

Report on the first half of fiscal year 2008/09.

Kapsch TrafficCom Group – Key Figures.

Operating Figures (cumulative)		FY09-Q2	FY08-Q2	+/- %	FY08
Revenues	in million EUR	108.5	68.8	58 %	185.7
EBITDA	in million EUR	20.3	9.6	>100 %	39.0
EBITDA margin	in %	18.7	13.9		21.0
EBIT	in million EUR	18.3	6.7	>100 %	34.9
EBIT margin	in %	16.9	9.8		18.8
Profit before tax	in million EUR	22.7	8.6	>100 %	42.8
Profit after tax	in million EUR	17.2	6.3	>100 %	32.1
Earnings per share	in EUR	1.29	0.47	>100 %	2.60
Free cash flow ¹	in million EUR	31.1	-21.3		-14.8
Capital expenditure ²	in million EUR	7.2	2.0	>100 %	4.0
Employees as of 30 September 2008		898	781	15 %	824

Revenues by Segment		FY09-Q2	FY08-Q2	+/- %	FY08
Road Solution Projects	in million EUR	40.2	13.2	>100 %	47.0
Services, System Extensions, Components Sales	in million EUR	64.2	50.4	27 %	128.8
Others	in million EUR	4.2	5.2	-20 %	10.0

Revenues by Region		FY09-Q2	FY08-Q2	+/- %	FY08
Central & Eastern Europe (incl. Austria)	in million EUR	79.8	44.5	79 %	124.2
Western Europe	in million EUR	10.7	6.7	60 %	17.6
America	in million EUR	5.6	9.7	-43 %	18.8
Rest of World	in million EUR	12.4	7.9	58 %	25.2

Balance Sheet Data		30 Sep 2008	+/- %	31. March 2008
Total assets	in million EUR	340.5	14 %	298.4
Total equity ³	in million EUR	138.3	4 %	133.4
Equity ratio	in %	40.6		44.7
Net assets ⁴	in million EUR	34.6	22 %	28.4
Capital employed	in million EUR	189.6	18 %	161.3

Capital Market Data ⁵					
Offer price per share on 26 June 2007	in EUR	32.0	Closing price as of 30 June 2008	in EUR	29.7
Number of shares as of 30 Sep 2008	in million	12.2	Closing price as of 30 Sep 2008	in EUR	23.3
Free float as of 30 Sep 2008	in %	31.6	Market capitalization as of 30 Sep 2008	in million EUR	283.7

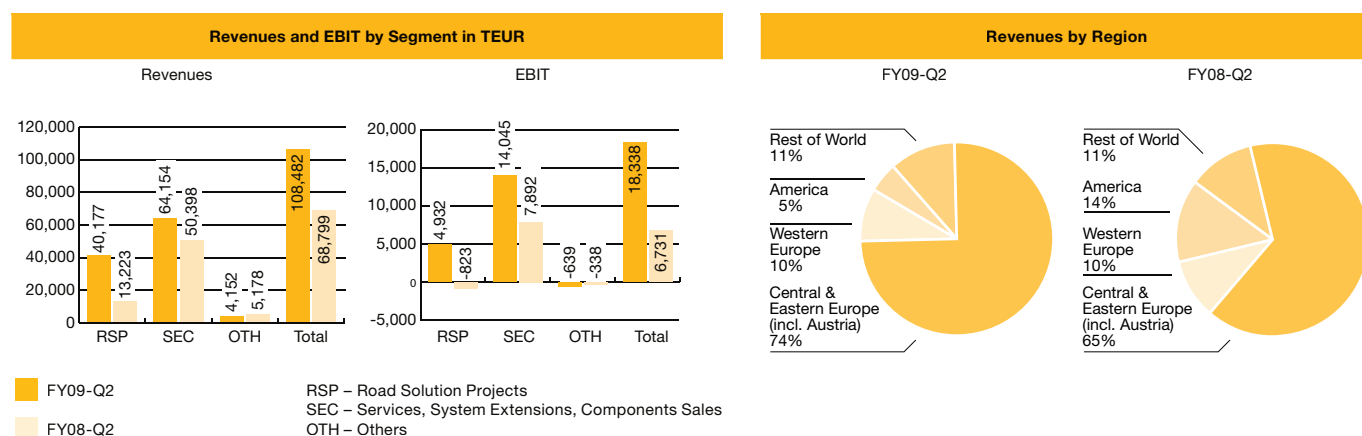
¹ operating cash flow minus capital expenditure from operations (excl. acquisitions and securities)

