Kapsch TrafficCom

kapsch
always one step ahead

What our traffic telematics solutions contribute to millions of road users?

Annual report on fiscal year 2008/09.

>>> Kapsch TrafficCom


RIPCURL
7SAC
1575

That’s what they best tell you on their own.

As an international supplier of innovative road
has subsidiaries and representative offices in 22
five continents, we enjoy an excellent reputation
interested in knowing what our solutions contri-
That‘s the reason why we simply asked a few of

traffic telematics solutions Kapsch TrafficCom

countries. With more than 220 references on all

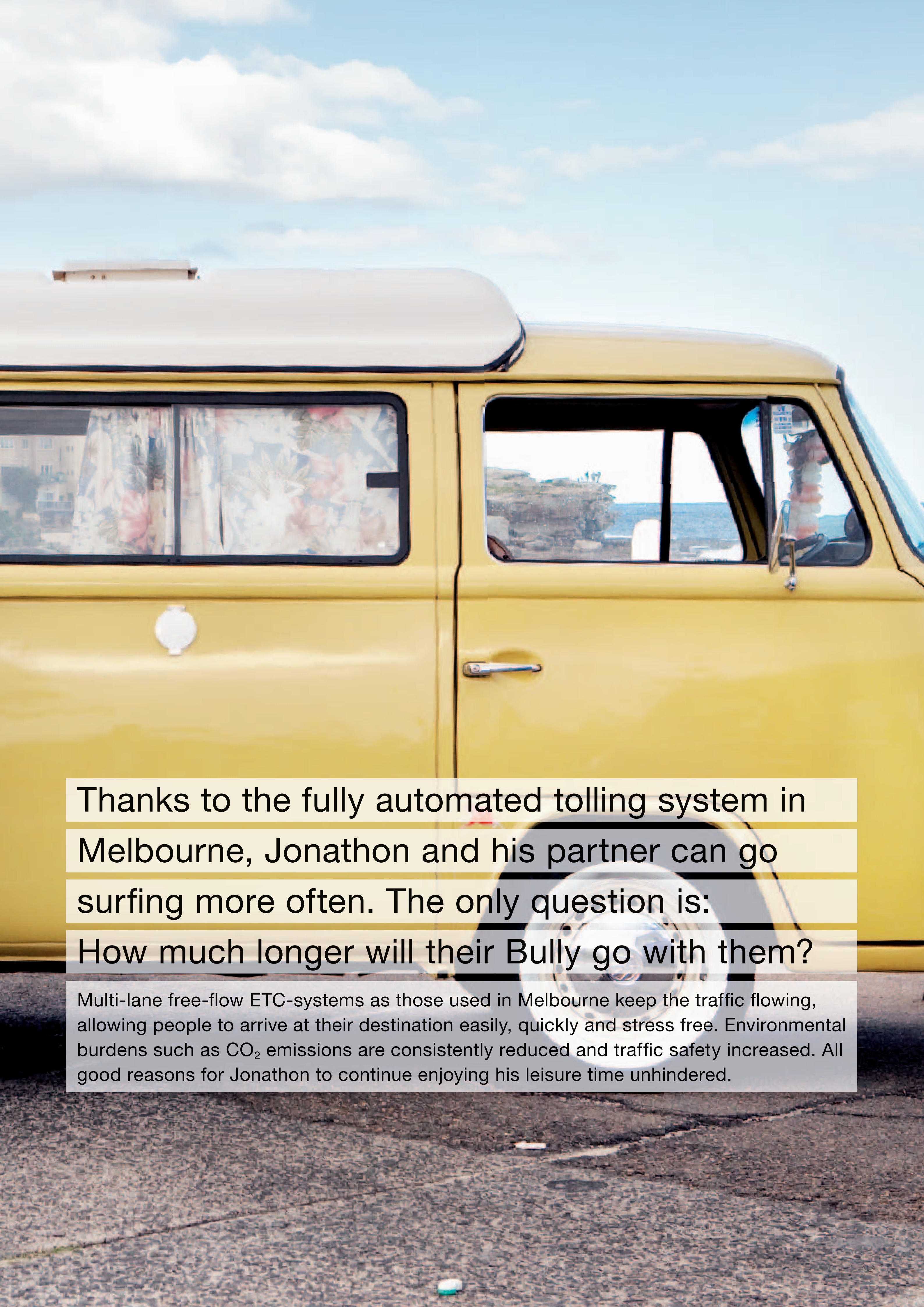
on the roads of this world. We are particularly

bute to road users from their perspective.

them all over the world for their experiences.

Project:
Melbourne City Link

Customer: Transurban
Technology: Multi-lane free-flow ETC-System for all vehicles
OBUs: 2,500,000 supplied
Multi lanes: 17 MLFF segments, 48 Tolling lanes



Thanks to the fully automated tolling system in Melbourne, Jonathon and his partner can go surfing more often. The only question is: How much longer will their Bully go with them?

Multi-lane free-flow ETC-systems as those used in Melbourne keep the traffic flowing, allowing people to arrive at their destination easily, quickly and stress free. Environmental burdens such as CO_2 emissions are consistently reduced and traffic safety increased. All good reasons for Jonathon to continue enjoying his leisure time unhindered.

Contents.

0 Introduction

Vision/Mission	9
The Fiscal Year 2008/09 in Review	10
Highlights of Fiscal Year 2008/09	11
Key Financial Data in Fiscal Year 2008/09	12
Key Data in Fiscal Year 2008/09	13

1 Letter from the Chief Executive Officer

Letter from the Chief Executive Officer	16

2 Corporate Governance

Corporate History	22
Shareholders	23
Managing Board	24
Supervisory Board	26
Additional Information Relating to Board Members	28
Committees of the Supervisory Board	29
Report of the Supervisory Board	30
Corporate Governance Code	32
The Kapsch TrafficCom Share	33

3 The Company

Market	38
Product and service portfolio	40
Business Segments	42
Projects and Customers	44
Research and Development	46
Innovation and Quality	47
Employees	48
Social and cultural commitment	49
Kapsch TrafficCom AG and its subsidiaries	52

4 Management Report

Management Report	56

5 Statement of all Members of the Management Board

Statement of all Members of the Management Board	69

6 Consolidated Financial Statements

Consolidated Financial Statements as of 31 March 2009	70

7 Auditor's Report

Auditor's Report	120

8 Services

Addresses of Major Companies	124
Glossary	125
Financial Calendar	126
Five-Year Review	127

Imprint:
Media proprietor and publisher: Kapsch TrafficCom AG
Design and production: Westend United Werbeagentur GmbH
Photos: Peter Garmusch
Picture editing: Vienna Paint
Printing house: Stiepan Druck

Vision/Mission.

The global exchange of information and goods has made our world faster, more transparent but also more challenging. Amplified mobility and incremental networking increase productivity and flexibility of our society but at the same time demand responsible management of sensitive matters such as the environment, individual freedom or security with a view to our future.

Mobile and productive, global and networked

We believe in enriching our society and economy through information exchange, media convergence, real-time communication and mobility. We have therefore been dedicated for over 100 years to researching and applying new technologies. By embodying an entrepreneurial spirit and always striving to replace the good with what is better, we consistently follow the philosophy of our founder: “always one step ahead” and make our contribution to the sustainable design of the future and the development of a mobile and networked world.

As an international supplier we design, integrate, implement, maintain and operate innovative road traffic telematics solutions over the long-term and in a sustainable manner.

Manage traffic intelligently.
Consistently add value. Kapsch TrafficCom

It is part of our mission to consistently create competitive advantages and benefits for our customers and partners without losing sight of our responsibility towards the environment or the society. Our objective is global leadership in quality and innovation in the area of traffic telematics solutions. In order to meet this goal we combine technological innovation and proximity to customers with the competence of our employees and we make our contribution in a way that road users all over the world reach their destination safely, fast and with a reasonable use of limited resources.

The Fiscal Year 2008/09 in Review.

In the fiscal year 2008/09 ending 31 March 2009, Kapsch TrafficCom AG, listed on the Vienna Stock Exchange in the prime market segment since 26 June 2007, increased revenues by 8 % to EUR 200.3 million (2007/08: EUR 185.7 million). The increase in revenues in the past fiscal year 2008/09 was driven by both two large segments: Road Solution Projects (RSP) and Services, System Extensions, Components Sales (SEC).

Due to a large investment in the expansion into new markets, particularly the U.S.A., EBITDA declined by 10 % compared to the previous fiscal year (2007/08: EUR 39.0 million) to EUR 35.0 million. EBIT also declined by 17 % to EUR 29.0 million (2007/08: EUR 34.9 million). Due to a negative financial result from currency losses and the impairment of certain short-term financial assets (securities), profit before tax decreased by 49 % to EUR 21.9 million (2007/08: EUR 42.8 million) and profit after tax also decreased by 49 % to EUR 16.4 million (2007/08: EUR 32.1 million).

In accordance with the development of its profitability, Kapsch TrafficCom recorded a decline in its earnings per share to EUR 1.06 (2007/08: EUR 2.60 per share). Applying a consistent dividend policy, the managing board will propose that the shareholders' meeting to be held on 24 June 2009 resolve a dividend of EUR 0.50 per share (2007/08: EUR 0.90).

The Kapsch TrafficCom Group clearly increased cash and cash equivalents in the past fiscal year: At EUR 60.2 million as of 31 March 2009 cash and cash equivalents were 27 % ahead of the the EUR 47.4 million as of 31 March 2008. The free cash flow was improved to EUR 19.9 million compared to EUR -14.8 million during the same period of the previous fiscal year.

Kapsch TrafficCom continued its expansion strategy with first-time orders in Thailand, France and through the newly established joint venture in Italy. The company was also successful in follow-up orders particularly in Austria and Australia. Further parts of the extension of the nationwide electronic truck tolling system (phase II) in the Czech Republic were realized.

In the U.S.A., Kapsch TrafficCom made further progress: In July 2008, all of the assets of the "Mobility Solutions" business unit of TechnoCom Corporation in California were acquired. In November 2008, the new 5.9 GHz tolling technology was introduced to the public in New York. Kapsch TrafficCom also successfully completed the performance evaluation of its tolling technology in Denver.

In January 2009, Kapsch TrafficCom AG acquired shares representing 20.47 % of the outstanding shares in the Norwegian competitor Q-Free ASA.

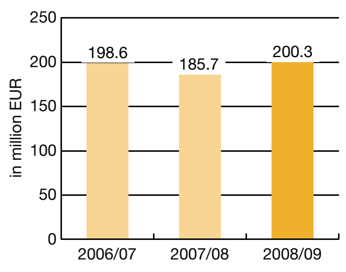
Highlights of Fiscal Year 2008/09.

Revenues up by 8 % to EUR 200.3 million [1]	First orders in Thailand, France and Italy
Revenues in RSP segment up by 21 % [1]	Follow-up orders particularly in Australia and Austria
Revenues in SEC segment up by 5 % [1]	Parts of phase II in Czech Republic realized
Total volume of OBUs delivered up by 7 % to more than 2.7 million units [1]	Further progress in the U.S.A.
Free cashflow up from EUR -14.8 to 19.9 million [1]	Joint venture in Italy
Cash and cash equivalents up from EUR 47.4 to 60.2 million [2]	Stake of 20.47 % in the Norwegian competitor Q-Free ASA acquired
Performance of securities [1]	26 % of the shares of Brisa Group in Kapsch Telematic Services GmbH acquired [3]

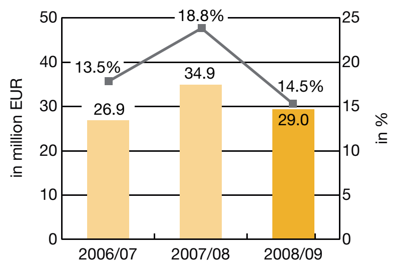
1 Fiscal year 2008/09 compared to fiscal year 2007/08
2 31 March 2009 compared to 31 March 2008
3 Event after the balance sheet date

Key Financial Data in Fiscal Year 2008/09.

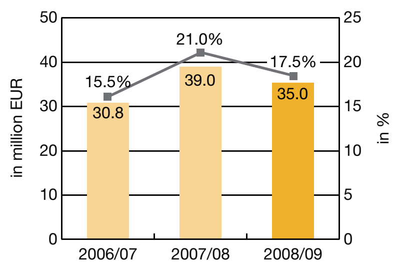
Revenues



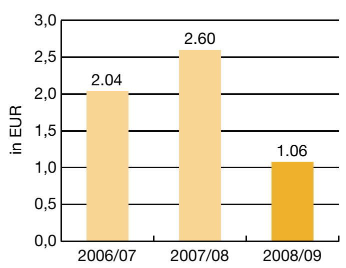
EBIT and EBIT margin



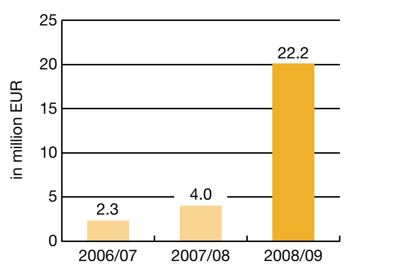
EBITDA and EBITDA margin



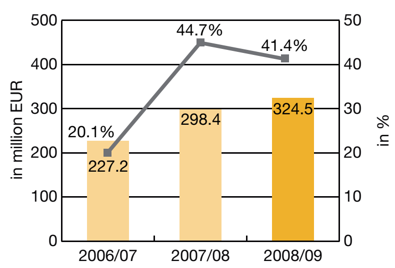
Earnings per share[2]



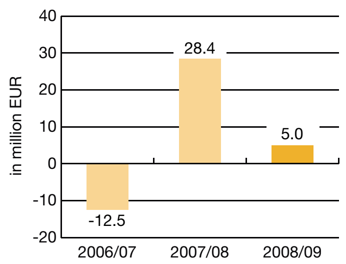
Capital Expenditure[4]



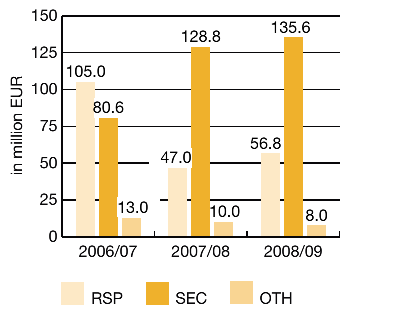
Total Assets and Equity ratio[5]



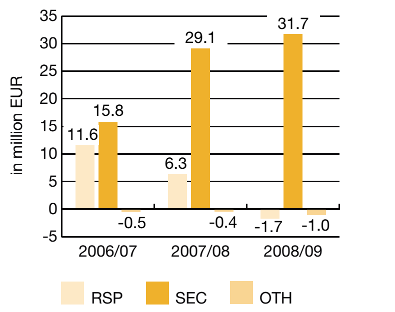
Net Assets (+) /-Debt (-)



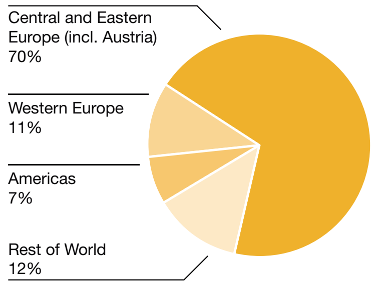
Revenues by Segment



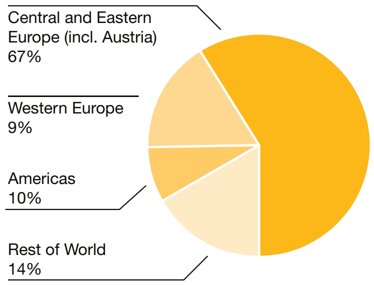
EBIT by Segment



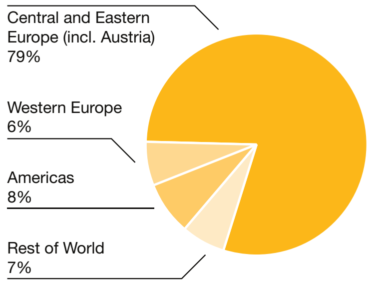
Revenues by Region 2008/09



Revenues by Region 2007/08



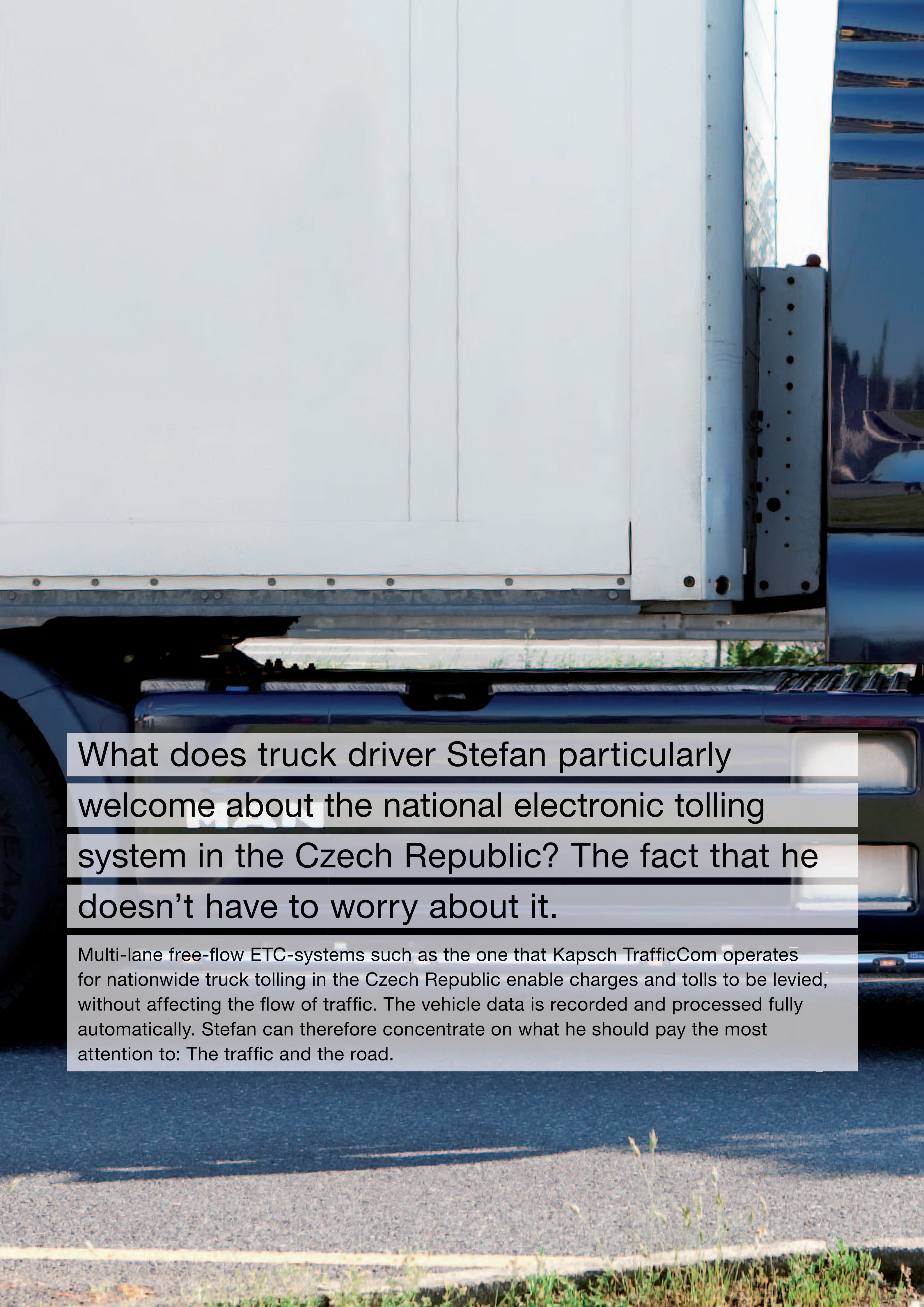
Revenues by Region 2006/07



Key Data in Fiscal Year 2008/09.

Earnings Data[1]		2008/09	2007/08	+/- %	2006/07
Revenues	in million EUR	200.3	185.7	8 %	198.6
EBITDA	in million EUR	35.0	39.0	-10 %	30.8
EBITDA margin	in %	17.5	21.0		15.5
EBIT	in million EUR	29.0	34.9	-17 %	26.9
EBIT margin	in %	14.5	18.8		13.5
Profit before tax	in million EUR	21.9	42.8	-49 %	27.0
Profit after tax	in million EUR	16.4	32.1	-49 %	20.3
Earnings per share[2]	in EUR	1.06	2.60	-59 %	2.04
Free Cashflow[3]	in million EUR	19.9	-14.8	<-100 %	-39.1
Capital Expenditure[4]	in million EUR	22.2	4.0	>100 %	2.3
Employees as of 31 March of each year		946	824	15 %	774
Revenues by Segment (percentage of Revenues)		**2008/09**	**2007/08**	**+/- %**	**2006/07**
Road Solution Projects (RSP)	in million EUR	56.8 (28 %)	47.0 (25 %)	21%	105.0 (53 %)
Services, System Extensions, Components Sales (SEC)	in million EUR	135.6 (68 %)	128.8 (69 %)	5%	80.6 (41 %)
Others (OTH)	in million EUR	8.0 (4 %)	10.0 (5 %)	-20%	13.0 (7 %)
Revenues by Region (percentage of Revenues)		**2008/09**	**2007/08**	**+/- %**	**2006/07**
Central & Eastern Europe (incl. Austria)	in million EUR	139.3 (70 %)	124.2 (67 %)	12%	157.3 (79 %)
Western Europe	in million EUR	21.3 (11 %)	17.6 (9 %)	21%	12.9 (6 %)
Americas	in million EUR	14.0 (7 %)	18.8 (10 %)	-25%	15.4 (8 %)
Rest of World	in million EUR	25.6 (12 %)	25.2 (14 %)	2%	13.0 (7 %)
Balance Sheet Data		**31 March 2009**	**31 March 2008**	**+/- %**	**31 March 2007**
Total Assets	in million EUR	324.5	298.4	9 %	227.2
Total Equity[5]	in million EUR	134.2	133.4	1 %	45.6
Equity ratio[5]	in %	41.4	44.7		20.1
Net Assets (+) /-Debt (-)	in million EUR	5.0	28.4	-82 %	-12.5
Capital Employed	in million EUR	193.4	161.3	20 %	78.2
Net Working Capital	in million EUR	122.3	131.4	-7 %	56.8
Stock Exchange Data[6]		**2008/09**	**2007/08**		
Offer price per share on 26 June 2007	in EUR	32.0	32.0		
Number of shares as of 31 March of each year	in million	12.2	12.2		
Free float as of 31 March of each year	in %	31.6	30.3		
Closing price as of 31 March of each year	in EUR	14.8	31.8		
Market capitalization as of 31 March of each year	in million EUR	180.6	388.2		
Share performance	in %	-53.8	-0.6		
Dividend per share	in EUR	0.50	0.90		

1 only continuing operations
2 earnings per share in fiscal year 2008/09 relate to 12.2 million shares, in fiscal year 2007/08 relate to a weighted average number of 11.7 million outstanding shares and in fiscal year 2006/07 relate to 10.0 million shares
3 operating cashflow minus capital expenditure from operations (excl. acquisitions and securities)
4 capital expenditure from operations (excl. acquisitions and securities)
5 incl. minority interests
6 for additional capital market data see page 34



What does truck driver Stefan particularly welcome about the national electronic tolling system in the Czech Republic? The fact that he doesn’t have to worry about it.

Multi-lane free-flow ETC-systems such as the one that Kapsch TrafficCom operates for nationwide truck tolling in the Czech Republic enable charges and tolls to be levied, without affecting the flow of traffic. The vehicle data is recorded and processed fully automatically. Stefan can therefore concentrate on what he should pay the most attention to: The traffic and the road.

Project:
National Truck e-Toll System

Customer: Czech Republic
Start of operation: January 2007
Technology: Nationwide Multi-lane free-flow ETC-System and stationary tolling test of “Kapsch Area” – a hybrid pilot system which combines DSRC and GNSS technologies.
OBUs: 700,000 supplied
Multi lanes: 1,230

Letter from the Chief Executive Officer.

Georg Kapsch, Chief Executive Officer

Dear shareholders,

Challenging economic environment

even against the background of the currently difficult situation on the international financial markets, I am delighted to report about a fiscal year 2008/09, in which we continued the controlled growth of the business and the extension of our strong position in the various markets. As can be seen from this annual report, the Kapsch TrafficCom Group recorded growth rates in revenues despite the tense situation on the financial markets. We also succeeded to generate a clearly positive free cashflow and to advance our cash position. With this strengthening of the financial power we regard ourselves as well prepared for future growth and even in a probably more challenging economic environment.

Revenue up by 8 % to EUR 200.3 million [1]

EBITDA down by 10 % to EUR 35.0 million and EBIT down by 17 % to EUR 29.0 million [1]

Revenues were at EUR 200.3 million in fiscal year 2008/09, up by 8 % compared to the same period of the previous fiscal year (EUR 185.7 million). Due to large investments in the expansion into new markets, particularly the U.S.A., EBITDA declined by 10 % compared to the previous fiscal year (EUR 39.0 million) to EUR 35.0 million and EBIT also declined by 17 % to EUR 29.0 million (2007/08: EUR 34.9 million). Due to a negative financial result resulting from currency losses and the impairment of certain short-term financial assets (securities), profit before tax decreased by 49 % to EUR 21.9 million (2007/08: EUR 42.8 million) and profit after tax also decreased by 49 % to EUR 16.4 million (2007/08: EUR 32.1 million).

Revenues in SEC segment up by 5 % to EUR 135.6 million [1]

In line with our strategic objectives, the performance of the SEC (Services, System Extensions, Components Sales) segment was particularly strong. We increased revenues by 5 % from EUR 128.8 million to EUR 135.6 million.

1 Fiscal year 2008/09 compared to fiscal year 2007/08
2 31 March 2009 compared to 31 March 2008

This positive development was primarily attributable to recurring revenues from services in connection with the technical and commercial operation of the nationwide electronic truck tolling system in the Czech Republic and an increase in the volume of components sales, particularly on-board units (OBUs). At more than 2.7 million, total volume of OBUs delivered in the fiscal year 2008/09 increased by 7 % compared with nearly 2.5 million units in the previous fiscal year. Moreover, bonus payments from the nationwide electronic truck tolling systems in the Czech Republic, where the average toll transaction rate further increased from 97.5 % in the calendar year 2007 to 98.2 % in the calendar year 2008, and in Austria contributed to this positive development of the segment.

Total volume of OBUs delivered up by 7 % to more than 2.7 million units[1]

Average toll transaction rate in the Czech Republic increased

We clearly improved the free cashflow to EUR 19.9 million compared to EUR -14.8 million during the same period of the previous fiscal year. In fiscal year 2008/09, cash and cash equivalents increased to EUR 60.2 million, as of 31 March 2009 (31 March 2008: EUR 47.4 million), even though we distributed dividends of approximately EUR 12.0 million and invested approximately EUR 24.2 million in acquisitions as well as increased capital expenditures to EUR 22.2 million (2007/08: EUR 4.0 million). This improves our position in the current situation on the international financial markets.

