

Report on first half-year of fiscal year 2007/08.

Highlights

Operational performance	Operating results	Operational outlook
First-time order in New Zealand worth about EUR 10.7m	Adjusted EBIT in FY08-Q2 up 37 % compared to FY07-Q2	Successful prequalification for nationwide truck tolling system in Hungary
Orders in South Africa and Chile	SEC segment revenues in FY08-Q2 up 75 % compared to FY07-Q2	Start of prequalification for nationwide truck tolling system in Slovakia
First half sales of nearly 1.0 million on-board units (OBUs) almost match total for whole of previous fiscal year	Net debt of EUR 12.5m as of 31 March 2007 transformed into net assets of EUR 27.1m as of 30 September 2007	Extension of nationwide truck tolling system in Czech Republic under negotiation

Kapsch TrafficCom Key Figures ¹⁾

Operating Figures (cumulative)		FY08-Q2	FY07-Q2	+/- %	FY07
Revenues	in million EUR	68.8	72.6	-5 %	198.6
EBITDA ²⁾	in million EUR	9.6	7.6	26 %	30.8
EBIT	in million EUR	6.7	5.6	21 %	26.9
EBIT adjusted ²⁾	in million EUR	7.6	5.6	37 %	26.9
Profit before tax	in million EUR	8.6	5.8	48 %	27.0
Profit after tax	in million EUR	6.3	4.3	47 %	20.3
Earnings per share ³⁾	in EUR	0.47	0.44	7 %	2.04
Earnings per share ³⁾ , adjusted ²⁾	in EUR	0.54	0.44	24 %	2.04
Free Cashflow ⁴⁾	in million EUR	-21.3	-4.1	>100 %	-4.3
Capital Expenditure ⁵⁾	in million EUR	-2.0	-1.2	61 %	-2.3

Financial Ratios		30 September 2007	31 March 2007	+/- %
Total Equity ⁶⁾	in million EUR	109.1	45.6	>100 %
Net assets (+) /-debt (-) ⁷⁾	in million EUR	27.1	-12.5	<-100 %
Capital Employed	in million EUR	140.4	78.2	79 %
Total Assets	in million EUR	286.0	227.2	26 %
Employees as of 30 September 2007		781	774	1 %

Key Capital Market Data ⁸⁾		FY08-Q2	Information on the Share/Financial Calendar	
Offer price per share on 25 June 2007	in EUR	32.0	Stock exchange/ISIN	Vienna, Prime Market/AT000KAPSCH9
Number of shares as of 30 Sep 2007	in million	12.2	Trading Symbol	KTCG, (Reuters) KTCG.VI (Bloomberg) KTCG AV
Free float as of 30 Sep 2007	in %	30.3	27 February 2008	Interim Financial Report FY08-Q3 (IAS34)
Closing price as of 30 Sep 2007	in EUR	38.5	18 June 2008	Preliminary Results FY08
Market Capitalization as of 30 Sep 2007	in million EUR	469.6	10 July 2008	Annual General Meeting

1) only continuing operations

2) adjusted by non-recurring items (see item 11 under notes in condensed consolidated interim financial information as of 30 September 2007)

3) earnings per share in FY08-Q2 related to 12.2 million shares, in FY07-Q2 related to 10.0 million shares

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

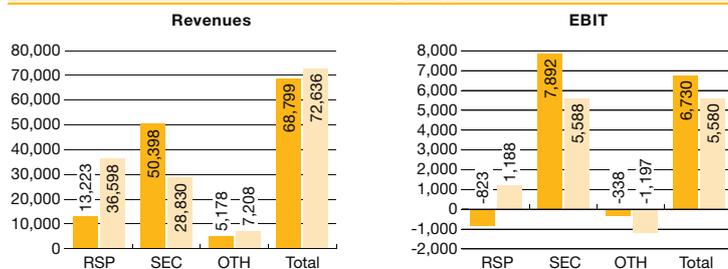
5) capital expenditure from operations (excl. acquisitions and securities)

6) incl. minority interests

7) excl. long-term securities (see item 6 under notes in condensed consolidated interim financial information as of 30 September 2007)

8) for additional capital market data see page 6

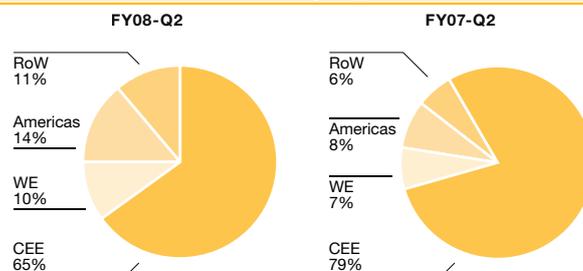
Revenues and EBIT by segment in TEUR



■ FY08-Q2
■ FY07-Q2

RSP – Road Solutions Projects
SEC – Services, System Extensions, Components Sales
OTH – Others

Revenues by region



RoW – Rest of World
WE – Western Europe

CEE – Central & Eastern Europe (incl. Austria)
Americas – USA, Canada, Latin America

Letter from the Chief Executive Officer.