² capital expenditure from operations (excl. acquisitions and securities)

³ incl. minority interests

⁴ excl. long-term securities

⁵ for additional capital market data see page 5



Letter from the Chief Executive Officer.



Georg Kapsch, Chief Executive Officer

Dear shareholders,

even against the background of the currently difficult situation on the international financial markets, I am delighted to report about a successful first half of the current fiscal year 2008/09, in which we continued the controlled growth of the business and the extension of our strong position in several markets. As it can be seen from this report, the Kapsch TrafficCom Group recorded double-digit growth rates in revenues and triple-digit growth rates in earnings despite the tense situation on the financial, commodity and energy markets. We also succeeded to generate a clear positive free cash flow and to advance our cash position. With this strengthening of the financial power we regard ourselves as well prepared for further growth in the future and even in a probably more challenging economic environment.

Revenues were at EUR 108.5 million in the first half of the current fiscal year, up 58 % compared to the same period of the previous fiscal year (EUR 68.8 million). EBIT increased by 173 % to EUR 18.3 million (first half of previous fiscal year: EUR 6.7 million) and profit before tax by 164 % to EUR 22.7 million (previous fiscal year: EUR 8.6 million). We thereby significantly enhanced our profitability in the first six months compared to the same period of the previous fiscal year with the EBIT margin improving from 9.8 % to 16.9 %. We are also delighted to report that earnings per share increased by 174 % to EUR 1.29 (previous fiscal year: 0.47 %).

The Kapsch TrafficCom Group also clearly advanced the free cash flow by EUR 52.4 million to EUR 31.1 million compared to EUR -21.3 million in the same period of the previous fiscal year.

Challenging economic environment

Considerable increase in revenues and disproportionate increase in earnings

Clear positive free cash flow and advanced cash position

In the first six months of the current fiscal year, cash and cash equivalents increased to EUR 77.5 million, as of 30 September 2008 (31 March 2008: EUR 47.4 million), even though we distributed dividends of EUR approximately EUR 11.0 million and invested EUR 10.8 million in the acquisition of the “Mobility Solutions” business of TechnoCom Corporation in the U.S. This improves our position in a difficult situation of the international financial markets.

Both of our large segments – SEC (Services, System Extensions, Components Sales) and RSP (Road Solution Projects) – significantly contributed to these positive developments. The performance of the SEC segment has remained strong in the first six months and in line with the strategy to increase recurring revenues as presented during our IPO, with a 27 % increase in revenues to EUR 64.2 million (previous year: EUR 50.4 million) and a 78 % increase in EBIT to EUR 14.0 million (previous fiscal year: EUR 7.9 million). Developments in the RSP (Road Solution Projects) segment were particularly positive due to a high activity level in projects: revenues increased to EUR 40.2 million (previous fiscal year: EUR 13.2 million) and almost reached the level of the entire previous fiscal year (2007/08: EUR 47.0 million) at a significantly improved EBIT of EUR 4.9 million (previous fiscal year: EUR -0.8 million).

A very pleasant addition was made to our reference list: among others, Thailand decided for a first electronic tolling system with a contract volume of approximately EUR 8.5 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 took an order for a city access control project at a contract volume of EUR 0.8 million.

The business with on-board units (OBUs) continued at a high level: among others, Kapsch TrafficCom won orders of 500.000 OBUs in Australia and 30.000 OBUs in Ireland. The total volume of OBUs delivered in the first half of the current fiscal year increased by 55 % to almost 1.4 million units compared with nearly 0.9 million units in the first half of the previous fiscal year.