Free cashflow up from EUR -14.8 to 19.9 million[1]

Cash and cash equivalents up from EUR 47.4 to 60.2 million[2]

In line with the development of our profitability, earnings per share decreased by 59 % to EUR 1.06 in fiscal year 2008/09. The managing board will propose that the shareholders' meeting to be held on 24 June 2009 resolve a dividend of EUR 0.50 per share for fiscal year 2008/09 (2007/08: EUR 0.90 per share), representing a payout ratio of approximately 47 % (2007/08: approximately 35 %).

Earnings per Share down by 59 % to EUR 1.06[1]

Managing Board will propose a dividend of EUR 0.50 per share

We scored with several new international orders in the past fiscal year. We are particularly proud of the expansion into three new markets: Thailand, France and Italy. Thailand decided for a first electronic tolling system from Kapsch TrafficCom with a contract volume of approximately EUR 8.5 million. Our French subsidiary already succeeded – just over a year after its establishment – in securing significant orders. Over the course of the next three years, Kapsch TrafficCom France will implement four orders for the large French road operators (Vinci, APRR and Sanef Groups) and their joint venture company Axxès. In total, Kapsch TrafficCom will supply over half a million OBUs and related equipment to France for a total order value of approximately EUR 10 million. In Italy, Kapsch-Busi S.p.A. achieved a first-time success only a few months after the establishment of the joint venture with Busi Impianti S.p.A., and received an order for a city access control project at a contract volume of EUR 0.8 million in Bergamo in October 2008. In December 2008, we also received orders from Torino and from Cremona.

First-time orders in Thailand, France and Italy

Besides the expansion into new markets, we also continued extending our presence in existing markets. Beside a follow-up order in Austria at a total volume of approximately EUR 14.4 million, Kapsch TrafficCom won, among other orders, an order of 500,000 OBUs in Australia.

Follow-up orders particularly in Australia and Austria

Parts of phase II in the Czech Republic realized

In the fiscal year 2008/09, we have made substantial progress with regard to the extension of the nationwide electronic truck tolling system (phase II) in the Czech Republic. For the extended use of the tolling system, a pilot installation of a satellite-based tolling system started operation in June 2008 and a telematics platform was implemented. In October 2008, the implementation of a traffic management system was completed.

Joint Venture in Italy established

In the first quarter of 2008/09, we took a further important step in Italy and strengthened our presence through the partnership with Busi Impianti S.p.A. and the establishment of the Kapsch-Busi joint venture. This long-term partnership represents an ideal addition to our activities in Italy and to our portfolio of solutions. Both companies can point to many years of experience in their respective fields: Busi as a renown company in system construction with numerous installations in the “city access” field, and Kapsch TrafficCom in the field of traffic telematics and tolling systems for motorways and urban areas. The joint venture company will combine these core competences for activities in the Italian market. We see great potential in the area of traffic telematics solutions in the coming years.

Further progress in the U.S.A.

In the U.S.A., we made further progress: In July 2008, we acquired all of the assets of the “Mobility Solutions” business unit of TechnoCom Corporation in California that conducts a business which, among other things, develops vehicle infrastructure integration technologies, including but not limited to multiband configurable networking units (MCNU), and related technology for the transportation and automotive industries, systems integrators and federal, state, and local government agencies. The total purchase price amounted to approximately EUR 13.9 million. In October 2008, we completed the performance evaluation with a collection rate of 100 percent on more than 10,500 samples at the trial facility in Denver. In November 2008, we introduced the new 5.9 GHz tolling technology to the public in New York.

Stake of 20.47 % in the Norwegian competitor Q-Free ASA acquired

On 16 January 2009, Kapsch TrafficCom AG acquired 11,047,017 shares in the Norwegian competitor Q-Free ASA at a price of NOK 10.00 per share, representing 20.47 % of the outstanding shares in Q-Free ASA. The total purchase price amounted to approximately EUR 12.3 million. As of 31 March 2009, the share traded at a price of NOK 12.90.

26% of the shares of Brisa Group in Kapsch Telematic Services GmbH acquired

On 9 April, 2009 (after the end of the fiscal year), Kapsch TrafficCom AG acquired 26 % of the shares of Brisa Group in Kapsch Telematic Services GmbH. The total purchase price amounted to approximately EUR 4.2 million. It is intended to continue the collaboration in a cooperation.

Looking forward with optimism

With the fiscal year 2009/10 in mind, we take an optimistic view on our markets in the long term even in a changed economic environment. The fiscal year 2009/10 will be shaped by participation in tenders and by project awards in Hungary, Slovenia, France, Portugal, South Africa, and in the U.S.A.

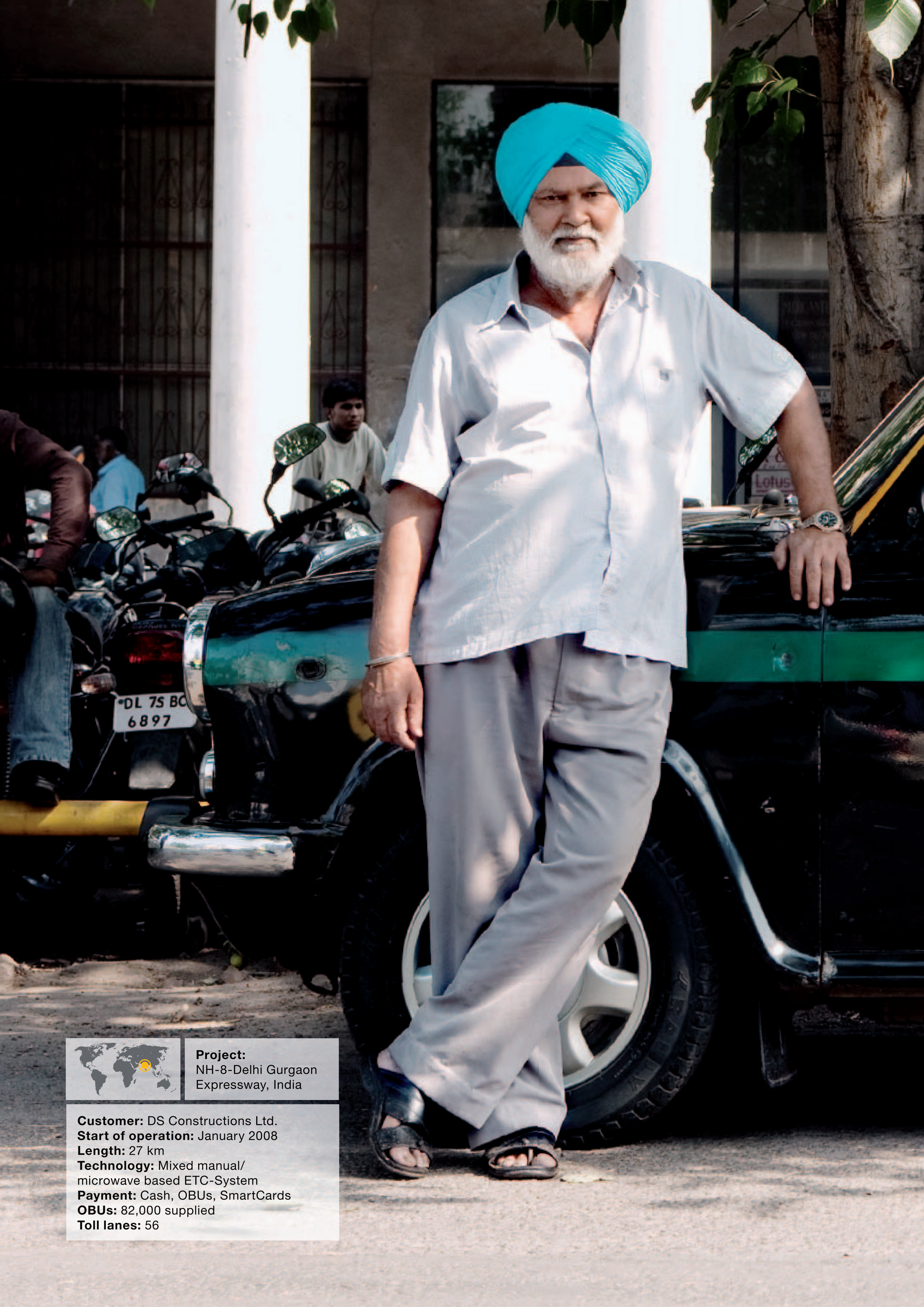
Thanks to employees and management, Supervisory Board and shareholders

The success of our company is based on a strong corporate culture and goal-oriented teamwork by all parties. My special thanks go out to our employees all over the world, whose commitment again allowed us to record excellent results despite the large investments into new markets and products. I would like to extend my thanks to my colleague on the managing board, Erwin Toplak, for our most intense and constructive cooperation, and to the supervisory board for our productive discussions and their efficient handling of all issues. In concluding, I would like to express my thanks to you, our shareholders, for the trust you have placed in us. Please continue to accompany us on our growth course into a successful future.

With all best wishes

Georg Kapsch
Chief Executive Officer

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.



Project:
NH-8-Delhi Gurgaon Expressway, India

Customer: DS Constructions Ltd.
Start of operation: January 2008
Length: 27 km
Technology: Mixed manual/ microwave based ETC-System
Payment: Cash, OBUs, SmartCards
OBUs: 82,000 supplied
Toll lanes: 56

The best thing about our tolling system on National Highway No. 8 is that Kulwant from New Delhi will no longer have to miss a single one of his grandson's cricket games.

Modern tolling systems such as the one on India's Highway No. 8 in New Delhi considerably reduce traffic delays and jams. The constant flow of traffic reduces environmentally harmful emissions and makes roads safer. And we are at least as proud of that as Kulwant is of his grandson.

Corporate History.

Kapsch Group, founded in 1892, entered the road traffic telematics business in the early 1990s

The Kapsch Group was founded in 1892 by Johann Kapsch in Vienna, Austria. In the early 1990s, the Kapsch Group entered the road traffic telematics business supported by selected acquisitions, including the acquisitions of the electronic toll collection division of Bosch Telecom, Germany (1999), and Combitech Traffic Systems AB, Sweden (2000). Following a reorganization of the Kapsch Group in 2002, Kapsch TrafficCom AG was formed by means of a demerger from former Kapsch AG.

Entering the commercial operation of tolling systems business in 2005

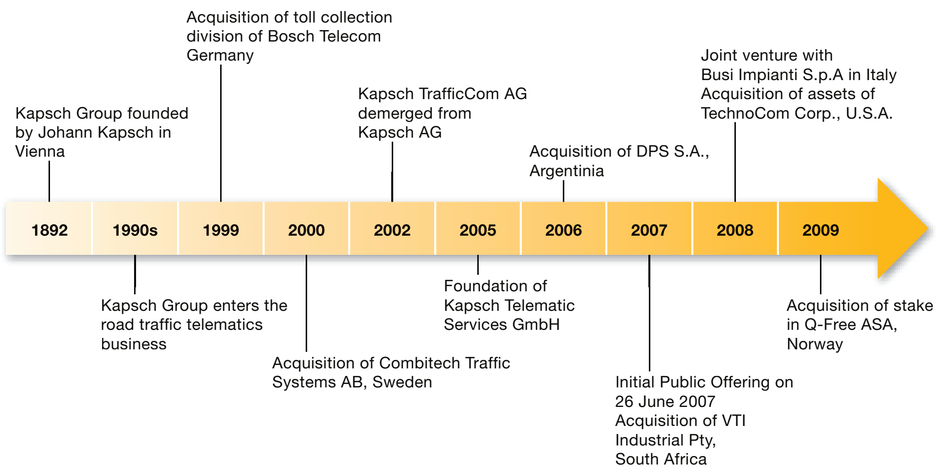
With the foundation of Kapsch Telematic Services GmbH in 2005, the company entered the commercial operation of tolling systems business.

Accelerated internationalization since 2006

Since 2006, the Kapsch TrafficCom Group has accelerated the internationalization by establishing subsidiaries and representative offices in various countries across the world, making selected acquisitions, including the acquisitions of DPS Automation S.A., Argentina in 2006 and VTI Industrials Pty, South Africa in 2007.

Further strengthening of the global expansion in fiscal year 2008/09

The global expansion was further strengthened in the fiscal year 2008/09. With the acquisition of assets of TechnoCom Corp., U.S.A., the company entered the North-American, with a joint venture company with Busi Impianti S.p.A. the Italian market. In January 2009, Kapsch TrafficCom purchased a stake of 20.47 % in the Norwegian competitor Q-Free ASA.



Shareholders.

31.6 % of the shares in free float

As of 31 March 2009, approximately 31.6 % of the shares were in free float, whereas the remaining approximately 68.4 % were held by KAPSCH-Group Beteiligungs GmbH.[1] As of 31 March 2009, no other shareholder held shares of Kapsch TrafficCom conferring voting rights in excess of 5 %.

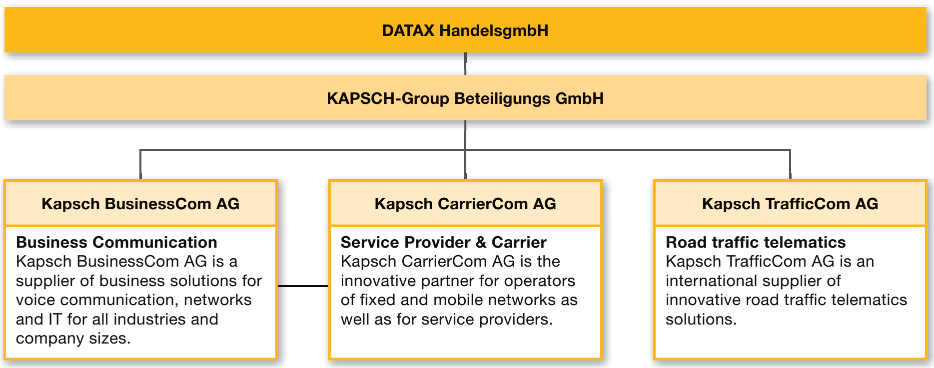
68.4 % of the shares held by KAPSCH-Group Beteiligungs GmbH

KAPSCH-Group Beteiligungs GmbH is a wholly-owned subsidiary of DATAX HandelsgmbH. In turn, 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*).

Kapsch TrafficCom AG, together with its subsidiaries, currently forms the road traffic telematics division of the Kapsch Group. The following chart shows in simplified form the corporate structure of the Kapsch Group:

Corporate structure of Kapsch Group



1 for additional data on the shareholder structure see page 35

Managing Board.

Erwin Toplak, Chief Operating Officer — Georg Kapsch, Chief Executive Officer

Two-tier management and oversight structure

Kapsch TrafficCom AG has a two-tier management and oversight structure in accordance with the Austrian Stock Corporation Act (*Aktiengesetz*), consisting of the managing board (*Vorstand*) and the supervisory board (*Aufsichtsrat*). The managing board is responsible for managing the business and represents the company in dealings with third parties. The supervisory board is responsible for appointing and removing the members of the managing board and supervising the business conducted by the managing board.

Although the supervisory board does not actively manage the company, both the Austrian Stock Corporation Act (*Aktiengesetz*) and the company's articles of association, together with the managing board's internal rules of procedure (*Geschäftsordnung*), require that the consent of the supervisory board be given before the managing board takes certain actions.

Pursuant to our articles of association, the managing board may consist of one to four members appointed by the supervisory board for a term of up to five years. The managing board currently consists of two members.

Managing board

Name	Area of responsibility	Age	Year first appointed	Year current Term expires
Georg Kapsch (CEO)	Finance and Administration, M&A, IR, Legal, International Subsidiaries, Human Resources, Marketing & Communications, Product Management, Kapsch Telematic Services GmbH und Kapsch TrafficCom AB (Sweden)	49	2002	2011
Erwin Toplak (COO)	Sales, Engineering R&D, Technical Operations, Project Management, International Relations & Affairs and Special Projects	47	2002	2011

Georg Kapsch, CEO

Georg Kapsch is the CEO and was appointed to the managing board of Kapsch TrafficCom AG in December 2002. Since October 2000, Georg Kapsch is also the CEO of KAPSCH-Group Beteiligungs GmbH. He has been a member of the managing board of Kapsch AG since July 1989 and was appointed as its CEO in October 2001. Georg Kapsch, who studied business administration at Vienna University of Economics and Business Administration (*Wirtschaftsuniversität Wien*) and graduated in 1981, is the chairman of the Technikum Wien Academy (*Fachhochschule Technikum Wien*) (since September 2002), and vice president of the Association of the Austrian Electrical and Electronics Industries *(Fachverband der Elektro- und Elektronikindustrie)* (since January 2003). Since December 2008, Georg Kapsch is the president of the Federation of Austrian Industries Vienna (*Industriellen-vereinigung Wien*).

Erwin Toplak, COO

Erwin Toplak has been a member of the managing board of Kapsch TrafficCom AG since June 2002. He has been employed with Kapsch Group since 1991, first as director of the traffic control systems division of Kapsch AG (1999-2002, senior manager 1994-1999) and marketing and sales manager of the toll collection start-up of Kapsch AG (1991-1994). Erwin Toplak graduated from Polytechnic (*Höhere Technische Lehranstalt*) in Graz in 1984 with a degree in engineering. Erwin Toplak is vice president of the Austrian Electrotechnical Association *(Österreichischer Verband für Elektrotechnik)*.

Remuneration

In the fiscal year ended 31 March 2009, the total base and variable remuneration for the members of the managing board including the cross-charge from Kapsch AG relating to the services of Georg Kapsch amounted to EUR 1.26 million (fiscal year 2007/08 EUR 1.1 million).

Remuneration of Erwin Toplak is determined based on a compensation system that, in addition to the base compensation, provides for annual variable compensation of 20-40 % of the base compensation. The variable compensation depends on achieving certain financial performance figures. In case of termination of the managing board contract at the end of the appointed period, Erwin Toplak is entitled to a severance payment of a ten-fold monthly salary. Erwin Toplak is subject to a non-competition clause for one year following termination of his managing board position (unless he is terminated for cause). Erwin Toplak has an individual defined pension scheme for which Kapsch TrafficCom AG pays an annual amount of EUR 14,238 to an outside pension fund (*Pensionskasse*). The company was notified on 18 April 2008 that Erwin Toplak holds 152,500 shares of Kapsch TrafficCom AG.

Georg Kapsch is employed with Kapsch AG. His services are part of the management and consulting services rendered and invoiced by Kapsch AG to the company.

Supervisory Board.

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

Members of the supervisory board

Name	Position	Age	Year first appointed	Year current term expires
Franz Semmernegg	Chairman	40	2002	2010
Kari Kapsch	Deputy chairman	45	2002	2010
William Morton Llewellyn	Member	44	2008	2010
Christian Windisch	Member[1]	45	n/a	n/a
Werner Dreschl	Member[1]	37	n/a	n/a

In addition, Elisabeth Kapsch was a member until 10 July 2008.

1 Delegated by the works council

Shareholder Representatives

Franz Semmernegg has been a member of the supervisory board of Kapsch TrafficCom AG since June 2002. Since September 2005, he has been the chairman of the supervisory board. Franz Semmernegg has been the CFO of KAPSCH-Group Beteiligungs GmbH since April 2005. He also serves as the CFO of Kapsch BusinessCom AG and has been a member of the managing board of Kapsch BusinessCom AG since March 2003. He has also been the CFO of Kapsch AG since October 2001 and was a member of the managing 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 had previously been involved in management functions at Ericsson Austria AG (1998) and Schrack Seconet AG (1997). Franz Semmernegg is a member of the supervisory board of the Austrian Regulatory Authority for Broadcasting and Telecommunications (*Rundfunk und Telekom Regulierungs-GmbH*). Franz Semmernegg graduated with a degree in business administration (1992) and a Ph.D. (1997) from the University of Graz (*Karl-Franzens-Universität*).

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

William Morton Llewellyn was elected as a member of the company's supervisory board in the annual shareholders' meeting on 10 July 2008. Morton Llewellyn started working in the banking industry in 1994 with ING, WestLB and HSBC Groups, where he was responsible for corporate and project finance as well as debt capital market activities. Morton Llewellyn qualified as a chartered accountant in 1991 with Robson Rhodes, where he worked in auditing, accounting, and insolvency services. He graduated from London University in 1987 with a BA in Law and Economics.

Employee Representatives

Christian Windisch has been a member of the supervisory board of Kapsch TrafficCom AG since November 2002. He joined Kapsch Group in September 1984 and is currently employed in the quality management. Christian Windisch graduated from Polytechnic (*Höhere Technische Lehranstalt*) in Vienna with a degree in engineering.

Werner Dreschl has been a member of the supervisory of Kapsch TrafficCom AG since November 2006. He joined Kapsch Group in June 2000 as a participant in the trainee program and is currently employed in product management. Werner Dreschl graduated from Graz University of Technology (*Technische Universität Graz*) with a degree in engineering (2000).

Remuneration

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 annual remuneration of supervisory board members. No compensation was paid to the members of the supervisory board for the past fiscal year. However, Kapsch AG renders consulting services performed in part by Franz Semmernegg and/or Kari Kapsch to Kapsch TrafficCom AG.

Additional Information Relating to Board Members.

The following table sets forth the names of all companies and partnerships of which each of the members of the managing and the supervisory board is a member of the administrative, management or supervisory bodies or a partner, as the case may be (excluding Kapsch TrafficCom AG and any of its direct and indirect subsidiaries):

Name	Name of company	Current function
Management Board		
Georg Kapsch (CEO)	DATAX HandelsgmbH	Managing Director (CEO)
	KAPSCH-Group Beteiligungs GmbH	Member of managing board (CEO)
	Kapsch AG	Member of managing board (CEO)
	Kapsch CarrierCom AG	Member of supervisory board
	Kapsch BusinessCom AG	Chairman of supervisory board
	Teufelberger Holding AG	Member of supervisory board
Erwin Toplak (COO)	n/a	n/a
Supervisory Board		
Franz Semmernegg (Chairman)	KAPSCH-Group Beteiligungs GmbH	Member of managing board (CFO)
	Kapsch AG	Member of managing board (CFO)
	Kapsch BusinessCom AG	Member of managing board (CFO)
	Kapsch CarrierCom AG	Member of supervisory board
	Kapsch Sp. z.o.o., Warsaw	Member of advisory board
	Kapsch Telecom Kiev	Member of advisory board
	Kapsch Kft., Budapest	Member of advisory board
	Kapsch s r.o., Prague	Member of advisory board
	Kapsch s.r.o., Bratislava	Member of advisory board
	CALPANA business consulting GmbH	Member of managing board
	Rundfunk und Telekom Regulierungs-GmbH	Deputy chairman of supervisory board
Kari Kapsch (Deputy chairman)	KAPSCH-Group Beteiligungs GmbH	Member of managing board (COO)
	Kapsch AG	Member of managing board (COO)
	Kapsch BusinessCom AG	Member of managing board (CEO)
	Kapsch CarrierCom AG	Chairman of supervisory board
	Kapsch Sp. z.o.o., Warsaw	Member of advisory board
	Kapsch Telecom Kiev	Member of advisory board
	Kapsch Kft., Budapest	Member of advisory board
	Kapsch s r.o., Prague	Member of advisory board
	Kapsch s.r.o., Bratislava	Member of advisory board
	Kapsch Immobilien GmbH	Member of managing board
William Morton Llewellyn	n/a	n/a
Christian Windisch	n/a	n/a
Werner Dreschl	n/a	n/a

Committees of the Supervisory Board.

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

Supervisory board has established two committees

The committee for managing board matters is responsible for the relationship between the company and the members of the managing board (including remuneration issues), except for the appointment or dismissal of members of the managing board. It consists of two members of the supervisory board elected by the shareholders' meeting, including the chairman of the supervisory board and two members appointed by the shareholders' meeting. The current members of the committee for managing board matters are Franz Semmernegg (chairman) and Kari Kapsch.

Committee for managing board matters

The audit committee has the responsibilities as set out in section 94 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 review of the audit process and the auditor's independence, the preparation of a proposal for the distribution of profits and the preparation of a report to the annual shareholders' meeting. Furthermore, the audit committee prepares the proposal of the supervisory board for the auditor, reviews the accounting process and reviews the effectiveness of the internal control and the risk management system.

Audit committee

One member of the audit committee must be a financial expert (*Finanzexperte*). Persons who were previously members of the managing board, executives, auditor or auditors of the company or persons having certified the consolidated or unconsolidated financial statements of the company within the last three years do not qualify as financial expert and may not serve as chairman of the audit committee.

In addition to the members of the audit committee, the managing board and a representative of the auditor, if required by the chairman of the audit committee or required by law, attend the audit committee meetings. Other members of the supervisory board can be elected to the audit committee. The audit committee meets at least twice a year. The current members of the audit committee are Franz Semmernegg (chairman/*Finanzexperte*), Kari Kapsch and Werner Dreschl.

Report of the Supervisory Board.

Franz Semmernegg, Chairman of the Supervisory Board

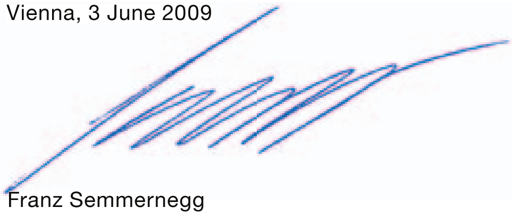
1. The Kapsch TrafficCom AG supervisory board held a total of four meetings during the fiscal year from 1 April 2008 to 31 March 2009. No member of the supervisory board attended fewer than half of the meetings. The supervisory board was informed by the managing board on an ongoing basis in writing and orally as well as in the meetings held jointly with the managing board on the situation, development and strategy of the company and monitored and advised the managing board during the period under review. The chairman of the supervisory board was in regular contact with the chairman of the managing board in order to discuss business development, strategy and risk management within the company.

2. The unconsolidated financial statements of Kapsch TrafficCom AG presented by the managing board and the consolidated financial statements, each as of 31 March 2009, the managing board's management report and consolidated management report dated May 2009 were audited by the appointed independent auditor PwC INTER-TREUHAND GmbH, Wirtschaftsprüfungs- und Steuerberatungsgesellschaft, Vienna and given an unqualified audit opinion. The unconsolidated and consolidated financial statements, the managing board's profit distribution proposal and the auditors' audit reports were discussed in detail with the managing board and the independent auditors in the audit committee and presented to the supervisory board. The supervisory board has reviewed these documents in accordance with Section 96 of the Austrian Stock Corporation Act *(Aktiengesetz)* and approved the unconsolidated financial statements in line with Section 125 Para. 2 of the Austrian Stock Corporation Act *(Aktiengesetz)*. The supervisory board concurs with the managing board's proposal for the distribution of profits.