Georg Kapsch, Chief Executive Officer

Erwin Toplak, Chief Operating Officer

Dear shareholders,

Adjusted EBIT in FY08-Q2 up 37 % compared to FY07-Q2

SEC segment revenues in FY08-Q2 up 75 % compared to FY07-Q2

First half sales of nearly 1.0m on-board units (OBUs) almost match total for whole of previous fiscal year

Net debt of EUR 12.5m as of 31 March 2007 transformed into net assets of EUR 27.1m as of 30 September 2007

I am delighted to report that Kapsch TrafficCom recorded adjusted EBIT of EUR 7.6 million for the first half of the current fiscal year, up 37 % compared to the same period of the previous fiscal year. Profit before tax was up even more, by 48 % to EUR 8.6 million.

The performance of the SEC (Services, System Extensions, Components Sales) segment was particularly strong, with a 75 % jump in revenues to EUR 50.4 million. This was primarily attributable to recurring revenues from the technical and commercial operation of the nationwide truck tolling system in the Czech Republic and a high volume of components sales. First half sales of nearly 1.0 million on-board units (OBUs) are almost at the same level as those for the whole of the previous fiscal year.

With respect to the consolidated balance sheet, I would like to point out that net debt of EUR 12.5 million as of 31 March 2007 has been transformed into net assets of EUR 27.1 million as of 30 September 2007, due in part to our successful initial public offering. Total equity during the same period increased by 139 %, reaching EUR 109.1 million as of 30 September 2007 (31 March 2007: EUR 45.6 million) with an equity ratio of 38 %.

A very pleasant addition was made to our list of reference customers: New Zealand is the latest country to decide for its first fully electronic tolling system worth about EUR 10.7 million. Kapsch TrafficCom New Zealand Ltd. – a subsidiary of Kapsch TrafficCom AB, Sweden – has been contracted to implement a multi-lane free-flow system. New Zealand now joins its neighbour Australia – a leading country in the introduction of fully electronic road tolling systems – as a user of road traffic telematics solutions from Kapsch TrafficCom.

First-time order in New Zealand worth about EUR 10.7m

Our subsidiary Kapsch TrafficCom Südafrika (Pty) Ltd. has already won its first contract just a few months after its formation in March: Tolcon Lehumo (Pty) Ltd. placed an order with the South African company for the development, construction and turnkey implementation of a road tolling system worth more than EUR 1.0 million. Kapsch TrafficCom South Africa will be responsible for the maintenance upon completion. Massive demand for road traffic telematics solutions in South Africa is not just driven by the 2010 FIFA World Cup. We have identified considerable potential in the country, which we aim to make the most of. To this end, we strengthened our presence in the country in October 2007 – after the end of the period covered by this interim report – with a joint venture with South African company Traffic Management Technologies (TMT). TMT is a leading supplier of intelligent traffic management systems. Its systems are customized to local needs, and are the perfect complement to Kapsch TrafficCom's portfolio of products and solutions. The joint venture, in which each partner holds an 50 % interest, will operate as ETC (Pty) Ltd. (Electronic Tolling Coordination and Operations).

Order in South Africa

Kapsch TrafficCom was successful in Chile for the fifth time, winning a contract from Sociedad Concesionaria Túnel San Cristóbal S.A. (a Hochtief and Dragados joint venture) for the development, construction and turnkey implementation of a fully electronic road tolling system worth about EUR 1.4 million. Once it has been implemented, Kapsch TrafficCom will continue to be responsible for the maintenance of the system.

Order in Chile

There is more good news from closer to home, too. We prequalified to tender for a nationwide truck tolling system in Hungary. The prequalification for a nationwide truck tolling system in Slovakia has also begun.

Successful prequalification for nationwide truck tolling system in Hungary; Start of prequalification for nationwide truck tolling system in Slovakia

For the Czech Republic, the tolling stations on those "first class roads" were defined which will go into operation on 1 January 2008.

