in summer 2011, citing the risk of an ongoing rise in federal government debt ratios in the coming years. Other credit rating agencies subsequently added a negative outlook to their ratings for similar reasons.

Emerging Markets

2011 witnessed a slow-down in economic activity in a number of emerging market economies. Although growth is expected to weaken further in 2012, these economies remain by far the strongest stimulators of world economic growth. The Asian Development Bank predicts an aggregated GDP growth rate of 6.9 % in 2012 for "Developing Asia" (a group of 44 Asian countries), down from 7.2 % in 2011 and driven mainly by China and India. For Latin America and the Caribbean, the anticipated regional economic growth rate is 3.7 % for 2012, compared with 4.5 % in 2011. Only the Middle Eastern and North African region (MENA) is expected to have a stronger GDP growth in 2012 than in 2011. As MENA includes the most important oil exporting countries, it benefits from high oil prices and, as a result, seems to be less exposed to a fall-off in global economic activity.

Europe

The course of the European economy in 2011 was influenced primarily by the sovereign debt crisis. In light of persistent financial and structural problems in several member states, the economic growth rate of the EU-27 slowed down to 1.5 % (2010: 2.0 %). The second half-year, in particular, saw a significant loss of momentum, with some European countries even slipping into recession. Although both the investment climate and business sentiment started to pick up in early 2012, hard indicators such as order inflows and industrial production have remained weak. Consequently, economists predict that the aggregate GDP of the EU-27 will stagnate in 2012. Only in the following year is European business activity set to gain momentum again (+1.6 %), driven in part by stronger economic growth outside of Europe.

One striking feature of the current situation in the European Union is the economic divide between its member states, which has widened significantly over the past few months. On the one hand, Germany experienced the second consecutive year of strong growth in 2011 (a GDP increase of 3 %) and France, too, produced surprisingly good results (a slight GDP rise in the generally weak fourth quarter of 2011). On the other hand, economic growth in the United Kingdom has virtually come to a standstill. The divergences between the peripheral EU countries are even more obvious, however. While economic performance in Eastern European states like Poland (+4.3 %) or Slovakia (+3.3 %) improved markedly in 2011, the crisis-ridden countries of Southern Europe faced a recession. The situation in Greece remains particularly unstable, with GDP having fallen by as much as 15 % since the start of the global financial crisis in 2008. Moreover, the economies in both Spain and Italy have yet to reach their pre-crisis levels, despite extensive reform and consolidation efforts. The current weakening of business activity in Southern Europe has also been felt on the labor market, with unemployment rates in Spain as well as in Greece passing the 20-percent mark (EU-27: 10.2 % in February 2012).

The states of the eurozone were affected the most by the debt crisis in 2011, mainly because of the reactions of international financial markets to the uncertain future of the currency union. Economic growth decelerated significantly during the course of the year, eventually becoming negative the final quarter (-0.3 % compared with the previous period). This slight downward trend is most likely to continue in 2012, although several signs have hinted at a stabilization of the economy in the eurozone. Interest rates for long-term government bonds, for instance, have started to come down in several countries, including Ireland and Italy. Furthermore, clear upward trends were also witnessed on the stock markets. Lastly, after months of negotiations, the Greek government reached an agreement with its creditors regarding debt relief in March 2012. This step was a prerequisite for the disbursement of additional EU funds aimed at getting the Greek economy back on its feet.

By pursuing an expansionary monetary policy, the European Central Bank played a vital role in containing the sovereign debt crisis. Over the last months, the ECB has repeatedly supported the financial sector in the eurozone with cheap money. In December 2011 and again in February 2012, European banks were provided with more than EUR 500 billion with a term of three years at a low interest rate. The aim of these initiatives was to prevent a credit crunch in the region as well as to stimulate demand for government bonds issued by eurozone members. In the short term, the ECB is most likely to continue with its expansionary monetary policy; the current level of the prime interest rate can be seen as an indication of this. Since the newly appointed president of the ECB, Mario Draghi, lowered the prime rate to a record low of 1 % at the end of 2011, no change to this low-rate strategy has been seen.

The economic developments in the EU and the eurozone have also had repercussions for non-members in Eastern and South Eastern Europe. The structurally weak Balkan states, in particular, have been adversely affected by the sluggish demand from Europe and a more restrictive lending policy by international banks. While GDP growth amounted to about 2 % in Bosnia-Herzegovina and Serbia in 2011, economic performance in these countries is expected to stagnate in 2012. In regard to the future EU member Croatia, experts even predict a GDP decline of -1.2 % (2011: +0.3 %). In contrast, the prospects for Russia and Ukraine are more optimistic. Both states are set to stay on their current growth path for the next few years (a GDP increase of 4 % to 5 % p.a.) according to analysts. In the case of Russia, positive effects are to be expected from its accession to the World Trade Organization, which was formally announced in December 2011.

Austria

In 2011, the Austrian economy expanded by 3.1 %. A closer look at the data on a quarterly level shows, however, that economic growth slowed down noticeably over the course of the year. The fourth quarter even saw a moderate drop in GDP of 0.1 % compared with the previous period. This deceleration in economic performance is mainly attributable to weaker stimuli from other European states. As for 2012, first signs indicate a stabilization of business activity in the first half of the year, followed by a gradual expansion in the second half. Overall, Austrian GDP is forecast to rise by 0.4 % in the year 2012, driven by increased confidence among both companies and private households.

Unlike the preceding year, foreign trade contributed only modestly to Austria's growth in 2011. The main reason for the loss of momentum in the export business lies in the poor economic performance of several European countries, including important trading partners like Italy and Hungary. Since there are no signs of a swift recovery in these countries yet, Austrian exporters are setting their hopes on an increase in demand from non-European markets, for instance the United States, whose economy is currently on the rebound. Nonetheless, export growth is set to decline to 3.3 % (2011: +6.7 %). Only in 2013 should Austrian companies once again start to benefit from a general and more sustained revival of global trade.

The strong inclination by Austrian companies to invest in expansion was a key driver of economic development in 2011. The amount of money spent on machinery and equipment soared by 11.3 %, and investment in construction also rose by 2.6 % after two consecutive years of declining expenditures. However, the general economic slow-down in late 2011 also affected the investment climate in Austria, lowering expectations for the coming months. According to the latest forecasts, investments in machinery and equipment as well as in construction are expected to increase only moderately in 2012.

Consumer prices in Austria experienced strong upward pressure in 2011, spurred by geopolitical tensions in the Middle East and their impact on the global oil market. The inflation rate exhibited an annual average of 3.3 %. Only in the last quarter did the level of price increases start to recede, leading to an inflation rate of 2.4 % in March 2012. On average, inflation is forecasted to amount to 2.4 % in 2012. Private consumption should benefit from this gradual easing of price pressure and consequently expand slightly more in 2012 (+0.8 %) than it did in the year before (+0.6 %). In addition, an expected per-capita increase in salaries and wages of 0.8 % is also set to stimulate private consumption, which should have a stabilizing effect on the whole economy.

As far as the latest developments on the job market are concerned, the Austrian unemployment rate of 4.2 % was the lowest in the EU in 2011. More recently, though, the slow pace of GDP growth has triggered a steady rise in the number of jobless. For 2012, economists predict an unemployment rate of 4.6 %. Contrary to popular belief, the 2011 opening of the Austrian labor market to certain EU member states in Eastern Europe is unlikely to aggravate the situation further.

The Austrian national finances showed a budget deficit of 3.3 % and a slight increase in public debt in 2011. In order to prevent a further rise in debt levels, the national government adopted a comprehensive austerity package in March 2012. Provided that the measures stipulated therein are implemented accordingly, the budget deficit should gradually decrease to the Maastricht limit of 3 % in 2012 and to 2.6 % in the following year. Although these reforms may have a dampening effect on certain economic activities in the short run, experts believe that the positive effects will prevail in the long run. In light of the recent downgrading of the Austrian sovereign debt rating by Standard & Poor's (from triple-A to AA+), the austerity measures are intended to strengthen the confidence of international investors in Austria. This, in turn, should ensure the lowest possible costs for public debt financing.

1.2 Development of the market for intelligent transportation systems

To allow for easier comparisons, the Kapsch TrafficCom Group makes use of the internationally prevailing terms for the intelligent transportation systems (ITS) market. ITS are systems, in which information and communication technologies are employed to support and optimize road transportation, including infrastructure, vehicles and users.

The study "Intelligent Transportation Systems – A global strategic business report" from Global Industry Analysts, May 2008 and September 2010, describes the ITS as a diversifying market with widely differing application and product segments. The market comprises the following segments:

- Electronic toll collection (ETC) enables drivers to pay toll fees without stopping at toll stations.
- Traffic management systems (TMS) monitor traffic, optimize signal timing and regulate the flow of traffic.
- Commercial vehicle operations (CVO) encompass systems for operating commercial vehicles in order to enhance freight carrier productivity and safety.
- Public vehicle transportation management systems (PVTMS) facilitate management of both local and long-distance public transportation.
- Vehicle information systems (VIS) cover a host of applications to increase traffic safety and security.

Market volume. According to Global Industry Analysts (May 2008 and September 2010), the volume of the ITS market amounted to USD 13.0 billion in 2011 and is expected to continue growing.

Market segmentation. The largest ITS market segment in 2011 was traffic management systems, accounting for almost 37 % (USD 4.8 billion). Based on a worldwide volume of about USD 3.1 billion, electronic toll collection had an ITS market share of about 24 % in 2011. The largest geographic region for ETC in 2011 was the U.S.A. with 38 %, followed by Europe with 34 %.

Market growth. The ITS market is expected to grow at an average annual rate of 10 % between 2007 and 2015 to reach USD 18.6 billion in 2011, of which ETC will account for USD 5.2 billion in 2011, thereby exhibiting the fastest growth of all ITS segments at an average annual rate of 13 %.

Market situation and market drivers

Funding for infrastructure projects. The growth in the number of vehicles worldwide requires additional financing to construct new and maintain existing roads. Toll collection offers a constant source of income and thus helps governments to provide the necessary funding for infrastructure projects. Efficient toll collection systems, especially electronic ones, offer a significant, constant and sustainable source of additional funds for governments, public authorities and concessionaires that can be used for the expansion and maintenance of road infrastructure.

The demand for the construction of new roads is largely generated by the worldwide increase in road traffic, which can be considered a global trend. Especially in Asia, an increased demand for electronic toll lanes is expected for the replacement and expansion of toll collection systems previously based on more traditional (manual) systems. Aside from general economic aspects, the worldwide increase in road traffic is probably the most important driver for the ITS market. According to analyses by the EU (European Union 2010, "Energy and Transport in Figures"), commercial traffic increased by 2.3 % per year and by 33.7 % in total between 1995 and 2008. Commercial road traffic increased by 2.9 % per year and by 45.7 % in total. While the recent economic crisis triggered a fall in the volume of goods transport, this has already been largely compensated for by the subsequent upswing. Despite political pressure, goods transports could not be shifted significantly from road to rail or ship. This growth increases the financing burden for road infrastructure enormously, which in turn fosters greater demand and a high growth potential for ITS applications and the market segment of electronic toll collection, in particular.

In 2005, the trans-European road network (TEN-V) had a total length of 84,700 km and comprised one-fourth of the primary street network but carried 40 % of the total commercial traffic. It is predicted that TEN-V will be expanded by 4,800 km per year up to 2020, of which 3,500 km will consist of existing roads. Major investments will be required in the new EU member states and along the corridor routes to these countries. In the white paper "European transport policy for 2010", the European Union estimated that investments of EUR 600 billion will be required by 2020. The long-term forecasts for traffic growth remain high.

In addition to the construction of new roads, the high financing requirements for the preservation of the road infrastructure are another factor driving the ITS market. The high funding requirements in the U.S.A. (Standard & Poor's research estimates an annual demand of USD 92 billion for the preservation of highways and bridges and a further USD 125.6 billion for their improvement) are leading to new business models and private concessionaire models.

Depending on the requirements of the specific application, systems are introduced for the toll collection which make use of technology based on microwaves (dedicated short-range communication; DSRC), satellite navigation (global navigation satellite system; GNSS) or video, with the latter used in particular for automatic number plate recognition (ANPR) for the purpose of toll collection and enforcement in urban areas.

While in Europe the standardized technology is based on 5.8 GHz according to the Comité Européen de Normalisation (CEN) standard, toll collection systems in North America are based on proprietary protocols in the 915 MHz band. It is expected that a new communication protocol standard based on 5.9 GHz will gradually replace the existing technology in the U.S.A. over the coming years. In addition to the toll application, the communication standard 5.9 GHz WAVE (Wireless Access in the Vehicular Environment) is intended for real-time car-to-car and car-to-infrastructure communication, for applications that increase traffic safety as well as additional ITS solutions for traffic information, traffic management and entertainment.

Reducing congestion. Environmental pollution can be viewed as another key driver for the ITS market and for the market segment of electronic toll collection in particular. Toll collection is largely perceived as an effective solution for reducing high levels of congestion, particularly in metropolitan areas, as mandatory payments for road usage encourage carpooling or the use of public transportation. In large conurbations and capital cities, in particular, there is a growing need for electronic systems to control and reduce traffic. Systems for city charging and enforcing low-emission environmental zones are deployed by cities to reduce traffic congestion and environmental pollution. Due to the politically sensitive nature of this topic, this portion of the business has not developed as quickly as originally expected.

Traffic safety devices to monitor compliance with traffic regulations are another field of application in cities. Examples include systems to monitor traffic violations at junctions (e. g. running red lights) as well as systems to detect speeding. The market potential of these applications, which fall under the market segment of traffic management systems, is growing rapidly in cities as well as interurban areas. For municipal authorities, they often pave the way for larger and more extensive ITS solutions, such as city charging.

Reducing environmental pollution caused by road traffic. Efforts to reduce environmental pollution due to road traffic have become a market driver for the introduction of toll collection systems. Such systems encourage reduced or modified vehicle usage and decrease the need to further expand the road network, thereby lowering emissions and pollution levels. Electronic toll collection systems, in particular for multi-lane free-flow traffic, have proven their ability to decrease environmental pollution and carbon dioxide emissions by reducing congestion at toll stations without interfering with the traffic flow. The introduction of city charging schemes also helps to reduce congestion levels and environmental pollution.

Increasing traffic safety and security. Traffic management systems (market segment TMS) consistently lower accident rates while also helping increase the probability of surviving accidents. The addressees include governments and regional authorities as well as other organizations, such as concessionaires, that are engaged in developing transport policies utilizing ITS in order to ensure the availability and quality of traffic infrastructure in a way that improves safety, performance, security and environmental protection.

Enhancing vehicle and fleet productivity. Vehicle-oriented intelligent transportation systems are aimed at in-car telematics such as remote diagnostics or advanced driver assistance systems. Their purpose is mainly to enhance vehicle productivity, particularly that of commercial vehicles (market segment CVO), as well as traffic safety and security. Addressees are mainly car makers and their suppliers. This field includes systems for the real-time interaction between vehicles as well as between vehicles and infrastructure, which Kapsch TrafficCom believes will increasingly be based on 5.9 GHz technology. In the CVO segment, for example, data sent by the vehicle's on-board electronics via the 5.9 GHz band is analyzed to determine the condition of the vehicle.

Industry-oriented intelligent transportation systems are commercial applications designed to reduce the costs or maximize the revenue of vehicle fleet operators, including transportation companies (market segment PVTMS). Examples include systems for fleet management and for collecting information on the logistics of large-scale vehicle operators. Among the drivers are insurance companies, who see pay-as-you-drive car insurance as a promising way to attract new customers by offering fair insurance rates and ITS-based value-added mobility services.

Increased comfort expectations of travelers. User-oriented intelligent transportation systems are focused mainly on convenience and efficiency for travelers. The customer in the car receives information to aid in orientation, thereby increasing traffic safety. Example applications for vehicle information systems (market segment VIS) include transmitting traffic-related vehicle information to travelers before or during the trip as well as navigation. Addressees are information service providers such as wireless network operators, radio broadcasters and vendors of portable navigation devices. As a communication platform, the 5.9 GHz technology will enable a variety of future applications involving connected vehicles.

A common thread among all these forces driving the market is the convergence on the ITS market expected by Kapsch TrafficCom over the next 5 to 10 years. The company is convinced that applications, platforms and technologies will become increasingly interconnected and converge over time. In the view of Kapsch TrafficCom, the future lies in "connected vehicles in cooperative systems", which are systems for real-time interaction between vehicles (car-to-car communication) or between vehicles and infrastructure (car-to-infrastructure communication).

2 Economic situation of the group

2.1 Business development

In fiscal year 2011/12, the Kapsch TrafficCom Group recorded the highest revenue since its foundation, continuing its growth from recent years. The North American subsidiaries acquired in the previous fiscal year contributed a full year's worth of revenue for the first time. The largest contribution from the project business originated from the implementation and the start of the operation of the nationwide electronic toll collection system viaTOLL for all vehicles above 3.5 tons on an existing road network in Poland of approximately 1,560 kilometers.