3. The audit committee held a total of three meetings during the fiscal year from 1 April 2008 to 31 March 2009 and followed the responsibilities as set out in section 94 para 4a Stock Corporation Act (*Aktiengesetz*).

4. The supervisory board extends its thanks to the members of the managing board and all employees of Kapsch TrafficCom AG for their work in the fiscal year from 1 April 2008 to 31 March 2009.

Vienna, 3 June 2009



Franz Semmernegg
Chairman of the Supervisory Board

Corporate Governance Code.

Commitment to corporate governance since June 2007

Corporate governance plays a key role for Kapsch TrafficCom because close cooperation between the company's management and supervisory board is essential in order to safeguard shareholder interests. In June 2007, the managing and supervisory board resolved to apply the rules of the Code as far as they are consistent with the specific situation of the company. The evaluation of compliance with the Code is made by the compliance officer together with the internal audit on an annual basis.

Corporate governance declaration

Kapsch TrafficCom has committed to compliance with the Austrian Code of Corporate Governance. Due to several legal and international changes, the Austrian Working Group on Corporate Governance approved a new version of the Code which is applicable to fiscal years commencing after 31 December 2008. Therefore, in respect of the most recent fiscal year the Code in its version of June 2007 was relevant and Kapsch TrafficCom AG complied with the L-Rules and C-Rules of the Code in the version of June 2007, except for the following C-Rules:

Exceptions for C-Rules

Rules 4. Due to the intense competition in the industry in which the company is active, it did not publish on its website any documents to be made available to shareholders at the company's registered office or any motions by shareholders with an opportunity to download such documents.

Rule 53. The company does not intend to establish criteria of independence different from the general requirement set forth in the Code as it believes that such additional criteria are not required.

Rule 54. The company has a member of the supervisory board elected by the shareholders' meeting who is independent of KAPSCH-Group Beteiligungs GmbH only since 10 July 2008.

Rule 60. The declaration to comply with the Code and annual statements of compliance will not be published on the company's website (but will be published in the annual report) as the company intends to limit information available on its website for the reasons set forth above.

Rule 65. Due to the intense competition in the industry in which the company is active, it will not make available to all shareholders (or publish on its website with an opportunity to download) all information it may make available to financial analysts.

The Kapsch TrafficCom Share.

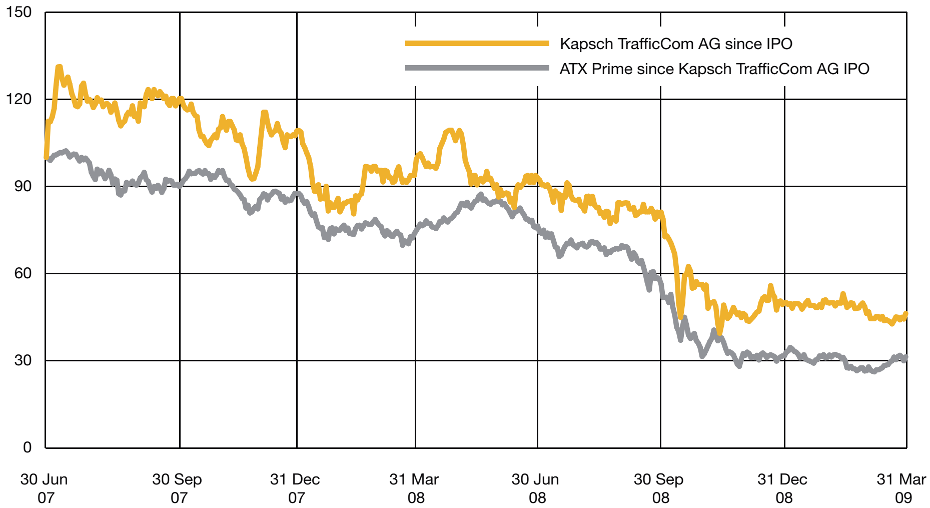
Economic and political environment

In 2008, stock exchanges were marked by the impact of the financial crisis, which started out in mid-2007 in the U.S. subprime mortgage market and spread to European financial markets in 2008. Numerous banks ran into financial trouble and were in need of support or were kept alive by acquisitions. The resulting loss of confidence also became noticeable on stock markets. The willingness of both private and institutional investors to take risks was waning, and worries about the future economic development and inflationary concerns were also adversely impacting stock prices.

Accordingly, the year 2008 saw extremely strong price fluctuations. It was not uncommon for major share indices such as the Dow Jones or the DAX to rise or fall by 10 percent in a single day. With a view at the full year, no single leading index closed higher at the end of the year, and some indices even lost more than 40 percent. The Austrian Traded Index ATX managed to stand its ground in the first half 2008, still doing much better than the European benchmark Eurostoxx 50 index. However, the ATX dropped by more than 50 percent in the second half, while still recording high turnover. In 2008 the ATX dropped by 61.2 percent. At the end of 2008, the ATX closed at 1,750.83 points, which corresponds to the price level at the start of 2004.

Kapsch TrafficCom AG share in fiscal year 2008/09

In 2008, the price of the Kapsch TrafficCom AG share developed in line with the Austrian stock market and international stock markets. The entire year 2008 saw great volatility in price movements and slumps in prices. In comparison with a price of EUR 31.82 as of the end of the fiscal year 2007/08 (31 March 2008), the share price throughout the year dropped by more than half and was at EUR 14.80 as of the end of the fiscal year 2008/09 (31 March 2009), which corresponds to a decline of 53.5 percent. Since the initial public offering on 26 June 2007, the price of the share has declined by 53.8 percent, as of 31 March 2009, whereas the ATX Prime was down by approximately 68.6 percent.



1 Offer price on 26 June 2007 and opening value for ATX Prime on 25 June 2007, each indexed to 100

Closing price of EUR 14.80 per share with market capitalization of EUR 180.6 million

Based on a closing price of EUR 14.80 per share as of 31 March 2009 and the number of shares in circulation at 12.2 million, Kapsch TrafficCom's market capitalization as of the end of the fiscal year 2008/09 was EUR 180.6 million. The average daily turnover of the Kapsch TrafficCom AG share at the Vienna Stock Exchange was approximately EUR 0.3 million with approximately 12,900 shares (double count).

Key Data

Key Data		2008/09	2007/08
Weighted average number of shares [1]	in million	12.20	11.70
Earnings per share	in EUR	1.06	2.60
Dividends per share	in EUR	0.50	0.90
Free cashflow per share	in EUR	1.63	-1.26
Offer price per share [2]	in EUR	32.00	32.00
Share price at fiscal year-end [1]	in EUR	14.80	31.82
P/E ratio at fiscal year-end [1]	in EUR	13.96	12.23
Market capitalization [1]	in million EUR	180.56	388.20
Performance of share	in %	-53.49	-0.56
Performance of ATX Prime	in %	-68.63	-26.00
Average trading volume [3]	in million EUR in 1.000 shares	0.30 12.88	1.49 41.39

1 as of 31 March
2 on 26 June 2007
3 double counting

Dividend policy

Kapsch TrafficCom AG's policy is to recommend a distribution of dividends in line with that of other companies that the managing board considers being the company's industry benchmark, which would currently be a payout ratio of approximately one third of its profits for the year. The timing and amount of such dividends, if any, will depend upon the company's future earnings and prospects, capital requirements resulting from projects and acquisitions and financial condition and such other factors as the managing and supervisory boards of the company consider relevant, as well as the approval of the shareholders' meeting.

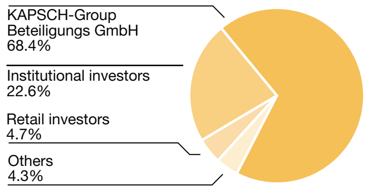
The company's ability to pay dividends is determined based on its unconsolidated financial statements prepared in accordance with Austrian GAAP. There can be no assurance that any dividends will be paid or that, if paid, they will correspond to the policy described above.

Managing board will propose a dividend of EUR 0.50 per share

The managing board will propose that the shareholders' meeting to be held on 24 June 2009 resolve a dividend of EUR 0.50 per share for fiscal year 2008/09 (2007/08: EUR 0.90 per share), representing a payout ratio of approximately 47 % (2007/08: approximately 35 %).

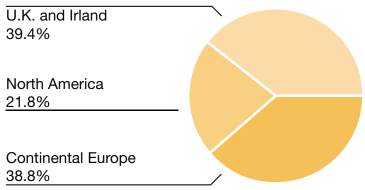
As of 31 March 2009, approximately 31.6 % of the shares were in free float, whereas the remaining approximately 68.4 % were held by KAPSCH-Group Beteiligungs GmbH. As of 31 March 2009, no other shareholder held shares of Kapsch TrafficCom conferring voting rights in excess of 5 %.

Shareholder structure



According to information available to Kapsch TrafficCom AG, the company has a widely diversified shareholder structure. As part of the free float, a majority of investors are institutional investors from Anglo-Saxon countries, the U.K. and Ireland (39.4 %) as well as North America (21.8 %). Given that KAPSCH-Group Beteiligungs GmbH as principal shareholder holds 68.4 % of the shares, the share of private investors totals 4.7 %, whereas 22.6 % are held by institutional investors (with the top ten in the aggregate holding 83 % of that share).

Geographical distribution of institutional investors



Professional investor relations have a high priority at Kapsch TrafficCom. This function reports directly to the Chief Executive Officer, but its work is also integrated closely with the head of finance and administration. The goal of our investor relations activities is to provide a comprehensive view of the company, thereby facilitating an appropriate valuation of the Kapsch TrafficCom share.

Kapsch TrafficCom held several roadshows and participated in investor conferences in Europe and the U.S.A. during the past year. The CEO and the investor relations team met with numerous investors throughout the world and discussed the company as well as its development and strategy. The Kapsch TrafficCom website represents an important means of communication, and provides a wide range of information on the company and the share.

Coverage by three investment banks or research institutions

The coverage of the company by reputable Austrian and international investment banks or research institutions maintains the visibility of the Kapsch TrafficCom AG share in the financial community. As of 31 March 2009, Kapsch TrafficCom AG was covered by three analysts (in alphabetical order): Erste Bank (Vienna), GSC Research (Dusseldorf) and Sal. Oppenheim (Frankfurt/Cologne).

Information on the share

Information on the Kapsch TrafficCom share	
Investor Relations Officer	Marcus Handl
Shareholders' Telephone	+43 (0)50811 1120
E-mail	ir.kapschtraffic@kapsch.net
Website	www.kapschtraffic.com
Stock exchange	Vienna, Prime Market
ISIN	AT000KAPSCH9
Trading Symbol	KTCG
Reuters	KTCG.VI
Bloomberg	KTCG AV

Project:
Santiago Urban Concessions

Customer: Kapsch TrafficCom is main supplier of Multi-lane free-flow ETC-Systems for five out of six urban concessions in Santiago de Chile.
Technology: Multi-lane free-flow ETC-System
OBUs: 1,330,000 units supplied
Multi lanes: 63 MLFF gantries, 190 lanes

The Multi-lane free-flow ETC-system on the expressway ring road around Santiago de Chile is giving a powerful boost to the career of DJ Raff: he's standing on stage again, instead of sitting in traffic.

Increasing traffic means increasing ecological burdens as well as more traffic delays and jams. Traffic telematics solutions from Kapsch TrafficCom provide flowing traffic and therefore work to sustainably counteract traffic delays and jams. They also help to reduce or prevent economic damage and environmentally harmful emissions. And that delights not only DJ Raff, but also his audience.

Market.

Road traffic telematics market

Kapsch TrafficCom currently addresses both the market for tolling systems as well as the intelligent transportation systems (ITS) market within the road traffic telematics market.

Tolling systems

The tolling market is basically segmented according to the methods used for road user charging (RUC), the number of lanes allowed for the collection of tolls and the technology as well as the technology standard applied in the tolling system.

Three main methods for road user charging (RUC) currently exist: manual toll collection, automatic toll collection, and electronic toll collection (ETC).

Single-lane ETC systems or multi-lane free-flow (MLFF) ETC systems allow for the collection of tolls from vehicles equipped with an on-board unit (OBU) when driving through specifically designated lanes at toll plazas without requiring the vehicle to stop. Tolling data is processed electronically through communication between a transceiver and the transponder (OBU).

There are three main technologies used for road user charging worldwide: dedicated short-range communication (DSRC), vehicle positioning systems (VPS) and automatic number plate recognition (ANPR) technology.

For DSRC-based systems, both the European CEN (Comité Européen de Normalisation) TC 278 Standard as well as the international ISO standard for electronic toll collection exist among others.

Intelligent transportation systems (ITS)

ITS – Intelligent Transportation Systems – cover a broad range of technical solutions intended to enhance transportation by improving mobility and increasing safety in road traffic. Telematics – the combination of telecommunications and informatics – utilizes state-of-the-art technologies to address transportation needs.

Kapsch TrafficCom provides a comprehensive portfolio including incident detection systems, traffic sensors as well as the telematics platform – a modular software system for implementing secondary telematics applications in the fields of traffic planning, traffic management, safety&security, end-user services as well as various industry solutions on basis of ETC systems.

ITS and telematic solutions help to improve safety on roads, support efficiency in the use of the existing infrastructure and contribute toward reducing environmental pollution by controlling traffic flows and managing traffic volume.

Market Drivers in the road traffic telematics market.

Kapsch TrafficCom believes that the main drivers in the road traffic telematics market primarily include the funding of road infrastructure projects, the reduction of congestion, the reduction of environmental pollution and the reduction of road accidents.

Four main market drivers in the road traffic telematics market

Funding of infrastructure projects. The growth in the number of vehicles requires additional financing to construct new and maintain existing roads. Tolling offers a constant source of financing and thus helps governments in providing financing required for infrastructure projects. Efficient tolling systems, in particular electronic toll collection (ETC) systems, offer a significant, constant and sustainable source of additional funds for governments, public authorities and concessionaires, which can be used for the expansion and maintenance of road infrastructures. Such ETC systems may apply either to selected (mostly highways) up to all classes of roads (all-road tolling) as well as to selected (mostly heavy and light commercial vehicles) up to all classes of vehicles (all-vehicle tolling).

Funding of infrastructure projects

Reduction of congestion. Road user charging is largely perceived as an effective solution for reducing high levels of congestion particularly in metropolitan areas, as paying for road usage encourages carpooling or the use of public transportation, or to better allocate traffic over time.

Reduction of congestion

Reduction of environmental pollution. Efforts to reduce environmental pollution have become a market driver for the introduction of road user charging systems. Such systems encourage reduced or modified vehicle usage and reduce the need to further expand the road network, resulting in reduced emissions and levels of pollution. Increases in tolls further encourage carpooling and the use of public transportation, and better allocate traffic over time. Increases in traffic and urban congestion necessarily result in higher levels of pollution of the air and noise. Efficient tolling systems, in particular electronic toll collection (ETC) systems have a demonstrated ability to reduce environmental pollution and emissions of carbon dioxide by reducing congestion at toll plazas and not interfering with the traffic flow. City charging/tolling systems also reduce the levels of congestion and environmental pollution.

Reduction of environment pollution

Reduction of road accidents. Traffic management systems are particularly expected to increase the probability to survive accidents and to decrease accident rates.

Reduction of road accidents

Our primary objective is to enhance our position as a leading international supplier of innovative road traffic telematics solutions and as a provider of commercial operation services by focusing on the principal strategies set forth below:

Business strategy of Kapsch TrafficCom

- Exploit new and further market opportunities
- Permanently targeting for technological leadership
- Expand our position as a commercial operator

Product and service portfolio.

ETC sytems generally consist of three main subsytems

Electronic toll collection (ETC) systems generally consist of three main subsystems: tolling system, enforcement system and central system.

Tolling systems

Tolling systems. Kapsch TrafficCom develops, integrates, implements, services and maintains road user charging systems and focuses on electronic toll collection (ETC) systems, in particular for the multi-lane free-flow (MLFF) of the traffic, but also supplies single-lane ETC systems. In addition, the company supplies video-based automatic number plate recognition (ANPR) technology and manual and automatic toll collection systems.

Such systems can be nationwide truck tolling systems, like in Switzerland, Austria and the Czech Republic, as well as for road sections and for urban environments (city charging/ tolling systems).

On-board units (OBU)

As part of ETC systems, Kapsch TrafficCom develops, integrates, implements, services and maintains enforcement systems and central systems.

Our current systems are based on microwave DSRC technology at a 5.8 GHz frequency. We design and develop the majority of the core technology (hardware and software) specifically created for our ETC applications and for electronic access systems as well as for vehicle identification and classification systems. Our roadside equipment (transceivers and other infrastructure equipment) and our OBUs are compliant with the current European CEN TC 278 standard for DSRC as well as with the international ISO standard for electronic toll collection.

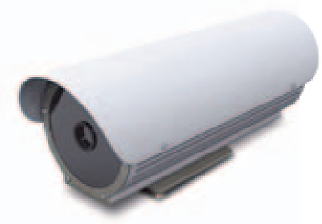
Enforcement system

In certain projects, we combine our own components with products from third-party suppliers to provide solutions tailored to specific project requirements.

In addition to the core microwave DSRC-based ETC systems, we offer "Kapsch Area", a hybrid system combining the advantages of DSRC-based technologies with the advantages of satellite-based technology. In "Kapsch Area", we use an OBU comprising both a DSRC and a GPS/GSM interface. The "Kapsch Area" OBU can be installed easily on the windscreen of the vehicle without any professional help. "Kapsch Area" uses microwave technology on highways and GPS/GSM for the lower level street network thereby facilitating all-road tolling.

"Kapsch Area" OBU

Components sales. Besides the delivery of systems, we also supply components independently from the entire systems to system integrators and road operators. The component supplies primarily include on-board units (OBUs), roadside infrastructure (such as transceivers), video cameras, and enforcement systems. Components are either manufactured by our subsidiary Kapsch Components KG in Vienna specializing in the production of core technology for ETC systems and electronic access systems or produced for us by third parties.


Components sales

Operation. In many projects we are also responsible for the technical operation and maintenance of the system. Since 2005, we have also been offering commercial operation (such as the nationwide truck tolling system in the Czech Republic where we provide services in connection with the commercial operation).


Operation

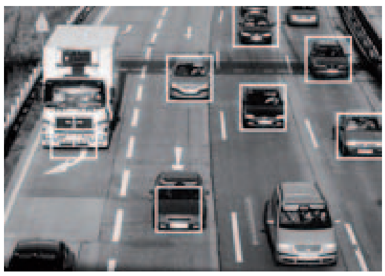
Commercial operation services include the entire logistics of distributing OBUs, transaction processing, which deals with maintaining customer accounts, booking toll transactions and customer payments to the accounts, payment processing, handling customer inquiries and manual post-processing.

The commercial operation services utilize the central system, which we develop and implement through our subsidiary Kapsch TrafficCom Argentina S.A. We offer commercial operation services through our subsidiary Kapsch Telematic Services GmbH (KTS) and through KTS's local subsidiaries.


Urban traffic solutions

Urban traffic solutions. We develop, integrate, implement, service and maintain urban traffic solutions, such as city charging/tolling systems, on-street parking systems as well as electronic access systems and charging systems for off-street parking areas.

Traffic surveillance. We develop, design and supply road traffic management systems, including traffic safety and traffic security systems as well as traffic control systems. Our product portfolio includes vehicle identification and classification systems, hazardous goods management, video surveillance, congestion warning and vehicle, person and object tracking.


Traffic surveillance

Others. Through our subsidiary Kapsch Components KG, we also provide engineering solutions, electronic manufacturing and logistics services to affiliated entities and third-party customers.

Business Segments.

Kapsch TrafficCom categorizes its business into three segments

Kapsch TrafficCom categorizes its business into three segments. Road Solution Projects (RSP), Services, System Extensions, Components Sales (SEC), and Others (OTH).

Road Solution Projects (RSP)

Road Solution Projects (RSP). This segment shows projects with an aggregate volume in excess of EUR 3 million each including tolling systems and certain larger urban traffic solution and traffic surveillance systems. Generally, such systems are or will be awarded in tender processes by public authorities or private sector concessionaires. The tolling systems range from road section to nationwide tolling systems. In our RSP segment, we offer the development, design, integration and implementation of tolling and other road traffic telematics systems thereby covering the entire value chain. The RSP segment is subject to one-time effects from the realization of new projects.

The RSP segment shows a significant volatility in revenues and operating results from period to period resulting from the preparation for, the commencement and the subsequent installation phase of individual projects. The project nature of this segment results in significant fluctuations in revenues, cost of materials and other production services, staff costs as well as other operating expense and, in certain projects (such as the nationwide electronic truck tolling system in the Czech Republic), project financing costs.

Services, System Extensions, Components Sales (SEC)

Services, System Extensions, Components Sales (SEC). Once a system is implemented, we are typically responsible for the technical operation and maintenance of the system. In addition, we supply supplemental equipment and components (such as OBUs and transceivers) for the extension as well as for the upgrade (such as the upgrade of manual to automatic toll collection) of existing systems. Phase II of the nationwide electronic truck tolling system in the Czech Republic has been recorded in the RSP segment. Since 2005, we also offer commercial operation of systems with all such activities resulting in recurring revenues being recorded in the SEC segment.

The SEC segment also includes projects of a smaller scale with an aggregate volume of less than EUR 3 million that are often not awarded pursuant to tender processes.

Our business in this segment is characterized by relatively stable revenue streams over a certain period, since these services are provided mainly based on medium- or long-term service and framework agreements. We expect to generate a continuous stream of revenues in this segment going forward through the services we offer in connection with the services rendered for the commercial operation of the nationwide electronic truck tolling system in the Czech Republic.

Others (OTH): The Others segment includes our non-core business activities conducted by our subsidiary Kapsch Components KG. In this segment, we offer engineering solutions, electronic manufacturing and logistics services to affiliated entities and third parties.

Total revenues in the fiscal year 2008/09 were EUR 200.3 million, an increase by 8 % compared to the previous fiscal year (fiscal year 2007/08: EUR 185.7 million, fiscal year 2006/07: EUR 198.6 million).

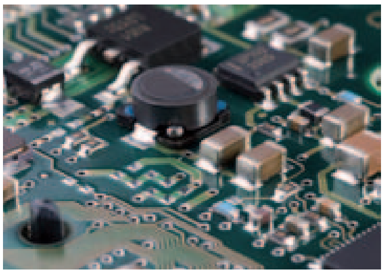
Revenues generated by the Road Solution Projects (RSP) segment in the fiscal year 2008/09 were EUR 56.8 million, an increase of 21 % compared to the previous fiscal year (fiscal year 2007/08: EUR 47.0 million, fiscal year 2006/07: EUR 105.0 million). Top three markets in the RSP segment were the Czech Republic with EUR 40.5 million (or 66.4 %) as well as New Zealand with EUR 5.7 million (or 10.0 %) and Chile with EUR 4.8 million (or 8.5 %).

Revenues generated by the Services, System Extensions, Components Sales (SEC) segment in the fiscal year 2008/09 were EUR 135.6 million, an increase of 5 % compared to the previous fiscal year (fiscal year 2007/08: EUR 128.8 million, fiscal year 2006/07: EUR 80.6 million). Top three markets in SEC segment were the Czech Republic with EUR 53.7 million (or 41.7 %), Austria with EUR 30.7 million (or 22.6 %) and Australia with EUR 12.4 million (or 9.1 %).

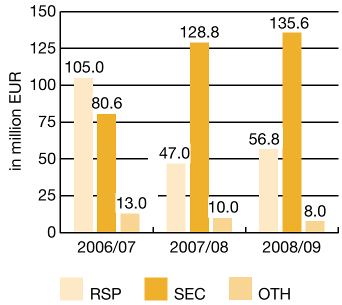
Revenues generated by the Others (OTH) segment in the fiscal year 2008/09 were EUR 8.0 million, a decrease by 20 % compared to the previous fiscal year (fiscal year 2007/08: EUR 10.0 million, fiscal year 2006/07: EUR 13.0 million).

By geographic region, in the fiscal year 2008/09 70 % of revenues or EUR 139.3 million was generated in Central & Eastern Europe (incl. Austria), EUR 21.3 million (or 11 %) in Western Europe and EUR 14.0 million (or 7 %) in the Americas. EUR 25.6 million or 12 % of revenues were contributed by the rest of world.

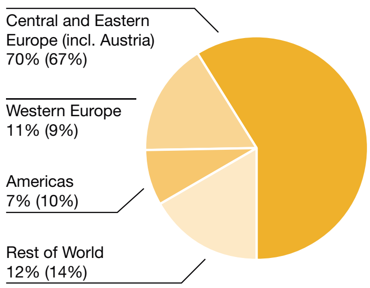
By country, in the fiscal year 2008/09 47.0 % of revenues or EUR 94.2 million was generated in the Czech Republic, EUR 37.8 million (or 18.9 %) in Austria, EUR 16.9 million (or 8.4 %) in Australia, EUR 11.9 million (or 5.9 %) in Chile and EUR 39.5 million (or 19.7 %) were contributed by the rest of world.


Others (OTH)

Revenues by Segment



Revenues by Region 2008/09 (2007/08)



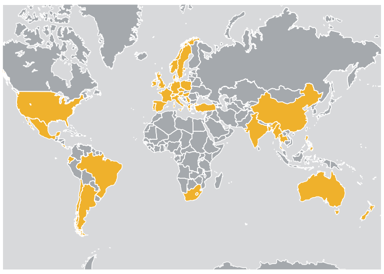
Projects and Customers.

Major tolling projects are generally awarded on the basis of tender processes

Major tolling projects (i.e., tolling projects with a volume in excess of EUR 3.0 million) and certain larger urban traffic and traffic surveillance projects are generally awarded on the basis of tender processes involving a number of bidders. The tender procedures for tolling projects do not follow one single pattern, but vary significantly depending on type and size of the project, the road concessionaire or public authority issuing the invitation to tender and the geographical region.

The timing of completion of a project is very much dependent on its size and type. For instance, the installation of a nationwide system may take approximately nine to fifteen months (completion of phase I of the nationwide electronic Czech truck tolling system took approximately nine months whereas the roll-out of the nationwide Austrian truck tolling system took approximately fifteen months).

Markets and customers



More than 220 references in 36 countries

Kapsch TrafficCom offers road traffic telematics systems, products and services to customers in all five continents. Our principal customers are public authorities and private sector concessionaires. Certain components, systems and solutions are also offered to system integrators.

In the past years, the company has completed three out of five nationwide tolling projects tendered in Europe, either as general contractor or as supplier of infrastructure. With more than 220 installed tolling systems in 36 countries and with more than 14 million on-board units and nearly 12,000 equipped lanes, Kapsch TrafficCom has positioned itself among the leading suppliers of ETC systems worldwide.