Expansion of nationwide truck tolling system in the Czech Republic in negotiation

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

Looking forward with optimism

With all best wishes



Georg Kapsch

Disclaimer

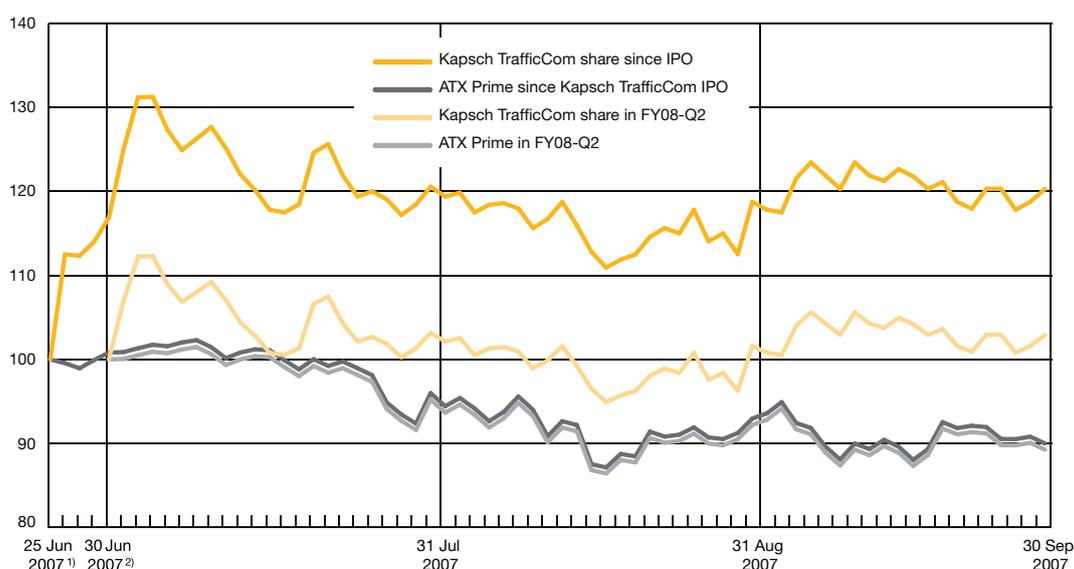
Certain statements contained in this report constitute "forward-looking statements." These statements, which contain the words "believe", "intend", "expect" and words of similar meaning, reflect management's beliefs and expectations and are subject to risks and uncertainties that may cause actual results 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.

The Kapsch TrafficCom Share.

The Kapsch TrafficCom AG share continued its initial upward trend, reaching an intraday high of EUR 43.75, compared with the offer price per share of EUR 32.00 on 25 June 2007. As of 30 September 2007, the share price was EUR 38.49, up 2.91 %, compared to the closing price as of 30 June (EUR 36.51). The share price significantly outperformed the ATX Prime, which declined by approximately 10.7 % during the same period. Since the initial public offering, the price of the share has climbed 20.3 %, as of 30 September 2007, while the ATX Prime was down about 10 %.

Based on a closing price of EUR 38.49 per share as of 30 September 2007 and the number of outstanding shares in circulation unchanged at 12.2 million, Kapsch TrafficCom's market capitalization as of the end of the fiscal half year was EUR 469.6m. The ownership structure remained unchanged during the period under review: 30.3 % of the shares were in free float, whereas the remaining 69.7 % continued to be held by KAPSCH-Group Beteiligungs GmbH. Schroder Investment Management Limited informed us, that as of 15 August 2007 it held 5.12 % of the Kapsch TrafficCom AG voting rights.

Share price development in FY08-Q2 and since IPO (Kapsch TrafficCom AG vs. ATX Prime)



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

2) Closing price as of 30 June 2007 and closing value for ATX Prime as of 30 June 2007, each indexed to 100

Capital Market Data in FY08-Q2 and since IPO

Offer price per share on 25 June 2007	in EUR	32.00	Highest closing price 4 July 2007	in EUR	42.00
Closing price as at 30 June 2007	in EUR	36.51	Lowest closing price 17 August 2007	in EUR	35.50
Closing price as at 30 September 2007	in EUR	38.49	Intraday high 4 July 2007	in EUR	43.75
Performance in FY08-Q2	in %	2.91	Intraday low 17 August 2007	in EUR	33.00
Performance since IPO	in %	20.30	Average daily trading volume ¹⁾	in shares	47,783
Performance of ATX Prime in FY08-Q2	in %	-10.7			
Performance of ATX Prime since Kapsch TrafficCom IPO	in %	-10			

1) Double counting

Condensed consolidated interim financial information 30 Sep 2007 (unaudited).