We take an optimistic view on the Company’s markets even in a changed economic environment. Even if the growth rates above average in the first half year can presumably not be continued at the same level for the rest of the year, we take a positive view on the development of Kapsch TrafficCom in the second half of the fiscal year.

With all best wishes



Georg Kapsch
Chief Executive Officer

Improvements in both large segments

Addition to our reference list

**Business with on-board units (OBUs)
continued at a high level**

Positive outlook

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.

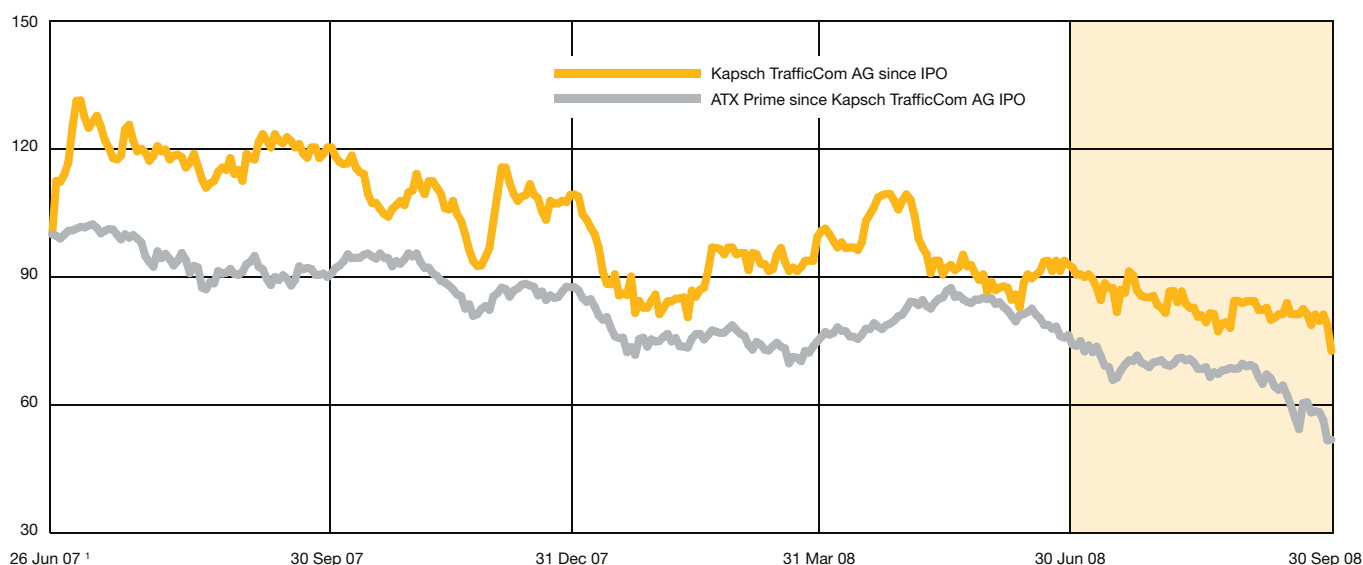
Die Kapsch TrafficCom Share.

Developments on the international capital markets in the first half of the current fiscal year 2008/09 and particularly in the second quarter were negatively influenced by the financial crisis and the cyclical downturn of the economy. The Kapsch TrafficCom share was also affected by the significant downturn of the Vienna Stock Exchange. The share closed the first half of the current fiscal year 2008/09 at a share price of EUR 23.3 on 30 September 2008, down 21.5 % from the closing price at the end of the previous quarter (30 June 2008: EUR 29.7). During the same period, the ATX Prime decreased by 31.7 %. Since the initial public offering on 26 June 2007, our share price declined by 27.2 %, as of 30 September 2008, whereas the ATX Prime decreased by 48.1 %.