Major changes and events at a corporate level during fiscal year 2011/12 include the following:

- On 1 April 2011, Kapsch Telematic Services IOOO, Minsk, Belarus, was founded.
- On 17 May 2011, Kapsch TrafficCom Russia, Moscow, Russia, founded LLC "United Toll Systems", Moscow, Russia, together with two partners and holds a minority stake of 33 %.
- On 27 July 2011, Kapsch TrafficCom AG successfully issued 800,000 new shares of authorized capital at a price of EUR 61.25 per share, resulting in gross proceeds of EUR 49 million for the company.
- Between September and November 2011, Kapsch TrafficCom AG acquired additional shares in Q-Free ASA, Norway, and now holds a stake slightly greater than 20 %.
- On 22 March 2012, Kapsch TrafficCom AG acquired the remaining minority stake in Kapsch-Busi S.p.A, Italy, and now holds 100 % of the shares.

In fiscal year 2011/12, the Kapsch TrafficCom Group succeeded in renewing ongoing contracts in North America and Austria:

- In North America, Kapsch TrafficCom IVHS was selected in July 2011 as supplier for the new ten-year technology and service contract by the E-ZPass Group, a coalition of 24 toll agencies in 14 U.S. states. Most of the individual contracts with the agencies were already signed by the end of fiscal year 2011/12. This ensures that the North American market will make up a significant share of the component business in future years.
- In Austria, a basic agreement with Asfinag Mautservice GmbH regarding the extension of the operation and maintenance contract for the nationwide electronic truck toll collection system for the period up to the end of calendar year 2018 was reached at the beginning of the third quarter.

Expanding on the two large existing projects in South Africa and Poland, which significantly impacted the revenues and resources over the course of fiscal year 2011/12, the following additional projects were acquired:

- In Portugal, Kapsch TrafficCom was selected at the end of July 2011 for the implementation and the technical operation, including the maintenance, of an electronic toll collection system for multi-lane free-flow traffic on over 100 km of Portugal's primary road network for the operator ASCENDI. The realization began in October 2011 and will be completed in stages by October 2013. The first toll stations already went into operation in November 2011.
- In Russia, LLC "United Toll Systems" was awarded the contract for the maintenance and toll-based operation of a 400 kilometer section of the M4 Don highway at the end of December 2011. In addition to a toll collection system, a traffic information and management system will be installed to enhance the traffic safety and control. The operation agreement has a contract term of ten years with a three-year extension option. The Kapsch TrafficCom Group will participate in the tender for the subcontractor selection.
- In Belarus, Kapsch TrafficCom signed an agreement with the Ministry for Transportation and Communication of the Republic of Belarus on 29 February 2012 for the implementation of a nationwide electronic truck toll collection system. The agreement includes the implementation of a system based on dedicated short-range communication (DSRC) for a road network that will total 2,743 km upon completion of the final project stage as well as the technical and commercial operation for 20 years. The total contract value for the implementation of the system (excluding operation) is approximately EUR 267 million, of which EUR 158 million will go toward the first two phases over the next two years. The first phase of the system will start operation on 1 July 2013.
- In France, Kapsch TrafficCom concluded an agreement in March 2012 with the leading French toll service provider, Axxès, regarding the supply of on-board units based on global navigation satellite system (GNSS) technology as well as central solutions for a charging system in connection with the introduction of a distance-based truck tax as part of the Ecotaxe project. This is the largest GNSS technology contract obtained by Kapsch TrafficCom so far.

2.2 Earnings situation

Revenues of EUR 388.6 million in the previous fiscal year 2010/11 were improved by 161.3 million to reach EUR 549.9 million in fiscal year 2011/12, representing an increase of 41.5 %. The two major segments of Road Solution Projects (RSP) and Services, System Extensions, Components Sales (SEC) both recorded significant revenue increases. The operating result (EBIT) declined by 13.6 % to EUR 42.2 million in fiscal year 2011/12, compared to EUR 48.9 million in the previous year.

Revenues and operating result (EBIT) by segment

Revenues in the segment Road Solution Projects (RSP) reached EUR 229.9 million, up by 44.7 % compared with the previous year (EUR 158.9 million) and corresponding to 41.8 % of total revenues (2010/11: 40.9 %). The most important factor here was the ongoing implementation of the nationwide electronic toll collection system in Poland, which was successfully completed at the end of fiscal year 2011/12. Increased revenues also resulted from the realization of the Australian Airport Link project, the project for the implementation of an electronic toll collection system in Portugal and the project in Belarus that was awarded shortly before the end of the fiscal year. The South African Gauteng project contributed less revenue than in the previous year, and no major extensions to the nationwide electronic truck toll collection system in the Czech Republic were contracted or realized.

The segment RSP recorded a positive operating result (EBIT) of EUR 4.1 million (2010/11: EUR 0.1 million). This can be primarily attributed to the project in Poland. Nevertheless, the operating results for this segment were weighed down by the regular costs associated with the segment, the continued expenditures for entry into new markets such as the U.S.A., Slovenia, Russia and Singapore as well as the upfront costs for ongoing and upcoming tenders.

In the segment Services, System Extensions, Components Sales (SEC), revenues increased by 38.0 % (EUR 84.7 million), from EUR 223.3 million to EUR 308.1 million, corresponding to 56.0 % of total revenues (2010/11: 57.5 %). The most important factors for this development were the successful start of the nationwide toll collection system in Poland in July 2011, the mobilization phase for the electronic toll collection system in the South African Gauteng province and the associated deliveries of on-board units as well as the revenues of the Canadian and American IVHS subsidiaries acquired in November 2010. Both the ongoing technical and commercial operation of the nationwide truck toll collection system in the Czech Republic and the ongoing technical operation, including maintenance, of the nationwide truck toll collection system in Austria also recorded increased revenues. The volume of on-board units delivered reached an all-time high of 11.2 million units, more than double the volume of the previous year. Sales to the U.S.A., South Africa, France, Australia and Spain developed favorably.

The EBIT in the segment SEC reached EUR 37.3 million (2010/11: EUR 48.3 million), corresponding to an EBIT margin of 12.1 % (2010/11: 21.6 %). Due to an incomplete acceptance process of the system in Poland between July 2011 and February 2012, the respective revenues from the operation project were not received in their full amounts even though the full expenses were incurred. The EBIT in the segment was also burdened by the delay in connection with the start of the South African project as well as its lower profit margin compared with the previous year. Moreover, the order from the E-ZPass Group awarded in July 2011 was only obtained with a very price competitive offer.

In the segment Others (OTH), revenues increased from EUR 6.4 million in the previous year to EUR 12.0 million in fiscal year 2011/12. This increase can be attributed to the manufacturing and supply for the GSM-R project for Kapsch CarrierCom in France. The segment OTH contributed 2.2 % to total revenues (2010/11: 1.6 %). The operating result reached EUR 0.8 million (2010/11: EUR 0.4 million), corresponding to a slightly reduced EBIT margin of 6.5 % in fiscal year 2011/12 (2010/11: 6.7 %).

Revenues by segment		2011/12		2010/11		+/- %	2009/10	
Road Solution Projects (RSP)								
Revenues (% of total revenues)	in million EUR	229.9	(42 %)	158.9	(41 %)	45 %	45.8	(21 %)
EBIT	in million EUR	4.1	(2 %)	0.1	(0 %)	>300 %	-20.9	(-46 %)
Services, System Extensions, Components Sales (SEC)								
Revenues (% of total revenues)	in million EUR	308.1	(56 %)	223.3	(57 %)	38 %	161.9	(75 %)
EBIT	in million EUR	37.3	(12 %)	48.3	(22 %)	-23 %	45.3	(28 %)
Others (OTH)								
Revenues (% of total revenues)	in million EUR	12.0	(2 %)	6.4	(2 %)	88 %	8.3	(4 %)
EBIT	in million EUR	0.8	(6.5 %)	0.4	(6.7 %)	82 %	0.2	(2 %)

Revenues by region. Europe accounted for the largest share of total revenues (62.1 %) in fiscal year 2011/12. The revenue increase of EUR 159.4 million can be attributed largely to the projects in Poland and France. Revenues in the rest of the world decreased by EUR 29.4 million (-20.7 %). Significantly lower revenues in South Africa compared to the previous year were responsible for this decline, whereas higher revenues were recorded in Australia and in Thailand. In the American region, revenues increased by EUR 36.0 million (130.4 %), mainly due to the first full year of revenue contribution by the Kapsch TrafficCom IVHS subsidiaries in North America. Revenues in Austria fell by EUR 4.7 million (-12.6 %) because no significant expansions of the nationwide truck toll collection system took place during the past fiscal year.

Revenues by region		2011/12		2010/11		+/- %	2009/10	
Austria (% of total revenues)	in million EUR	32.8	(6 %)	37.5	(10 %)	-13 %	42.4	(20 %)
Europe (excl. Austria) (% of total revenues)	in million EUR	341.4	(62 %)	182.0	(47 %)	88 %	117.1	(54 %)
Americas (% of total revenues)	in million EUR	63.6	(12 %)	27.6	(7 %)	130 %	12.1	(5 %)
Rest of the World (% of total revenues)	in million EUR	112.1	(20 %)	141.5	(36 %)	-21 %	44.5	(21 %)

The cost of materials and other production expenses rose from EUR 191.3 million to EUR 287.3 million in fiscal year 2011/12, which reflects an increase of EUR 96.0 million. Compared to the previous year, the share of costs for materials and other production expenses in relation to revenues changed from 49.2 % to 52.2 %. This can be attributed primarily to the higher proportion of outsourced deliveries for the implementation and operation project in Poland, which was necessary due to the unusually short implementation period.

The staff costs increased by EUR 35.3 million compared with the previous year, rising from EUR 86.5 million to EUR 121.7 million in fiscal year 2011/12. During the same time, the average number of employees grew by 964 persons from 1,621 to 2,585. The staff requirements connected with the technical and commercial operation projects in South Africa and Poland represented the most important factors here. The staff cost ratio (staff costs in relation to total revenues) remained nearly unchanged at 22.1 % (2010/11: 22.3 %).

Depreciation and amortization expenses increased by EUR 4.8 million compared with the previous year (2010/11: EUR 13.6 million; 2011/12: EUR 18.4 million), resulting primarily from the scheduled amortization of intangible assets from company acquisitions.

Other operating expenses increased from EUR 63.4 million to EUR 83.0 million in fiscal year 2011/12, representing an increase of EUR 19.6 million. This increase occurred primarily in the marketing and advertising expenses, travel expenses, communication and IT expenses as well as rental expenses. Additional project-related expenses as well as the establishment of the subsidiary in Poland were the main reasons for this development.

The Kapsch TrafficCom Group achieved a financial result of EUR -5.9 million (2010/11: EUR -7.6 million) in fiscal year 2011/12. Finance income increased due to not yet realized exchange rate gains in connection with intercompany financing, mainly for the Polish project and the subsidiaries in North America. Finance costs rose as a result of increased interest expenses for the corporate bond issued in the previous year and the financing of the project in Poland.

The profit before income taxes reached EUR 36.3 million, down by EUR 4.9 million compared with the previous year. Lower income taxes and higher finance income compensated for the lower operating result (EBIT) and led to an almost unchanged profit for the period of EUR 27.5 million (2010/11: EUR 28.4 million).

2.3 Assets and liabilities

Total assets increased in large part as a consequence of the augmented project business to EUR 557.7 million as of 31 March 2012 (31 March 2011: EUR 450.1 million). Total equity reached EUR 256.2 million, up by EUR 64.7 million compared to the previous year (31 March 2011: EUR 191.5 million), mainly due to the capital increase at the end of July 2011 as well as the total comprehensive income for the period amounting to EUR 37.4 million. On this basis, the equity ratio of the Kapsch TrafficCom Group increased to 45.9 % as of 31 March 2012 (31 March 2011: 42.5 %) despite an increase in total assets and the high project-related net working capital.

The most significant changes in assets occurred within the current assets. In connection with the projects in Poland and South Africa, trade receivables and other current assets rose from EUR 190.9 million to EUR 287.6 million.

Non-current assets increased from EUR 159.7 million to EUR 168.1 million as of 31 March 2012. The largest change arose in other financial assets and investments solely due to the positive development of the shares in the Norwegian Q-Free ASA. The decline in intangible assets resulted from the scheduled amortization of assets from company acquisitions.

On the liabilities side, the current liabilities rose from EUR 141.2 million to EUR 187.6 million on 31 March 2012. This increase of EUR 46.4 million was mainly due to higher current financial liabilities, current provisions and other current liabilities and deferred income, all related to the project in Poland.

Non-current liabilities decreased to EUR 113.8 million (31 March 2011: EUR 117.4 million), mainly resulting from other non-current liabilities.

2.4 Financial position

Net cash flow from operating activities declined to EUR -37.8 million in fiscal year 2011/12 compared to EUR -11.7 million in the previous year. This was mainly attributable to the increase in trade receivables and other current assets as well as in current provisions and to the decrease in trade payables and other current payables, which led to a further increase of the net working capital. The payment received from the project in Poland in April, however, significantly reduced trade receivables and other current assets after the end of the fiscal year on 31 March 2012. Moreover, the lower operating result (EBIT) weighed down the net cash flow from operating activities.

The net cash flow from investing activities in fiscal year 2011/12 was largely determined by the expansion of production facilities, modernization of office premises and the acquisition of securities. The free cash flow declined to EUR -50.9 million after EUR -19.9 million in the previous year.

The capital increase at the end of July 2011 in the gross amount of EUR 49.0 million and the drawdown of a short-term credit for the project in Poland positively affected the net cash flow from financing activities, while the payment of dividends totaling EUR 21.0 million lowered the result.

Cash and cash equivalents increased to EUR 44.9 million as of 31 March 2012, compared to EUR 42.0 million as of 31 March 2011. The increase in short-term financial liabilities did not result in a higher cash balance, leading to higher net debts of EUR 74.4 million as of 31 March 2012 compared to EUR 47.2 million as of 31 March 2011.

2.5 Non-financial performance indicators

Reliability and accuracy of installed systems. The toll transaction rate is a figure for assessing the accuracy and reliability of a toll collection system. It indicates the number of successful transactions in relation to all potential toll transactions of vehicles equipped with a functioning on-board unit. A high toll transaction rate translates to high toll revenues.

In 2011, the average toll transaction rate of the existing truck toll collection system in Austria amounted to approximately 99.9 %, again reaching the high level of 2010. During the same period, the average transaction rate of the nationwide electronic toll collection system in the Czech Republic was approximately 99.5 %, up by 0.2 % from 99.3 % in the previous year. The calculation of the average transaction rate is based on methods agreed upon with the respective customer, meaning that comparisons between the average transaction rates achieved in different projects are only possible on a limited basis.

Staff. The average number of employees in the Kapsch TrafficCom Group in fiscal year 2011/12 was 2,585, which is 59.5 % higher than the average of 1,621 in fiscal year 2010/11. As of 31 March 2012, the group had a workforce of 2,705 (2,520 salaried and 185 non-salaried employees), of which more than half were located outside of Europe (roughly 1,100 employees in South Africa).

Kapsch TrafficCom places great importance on the continued training and education of its employees. This involves not only promoting professional education but also providing seminars and workshops for developing personal and teamwork skills. In addition, training sessions tailored to the particular needs of employees are offered within the framework of the Kapsch Academy. A job rotation program promotes the international exchange of staff between the various locations, and select employees are prepared for their future tasks in a management trainee program.

Kapsch TrafficCom makes contributions to an external pension fund for employees of group companies in Austria under a defined contribution scheme. The amounts of the payments are based on the individual employee's income and the operating profit margin of the company.

Kapsch TrafficCom is aware of the employees' contribution to its success and acknowledges this through a profit participation plan. The Kapsch TrafficCom Group rewards the commitment of its employees by distributing to them up to 5 % of the group profit. Country-specific upper limits have been established to ensure that the distribution reflects local purchasing power. Every employee receives a share, which is independent of the person's salary or wage.

Moreover, Kapsch TrafficCom is committed to promoting the advancement of women in the workplace. Women are supported through a flexible working hours scheme that is designed to help combine professional and private life. In addition, Kapsch TrafficCom cooperates with schools, universities and colleges in order to increase the proportion of women employed, among other goals. The company also promotes women in the workforce through participation in specific programs such as "FIT *Frauen in die Technik*" or "FemTech". A specific trainee program "Women into sales" has been established within the Kapsch TrafficCom Group in addition to a committee for non-discrimination.

Quality. Kapsch TrafficCom AG defines its processes in an integrated management system for health and safety, security, environment and quality (HSSEQ). Valid certifications are held for quality management pursuant to ISO 9001 (since 2002), for occupational health and safety pursuant to OHSAS 18001 and for environmental management pursuant to ISO 14001 (since 2005). Kapsch TrafficCom has implemented the necessary measures in its internal processes and monitors them continuously. The certificate pursuant to ISO 27001 ensures the necessary information security management. The certificate pursuant to ISO 20000 for service management in connection with technical operations guarantees a high service quality in this area.

Environment. In the future, the group will strive to fulfill its responsibilities toward environmental protection even more extensively, particularly through the efficient and responsible use of natural resources.

Corporate social responsibility

Kapsch TrafficCom understands the challenge of long-term and responsible business activities and is dedicated to sustainability on an economic, environmental and social level. Regularly published sustainability reports will demonstrate the progress on a group level and the continuing establishment of predefined objectives.

Living up to its socio-political responsibility, the entire Kapsch Group – organized by Kapsch AG – further supports a number of contemporary art and cultural institutions and projects, and even initiates its own projects in this field. Select educational initiatives and extensive social measures complement this approach, which the company considers to be an obligation both inside and outside the group.