Currently, our most important projects and customers are:

Nationwide truck tolling system in the Czech Republic

Nationwide truck tolling system in the Czech Republic. Following a public tender conducted by the Czech Ministry of Transport, in March 2006 a consortium led by Kapsch TrafficCom AG was contracted as general contractor for the implementation of a nationwide DSRC-based MLFF ETC system for trucks in the Czech Republic and services in connection with the commercial operation of such system.

The completion schedule for the installation of the system is divided into two phases: Phase I comprises an ETC system covering approximately 1,000 km of motorways and freeways and has been in operation since 1 January 2007, the date agreed with the customer. Phase II comprises in particular the extension of the system to another approximately 1,000 km of future motorways, the construction or extension of which is scheduled to begin by the end of 2017. The services in connection with the technical and commercial operation of the system are provided through a Czech subsidiary. Until 31 March 2009, approximately 1,700 lanes were equipped and approximately 700,000 OBUs were supplied and the project generated revenues of EUR 278.5 million EUR, thereof EUR 94.2 in the fiscal year 2008/09.

Nationwide truck tolling system in Austria. The nationwide MLFF ETC system for trucks in Austria commenced operation on 1 January 2004. In our capacity as general contractor, we were responsible for the design of the overall system concept, development and manufacture of the transponders (OBUs), the roadside infrastructure equipment (transceivers), the development of the system application software, system integration, implementation and commissioning, coordination of sub-suppliers and project roll-out. Until 31 March 2009, more than 3,500 lanes were equipped and approximately 1 million OBUs were supplied and the project generated revenues of EUR 367.5 million EUR, thereof EUR 30.5 million in the fiscal year 2008/09.

Nationwide truck tolling system in Austria

Projects in Santiago de Chile (Costanera Norte, Autopista Central and Vespucio Norte Express). Kapsch TrafficCom implemented a MLFF ETC system in connection with three highway tolling projects in Santiago de Chile so far and delivered the equipment for vehicle detection and classification (VDC) as well as for vehicle registration (VDR). These projects were awarded by the respective road concessionaires. All three ETC systems have already commenced operation. Until 31 March 2009, approximately 260 lanes were equipped and approximately 1.3 million OBUs were supplied. The project generated revenues of EUR 104.8 million EUR, thereof EUR 11.9 million in the fiscal year 2008/09.

Projects in Santiago de Chile

Projects in Australia (Melbourne City Link, Western Sydney City Orbital and Eastlink in Melbourne). In 1999, Kapsch TrafficCom implemented the world's first MLFF ETC system for an urban motorway on Australia's largest municipal highway in Melbourne and delivered the equipment for vehicle detection and classification (VDC) as well as for vehicle registration (VDR). The project was awarded by the road concessionaire. In January 2006, the MLFF ETC system and equipment for vehicle detection and classification (VDC) as well as for vehicle registration (VDR) on the Western Sydney City Orbital commenced commercial operation. The project was awarded by the Transurban Infrastructure Development Pty. Ltd. In July 2005, Kapsch TrafficCom was awarded the Eastlink project in Melbourne. In connection with this project, the company delivered a MLFF ETC system and the equipment for vehicle detection and classification (VDC) as well as for vehicle registration (VDR). Until 31 March 2009, approximately 350 lanes were equipped and approximately 4.5 million OBUs were supplied. The projects generated revenues of EUR 118.8 million EUR, thereof EUR 16.9 million in the fiscal year 2008/09.

Projects in Australia and New Zealand

Project in New Zealand. New Zealand has decided to implement its first ETC system in 2008. Kapsch TrafficCom New Zealand Ltd. has been contracted to implement a MLFF ETC system. Until 31 March 2009, the project generated revenues of EUR 5.7 million EUR.

Research and Development.

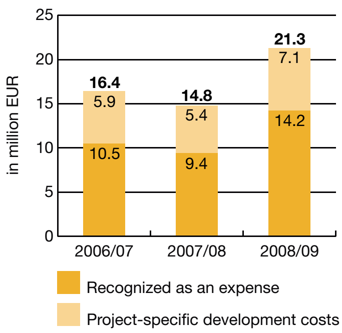
Competence centers in Austria, Sweden, Argentina and U.S.A.

Kapsch TrafficCom has a network of research and development centers in Vienna (Austria), Jönköping (Sweden), Buenos Aires (Argentina) and Carlsbad (California, U.S.A.). The development centers are organized as competence centers. Research and development activities are being coordinated from the headquarters in Vienna. As of 31 March 2009, Kapsch Traffic Com employed approximately 210 research and development engineers in the research and development activities, including project management for research projects, quality assurance and testing, documentation and certification.

Research and development are a high priority

Research and development activities and in particular the knowledge on as well as the application of newest technologies based on national and international standards, are a high priority for Kapsch TrafficCom in light of its strategic objectives. Successful applied research and development is the foundation for the constant improvement of existing products and systems and the continuous reduction of production, installation, operations and maintenance costs, all of which are essential for maintaining our technological and competitive advantage.

Development costs



Due to the fact that the competence centers cover all parts of the value chain from components to entire tolling systems and their interoperability, Kapsch TrafficCom largely focuses its activities on new and innovative applications and applied research and development for all kinds of road telematics.

In the fiscal year 2008/09 approximately 33 % of the research and development activities were customer specific; the remaining 67 % were generic.

The research and development activities are supplemented in some areas by joint projects and close collaborations with universities, public and private institutions and research and technology companies.

Research and development costs for the fiscal year 2008/09 amounted to EUR 21.3 million (fiscal year 2008/09: EUR 14.8 million).

Innovation and Quality.

Innovation

We view our mission as consistently creating competitive advantages and benefits for our customers and partners while ensuring that we live up to our responsibility with regard to the environment. Our objective is global leadership in quality and innovation for traffic telematic solutions.

Kapsch TrafficCom wins over and retains customer confidence through a keen focus on customer requirements. Kapsch TrafficCom intends to achieve long-term partnerships with satisfied customers through optimized services. Kapsch TrafficCom is committed to a permanent and integrated innovation process that lives up to its market position as a leading European innovator and secures this position over the long term.

Kapsch TrafficCom seeks a leading role in the international benchmark of innovative companies. Within the “Best Innovator” award initiated by the consultant firm A. T. Kearney, with over 400 leading companies having participated so far, Kapsch TrafficCom succeeded in the categories “Innovation strategy” as well as “Innovation process” and was awarded overall winner of the “Best Innovator 2008” campaign in Austria.

EUROPEAN BEST INNOVATOR Club

Quality

The quality processes of Kapsch TrafficCom are based on ISO 9001 and fulfil the requirements of the V-Model, a project management method for the identification of an improvement requirement originally coming from the IT. The company follows an integrated management system for Health & Safety, Security, Environment and Quality (HSSEQ), with quality certified according to ISO 9001, environment certified according to ISO 14001 and health & safety certified according to OHSAS 18001. Kapsch TrafficCom is also certified for IT-Service-Management according to ISO 20000. All processes are documented in line with the norms and frequently audited.

An internal forum has been created within the improvement process for employees to actively contribute improvement suggestions. If feasible, these are implemented and premiums are awarded.

Employees.

The table below sets forth the allocation of employees within the Kapsch TrafficCom Group, each as of 31 March 2009, 2008 and 2007:

Number and allocation of employees

Number of employees	31 March 2009	31 March 2008	31 March 2007
Breakdown by function			
Road traffic telematics	785	647	553
Manufacturing and logistics (Kapsch Components KG)	161	177	221
Total by function	**946**	**824**	**774**
Breakdown by region			
Europe:			
Austria	519	497	475
Sweden	110	97	89
Western Europe	10	1	0
Central and Eastern Europe (excluding Austria)	148	128	108
Latin America	112	80	94
Asia and Africa	14	12	2
Australia and New Zealand	10	9	6
U.S.A.	23	0	0
Total by region	**946**	**824**	**774**

The average number of employees in the Kapsch TrafficCom Group in the fiscal year 2008/09 was 898, a 13.5 % increase against an average of 791 in the fiscal year 2007/08. As of 31 March 2009, 946 employees (884 salaried and 62 non-salaried) were employed.

Corporate culture and values

Our management believes that the core corporate values – dynamism, respect, responsibility, family, discipline, performance, transparency and freedom – contribute to a good working environment.

Certain contributions are paid to an external pension fund for employees of Group entities in Austria under a defined contribution scheme, depending on the individual employee's income and the return on sales of the entity.

Employee profit participation

Kapsch TrafficCom is aware of the employees' contribution to its success and expresses this through an employee profit participation plan in which its employees participate in the profit of the Kapsch TrafficCom Group as a whole. The Kapsch TrafficCom Group rewards the commitment of its employees with a 5 % share in profit. Country-specific upper limits have been established to ensure that distribution is on par with purchasing power.

Social and cultural commitment.

Corporate social responsibility

In a firm awareness of its corporate social responsibility, the Kapsch Group – organized through Kapsch AG – supports a wide range of art and cultural organizations and projects, selected educational initiatives and social activities.

Music. A key element of this commitment covers sponsoring activities related to the Vienna Concert Hall (*Wiener Konzerthaus*). This cultural institution has an excellent reputation far beyond Austria's borders. Kapsch has been the main sponsor of the Vienna Concert Hall since 1992. The "Modern Vienna" 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 less known artists is of particular concern to the Kapsch Group. Young domestic and international artists in particular are supported time and again by sponsorship campaigns. One example is the photo calendar in the "Art, Culture and Communication" series that Kapsch has supported since 1994. The calendar is presented annually in late fall in a private exhibition.

Sports. In the past year, Kapsch supported the sailor Norbert Sedlacek in the Vendée Globe 2008 regatta as partner and sponsor.

Educational institutions. As a company that is driven by technology and innovation, we are constantly interested in establishing contacts with the best talent in engineering at the earliest stage possible. For this reason, Kapsch TrafficCom decided seven years ago to start an extensive Gold Partnership with the Vienna Technical University (*Technikum Wien*). Since 2005, the Kapsch Group has also supported *"Universitäre Gründerservice Wien GmbH"* which aims to support and accompany young entrepreneurs to implement ideas relating to key business concepts.

Social projects. Kapsch TrafficCom takes pride in supporting selected social projects at home and abroad. Examples of the numerous projects include CliniClowns, St. Anna Children's Hospital and "wings for handicapped", as projects within Austria, and ICEP – the Institute for Cooperation in Development Projects – as a project abroad.

For employees. Supporting the employees of the Kapsch TrafficCom Group when it comes to education and training has always been a key element in the corporate philosophy. In addition to technical training measures, Kapsch TrafficCom also offers programs for the development of personal skills as part of the "Kapsch University".

Environment. Kapsch TrafficCom already has valid quality and environmental certificates in line with ISO 14001. In the future, the Kapsch TrafficCom Group will continue to increase its social involvement: it is particularly important to use environmental resources in an increasingly sustainable and responsible manner.

Project:
City Access Control-System

Customer: City of Bologna
Technology: SIRIO City Access Control-System
Advantages: Decrease of traffic and reduction of air pollution.
Automatic Access Points: 23

The City Access Control system in Bologna only allows road users with the necessary licence to drive into the historic city centre. What’s great is that Arturo the dog can now enjoy more space and less noise.

City Access Control systems such as the one in Bologna protect urban and historic city centres against excessive traffic. The charges levied to drive into and park in the respective zone are used to direct traffic, as well as creating revenue for expanding the public transport network and providing additional parking facilities. The consistent reduction of emissions and road noise results in a better quality of life. Something that Arturo and his owner can be really happy about.

Kapsch TrafficCom AG and its subsidiaries.

The following chart shows the corporate structure with the major companies of the Kapsch TrafficCom Group as of 31 March 2009:

- Kapsch TrafficCom AG [1]
  Austria
  - Kapsch Telematic Services GmbH
    Austria
  - Kapsch Telematik Technologies Bulgaria AD
    Bulgaria
  - Kapsch TrafficCom S.r.l.
    Italy
  - Kapsch-Busi S.p.A.
    Italy
  - Kapsch Components KG [2]
    Austria
  - Kapsch TrafficCom AB
    Sweden
  - Kapsch Components GmbH [2]
    Austria
  - Kapsch TrafficCom Russia ooo
    Russia
  - Kapsch TrafficCom Ltd.
    United Kingdom
  - ArtiBrain Software Entwicklungsgesellschaft mbH
    Austria
  - Kapsch TrafficCom SK Construction & Realization s.r.o.
    Slovakia
  - Kapsch TrafficCom Holding Corp.
    U.S.A.
  - Kapsch TrafficCom d.o.o.
    Slovenia
  - Kapsch TrafficCom Argentina S.A.
    Argentina
  - Kapsch TrafficCom Construction & Realization spol. s r.o.
    Czech Republic

1 The parent company Kapsch TrafficCom AG, Vienna, with the exception of Kapsch Telematic Services GmbH, Kapsch Telematic Services Kft., Kapsch Telematic Services spol. s r.o., Kapsch TrafficCom Construction & Realization spol. s r.o., Premid, a.s., Kapsch-Busi S.p.A, Kapsch Telematik Technologies Bulgaria AD, Kapsch Telematic Services SK s.r.o., and Kapsch Telematic Services GmbH Deutschland, directly or indirectly holds 100 % of the shares in the fully consolidated subsidiaries. The company also has representative offices in São Paulo, Brazil, and Beijing and Guangzhou, China.

2 Kapsch Components GmbH is the sole general partner (Komplementär) of Kapsch Components KG.

Premid, a.s.
Slovakia

Kapsch Telematic Services Kft.
Hungary

Kapsch Telematic Services SK s.r.o.
Slovakia

Kapsch Telematic Services spol. s r.o.
Czech Republic

Kapsch Telematic Services GmbH
Deutschland
Germany

Kapsch TrafficCom France SAS
France

Kapsch TrafficCom Ltd.
New Zealand

Kapsch TrafficCom (M) Sdn Bhd
Malaysia

- VTI Industrials Pty
  South Africa

Kapsch TrafficCom South Africa (Pty) Ltd.
South Africa

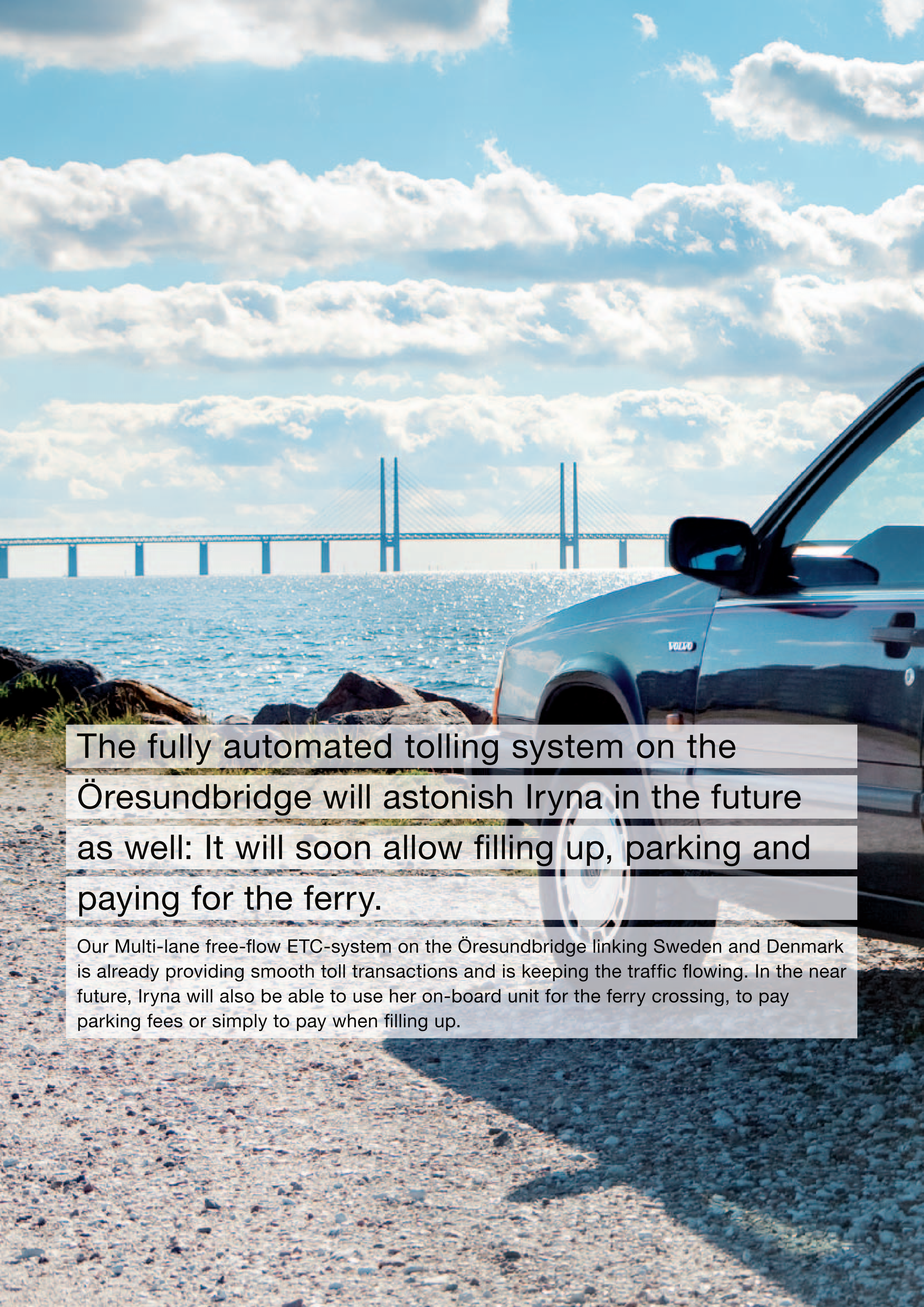
Kapsch TrafficCom Australia Pty Ltd.
Australia

Kapsch TrafficCom Chile S.A.
Chile

- DPS Automation Chile S.A.
  Chile

Kapsch TrafficCom Inc.
U.S.A.

Kapsch TrafficCom U.S. Corp.
U.S.A.



The fully automated tolling system on the Öresundbridge will astonish Iryna in the future as well: It will soon allow filling up, parking and paying for the ferry.

Our Multi-lane free-flow ETC-system on the Öresundbridge linking Sweden and Denmark is already providing smooth toll transactions and is keeping the traffic flowing. In the near future, Iryna will also be able to use her on-board unit for the ferry crossing, to pay parking fees or simply to pay when filling up.

Project:
Interoperable systems in Nordic Region

Locations: Öresund Bridge (Southern Sweden) and the Great Belt Bridge (Denmark)
Technology: ETC-Systems, Toll Bridge with Combitech Vehicle Detection and Classification System
Advantages: Interoperability - one transponder for all operators, which can also be used for parking and for payment of gasoline in the future.
OBUs: 866,500 supplied in whole region

Management Report.

Kapsch TrafficCom AG on the Consolidated Financial Statements as of 31 March 2009.

1 Economic climate.

1.1 General economic situation

The beginning of the last fiscal year was marked by the ongoing financial crisis. This crisis started in the U.S.A. and was triggered by the end of the real estate boom. Due to the worldwide distribution of securitized real estate loans in many portfolios, numerous banks outside the U.S.A. were also affected by massive depreciations, resulting in a global financial crisis in which the banks subsequently lost confidence in each other. Massive excesses on the commodity markets – especially in the price of crude oil – exacerbated this crisis. These warnings of scarce commodities and the associated inflationary tendencies therefore required higher interest rates and tighter controls on the issuing of credit ensued. The crisis therefore gradually impacted the real economy in the second half of 2008 as uncertainty grew and investments declined. This also led to an abrupt decline in the prevailing inflationary pressure as well as to a clear correction of commodity prices.

The international economy is now experiencing its worst crisis since the Great Depression of the 1930s, even if two events are not comparable. The U.S.A., Western Europe and Japan have since slid into recession and the rapidly growing People's Republic of China and the countries of Eastern Europe have also felt the full force of the crisis. Many producers around the world have thus come under pressure and have had to drastically cut their capacities, which has already had a negative impact on the labor market and is likely to worsen even further. This fall in demand was particularly noticeable early on in the automotive and automotive supplier industries, which led to massive problems around the world for companies in this leading sector.

Alongside the original catalyst – the overheating of the U.S. real estate market – other reasons for the severity of this global economic crisis are macroeconomic imbalances, flaws in incentive systems, flaws in risk management systems as well as regulatory and coordination failures.

Although national, regional and international economic policy – in complete contrast to previous crises – has tended to react correctly and has contributed measures to soften the impact of the crisis, the question of how long it will continue cannot be answered with any degree of certainty. In the meantime, a steady stream of reports of improved indicators, especially from the U.S.A., at least allows us to conclude that the pace of the recession is slowing. Nevertheless, both the timing and the speed of recovery in the real economy remain completely unknown. It can be assumed, however, that the crisis will have different durations for the stock market, production and employment and that the recovery will only take place gradually. Discussions on economic dynamism and long-term negative or positive social changes as a result of the crisis also appear speculative, albeit there is hope that necessary steps will be taken and lessons will be learned from the wrongdoings of individual persons.

The U.S.A. is currently in the midst of a crisis of historic size, in which more than 25 banks have already closed, millions of houses have been subject to foreclosure proceedings and the major car manufacturers are in serious risk of bankruptcy. The new U.S. government has therefore passed additional stimulus packages in addition to the unique action taken to rescue the financial industry (banks, investment companies and insurance companies). The aim is to get the crisis under control and further stimulate the economy to avoid the loss of millions of jobs. Experts expect the unemployment rate to rise from 7.2 % (December 2008) to 9 %

in 2009. The battle against the crisis is naturally leading to a massive increase in the indebtedness of the United States' national finances. The deficit for 2009 is expected to be around 13 % of GDP, or USD 1.8 trillion, and forecasts for the next few years also predict additional massive deficits.

As a further measure to combat the crisis, the U.S. Federal Reserve reduced its prime interest rate to between 0 and 0.25 %; its lowest level ever. The U.S. dollar also reflects developments in the real economy. In the summer of 2008, the Euro stood at USD 1.60; at the end of the fiscal year it stood at about USD 1.30, which of course was primarily due to the developing economic crisis in the Euro zone.

The People's Republic of China was also affected by the crisis in the second half of 2008, as its exports to the U.S.A. and Europe fell sharply. This prompted China to respond to the threat with an enormous stimulus package. Economic growth is expected to fall to between 5 and 6 % in 2009 – the country is expected to avoid the recession being experienced by Western industrialized nations.

Following the financial crisis, which required the initiation of unprecedented bank rescue measures, Europe was also affected by the crisis in the real economy beginning in the second half of 2008. The economic forecasts have since been continuously adjusted downwards and they all predict a severe recession for 2009 in the meantime that can be traced to the sharp decline in exports, which in turn is causing manufacturing businesses to curb their investment activities. The collapse in growth is expected to be 5.4 % in Germany as the leading nation and as much as 9 % in Ireland. The ECB has since reduced the European prime interest rate to 1.0 %. The unemployment rate in the Euro zone is expected to rise to 9.9 % in 2009 and to as much as 11.5 % in 2010.

The implemented stimulus packages and rising unemployment numbers will in turn have a massive impact on national budgets. The latest forecasts predicted that only Finland, Luxembourg and Cyprus would stay below the deficit limit of 3 % stipulated in the Maastricht Treaty. The levels for Germany are predicted to be 3.9 % for the current year and as much as 5.9 % for 2010.

In Eastern Europe, the growth rates of recent years (including 2008), which were far above those of Western Europe, are now anticipating a dramatic decline in 2009. Apart from the declines in the relatively large industrial sector (mainly contributed to by the close interrelationship with U.S.A. and Western European banks and companies), the countries of Central and Eastern Europe (CEE) also suffered a double hit due to their significant financing deficits overseas. Experts assume, however, that GDP forecasts for this region are below potential and that most of the regional currencies are currently undervalued. To this extent, CEE countries, which exhibit only minor external financing gaps in relation to GDP (Poland, Czech Republic, Turkey), can at least be viewed as neutral, while the currencies in countries such as Bulgaria, Ukraine, Hungary and the Baltic states should continue to be viewed with extreme caution.

While Austria posted growth in GDP in the first three quarters of 2008, the economy fell into recession in the last quarter of 2008, resulting in GDP growth for the year of just 1.8 %. The global collapse in economic activity hampered the domestic export economy as well as industry. While export growth in 2007 was still far above 8 %, it was just 2.0 % in 2008 and could fall by 5 % in 2009. Growth in investments will also fall for the first time in many years by 3 to 4 %, from +4.7 % in 2007 and +1.8 % in 2008. Sustained, albeit at a lower level, consumption by private households can currently be described as a small stabilizing factor. Pessimism and current or looming unemployment will probably lead to further tightening of the purse strings. During this phase, tax reform can help to avoid weak growth in private consumption from worsening even further.

Recent forecasts suggest that the stabilization originally expected in the second half of the year seems even less likely, as Austria is now expected to see a drop in growth of 4.0 % in 2009, which corresponds to the average rate of decline for the Euro zone as a whole. The Austrian economy is only expected to recover in 2010, with a slight fall in economic output of 0.1 %. The EU Commission expects the budget deficit in Austria to rise from 4.2 % this year to as much as 5.3 % in 2010.

The phase of rising employment and falling unemployment also started to come to an end on the labor market in the second half of 2008. According to Eurostat, the unemployment rate in Austria accelerated to 5.0 % this year and is expected to reach as much as 5.8 % next year after 3.8 % in 2008. Inflation is expected to remain at a low level in 2009 (1.1 %) and in 2010 (1.3 %).

1.2 Development of the market for traffic telematics solutions

According to analyses of the EU (European Union 2006, “Energy & Transport in Figures”), total freight traffic increased by 2.8 % p.a. and in the aggregate by 31.3 % between 1995 and 2005. The rise in road freight traffic amounted to 3.3 % p.a. and in the aggregate by 37.9 %. Despite political pressure, efforts to shift freight traffic to rail and/or waterways failed.

For the TEN-V (Trans-European road Network), which in 2005 at a total length of 84,700 km accounted for approximately a quarter of the total primary road network, yet carried 40 % of the road freight traffic, an average extension of 4,800 km p.a. is expected until 2020, 3,500 km of which are made up by existing roads. High investment requirements have been determined in particular for the new member states and the transport corridors to these countries. In its “White Paper: European transport policy for 2010” the European Commission estimated that investment costs until 2020 will amount to EUR 600 billion. The rising number of vehicles requires additional funds in order to maintain the existing infrastructure and expand it accordingly to meet the growing needs. The current economic crisis has also affected the area of infrastructure development and traffic telematics. While expectations for growth in traffic remain high in the long term, the recession led to a reduction of traffic and as a result to a reduction of revenues.