Based on a closing price of EUR 23.3 per share on 30 September 2008 and the number of outstanding shares unchanged at 12.2 million, Kapsch TrafficCom's market capitalization was EUR 283.7 million as of September 30, 2008. As of 30 September 2008, approximately 31.6 % of the shares were in free float, whereas the remaining approximately 68.4 % were held by KAPSCH-Group Beteiligungs GmbH.

The first ordinary shareholders' meeting on 10 July 2008 resolved to distribute a dividend of EUR 0.90 per share, representing a payout ratio of almost 35% for the previous fiscal year 2007/08. The dividend in an aggregate amount of approximately EUR 11.0 million was paid out to our shareholders on 24 July 2008.

Share price development in FY09-Q2 and since IPO (Kapsch TrafficCom AG vs. ATX Prime)



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

Information on the share		Financial calendar	
Investor Relations Officer	Marcus Handl	25 February 2009	Interim financial report FY09-Q3
E-Mail	ir.kapschtraffic@kapsch.net	18 June 2009	Results FY09
Stock exchange	Vienna, Prime Market	10 July 2009	Ordinary shareholders' meeting
ISIN	AT000KAPSCH9	17 July 2009	Deduction of dividends (ex-day)
Trading Symbol	KTCG	24 July 2009	First day of payment for dividends
Reuters / Bloomberg	KTCG.VI / KTCG AV		

Interim management report.

Economic background for the Group.

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

Kapsch TrafficCom and its customers are challenged by the current situation on the financial, commodity and energy markets, the deceleration of the economic cycle and the first indications of the consequences resulting from the financial market crisis on the real economy. The management of the Company is convinced that investment in infrastructure will be made even in this challenging economic environment.

Financial performance indicators

This condensed interim financial report for the first half of the current fiscal year 2008/09 ended 30 September 2008 has been prepared in accordance with the same accounting and valuation policies as the consolidated annual financial statements for the year ended 31 March 2008 (fiscal year 2007/08) and as described therein.

Earnings

Revenues of Kapsch TrafficCom Group in the first half of the current fiscal year 2008/09 amounted to EUR 108.5 million, up 58 % from EUR 68.8 million recorded in the same period of the previous fiscal year. This increase in revenues was in line with optimistic expectations.

In the first half of the current fiscal year the Services, System Extensions, Components Sales (SEC) segment recorded a significant increase in revenues. At EUR 64.2 million, segment revenues for the first six months were up 27 % compared to the same period of the previous fiscal year (EUR 50.4 million). The successful technical and commercial operation of the nationwide electronic truck tolling system in the Czech Republic and the significant increase in sales of on-board units (OBUs) in Australia, Spain, Ireland, Denmark, Turkey and Austria significantly contributed to the segment's encouraging performance. The Road Solution Projects (RSP) segment also showed a positive development in revenues with an increase by EUR 33.1 million compared with the same period of the previous fiscal year to EUR 40.2 million. The share of the RSP segment in total revenues nearly doubled from 19 % in the first six months of the previous fiscal year to 37 % during the first half of the current fiscal year. This segment also accounted for the delivery of the interface for a future satellite-based toll collection system on 1st class, 2nd class and 3rd class roads as well as the supply of the interface for telematics applications and the implementation of a traffic regulation system for the D1 motorway route to the Czech Republic. The Others (OTH) segment's revenues declined from EUR 5.2 million to EUR 4.2 million (down 20 %).

In the first six months of the current fiscal year, Kapsch TrafficCom Group reported an operating result (EBIT) up 173 % from EUR 6.7 million to EUR 18.3 million. This increase is also reflected in the enhanced profitability with the EBIT margin improving from 9.8 % to 16.9 %. Operating results (EBIT) by segment were as follows:

- In the first half of the current fiscal year the operating result (EBIT) for SEC advanced from EUR 7.9 million in the first six months of the previous fiscal year to EUR 14.0 million (up 78 %).
- In the same period, project realisations led to an increase of RSP segment's operating result (EBIT) from EUR -0.8 million to EUR 4.9 million.
- OTH segment's operating result (EBIT) declined from EUR -0.3 million to EUR -0.6 million.