Music. A major component of this commitment consists of sponsoring activities related to the Vienna Concert Hall *(Wiener Konzerthaus),* a cultural institution with an excellent reputation even far beyond Austria's borders. The Kapsch Group has been the main sponsor of the Vienna Concert Hall since 1992. The *"Wien Modern"* festival – one of the world's best known festivals of contemporary music – has been supported by Kapsch since its launch in 1989.

Visual arts. Promoting lesser-known artists is of particular concern to the Kapsch Group. In particular, young Austrian and international artists are assisted by sponsorship campaigns. One example is the photo calendar that the Kapsch Group has supported since 1994. The calendar is presented annually in late autumn at a private exhibition.

Educational institutions. As a company that is driven by technology and innovation, Kapsch TrafficCom is constantly interested in establishing contacts as early as possible with the best engineering talents. Since 2005, the Kapsch Group has supported the work of Universitäre Gründerservice Wien GmbH, which aims to support and guide young entrepreneurs in the implementation of ideas relating to well defined business concepts.

Social activities. Kapsch TrafficCom takes pride in supporting select social projects at home and abroad. One example of the numerous projects is ICEP, the Institute for Cooperation in Development Projects, whose activities help improve the circumstances of people in developing countries. By directly promoting migration and integration, Kapsch TrafficCom contributes to social justice, the positive development of society as well as long-term safety and security.

2.6 Risk management

As a technology company, Kapsch TrafficCom operates in an ever-changing environment. Risks are therefore part of its day-to-day business. For the company, risk means the possibility of deviating from company objectives, meaning that the definition of risk encompasses both positive (opportunities) as well as negative (risks) deviations from planned objectives.

Risk management system

Risk management has been positioned as a separate function within the finance department of Kapsch TrafficCom AG, focusing on project risk management and enterprise risk management (ERM).

Project risk management starts in the bid phase of customer projects. It comprises institutionalized processes aimed at identifying and analyzing all relevant opportunities and risks pertaining to the group's projects, thereby providing the basis for the timely planning and implementation of risk-mitigating activities.

The ERM focuses on risks of key customer projects as well as strategic, technological, organizational, financial, legal and IT risks, which are reported to the executive board on a semi annual basis. The goal of the ERM approach is early identification, analysis and control of all risks which might influence strategic and operational objectives of the company. The primary objective in this context is not to avoid risks but to deal with risks in a controlled and deliberate manner and to recognize and realize opportunities as they arise over time in order to make a valuable contribution to the management of the company.

The material risks faced by the Kapsch TrafficCom Group and the respective risk management measures are briefly explained below.

Industry-specific risks

Volatility of new orders. A major portion of the revenues of the Kapsch TrafficCom Group is generated in the segment Road Solution Projects (RSP). In this segment, the group regularly participates in tenders for the implementation and operation of large electronic toll collection systems as well as for the collection of tolls on specific sections of road. On the one hand, there is a risk that tenders in which the group participates or plans to participate could be delayed or withdrawn, for instance as a result of political changes, appeals or legal actions by unsuccessful bidders. On the other hand, a risk exists that Kapsch TrafficCom may not win its bids for new projects due to technological, financial, formal or other reasons. Continuing revenues from the technical and commercial operation of systems also depend on the successful participation in tenders for systems.

In the past, the revenues of the Kapsch TrafficCom Group have been heavily influenced by the realization of implementation projects in the given fiscal year. In particular, significantly higher revenues were recorded in 2003 (implementation of a nationwide electronic truck toll collection system in Austria), 2006/07 (implementation of a nationwide electronic truck toll collection system in the Czech Republic) and 2010/11 (implementation of an electronic toll collection system in the South African province of Gauteng). In fiscal year 2011/12, sizeable revenues were generated from the implementation of a nationwide electronic truck toll collection system in Poland.

The strategy of the Kapsch TrafficCom Group is aimed, among other things, at reducing this volatility of revenues through increased geographic diversification and increased diversification of the customer base and product portfolio as well as sustained growth in the share of technical and commercial system operation in total revenues in the interest of strengthening the segment Services, System Extensions, Components Sales (SEC).

Risks of project execution. In connection with the installation of systems, Kapsch TrafficCom Group is usually contractually obligated to provide performance guarantees. Since electronic toll collection systems and other intelligent transportation systems are frequently sophisticated and technologically complex systems that must be implemented within a short timeframe, system and product defects or missed deadlines may occur due to the limited time available. Unexpected project modifications, lack of qualified personnel, quality defects, unexpected technical problems as well as performance problems of suppliers or consortium members may also have a negative impact on project schedules. The failure to meet guaranteed performance levels or deadlines usually results in penalties and/or compensation for damages, sometimes also compensation for lost toll revenues. Significant deadline overruns also frequently trigger contractual clauses that enable clients to terminate contracts prematurely. A significant delay in a project, failure to achieve guaranteed performance levels or failure to implement a project in time would also reduce the chances of success in future tenders for systems. There is also the risk that Kapsch TrafficCom Group cannot execute projects in line within the set cost budgets.

Kapsch TrafficCom Group employs risk management methods and project risk management procedures based on IPMA (International Project Management Association) standards in order to guard against risks associated with projects.

Long-term contracts with public authorities. In many cases, the system contracts are awarded by public agencies. Framework agreements and service contracts in connection with toll collection projects may include terms and conditions that are not negotiable in a tender process and that may be disadvantageous to the Kapsch TrafficCom Group. Some long-term contracts include challenging requirements with regard to the performance of the implemented systems, components and processes. These requirements can, if they are not achieved, result in significant penalties, damages or even contract termination. On the other hand, some contracts include substantial bonus payments for over-fulfillment of performance requirements. In the case of long-term contracts, the margins earned can also differ from the original estimates due to changes in costs.

Liabilities arising from contracts concluded by the Kapsch TrafficCom Group may include liabilities regarding customers' loss of profit, product liabilities and other liabilities. While the group aims to include appropriate limitations to its liability in contracts, it is still impossible to guarantee that all contracts contain sufficient limitations to the group's liability or that these limitations can be enforced under applicable law.

Strategic risks

Capacity for innovation. The strong market position of the Kapsch TrafficCom Group is, to a large extent, based on its ability to develop state-of-the-art, efficient and reliable systems, components and products. Kapsch TrafficCom is committed to a permanent and integrated innovation process. In order to maintain its already strong position in technology, the Kapsch TrafficCom Group invests a considerable portion of its revenues in research and development activities. However, if the group does not succeed in developing new systems, components and products, this can be detrimental to its competitive position.

Since its capacity for innovation is based largely on technology, internal know-how and intellectual property, the global increase in product piracy and reverse engineering may have negative effects on the group. In addition, any failures in protecting these technologies may have a negative impact on the group's competitive position. Moreover, it is possible that systems, components, products or services could infringe on the intellectual property rights of third parties. The Kapsch TrafficCom Group places great importance on the protection of technologies and the company's internal know-how, e. g. through patents and non-disclosure agreements with other parties.

Acquisition and integration of companies as a part of the group's growth. One of the strategic objectives of the Kapsch TrafficCom Group is to grow internationally both by organic means and through select acquisitions and joint ventures. In the implementation of this strategy, the group has acquired and integrated companies around the world. However, a number of challenges remain in connection with this growth strategy in order to realize the desired synergies and objectives.

Country risk. The strong expansion of business activities in Eastern Europe and non-European countries has exposed the Kapsch TrafficCom Group to heightened political risks. Significant and unforeseeable political changes can exert a major influence on the ability to implement or operate ITS projects in these countries and can also affect the availability and accessibility of funds. There may also be interference with the property rights of the Kapsch TrafficCom Group or complications regarding business practices and activities.

Financial risks

Foreign exchange risk. The Kapsch TrafficCom Group maintains branches, offices and subsidiaries in a number of countries outside the eurozone. A considerable portion of revenues and costs are denominated in the currencies of the respective foreign companies rather than in euros. Although the group aims to hedge the net currency position of the individual contracts as necessary, currency fluctuations may result in exchange rate losses that may influence the consolidated financial statements (transaction risk). In addition, risks arise from the conversion of the separate financial statements of international companies into the group currency, the euro (translation risk). Fluctuations in exchange rates may also result in a change in the competitive position of the Kapsch TrafficCom Group.

Interest rate risk. Within the framework of project financing, the group regularly agrees to variable interest rates that are tied to market interest rates (Euribor, Pribor etc.). This exposes the Kapsch TrafficCom Group to interest rate risks. The group utilizes appropriate financial instruments to hedge against interest rate risks when these risks are significant.

Liquidity risk. Sufficient financial resources must be available to ensure that the Kapsch TrafficCom Group can meet its payment liabilities at any time. Medium and long-term financing must be available in order to carry out large-scale projects (such as implementing a nationwide toll collection system under delayed payment terms from the client) and for acquiring other companies. Additionally, implementing large-scale projects often requires the provision of significant bank guarantees to secure bid obligations (bid bonds) or to secure possible warranty claims (performance bonds).

In financing agreements, the Kapsch TrafficCom Group is subject to the customary restrictions in terms of its business policy, e. g. when drawing additional loans, using assets as collateral or providing guarantees for third parties. The availability of financing and bank guarantees depends on market conditions as well as the net assets and financial position of the Kapsch TrafficCom Group and the results of operations. A lack of liquid assets (even if the group is otherwise solvent), of financing or of bank guarantees can have an extremely adverse impact on the net assets and financial position of the Kapsch TrafficCom Group and the results of operations. The issuing of 800,000 new shares of authorized capital with gross proceeds of EUR 49 million in fiscal year 2011/12 helped the Kapsch TrafficCom Group to again improve its liquidity.

Liquidity risk is managed by ongoing, company-wide financial and cash planning. Potential liquidity shortages can thus be identified and mitigated.

Credit risk. The Kapsch TrafficCom Group is exposed to the risk of non-payment by customers. The credit ratings of new and existing customers are checked on a regular basis. Many of the key customers of the Kapsch TrafficCom Group are public authorities, especially in connection with implementing and/or operating nationwide or regional toll collection systems. There is also a risk that the counterparties (including financial institutions assumed to have good credit ratings) of both original and derivative financial instruments cannot meet their payment obligations when due. A payment default or the recognition of impairment charges to receivables can be extremely detrimental to the net assets and financial position of the Kapsch TrafficCom Group and the results of operations.

Personnel risks

The success of the Kapsch TrafficCom Group depends heavily on key personnel with many years of experience in the industry. Moreover, the group's ability to recruit qualified staff, integrate them into the company and retain them over the long-term is crucial in its current growth phase. The loss of key personnel and difficulties in the recruitment of personnel may adversely affect the success of the group.

Kapsch TrafficCom Group has implemented a number of measures to counteract personnel risks, such as incentive schemes and employee development opportunities.

Legal risks

A variety of regulations and legal requirements must be observed in connection with participating in public tenders, erecting infrastructure for ITS solutions (such as toll stations) and the operation of toll collection systems. Identifying and adhering to applicable legal regulations and requirements can result in considerable administrative and technical expense. The failure to meet regulations or official requirements can lead to severe penalties and can also reduce the possibility of (successfully) taking part in tenders or continuing with the given business activity.

With the expansion into new regions and new ITS business areas, the risk of patent infringement or the violation of property rights increases. Kapsch TrafficCom has implemented active intellectual property (IP) management as a separate function. In order to avoid legal actions and court proceedings, the Kapsch TrafficCom Group monitors potential intellectual property rights infringements continuously as well as prior to entry into new markets or regions.

IT risks

As a technology group, the Kapsch TrafficCom Group is exposed to typical IT risks relating to security, confidentiality and the availability of data. For this reason, Kapsch TrafficCom AG has implemented an IT risk management system designed according to the corporate risk and IT security application method (CRISAM) and has been certified pursuant to ISO 27001 (information security management). The Kapsch TrafficCom Group is also certified according to ISO 20000 "IT service management" (similar to ITIL) for the operation of toll collection systems.

Opportunities

The ERM approach of Kapsch TrafficCom is not only concerned with risks; it also includes the periodic identification, assessment and management of opportunities. Significant opportunities for Kapsch TrafficCom result from increased financing needs for infrastructure projects, global traffic growth, legislation to reduce the environmental impact of transportation, enhanced vehicle and fleet operations productivity and the increasing comfort and convenience expectations of travelers. In addition, many market opportunities arise from the geographic diversification as well as the increasing diversification of the customer base and product portfolio.

Summary assessment of the risk situation

From the current perspective, no risks have been identified that could endanger the continued operations of the Kapsch TrafficCom Group. Increasing geographic expansion, the diversification of the product portfolio and an increased share of recurring revenues (further growth in the segment Services, System Extensions, Components Sales) are planned to further reduce the concentration of risks in the future.

2.7 Internal Control System (ICS)

The Corporate Law Amendment Act *(URÄG 2008)* adopted the 8th EU Directive into Austrian law. Under this legislation, companies with a capital market orientation are henceforth obliged to include in their group management reports not only an outline of their risk management systems but also of the main features of their ICS with regard to the financial reporting process.

Kapsch TrafficCom AG began analyzing and documenting its existing internal processes for financial reporting on an ongoing basis in fiscal year 2009/10. The results obtained so far have been presented at the quarterly meetings of the audit committee for assessment and discussion.

The Group Accounting Manual represents the cornerstone for financial accounting and reporting throughout the whole Kapsch Group. The manual is published and regularly updated by the Kapsch Group and contains the essential financial and reporting procedures based on the International Financial Reporting Standards (IFRS). Groupwide guidelines and work instructions represent another important pillar of the internal control system.

The central elements of the ICS process include regular verification of compliance with the principle of dual control and the segregation of duties as well as defined actions for monitoring the effectiveness and efficiency of operating activities, the reliability of financial reporting and the compliance with relevant legal regulations. The ICS guidelines of Kapsch TrafficCom AG follow the basic structure of the internationally recognized standards for internal control systems (COSO – Internal Control and Enterprise Risk Managing Frameworks of the Committee of Sponsoring Organizations of the Treadway Commission).

The accounting for all group transactions is handled by a variety of software solutions. In a number of countries, the accounting has been outsourced to locally-based tax accountants due to the size of the subsidiaries. Companies submit reporting packages to the head office on a quarterly basis which contain all accounting data pertaining to the statement of comprehensive income, balance sheet and cash flow statement. The data is then transferred into the central consolidation system (Hyperion Financial Management). This financial information is verified on a groupwide basis by the central Kapsch TrafficCom controlling department and subsequently forms the basis for the quarterly reports issued by the Kapsch TrafficCom Group in accordance with IFRS.

The supervisory board is kept informed of business developments by the executive board during regular meetings by way of consolidated presentations consisting of segment reporting, earnings development analyses with comparisons of current figures to figures from the budget and the previous period as well as select financial figures, forecasts, group financial statements and developments in the number of employees and order inflow.

In keeping with the decentralized structure of the Kapsch TrafficCom Group, local management is responsible for the implementation and monitoring of the internal control system. The managing directors of the individual subsidiaries are responsible for establishing and designing internal control and risk management processes that meet the needs of the given company in view of accounting procedures, as well as for ensuring compliance with the groupwide rules and guidelines in this respect. The head of finance of the Kapsch TrafficCom Group, the central controlling department and the internal audit department subsequently verify compliance with these audit procedures by local management, and the results are regularly reported to the audit committee.

2.8 Research and development

The Kapsch TrafficCom Group has an international network of research and development centers in Vienna and Klagenfurt (Austria), Jönköping (Sweden), Bologna (Italy), Buenos Aires (Argentina), Toronto (Canada), Carlsbad (California, U.S.A.) and Cape Town (South Africa). As of 31 March 2012, the Kapsch TrafficCom Group employed more than 400 (2010/11: around 350) engineers in its R&D activities, which have high priority for the Kapsch TrafficCom Group in pursuing its strategic goal of staying always one step ahead. The knowledge of entirely new technologies based on national and international standards and the ability to implement these form the foundation for successful business developments and also enable the entry into new markets. The current focus lies on the regions of North and South America, Russia, Australia and South-East Asia.

In fiscal year 2011/12, the main focus of research and development activities was on a new high-performance roadside infrastructure platform that integrates all major sensor systems into a single, common software platform with improved re-use of core components, largely automated configuration and installation as well as simpler maintenance. This new sensor platform was succesfully put into operation in Portugal as well as deployed in South Africa and is now being extended for the U.S. market roll-out.

Major research activities included the prototyping of intelligent transportation systems (ITS) and participation in standardization for G5 (WAVE Europe) under the aspects of traffic management, control and reduction, as well as research and product development of combined solutions for road safety and electronic flow control (EFC) devices. The newly developed Kapsch ITS transponder platform enables vehicle-to-vehicle communication and the transmission of the vehicle status information. Research into vehicle detection and classification was undertaken to realize new video and sensor detection technologies with outstanding performance characteristics.

Important organizational initiatives during the last fiscal year included process and quality improvement initiatives in the central system and roadside areas to decrease expenses and delivery times as well as organizational changes and cost center splits to enable better product support.

The main initiatives in the component business involved developing new and less expensive generations of on-board units based on DSRC, GNSS or 5.9 GHz technology. The first new, lower-cost on-board units were approved for sale, and the first successful commercial vehicle 5.9 GHz transponder demonstration took place in the U.S. market.