Kapsch TrafficCom AG – Consolidated income statement

All amounts in TEUR

	Note	FY08-Q2	FY07-Q2	FY08-Q2 cum.	FY07-Q2 cum.
Continuing Operations					
REVENUES	(4)	34,956	45,312	68,799	72,636
Other operating income		208	-59	694	-56
Changes in finished and unfinished goods and work in progress		5,582	999	10,932	937
Cost of material and other production services		-20,305	-29,133	-38,160	-39,438
Staff costs		-10,298	-8,569	-21,478	-17,769
Amortisation of intangible assets and depreciation of property, plant and equipment		-1,021	-1,079	-1,946	-2,045
Other operating expenses		-6,338	-4,876	-12,111	-8,685
Operating result	(4,11)	2,784	2,595	6,730	5,580
Finance income		2,112	350	4,156	801
Finance costs		386	270	2,253	576
Financial result		1,727	81	1,903	225
Result from associates		101	0	-31	0
Profit before tax		4,611	2,675	8,602	5,805
Income taxes	(12)	-1,207	-629	-2,308	-1,530
Profit after tax for the period from continuing operations		3,405	2,047	6,294	4,274
Discontinued Operations					
Result from discontinued operations	(15)	0	127	0	-304
Profit for the period		3,405	2,173	6,294	3,971
Attributable to:		2,929	2,204	5,680	4,063
Equity holders of the Company		475	-31	614	-93
Minority interest		3,405	2,173	6,294	3,971
Earnings per share for profit from continuing operations attributable to the equity holders of the company (expressed in euro per share)	(13)	0.24	0.21	0.47	0.44

Earnings per share in FY08-Q2 related to 12,2 million shares; in FY07-Q2 related to 10,0 million shares.
The notes on the following pages form an integral part of this condensed consolidated interim financial information.

Kapsch TrafficCom AG – Consolidated balance sheet

All amounts in TEUR

ASSETS	Note	30 Sep 2007	31 March 2007
Non-current assets			
Property, plant and equipment	(5)	6,411	6,148
Intangible assets	(5)	8,613	9,269
Shares in associates		223	254
Other financial assets		3,585	3,619
Other non-current assets		61,584	81,694
Deferred tax assets		8,777	8,660
		89,193	109,644
Current assets			
Inventories		33,392	19,900
Trade receivables and other assets		104,948	77,460
Other current financial assets	(6)	29,770	0
Cash and cash equivalents		28,651	20,183
		196,761	117,543
TOTAL ASSETS		285,954	227,187
EQUITY AND LIABILITIES			
Equity			
Share capital	(7)	12,200	10,000
Capital Reserve		70,705	5,325
Currency translation differences		778	914
Unrealised gains/losses from securities		-345	-114
Consolidated profit/loss and other reserves		24,810	29,130
		108,147	45,256
Minority interests		977	340
Total Equity		109,124	45,595
Non-current liabilities			
Non-current financial liabilities	(8)	16,262	10,523
Liabilities from post-employment benefits to employees	(9)	14,334	14,552
Non-current provisions	(10)	1,634	1,684
Other non-current liabilities		28,806	26,886
Deferred tax liability		2,294	2,466
		63,330	56,111
Current liabilities			
Trade and other current payables		40,342	40,524
Other liabilities and deferred income		39,041	42,249
Current tax payables		6,567	5,123
Current financial liabilities	(8)	15,033	22,124
Current provisions	(10)	12,517	15,462
		113,500	125,481
Total Liabilities		176,830	181,592
TOTAL EQUITY AND LIABILITIES		285,954	227,187

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

Kapsch TrafficCom AG – Consolidated statement of changes in equity

all amount in TEUR

	Attributable to equity holders of the Company					Minority Interest	Total equity
	Share capital	Capital reserve	Currency translation differences	Fair value valuation reserve	Consolidated retained earnings & other reserves		
Carrying amount at 1 April 2007	10,000	5,325	914	-114	29,130	340	45,595
Currency translation differences			-137			23	-114
Fair value gains/losses realised (net of tax)				-231			-231
<i>Net income/expenses recognized directly in equity</i>			-137	-231		23	-345
Increase in share capital due to IPO	2,200						2,200
Increase in capital reserve due to IPO less IPO costs		65,379					65,379
Dividend relating to 2006/07					-10,000		-10,000
Profit for the year					5,680	614	6,294
Carrying amount at 30 Sep 2007	12,200	70,705	778	-345	24,810	977	109,124
Carrying amount at 1 April 2006	10,000	5,325	1,272	-57	21,722	789	39,051
Currency translation differences			-88			-4	-92
Fair value gains/losses realised							
Fair value gains/losses realised (net of tax)				28			28
<i>Net income/expenses recognized directly in equity</i>			-88	28		-4	-64
Acquisition of minority interest					-716	-280	-996
Dividend relating to 2005/06					-10,000	0	-10,000
Profit for the year					4,063	-93	3,971
Carrying amount at 30 Sep 2007	10,000	5,325	1,184	-30	15,069	413	31,962