Financial position and cash flows.

Total assets of EUR 340.5 million as of 30 September 2008 were up 14 % from EUR 298.4 million as of 31 March 2008. The increase in assets was particularly due to an increase in intangible assets and other non-current assets whereas the increase in equity and liabilities was attributable to an increase in current financial liabilities as well as trade and other current payables. At 40.6%, the Company's equity ratio was almost at the same level as of 31 March 2008. The cash flow from operating activities increased from EUR -19.3 million in the first six months of the previous fiscal year to EUR 38.3 million in the first half of the current fiscal year. Besides the increased operating result (EBIT), a decreased level of trade receivables as well as increased trade payables positively contributed to this development. The cash flow used in investing activities was at EUR -20.9 million in the first six months of the current fiscal year compared with EUR -31.4 million in the first half of the previous fiscal year and resulted in particular from payments for acquisitions of companies and asset deals. Within the cash flow used in financing activities an increase in current financial liabilities compensated the dividends distributed to shareholders (approximately EUR 11.0 million) and therewith contributed EUR 12.5 million to the increased cash flow compared with EUR 59.2 million due to the initial public offering during the same period of the previous fiscal year. At EUR 77.5 million as of 30 September 2008, cash and cash equivalents increased by EUR 30.1 million compared to 31 March 2008 (EUR 47.4 million). The second instalment of 25 % from phase I of the implementation of the nationwide electronic truck tolling system in the Czech Republic (commenced operation on 1 January 2007) in the amount of EUR 35.3 million was received in line with the payment plan. Net working capital decreased from EUR 131.4 million as of 31 March 2008 to EUR 94.1 million as of 30 September 2008.

Details of major transactions with related parties.

In connection with the nationwide electronic truck tolling system in the Czech Republic, KAPSCH-Group Beteiligungs-GmbH issued a payment guarantee in the amount of EUR 40 million. The payment guarantee of EUR 9 million issued by Kapsch CarrierCom AG was returned. Details of business with related parties are discussed under note 15 to the condensed consolidated interim financial information as of 30 September 2008.

Acquisitions.

In May 2008, Kapsch-Busi S.p.A. with its seat in Bologna, was established as a joint venture to focus on the Italian traffic telematics market in the urban area. In July 2008, Kapsch TrafficCom AG acquired through its subsidiary Kapsch TrafficCom Inc., California, 100 % of the "Mobility Solutions" business unit of TechnoCom Corporation, a corporation organized under the laws of the State of Delaware.

Risk reporting.

As an international group, Kapsch TrafficCom is exposed to general and industry specific risks. A risk management system has been established at the headquarters in order to identify any such risks at early stages.

Currency exchange risks are hedged by forward exchange contracts, if necessary. The weakness of the USD played only a minor role so far, as Kapsch TrafficCom invoices in EUR, SEK or local currencies. A translation risk exists due to the conversion of financial statements of subsidiaries into EURO.

Kapsch TrafficCom frequently provides to customers, suppliers and creditors guarantees and warranties, mainly in the form of performance guarantees.

Outlook on the second half of the current fiscal year 2008/09.

The management takes an optimistic view on the Company's markets even in a changed economic environment. Even if the growth rates above average in the first half year can presumably not be continued at the same level for the rest of the year, the management takes a positive view on the development of Kapsch TrafficCom in the second half of the fiscal year.

Events after 30 September 2008.

On 7 October 2008, Kapsch TrafficCom AG established its fully-owned subsidiary Kapsch TrafficCom d.o.o., Ljubljana, Slovenia.

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

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

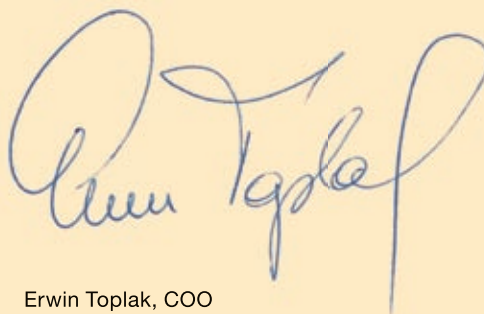
The condensed consolidated interim report has neither been audited nor been reviewed by an auditor.