Successful progressing R&D efforts are the foundation for sustained improvements in existing products and solutions as well as the continuous reduction of production, installation, operating and maintenance costs, all of which are essential for maintaining a technological and competitive advantage.

Research costs are recognized as expenses. The same applies to development costs, unless the IFRS criteria for classification as intangible assets are met. Since the statement of comprehensive income is structured by expense type, the research and development costs are reported under various statement of comprehensive income items, in particular under the cost of materials and other production services, staff costs and other operating expenses. In fiscal year 2011/12, the Kapsch TrafficCom Group invested approximately EUR 53.3 million (2010/11: EUR 37.3 million) in research and development, representing approximately 10 % of total revenues.

2.9 Disclosures pursuant to Section 267 UGB in connection with Section 243a UGB

1. The registered share capital of Kapsch TrafficCom AG amounts to EUR 13.0 million and is fully paid in. It is divided into 13 million no-par value ordinary bearer shares.
2. There are no restrictions relating to the exercise of voting rights or the transfer of shares.
3. As of 31 March 2012, approximately 38.1 % of the shares of Kapsch TrafficCom AG were in free float. As of 31 March 2012, KAPSCH-Group Beteiligungs GmbH held approximately 61.9 % of the shares. KAPSCH-Group Beteiligungs GmbH is a wholly-owned subsidiary of DATAX HandelsgmbH, whose shares are equally held by Traditio-Privatstiftung, ALUK-Privatstiftung and Children of Elisabeth-Privatstiftung, each a private foundation under the Austrian Private Foundation Act *(Privatstiftungsgesetz).* As of 31 March 2012, no other shareholder held more than 5 % of the voting rights in Kapsch TrafficCom AG.
4. None of the shares convey special control rights.
5. There are no restrictions regarding the execution of the voting rights by employees with a stake in the company.
6. There are no special provisions on the appointment and removal of members of the executive board and the supervisory board.
7. No agreements have been entered into which become effective when a takeover bid for shares in the company is launched.
8. There are no agreements between Kapsch TrafficCom AG and members of the executive board or the supervisory board or employees which become effective when a takeover bid for shares in the company is launched.

2.10 Outlook and targets

Despite a macroeconomic environment that remains challenging, Kapsch TrafficCom takes an optimistic view of its markets for fiscal year 2012/13 and beyond. The company is convinced that many interesting opportunities exist worldwide for the delivery and operation of toll collection systems and that it is well prepared for the increasingly observable convergence of the ITS market. Fiscal year 2012/13 will be characterized in particular by the further developments associated with the date for the start of the electronic toll system for multi-lane free-flow traffic in the South African Gauteng province as well as the expected tenders for nationwide electronic toll collection systems in Hungary, Slovenia and Denmark. The company will also focus during fiscal year 2012/13 on implementation of the strategy up to the year 2016 as defined in fiscal year 2011/12 and on establishing the corresponding corporate structure.

2.11 Material events after the balance sheet date

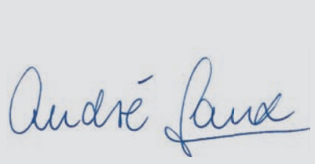
On 6 April 2012, the nationwide truck toll collection system in Poland was finally accepted by the customer. The last installment was paid in the net amount of EUR 103.3 million in April as well.

On 28 April 2012 – just two days before the final scheduled commissioning deadline – the start of the fully completed system in South Africa was suspended indefinitely by court order due to a lawsuit. On 23 May 2012, the government elected to appeal the court decision.

Vienna, 30 May 2012

Georg Kapsch
Chief Executive Officer

Erwin Toplak
Chief Operating Officer



André Laux
Executive Board member

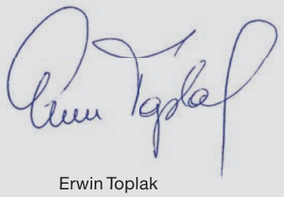
Statement of all Members of the Executive Board.

Statement of all Members of the Executive Board pursuant to Section 82 Para. 4 No. 3 BörseG (Austrian Stock Exchange Act)

We declare to the best of our knowledge that the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the group as required by the applicable accounting standards and that the group management report gives a true and fair view of the development and performance of the business and the position of the group, together with a description of the principal risks and uncertainties faced by the group.

Vienna, 30 May 2012

Georg Kapsch
Chief Executive Officer



Erwin Toplak
Chief Operating Officer

André Laux
Executive Board member

Consolidated Financial Statements as of 31 March 2012.

Consolidated statement of comprehensive income.

All amounts in EUR	Note	2011/12	2010/11
Revenue	(1)	**549,921,391**	**388,577,354**
Other operating income	(2)	10,250,121	7,564,449
Changes in finished and unfinished goods and work in progress	(3)	-7,715,924	7,461,759
Other own work capitalized		196,825	0
Cost of materials and other production services	(4)	-287,288,207	-191,255,566
Staff costs	(5)	-121,725,367	-86,462,023
Amortization of intangible assets and depreciation of property, plant and equipment	(6)	-18,399,507	-13,614,643
Other operating expenses	(7)	-83,019,586	-63,391,169
Operating result		**42,219,746**	**48,880,161**
Finance income	(8)	7,209,800	4,497,773
Finance costs	(8)	-13,083,030	-12,117,209
Financial result	(8)	**-5,873,229**	**-7,619,436**
Results from joint ventures and associates	(14)	-32,679	0
Profit before income taxes		**36,313,838**	**41,260,725**
Income taxes	(9)	-8,861,709	-12,825,554
Profit for the period		**27,452,129**	**28,435,171**
Other comprehensive income for the period			
Gains/losses recognized directly in equity:			
Available-for-sale financial assets		11,596,162	-2,276,947
Currency translation differences		-1,541,864	4,294,277
Income tax relating to components of other comprehensive income		-78,020	-258,963
Other comprehensive income for the period net of tax	(10)	**9,976,278**	**1,758,367**
Total comprehensive income for the period		**37,428,406**	**30,193,538**
Profit attributable to:			
Equity holders of the company		20,599,568	22,062,116
Minority interests		6,852,560	6,373,055
		27,452,129	**28,435,171**
Total comprehensive income attributable to:			
Equity holders of the company		30,941,852	23,608,360
Minority interests		6,486,554	6,585,178
		37,428,406	**30,193,538**
Earnings per share from the profit for the period attributable to the equity holders of the company (in EUR)	(29)	**1.62**	**1.81**

The consolidated financial statements of Kapsch TrafficCom AG as of 31 March 2012 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.

Consolidated balance sheet.

All amounts in EUR	Note	31 March 2012	31 March 2011
ASSETS			
Non-current assets			
Property, plant and equipment	(12)	21,847,139	19,404,442
Intangible assets	(13)	80,378,811	88,687,320
Interests in joint ventures and investments in associates	(14)	0	0
Other non-current financial assets and investments	(15)	51,229,052	34,489,914
Other non-current assets	(16)	3,420,384	9,017,638
Deferred tax assets	(22)	11,188,685	8,109,517
		168,064,072	**159,708,830**
Current assets			
Inventories	(17)	48,898,875	49,484,611
Trade receivables and other current assets	(18)	287,589,919	190,885,049
Other current financial assets	(15)	8,212,783	8,036,841
Cash and cash equivalents	(19)	44,929,361	42,000,584
		389,630,938	**290,407,085**
Total assets		**557,695,010**	**450,115,915**
EQUITY			
Capital and reserves attributable to equity holders of the company			
Share capital	(20)	13,000,000	12,200,000
Capital reserve		117,508,771	70,077,111
Retained earnings and other reserves		112,098,233	94,065,714
		242,607,004	**176,342,825**
Minority interests		**13,639,537**	**15,170,566**
Total equity		**256,246,542**	**191,513,391**
LIABILITIES			
Non-current liabilities			
Non-current financial liabilities	(21)	74,255,766	74,112,367
Liabilities from post-employment benefits to employees	(23)	16,703,633	16,314,606
Non-current provisions	(26)	1,097,655	686,388
Other non-current liabilities	(24)	3,439,531	10,422,739
Deferred income tax liabilities	(22)	18,315,570	15,875,749
		113,812,155	**117,411,848**
Current liabilities			
Trade payables		59,013,463	72,531,371
Other liabilities and deferred income	(25)	53,047,511	36,881,453
Current tax payables		3,795,130	3,973,331
Current financial liabilities	(21)	53,249,432	23,082,571
Current provisions	(26)	18,530,776	4,721,950
		187,636,313	**141,190,676**
Total liabilities		**301,448,468**	**258,602,524**
Total equity and liabilities		**557,695,010**	**450,115,915**

The consolidated financial statements of Kapsch TrafficCom AG as of 31 March 2012 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.

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	Other reserves	Consolidated retained earnings		
Carrying amount as of 31 March 2010	**12,200,000**	**70,077,111**	**2,702,758**	**78,233,966**	**5,034,869**	**168,248,704**
Dividend for 2009/10				-9,150,000	-3,245,699	-12,395,699
Effects from business combinations and the acquisition of minority interests				-1,329,370	6,796,218	5,466,848
Result for the period				22,062,116	6,373,055	28,435,171
Other comprehensive income for the period:						
Currency translation differences			4,082,155		212,122	4,294,277
Fair value gains/losses on available-for-sale financial assets			-2,535,909		0	-2,535,909
Carrying amount as of 31 March 2011	**12,200,000**	**70,077,111**	**4,249,003**	**89,816,711**	**15,170,566**	**191,513,391**
Proceeds from shares issued	800,000	47,431,660				48,231,660
Dividend for 2010/11				-13,000,000	-8,017,583	-21,017,583
Contributions from shareholders			90,667			90,667
Result for the period				20,599,568	6,852,560	27,452,129
Other comprehensive income for the period:						
Currency translation differences			-1,175,858		-366,006	-1,541,864
Fair value gains/losses on available-for-sale financial assets			11,518,142		0	1,518,142
Carrying amount as of 31 March 2012	**13,000,000**	**117,508,771**	**14,681,954**	**97,416,280**	**13,639,537**	**256,246,542**

Consolidated cash flow statement.

All amounts in EUR	Note	2011/12	2010/11
Cash flow from operating activities			
Operating result		42,219,746	48,880,161
Adjustments for non-cash items and other reconciliations:			
Depreciation and amortization	(6)	18,399,507	13,614,643
Impairment charge		50,242	0
Increase/decrease in obligations for post-employment benefits	(23)	389,028	114,354
Increase/decrease in other non-current liabilities and provisions	(24, 26)	-2,973,804	103,655
Increase/decrease in other non-current receivables and assets		-537,793	757,768
Increase/decrease in trade receivables (non-current)	(16)	5,977,137	-537,067
Increase/decrease in trade payables (non-current)	(24)	-3,834,549	971,092
Other (net)		-2,264,443	-1,825,561
		57,425,071	62,079,045
Changes in net current assets:			
Increase/decrease in trade receivables and other assets	(18)	-92,190,370	-72,588,781
Increase/decrease in inventories	(17)	585,736	-8,098,837
Increase/decrease in trade payables and other current payables		1,944,819	28,696,976
Increase/decrease in current provisions	(26)	13,808,826	-2,218,992
		-75,850,989	-54,209,634
Cash flow from operations		**-18,425,918**	**7,869,411**
Interest received	(8)	1,032,668	1,173,389
Interest payments	(8)	-6,987,381	-3,476,705
Net payments of income taxes		-13,463,043	-17,229,370
Net cash flow from operating activities		**-37,843,673**	**-11,663,275**
Cash flow from investing activities			
Purchase of property, plant and equipment	(12)	-10,648,960	-6,362,478
Purchase of non-current intangible assets	(13)	-2,412,085	-1,888,740
Purchase of securities and investments	(15)	-4,781,127	-69,125
Payments for acquisition of companies (net of cash acquired)		0	-52,180,953
Payments for acquisition of minority interests		0	-1,000,000
Payments for the acquisition of shares in companies consolidated at equity	(14)	-32,679	0
Proceeds from the disposal of shares in subsidiaries		0	35,999
Proceeds from the disposal of property, plant and equipment and intangible assets		1,181,546	553,619
Net cash flow from investing activities		**-16,693,304**	**-60,911,678**
Cash flow from financing activities			
Proceeds from shares issued and contributions from shareholders		48,322,327	0
Dividends paid to company shareholders		-13,000,000	-9,150,000
Dividends paid to minority shareholders of group companies		-8,017,583	-3,245,699
Increase in other non-current financial liabilities	(21)	203,061	64,052,117
Increase in current financial liabilities	(21)	42,794,567	13,938,131
Decrease in current financial liabilities	(21)	-12,684,280	-92,126
Net cash flow from financing activities		**57,618,092**	**65,502,423**
Net decrease/increase in cash and cash equivalents		**3,081,114**	**-7,072,530**
Change in cash and cash equivalents			
Cash and cash equivalents at beginning of year	(19)	42,000,584	47,743,108
Net decrease/increase in cash and cash equivalents		3,081,114	-7,072,530
Exchange gains/losses on cash and cash equivalents		-152,338	1,330,006
Cash and cash equivalents at end of year	(19)	**44,929,361**	**42,000,584**

The consolidated financial statements of Kapsch TrafficCom AG as of 31 March 2012 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.

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

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 GmbH & Co 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 and in the fiscal year ending 31 March 2012, KAPSCH-Group Beteiligungs GmbH reduced its share to 61.90%. The shares of Kapsch TrafficCom AG in free float have been listed in the Prime Market segment of the Vienna Stock Exchange since 26 June 2007.

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 1120 Vienna, Am Europlatz 2.

The following subsidiaries are part of the consolidated group:

- Kapsch TrafficCom Construction & Realization spol. s r.o., Prague, Czech Republic
- Kapsch TrafficCom Ltd., Manchester, United Kingdom
- Kapsch Components GmbH & Co KG, Vienna
- Kapsch Components GmbH, Vienna
- ArtiBrain Software Entwicklungsgesellschaft mbH, Vienna
- Kapsch-Busi S.p.A., Bologna, Italy
- Kapsch TrafficCom d.o.o., Ljubljana, Slovenia
- Kapsch TrafficCom S.r.l., Milan, Italy
- Transport Telematic Systems LLC, Abu Dhabi, United Arab Emirates
- Kapsch TrafficCom Russia OOO, Moscow, Russia
- Kapsch Telematik Technologies Bulgaria EAD, Sofia, Bulgaria
- Kapsch TrafficCom Argentina S.A., Buenos Aires, Argentina
- Kapsch TrafficCom Kazakhstan LLC, Astana, Kazakhstan
- Kapsch Telematic Services IOOO, Minsk, Republic of Belarus *)
- PREMID a.s. v likidácii, Bratislava, Slovakia **)
- Jibesoev GmbH, Vienna
- Kapsch TrafficCom AB, Jönköping, Sweden
- Kapsch TrafficCom Australia Pty Ltd, Melbourne, Australia
- Kapsch TrafficCom Chile S.A., Santiago de Chile, Chile
- Kapsch TrafficCom France SAS, Paris, France
- Kapsch TrafficCom (M) Sdn Bhd, Kuala Lumpur, Malaysia
- Kapsch TrafficCom Limited, Auckland, New Zealand
- Kapsch TrafficCom South Africa (Pty) Ltd., Cape Town, South Africa
- Electronic Toll Collection (PTY) Ltd., Centurion, South Africa
- Kapsch TrafficCom South Africa Holding (Pty) Ltd., Cape Town, South Africa
- TMT Services and Supplies (Pty) Ltd., Cape Town, South Africa
- SafeTCam (Pty) Ltd., Cape Town, South Africa
- Traffic Software Solutions (Pty) Ltd., Cape Town, South Africa
- TMT Services and Supplies (Gauteng) (Pty) Ltd., Cape Town, South Africa
- Electronic Tolling Operations (Pty) Ltd., Cape Town, South Africa
- Crestwave 61 (Pty) Ltd., Cape Town, South Africa
- Crestwave 63 (Pty) Ltd., Cape Town, South Africa
- TMT Services and Supplies (North) (Pty) Ltd., Cape Town, South Africa
- Berrydust 51 (Pty) Ltd., Cape Town, South Africa
- Kapsch TrafficCom B.V., Amsterdam, Netherlands
- Kapsch TrafficCom Holding II US Corp., Sterling, USA
- Kapsch TrafficCom IVHS Technologies Holding Corp., Sterling, USA
- Kapsch TrafficCom IVHS Holding Corp., Sterling, USA
- Kapsch TrafficCom IVHS Inc., Sterling, USA
- Kapsch TrafficCom Canada Inc., Halifax, Canada
- Kapsch TrafficCom IVHS, S.A. de C.V., Mexico City, Mexico
- Kapsch TrafficCom Holding Corp., Sterling, USA
- Kapsch TrafficCom U.S. Corp., Sterling, USA
- KapschTrafficCom Inc., Carlsbad, USA
- Kapsch Telematic Services GmbH, Vienna
- Kapsch Telematic Services Kft., Budapest, Hungary
- Kapsch Telematic Services spol. s r.o., Prague, Czech Republic
- Kapsch Telematic Services GmbH Deutschland, Berlin, Germany
- Kapsch Telematic Services Danmark ApS, Copenhagen, Denmark
- Kapsch Telematic Services Solutions A/S, Copenhagen, Denmark
- Kapsch Telematic Services Sp. z o.o., Warsaw, Poland
- VTI Industrial Electronics (Proprietary) Limited, Germiston, South Africa

*) Companies newly established in the fiscal year 2011/12
**) in liquidation

In the fiscal year 2011/12, Kapsch TrafficCom Cooperatief U.A., Amsterdam, Netherlands, and Mark IV Holdings B.V., Amsterdam, Netherlands, were liquidated and Kapsch Traffic Com HoldCo Inc., Halifax, Canada, and Kapsch TrafficCom IVHS Corp., Mississauga, Canada, were amalgamated into Kapsch TrafficCom Canada Inc., Halifax, Canada, as receiving company.