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

Kapsch TrafficCom AG – Consolidated cash flow statement

all amount in TEUR

Cash flow from operating activities	FY08-Q2	FY07-Q2	FY08-Q2 cum.	FY07-Q2 cum.
Operating result	2,784	2,595	6,730	5,580
Adjustments for non-cash items and other reconciliations				
Depreciation and amortisation	1,021	1,079	1,946	2,045
Increase/decrease in obligations for post-employment benefits	-139	-60	-218	-24
Change in other non-current liabilities and provisions	-52	-17	-51	33
Increase/decrease in non-current trade receivables	20,620	0	20,110	0
Increase/decrease in non-current trade payables	2,189	20	1,920	104
Other (net)	45	78	47	-705
	26,468	3,695	30,483	7,032
Changes in net current assets				
Increase/decrease in trade receivables and other assets	-34,621	-26,787	-27,488	-24,891
Increase/decrease in inventories	-8,173	-2,182	-13,492	-3,825
Increase/decrease in trade payables and other current payables	5,234	19,761	-3,389	19,580
Increase/decrease in current provisions	-68	-52	-2,944	-49
	-37,628	-9,260	-47,314	-9,186
Cash generated from operations	-11,160	-5,565	-16,830	-2,154
Interest received	451	231	607	490
Interest payments	-1,138	-263	-1,952	-464
Payments/refund of income taxes	-1,203	-712	-1,153	96
Net cash flow from operating activities from continuing operations	-13,050	-6,309	-19,329	-2,032
Net cash flow from operating activities from discontinued operations	0	-1,214	0	-831
Net cash flow from operating activities – total	-13,050	-7,523	-19,329	-2,863
Cash flow used in investing activities				
Purchases of property, plant and equipment	-473	-611	-1,855	-935
Purchases of non-current intangible assets	-83	-258	-145	-306
Purchases of securities and shares	-30,000	-4	-30,000	-4
Payments for acquisition of companies (less cash and cash equivalents of these companies)	-36	0	-36	-1,880
Payments for acquisition of minority interest	0	0	0	-996
Proceeds from disposal of property, plant and equipment and intangible assets	0	0	54	0
Proceeds from sale of securities	96	1	553	196
Net cash flow used in investing activities from continuing operations	0	0	0	126
Net cash flow used in investing activities from continuing operations	-30,497	-872	-31,428	-3,800
Net cash flow used in investing activities from discontinued operations	0	460	0	270
Net cash flow used in investing activities – total	-30,497	-413	-31,428	-3,530

	FY08-Q2	FY07-Q2	FY08-Q2 cum.	FY07-Q2 cum.
Cash flow used in financing activities				
Contributions from shareholders	0	0	0	0
Increase in share capital	0	0	2,200	0
Increase/decrease in capital reserve less IPO costs	-555	0	65,379	0
Dividends paid to company shareholders	0	0	-7,000	-6,500
Increase/decrease in other non-current financial liabilities	1,712	-37	5,740	196
Increase/decrease in current financial liabilities	1,393	3,461	-7,091	5,455
Net cash flow used in financing activities from continuing operations	2,550	3,424	59,228	-849
Net cash flow used in financing activities from discontinuing operations	0	0	0	-233
Net cash flow used in financing activities – total	2,550	3,424	59,228	-1,082
Net decrease/increase in cash and cash equivalents	-40,997	-4,511	8,472	-7,475
Change in cash and cash equivalents				
Cash and cash equivalents at beginning of the period	69,872	43,342	20,183	46,725
Net decrease/increase in cash and cash equivalents	-40,997	-4,511	8,472	-7,475
Exchange gains/losses on cash and cash equivalents	-224	-27	-4	-447
Cash and cash equivalents at end of the period	28,651	38,804	28,651	38,804

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

Kapsch TrafficCom AG – Selected notes to the condensed consolidated interim financial information.

1. General Information

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

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

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

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

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

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

2. Basis of preparation

This condensed interim financial information for the half-year ended 30 September 2007 has been prepared in accordance with IAS 34, "Interim financial reporting". The interim condensed financial report should be read in conjunction with the consolidated annual financial statements for the year ended 31 March 2007.

3. Accounting policies

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

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

4. Segment Information

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

Primary reporting format – business segments

from continuing operations – in TEUR

FY08-Q2 (cum.)	RSP	SEC	OTH	Consolidated Group
Revenues	13,223	50,398	5,178	68,799
Operating Result	-823	7,892	-338	6,730

FY07-Q2 (cum.)	RSP	SEC	OTH	Consolidated Group
Revenues	36,598	28,830	7,208	72,636
Operating Result	1,188	5,588	-1,197	5,580

5. Capital Expenditure

All amounts in TEUR

	Tangible and intangible assets
Opening net book amount as of 1 April 2007	15,417
Additions	2,182
Change in consolidated entities	6
Disposals	-553
Depreciation, amortisation, impairment and other movements	-1,757
Currency translation differences	-271
Closing net book amount as of 30 Sep 2007	15,024
Opening net book amount as of 1 April 2006	15,427
Additions	3,221
Change in consolidated entities	369
Disposals	-14
Depreciation, amortisation, impairment and other movements	-2,265
Currency translation differences	19
Closing net book amount as of 30 Sep 2006	16,757

6. Other current financial assets

In July 2007, Kapsch TrafficCom AG bought financial instruments (securities) in the amount of EUR 30 million, that were classified as securities available for sale.