Subject to individual requirements, satellite-based systems are used in addition to DSRC (dedicated short-range communication) based systems, which operates on the CEN 5.8 GHz standard. Considerable growth potential is also expected from the video-based automatic number plate recognition (ANPR) technology for the enforcement and road user charging/tolling of urban environments.

In urban environments, efforts are being made to reduce environmental pollution and traffic through city charging/tolling systems. In particular, Italy is trying to counter the environmental pollution in the cities with automated access restrictions to the historic city centers.

The volume of traffic is rising not only in Europe, but as a general trend worldwide. Particularly in Asian countries, increased demand for additional ETC lanes in previously traditional manual tolling systems is expected. With 3.38 million km in 2004, the road network in India ranks among the largest in the world. Only 2 % thereof account for national highways that, however, carry 40 % of the road freight traffic. In China, 52,000 km of highways were constructed between 1992 and 2002 and an additional 200,000 km are being planned.

The high funding requirements for the maintenance of the road infrastructure in the U.S.A. (Standard & Poor’s research estimates that until 2020 USD 92 billion would have to be spent each year for the maintenance of highways and bridges and an additional USD

125.6 billion for their improvement) will lead to changed business models and the emergence of private concession models in the near future. Whereas in Europe DSRC technology prevails, which operates in the 5.8 GHz range, ETC systems in North America currently operate at a frequency of 915 MHz based on proprietary protocols. It is expected that the U.S.A. will gradually switch to a frequency of 5.9 GHz. The communication standard 5.9 GHz WAVE (Wireless Access in the Vehicular Environment), apart from the tolling application, is designed to be used in car-to-car communication to improve traffic safety, expand traffic telematics solutions and for infotainment as well as entertainment. These developments will probably allow European manufacturers to increasingly penetrate the North American market.

2 Economic situation of the Group.

2.1 Business development

Revenues were at EUR 200.3 million in fiscal year 2008/09, up 8 % compared to the same period of the previous fiscal year (EUR 185.7 million) even against the background of the currently difficult situation on the international financial markets. The increase in revenues in the past fiscal year was driven by both large segments: Road Solution Projects (RSP) as well as Services, System Extensions, Components Sales (SEC) whereas the segment Others (OTH) declined compared to the previous year.

Kapsch TrafficCom continued its expansion strategy. With the acquisition of all of the assets of the “Mobility Solutions” business unit of California-based TechnoCom Corporation and the incorporation of Kapsch TrafficCom Holding Corp. as well as Kapsch TrafficCom U.S. Corp., the company now owns a development and a project realization entity in the U.S.A. In the European market, Kapsch TrafficCom strengthened its presence through the partnership with Busi Impianti S.p.A. and the establishment of the Kapsch-Busi joint venture in Italy. Kapsch-Busi S.p.A. willl focus on the market for city access control in Italy and achieved a first-time success only a few months after its establishment with orders in Bergamo, Cremona and Torino. In addition, Kapsch TrafficCom incorporated wholly-owned subsidiaries in Slovenia and Bulgaria for future projects. In Poland, Kapsch TrafficCom acquired a 25 % stake in the newly established Autostrada Wschodnia Sp. z o.o.

On 16 January 2009, Kapsch TrafficCom AG acquired 20.47 % of the outstanding shares in Q-Free ASA, a Norwegian company and competitor.

In the Czech Republic, road user charges are currently collected on around 1,000 km of highways and expressways and since 1 January 2008 on additional 200 km of expressways for all vehicles above 12 tons. Distance-related tolling is planned to be extended to all vehicles above 3.5 tons. In total, there are currently 378,000 OBUs in operation. In June 2008, the pilot installation for a satellite-based tolling system started operation and a telematics platform was implemented. Both systems are in pilot operation that is expected to last one year. The implementation of a traffic management system was concluded in October 2008.

Average performance rates on high levels in the Czech Republic and in Austria resulted in bonus payments in the past fiscal year 2008/09.

2.2 Results of operations

Revenues in the RSP segment increased by 21 % to EUR 56.8 million compared to EUR 47.0 million in the same period of the previous fiscal year. The increase primarily resulted from the project realization in New Zealand and in the Czech Republic.

The SEC (Services, System Extensions, Components Sales) segment increased revenues by 5 % from EUR 128.8 million to EUR 135.6 million. This positive development was primarily attributable to recurring revenues from the services in connection with the technical and commercial operation of the nationwide electronic truck tolling system in the Czech Republic and an increase in the volume of components sales, particularly on-board units (OBUs). At more than 2.7 million, the total volume of OBUs delivered in fiscal year 2008/09 increased by more than 7 % compared with nearly 2.5 million units in the previous fiscal year. The increase in OBU sales mainly resulted from Austria, Australia, France and Greece.

Revenue by segment (share in revenues)		2008/09		2007/08		+/- %	2006/07	
Road Solution Projects (RSP)								
Revenues	in million EUR	56.8	(28 %)	47.0	(25 %)	21 %	105.0	(53 %)
EBIT	in million EUR	-1.7		6.3		<-100 %	11.6	
Services, System Extensions, Components Sales (SEC)								
Revenues	in million EUR	135.6	(68 %)	128.8	(69 %)	5 %	80.6	(41 %)
EBIT	in million EUR	31.7		29.1		9 %	15.8	
Others (OTH)								
Revenues	in million EUR	8.0	(4 %)	10.0	(5 %)	-20 %	13.0	(7 %)
EBIT	in million EUR	-1.0		-0.4		<-100 %	-0.5	

The revenue composition at a ratio of 28 % RSP to 68 % SEC in the fiscal year 2008/09 was similar to the previous year (25 % to 69 %).

Revenue by region (share in revenues)		2008/09		2007/08		+/- %	2006/07	
Central- and Eastern Europe (incl. Austria)	in million EUR	139.3	(70 %)	124.2	(67 %)	12 %	157.3	(79 %)
Western Europe	in million EUR	21.3	(11 %)	17.6	(9 %)	21 %	12.9	(6 %)
Americas	in million EUR	14.0	(7 %)	18.8	(10 %)	-25 %	15.4	(8 %)
Rest of World	in million EUR	25.6	(12 %)	25.2	(14 %)	2 %	13.0	(7 %)

Revenues in CEE markedly increased compared to the previous fiscal year and represent approximately 70 % of total revenues. The increase in revenues in Western Europe largely results from the SEC segment and specifically from orders in France, Spain and Greece and from the joint venture in Italy. The reduction in revenues in Americas results from a project realization in Chile in the previous fiscal year.

In fiscal year 2008/09, EBIT declined by 17 % to EUR 29.0 million (2007/08: EUR 34.9 million). The EBIT margin was reduced from 18.8 % to 14.5 % and reached about the level of fiscal year 2006/07 (13.5 %). At EUR 78.1 million, cost of material and other production services remained nearly unchanged compared to the previous fiscal year although revenues increased. Staff costs increased by EUR 7.6 million and other operating expenses also increased by EUR 6.9 million compared to the previous fiscal year. Both increases are due to the increase of the headcount for the extension of capacity for future large projects, to the acquisitions or establishments of new companies in the U.S.A. and Italy and to the technical and commercial operation services for the nationwide electronic truck tolling system in the Czech Republic.

Due to a financial result of EUR -7.1 million (2007/08: EUR 7.9 million) resulting from currency losses and the impairment of certain short-term financial assets (securities), profit before tax decreased to EUR 21.9 million (2007/08: EUR 42.8 million) and profit after tax also decreased to EUR 16.4 million (2007/08: EUR 32.1 million).

2.3 Assets and liabilities

In the past fiscal year, the balance sheet total of Kapsch TrafficCom Group increased by 9 % from EUR 298.4 million to EUR 324.5 million. This increase primarily results from the change in short-term assets due to an increase of the inventories by EUR 8.5 million and an improvement of cash and cash equivalents by EUR 12.8 million. Within the non-current assets, property, plant and equipment increased by EUR 10.7 million due to the investment in production lines and the relocation of the companies in Vienna. The change in intangible assets mainly resulted from the acquisition of all of the assets of the "Mobility Solutions" business unit of TechnoCom Corporation and the newly formed joint venture Kapsch-Busi S.p.A. in Italy. The purchase of 20.47 % of the outstanding shares in Q-Free ASA led to an increase in the shares of associates to EUR 12.3 million. In contrast to this development, other non-current assets decreased by EUR 36.6 million due to the reduction of trade receivables in connection with the nationwide electronic tolling system in the Czech Republic.

On the liabilities side of the balance sheet, the increase of short-term liabilities reflects the increase of the balance sheet total. Short-term financial liabilities increased by EUR 31.8 million to EUR 49.2 million (31 March 2008: EUR 17.4 million) due to the financing of acquisitions and the long-term agreement on credit lines in connection with the financing in the Czech subsidiary. Kapsch TrafficCom Group thus showed an equity ratio of 41.4 % as of the balance sheet date 31 March 2009 (31 March 2008: 44.7 %).

2.4 Financial position

In the fiscal year 2008/09, the cashflow from operating activities could be improved to EUR 42.1 million (2007/08: EUR -10.5 million) due to a positive change in net current assets from EUR -72.4 million in the previous fiscal year to EUR -7.7 million in the fiscal year 2008/09.

Cashflow from investing activities was at EUR -44.8 million (2007/08: EUR -11.6 million) primarily due to acquisitions, to payments in connection with asset deals, to an increase of intangible assets and the purchase of tangible assets in connection with the relocation of the companies in Vienna as well as the expansion of the production.

Cashflow from financing activities was at EUR 19.3 million (2007/08: EUR 47.6 million) due to the positive development of current financial assets from EUR -4.3 million in the previous year to EUR 31.8 million in the fiscal year 2008/09. This development could not compensate the one-time effect of the IPO (EUR 65.8 million) in June 2007.

Cash and cash equivalents increased by EUR 12.8 million to EUR 60.2 million, as of 31 March 2009 (31 March 2008: EUR 47.4 million). Such cash and cash equivalents are available for further growth.

2.5 Non-financial performance indicators

Reliability and accuracy of installed ETC systems

The toll transaction rate is a ratio for the accuracy and reliability of a tolling system. It shows the number of successful transactions in relation to all potential toll collection transactions of vehicles equipped with a functioning on-board unit (OBU). A high toll transaction rate translates to maximum toll revenue.

In 2008, the average toll transaction rate of the existing truck tolling system in Austria amounted to approximately 99.7 %, slightly above the year 2007. [1]

During the same period, the average performance rate of the nationwide electronic tolling system in the Czech Republic (phase I) was approximately 98.2 %, up 0.7 % from the 97.5 % in 2007. [1]

Staff

In the fiscal year 2008/09, the average number of personnel in the Kapsch TrafficCom Group amounted to 898 persons. As of 31 March 2008, 946 persons were employed.

The Group places great importance on the continued training and education of its employees. In this context, not only is professional education and training promoted, but also seminars and training sessions for the development of one's own personality or ability to work in a team are offered. Within the framework of the Kapsch Academy, training sessions tailored to the particular needs of employees are offered. Selected employees are prepared for their future tasks by a management trainee program.

The Group has a job rotation program in place to promote the international exchange of staff between the various locations.

Depending on the years of service and profits, the company pays contributions for its employees to an external pension fund.

Furthermore, Kapsch TrafficCom Group currently has a profit participation program in place, by which the company provides its staff with the opportunity to share in the profit of the Kapsch Traffic Com Group.

Kapsch TrafficCom AG is certified pursuant to OHSAS 18001 for occupational health and safety and has implemented the necessary measures in its internal processes.

1 Calculation of the average performance rate is based on methodologies agreed with the respective; customer comparisons of average performance rates in different projects are therefore limited.

Environment
Valid certificates for quality pursuant to ISO 9001 and environment pursuant to ISO 14001 are in place. For the future, it is planned to meet the social responsibility to an even higher degree, in particular to use natural resources even more economically and responsibly.

Corporate social responsibility
Living up to its socio-political responsibility, the entire Kapsch Group supports – organized by Kapsch AG – a number of contemporary art and cultural institutions or projects and selected training initiatives, as well as extensive social measures. The company shows this attitude not only to the outside. Employees of Kapsch TrafficCom Group also appreciate this sustained social responsibility of the company which is manifested in the form of many programs and measures.

2.6 Risk management

As a technology company, Kapsch TrafficCom Group operates in an ever changing environment. Risks are therefore part of its day-to-day business. Risk for the company means the possibility of divergence from company objectives; thus, the definition of risk includes positive (chances) as well as negative (risks) divergences from planned objectives.

Risk management system
Risk management has been positioned as a separate function within the finance department of Kapsch TrafficCom AG. Under the responsibility of a central risk manager, risk management in institutionalized processes collects and analyses all relevant chances and risks of the Group's projects and provides the basis for the timely planning and implementation of control measures. It is planned to gradually develop risk management into a company-wide chance and risk management. 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 of the 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 Kapsch TrafficCom Group is generated in the Road Solution Projects (RSP) segment. In this segment, the Group regularly participates in tenders for the implementation and operation of large electronic toll collection (ETC) systems. On the one hand, there is the risk that tenders in which the Group participates or plans to participate are delayed or withdrawn, e.g., as a result of political changes or appeals or legal actions by unsuccessful bidders. On the other hand, there is the risk that Kapsch TrafficCom Group does not succeed with offers for new projects for technological, financial, formal or other reasons. Follow-up revenues from maintenance agreements and from the technical operation also depend on the successful participation in tenders for systems.

The strategy of Kapsch TrafficCom Group is aimed at reducing the volatility of sales/revenues through increased geographic diversification and increased diversification of the product portfolio as well as the sustained growth of the share of maintenance and operations.

Risks of project execution

In connection with the implementation of systems, Kapsch TrafficCom Group most of the times is obliged by contract to issue performance guarantees. Since ETC systems are frequently sophisticated and technologically complex systems and have to be implemented within a short time frame, system and product defects can occur due to the limited time available for tests. In case the guaranteed performance levels are not achieved or deadlines exceeded, penalties usually have to be paid. A significant delay in a project or failure to achieve guaranteed performance levels in a project would also reduce the chances of success in future tenders for systems.

Kapsch TrafficCom Group applies risk management methods and risk management procedures in order to guard against risks associated with projects.

Long-term contracts with public authorities

In numerous systems, the awarding authorities are public authorities. Framework and service contracts in connection with tolling projects may include terms and conditions which are not negotiable in a tender process and which may be disadvantageous for the Kapsch TrafficCom Group. Moreover, in the case of long-term contracts, the margins earned can also differ from the original calculations due to changes in costs. Liabilities arising from contracts of the Group may include liabilities regarding customers' loss of profit, product liabilities and other liabilities.

While Kapsch TrafficCom Group aims to include appropriate limitations to its liability in contracts, there can, however, be no guarantee that sufficient limitations to its liability are contained in all contracts or that they can be enforced under applicable law.

Strategic risks

Innovation leadership

The leading 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. In order to maintain its technological leadership, 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 the competitive position of the Kapsch TrafficCom Group. Since its innovation leadership is, to a large degree, based on technology, the company's 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 default in protecting these technologies may have a negative impact on the competitive position of the Group. On the other hand, systems, components, products or services could infringe on 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., by means of patents and non-disclosure agreements with other parties. In order to avoid legal action and court proceedings, the Kapsch TrafficCom Group permanently monitors potential intellectual property rights infringements.

Acquisition and integration of companies as a part of the company's growth

One of the strategic objectives of the Kapsch TrafficCom Group is to grow internationally both organically and through selected acquisitions and joint ventures. In the implementation of this strategy, the Group acquired several companies worldwide and integrated them into the Group. However, a number of challenges remain in connection with this growth strategy and it cannot be guaranteed that the objectives and synergies will be fully reached in all future acquisitions and joint ventures.

Financial risks

Foreign exchange risk

The Group maintains branches, offices and subsidiaries in several countries outside the Euro zone. A considerable part of revenues and costs is not denominated in Euro, but in the currencies of the respective foreign companies. Although the Group, if required, aims to hedge the net currency position of the individual contract, currency fluctuations may result in losses from changes in exchange rates in the consolidated financial statements (transaction risk). In addition, risks arise from the translation of foreign separate financial statements into the group currency, the euro (translation risk). Changes in exchange rates may also result in a change in the competitive position of Kapsch TrafficCom Group.

Interest rate risk

Under project financing, variable interest rates are also regularly entered into, which are tied to market interest rates (Euribor, Pribor etc.). In this context, the Kapsch TrafficCom Group is exposed to interest rate risks. The Kapsch TrafficCom Group hedges against interest rate risks, if material, through appropriate financial instruments.

Personnel risks

The success of the Kapsch TrafficCom Group depends heavily on key personnel with long years of experience in the traffic telematics industry. Moreover, in the current strong growth phase of the Group, its ability to recruit qualified staff and, to integrate them into the company and retain them in the long term is crucial. The loss of key personnel, any problems with 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 deal with personnel risks, such as incentive schemes, training opportunities, etc. In addition, employees were offered shares at a preferential price in the initial public offering under an employee participation program. A considerable number of employees made use of this opportunity.

Legal risks

The market for ETC systems is influenced by numerous statutory provisions at the EU level and at the level of national legislation.

IT risks

As a technology group, the Kapsch TrafficCom Group is exposed to typical IT risks relating to security, confidentiality and availability of data. For this reason, Kapsch TrafficCom AG has implemented an IT risk management system set according to the corporate risk and IT security application method (CRISAM) and has been certified pursuant to ISO 27001 (Information Security Management).

Summary assessment of the Group's risk situation

From a current perspective, no risks have been identified that could endanger the going concern of the Kapsch TrafficCom Group. Increasing geographic diversification, the diversification of its product portfolio, together with a rising portion of recurring revenues (further growth of the Services, System Extensions, Components Sales segment) are planned to further reduce risk concentrations in the future.

2.7 Research and development

Kapsch TrafficCom has a network of research and development centers in Vienna (Austria), Jönköping (Sweden), Buenos Aires (Argentina) and Carlsbad (California, U.S.A.). The research and development centers are organized as competence centers. Research and development activities are being coordinated from the headquarters in Vienna. As of 31 March 2009, Kapsch Traffic Com employed approximately 210 research and development engineers in its research and development activities, including project management for research projects, quality assurance and testing, documentation and certification (as of 31 March 2008: approximately 170).

Research and development activities and in particular the knowledge on as well as the application of newest technologies based on national and international standards, are a high priority for Kapsch TrafficCom in light of its business development and support to enter new markets. The current focus is on countries, such as the U.S.A., South Africa and India. In order to meet the high expectation of the market, especially to address the rising demand of time-to-market, research and development activities are often accompanied by acquisitions. The acquisition of the assets of the "Mobility Solutions" business unit of TechnoCom Corporation, resulted in an extension of the research and development centers.

Kapsch TrafficCom focuses its activities primarily on new, innovative applications and applied research and development for all kinds of telematics solutions. The research and development activities in some areas are complemented by joint projects and close cooperation with universities, public and private institutes and technology and research companies.

Successful research and development is the foundation for the sustained improvement of existing products and systems and the continuous reduction of production, installation, operations and maintenance costs, all of which are essential for maintaining our technological and competitive advantage.

Research costs are recognized as expense. The same applies to development costs, unless IFRS criteria for the recognition as intangible assets are satisfied. As the income statement is presented by nature of expense, research and development costs are recognized in various items of the income statement, in particular under cost of material and other production services, staff costs and other operating expenses.

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

1. The registered share capital of Kapsch TrafficCom AG amounts to EUR 12,200,000 and is fully paid in. It is divided into 12,200,000 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 2009, approximately 31.6 % of the shares in Kapsch TrafficCom AG have been in free float. As of 31 March 2009, KAPSCH-Group Beteiligungs GmbH held approximately 68.4 % of the shares. KAPSCH-Group Beteiligungs GmbH is a wholly-owned subsidiary of DATAX HandelsgmbH, the shares of which are held in equal parts 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 2009, no other shareholder held more than 5 % of the voting rights in Kapsch TrafficCom AG.
4. None of the shares conveys 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 management board and the supervisory board.
7. The company has an authorized capital *("genehmigtes Kapital")* of EUR 800,000. The subscription rights of the shareholders have been excluded in respect of such authorized capital. The management board may, with the approval of the supervisory board, make use of the existing authorized capital.
8. No agreements have been entered into which become effective when a takeover bid for shares in the company is launched.
9. There are no agreements between Kapsch TrafficCom AG and members of the management board or the supervisory board or employees which become effective when a takeover bid for shares in the company is launched.

2.9 Outlook and targets

With the fiscal year 2009/10 in mind, the company takes an optimistic long-term view on its markets even in a changed economic environment. The fiscal year 2009/10 will be shaped by participation in tenders and by project awards in Hungary, Slovenia, France, Portugal, South Africa, and in the U.S.A.

2.10 Material events after the balance sheet date

Repurchase of minority interests

On 9 April 2009, Kapsch TrafficCom AG acquired 19 % of the shares of Brisa Internacional, SGPS, S.A., Sao Domingos da Rana, in Kapsch Telematic Services GmbH for a purchase price of EUR 2.3 million. In addition, another 7 % of the shares in Kapsch Telematic Services GmbH were acquired indirectly through acquisition of BRISA ACCESS Europe GmbH, Vienna, for a purchase price of EUR 1.9 million.

Incorporation of subsidiaries

On 7 April 2009, Kapsch TrafficCom Kazakhstan LLC, Astana, was incorporated as a wholly-owned subsidiary of Kapsch TrafficCom AG in Kazakhstan.

Vienna, 15 May 2009

Georg Kapsch
Chief Executive Officer

Erwin Toplak
Chief Operating Officer

Statement of all Members of the Management Board.

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

As members of the Board we hereby 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 the group faces.

Vienna, 15 May 2009

Georg Kapsch
Chief Executive Officer

Erwin Toplak
Chief Operating Officer

Consolidated Financial Statements as of 31 March 2009.

Consolidated income statement.

all amounts in EUR	Note	2008/09	2007/08
Continuing Operations			
Revenue	(1)	**200,281,637**	**185,734,678**
Other operating income	(2)	2,612,709	5,194,394
Changes in finished and unfinished goods and work in progress	(3)	4,656,943	6,667,081
Other own work capitalized		145,729	0
Cost of materials and other production services	(4)	-78,143,939	-78,647,198
Staff costs	(5)	-54,637,097	-46,969,222
Amortization of intangible assets and depreciation of property, plant and equipment	(6)	-6,031,349	-4,092,312
Other operating expenses	(7)	-39,882,867	-32,967,747
Operating result		**29,001,766**	**34,919,674**
Finance income	(8)	12,076,245	13,898,949
Finance costs	(8)	-19,211,633	-6,009,417
Financial result	(8)	-7,135,388	7,889,532
Result from associates	(13)	0	-51,152
Profit before income taxes		**21,866,378**	**42,758,054**
Income taxes	(9)	-5,498,770	-10,698,610
Profit for the year		**16,367,608**	**32,059,444**
Attributable to:			
Equity holders of the company		12,976,941	30,412,759
Minority interests		3,390,667	1,646,685
		16,367,608	**32,059,444**
Earnings per share from the profit for the year attributable to the equity holders of the company (in EUR per share)	(31)	**1.06**	**2.60**

The consolidated financial statements of Kapsch TrafficCom AG as of 31 March 2009 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	2008/09	2007/08
ASSETS			
Non-current assets			
Property, plant and equipment	(11)	16,886,895	6,191,728
Intangible assets	(12)	26,089,490	8,593,152
Shares in associates	(13)	12,302,472	0
Other non-current financial assets and investments	(14)	3,784,450	3,405,449
Other non-current assets	(15)	18,423,234	55,005,342
Deferred tax assets – due from tax group leader	(22)	1,300,938	2,399,361
Deferred tax assets – non-tax group	(22)	6,940,884	4,880,464
		85,728,363	**80,475,496**
Current assets			
Inventories	(16)	34,219,784	25,734,379
Trade receivables and other current assets	(17)	140,408,909	135,837,086
Other current financial assets	(14)	3,945,728	8,895,252
Cash and cash equivalents	(18)	60,229,653	47,428,544
		238,804,074	**217,895,261**
Total assets		**324,532,437**	**298,370,757**
EQUITY			
Capital and reserves attributable to equity holders of the company			
Share capital	(19)	12,200,000	12,200,000
Capital reserve		70,077,111	70,077,111
Currency translation differences		-3,809,749	220,011
Fair value valuation reserve	(20)	-145,873	-971,375
Consolidated retained earnings and other reserves		51,724,779	49,727,838
		130,046,268	**131,253,585**
Minority interests		**4,193,524**	**2,123,011**
Total equity		**134,239,792**	**133,376,596**
LIABILITIES			
Non-current liabilities			
Non-current financial liabilities	(21)	10,060,250	10,581,243
Liabilities from post-employment benefits to employees	(23)	14,214,016	14,088,937
Non-current provisions	(26)	524,042	1,693,548
Other non-current liabilities	(24)	14,773,324	26,149,682
Deferred income tax liabilities – due to tax group leader	(22)	1,653,383	1,607,668
Deferred income tax liabilities – non-tax group	(22)	217,025	447,171
		41,442,040	**54,568,249**
Current liabilities			
Trade and other current payables		56,253,018	39,049,926
Other liabilities and deferred income	(25)	25,316,061	29,485,680
Current tax payables		7,449,143	6,258,677
Current financial liabilities	(21)	49,209,541	17,381,784
Current provisions	(26)	10,622,842	18,249,845
		148,850,605	**110,425,912**
Total liabilities		**190,292,645**	**164,994,161**
Total equity and liabilities		**324,532,437**	**298,370,757**

The consolidated financial statements of Kapsch TrafficCom AG as of 31 March 2009 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**	**Currency translation differences**	**Fair value reserve**	**Consolidated retained earnings and other reserves**		
Carrying amount as of 31 March 2007	**10,000,000**	**5,325,259**	**914,309**	**-114,371**	**29,130,494**	**339,556**	**45,595,247**
Currency translation differences	0	0	-694,298	0	0	136,770	-557,528
Fair value gains/losses realized	0	0	0	-51,817	0	0	-51,817
Fair value gains/losses (net of tax)	0	0	0	-805,187	0	0	-805,187
Net income/expense recognized directly in equity	*0*	*0*	*-694,298*	*-857,004*	*0*	*136,770*	*-1,414,532*
Capital increase from initial public offering	2,200,000	0	0	0	0	0	2,200,000
Premium from initial public offering less expenses relating to the initial public offering	0	64,751,852	0	0	0	0	64,751,852
Effects of business combinations	0	0	0	0	184,585	0	184,585
Dividend for 2006/07	0	0	0	0	-10,000,000	0	-10,000,000
Profit for the year	0	0	0	0	30,412,759	1,646,685	32,059,444
Carrying amount as of 31 March 2008	**12,200,000**	**70,077,111**	**220,011**	**-971,375**	**49,727,838**	**2,123,011**	**133,376,596**
Currency translation differences	0	0	-4,029,760	0	0	-262,136	-4,291,896
Fair value gains/losses realized	0	0	0	1,003,795	0	0	1,003,795
Fair value gains/losses (net of tax)	0	0	0	-178,292	0	0	-178,292
Net income/expense recognized directly in equity	*0*	*0*	*-4,029,760*	*825,503*	*0*	*-262,136*	*-3,466,393*
Dividend for 2007/08	0	0	0	0	-10,980,000	-1,058,019	-12,038,019
Profit for the year	0	0	0	0	12,976,941	3,390,667	16,367,608
Carrying amount as of 31 March 2009	**12,200,000**	**70,077,111**	**-3,809,749**	**-145,872**	**51,724,779**	**4,193,523**	**134,239,792**