The consolidated financial statements of Kapsch TrafficCom AG as of 31 March 2012 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.

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 2012 have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union (EU). The presentation currency is the euro (EUR). The consolidated financial statements as of 31 March 2012 have been 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 executive 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 as well as 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 2011/12

There are no IFRSs or IFRIC interpretations that are effective for the first time for the fiscal year 2011/12 that would be expected to have a material impact on the group.

b) Standards, interpretations and amendments to published standards that are not effective for the fiscal year 2011/12 and that have not been early adopted by the group:

IAS 19, 'Employee benefits', was amended in June 2011. The impact on the group will be as follows: to eliminate the corridor approach and recognize all actuarial gains and losses in OCI as they occur; to immediately recognize all past service costs; and to replace interest cost and expected return on plan assets with a net interest amount that is calculated by applying the discount rate to the net defined benefit liability (asset). The group is yet to assess the full impact of the amendments. The group will apply IAS 19 (revised 2011) in the fiscal year starting 1 April 2013 at the latest.

IFRS 9, 'Financial instruments', addresses the classification, measurement and recognition of financial assets and financial liabilities. IFRS 9 was issued in November 2009, October 2010 and December 2011. It replaces the parts of IAS 39, 'Financial instruments: recognition and measurement' that relate to the classification and measurement of financial instruments. IFRS 9 requires financial assets to be classified into two measurement categories: those measured at fair value and those measured at amortized cost. The determination is made at initial recognition. The classification depends on the entity's business model for managing its financial instruments and the contractual cash flow characteristics of the instrument. For financial liabilities, the standard retains most of the IAS 39 requirements. The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity's own credit risk is recorded in other comprehensive income rather than the statement of comprehensive income, unless this creates an accounting mismatch. The group will adopt IFRS 9 no later than the accounting period starting on 1 April 2015.

IFRS 10, 'Consolidated financial statements', builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements of the parent company. The standard provides additional guidance to assist in the determination of control where this is difficult to assess. The group has yet to assess IFRS 10's full impact and intends to adopt IFRS 10 no later than the accounting period beginning on 1 April 2013.

IFRS 11, 'Joint arrangements', changes the definition of joint ventures. A joint arrangement is hereby defined as contractual agreement that gives two or more parties joint control of the arrangement. Joint control exists only when decisions about the relevant activities that significantly affect the returns of the arrangement require the unanimous consent of the parties sharing control. Each party to the joint arrangement has to account for its rights and obligations from the arrangement. The standard focuses on the rights and obligations of the agreement rather than on its legal form. According to IFRS 11, there are now only two types of joint arrangements: (i) joint operations and (ii) joint ventures. The proportionate consolidation method will no longer be permitted for joint ventures. The parties to a joint venture have to account for the joint venture by using the equity method. After endorsement by the EU, IFRS 11 has to be applied retrospectively for periods beginning on or after 1 January 2013. The group does not expect any major impact on its net assets, financial position or results of operations.

IFRS 12, 'Disclosure of interests in other entities' includes the disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off balance sheet vehicles. The group is yet to assess IFRS 12's full impact and intends to adopt IFRS 12 no later than the accounting period beginning on 1 April 2013.

IFRS 13, 'Fair value measurement', aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRSs. The requirements, which are largely aligned between IFRS and US GAAP, do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within IFRSs or US GAAP. The group intends to adopt IFRS 13 no later than the accounting period beginning 1 April 2013.

There are no other IFRSs or IFRIC interpretations not yet in effect that would be expected to have a material impact on the group.

The consolidated financial statements were prepared by the executive board on the undersigned date and released for publication. The annual 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 on the undersigned date.

2 Consolidation

a) Subsidiaries

Subsidiaries are all entities (including special purpose entities) over which the group has the power to govern the financial and operating policies, generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are deconsolidated from the date that control ceases.

The group uses the acquisition method of accounting to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

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On an acquisition-by-acquisition basis, the group recognizes any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets.

Any contingent consideration to be transferred by the group is recognized at fair value at the acquisition date. Subsequent changes to the fair value of a contingent consideration that is deemed to be an asset or liability are recognized in accordance with IAS 39 either in profit or loss or as a change to other comprehensive income. A contingent consideration that is classified as equity is not remeasured, and its subsequent settlement is accounted for within equity. Any contingent considerations included in the financial statements resulting from business combinations before adoption of IFRS 3 (2008) are accounted for in accordance with IFRS 3 (2004). The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the group's share of the identifiable net assets acquired is recorded as goodwill. If the acquisition costs are less than the fair value of the net assets of the subsidiary acquired, the difference is recognized directly in the profit for the period.

Goodwill is tested annually for impairment as well as when there are indications of impairment. If an impairment requirement is identified, goodwill is 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.

Inter-company transactions, balances and unrealized gains on transactions between group companies are eliminated. Unrealized losses are also eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the group.

b) Transactions with non-controlling interests

The group treats transactions with non-controlling interests as transactions with equity owners of the group. For purchases of non-controlling interests, the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals of non-controlling interests are also recorded in equity.

When the group ceases to have control or significant influence, any retained interest in the entity is remeasured to its fair value, with the change in carrying amount recognized in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognized in other comprehensive income in respect of that entity are accounted for as if the group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognized in other comprehensive income are reclassified to profit or loss.

c) Joint Ventures

Joint Ventures are entities where two or more venturers are bound by a contractual arrangement that establishes joint control. The group applies the equity method for joint ventures.

d) Associates

Associates are companies in which the group has significant influence but no control, generally accompanied by a shareholding of between 20 % and 50 % of the voting rights. Associates are accounted for by the equity method. The group's share of its associates' post-acquisition profits or losses is recognized in the statement of comprehensive income, 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.

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognized in other comprehensive income are reclassified to profit or loss where appropriate.

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.

3 Currency translation

a) Translation of financial statements into foreign currencies

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

The statements of comprehensive income of foreign subsidiaries (except those denominated in the currency of a hyperinflationary economy) that have a functional currency different from the euro 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 statement of comprehensive income as part of the gain or loss on disposal of shares in foreign entities.

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

In the fiscal year 2011/12, the subsidiary Kapsch Telematic Services IOOO, Minsk, Belarus, was founded. For the fiscal year ending 31 March 2012, Belarus is classified as a hyperinflationary economy. The group is currently assessing whether IAS 29, Financial reporting in hyperinflationary economies, has to be applied to the subsidiary. There is no impact on the result of the fiscal year ending 31 March 2012.

b) Foreign currency transactions

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing on 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 statement of comprehensive income. Non-cash items in the balance sheet are translated at historical exchange rates and non-cash items that were recognized at their lower net realizable value are translated at the exchange rate prevailing at the time of measurement.

Foreign exchange gains and losses that relate to cash and cash equivalents and borrowings are presented in the statement of comprehensive income under financial result. All other foreign exchange gains and losses are presented in the statement of comprehensive income in other operating income or other operating expenses.

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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, Polish zloty, South African rand and the US dollar. Customer orders are invoiced mainly in the respective local currencies of the group companies. Only in cases when 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 (with respect to current and non-current receivables and payables) as at 31 March 2012 (31 March 2011) had differed by the percentage rate (“volatility”) stated below and provided all other variables remained unchanged, the profits before tax would have been higher or lower by the following amounts.

Currency	Volatility	Hypothetical impact on result in TEUR	
		2011/12	2010/11 (adjusted)
AUD	10 %	496	190
CAD	10 %	2,054	1,797
CZK	10 %	3,332	3,582
PLN	10 %	10,043	1,692
SEK	10 %	794	838
USD	10 %	3,491	3,639
ZAR	10 %	3,133	907

The effects for the Polish zloty result from the implementation project of the tolling system in Poland.

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 approximately one-third of financial interest balance sheet items. If the market interest rate had been 100 basis points higher (lower) on 31 March 2012, 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 third parties recognized as creditworthy 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. There is usually a credit risk in the implementation phase of large tolling projects. With the exception of the tolling projects in Czech Republic, South Africa and Poland (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.

The maximum credit risk is similar to the book values:

All amounts in TEUR	2011/12	2010/11
Other non-current financial assets and investments	51,229	34,490
Other non-current assets	3,420	9,018
Trade receivables and other current assets	287,590	190,885
Cash and cash equivalents	44,929	42,001
	387,168	**276,394**

d) Liquidity risk

Prudent liquidity risk management involves 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 mandatory 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, include on the one hand, 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) include(s) non-current and current financial liabilities less cash and cash equivalents, bank balances and current securities.

All amounts in TEUR	2011/12	2010/11
Non-current financial liabilities	74,256	74,112
Current financial liabilities	53,249	23,083
Total financial liabilities	127,505	97,195
Cash on hand and at banks	44,929	42,001
Current securities	8,213	8,037
Net assets (+) / debt (-)	-74,363	-47,157
Equity	256,247	191,513
Net gearing	29 %	25 %

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5 Research and development costs

Research expenditures are recognized as an expense as they are 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. Capitalized development costs are tested for impairment annually in accordance with IAS 36.

6 Other 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. Acquired customer contracts (tolling contracts, maintenance contracts) are amortized over 2 to 10 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 under other short-term financial assets include available-for-sale securities and financial assets at fair value through profit and loss. Available-for-sale securities and financial assets at fair value through profit and loss are carried at fair value. Unrealized gains and losses arising from the changes in fair value of available-for-sale securities are recognized in equity under a separate item; unrealized gains and losses arising from the changes in fair value of financial assets at fair value through profit and loss are recognized in the statement of comprehensive income.

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 (except for financial assets at fair value taken through profit and loss).

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 the case of debt instruments, the reversal is recognized in profit or loss; in the 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. If in a subsequent period the reason for the impairment is no longer valid, no reversal of the impairment is recognized.

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

Derivative financial instruments are accounted for as stand-alone derivatives and are measured at fair value through profit or loss.

Changes in the fair value of these derivative financial instruments are recognized immediately in the statement of comprehensive income either in other operating income and expenses or in the financial result, depending on the purpose of the derivative.

8 Property, plant and equipment

Property, plant and equipment are 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 at which 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. 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 statement of comprehensive income on a straight-line basis over the period of the lease.

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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) but 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 allowance for bad debts. An allowance for bad debts 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 allowance 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 allowance is recognized in the statement of comprehensive income.

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 if 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 and serial and system 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 and replacement deliveries or rebates. A provision is recognized for the best estimate of the costs of defects to be rectified under 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 termination benefits 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 statement of comprehensive income 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 termination benefits 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 outside the corridor (= up to 10 % of benefit obligation or 10 % of plan assets, if any, at beginning of period) are charged to the statement of comprehensive income over the average remaining term of service of the active staff.

Contributions paid by the group under a defined contribution pension scheme are charged to the statement of comprehensive income 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 in the same way as the calculation for liabilities arising from termination benefits, however without taking the corridor method into consideration.

17 Deferred income tax

Deferred income tax assets or liabilities are recorded in full, using the liability method, for all 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 asset or liability 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 assets or liabilities are determined using tax rates (and laws) that have been enacted or essentially 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.

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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 assets or liabilities are recognized for temporary differences arising with investments in subsidiaries and associates and 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.

Deferred income tax assets or liabilities are offset, taking maturities into account, when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets or liabilities relate to income taxes levied by the same taxation authority on the same taxable entity.

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 and subsequently stated at amortized cost using the effective interest rate method. Borrowing costs are charged to the statement of comprehensive income 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 and a liability does not have to be recognized pursuant to IFRS.

20 Revenue recognition

In accordance with IAS 18, revenue is recognized in the statement of comprehensive income 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, with reference to the degree of 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 (mainly tolling projects) 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-proportional 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 be identical to the corresponding 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 has shown that the estimates have been reliable up to now.

Further areas where assumptions and estimates are significant to the consolidated financial statements include capitalized goodwill, inventories, deferred taxes, liabilities from post-employment benefits to employees 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.

Sensitivities for the acquired goodwill (break-even interest rate) are detailed in Note 13.

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 executive board has been identified as the chief operating decision-maker.

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Notes to the consolidated financial statements.

Figures in the 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 information follows the same principles and same accounting and measurement policies as applied in these consolidated financial statements.

The segment results for the fiscal year ended 31 March 2012 are as follows (in EUR million):

	Road Solution Projects	Services, System Extensions, Components Sales	Others	Consolidated group
Revenue	229.9	308.1	12.0	549.9
Operating result	4.1	37.3	0.8	42.2

The segment results for the fiscal year ended 31 March 2011 are as follows (in EUR million):

	Road Solution Projects	Services, System Extensions, Components Sales	Others	Consolidated group
Revenue	158.9	223.3	6.4	388.6
Operating result	0.1	48.3	0.4	48.9

The segment assets and liabilities as of 31 March 2012 as well as 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	131.8	301.5	8.8	442.1
Investments in joint ventures and associates	0.0	0.0	0.0	0.0
Unallocated assets				115.6
Total assets	**131.8**	**301.5**	**8.8**	**557.7**
Liabilities	60.4	87.5	7.8	155.6
Unallocated liabilities				145.8
Total liabilities	**60.4**	**87.5**	**7.8**	**301.4**
Capital expenditure	0.0	13.1	0.0	13.1
Depreciation and amortization	2.7	15.6	0.2	18.4
Other non-cash-effective expenses	0.0	0.3	0.0	0.3

The segment assets and liabilities as of 31 March 2011 as well as 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	138.6	215.4	3.4	357.5
Investments in joint ventures and associates	0.0	0.0	0.0	0.0
Unallocated assets				92.6
Total assets	**138.6**	**215.4**	**3.4**	**450.1**
Liabilities	56.2	87.9	1.5	145.5
Unallocated liabilities				113.1
Total liabilities	**56.2**	**87.9**	**1.5**	**258.6**
Capital expenditure	0.0	7.0	0.0	7.0
Depreciation and amortization	1.6	11.8	0.2	13.6
Other non-cash-effective expenses	0.0	0.9	0.0	0.9

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):

	2011/12			2010/11		
	Revenue	Road Solution Projects	Services, System Extensions, Components Sales	Revenue	Road Solution Projects	Services, System Extensions, Components Sales
Customer 1	205.1	X	X	39.7	X	
Customer 2	84.6	X	X	99.7	X	X
Customer 3	72.4	X	X	98.7	X	X

Information by region

Revenue is segmented by the location of the customers and balance sheet figures by the location of the company.

The figures for the fiscal year ended 31 March 2012 are as follows (in EUR million):

	Austria	Europe (excl. Austria)	Americas	Rest of World	Consolidated group
Revenue	32.8	341.4	63.6	112.1	549.9
Non-current non-financial assets	12.6	42.0	43.8	3.7	102.2

The figures for the fiscal year ended 31 March 2011 are as follows (in EUR million):

	Austria	Europe (excl. Austria)	Americas	Rest of World	Consolidated group
Revenue	37.5	182.0	27.6	141.5	388.6
Non-current non-financial assets	13.2	46.9	41.4	6.6	108.1

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2 Other operating income

	2011/12	2010/11
Income from the sale of non-current assets	44	72
Income from costs recharged	75	62
Sundry operating income	10,131	7,431
	10,250	**7,564**

Sundry operating income mainly relates to research funding awards received and to the assumption of costs of transactions billed for the nationwide electronic truck toll collection system in the Czech Republic.

3 Change in finished and unfinished goods and work in progress

	2011/12	2010/11
Change in unfinished goods and work in progress	922	-235
Change in finished goods	-8,638	7,697
	-7,716	**7,462**

4 Costs of materials and other production services

	2011/12	2010/11
Cost of materials	100,562	82,315
Cost of purchased services	186,726	108,940
	287,288	**191,256**

5 Staff costs

	2011/12	2010/11
Wages	4,009	2,345
Salaries and other remunerations	95,303	67,026
Expenses for social security and payroll-related taxes and contributions	19,837	15,181
Expenses for termination benefits (see Note 23)	895	573
Expenses for pensions (see Note 23)	640	556
Contributions to pension funds and other external funds (see Note 23)	326	264
Fringe benefits	714	517
	121,725	**86,462**

As of 31 March 2012, the number of staff amounted to 2,705 persons (31 March 2011: 2,167 persons) and averaged 2,585 persons in the fiscal year 2011/12 (2010/11: 1,621).

6 Amortization of intangible assets and depreciation of property, plant and equipment

	2011/12	2010/11
Depreciation of property, plant and equipment	7,065	6,595
Amortization of intangible assets	11,335	7,020
	18,400	**13,615**

Low-value assets are capitalized as property, plant and equipment or intangible assets and written off fully in the year of acquisition.