Vienna, 18 November 2008

Board of Management

A handwritten signature in blue ink, appearing to read 'G. Kapsch', written in a cursive style.

Georg Kapsch, CEO

A handwritten signature in blue ink, appearing to read 'Erwin Toplak', written in a cursive style.

Erwin Toplak, COO

Condensed consolidated interim financial information 30 September 2008 (unaudited).

Kapsch TrafficCom AG – Consolidated income statement.

All amounts in TEUR	Note	FY09-Q2	FY08-Q2	FY09-Q2 cum.	FY08-Q2 cum.
REVENUE	(4)	48,060	34,956	108,482	68,799
Other operating income		201	208	796	694
Changes in finished and unfinished goods and work in progress		12,280	5,582	13,005	10,932
Cost of material and other production services		-30,636	-20,305	-58,998	-38,160
Staff costs		-12,458	-10,298	-25,607	-21,478
Amortisation of intangible assets and depreciation of property, plant and equipment		-1,034	-1,021	-1,952	-1,946
Other operating expenses		-9,335	-6,338	-17,388	-12,111
Operating result	(4,10)	7,077	2,784	18,338	6,730
Finance income		2,396	2,112	8,170	4,156
Finance costs		-2,255	-386	-3,845	-2,253
Financial result		141	1,727	4,325	1,903
Result from associates		0	101	0	-31
Profit before tax		7,218	4,611	22,663	8,602
Income taxes	(11)	-1,161	-1,207	-5,421	-2,308
Profit after tax for the period		6,056	3,405	17,243	6,294
Attributable to:					
Equity holders of the Company		5,426	2,929	15,752	5,680
Minority interest		630	475	1,490	614
		6,056	3,405	17,243	6,294
Earnings per share for profit attributable to the equity holders of the company (expressed in EUR per share)	(12)	0.44	0.24	1.29	0.47

Earnings per share related to 12.2 million shares.

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

Kapsch TrafficCom AG – Consolidated balance sheet.

All amounts in TEUR	Note	30 Sep 2008	31 March 2008
ASSETS			
Non-current assets			
Property, plant and equipment	(5)	9,458	6,192
Intangible assets	(5)	24,938	8,593
Shares in associates		0	0
Other financial assets		3,714	3,405
Other non-current assets		68,396	55,005
Deferred tax assets		4,951	7,280
		111,457	80,475
Current assets			
Inventories		27,766	25,734
Trade receivables and other assets		115,291	135,837
Other current financial assets		8,402	8,895
Cash and cash equivalents		77,535	47,429
		228,993	217,895
TOTAL ASSETS		340,450	298,371
EQUITY AND LIABILITIES			
Equity			
Share capital	(6)	12,200	12,200
Capital reserve		70,077	70,077
Currency translation differences		-790	220
Fair value valuation reserve		-1,367	-971
Consolidated retained earnings and other reserves		54,500	49,728
		134,620	131,254
Minority interests		3,643	2,123
Total equity		138,263	133,377
Non-current liabilities			
Non-current financial liabilities	(7)	7,713	10,581
Liabilities from post-employment benefits to employees	(8)	13,949	14,089
Non-current provisions	(9)	533	1,694
Other non-current liabilities		27,543	26,150
Deferred tax liability		2,069	2,055
		51,807	54,568
Current liabilities			
Trade and other current payables		57,328	39,050
Other liabilities and deferred income		27,024	29,486
Current tax payables		6,002	6,259
Current financial liabilities	(7)	43,727	17,382
Current provisions	(9)	16,299	18,250
		150,380	110,426
Total liabilities		202,187	164,994
TOTAL EQUITY AND LIABILITIES		340,450	298,371

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

Kapsch TrafficCom AG – Consolidated statement of changes in equity.