7. Share Capital

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

8. Financial Liabilities

All amounts in TEUR	30 Sep 2007	31 March 2007	30 Sep 2006	31 March 2006
Non-current	16,262	10,523	933	1,204
Current	15,033	22,124	13,988	8,299
Total	31,295	32,646	14,921	9,503

Movements in borrowings were as follows:

Opening amount as of 1 April 2007	32,646
Additions	9,593
Repayments of borrowings	-10,944
Currency translation	0
Closing amount as of 30 Sep 2007	31,295
Opening amount as of 1 April 2006	9,503
Additions	5,385
Repayments of borrowings	0
Currency translation	33
Closing amount as of 30 Sep 2006	14,921

9. Defined benefit plans

All amounts in TEUR	30 Sep 2007	31 March 2007	30 Sep 2006	31 March 2006
Severance payments	5,162	5,305	5,947	5,979
Pension benefits	9,172	9,247	9,244	9,237
Total	14,334	14,552	15,192	15,216

Severance Payments

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

Pension benefits

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

10. Provisions

All amounts in TEUR	30 Sep 2007	31 March 2007	30 Sep 2006	31 March 2006
Non-current provisions	1,634	1,684	1,829	1,796
Current provisions	12,517	15,462	7,122	7,223
Total	14,151	17,146	8,951	9,020

FY08-Q2

All amounts in TEUR	1. Apr 2007	Change in consoli- dated entities	Use/ disposal	Additions	Exchange rate differences	30. Sep 2007
Obligations for anniversary bonuses	457	7	-21	9	0	452
Costs of dismantling and removing assets	1,227	0	-46	0	0	1,181
Non-current provisions, total	1,684	7	-66	9	0	1,634
Warranties	4,165	0	0	0	30	4,194
Losses from pending transactions and repairs	881	0	0	142	0	1,023
Legal fees, costs of litigation and contract risks	2,881	0	-1,607	2,406	41	3,721
Other	7,535	0	-5,553	1,585	12	3,579
Current provisions, total	15,462	0	-7,160	4,134	82	12,517
Total	17,146	7	-7,227	4,142	82	14,151

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

FY07-Q2

All amounts in TEUR	1. April 2006	Change in consoli- dated entities	Use/ disposal	Additions	Exchange rate differences	30. Sep 2006
Obligations from anniversary bonuses	620	8	-29	0	0	599
Costs of dismantling and removing assets	1,176	100	-46	0	0	1,230
Non-current provisions, total	1,796	108	-75	0	0	1,829
Warranties	3,711	0	0	0	36	3,748
Losses from pending transactions and repairs	793	0	-102	0	0	691
Legal fees, costs of litigation and contract risks	0	0	0	0	0	0
Other	2,719	0	-418	382	0	2,683
Current provisions, total	7,223	0	-519	382	36	7,122
Total	9,020	108	-594	382	36	8,951

11. Operations result

The income statement for the first half-year of FY08 includes one-time costs in connection with the IPO in the amount of TEUR 912. There were no comparable costs in the first half-year of FY07.

12. Income taxes

Income tax expense is recognized on management's best estimate of the weighted average annual income tax rate expected for the full financial year. The estimated tax rate for the first half-year FY08 is 27 % (the estimated tax rate for the first half-year FY07 was 26 %).

13. Earnings per share

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

	FY08-Q2 cum.	FY07-Q2 cum.
Earnings per share for profit from continuing operations attributable to the equity holders of the company (expressed in euro per share)	0.47	0.44
Earnings per share for profit from discontinuing operations attributable to the equity holders of the company (expressed in euro per share)	0.00	-0.03

Earnings per share in FY08-Q2 related to 12.2 million shares, in FY07-Q2 related to 10.0 million shares.

14. Dividends

In a general meeting held on 5 June 2007 the shareholder of the parent company Kapsch TrafficCom AG, Vienna, resolved a dividend for the year 2006/07 in the amount of TEUR 10,000. TEUR 7,000 – thereof TEUR 3,500 from the remaining dividend for the year 2005/06 – were paid in June 2007, the remaining amount will be paid in December 2007.