7 Other operating expenses

	2011/12	2010/11
Legal and consulting fees	13,799	13,096
Marketing and advertising expenses	10,467	6,086
Travel expenses	9,801	7,243
Rental expenses	9,798	8,470
Communication and IT expenses	7,767	5,641
License and patent expenses	4,168	3,155
Automobile expenses	3,970	2,586
Office expenses	3,680	3,563
Insurance costs	3,056	2,181
Maintenance	2,982	3,752
Training costs	2,005	1,652
Transport costs	1,746	954
Commissions and other fees	1,121	2,488
Taxes and charges	603	280
Adjustment of provision for warranties	266	-489
Allowance and write-off of receivables	135	584
Losses on disposal of non-current assets	99	282
Impairment charge	50	0
Other	7,506	1,869
	83,020	**63,391**

The item “Other” includes membership dues and bank charges, other administrative and selling expenses as well as exchange rate losses on operating activities. The increase in the fiscal year 2011/12 mainly results from the exchange rate losses on operating activities (TEUR 4,690).

8 Financial result

	2011/12	2010/11
Interest and similar income:		
Interest income	893	1,034
Income from securities	139	139
Income from interest accretion of long-term receivables	380	437
Gains from the disposal of financial assets	0	18
Income from other investments	1	0
Gains from changes of the fair value of derivative financial instruments	27	0
Currency translation differences	5,769	2,869
	7,210	**4,498**
Interest and similar expenses:		
Interest expense	-6,987	-3,417
Expense from interest accretion of long-term payables	-236	-362
Expenses from other investments	0	-469
Losses from changes of the fair value of derivative financial instruments	0	-1,340
Currency translation differences	-5,859	-6,530
	-13,083	**-12,117**
	-5,873	**-7,619**

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9 Income taxes

	2011/12	2010/11
Current taxes	-9,647	-10,329
Deferred taxes (see Note 22)	785	-2,496
Total	**-8,862**	**-12,826**
Thereof income/expense from group taxation	-1,905	-102

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:

	2011/12	2010/11
Profit before income taxes	36,314	41,261
Arithmetic tax expense based on a tax rate of 25 % (2010/11: 25 %)	-9,078	-10,315
Unrecognized deferred tax assets on current losses	-2,518	-1,421
De-recognition of deferred tax assets recognized on prior year losses	-130	-1,179
De-recognition of deferred tax assets for unrecognized prior-year losses	40	0
Different foreign tax rates	1,385	383
Tax allowances claimed and other permanent tax differences	1,019	-929
Income and expenses not subject to tax and other differences	420	636
Recognized tax expense	**-8,862**	**-12,826**

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

10 Other comprehensive income

2011/12	Before taxes	Tax expense/income	After taxes
Fair value gains/losses on available-for-sale financial assets:			
Unrealized gains/losses in the current period	11,596	-78	11,518
Currency translation differences	-1,542		-1,542
Fair value changes recognized in equity	**10,054**	**-78**	**9,976**

2010/11	Before taxes	Tax expense/income	After taxes
Fair value gains/losses on available-for-sale financial assets:			
Unrealized gains/losses in the current period	-2,277	-259	-2,536
Currency translation differences	4,294		4,294
Fair value changes recognized in equity	**2,017**	**-259**	**1,758**

11 Additional disclosures on financial instruments by category

	2011/12	2010/11
Available-for-sale financial assets:		
Other non-current financial assets and investments	51,229	34,490
Other current financial assets	8,213	8,037
	59,442	**42,527**
Loans and receivables:		
Other non-current assets	3,420	9,018
Trade receivables	80,495	79,329
Cash and cash equivalents	44,929	42,001
	128,844	**130,348**
Financial liabilities at (amortized) cost:		
Non-current financial liabilities	74,256	74,112
Other non-current liabilities	3,440	10,423
Trade payables	59,013	72,531
Current financial liabilities	53,249	23,083
	189,958	**180,149**

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

	2011/12	2010/11
Available-for-sale financial assets	167	-312
Loans and receivables	1,183	-2,189
Financial liabilities at (amortized) cost	-7,224	-5,118
	-5,873	**-7,619**

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 2010	**3,930**	**5,751**	**194**	**5,948**	**15,824**
Currency translation differences	-5	39	-19	98	112
Reclassification	3	0	-3	0	0
Addition resulting from company acquisition	425	2,137	516	2,207	5,284
Additions	716	2,866	463	1,434	5,477
Disposals	-93	-37	-355	-213	-698
Scheduled depreciation	-720	-3,417	0	-2,458	-6,595
Carrying amount as of 31 March 2011	**4,256**	**7,337**	**796**	**7,015**	**19,404**
Acquisition/production cost	6,767	38,337	796	18,095	63,995
Accumulated depreciation	-2,511	-31,000	0	-11,081	-44,591
Carrying amount as of 31 March 2011	**4,256**	**7,337**	**796**	**7,015**	**19,404**
Currency translation differences	0	56	36	-29	63
Reclassification	0	0	0	1	1
Additions	943	3,602	1,301	4,803	10,649
Disposals	-31	-38	-872	-265	-1,205
Scheduled depreciation	-867	-3,547	0	-2,650	-7,065
Carrying amount as of 31 March 2012	**4,301**	**7,410**	**1,261**	**8,875**	**21,847**
Acquisition/production cost	7,690	41,412	1,261	20,539	70,902
Accumulated depreciation	-3,389	-34,002	0	-11,664	-49,055
Carrying amount as of 31 March 2012	**4,301**	**7,410**	**1,261**	**8,875**	**21,847**

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13 Intangible assets

	Capitalized development costs	Concessions and rights	Goodwill	Total
Carrying amount as of 31 March 2010	**181**	**7,761**	**20,586**	**28,529**
Currency translation differences	1	7	-589	-581
Reclassification	0	-2,168	2,168	0
Addition resulting from company acquisition	0	40,995	24,942	65,937
Additions	0	655	1,233	1,888
Disposals	0	-65	0	-65
Scheduled amortization	-60	-6,960	0	-7,020
Carrying amount as of 31 March 2011	**122**	**40,224**	**48,341**	**88,687**
Acquisition/production cost	8,675	55,157	48,341	112,173
Accumulated amortization	-8,553	-14,933	0	-23,485
Carrying amount as of 31 March 2011	**122**	**40,224**	**48,341**	**88,687**
Currency translation differences	0	2	695	696
Reclassification	0	-1	0	-1
Additions	0	1,469	943	2,412
Disposals	0	-31	0	-31
Impairment charge	0	-50	0	-50
Scheduled amortization	-60	-11,275	0	-11,335
Carrying amount as of 31 March 2012	**63**	**30,338**	**49,979**	**80,379**
Acquisition/production cost	8,743	55,952	49,979	114,674
Accumulated amortization	-8,681	-25,614	0	-34,295
Carrying amount as of 31 March 2012	**63**	**30,338**	**49,979**	**80,379**

The additions to the goodwill result from the acquisition of the remaining shares of Kapsch-Busi, S.p.A., Bologna, Italy, as well as subsequent earn-out payments for the acquisition of Kapsch TrafficCom Argentina S.A., Buenos Aires, Argentina, which are accounted for under the rules of IFRS 3 (2004).

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 38,779	TEUR 11,199
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:

- 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, South Africa and Poland, 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, the Americas, Australia and Poland as well as the fact that tenders in several countries are already in progress.
- 4 years of detailed planning
- 12.2 % (2010/11: 15.4 %) 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 3.0 % (2010/11: 4.0 %) 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. The interest rate at which the value in use corresponds to the carrying amount is 56.2 % (2010/11: 20.1 %).

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

Key assumptions for determining expected cash flows of the CGU:

- 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, South America, South Africa and Poland, on the commercial operation in the Czech Republic, South Africa and Poland, as well as on component orders for customers worldwide, particularly in the United States of America, Canada, Mexico, Australia, Turkey, Spain, Portugal, Denmark, France, Greece, Chile, Thailand, South Africa and Poland.
- 4 years of detailed planning
- 12.2 % (2010/11: 15.1 %) 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 3.0 % (2010/11: 4.0 %) 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. The interest rate at which the value in use corresponds to the carrying amount is 34.4 % (2010/11: 45.6 %).

Development costs relate to expenses 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 2011/12 amounted to EUR 53.3 million (2010/11: EUR 37.3 million). In the fiscal year 2011/12, EUR 23.1 million of this amount (2010/11: EUR 14.9 million) related to project-specific development costs were charged to the customer. The remaining amount of EUR 30.2 million (2010/11: EUR 22.4 million) was recognized as an expense.

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14 Interests in joint ventures and investments in associates

Interests in joint ventures developed as follows:

	2011/12	2010/11
Carrying amount as of 31 March of the prior year	**0**	**0**
Addition from foundation of a joint venture	33	0
Share in result	-33	0
Currency translation differences	0	0
Carrying amount as of 31 March of the fiscal year	**0**	**0**

Together with two partners, the group founded the joint venture LLC "United Toll Systems", Moscow, Russia, on 17 May 2011. The group holds a 33.3 % interest in this company. As of 31 March 2012, total assets amounted to TEUR 1,225, liabilities amounted to TEUR 2,065, revenue amounted to TEUR 28 and the loss for the year amounted to TEUR -908. The unrecognized share of losses amounts to TEUR 269.

In relation to the 20.27 % shares in Q-Free ASA, Trondheim, Norway, no significant influence can be presumed according to IAS 28 as no representation on the management and supervisory boards is foreseeable at this time.

15 Current and non-current financial assets

	2011/12	2010/11
Other non-current financial assets and investments	51,229	34,490
Other current financial assets	8,213	8,037
	59,442	**42,527**

Other non-current financial assets and investments	Available-for-sale securities	Available-for-sale investments	Other	Total
Carrying amount as of 31 March 2010	**3,517**	**28,571**	**6,849**	**38,937**
Currency translation differences	0	0	520	520
Additions	69	0	505	574
Change in fair value	-103	-3,313	0	-3,416
Write-down	0	-343	-157	-500
Disposals	0	0	-1,625	-1,625
Carrying amount as of 31 March 2011	**3,483**	**24,916**	**6,092**	**34,490**
Currency translation differences	0	0	63	63
Additions	0	4,781	942	5,723
Change in fair value	136	11,284	0	11,420
Write-down	0	0	0	0
Disposals	0	0	-467	-467
Carrying amount as of 31 March 2012	**3,619**	**40,981**	**6,629**	**51,229**

Other current financial assets	Available-for-sale securities	Other	Total
Carrying amount as of 31 March 2010	**6,898**	**0**	**6,898**
Additions	0	0	0
Disposals	0	0	0
Change in fair value	1,139	0	1,139
Carrying amount as of 31 March 2011	**8,037**	**0**	**8,037**
Additions	0	0	0
Disposals	0	0	0
Change in fair value	176	0	176
Carrying amount as of 31 March 2012	**8,213**	**0**	**8,213**

As of 31 March 2012, available-for-sale securities relate to government and bank bonds as well as shares in investment funds. As of 31 March 2012, the other investments classified as available-for-sale mainly relate to a 20.27 % investment in the listed company Q-Free ASA, Trondheim, Norway.

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

Other non-current financial assets mainly relate to a fixed-term investment amounting to TEUR 5,653 (2010/11: TEUR 5,597). This fixed-term investment is pledged as collateral for guarantees issued by the group.

Fair value estimation:

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. A market is regarded as active if quoted prices are readily and regularly available from a stock market, dealer, broker, industry group, pricing service or regulatory agency and those prices represent actual and regularly occurring market transactions on an arm's length basis. These instruments are included in level 1 in accordance with IFRS 7 and relate to the investment in Q-Free ASA Trondheim, Norway.

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques based on observable market data. The available-for-sale securities fall into this category (level 2).

Financial instruments are included in level 3 if the inputs for the asset or liability are not based on observable market data. If one or more of the significant inputs is not based on observable market data the instrument is classified as level 3.

16 Other non-current assets

	2011/12	2010/11
Truck toll collection system Czech Republic	3,420	9,017
Other	0	1
	3,420	**9,018**

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 toll collection system. As in the prior year, they fall due between 1 and 5 years from the balance sheet date.

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Long-term receivables were discounted on the basis of cash flows using an interest rate of 4.00–5.00 % (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:

	2011/12	2010/11
Up to 2 years	2,964	7,705
Between 2 and 3 years	623	1,753
More than 3 years	0	1
	3,586	**9,459**

17 Inventories

	2011/12	2010/11
Purchased parts and merchandise, at acquisition cost	20,637	13,520
Unfinished goods and work in progress, at production cost	9,984	9,062
Finished goods, at production cost	18,265	26,903
Prepayments on inventories	13	0
	48,899	**49,485**

Individual inventory items were written down, where necessary, to their net realizable values. The write-downs of inventories amount to TEUR 12,136 (2010/11: TEUR 9,793).

18 Trade receivables and other current assets

	2011/12	2010/11
Trade receivables	80,905	80,408
Allowances for bad debt	-410	-1,079
Trade receivables – net	80,495	79,329
Gross amount due from customers for contract work	141,592	84,225
Receivables from tax authorities (other than income tax)	13,593	10,030
Other receivables and prepaid expenses	51,910	17,301
	287,590	**190,885**

Allowances for bad debt developed as follows:

	2011/12	2010/11
Balance as of 31 March of the prior year	**-1,079**	**-587**
Addition resulting from company acquisition	0	-207
Addition	-135	-421
Utilization	223	27
Disposal	581	108
Balance as of 31 March of the fiscal year	**-410**	**-1,079**

Maturity structure of trade receivables and other current assets:

	2011/12	2010/11
Not yet due	271,768	176,618
Overdue, but not impaired:		
Less than 60 days	12,434	12,059
More than 60 days	3,798	3,288
	288,000	**191,965**

The fair values approximate the carrying amounts. There is no concentration of credit risk with respect to trade receivables (except for the toll collection projects in the Czech Republic, South Africa and Poland) as the group generally has a large number of customers worldwide. Trade receivables (current) relating to the installation of the Czech truck toll collection system amounting to TEUR 3,010 (2010/11: TEUR 4,361) and to the operation and maintenance of the system amounting to TEUR 30,009 (2010/11: TEUR 27,907) are due from Ředitelstvím silnic a dálnic ČR (RSD), a company of the Czech Republic. Trade receivables from the toll collection project in South Africa (Gauteng) amounting to TEUR 11,435 (2010/11: TEUR 0) are due from South African National Road Agency Limited (SANRAL). Trade receivables from the toll collection project in Poland due from GDDKiA (Generalna Dyrekcja Dróg Krajowych i Autostrad) amount to TEUR 2,944 (2010/11: TEUR 0).

Trade receivables amounting to TEUR 6,840 (2010/11: TEUR 7,353) were pledged as collateral to banks (see Note 21).

Amounts due from customers for contract work are as follows:

	2011/12	2010/11
Construction costs incurred plus recognized gains	347,600	136,707
Less amounts billed and prepayments received	-206,008	-52,481
	141,592	**84,225**

As of 31 March 2012, amounts due from customers for contract work relate to the toll collection project in South Africa amounting to TEUR 23,818 (2010/11: TEUR 43,273) and to the toll collection project in Poland amounting to TEUR 107,253 (2010/11: TEUR 39,692).

Revenues from construction contracts amount to TEUR 199,273 in 2011/12 (2010/11: TEUR 123,915).

19 Cash and cash equivalents

	2011/12	2010/11
Cash on hand	60	65
Deposits held with banks	44,870	41,935
	44,929	**42,001**

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.

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20 Share capital

	2011/12	2010/11
Carrying amount as of 31 March of the fiscal year	**13,000**	**12,200**

Following the capital increase on 27 July 2011 – 800,000 shares were issued – the registered share capital of the parent company amounts to EUR 13,000,000. The placement price was fixed at EUR 61.25 per share, resulting in gross proceeds of EUR 49 million for the group. The total number of shares issued is 13,000,000. The shares are ordinary bearer shares and have no par value.

21 Current and non-current financial liabilities

	2011/12	2010/11
Current		
Loans for acquisitions	0	10,000
Loans for project financing	34,000	0
Other current loans	19,249	13,083
	53,249	**23,083**
Non-current		
Corporate bond	73,957	73,796
Other	299	316
	74,256	**74,112**
Total	**127,505**	**97,195**

The corporate bond of Kapsch TrafficCom AG was successfully placed in November 2010 with a volume of EUR 75 million, a maturity of 7 years and an interest rate of 4.25 %. The effective interest rate amounts to 4.54 %.

All other non-current liabilities mature in 1 to 5 years.

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

	2011/12	2010/11
Carrying amount	**127,505**	**97,195**
Fair value	**124,192**	**92,227**
Gross cash flows:		
Up to 1 year	53,249	23,083
Between 1 and 3 years	9,732	9,754
Between 3 and 5 years	6,286	6,273
More than 5 years	75,529	78,442
	144,796	**117,551**

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

	2011/12	2010/11
Total financial liabilities:		
Carrying fixed interest rates	119,957	79,579
Carrying variable interest rates	7,548	17,616
	127,505	**97,195**
Average interest rates:		
Short-term loans	1.56 – 2.70 %	1.65 – 2.25 %
Loans for project financing	1.37 – 1.95 %	–
Loans for acquisitions	–	3.53 %
Corporate bond	4.54 %	4.54 %
Other	2.50 – 3.86 %	2.50 %

Trade receivables (current) amounting to TEUR 6,840 (2010/11: TEUR 7,353) were pledged as collateral for guarantees issued by banks and for loans granted. A bill of exchange amounting to TEUR 1,425 (2010/11: TEUR 1,425) was issued for an export promotion credit.