The consolidated financial statements of Kapsch TrafficCom AG as of 31 March 2009 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 cash flow statement.

all amounts in EUR	Note	2008/09	2007/08
Cash flow from operating activities			
Operating result		29,001,765	34,919,674
Adjustments for non-cash items and other reconciliations:			
Depreciation and amortization	(6)	6,031,349	4,092,312
Increase/decrease in obligations for post-employment benefits	(23)	125,079	-463,451
Change in other non-current liabilities and provisions	(24)	-39,109	9,141
Increase in trade receivables (non-current)	(15)	36,613,599	26,679,092
Increase in trade payables (non-current)	(24)	-11,376,358	-663,820
Other (net)		-3,479,570	6,364,155
		56,876,755	**70,937,103**
Changes in net current assets:			
Increase/decrease in trade receivables and other assets	(17)	-4,571,823	-59,810,410
Increase/decrease in inventories	(16)	-8,485,405	-5,834,616
Increase/decrease in trade payables and other current payables		13,033,471	-10,615,016
Increase/decrease in current provisions	(26)	-7,627,003	3,848,830
		-7,650,760	-72,411,212
Cash flow from operations		**49,225,995**	**-1,474,109**
Interest received	(8)	2,025,158	2,082,913
Interest payments	(8)	-3,698,830	-3,940,442
Net payments of income taxes		-5,454,731	-7,445,292
Net cash flow from operating activities – continuing operations		42,097,592	-10,776,930
Net cash flow from operating activities – discontinued operations	(30)	0	257,992
Net cash flow from operating activities – total		**42,097,592**	**-10,518,938**

The consolidated financial statements of Kapsch TrafficCom AG as of 31 March 2009 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.

all amounts in EUR	Note	31 March 2009	31 March 2008
Cash flow from investing activities			
Purchase of property, plant and equipment	(11)	-17,542,971	-3,441,286
Purchase of non-current intangible assets	(12)	-4,687,266	-582,231
Purchase of securities and investments	(14)	-383,060	-30,548,455
Payments for acquisition of companies (net of cash acquired)	(28)	-11,570,796	-74,790
Payments for the acquisition of shares in companies consolidated at equity	(13)	-12,302,472	0
Proceeds from the sale of shares in subsidiaries		0	1,090,909
Proceeds from the disposal of property, plant and equipment and intangible assets		1,703,650	1,156,499
Proceeds from the sale of securities		13,358	20,800,756
Net cash flow from investing activities – continuing operations		-44,769,557	-11,598,598
Net cash flow from investing activities – discontinued operations	(30)	0	0
Net cash flow from investing activities – total		**-44,769,557**	**-11,598,598**
Cash flow from financing activities			
Contributions from shareholders		0	65,802,469
Dividends paid to company shareholders	(8)	-12,038,019	-13,500,000
Increase/decrease in other non-current financial liabilities	(8)	-520,993	758,684
Increase/decrease in current financial liabilities	(21)	31,827,758	-4,275,183
Net cash flow from financing activities – continuing operations		19,268,746	48,785,970
Net cash flow from financing activities – discontinued operations	(30)	0	-1,166,666
Net cash flow from financing activities – total		**19,268,746**	**47,619,304**
Net decrease/increase in cash and cash equivalents		**16,596,781**	**25,501,768**
Change in cash and cash equivalents			
Cash and cash equivalents at beginning of year	(18)	47,428,544	20,183,189
Net decrease/increase in cash and cash equivalents		16,596,781	25,501,768
Exchange gains/losses on cash and cash equivalents		-3,795,672	1,743,507
Cash and cash equivalents at end of year	(18)	**60,229,653**	**47,428,544**

The consolidated financial statements of Kapsch TrafficCom AG as of 31 March 2009 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.

Notes to the consolidated financial statements.

General information.

Kapsch TrafficCom Group is an international supplier of innovative road traffic telematics solutions.

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

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

The 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 and operation) and components in the area of road traffic telematics solutions.

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

Effective as of March 8, 2007, the Group disposed of significantly all of its railway communication business that was previously included in the Services, System Extensions, Components Sales segment. In accordance with IFRS 5, the result (all revenues and costs) attributable to the disposed railway communication business in the periods under review is shown as “discontinued operations”.

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 KAPSCH-Group Beteiligungs GmbH reduced its share in Kapsch TrafficCom AG to 69.67 %. In the fiscal year ending 31 March 2009 this share was further reduced to 68.42 % as a result of changes in share ownership.

Consolidated group.

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

The following subsidiaries are part of the consolidated group:

- ArtiBrain Software Entwicklungsgesellschaft mbH, Vienna
- DPS Automation Chile S.A., Chile
- Kapsch Components GmbH, Vienna
- Kapsch Components KG, Vienna
- Kapsch Telematic Services GmbH, Vienna

The consolidated financial statements of Kapsch TrafficCom AG as of 31 March 2009 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.

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

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 2009 have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union (EU). Presentation currency is the Euro (EUR). The consolidated financial statements as of 31 March 2009 are prepared under the historical cost convention, with the exception of available-for-sale securities and derivative financial instruments, which are measured at fair value at the balance sheet date.

The preparation of the consolidated financial statements in conformity with IFRS requires the use of estimates and assumptions which influence the amount and presentation of assets and liabilities reported at the balance sheet date, and income and expenses recorded during the reporting period. Although these estimates are made by the Management 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 judgement or complexity, or areas where assumptions and estimates are material to the consolidated financial statements are disclosed in Note 21.

The consolidated financial statements of Kapsch TrafficCom AG as of 31 March 2009 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.

a) **Amendments of standards, effective from 2008**

IAS 39 (Amendment), "Financial instruments: Recognition and measurement" and IFRS 7 "Financial instruments: Disclosures" – Reclassification of financial assets (effective from 1 July 2008). The application of this amendment does not have an impact on the consolidated financial statements, since the company did not apply the reclassification option.

b) **New standards, interpretations and amendments to published standards adopted by the European Union**

IFRS 8 "Operating segments" (mandatory for accounting periods beginning on or after 1 January 2009). IFRS 8 replaces IAS 14 and results from the comparison of IAS 14 "Segment reporting" and the requirements of the U.S.A. Standard SFAS 131, "Disclosures about segments of an enterprise and related information". The new standard requires a "management approach", under which segment information is presented on the same basis as that used for internal reporting purposes of management. The company will adopt IFRS 8 "Operating segments" for accounting periods beginning on or after 1 April 2009. The Group's management assumes that the current primary segments will become the reporting segments according to IFRS.

IFRIC 11 "IFRS 2 – Group and treasury share transactions" was adopted by the European Union in June 2007 and is mandatory for accounting periods beginning on or after 1 March 2008. IFRIC 11 provides guidance on whether share-based transactions involving treasury shares or involving group entities should be accounted for as equity-settled or cash-settled share-based payment transactions in the stand-alone accounts of the parent and group companies. This interpretation will not have an impact on the company's consolidated financial statements.

IFRIC 13 "Customer loyalty programmes" (mandatory for accounting periods beginning on or after 1 January 2009). IFRIC 13 is not applied by the company, since the business processes of the company do not include any customer loyalty programmes.

IFRIC 14 "IAS 19 – The limit on a defined benefit asset, minimum funding requirements and their interaction" (mandatory for accounting periods beginning on or after 1 January 2009). This interpretation is not expected to have an impact on the company's consolidated financial statements.

IFRS 1 (Revised), "First-time adoption of IFRS" and IAS 27 (Amendments) "Consolidated and separate financial statements" – Cost of an investment in a subsidiary in the separate financial statements of a parent on first-time adoption of IFRS (mandatory for accounting periods beginning on or after 1 January 2009). The amendment does not have an impact on the consolidated financial statements of the company.

IAS 1 (Amendment), "Presentation of financial statements" replaces the existing IAS 1 (mandatory for accounting periods beginning on or after 1 January 2009). The company will apply IAS 1 (Amendment) for the accounting period beginning on 1 April 2009.

IFRS 2 (Amendment), "Share-based payment" (mandatory for accounting periods beginning on or after 1 January 2009). This amendment does not have an impact on the consolidated financial statements of the company.

IAS 23 (Amendment), "Borrowing costs" (mandatory for accounting periods beginning on or after 1 January 2009). The company currently does not have any qualifying assets requiring the capitalization of borrowing costs.

IAS 32 (Amendment), "Financial instruments: Presentation" and IAS 1 (Amendment) "Presentation of financial statements" – "Puttable financial instruments and obligations arising on liquidation" (the "Amendment"). The company will adopt these amendments in the accounting period beginning on 1 April 2009.

IFRIC 12 "Service concession arrangements" (mandatory for accounting periods beginning on or after 1 January 2008). IFRIC 12 is not relevant to the company's operations, since it does not operate in the public sector.

Under the annual improvements project of the IASB a total of 20 standards were amended in May 2008. The amendments included the following:

IFRS 5 (Amendment), “Non-current assets held for sale and discontinued operations” and consequential amendment to IFRS 1 “First-time adoption of International Financial Reporting Standards” – Plan to dispose of shares in a subsidiary, which results in the loss of control (mandatory for accounting periods beginning on or after 1 July 2009). The company will apply these amendments for accounting periods beginning on or after 1 April 2009.

IAS 23 (Amendment), “Borrowing costs” (mandatory for accounting periods beginning on or after 1 January 2009) – Components of borrowing costs. The company currently does not have any qualifying assets requiring the capitalization of borrowing costs.

IAS 16 (Amendment), “Property, plant and equipment” (mandatory for accounting periods beginning on or after 1 January 2009).
- Sale of assets held for rental,
- and recoverable amount.

The company will apply the amendments in the accounting period beginning on 1 April 2009.

IAS 19 (Amendment), “Employee benefits” (mandatory for accounting periods beginning on or after 1 January 2009).
- Plan curtailments and negative past service cost
- Expenses for the administration of the plan
- Term “fall due” is replaced by “due to be settled”
- Contingent liabilities.

The company will apply these amendments in the accounting period beginning on 1 April 2009.

IAS 20 (Amendment), “Accounting for government grants and disclosure of government assistance” (mandatory for accounting periods beginning on or after 1 January 2009) – Accounting for below-market rate government loans. The company will apply these amendments prospectively in the accounting period beginning on 1 April 2009.

IAS 27 (Amendment), “Consolidated and separate financial statements” – Measurement of subsidiaries held for sale in the separate financial statements of the parent company (mandatory for accounting periods beginning on or after 1 January 2009). The amendment does not have an impact on the consolidated financial statements.

IAS 28 (Amendment), “Investments in associates” (mandatory for accounting periods beginning on or after 1 January 2009).
- Prohibition of reversal of impairment and goodwill
- Disclosures on investments in associates and joint ventures

The company will apply these amendments in the accounting period beginning on 1 April 2009.

IAS 29 (Amendment), “Financial reporting in hyperinflationary economies” (mandatory for accounting periods beginning on or after 1 January 2009) – Description of the measurement basis in financial statements. The amendment does not have an impact on the consolidated financial statements.

IAS 36 (Amendment), “Impairment of assets” (mandatory for accounting periods beginning on or after 1 January 2009) – Disclosures in the notes on the determination of the recoverable amount based on the FVLCTS. The company will apply these amendments in the accounting period beginning on 1 April 2009.

IAS 38 (Amendment), “Intangible assets” (mandatory for accounting periods beginning on or after 1 January 2009).

- Advertising and sales promotion
- Amortization method to be used

The amendment does not have an impact on the consolidated financial statements.

IAS 39 (Amendment), “Financial instruments: Recognition and Measurement” (mandatory for accounting periods beginning on or after 1 January 2009).

- Reclassification of financial instruments to or from the category “at fair value through profit or loss”
- Adjustment of the effective interest rate
- Hedging relationship and segment reporting

The company will apply these amendments in the accounting period beginning on 1 April 2009.

IAS 40 (Amendment), “Investment property” (mandatory for accounting periods beginning on or after 1 January 2009).

- Property that is under construction or development for future use as investment property.
- Fair value cannot be measured reliably.

The amendment does not have an impact on the consolidated financial statements.

IAS 41 (Amendments) “Agriculture” (mandatory for accounting periods beginning on or after 1 January 2009).

- Additional biological transformations in the calculation of the fair value
- Market interest rate in the discounting of future cash flows (permitted use of an after-tax interest rate).

The amendments do not have an impact on the consolidated financial statements.

The following amendments to standards (mandatory for accounting periods beginning on or after 1 January 2009) under the IASB’s improvements project of May 2008 relate to changes in wording or editing, which have no or only insignificant effects on accounting:

- IFRS 7 (Amendment) “Financial instruments: Disclosures” – Presentation of the financial result
- The amendment of IAS 8 “Accounting policies, changes in accounting estimates and errors” – guidelines
- IAS 10 (Amendment) “Events after the reporting period” – Dividends approved after the balance sheet date, but before the financial statements were authorized for publication
- IAS 18 (Amendment) “Revenue” – Cost of floating a loan
- IAS 20 (Amendment) “Accounting for government grants and disclosure of government assistance” with regard to the terms contained to other IFRS
- IAS 29 (Amendment) “Financial reporting in hyperinflationary economies” – Adjustment of terms
- IAS 34 (Amendment) “Interim financial reporting” – Earnings per share
- IAS 40 (Amendment) “Investment property” – Adjustment to the terminology of IAS 8
- IAS 40 (Amendment) “Investment property” – Property held as investment property
- IAS 41 (Amendment) “Agriculture” – Adjustment in terminology
- IAS 41 (Amendment) “Agriculture” – Modification of an example

The amendments do not have an impact on the consolidated financial statements.

c) **Standards, interpretationen and amendments to published standards not yet adopted by the European Union**

The following standards, interpretations and amendments have already been published, but not yet adopted by the European Union:

IFRS 3 (Revised) “Business combinations” and IAS 27 (Amendments) “Consolidated and separate financial statements” (mandatory for accounting periods beginning on or after 1 July 2009). In case of future business combinations that fall under the scope of this standard, the company will apply the amended standards for accounting periods beginning on or after 1 July 2009.

IFRS 1 (Amendment) “First-time adoption of International Financial Reporting Standards” (mandatory for accounting periods beginning on or after 1 January 2009). The adoption of this amendment does not have an impact on the consolidated financial statements of the company.

IAS 39 (Amendment) “Financial instruments: Recognition and measurement” – permissible underlying transactions under hedging relationships (revised July 2008 – mandatory for accounting periods beginning on or after 1 July 2009). The adoption of this amendment to the standard will not have an impact on the consolidated financial statements of the company.

IFRIC 15 “Agreements for construction of real estates” (mandatory for accounting periods beginning on or after 1 January 2009). The adoption of this interpretation does not have an impact on the consolidated financial statements of the company.

IFRIC 16 “Hedges of a net investment in a foreign operation” (mandatory for accounting periods beginning on or after 1 October, 2008). The adoption of this interpretation will not have an impact on the consolidated financial statements of the company.

IFRIC 17 “Distributions of non-cash assets to owners” (mandatory for accounting periods beginning on or after 1 July 2009). The adoption of this interpretation does not have an impact on the consolidated financial statements of the company.

IFRIC 18 “Transfers of assets from customers” (mandatory for accounting periods beginning on or after 1 July 2009). The adoption of this interpretation does not have an impact on the consolidated financial statements of the company.

Amendments to IFRIC 9 “Reassessment of embedded derivatives” and IAS 39 “Financial instruments: Recognition and measurement” – Embedded derivatives (mandatory for accounting periods beginning on or after 1 July 2009). The adoption of this interpretation does not have an impact on the consolidated financial statements of the company.

IFRS 7 (Amendment) “Financial instruments: Disclosures” – Improvement of the presentation of disclosures on financial instruments (mandatory for accounting periods beginning on or after 1 January 2009). The amendments provide for additional disclosures on the measurement of financial instruments at fair value and on the liquidity risks. The impact expected from this amendment cannot yet be assessed reliably.

IAS 39 (Amendment) “Financial instruments: Recognition and measurement” – Reclassification of financial assets: Effective date and transitional provisions (mandatory for accounting periods beginning on or after 1 January 2009). The amendment clarifies the effective date, the previous application and the transition. The amendment does not have an impact on the consolidated financial statements.

d) Under the annual improvements project of the IASB a total of 10 standards and 2 interpretations were amended in April 2009.

- IFRS 2 “Share-based payment” (mandatory for accounting periods beginning on or after 1 July 2009).
- IFRS 5 “Non-current assets held for sale and discontinued operations” (mandatory for accounting periods beginning on or after 1 January 2010).
- IFRS 8 “Operating segments” (mandatory for accounting periods beginning on or after 1 January 2010).
- IAS 1 “Presentation of financial statements” (mandatory for accounting periods beginning on or after 1 January 2010).
- IAS 7 “Cash flow statements” (mandatory for accounting periods beginning on or after 1 January 2010).
- IAS 17 “Leases” (mandatory for accounting periods beginning on or after 1 January 2010).
- IAS 18 “Revenue” (Improvement 2009).
- IAS 36 “Impairment of assets” (mandatory for accounting periods beginning on or after 1 January 2010).
- IAS 38 “Intangible assets” (mandatory for accounting periods beginning on or after 1 July 2009).
- IAS 39 “Financial assets: Recognition and measurement” (mandatory for accounting periods beginning on or after 1 January 2010).
- IFRIC 9 “Reassessment of embedded derivatives” (mandatory for accounting periods beginning on or after 1 July 2009).
- IFRIC 16 “Hedges of a net investment in a foreign operation” (mandatory for accounting periods beginning on or after 1 July 2009).

The adoption of these amendments is not expected to have a material impact on the consolidated financial statements of the company.

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

2 Consolidation.

a) Subsidiaries

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

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

The consolidated financial statements of Kapsch TrafficCom AG as of 31 March 2009 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.

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

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

b) Associates

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

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

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

c) Transactions and balances

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

3 Currency translation.

a) Translation of financial statements in foreign currencies

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

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

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

b) Foreign currency transactions

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

4 Financial instruments and risk management.

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

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

a) Foreign exchange risk

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

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

If the exchange rate of the stated currencies as of 31 March 2009 (31 March 2008) had changed by the percentage rate ("volatility") stated below, the profits before tax, provided all other variables had remained unchanged, would have been higher or lower, respectively, by the following amounts.

Currency	**Volatility**	**Hypothetical impact on result in TEUR**	
		2008/09	2007/08
CZK	10 %	1,895	8,022
SEK	10 %	102	38
USD	10 %	201	0

b) Interest rate risk

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

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

For variable-interest balance sheet items, the risk relates to the cash flow. With variable-interest financial instruments, adjustments in the interest rates may result from changes in the market rates. Such changes would entail changes in interest payments. Variable-interest (both short-term and long-term) financial liabilities account for the major part of financial interest balance sheet items. If the market interest rate had been 100 basis points higher (lower) as of 31 March 2009, 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.

c) Credit risk

As part of the Group's risk management policy, the Group only deals with recognized creditworthy third parties, and implements policies to ensure that the Group sells to customers with appropriate credit histories. In addition, the Group monitors its receivables balances on an ongoing basis in order to limit its exposure to bad debts. Certain of the Group's policies limit the amount of its credit exposure to any financial institution, depending on the rating of the institution.

d) Liquidity risk

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

e) Capital management

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

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

in TEUR	2008/09	2007/08
Non-current financial liabilities	10,060	10,581
Current financial liabilities	49,210	17,382
Total financial liabilities	59,270	27,963
Cash on hand and at banks	60,230	47,429
Current securities	3,946	8,895
Net assets	5,042	28,361
Equity	134,240	133,377
Net gearing	n/a	n/a

At the balance sheet date 31 March 2009, mainly due to the initial public offering carried out in 2007, the company had net assets (excess of cash and cash equivalents, bank balances and current securities over financial liabilities) so that the net gearing cannot be calculated. The net assets are retained with regard to planned acquisitions and the financing of future projects.

5 Research and development costs.

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

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

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

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

6 Intangible assets.

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

7 Other financial assets.

a) Securities

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

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

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

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

b) Other Investments

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

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

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

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

8 Property, plant and equipment.

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

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

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

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

9 Leases.

a) Finance leases – Accounting for leasing agreements from the lessee's perspective
Leasing agreements by which the Group as lessee assumes substantially all risks and rewards associated with the use of an asset are accounted for as finance leases.

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

b) Operating leases – Accounting for leasing agreements from the lessee's perspective
Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease.

10 Government grants.

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

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

11 Inventories.

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

12 Construction contracts.

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

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

13 Trade receivables.

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

14 Cash and cash equivalents.

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

15 Other provisions.

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

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

16 Employee benefits.

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

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

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

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

17 Deferred income tax.

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

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

The consolidated financial statements of Kapsch TrafficCom AG as of 31 March 2009 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.

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

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

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

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

18 Liabilities.

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

19 Contingent liabilities.

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

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

20 Revenue recognition.

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

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

Other revenue is recognized by the Group as follows:

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

21 Critical accounting estimates and assumptions.

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

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

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

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

22 Segment information.

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns which are different from those of other business segments.

A geographical segment is engaged in providing products or services within a particular economic environment that are subject to risks and returns which are different from those of segments operating in other economic environments.

Notes on individual items in the income statement and balance sheet.

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

1 Segment Information.

Primary reporting format – business segments

The Group reports three main business segments (see section „General Information"):

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

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

	Road Solution Projects	Services, System Extensions, Components Sales	Others	Consolidated Group
Revenue	56.8	135.6	8.0	200.3
Operating result	-1.7	31.7	-1.0	29.0
Results from associates				0.0
Financial result				-7.1
Profit before income taxes				21.9
Income taxes				-5.5
Profit for the year				16.4
Profit attributable to minority interests				3.4
Consolidated profit				**13.0**

The segment results for the fiscal year ended 31 March 2008 are as follows (in EUR million):

	Road Solution Projects	Services, System Extensions, Components Sales	Others	Consolidated Group
Revenue	47.0	128.8	10.0	185.7
Operating result	6.3	29.1	-0.4	34.9
Results from associates				-0.1
Financial result				7.9
Profit before income taxes				42.8
Income taxes				-10.7
Profit for the year				32.1
Profit attributable to minority interests				1.6
Consolidated profit				**30.4**

Inter-segment transfers or transactions are entered into under normal commercial terms and conditions that would also be available to unrelated third parties.

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

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

The segment assets and liabilities as of 31 March 2008 and capital expenditure, depreciation and amortization and other non-cash-effective expenses from continuing operations for the period then ended are as follows (in EUR million):

	Road Solution Projects	Services, System Extensions, Components Sales	Others	Consolidated Group
Assets	144.2	79.3	7.9	231.4
Unallocated assets				67.0
Total assets				**298.4**
Liabilities	54.5	63.4	17.1	135.0
Unallocated liabilities				30.0
Total liabilities				**165.0**
Capital expenditure	0.2	4.3	0.5	4.9
Depreciation and amortization	0.4	3.1	0.6	4.1
Other non-cash-effective expenses	0.1	0.3	0.0	0.4

Secondary reporting format – geographical segments

Secondary segment reporting is based on geographical regions. Revenues are segmented by customer location and asset-related figures by the company's own location:

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

	Western Europe	Central and Eastern Europe	Americas	Rest of World	Consolidated Group
Revenues	21.3	139.3	14.0	25.6	200.3
Assets	46.7	257.0	18.2	2.6	324.5
Capital expenditure	0.7	17.2	1.9	0.1	19.8

The figures for the fiscal year ended 31 March 2008 are as follows (in EUR million):

	Western Europe	Central and Eastern Europe	Americas	Rest of World	Consolidated Group
Revenues	17.6	124.2	18.8	25.2	185.7
Assets	43.2	247.5	4.5	3.2	298.4
Capital expenditure	0.6	3.4	0.1	0.8	4.9

Austria is included in the region "Central and Eastern Europe". The region „Americas" includes North- and South-America, the region „Rest of World" includes Asia, Australia and Africa.

2 Other operating income.

	2008/09	2007/08
Income from the sale of non-current assets	5	25
Income from costs recharged	0	2,741
Income from subsidies and government grants	2,368	2,197
Other	239	231
	2,613	**5,194**

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

	2008/09	2007/08
Change in unfinished goods and work in progress	-7,534	8,320
Change in finished goods	12,191	-1,653
	4,657	**6,667**

4 Costs of materials and other production services.

	2008/09	2007/08
Cost of materials	25,972	32,939
Cost of purchased services	52,172	45,708
	78,144	**78,647**

5 Staff costs.

	2008/09	2007/08
Wages	2,483	2,258
Salaries and other remunerations	38,431	33,060
Expenses for social security and payroll-related taxes and contributions	11,842	9,995
Expenses for termination benefits (see Note 23)	641	498
Expenses for pensions (see Note 23)	485	474
Contributions to pension funds and other external funds (see Note 23)	164	116
Fringe benefits	592	569
	54,637	**46,969**

As of 31 March 2009 the number of staff amounted to 946 persons (31 March 2008: 824 persons) and averaged 898 persons in the fiscal year 2008/09 (2007/08: 791).