All amounts in TEUR

	Attributable to equity holders of the Company					Minority Interest	Total Equity
	Share capital	Capital reserve	Currency translation differences	Fair Value valuation reserve	Consolidated retained earnings & other reserves		
Carrying amount at 1 April 2008	12,200	70,077	220	-971	49,728	2,123	133,377
Currency translation differences			-1,010			30	-980
Fair value gains/losses realised (net of tax)				-396			-396
<i>Net income/expenses recognised directly in equity</i>			-1,010	-396		30	-1,376
Dividend for 2007/08					-10,980		-10,980
Profit for the year					15,752	1,490	17,243
Carrying amount at 30 September 2008	12,200	70,077	-790	-1,367	54,500	3,643	138,263
Carrying amount at 1 April 2007	10,000	5,325	914	-114	29,130	340	45,595
Currency translation differences			-137			23	-114
Fair value gains/losses realised (net of tax)				-231			-231
<i>Net income/expenses recognised directly in equity</i>			-137	-231		23	-345
Capital increase from initial public offering	2,200						2,200
Premium from initial public offering less expenses relating to the initial public offering		65,379					65,379
Dividend for 2005/06					-10,000	0	-10,000
Profit for the year					5,680	614	6,294
Carrying amount at 30 September 2007	12,200	70,705	778	-345	24,810	977	109,124

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

Kapsch TrafficCom AG – Consolidated cash flow statement.

All amounts in TEUR	FY09-Q2	FY08-Q2	FY09-Q2 cum.	FY08-Q2 cum.
Cash flow from operating activities				
Operating result	7,077	2,784	18,338	6,730
Adjustments for non-cash items and other reconciliations:				
Depreciation and amortisation	1,034	1,021	1,952	1,946
Increase/decrease in obligations for post-employment benefits	-109	-139	-140	-218
Change in other non-current liabilities and provisions	-1,143	-52	-1,160	-51
Increase/decrease in non-current trade receivables	-14,199	20,620	-12,748	20,110
Increase/decrease in non-current trade payables	303	2,189	1,394	1,920
Other (net)	-1,488	45	2,267	47
	-8,525	26,468	9,903	30,483
Changes in net current assets:				
Increase/decrease in trade receivables and other assets	54,633	-34,621	20,547	-27,488
Increase/decrease in inventories	-5,874	-8,173	-2,032	-13,492
Increase/decrease in trade payables and other current payables	9,941	5,234	15,777	-3,389
Increase/decrease in current provisions	-5,013	-68	-1,951	-2,944
	53,687	-37,628	32,341	-47,314
Cash generated from operations:	45,161	-11,160	42,244	-16,830
Interest received	896	451	1,282	607
Interest payments	-986	-1,138	-1,924	-1,952
Net payments of income taxes	123	-1,203	-3,335	-1,153
Net cash flow from operating activities	45,194	-13,050	38,268	-19,329
Cash flow used in investing activities				
Purchases of property, plant and equipment	-4,208	-473	-5,002	-1,855
Purchases of non-current intangible assets	-1,837	-83	-5,365	-145
Purchases of securities and shares	-343	-30,000	-343	-30,000
Payments for acquisition of companies (less cash and cash equivalents of these companies) and for asset deals	-10,775	-36	-10,775	-36
Proceeds from sale of shares in consolidated companies	0	0	0	54
Proceeds from disposal of property, plant and equipment and intangible assets	502	96	571	553
Net cash flow used in investing activities	-16,661	-30,497	-20,914	-31,428
Cash flow used in financing activities				
Contribution from shareholders	0	-555	0	67,579
Dividends paid to shareholders	-10,980	0	-10,980	-7,000
Increase/decrease in other non-current financial liabilities	-18,620	1,712	-2,869	5,740
Increase/decrease in current financial liabilities	19,748	1,393	26,384	-7,091
Net cash flow used in financing activities	-9,853	2,550	12,536	59,228
Net decrease/increase in cash and cash equivalents	18,681	-40,997	29,890	8,472
Change in cash and cash equivalents				
Cash and cash equivalents at beginning of period	58,654	69,872	47,429	20,183
Net decrease/increase in cash and cash equivalents	18,681	-40,997	29,890	8,472
Exchange gains/losses on cash and cash equivalents	200	-224	216	-4
Cash and cash equivalents at end of period	77,535	28,651	77,535	28,651