15. Discontinued operations

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

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

All amounts in TEUR	FY08-Q2	FY07-Q2	FY08-Q2 cum.	FY07-Q2 cum.
(a) Analysis of the result of discontinued operations				
Revenues	0	2,011	0	3,158
Expenses	0	-1,885	0	-3,461
Result from discontinued operations	0	127	0	-304
(b) Cash flows from discontinued operations				
Net cash flow from operating activities		-1,214	0	-831
Net cash flow used in investing activities	0	460	0	270
Net cash flow used in financing activities	0	0	0	-233
Total cash flow	0	-755	0	-794

16. Business Combinations

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

VTI Industrial (Pty) Ltd

All amounts in TEUR

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

The assets and liabilities arising from the acquisitions	Fair value	Acquiree's carrying amount
Intangible assets	145	0
Property, plant and equipment	2	2
Receivables and other assets	70	70
Cash and cash equivalents	46	46
Payables, other liabilities and accruals	-54	-54
Net assets acquired	209	64

17. Contingent liabilities

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

Contract and warranty bonds	30 Sep 2007	31 March 2007
City Highway Santiago	14,002	15,358
City Highway Sydney and Melbourne	2,081	7,901
	16,083	23,259
Performance, bid and other bonds		
Truck Tolling System Austria	12,500	12,500
Truck Tolling System Czech Republic	48,814	89,424
Other	8,294	4,658
	69,608	106,582
Bank guarantees	2,998	12,179
Sureties	28	30
	3,026	12,209
Total	88,717	142,050

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

18. Related-Party Transactions

All amounts in TEUR		Sales to Related Parties Q2 (cum.)	Sales from Related Parties Q2 (cum.)	Amounts owed by Related Parties 30 Sep	Amounts owed to Related Parties 30 Sep
Affiliated companies outside the Kapsch TrafficCom Group	FY08	1,694	4,759	2,532	10,128
	FY07	2,983	6,366	717	8,614
Others	FY08	24	667	0	9,423
	FY07	11	631	0	9,574

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

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

19. Events occurring after 30 September 2007

On 1 October payment of the first installment of the truck tolling system in the Czech Republic occurred in an amount of EUR 30.8 million, which resulted a significant improvement in the balance sheet.

Vienna, 22 November 2007

Board of Management



Georg Kapsch, CEO



Erwin Toplak, COO

Interim management report.

Economic background

Global traffic volumes are constantly growing, with Australia, India, New Zealand South Africa, China and Latin American countries showing the fastest growth. Kapsch TrafficCom already has a presence in all of these high-growth markets with its fully electronic and manual toll collection systems, road traffic telematics solutions, and electronic access and parking management systems. Kapsch TrafficCom monitors the latest requirements in these regions on an ongoing basis and very carefully, so that it is in a position to supply technical solutions tailored to the specific needs of the market at any time.

Financial performance indicators

This condensed interim financial report for the first half of the 2007/08 fiscal year has been prepared in accordance with the same accounting and valuation policies as the consolidated financial statements for the year ended 31 March 2007.

Earnings

Revenues in the first half of 2007/08 were EUR 68.8 million, slightly short (-5 %) of the EUR 72.6 million recorded in the same period of the previous fiscal year. This was primarily attributable to the volatility of our project business and this particularly in the Road Solution Projects (RSP) segment, which is also visible from the segment analysis.

In the first half fiscal year the segment Services, System Extensions, Components Sales (SEC) recorded a significant increase in revenues thanks to rapidly growing business volumes. At EUR 50.4 million, segment revenue for the first six months was up 75 % on the same period a year earlier (H1 2006/07: EUR 28.8 million). The successful technical and commercial operation of the nationwide truck tolling system in the Czech Republic and the significant increase in sales of components, particularly on-board units (OBUs) made a significant contribution to the segment's encouraging performance. On the other hand, Road Solution Projects (RSP) segment's revenue decreased to EUR 13.2 million (-64 %). In the first half of the previous fiscal year, revenues in an amount of EUR 33.3 million were included for the major part of the construction of phase I of the nationwide truck tolling system in the Czech Republic though. Tenders for other major projects in Central and Eastern Europe (CEE) have been postponed. The Others (OTH) segment fell from EUR 7.2 million to EUR 5.2 million (down 28 %).

For the period under review, Kapsch TrafficCom reported EBIT up from EUR 5.6 million to EUR 6.7 million. This is reflected in the significant increase in profitability and an improvement in the EBIT margin from 8 % to 10 %. Operating results by segment were as follows:

- In the first half fiscal year the operating profit for SEC advanced in line with expectations, from EUR 5.6 million to EUR 7.9 million (up 41 %).
- In the same period in the RSP segment's revenue expenses relating to preparations in order to participate in tenders for upcoming large-scale projects in Central and Eastern Europe (Slovakia and Hungary) and the United Kingdom resulted in an operating loss for the first six months of the fiscal year of EUR 0.8 million, compared with a profit of EUR 1.2 million in the same period of the previous fiscal year.
- OTH also posted an EBIT improvement, reducing a EUR 1.2 million loss to EUR 0.3 million.