22 Deferred tax assets/liabilities

	2011/12	2010/11
Deferred tax assets		
Deferred tax assets to be recovered after more than 12 months	9,457	3,985
Deferred tax assets to be recovered within 12 months	1,732	4,125
	11,189	**8,110**
Deferred tax liabilities		
Deferred tax liabilities to be recovered after more than 12 months	6,887	12,150
Deferred tax liabilities to be recovered within 12 months	11,429	3,725
	18,316	**15,876**
Deferred tax assets net (+) / deferred tax liabilities net (-)	**-7,127**	**-7,766**

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 amounting to TEUR 15,154 (2010/11: TEUR 14,087) 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 income tax assets and liabilities are offset, taking maturities into account, when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on the same taxable entity.

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

	31 March 2010	Addition resulting from company acquisition	Taken through profit or loss	Taken through equity	Currency translation differences	31 March 2011
Deferred tax assets						
Tax loss carry-forwards	3,413	0	-195	0	1	3,219
Provisions disallowed for tax purposes	1,868	0	-817	0	26	1,077
Depreciation disallowed for tax purposes	0	0	894	0	0	894
Other	4,369	1,391	-2,871	26	6	2,921
	9,650	**1,391**	**-2,990**	**26**	**33**	**8,110**
Deferred tax liabilities						
Special depreciation/amortization of non-current assets	0	0	2	0	0	2
Gains from recognition at fair value	1,661	12,798	-3,005	0	0	11,454
Other	1,622	0	2,509	285	3	4,420
	3,283	**12,798**	**-494**	**285**	**3**	**15,876**
Total change	**6,366**	**-11,407**	**-2,496**	**-259**	**30**	**-7,766**

	31 March 2011	Addition resulting from company acquisition	Taken through profit or loss	Taken through equity	Currency translation differences	31 March 2012
Deferred tax assets						
Tax loss carry-forwards	3,219	0	10,274	0	31	13,524
Provisions disallowed for tax purposes	1,077	0	7,094	0	35	8,206
Depreciation disallowed for tax purposes	894	0	214	0	4	1,112
Other	2,921	0	1,671	-78	-11	4,503
	8,110	**0**	**19,253**	**-78**	**59**	**27,343**
Deferred tax liabilities						
Special depreciation/amortization of non-current assets	2	0	339	0	10	351
Construction contracts	0	0	23,465	0	118	23,583
Gains from recognition at fair value	11,454	0	-2,931	0	0	8,523
Other	4,420	0	-2,406	0	-2	2,012
	15,876	**0**	**18,468**	**0**	**126**	**34,470**
Total change	**-7,766**	**0**	**785**	**-78**	**-68**	**-7,127**

23 Liabilities from post-employment benefits to employees

Amounts recognized in the balance sheet:

	2011/12	2010/11
Termination benefits	6,452	5,912
Pension benefits	10,251	10,403
	16,704	**16,315**

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, except for the pension plans acquired in the course of the business combination of Mark IV IVHS, 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).

Termination benefits and pension benefit obligations were valued based on an interest rate of 5 % (2010/11: 5 %) and compensation increases based on a rate of 3 % (2010/11: 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 (2010/11: AVÖ 2008-P) by Pagler & Pagler. Pension increases were estimated at 2-3 % (2010/11: 2-3 %).

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

	2011/12	2010/11
Current service cost	459	182
Interest expense	358	322
Actuarial losses	79	70
Total, included in staff costs (Note 5)	**895**	**573**
Change in liabilities recognized in the balance sheet:		
Carrying amount as of 31 March of the prior year	**5,912**	**5,561**
Total expense according to the table above	895	573
Payments	-355	-223
Carrying amount as of 31 March of the fiscal year	**6,452**	**5,912**
Actuarial present value of obligations (defined benefit obligation)	8,220	7,094
Unrecognized actuarial gains/losses	-1,768	-1,183
Amount recognized in the balance sheet	**6,452**	**5,912**

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

	2011/12	2010/11
Current service cost	44	4
Interest expense	581	533
Actuarial adjustment	15	17
Gains from external plan assets	0	1
Total, included in staff costs (Note 5)	**640**	**556**
Change in liabilities recognized in the balance sheet:		
Carrying amount as of 31 March of the prior year	**10,616**	**8,755**
Addition from acquisitions (Change in consolidated entities)	0	2,024
Total expense according to the table above	640	556
Payments	-1,064	-720
Currency translation differences	59	0
Total	**10,251**	**10,616**
Fair value of plan assets	0	-213
Carrying amount as of 31 March of the fiscal year	**10,251**	**10,403**
Actuarial present value of obligations (defined benefit obligation)	11,902	11,877
Unrecognized actuarial gains/losses	-1,650	-1,261
Fair value of plan assets	0	-213
Amount recognized in the balance sheet	**10,251**	**10,403**

The plan assets from the previous year relate to Kapsch TrafficCom Canada Inc. and were released in the current fiscal year 2011/12.

The consolidated financial statements of Kapsch TrafficCom AG as of 31 March 2012 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.

24 Other non-current liabilities

	2011/12	2010/11
Truck toll collection system Czech Republic	2,587	6,185
Other	853	4,238
	3,440	**10,423**

Other non-current liabilities relate to trade payables (non-current) amounting to TEUR 2,587 (2010/11: TEUR 6,185) due to subcontractors for the installation of the Czech truck toll collection system. As in the prior year, these liabilities are due in more than 1 year and less than 5 years from 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 toll collection system (see Note 16). Thus, the fair values approximate the carrying amounts.

Other non-current liabilities mainly relate to the non-current portion of a contingent payment obligation amounting to TEUR 610 (2010/11: TEUR 574) 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:

	2011/12	2010/11
Less than 2 years	1,870	9,151
Between 2 and 3 years	944	1,450
More than 3 years	851	405
	3,665	**11,006**

25 Other liabilities and deferred income

	2011/12	2010/11
Amounts due to customers for contract work	0	300
Prepayments received	1,056	205
Non-current employee liabilities	16,821	13,381
Liabilities to tax authorities (other than income tax)	3,406	1,556
Other liabilities and deferred income	31,765	21,439
	53,048	**36,881**

Amounts due to customers for contract work are as follows:

	2011/12	2010/11
Construction costs incurred plus recognized gains	0	-202
Less amounts billed and prepayments received	0	503
	0	**300**

26 Provisions

	2011/12	2010/11
Non-current	1,098	686
Current	18,531	4,722
	19,628	**5,408**

The provisions changed as follows:

	31 March 2010	Addition resulting from company acquisition	Addition	Utilization	Disposal	Currency translation differences	31 March 2011
Obligations from anniversary bonuses	583	0	52	0	-30	0	605
Other	0	98	0	-14	0	-3	81
Non-current provisions, total	**583**	**98**	**52**	**-14**	**-30**	**-3**	**686**
Warranties	2,361	45	100	-860	-303	136	1,480
Losses from pending transactions and rework	710	0	0	-710	0	0	0
Legal fees, costs of litigation and contract risks	891	0	55	-36	497	35	1,442
Other	2,883	51	1,761	-2,340	-570	15	1,800
Current provisions, total	**6,845**	**96**	**1,916**	**-3,946**	**-376**	**186**	**4,722**
Total	**7,428**	**194**	**1,969**	**-3,960**	**-405**	**183**	**5,408**

	31 March 2011	Addition resulting from company acquisition	Addition	Utilization	Disposal	Currency translation differences	31 March 2012
Obligations from anniversary bonuses	605	0	290	0	-27	0	868
Other	81	0	223	-81	0	7	230
Non-current provisions, total	**686**	**0**	**513**	**-81**	**-27**	**7**	**1,098**
Warranties	1,480	0	249	-426	-83	8	1,229
Losses from pending transactions and rework	0	0	12,320	0	0	63	12,382
Legal fees, costs of litigation and contract risks	1,442	0	697	-35	-1,085	3	1,022
Other	1,800	0	3,412	-1,220	-71	-23	3,897
Current provisions, total	**4,722**	**0**	**16,678**	**-1,681**	**-1,239**	**51**	**18,531**
Total	**5,408**	**0**	**17,190**	**-1,763**	**-1,266**	**58**	**19,628**

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 % (2010/11: 5 %), the earliest possible statutory retirement age including transition provisions and using the mortality tables AVÖ 2008-P (2010/11: AVÖ 2008-P) by Pagler & Pagler. Increases in salary were considered at 3 % (2010/11: 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.

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When the group expects warranty claims on products sold or services rendered during the period under guarantee, a corresponding provision is 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 provision amount. According to past experience, it is probable that there will be claims under the warranties.

The provision for losses from pending transactions and rework was set up for expected losses from not yet completed construction contracts 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 operating lease commitments

The group's contingent liabilities primarily result from large-scale projects. Other commitments mainly relate to contract and warranty bonds, bank guarantees, performance and bid bonds as well as sureties.

Details of contingent liabilities and other commitments are as follows:

	2011/12	2010/11
Contract, warranty, performance and bid bonds		
City Highway Sydney and Melbourne	1,811	2,306
Truck toll collection system Austria	8,500	12,500
Truck toll collection system Czech Republic	4,471	9,414
Toll collection system Poland	43,501	24,656
Toll collection systems South Africa: Gauteng, Marian Hill, Huguenot	114,113	120,208
Toll collection system Portugal	1,820	0
Other	906	967
	175,121	**170,051**
Bank guarantees	**1,722**	**1,975**
Sureties	**524**	**544**
	177,366	**172,570**

For details of securities for above-mentioned contingent liabilities and other commitments, see Note 15 and Note 21. In addition, various assets of Kapsch TrafficCom AB, Jönköping, Sweden, amounting to TEUR 8,796 (2010/11: TEUR 10,075) are pledged in favour of a Swedish bank in order to secure contingent liabilities.

Financial obligations from lease contracts

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

	2011/12	2010/11
Up to 1 year	10,279	8,969
Between 1 and 5 years	26,521	25,198
Over 5 years	5,113	12,860
	41,914	**47,027**

28 Related parties

The following transactions were performed with related parties:

KAPSCH-Group Beteiligungs GmbH, Vienna

Since 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 2011/12 amounted to TEUR 484 (2010/11: TEUR 490). Furthermore, the company invoices insurance costs (directors & officers liability insurance) to the group amounting to TEUR 22 (2010/11: 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, amounting to EUR 20.2 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 Bank International AG, Vienna, in September 2009. As of the balance sheet date of 31 March 2012, the assumed guarantees amount to EUR 28.9 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 2011/12 amounted to TEUR 242 (2010/11: TEUR 241).

KAPSCH-Group Beteiligungs GmbH acts as the tax group leader in a tax group formed in March 2005, of that Austrian subsidiaries of this group are also members. Accordingly, all post-formation tax effects of the group companies that are tax group members are considered to be related party transactions.

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. Expenses incurred by the group in the fiscal year 2011/12 amounted to TEUR 2,812 (2010/11: TEUR 1,924).

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. Costs allocated to the group in the fiscal year 2011/12 amounted to TEUR 1,919 (2010/11: TEUR 1,591).

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 2011/12 amounted to TEUR 1,582 (2010/11: TEUR 1,400).

Kapsch Aktiengesellschaft has entered into various insurance contracts covering all group companies. The costs allocated to the group in the fiscal year 2011/12 amounted to TEUR 361 (2010/11: TEUR 355). In addition Kapsch Aktiengesellschaft maintains a software tool and invoiced TEUR 70 (2010/11: 55) to the group for this service. In fiscal year 2011/12, proportionate cost for the participation of managers in the management convention in Istanbul amounting to TEUR 322 were invoiced to the group (2010/11: TEUR 0).

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 and provides apprentices and trainees. Expenses incurred by the group in the fiscal year 2011/12 amounted to TEUR 1,510 (2010/11: TEUR 1,092).

Kapsch Financial Services GmbH, Vienna

The company leases telephone and IT equipment (hardware and software) to the group and provides call center services and IT support. Expenses incurred by the group in the fiscal year 2011/12 amounted to TEUR 1,043 (2010/11: TEUR 869).

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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 three largest of which by far are the "Truck toll collection system Austria", the "Truck toll collection system Czech Republic" and the "Truck toll collection system Poland". The deliveries and services performed amounted to TEUR 3,044 in the fiscal year 2011/12 (2010/11: TEUR 6,141).

The company provides IT, data processing and telephone services to the group amounting to TEUR 3,838 (2010/11: TEUR 2,725) as well as other services amounting to TEUR 456 (2010/11: TEUR 456).

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 2011/12 totaled TEUR 44 (2010/11: TEUR 44).

Kapsch Components GmbH & Co KG provides logistic services to the company amounting to TEUR 76 (2010/11: TEUR 71) and other services amounting to TEUR 162 (2010/11: TEUR 100).

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 2011/12 amounted to TEUR 44 (2010/11: TEUR 44).

Kapsch Components GmbH & Co KG provides logistic services to the company amounting to TEUR 766 (2010/11: TEUR 663), manufacturing services for GSM-R amounting to TEUR 1,869 (2010/11: TEUR 0) and provides the company with other deliverables and performances amounting to TEUR 33 (2010/11: TEUR 45).

Kapsch CarrierCom France SAS, Paris
Kapsch Components GmbH & Co KG provides logistical and manufacturing services to the company for GSM-R projects amounting to TEUR 5,879 (2010/11: TEUR 0)

Kapsch BusinessCom s r.o., Prague
The company provides technical maintenance services for the Czech truck toll collection system and is responsible for the current IT support for the Czech subsidiaries. Expenses incurred for this in the fiscal year 2011/12 totaled TEUR 2,114 (2010/11: TEUR 2,736). Furthermore, the company provided public relations services amounting to TEUR 100 in the fiscal year 2011/12 (2010/11: TEUR 91) and other services amounting to TEUR 146 (2010/11: TEUR 133).

Kapsch Sp. z o.o., Warsaw
The company provides hardware (IT equipment) to the group and renders maintenance and other services for the customer project in Poland. These services amounted to TEUR 4,678 in the fiscal year 2011/12 (2010/11: TEUR 2,857).

Kapsch Immobilien GmbH, Vienna
On 15 July 2008, a new lease agreement was concluded for the location Am Europlatz 2 and a cancelation waiver for 10 years was agreed to. It is possible to partly terminate the agreement after 5 or 7 years. Lease expenses incurred by the group amounted to TEUR 3,266 in the fiscal year 2011/12 (2010/11: TEUR 3,193).

Lease income of the group resulting from the sub-lease to related parties in the fiscal year 2011/12 totaled TEUR 362 (2010/11: TEUR 386).

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 tables provide an overview of revenues and expenses in the respective fiscal years as well as receivables from and payables due to related parties at the respective balance sheet dates:

	2011/12	2010/11
Parent company		
Revenue	0	0
Expenses	758	884
Affiliated companies		
Revenue	9,350	1,583
Expenses	23,122	21,667
Other related parties		
Revenue	0	0
Expenses	4,511	4,193

	31 March 2012	31 March 2011
Parent company		
Trade receivables and other assets	494	1,696
Trade payables and other payables	998	96
Affiliated companies		
Trade receivables and other assets	2,707	262
Trade payables and other payables	9,486	4,405
Other related parties		
Trade receivables and other assets	0	0
Trade payables and other payables	290	412

29 Earnings per share

Earnings per share (basic earnings) are 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 2012, as in the prior year, no treasury shares were held by the company. There were no dilutive effects.

	2011/12	2010/11
Profit for the period attributable to equity holders of the company (in EUR)	20,599,568	22,062,116
Weighted average number of ordinary shares	12,744,262	12,200,000
Earnings per share (in EUR)	**1.62**	**1.81**

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30 Events after the balance sheet date

On 6 April 2012, the nationwide truck toll collection system in Poland was finally accepted by the customer. The last installment was paid in the net amount of EUR 103.3 million in April as well.

On 28 April 2012 – just two days before the final scheduled commissioning deadline – the start of the fully completed system was suspended indefinitely by court order due to a lawsuit. On 23 May 2012, the government elected to appeal the court decision.

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, directly or indirectly holds 100 % of the shares in the fully consolidated subsidiaries, with the exception of Kapsch Telematic Services sp. z o.o., Poland, Electronic Toll Collection (PTY) Ltd., South Africa, Kapsch Telematic Services Danmark ApS, Denmark, Kapsch Telematic Services Solutions A/S, 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, TMT Services and Supplies (Pty) Ltd., South Africa, SafeTCam (Pty) Ltd., South Africa, Traffic Software Solutions (Pty) Ltd., South Africa, TMT Services and Supplies (Gauteng) (Pty) Ltd., South Africa, Electronic Tolling Operations (Pty) Ltd., South Africa, Crestwave 63 (Pty) Ltd., South Africa, Crestwave 61 (Pty) Ltd., South Africa, TMT Services and Supplies (North) (Pty) Ltd., South Africa, Berrydust 51 (Pty) Ltd., South Africa and Kapsch Telematic Services IOOO, Minsk, Republic of Belarus. 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 2011/12 was 2,404 salaried employees and 181 wage earners (2010/11: 1,551 salaried employees and 70 wage earners).