6 Depreciation and amortization expense.

	2008/09	2007/08
Depreciation of property, plant and equipment	3,587	2,286
Amortization of other intangible assets	1,789	1,437
Expenses from low-value assets written-off	665	369
	6,031	**4,092**

7 Other operating expenses.

	2008/09	2007/08
Rental expenses	5,391	3,671
Legal and consulting fees	10,319	9,222
Impairment of receivables	103	307
Marketing and advertising expenses	7,629	3,595
Travel expenses	4,251	2,859
Maintenance	1,860	1,409
Communication and IT expenses	3,176	2,343
Training costs	638	575
Losses on disposal of non-current assets	56	93
Insurance costs	835	694
Licence and patent expenses	1,241	1,156
Office expenses	818	394
Taxes and charges	461	404
Adjustment provision for warranties	-1,646	-28
Commissions and other fees	1,528	3,751
Transport costs	981	625
Automobile expenses	1,495	1,113
Other	748	785
	39,883	**32,968**

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

8 Financial result.

	2008/09	2007/08
Interest and similar income:		
Interest income from bank deposits and loans granted	1,757	1,697
Income from securities	269	386
Income from interest accretion of long-term receivables	3,790	3,278
Gains from the disposal of financial assets	13	1,113
Income from currency hedging	611	0
Currency translation differences	5,637	7,425
	12,076	**13,899**
Interest and similar expenses:		
Interest expense	-3,699	-3,917
Expense from interest accretion of long-term payables	-1,277	-999
Losses on disposals and write-down of financial assets, investments and securities	-84	-23
Impairment of available-for-sale securities	-4,950	0
Expenses from currency hedging	-2,121	0
Currency translation differences	-7,081	-1,070
	-19,212	**-6,009**
	-7,135	**7,890**

9 Income taxes.

	2008/09	2007/08
Current tax expense	-6,748	-7,942
Deferred tax expense from offsetting the costs of the initial public offering against capital reserves	0	-1,149
Deferred tax assets/liabilities (see Note 22)	1,249	-1,608
Total	**-5,499**	**-10,699**
Thereof income/(expense) from group taxation	1,309	-27

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:

	2008/09	2007/08
Profit before income taxes – continuing and discontinued operations	21,866	42,758
Arithmetic tax income/(expense) based on a tax rate of 25 % (2007/08: 25 %)	-5,467	-10,689
Unrecognized deferred tax assets on current losses	-773	0
Different foreign tax rates	625	-558
Tax allowances claimed and other permanent tax differences	-23	748
Expenses not subject to tax and other differences	93	-200
Recognized tax income/(expense)	**-5,499**	**-10,699**

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

10 Additional disclosures on financial instruments by category.

	2008/09	2007/08
Available-for-sale financial assets		
Other non-current financial assets and investments	3,784	3,405
Other current financial assets	3,946	8,895
	7,730	**12,300**
Loans and receivables		
Other non-current assets	18,423	55,005
Trade receivables and other current assets	140,634	135,837
Cash and cash equivalents	60,230	47,429
	219,287	**238,271**
Financial liabilities at (amortized) cost		
Non-current financial liabilities	10,060	10,581
Other non-current liabilities	14,773	26,150
Trade payables and other current liabilities	56,253	39,049
Other liabilities and deferred income	25,316	29,486
Current financial liabilities	49,210	17,382
	155,612	**122,648**

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

	2008/09	2007/08
Available-for-sale financial assets	-4,141	1,476
Loans and receivables	4,102	11,330
Financial liabilities at (amortized) cost	-7,097	-4,916
	-7,135	**7,890**

11 Property, plant and equipment.

	Land and buildings	Technical equipment and machinery	Construction in progress	Other equipment, factory and officequip-ment	Total
Carrying amount as of 31 March 2007	**1,442**	**2,455**	**97**	**2,153**	**6,148**
Currency translation differences	19	-6	3	54	71
Change in consolidated entities	0	0	0	18	18
Additions	284	1,027	881	1,250	3,441
Disposals	-198	-36	-825	-140	-1,199
Scheduled depreciation	-346	-888	0	-1,052	-2,286
Carrying amount as of 31 March 2008	**1,201**	**2,551**	**157**	**2,283**	**6,192**
Acquisition/production cost	5,481	21,695	157	13,182	40,515
Accumulated depreciation	-4,279	-19,144	0	-10,900	-34,323
Carrying amount as of 31 March 2008	**1,201**	**2,551**	**157**	**2,283**	**6,192**
Currency translation differences	-16	-142	-2	-222	-381
Change in consolidated entities	3	26	0	27	55
Additions	4,444	5,629	1,509	5,905	17,488
Disposals	-912	-27	-1,639	-300	-2,879
Scheduled depreciation	-305	-1,291	0	-1,992	-3,587
Carrying amount as of 31 March 2009	**4,416**	**6,745**	**25**	**5,701**	**16,887**
Acquisition/production cost	4,966	24,080	25	11,810	40,882
Accumulated depreciation	-551	-17,335	0	-6,109	-23,995
Carrying amount as of 31 March 2009	**4,416**	**6,745**	**25**	**5,701**	**16,887**

12 Intangible assets.

	Capitalised development costs	Concessions and rights	Goodwill	Total
Carrying amount as of 31 March 2007	**260**	**2,836**	**6,173**	**9,269**
Currency translation differences	-28	-272	0	-300
Change in consolidated entities	0	503	0	503
Additions	210	372	0	582
Disposals	0	-25	0	-25
Scheduled amortization	-332	-1,106	0	-1,437
Carrying amount as of 31 March 2008	**111**	**2,309**	**6,173**	**8,593**
Acquisition/production cost	7,918	7,245	6,173	21,337
Accumulated amortization	-7,807	-4,936	0	-12,744
Carrying amount as of 31 March 2008	**111**	**2,309**	**6,173**	**8,593**
Currency translation differences	-12	56	0	44
Change in consolidated entities	536	2,107	41	2,685
Additions	12	2,031	14,519	16,563
Disposals	0	-6	0	-6
Scheduled amortization	-352	-1,437	0	-1,789
Carrying amount as of 31 March 2009	**296**	**5,059**	**20,734**	**26,089**
Acquisition/production cost	7,125	11,427	20,734	39,285
Accumulated amortization	-6,829	-6,368	0	-13,196
Carrying amount as of 31 March 2009	**296**	**5,059**	**20,734**	**26,089**

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

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

	Road Solution Projects	Services, System Extensions, Components Sales
The carrying amount of goodwill allocated to the unit	TEUR 15,345	TEUR 5,389
The carrying amount of intangible assets with indefinite useful lives allocated to the unit	TEUR 0	TEUR 0
Determination of recoverable amount of CGU	Value in use	Value in use

Cash-generating unit “Road Solution Projects”:

Key assumptions for determining expected cash flows of the CGU

- The Management has based its determination on the assumption that after the successful implementation of road tolling systems, in particular in Australia and South America, demand for tolling systems will increase, in particular as a result of tight public budgets.
- The planning for the Road Solution Projects segment is based on projects in the Czech Republic, South Africa, America, Australia, as well as the fact that tenders in several countries are already in progress.
- 4 years of detailed planning
- 14.3 % (2007/08: 13.2 %) discount rate before tax
- Due to the growth potential of this business unit, the cash flows beyond the four-year period of detailed planning were accounted for at a continuous growth rate of 4 % (2007/08: 4 %) in the determination of value.

Effects of changes in key assumptions on the recoverable amount

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

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

Key assumptions for determining expected cash flows of the CGU

- The Management has based its determination on the assumption that the Group will remain the preferred supplier for operation, maintenance and supply of components for tolling projects installed in previous years.
- The planning for the Services, System Extensions, Components Sales segment is based on ongoing maintenance for existing tolling systems in Austria, Switzerland, the Czech Republic, Australia and South America, on the commercial operation in the Czech Republic as well as on component orders for customers worldwide, particularly in Australia, Turkey, Spain, Denmark, France and the Czech Republic.
- 4 years of detailed planning
- 13.8 % (2007/08: 13.2 %) discount rate before tax
- Due to the growth potential of this business unit, the cash flows beyond the four-year period of detailed planning were accounted for at a continuous growth rate of 4 % (2007/08: 4 %) in the determination of value.

Effects of changes in key assumptions on the recoverable amount

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

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 2008/09 amounted to EUR 21.3 million (2007/08: EUR 14.8 million). In the fiscal year 2008/09 EUR 7.1 million thereof (2007/08: EUR 5.4 million) was project-specific development costs and charged to the customer. The remaining amount of EUR 14.2 million (2007/08: EUR 9.4 million) was recognized as an expense.

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

13 Shares in associates.

Shares in associates developed as follows:

	2008/09	2007/08
Carrying amount as of 31 March of prior year	**0**	**254**
Addition	12,302	0
Disposal	0	-203
Share of profit/loss (after tax)	0	-51
Carrying amount as of 31 March of fiscal year	**12,302**	**0**

In January 2009 the Group acquired a share of 20.47 % in Q-Free ASA, Norway. Total assets of Q-Free ASA, Norway, amounted to TEUR 57,151 and liabilities to TEUR 17,513 as of 31 December 2008. For the financial year ending 31 December 2008 revenues amounted to TEUR 57,283 and the profit for the year to TEUR 3,639. The purchase price of TEUR 12,302 includes goodwill in the amount of TEUR 4,905.

14 Current and non-current financial assets.

	2008/09	2007/08
Other non-current financial assets and investments	3,784	3,405
Other current financial assets	3,946	8,895
	7,730	**12,300**

Short term financial assets	Available-for-sale securities	Available-for-sale investments	Total
Carrying amount as of 31 March 2007	**3,615**	**4**	**3,619**
Additions	549	0	549
Disposals	-724	0	-724
Change in fair value	-38	0	-38
Carrying amount as of 31 March 2008	**3,401**	**4**	**3,405**
Additions	40	343	383
Disposals	0	0	0
Change in fair value	-4	0	-4
Carrying amount as of 31 March 2009	**3,437**	**347**	**3,784**

Short term financial assets	Available-for-sale securities	Available-for-sale investments	Total
Carrying amount as of 31 March 2007	**0**	**0**	**0**
Additions	30,000	0	30,000
Disposals	-20,074	0	-20,074
Change in fair value	-1,031	0	-1,031
Carrying amount as of 31 March 2008	**8,895**	**0**	**8,895**
Additions	0	0	0
Disposals	0	0	0
Change in fair value (impairment)	-4,950	0	-4,950
Carrying amount as of 31 March 2009	**3,946**	**0**	**3,946**

As of 31 March 2009 available-for-sale securities relate to government and bank bonds as well as shares in investment funds. Available-for-sale securities are measured at prevailing market rates, unrealized gains and losses from price fluctuations are recognized in equity as a separate position (see Note 20).

As of 31 March 2009 other investments classified as available-for-sale relate to a 12.5 % investment in ATC Austrian Technology Corporation GmbH, Vienna, and to a 25 % investment in Autostrada Wschodnia Spolka z o.o., Poland.

15 Other non-current assets.

	2008/09	2007/08
Truck tolling system Czech Republic	18,392	55,005
Other	31	0
	18,423	**55,005**

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

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

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

	2008/09	2007/08
Up to 2 years	16,659	50,733
Between 2 and 3 years	2,745	7,476
More than 3 years	0	0
	19,404	**58,209**

Long-term receivables in the amount of TEUR 18,392 (2007/08: TEUR 55,005) were pledged as collateral to banks (see Note 21).

16 Inventories.

	2008/09	2007/08
Purchased parts and merchandise, at acquisition cost	10,852	7,023
Unfinished goods and work in progress, at production cost	6,080	13,614
Finished goods, at production cost	17,288	5,097
	34,220	**25,734**

Individual inventory items were written down, where necessary, to their net realizable values. The write-downs of inventories amounts to TEUR 5,890 (2007/08: TEUR 5,652).

17 Trade receivables and other assets.

	2008/09	2007/08
Trade receivables, less allowance for bad debt	129,993	118,721
Gross amount due from customers for contract work	653	5,561
Prepayments made	1,325	2,074
Receivables from tax authorities (other than income tax)	3,415	4,361
Other receivables and prepaid expenses	5,023	5,120
	140,409	**135,837**

Valuation allowances relating to trade receivables developed as follows:

	2008/09	2007/08
Balance as of 31 March of the prior year	**1,235**	**280**
Addition	182	1,147
Utilization	-302	0
Disposal	-838	-192
Balance as of 31 March of the reporting year	**278**	**1,235**

Maturity structure of trade receivables and other current assets:

	2008/09	2007/08
Not yet due	133,371	124,524
Overdue, but not impaired		
Less than 60 days	2,594	996
More than 60 days	4,444	10,317
	140,687	**137,072**

The fair values as well as gross cash flows in the next fiscal year approximate the carrying amounts. There is no concentration of credit risk with respect to trade receivables, as the Group generally has a large number of customers worldwide. Trade receivables (current) relating to the installation of the Czech truck tolling system in the amount of TEUR 49,745 (2007/08: TEUR 64,244) and to the operation and maintenance of the system in the amount of TEUR 15,272 (2007/08: TEUR 16,911) are due from Ředitelstvím silnic a dálnic ČR (RSD), a company of the Czech Republic.

Based on the Group's experience, risks of loss in connection with trade receivables are low.

Trade receivables in an amount of TEUR 49,745 (2007/08: TEUR 64,244) were pledged as collateral to banks (see Note 21).

Amounts due from customers for contract work detail as follows:

	2008/09	2007/08
Construction costs incurred plus recognized gains	653	5,561
Less amounts billed and prepayments received	0	0
	653	**5,561**

18 Cash and cash equivalents.

	2008/09	2007/08
Cash on hand	25	9
Deposits held with banks	60,205	47,419
	60,230	**47,429**

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.

19 Share capital.

	2008/09	2007/08
Carrying amount as of 31 March of fiscal year	**12,200**	**12,200**

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

20 Fair value reserve.

	2008/09	2007/08
Carrying amount as of 31 March of prior year	**-971**	**-114**
Gains (losses) taken through profit or loss	1,004	-52
Unrealized gains (losses) in current period	-223	-1,091
Profit taxes on unrealized gains/losses (Note 22)	45	286
Carrying amount as of 31 March of fiscal year	**-146**	**-971**

21 Current and non-current financial liabilities.

	2008/09	2007/08
Current		
Loans for project financing	27,430	6,144
Other current loans	21,780	11,238
	49,210	**17,382**
Non-current		
Loans for project financing	0	9,830
Loans for acquisitions	10,000	0
Other	60	751
	10,060	**10,581**
Total	**59,270**	**27,963**

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

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

	2008/09	2007/08
Carrying amount	**59,270**	**27,963**
Fair value	**58,467**	**27,169**
Gross cash flows		
Up to 1 year	49,210	17,382
Between 1 and 2 years	10,642	10,852
Between 2 and 3 years	61	0
	59,913	**28,234**

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

	2008/09	2007/08
Total financial liabilities:		
Carrying fixed interest rates	15,104	557
Carrying variable interest rates	44,165	27,406
	59,270	**27,963**
Average interest rates:		
Short-term loans	2.00 – 6.40 %	4.95 – 5.64 %
Loans for project financing	4.69 %	5.38 – 6.25 %
Loans for acquisitions	3.82 – 4.35%	
Other	2.50 – 3.64 %	2.00 – 8.75 %

Other non-current assets amounting to TEUR 18,392 (2007/08: TEUR 55,005), trade receivables (current) amounting to TEUR 49,745 (2007/08: TEUR 64,244) and securities amounting to TEUR 3,437 (2007/08: TEUR 3,401) as well as 9.9 million shares in Q-Free ASA were pledged as collateral for guarantees issued by banks and for loans granted. A bill of exchange amounting to TEUR 1,425 (2007/08: TEUR 1,425) was issued for an export promotion credit.

22 Deferred tax assets/liabilities.

	2008/09	2007/08
Deferred tax assets – due from tax group leader	1,301	2,399
Deferred tax assets – non-tax group	6,941	4,881
	8,242	**7,280**
Deferred tax liabilities – due to tax group leader	1,654	1,608
Deferred tax liabilities – non-tax group	217	447
	1,871	**2,055**
Balance	**6,373**	**5,226**

Deferred taxes due to tax loss carry-forwards and other temporary differences deductible in the future are recognized only to the extent of their potential realization. In these consolidated financial statements tax loss carry-forwards in the amount of TEUR 1,938 (2007/08: TEUR 0) have not been recognized, because it was uncertain whether there would be sufficient taxable profits available against which to offset them. All other deferred tax assets have been recognized in the respective group companies as future deductible items. Deferred tax assets are normally realized after more than 12 months.

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

	31 March 2007	Change in consolidated entities	Taken through profit or loss	Taken through equity	Currency translation differences	31 March 2008
Deferred tax assets						
Tax loss carry-forwards	4,114	0	-1,901	0	0	2,213
Provisions disallowed for tax purposes	1,007	0	-33	0	6	980
Depreciation disallowed for tax purposes	0	0	13	0	1	14
Other	3,539	1	-4	286	253	4,074
	8,660	**1**	**-1,925**	**286**	**260**	**7,280**
Deferred tax liabilities						
Special depreciation/amortization of non-current assets	0	0	0	0	0	0
Other	2,466	0	-317	0	-94	2,055
	2,466	**0**	**-317**	**0**	**-94**	**2,055**
Total change	**6,194**	**1**	**-1,608**	**286**	**354**	**5,226**

	31 March 2008	Change in consolidated entities	Taken through profit or loss	Taken through equity	Currency translation differences	31 March 2009
Deferred tax assets						
Tax loss carry-forwards	2,213	0	565	0	26	2,804
Provisions disallowed for tax purposes	980	0	172	0	-12	1,140
Depreciation disallowed for tax purposes	14	0	30	0	-4	40
Other	4,074	0	286	45	-147	4,258
	7,280	**0**	**1,053**	**45**	**-138**	**8,242**
Deferred tax liabilities						
Special depreciation/amortization of non-current assets	0	0	0	0	0	0
Other	2,055	0	-196	0	12	1,871
	2,055	**0**	**-196**	**0**	**12**	**1,871**
Total change	**5,226**	**0**	**1,249**	**45**	**-147**	**6,373**

23 Liabilities from post-employment benefits to employees.

Amounts recognized in the balance sheet:

	2008/09	2007/08
Severance payments	5,294	5,001
Pension benefits	8,920	9,088
	14,214	**14,089**

Termination benefits

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

Retirement benefits

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

For the valuation of severance payments and pension benefit obligations an interest rate of 5.25 % (2007/08: 5.25 %), was used and for compensation increases a rate of 3 % (2007/08: 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 (2007/08: AVÖ 1999-P) by Pagler & Pagler. Pension increases were estimated at 2-3 % (2007/08: 2-3 %).

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

	2008/09	2007/08
Current service cost	184	177
Interest expense	378	280
Actuarial losses	78	41
Total, included in staff costs (Note 5)	**641**	**498**
Change in liabilities recognized in the balance sheet:		
Carrying amount as of 31 March of prior year	**5,001**	**5,305**
Total expense according to the table above	641	498
Payments	-347	-802
Carrying amount as of 31 March of fiscal year	**5,294**	**5,001**
Actuarial present value of obligations (defined benefit obligation)	6,152	5,949
Unrecognized actuarial gains/losses	-857	-948
Amount recognized in the balance sheet	**5,294**	**5,001**

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

	2008/09	2007/08
Current service cost	0	0
Interest expense	485	474
Total, included in staff costs (Note 5)	**485**	**474**
Change in liabilities recognized in the balance sheet:		
Carrying amount as of 31 March of prior year	**9,088**	**9,247**
Total expense according to the table above	485	474
Payments	-653	-633
Carrying amount as of 31 March of fiscal year	**8,920**	**9,088**
Actuarial present value of obligations (defined benefit obligation)	9,891	9,558
Unrecognized actuarial gains/losses	-971	-470
Amount recognized in the balance sheet	**8,920**	**9,088**

24 Other non-current liabilities.

	2008/09	2007/08
Truck tolling system Czech Republic	9,954	26,070
Other	4,820	80
	14,773	**26,150**

Other non-current liabilities relate to trade payables (non-current) in the amount of TEUR 9,954 (2007/08: TEUR 26,070) due to subcontractors for the installation of the Czech truck tolling system. As in the prior year, these liabilities are due in more than 1 year and less than 5 years as of the balance sheet date. These non-current liabilities were discounted on the basis of cash flows using discount rates that correspond to those rates applied in discounting non-current receivables from the Czech truck tolling system (see Note 15). Thus, the fair values approximate the carrying amounts.

Other non-current liabilities relate to a liability in the amount of TEUR 3,333 from a put option for shares in Kapsch-Busi S.p.A, Bologna, Italy (after interest compounding to the balance sheet date 31 March 2009) and to the non-current portion of a contingent payment obligation in the amount of TEUR 1,484 from the acquisition of the „Mobility Solutions" business of TechnoCom Corporation, Encino, U.S.A. (see Note 28).

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

	2008/09	2007/08
Less than 2 year	11,361	22,532
Between 2 and 3 years	3,522	4,647
More than 3 years	424	0
	15,306	**27,179**

25 Other liabilities and deferred income.

	2008/09	2007/08
Amounts due to customers for contract work	4,723	4,625
Prepayments received	896	2,368
Non-current employee liabilities	9,205	8,606
Liabilities to tax authorities (other than income tax)	917	5,459
Other liabilities and deferred income	9,576	8,428
	25,316	**29,486**

Amounts due to customers for contract work detail as follows:

	2008/09	2007/08
Construction costs incurred plus recognized gains	-9,162	-3,392
Less amounts billed and prepayments received	13,885	8,017
	4,723	**4,625**

26 Provisions.

	2008/09	2007/08
Non-current	524	1,694
Current	10,623	18,250
	11,147	**19,944**

The provisions changed as follows:

	31 March 2007	Change in consolidated entities	Utilization/ disposal	Addition	Currency translation differences	31 March 2008
Obligations from anniversary bonuses	457	20	-40	27	0	464
Costs of dismantling and removing assets	1,130	0	0	0	0	1,130
Other	97	0	0	0	2	99
Non-current provisions, total	**1,684**	**20**	**-40**	**27**	**2**	**1,694**
Warranties	4,165	0	-941	913	-8	4,128
Losses from pending transactions and rework	881	0	-273	302	0	910
Legal fees, costs of litigation and contract risks	2,881	0	-2,881	6,415	473	6,888
Other	7,535	10	-5,021	3,696	104	6,324
Current provisions, total	**15,462**	**10**	**-9,117**	**11,326**	**568**	**18,250**
Total	**17,146**	**30**	**-9,157**	**11,353**	**570**	**19,944**

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

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 5.25 % (2007/08: 5.25 %), the earliest possible statutory retirement age including transition provisions and using the mortality tables AVÖ 2008-P (2007/08: AVÖ 1999-P) by Pagler & Pagler, increases in salary were considered at 3 % (2007/08: 3 %).

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

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

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

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

27 Contingent liabilities, other commitments and financial obligations.

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

Details of contingent liabilities and other commitments are as follows:

	2008/09	2007/08
Contract, warranty, performance and bid bonds		
City Highway Santiago	846	860
City Highway Sydney and Melbourne	1,593	2,377
Truck Tolling System Austria	12,500	12,500
Truck Trolling System Czech Republic	19,938	48,899
Tolling project New Zealand	2,025	2,101
Expressway Toll Collection System, Maryland, U.S.A.	3,317	0
Other	5,338	4,306
	45,557	**71,043**
Bank guarantees	**3,486**	**3,290**
Sureties	**30**	**25**
	49,073	**74,359**

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

	2008/09	2007/08
Up to 1 year	5,509	4,471
Between 1 and 5 years	14,341	5,370
Over 5 years	14,045	2
	33,895	**9,843**

28 Business combinations.

Kapsch-Busi S.p.A.

On 15 May 2008 Kapsch TrafficCom AG and the Italian Busi Impianti Group announced their cooperation. Under a joint venture, the two companies founded Kapsch-Busi S.p.A., domiciled in Bologna, in order to offer traffic telematics solutions for the urban area on the Italian market. Busi Impianti outsourced the related business unit, including a group of 10 employees, Kapsch TrafficCom complemented the team with own staff.

Purchase price:	
Paid	80
Present value of liability from put option	3,214
	3,294
Fair value of net assets acquired	415
Goodwill	**2,879**

The assets and liabilities arising from the acquisition are as follows:

	Fair value	Acquiree's carrying amount
Intangible assets	622	327
Property, plant and equipment	4	4
Receivables and other assets	459	459
Cash and cash equivalents	90	90
Payables, other liabilities and accruals	-760	-760
Net assets acquired	**415**	**120**

The acquired company contributed revenues of TEUR 1,896 and a net income of TEUR 61 to the Group's result for the period from 1 June 2008 to 31 March 2009. If the acquisition had occurred on 1 April 2008, there would not have been a significant change in revenue or profit of the Group.

„Mobility Solutions" business of TechnoCom Corporation.

Effective as of 4 July 2008, Kapsch TrafficCom AG, through its subsidiary Kapsch TrafficCom Inc., acquired all assets of the „Mobility Solutions" business of TechnoCom Corporation, a company incorporated under the laws of the State of Delaware and domiciled in Encino, California.

Purchase price:	
Already paid	11,581
Incidental acquisition costs	334
Contingent purchase price component	2,281
	14,196
Fair value of net assets acquired	2,555
Goodwill	**11,641**

The assets and liabilities arising from the acquisition are as follows:

	Fair value	Acquiree's carrying amount
Intangible assets	2,021	109
Property, plant and equipment	51	51
Receivables and other assets	583	583
Cash and cash equivalents	0	0
Payables, other liabilities and accruals	-101	-101
Net assets acquired	**2,555**	**642**

The purchase price consists of a fixed component in the amount of EUR 11.6 million and contingent purchase price components in the amount of EUR 2.3 million, which in turn consist of payments contingent on the successful completion of project phases and of payments contingent on future revenues. Both components were recognized as a liability at their fair value (present value). The third conditional adjustment of the acquisition costs was not accounted for in the purchase price, since it consists of payments based on tax depreciation benefits, which were regarded as not reliably determinable.

29 Related parties.

The following transactions were performed with related parties:

KAPSCH-Group Beteiligungs GmbH, Vienna
From January 2005 the company has provided services to the Group in the area of group consolidation and legal advice. Expenses incurred by the Group in the fiscal year 2008/09 amounted to TEUR 373 (2007/08: TEUR 599). Furthermore, the company invoices insurance costs (directors & officers liability insurance) to the Group in the amount of TEUR 22 (2007/08: TEUR 11).

In December 2005 the company issued a parental guarantee to FöreningsSparbanken AB, Stockholm, Sweden, in favor of the group company Kapsch TrafficCom AB, Jönköping, Sweden, in the amount of EUR 19.1 million. The annual fee for the assumption of the liability is 0.5 % of the guaranteed amount. Expenses incurred by the Group in the fiscal year 2008/09 amounted to TEUR 83 (2007/08: TEUR 96).

In January 2007 KAPSCH-Group Beteiligungs GmbH issued an unconditional and irrevocable first demand payment guarantee up to EUR 40 million with respect to the payment obligations of Kapsch TrafficCom Construction & Realization spol. s r.o., Prague, resulting from the credit and guarantee facilities agreement granted by Ceskoslovenska Obchodni Banka A.S., Prague, UniCredit Bank Austria AG, Vienna, und Raiffeisen Zentralbank Österreich AG, Vienna, for the delivery and operation of the Czech truck tolling system. The annual fee for the assumption of the liability is 0.5 % of the guaranteed amount. Expenses incurred by the Group in the fiscal year 2008/09 amounted to TEUR 220 (2007/08: TEUR 209).