Financial position and cash flows

Kapsch TrafficCom has been listed in the Prime Market segment of the Vienna Stock Exchange since 26 June 2007. With total assets of EUR 286 million (as of 30 September 2007) and total equity of EUR 109.1 million (as of 30 September 2007), the Company's equity ratio is 38 %. After deduction of all associated expenses, the initial public offering raised EUR 65 million, which contributed to improving liquidity. Net debt as of 31 March 2007 in an amount of EUR 12.5 million was transformed into net assets of EUR 27.1 million, despite the fact that the first instalment from the implementation of the nationwide truck tolling system in the Czech Republic (phase I) in the amount of EUR 30.8 million was received on 1 October 2007 and is not reflected in the results for the first half year. According to the payment plan, the next instalment of another 25 % is scheduled for the end of September 2008. Increased cash outflows from operating activities of EUR 19.1 million compared with outflows of EUR 2.9 million during the same period of the previous fiscal year are project-related increases in inventories and trade receivables, and a significant decrease in trade payables. Net cash outflows from investment activities amounted to EUR -31.4 million (H1 2006/07: EUR -3.5 million) and are attributable to the acquisition of securities amounting to EUR 30 million. These securities do not form a long-term investment, but are held to provide liquidity in order to finance future projects or strategic acquisitions of companies.

Details of major transactions with related parties

In connection with the Czech truck tolling system, KAPSCH-Group Beteiligungs-GmbH and Kapsch CarrierCom AG issued payment guarantees in the amount of EUR 40 million and EUR 9 million, respectively. Details of business with related parties are discussed under note 18.

Risk reporting

As an international group, Kapsch TrafficCom is exposed to exchange rate and inflation risks. The weakness of the USD plays only a minor role, as Kapsch TrafficCom invoices in EUR, SEK or local currencies. Exchange rate risk is hedged with forward exchange contracts, if required.

Kapsch TrafficCom gives its customers, suppliers and creditors on and off guarantees and warranties, mainly in the form of performance guarantees. Based on experience from previous projects, the associated risks are small and unlikely to materialize to any significant extent.

Outlook for the second half of the year

The second half of the fiscal year will be shaped by our participation in tenders and by project awards in Australia, Chile, Hungary, Slovakia, South Africa and the United Kingdom. It should be noted that orders have already been taken in Chile, New Zealand and South Africa in the first half year of the fiscal year. For the Czech Republic, the tolling stations on those "first class roads" were defined which will go into operation on 1 January 2008. The first part payment of EUR 30.8 million for phase I was made in line with the payment plan. Kapsch TrafficCom is currently negotiating an amendment regarding the extension of the Czech nationwide truck tolling system (phase II).

Declaration of the Management Board pursuant to Section 87 Para. 1 No. 3 BörseG (Austrian Stock Exchange Act)

We confirm, to the best of our knowledge and belief, that according to the principles of proper interim group reporting applied, the condensed consolidated interim report prepared in accordance with the relevant accounting standards gives a true and fair view of the Group's assets and liabilities, its financial position and results of operations pursuant to the requirements stipulated in the Austrian Stock Exchange Act, that the half-yearly management report for the Group presents the course of business including the results and position of the Group in such a way that a true and fair view pursuant to the requirements stipulated in the Austrian Stock Exchange Act is given and that the material risks and uncertainties regarding the Group's prospective development in the remainder of the financial year are described.

The condensed consolidated interim report has neither been audited nor been reviewed by an auditor.

Vienna, 22 November 2007

Board of Management

A handwritten signature in blue ink, appearing to read 'G. Kapsch', with a large, stylized initial 'G'.

Georg Kapsch, CEO

A handwritten signature in blue ink, appearing to read 'Erwin Toplak', with a large, stylized initial 'E'.

Erwin Toplak, COO

Kapsch TrafficCom is an international supplier of innovative road traffic telematics systems, products and services. Its principle business is the development and supply of electronic toll collection (ETC) systems, in particular MLFF (multi-lane free-flow) ETC systems, and the technical and commercial operation of such systems. Kapsch TrafficCom also supplies traffic management systems, with a focus on road safety and traffic control, and electronic access systems and parking management. With more than 130 installed tolling systems in 30 countries in Europe, Australia, Latin America, the Asian/Pacific region and South Africa, and more than nine million transponders and 11,000 equipped lanes, Kapsch TrafficCom has positioned itself among the market leaders in ETC systems worldwide. Kapsch TrafficCom is headquartered in Vienna, Austria, and has subsidiaries and representative offices in 18 countries.