Expenses for the auditor

The expenses for the auditor amount to TEUR 128 (2010/11: TEUR 184) and are broken down as follows:

	2011/12	2010/11
Audit of the consolidated financial statements	58	61
Other assurance services	53	111
Tax consulting services	0	0
Other services	17	12
	128	**184**

Compensation and other payments to members of the executive and supervisory boards

The compensation paid to members of the executive board is shown below:

Executive board remuneration in TEUR	Fixed	Variable	Total 2011/12	Total 2010/11
Georg Kapsch	444	578	1,022	821
Erwin Toplak	378	64	442	417
André Laux	285	74	359	334
Total	**1,107**	**716**	**1,823**	**1,573**

Expenses for termination benefits for members of the executive board amount to TEUR 59 (2010/11: TEUR 43).

Individual pension agreements are granted to Erwin Toplak and André Laux. Annually, approximately TEUR 19 (2010/11: TEUR 19) is paid by Kapsch TrafficCom AG to an external pension fund.

Remunerations paid to supervisory board members amount to TEUR 8 (2010/11: TEUR 21).

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

In the fiscal year 2011/12, the following persons served on the executive board:
Georg Kapsch (Chief Executive Officer)
Erwin Toplak
André Laux

In the fiscal year 2011/12, the following persons served on the supervisory board:
Franz Semmernegg (Chairman)
Kari Kapsch (Deputy-Chairman)
William Morton Llewellyn (until 22 August 2011)
Sabine Kauper (from 22 August 2011)

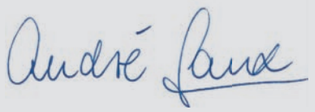
Delegated by the works council:
Christian Windisch
Claudia Rudolf-Misch

Authorized for issue:

Vienna, 30 May 2012

Georg Kapsch
Chief Executive Officer

Erwin Toplak
Chief Operating Officer



André Laux
Executive Board member

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Auditor’s Report.

Report on the consolidated financial statements.

We have audited the accompanying consolidated financial statements of Kapsch TrafficCom AG, Vienna, for the fiscal year from 1 April 2011 to 31 March 2012. These consolidated financial statements comprise the consolidated balance sheet as of 31 March 2012, the consolidated statement of comprehensive income, the consolidated cash flow statement and the consolidated statement of changes in equity for the fiscal year ended 31 March 2012 as well as the notes to the consolidated financial statements.

Management’s responsibility for the consolidated financial statements and for the accounting system
The company’s management is responsible for the group accounting system and for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU and with the legal provisions as applicable in Austria. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; making accounting estimates that are reasonable in the circumstances.

Auditor’s responsibility and description of type and scope of the statutory audit
Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with laws and regulations applicable in Austria and Austrian Standards on Auditing as well as in accordance with International Standards on Auditing (ISA) issued by the International Auditing and Assurance Standards Board (IAASB) of the International Federation of Accountants (IFAC). Those standards require that we comply with professional guidelines and that we plan and perform the audit to obtain reasonable assurance of whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the group’s preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the group’s internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a reasonable basis for our audit opinion.

Opinion
Our audit did not give rise to any objections. In our opinion, which is based on the results of our audit, the consolidated financial statements comply with legal requirements and give a true and fair view of the financial position of the group as of 31 March 2012 and of its financial performance and its cash flows for the fiscal year from 1 April 2011 to 31 March 2012 in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU.

Comments on the management report for the group.

Pursuant to statutory provisions, the management report for the group is to be audited as to whether it is consistent with the consolidated financial statements and as to whether the other disclosures are not misleading with respect to the company’s position. The auditor’s report also has to contain a statement as to whether the management report for the group is consistent with the consolidated financial statements.

In our opinion, the management report for the group is consistent with the consolidated financial statements.

Vienna, 30 May 2012

PwC Wirtschaftsprüfung GmbH
Wirtschaftsprüfungs- und Steuerberatungsgesellschaft

signed:
Felix Wirth
Austrian Certified Public Accountant

For me, the future of mobility lies in a web of cars, in which automobiles will independently exchange information with each other in real-time. In cities, hybrid spaces will be created in which the borders between life and work, private and public, real and virtual will fade.

Nils Müller
CEO & founder
TrendONE GmbH, Hamburg

Services.

Kapsch TrafficCom AG and its Subsidiaries.

The parent company Kapsch TrafficCom AG holds, with the exception of the subsidiaries listed in note 31 to the consolidated financial statements, directly or indirectly 100 % of the shares in the fully consolidated subsidiaries. The company also has representative offices in São Paulo, Brazil, and Beijing, China, as well as a branch office in Zagreb, Croatia. Kapsch Components GmbH & Co KG is the sole general partner *(Komplementär)* of Kapsch Components KG.

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Company History.

	Company milestones	Business milestones
1991	Kapsch Aktiengesellschaft enters traffic telematics business	
1995		Contract for the nationwide Ecopoint System – the world's first emissions-based traffic management system – in Austria
1998	Acquisition of the electronic toll collection business from Bosch Telecom, Germany	
1999		Implementation of the world's first electronic toll collection system for multi-lane free-flow traffic on an urban motorway on the Melbourne City Link in Australia
2000	Acquisition of Combitech Traffic Systems AB, Sweden	
2002	Kapsch TrafficCom AG demerged from Kapsch Aktiengesellschaft	Installation of the first single-lane electronic toll collection system on the African continent on the Platinum Toll Highway in South Africa
2004		Launch of the nationwide electronic truck toll collection system in Austria
2005		Establishment of three electronic toll collection systems in Chile
2006	Foundation of Kapsch Telematic Services GmbH to enter the commercial operation of toll collection systems Acquisition of DPS Automation S.A. Argentina	
2007	Initial public offering on 26 June 2007	Launch of the nationwide electronic truck toll collection system in the Czech Republic Contract to implement an electronic toll collection system in New Zealand Establishment of the largest toll station in Asia on Highway No. 8 in New Delhi, India
2008	Acquisition of assets of the U.S. TechnoCom Corp.	Establishment of toll collection systems for three of the largest urban motorways in Bangkok, Thailand
2009	Purchase of a 20.47 % stake in the Norwegian competitor Q-Free ASA	Contract to establish an electronic toll collection system for multi-lane free-flow traffic in the South African province of Gauteng
2010	Acquisition of the U.S., Canadian and Mexican business of Mark IV IVHS Acquisition of a majority stake in TMT (Pty) Ltd. in South Africa Issue of corporate bonds	
2011	Capital increase	Launch of the nationwide electronic toll collection system in Poland Kapsch TrafficCom IVHS selected by E-ZPass Group as supplier for new 10-year technology and service contract

Kapsch Group.

The Kapsch Group is one of the most successful technology firms in Austria that also plays a key global role. The company was founded 120 years ago and today it sets benchmarks in the promising future markets of Intelligent Transportation Systems (ITS), Railway and Public Operator Telecommunications as well as Information and Communication Technology (ICT). The Kapsch Group comprises the three key companies of Kapsch TrafficCom, Kapsch CarrierCom and Kapsch BusinessCom. A family-run company headquartered in Vienna, Kapsch develops and implements new technologies to the commercial benefit of its customers. The Kapsch Group, which in the fiscal year 2011/12 generated revenues of 984.1 million EUR, offers a wide range of innovative solutions, systems and services, thus making a significant contribution to the responsible and sustained creation of a mobile and networked world. The companies of the Kapsch Group employ roughly 5,000 people in about 100 branches and representation offices around the globe.

Glossary.

ANPR	Automatic number plate recognition – method that uses optical character recognition (OCR) on images to automatically identify the license plate number of a vehicle
CEN	Comité Européen de Normalisation (European Committee for Standardization) – responsible for defining common legislative procedures for contractual obligations among toll operators to achieve interoperability in toll collection systems in Europe (CEN Standards)
CVO	Commercial vehicle operations – systems for operating commercial vehicles in order to enhance freight carrier productivity and safety
DSRC	Dedicated short-range communication – one-way or two-way short- to medium-range wireless communication channels designed for communication between on-board and roadside equipment
ETC	Electronic toll collection – systems with technologies that enable drivers to pay toll fees without stopping at toll stations
GHz	Gigahertz
GNSS	Global navigation satellite system – standard generic term for satellite navigation systems that provide autonomous geo-spatial positioning with global coverage
GPS	Global positioning system
GSM	Global system for mobile communication – standard to describe technologies for digital cellular networks
ISO	International organization for standardization
ITS	Intelligent transportation systems are systems, in which information and communication technologies are being applied, in order to support and optimize road transport, including infrastructure, vehicles and users
LAN	Local area network
MHz	Megahertz
OHSAS	Occupational Health and Safety Assessment Series
On-board unit	An on-board unit (OBU) is an electronic device readable and writeable via wireless communication. An OBU identifies a vehicle and/or serves as a payment means and/or as data memory for vehicle and/or personal data
PVTMS	Public vehicle transportation management systems facilitate management of both local and long-distance public transportation
TMS	Traffic management systems that monitor traffic, optimize signal timing, and regulate the flow of traffic
Transceiver	A roadside mounted radio communication device for the bidirectional data exchange to on-board units by means of dedicated short-range communication (DSRC). In the U.S.A. often refered to as reader
Transponder	A transponder is an on-board equipment with a dedicated short-range communication (DSRC) communication interface and a buzzer as the only human-machine interface to the driver
WLAN	Wireless local area network
WAVE	Wireless access in vehicular environment
VIS	Vehicle information systems which include a host of applications to increase traffic safety and security
VÖNIX	The VBV Austrian Sustainability Index is a stock index that comprises listed Austrian companies that play a leading role in terms of their social and environmental performance

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Financial Calendar.

24 August 2012
Ordinary shareholders' meeting for fiscal year 2011/12

24 August 2012
Interim financial report fiscal year 2012/13-Q1

31 August 2012
Deduction of dividend for fiscal year 2011/12 (ex-day)

7 September 2012
First day of payment for fiscal year 2011/12 dividend

22 November 2012
Interim financial report fiscal year 2012/13-Q2

27 February 2013
Interim financial report fiscal year 2012/13-Q3

26 June 2013
Results fiscal year 2012/13

19 August 2013
Ordinary shareholders' meeting for fiscal year 2012/13

2 September 2013
Deduction of dividend for fiscal year 2012/13 (ex-day)

9 September 2013
First day of payment for fiscal year 2012/13 dividend

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Trading Symbol
KTCG

Reuters
KTCG.VI

Bloomberg
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Eight-Year Review of Key Data.

Earnings Data [1]		2011/12	2010/11	2009/10	2008/09	2007/08	2006/07	2005/06	2004/05
Revenues	in million EUR	549.9	388.6	216.0	200.3	185.7	198.6	116.2	121.9
EBITDA	in million EUR	60.6	62.5	32.0	35.0	39.0	30.8	21.0	18.7
EBITDA margin	in %	11.0	16.1	14.8	17.5	21.0	15.5	18.1	15.4
EBIT	in million EUR	42.2	48.9	24.5	29.0	34.9	26.9	17.3	13.0
EBIT margin	in %	7.7	12.6	11.4	14.5	18.8	13.5	14.9	10.7
Profit before tax	in million EUR	36.3	41.3	43.9	21.9	42.8	27.0	17.8	13.5
Profit for the period	in million EUR	27.5	28.4	36.5 (22.5)	16.4	32.1	20.3	12.3	14.2
Earnings per share [2]	in EUR	1.62	1.81	2.64 (1.49)	1.06	2.60	2.04	1.24	1.43
Free cash flow [3]	in million EUR	-50.9	-19.9	41.6	19.9	-14.8	-39.1	14.4	18.6
Capital expenditure [4]	in million EUR	13.1	8.3	4.8	22.2	4.0	2.3	1.3	3.0
Employees [5]		2,705	2,167	1,023	946	824	774	569	572
Business Segments		**2011/12**	**2010/11**	**2009/10**	**2008/09**	**2007/08**	**2006/07**	**2005/06**	**2004/05**
Road Solution Projects (RSP)									
Revenues (percentage of Revenues)	in million EUR	229.9 (42 %)	158.9 (41 %)	45.8 (21 %)	56.8 (28 %)	47.0 (25 %)	105.0 (53 %)	18.7 (16 %)	30.0 (25 %)
EBIT (EBIT margin)	in million EUR	4.1 (1.8 %)	0.1 (0.1 %)	-20.9 (-45.6 %)	-1.7 (-2.9 %)	6.3 (13.4 %)	11.6 (11.0 %)	2.7 (14.5 %)	2.2 (7.2 %)
Services, System Extensions, Components Sales (SEC)									
Revenues (percentage of Revenues)	in million EUR	308.1 (56 %)	223.3 (57 %)	161.9 (75 %)	135.6 (68 %)	128.8 (69 %)	80.6 (41 %)	76.2 (66 %)	78.0 (64 %)
EBIT (EBIT margin)	in million EUR	37.3 (12.1 %)	48.3 (21.6 %)	45.3 (28.0 %)	31.7 (23.4 %)	29.1 (22.6 %)	15.8 (19.6 %)	13.5 (17.7 %)	11.5 (14.7 %)
Others (OTH)									
Revenues (percentage of Revenues)	in million EUR	12.0 (2 %)	6.4 (2 %)	8.3 (4 %)	8.0 (4 %)	10.0 (5 %)	13.0 (7 %)	21.3 (18 %)	13.9 (11 %)
EBIT (EBIT margin)	in million EUR	0.8 (6.5 %)	0.4 (6.7 %)	0.2 (1.9 %)	-1.0 (-12.6 %)	-0.4 (-4.3 %)	-0.5 (-3.7 %)	1.1 (5.2 %)	-0.6 (-4.5 %)
Regions		**2011/12**	**2010/11**	**2009/10**	**2008/09**	**2007/08**	**2006/07**	**2005/06**	**2004/05**
Austria – Revenues (percentage of Revenues)	in million EUR	32.8 (6 %)	37.5 (10 %)	42.4 (20 %)	37.8 (19 %)	36.6 (20 %)	47.3 (24%)	57.9 (50 %)	51.0 (42 %)
Europe (excl. Austria) – Revenues (percentage of Revenues)	in million EUR	341.4 (62 %)	182.0 (47 %)	117.1 (54 %)	122.8 (61 %)	105.2 (57 %)	122.9 (61%)	29.4 (25 %)	27.7 (23 %)
Americas – Revenues (percentage of Revenues)	in million EUR	63.6 (12 %)	27.6 (7 %)	12.1 (5 %)	14.0 (7 %)	18.8 (10 %)	15.4 (8 %)	9.4 (8 %)	23.8 (20 %)
Rest of World – Revenues (percentage of Revenues)	in million EUR	112.1 (20 %)	141.5 (36 %)	44.5 (21 %)	25.6 (13 %)	25.2 (14 %)	13.0 (7 %)	19.5 (17 %)	19.4 (16 %)
Balance Sheet Data		**31 March 2012**	**31 March 2011**	**31 March 2010**	**31 March 2009**	**31 March 2008**	**31 March 2007**	**31 March 2006**	**31 March 2005**
Total assets	in million EUR	557.7	450.1	295.1	324.5	298.4	227.2	131.9	133.5
Total equity [6]	in million EUR	256.2	191.5	168.2	134.2	133.4	45.6	39.1	37.4
Equity ratio [6]	in %	45.9	42.5	57.0	41.4	44.7	20.1	29.6	28.0
Net assets (+)/debt (-)	in million EUR	-74.4	-47.2	35.3	5.0	28.4	-12.5	37.2	29.4
Capital employed	in million EUR	383.8	288.7	187.5	193.4	161.3	78.2	48.6	47.8
Net working capital	in million EUR	285.7	175.9	104.6	122.3	131.4	56.8	43.2	42.5

1 Only continuing operations
2 Earnings per share 2011/12 relate to a weighted average number of 12.74 million shares, 2010/11, 2009/10 and 2008/09 relate to 12.2 million shares, 2007/08 relate to 11.7 million outstanding shares and in each of 2006/07, 2005/06 and 2004/05 relate to 10.0 million shares
3 Operating cash flow minus capital expenditure from operations (excl. payments for acquisition of companies and purchases of securities and investments)
4 Capital expenditure from operations (excl. payments for acquisition of companies and purchases of securities and investments)
5 As of 31 March of each year
6 Incl. non-controlling interests

Kapsch TrafficCom is a provider of high-performance intelligent transportation systems (ITS) in the application fields of toll collection, urban access management and traffic safety and security. Kapsch TrafficCom covers the entire value creation chain of its customers as a one-stop shop by providing products and components as well as subsystems as open market products, by integrating them into turnkey systems or by developing end-to-end solutions, including services for the technical and commercial operations of systems. Within its current core business of electronic toll collection (ETC), Kapsch TrafficCom designs, builds and operates primarily electronic toll collection systems, in particular for multi-lane free-flow traffic. With 280 references in 41 countries on all 5 continents and with almost 70 million on-board units delivered and about 18,000 lanes equipped, Kapsch TrafficCom has positioned itself among the internationally recognized suppliers of electronic toll collection worldwide. Kapsch TrafficCom is headquartered in Vienna, Austria, and has subsidiaries and representative offices in 30 countries.

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