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

Kapsch Aktiengesellschaft, Vienna
In connection with the use of the KAPSCH trademark and logo the company invoices license fees to the Group. The license fee amounts to 0.5 % of all third-party sales of the Group, whereby the annual minimum fee is TEUR 250. Expenses incurred by the Group in the fiscal year 2008/09 amounted to TEUR 733 (2007/08: TEUR 750).

Activities in the area of corporate development, public relations, sponsoring and other marketing activities are carried out centrally by Kapsch Aktiengesellschaft for all group companies. Cost allocated to the Group in the fiscal year 2008/09 amounted to TEUR 925 (2007/08: TEUR 447).

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 2008/09 amounted to TEUR 959 (2007/08: TEUR 1,257).

Kapsch Aktiengesellschaft has entered into various insurance contracts covering all group companies. The cost allocated to the Group in the fiscal year 2008/09 amounted to TEUR 249 (2007/08: TEUR 253).

Kapsch Partner Solutions GmbH, Vienna
The company provides human resources services (payroll services, administration, recruiting, advice on labor law and human resources development) to the Group. Expenses incurred by the Group in the fiscal year 2008/09 amounted to TEUR 691 (2007/08: TEUR 786).

Kapsch Financial Services GmbH, Vienna
The company leases telephone and IT equipment (hardware and software) to the Group and provides call centre services and IT support. Expenses incurred by the Group in the fiscal year 2008/09 amounted to TEUR 2,070 (2007/08: TEUR 1,643).

Kapsch BusinessCom AG, Vienna
The company delivers hardware (IT equipment) on behalf of Kapsch TrafficCom AG, Vienna, and provides maintenance and other services for various customer projects, the two largest of which by far are the “Truck Tolling System Austria” and the “Truck Tolling System Czech Republic”. The deliveries and services performed amounted to TEUR 4,575 in the fiscal year 2008/09 (2007/08: TEUR 2,554).

The company provides IT, EDP and telephone services to the Group in the amount of TEUR 252 (2007/08: TEUR 192), as well as other services in the amount of TEUR 507 (2007/08: TEUR 180), among other things for the IT technical restructuring of the new location of Kapsch Components KG and for the integration of the Swedish, Argentinean and U.S.A. American subsidiaries.

The Group invoices consulting services, in particular for public relations, to the company. Income of the Group resulting from these services in the fiscal year 2008/09 totaled TEUR 0 (2007/08: TEUR 60).

Kapsch Components KG provides logistic services to the company. Income of the Group resulting from these services in the fiscal year 2008/09 totaled TEUR 128 (2007/08: TEUR 100).

Kapsch CarrierCom AG, Vienna
The Group provides services in the area of public relations to the company. Income of the Group resulting from this service in the fiscal year 2008/09 amounted to TEUR 0 (2007/08: TEUR 83).

Kapsch Components KG provides logistic services to the company. Income of the Group resulting from these services in the fiscal year 2008/09 totaled TEUR 826 (2007/08: TEUR 1,102).

Kapsch Components KG produces various components for the company. Income of the Group resulting from the sale of these components in the fiscal year 2008/09 totaled TEUR 0 (2007/08: TEUR 711).

In January 2007 Kapsch CarrierCom AG issued an unconditional and irrevocable first demand payment guarantee up to EUR 9 million with respect to the payment obligations of Kapsch TrafficCom Construction & Realization spol.s.r.o., Prague, resulting from the credit and guarantee facilities agreement granted by Ceskoslovenska Obchodni Banka A.S., Prague, UniCredit Bank Austria AG, Vienna, and Raiffeisen Zentralbank Österreich AG, Vienna, for the delivery and operation of the Czech truck tolling system. The annual fee for the assumption of the liability is 1.5 % of the guaranteed amount. The assumption of liability expired as of 31 March 2008 and thus no expenses were incurred in the fiscal year 2008/09 (2007/08: TEUR 135).

Kapsch s r.o., Prague

The company provides technical maintenance services for the Czech truck-tolling system and is responsible for the current IT support for the Czech subsidiaries. Expenses incurred for this in the fiscal year 2008/09 totaled TEUR 386 (2007/08: TEUR 0). Furthermore, the company provided public relations services amounting to TEUR 98 in the fiscal year 2008/09 (2007/08: TEUR 0).

Kapsch Connex Plus GmbH (formerly Kapsch Consulting Austria GmbH), Vienna

In the fiscal year 2008/09 there were no business relations with the company. In the fiscal year 2007/08 an agreement could be reached with the company on waiving a potential success fee for the procurement of a tolling project in Argentina in the form of a one-off payment amounting to TEUR 400.

Kapsch Immobilien GmbH, Vienna

One managing director of Kapsch Immobilien GmbH was a member of the supervisory board of Kapsch TrafficCom AG until 10 July 2008.

In 1997, Kapsch Components KG, as lessee, has entered into a frame lease agreement with Kapsch Immobilien GmbH, as lessor, regarding the premise in Wagenseilgasse 1, Vienna, Austria, assuming the frame lease agreement from Kapsch Aktiengesellschaft, the original lessee. The frame lease agreement has neither been signed by Kapsch Components KG nor Kapsch Immobilien GmbH, but nonetheless the parties regarded the very basic provisions contained in the frame lease agreement to be binding upon them. The frame lease agreement was terminated and ended on 31 December 2008. The various parts of these premises were sub-leased by Kapsch Components KG within the consolidated group as well as to related companies.

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 respectively Investments in the amount of TEUR 1,767 (2007/08: TEUR 0) were made for the adaptation of the leased property. Lease expenses incurred by the Group amounted to TEUR 1,980 in the fiscal year 2008/09 (2007/08: TEUR 1,181).

Lease income of the Group resulting from the sub-lease to related parties in the fiscal year 2008/09 totaled TEUR 226 (2007/08: TEUR 379). The services rendered for relocations in the course of vacating the location Wagenseilgasse 1 amounted to TEUR 142 (2007/08: TEUR 0).

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

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

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

	31 March 2009	31 March 2008
Parent company		
Trade receivables and other assets	489	379
Trade payables and other payables	284	522
Affiliated companies		
Trade receivables and other assets	439	444
Trade payables and other payables	1,771	466
Other related parties		
Trade receivables and other assets	0	0
Trade payables and other payables	908	12

30 Discontinued operations.

Effective as of 8 March 2007, the Group disposed of its railway communication business that primarily included mobile train cab radios and related applications based on GSM-R technology (sale to Funkwerk Systems Austria GmbH, Vienna, by means of an asset deal). Activities in this business formed part of the Services, System Extensions, Components Sales segment.

As a result of the sale, the Group applied IFRS 5.

a) Analysis of the result of discontinued operations

	2008/09	2007/08
Revenues	0	0
Expenses	0	0
Profit from discontinued operations – before and after tax	**0**	**0**

b) Cash flows from discontinued operations

	2008/09	2007/08
Operating result	0	0
Adjustments for non-cash items and other reconciliations	0	0
Changes in current assets:		
Increase/decrease in trade receivables and other assets	0	1,441
Increase/decrease in inventories	0	0
Increase/decrease in trade payables and other current payables	0	-122
Increase/decrease in current provisions	0	-1,061
	0	**258**
Interest received	0	0
Interest payments	0	0
Net cash flow from operating activities – discontinued operations	**0**	**258**
Cash flow used in investing activities		
Purchases of property, plant and equipment	0	0
Proceeds from disposal of assets	0	0
Net cash flow from investing activities – discontinued operations	**0**	**0**
Cash flow from financing activities		
Increase/decrease in other non-current financial liabilities	0	-700
Increase/decrease in current financial liabilities	0	-467
Net cash flow from financing activities – discontinued operations	**0**	**-1,167**
Net cash flow from discontinued operations	**0**	**-909**

31 Earnings per share.

Earnings per share (basic earnings) is calculated by dividing the profit 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 2009, as in the prior year, no treasury shares were held by the company.

	2008/09	2007/08
Profit attributable to equity holders of the company (in EUR)	12,976,941	30,412,759
Weighted average number of ordinary shares	12,200,000	11,683,060
Basic earnings per share (in EUR per share)	**1.06**	**2.60**

32 Events after the balance sheet date.

Repurchase of minority interests

On 9 April 2009, Kapsch TrafficCom AG acquired 19 % of the shares of Brisa Internacional, SGPS, S.A., Sao Domingos da Rana, in Kapsch Telematic Services GmbH for a purchase price of EUR 2.3 million. In addition, another 7 % of the shares in Kapsch Telematic Services GmbH were acquired indirectly through acquisition of BRISA ACCESS Europe GmbH, Vienna, for a purchase price of EUR 1.9 million.

Incorporation of subsidiaries

On 7 April 2009, Kapsch TrafficCom Kazakhstan LLC, Astana, was incorporated as a wholly owned subsidiary of Kapsch TrafficCom AG in Kazakhstan.

33 Supplementary disclosures.

The consolidated group companies are listed in the notes to the consolidated financial statements under the item "consolidated group". The parent company Kapsch TrafficCom AG, Vienna, with the exception of Kapsch Telematic Services GmbH, Vienna, Kapsch Telematic Services Kft., Budapest, Kapsch Telematic Services spol. s r.o., Prague, Kapsch TrafficCom Construction & Realization spol. s r.o., Prague, Kapsch Telematic Services SK s.r.o., Bratislava, Kapsch Telematik Technologies Bulgaria AD, Sofia, PREMID, a.s., Bratislava, Kapsch-Busi S.p.A, Bologna, and Kapsch Telematic Services GmbH, Berlin, directly or indirectly holds 100 % of the shares in the fully consolidated subsidiaries. With regard to additional disclosures in accordance with § 265 (2) 1 UGB for Kapsch Telematic Services GmbH, Vienna, Kapsch Telematic Services Kft., Budapest, Kapsch Telematic Services spol. s r.o., Prague, and Kapsch TrafficCom Construction & Realization spol. s r.o., Prague, Kapsch Telematic Services SK s.r.o., Bratislava, Kapsch Telematik Technologies Bulgaria AD, Sofia, PREMID, a.s., Bratislava, Kapsch-Busi S.p.A, Bologna, and Kapsch Telematic Services GmbH, Berlin, the protection-of-interest clause pursuant to § 265 (3) UGB was applied.

The average number of staff in the fiscal year 2008/09 was 831 salaried employees and 67 waged workers (2007/08: 716 salaried employees and 75 waged workers).

Compensation and other cost of the members of the management and the supervisory board

Costs for the chairman of the board are, among others, included in the cross-charge of management and consulting services from Kapsch Aktiengesellschaft (see Note 29). Regarding the total emoluments of the other member of the management board, the protection-of-interest clause of § 266 No. 7 UGB is applied.

No remunerations were paid to supervisory board members.

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

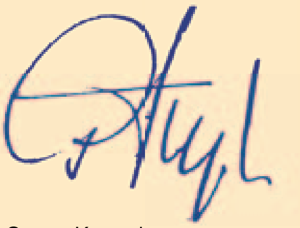
In the fiscal year 2008/09 the following persons served as management board members:
Georg Kapsch (Chief Executive Officer)
Erwin Toplak (Chief Operating Officer)

In the fiscal year 2008/09 the following persons served on the supervisory board:
Franz Semmernegg (Chairman)
Kari Kapsch (Deputy-Chairman)
Elisabeth Kapsch (until 10 July 2008)
William Morton Llewellyn (since 10 July 2008)

Delegated by the works council:
Christian Windisch
Werner Dreschl

Authorized for issue:

Vienna, 15 May 2009



Georg Kapsch
Chief Executive Officer

Erwin Toplak
Chief Operating Officer

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 2008 to 31 March 2009. These consolidated financial statements comprise the consolidated balance sheet as of 31 March 2009, the income statement, consolidated cash flow statement and consolidated statement of changes in equity for the year ended 31 March 2009, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Consolidated Financial Statements and for the Accounting.
Management is responsible for group accounting and the preparation and fair presentation of consolidated financial statements that give a true and fair view of the group's financial position, its financial performance and cash flows in accordance with International Financial Reporting Standards (IFRSs) as adopted by the EU. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable under 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 in accordance with International Standards on Auditing (ISAs), issued by the International Auditing and Assurance Standards Board (IAASB) of the International Federation of Accountants (IFAC). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the 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 financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate under the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity'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 basis for our audit opinion.

Opinion.
Our audit did not give rise to any objections. Based on the results of our audit, in our opinion the consolidated financial statements present fairly, in all material respects, the financial position of the group as of 31 March 2009 and its financial performance and cash flows for the fiscal year from 1 April 2008 to 31 March 2009 in accordance with International Financial Reporting Standards (IFRSs) as adopted by the EU.

Comments on the Consolidated Management Report.

Laws and regulations applicable in Austria require us to perform audit procedures whether the consolidated management report is consistent with the consolidated financial statements and whether the other disclosures made in the consolidated management report do not give rise to misconception of the position of the group. The auditor‘s report also has to contain a statement as to whether the consolidated management report is consistent with the consolidated financial statements.

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

Vienna, 15 May 2009

PwC INTER-TREUHAND GmbH
Wirtschaftsprüfungs- und Steuerberatungsgesellschaft

signed:

Felix Wirth
Austrian Certified Public Accountant

Project:
EXAT Bangkok

Customer: Expressway & Rapid Transit Authority of Thailand (EXAT)
Technology: Toll Road-System
OBUs: 100,000 supplied
Automatic single lanes: 76

Pat from Bangkok is doing very well: Since we installed a tolling system in his home town, his business is doing much better.

Using existing traffic infrastructure more efficiently or expanding it in an environmentally defensible way is a sensible step towards overcoming future increases in traffic loads. Our new tolling system in Bangkok provides better use of the existing road infrastructure, allowing road users to make their way through the traffic more quickly. Something that Pat’s passengers also appreciate.

Addresses of Major Companies.

Austria
Kapsch TrafficCom AG (Headquarter)
Am Europlatz 2
1120 Vienna
Phone: +43 (0) 50 811 2101
Fax: +43 (0) 50 811 2109
E-mail: ktc.office@kapsch.net

Kapsch Telematic Services GmbH
Am Europlatz 2
1120 Vienna
Phone: +43 (0) 50 811 1211
Fax: +43 (0) 50 811 1219
E-mail: ktc.office@kapsch.net

Kapsch Components KG
Gutheil-Schoder-Gasse 17
1230 Vienna
Phone: +43 (0)50 811 4195
Fax: +43 (0)50 811 4190
E-mail: kcomp.office@kapsch.net

Argentina
Kapsch TrafficCom Argentina S.A.
Juana Azurduy 2440 1° piso
C1429BZJ Buenos Aires
Phone: +54 11 4703 5500
Fax: +54 11 4703 4777
E-mail: fernando.agostino@kapsch.com.ar

Australia
Kapsch TrafficCom Australia Pty Ltd.
Level 10
636 St Kilda Road
Melbourne VIC 3004
Phone: +61 3 8656 7900
Fax: +61 3 8656 7901
E-mail: jan.svedevall@kapsch.com.au

Bulgaria
Kapsch Telematik Technologies Bulgaria AD
Hristo Botev Boulevard 79
1303 Sofia

Chile
Kapsch TrafficCom Chile S.A.
Avenida del Parque 4161
Oficina 202
Ciudad Empresarial
8580675 Huechuraba
Santiago de Chile
Phone: +56 2 795 1200
Fax: +56 2 465 9742
E-Mail: koichi.imamura@kapsch.cl

China
Kapsch TrafficCom AG Beijing
Representative Office
Room 1501
Canway Building
No. 66 Nan Li Shi Road
100045 Beijing
Phone: +86 10 6808 0050
Fax: +86 10 6808 0052
E-Mail: tiemin.wang@kapsch.net

China Kapsch TrafficCom AG Guangzhou Representative Office
Room 3504
35/F, Peace World Plaza
362-366 Huan Shi Dong Road
510060 Guangzhou, Guangdong Province
Phone: +86 20 8375 2827
Customers Service Hotline (in China): 800 830 6155
Fax: +86 20 8375 2823
E-Mail: ktc.guangzhou@kapsch.net

Croatia
Kapsch TrafficCom – Podruznica Zagreb
Heinzelova 33 A
10 000 Zagreb
Phone: +385 1 272 0640
E-Mail: office@ib-gtzagreb.hr

Czech Republic
Kapsch TrafficCom Construction & Realization
spol. s r.o.
Ke Štvanici 656/3
186 00 Praha 8
Phone: +420 225 026 140
Fax: +420 225 026 222
E-Mail: kapsch.praha@kapsch.net

Kapsch Telematic Services spol. s r.o.
Ke Štvanici 656/3
186 00 Praha 8
Phone: +420 225 026 140
Fax: +420 225 026 222
E-Mail: kts.cz@kapsch.net

France
Kapsch TrafficCom France SAS
Parc d’Affaires Silic
Immeuble Panama
45, rue de Villeneuve
94 573 Rungis Cedex
Phone: +33 6 03 48 27 59
Fax: +33 1 44 54 52 34
E-mail: nathalie.mignon@kapsch.se

Germany
Kapsch Telematic Services GmbH Deutschland
Friedrichstraße 171
10117 Berlin
Phone: +49 30 46999 3476
Fax: +49 30 46999 3477

Hungary
Kapsch Telematic Services Kft.
Bocskai út 77-79
1113 Budapest
Phone: +36 1 372 6400
Fax: +36 1 372 6444

Italy
Kapsch TrafficCom S.r.l.
Via Conca del Naviglio, 18
20123 Milan (MI)
Phone: +39 (02) 89827 365
Fax: +39 (02) 89827 300
E-Mail: office@kapsch.it

Kapsch-Busi S.p.A.
Via C. Bonazzi, 2
40013 Castel Maggiore (BO)
Phone: +39 (051) 6324011
Fax: +39 (051) 6324022
E-Mail: office@kapsch-busi.it

Malaysia
Kapsch TrafficCom (M) Sdn Bhd
4th Floor, Tower Block
Syed Kechik Foundation Building
Jalan Kapas, Bangasar
59100 Kuala Lumpur
Phone: +60 3 252 1161
Fax: +60 3 252 1167
E-Mail: ctsmsb@po.jaring.my

New Zealand
Kapsch TrafficCom Ltd.
PO Box 24440, Manners Street
Visiting address: Apt. 1302
156 Willis Street
Wellington
Phone: +64 21 822 469
E-Mail: hakan.wisso@kapsch.se

Russian Federation
Kapsch TrafficCom Russia OOO
105064, Zemlyanoj Val, 9, office 4031-4033
Moscow
Phone: +7 495 967 93 27
Fax: +7 495 967 93 27
E-Mail: michael.weber@kapsch.net

Slovakia
Kapsch TrafficCom SK Construction & Realization s.r.o.
Karadžičova 8
CBC I
821 09 Bratislava
Phone: +421 2 3366 6800
Fax: +421 2 3366 6801
E-Mail: sylvia.kostalova@kapsch.net

Kapsch Telematic Services SK s.r.o.
Karadžičova 8
CBC I
821 09 Bratislava
Phone: +421 2 3366 6800
Fax: +421 2 3366 6801
E-Mail: sylvia.kostalova@kapsch.net

Slovenia
Kapsch TrafficCom d.o.o.
Ribičičeva ulica 33
1000 Ljubljana

South Africa
Kapsch TrafficCom SA (pty) LTD
Helvetia House
Greenvale Road
Wilbart, Germiston 1610
Phone: +27 11 455 2280
Fax: +27 11 455 2276
E-Mail: brian.tucker@kapsch.co.za

Sweden
Kapsch TrafficCom AB
Bataljonsgatan 10, Box 1063
551 10 Jönköping
Phone: +46 36 290 1500
Fax: +46 36 290 1501
E-Mail: info@kapsch.se

United Kingdom
Kapsch TrafficCom Ltd.
Unit 2 espace
26 St. Thomas Place
Ely CAMBS CB7 4EX
Phone: +44 0 1353 644 012
Fax: +44 0 1353 611 001
E-Mail: sharon.kindleysides@kapsch.net

U.S.A.
Kapsch TrafficCom Holding Corp.
21515 Ridgetop Circle, Suite 290
Sterling, VA 20166

Kapsch TrafficCom U.S. Corp.
21515 Ridgetop Circle, Suite 290
Sterling, VA 20166

Kapsch TrafficCom Inc.
TechnoCom Mobility Solutions
2035 Corte del Nogal, Suite 105
Carlsbad, CA 92011

Glossary.

ANPR	Automatic number plate recognition
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 systems in Europe (CEN Standards).
DSRC	Dedicated short-range communication
ETC	Electronic toll collection
GHz	Gigaherz
GNSS	Global navigation satellite system
GPS	Global positioning system
GPRS	General packet radio service
GSM	Global system for mobile communication
ISO	International organization for standardization
LAN	Local area network
VPS	Vehicle positioning systems
MHz	Megaherz
MLFF	Multi-lane free-flow
OBU	On-board unit (also called tag)
RUC	Road user charging
Tag	See OBU
Transceiver	Device that has both a transmitter and a receiver.
Transponder	Automatic device that receives, amplifies and transmits a signal on a different frequency.
VDC	Vehicle detection and classification
VR-2	Vehicle registration system
VDR	Vehicle detection and registration
WAN	Wide area network

Financial Calendar.

Financial Calendar	
24 June 2009	Ordinary Shareholders' Meeting
1 July 2009	Deduction of dividends for fiscal year 2008/09 (ex-day)
8 July 2009	First day of payment for fiscal year 2008/09 dividends
26 August 2009	Interim financial report fiscal year 2009/10-Q1
25 November 2009	Interim financial report fiscal year 2009/10-Q2
24 February 2010	Interim financial report fiscal year 2009/10-Q3
16 June 2010	Results fiscal year 2009/10
7 July 2010	Ordinary Shareholders' Meeting
14 July 2010	Deduction of dividends for fiscal year 2009/10 (ex-day)
21 July 2010	First day of payment for fiscal year 2009/10 dividends

Informationen on the Kapsch TrafficCom share	
Investor Relations Officer	Marcus Handl
Shareholders' Telephone	+43 (0)50811 1120
E-mail	ir.kapschtraffic@kapsch.net
Website	www.kapschtraffic.com
Stock exchange	Vienna, Prime Market
ISIN	AT000KAPSCH9
Trading Symbol	KTCG
Reuters	KTCG.VI
Bloomberg	KTCG AV

Five-Year Review.

Earnings Data[1]		2008/09		2007/08		2006/07		2005/06		2004/05	
Revenues	in million EUR	200.3		185.7		198.6		116.2		121.9	
EBITDA	in million EUR	35.0		39.0		30.8		21.0		18.7	
EBITDA margin	in %	17.5		21.0		15.5		18.1		15.4	
EBIT	in million EUR	29.0		34.9		26.9		17.3		13.0	
EBIT margin	in %	14.5		18.8		13.5		14.9		10.7	
Profit before tax	in million EUR	21.9		42.8		27.0		17.8		13.5	
Profit after tax	in million EUR	16.4		32.1		20.3		12.3		14.2	
Earnings per share[2]	in EUR	1.06		2.60		2.04		1.24		1.43	
Free Cashflow[3]	in million EUR	19.9		-14.8		-39.1		14.4		18.6	
Capital Expenditure[4]	in million EUR	22.2		4.0		2.3		1.3		3.0	
Employees as of 31 March (of each year)		946		824		774		569		572	
Revenues by Segment (percentage of Revenues)		**2008/09**		**2007/08**		**2006/07**		**2005/06**		**2004/05**	
Road Solution Projects (RSP)	in million EUR	56.8	(28%)	47.0	(25 %)	105.0	(53 %)	18.7	(16 %)	30.0	(25 %)
Services, System Extensions, Components Sales (SEC)	in million EUR	135.6	(68%)	128.8	(69 %)	80.6	(41 %)	76.2	(66 %)	78.0	(64 %)
Others (OTH)	in million EUR	8.0	(4%)	10.0	(5 %)	13.0	(7 %)	21.3	(18 %)	13.9	(11 %)
Revenues by Region (percentage of Revenues)		**2008/09**		**2007/08**		**2006/07**		**2005/06**		**2004/05**	
Central & Eastern Europe (incl. Austria)	in million EUR	139.3	(70%)	124.2	(67 %)	157.3	(79 %)	68.4	(59 %)	57.5	(47 %)
Western Europe	in million EUR	21.3	(11%)	17.6	(9 %)	12.9	(6 %)	18.9	(16 %)	21.2	(17 %)
Americas	in million EUR	14.0	(7%)	18.8	(10 %)	15.4	(8 %)	9.4	(8 %)	23.8	(20 %)
Rest of World	in million EUR	25.6	(12%)	25.2	(14 %)	13.0	(7 %)	19.5	(17 %)	19.4	(16 %)
Balance Sheet Data		**31 March 2009**		**31 March 2008**		**31 March 2007**		**31 March 2006**		**31 March 2005**	
Total Assets	in million EUR	324.5		298.4		227.2		131.9		133.5	
Total Equity[5]	in million EUR	134.2		133.4		45.6		39.1		37.4	
Equity ratio[5]	in %	41.4		44.7		20.1		29.6		28.0	
Net assets (+) /-debt (-)	in million EUR	5.0		28.4		-12.5		37.2		29.4	
Capital Employed	in million EUR	193.4		161.3		78.2		48.6		47.8	
Net Working Capital	in million EUR	122.3		131.4		56.8		43.2		42.5	

1 only continuing operations
2 earnings per share in fiscal year 2008/09 relate to 12.2 million shares, in fiscal year 2007/08 relate to a weighted average number of 11.7 million outstanding shares and in the fiscal years 2006/07 and 2005/06 relate to 10.0 million shares
3 operating cashflow minus capital expenditure from operations (excl. acquisitions and securities)
4 capital expenditure from operations (excl. acquisitions and securities)
5 incl. minority interests

Kapsch TrafficCom is an international supplier of innovative road traffic telematics solutions. Its principle business is the development and supply of electronic toll collection (ETC) systems, in particular for the multi-lane free-flow (MLFF) of the traffic, and the technical and commercial operation of such systems. Kapsch TrafficCom also supplies traffic management systems, with a focus on road safety and traffic control, and electronic access systems and parking management. With more than 220 references in 36 countries in all 5 continents, and with more than 14 million on-board units (OBUs) and nearly 12,000 equipped lanes, Kapsch TrafficCom has positioned itself among the leading suppliers of ETC systems worldwide. Kapsch TrafficCom is headquartered in Vienna, Austria, and has subsidiaries and representative offices in 22 countries.

Kapsch TrafficCom AG I Am Europlatz 2 I A-1120 Vienna, **Austria** I www.kapschtraffic.com

Investor Relations I Marcus Handl I Phone: +43 (0)50811 1120 I Fax: +43 (0)50811 99 1120 I E-Mail: ir.kapschtraffic@kapsch.net

Public Relations I Brigitte Herdlicka I Phone: +43 (0)50811 1710 I Fax: +43 (0)50811 99 1710 I E-Mail: brigitte.herdlicka@kapsch.net