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

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

1. General Information.

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

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

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

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

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

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

2. Basis of preparation.

This condensed interim financial information for the first half of the current fiscal year 2008/09 ended 30 September 2008 has been prepared in accordance with IAS 34, "Interim financial reporting". The interim condensed financial report should be read in conjunction with the annual financial statements for the year ended 31 March 2008.

3. Accounting policies.

The accounting policies adopted are consistent with those of the annual financial statements for the year ended 31 March 2008, as described in the annual financial statements for the year ended 31 March 2008.

4. Segment Information.

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

Primary reporting format – business segments

All amounts in TEUR

FY09-Q2	RSP	SEC	OTH	Consolidated Group
Revenues	40,177	64,154	4,152	108,482
Operating result	4,932	14,045	-639	18,338

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

5. Capital Expenditure.

All amounts in TEUR	Tangible and intangible assets
Opening net book amount as of 1 April 2008	14,785
Additions	20,974
Change in consolidated entities	480
Disposals	-571
Depreciation, amortisation, impairment and other movements	-1,240
Currency translation differences	-32
Closing net book amount as of 30 September 2008	34,397
Opening net book amount as of 1 April 2007	15,417
Additions	2,182
Change in consolidated entities	6
Disposals	-553
Depreciation, amortisation, impairment and other movements	-1,757
Currency translation differences	-271
Closing net book amount as of 30 September 2007	15,024

6. Share Capital.

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.

The Company issued 2,200,000 new shares at an issue price of EUR 32 per share in the initial public offering in June 2007.

7. Financial Liabilities.

All amounts in TEUR	30 Sep 2008	31 March 2008	30 Sep 2007	31 March 2007
Non-current	7,713	10,581	16,262	10,523
Current	43,727	17,382	15,033	22,124
Total	51,440	27,963	31,295	32,646

Movements in borrowings is analysed as follows:

Opening amount as of 1 April 2008	27,963
Additions	44,217
Repayments of borrowings	-21,252
Currency translation	512
Closing amount as of 30 September 2008	51,440
Opening amount as of 1 April 2007	32,646
Additions	9,593
Repayments of borrowings	-10,944
Currency translation	0
Closing amount as of 30 September 2007	31,295

8. Defined benefit plans.

All amounts in TEUR	30 Sep 2008	31 March 2008	30 Sep 2007	31 March 2007
Severance payments	4,940	5,001	5,162	5,305
Pension benefits	9,009	9,088	9,172	9,247
Total	13,949	14,089	14,334	14,552

Severance Payments

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

Pension benefits

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

9. Provisions.

All amounts in TEUR	30 Sep 2008	31 March 2008	30 Sep 2007	31 March 2007
Non-current provisions	533	1,694	1,634	1,684
Current provisions	16,299	18,250	12,517	15,462
Total	16,832	19,943	14,151	17,146

FY09-Q2

All amounts in TEUR	1 April 2008	Change in consolidated entities	Use/disposal	Additions	Exchange rate differences	30 Sep 2008
Obligations from anniversary bonuses	464	0	-19	0	0	445
Costs of dismantling and removing assets	1,130	0	-1,130	0	0	0
Other	99	0	0	0	-11	88
Non-current provisions, total	1,694	0	-1,150	0	-11	533
Warranties	4,128	0	-811	0	-75	3,242
Losses from pending transactions and repairs	910	0	-364	0	0	545
Legal fees, costs of litigation and contract risks	6,888	0	-4,357	2,260	165	4,956
Other	6,324	0	-2,507	3,703	36	7,555
Current provisions, total	18,250	0	-8,040	5,963	126	16,299
Total	19,943	0	-9,189	5,963	115	16,832

FY08-Q2

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

10. Operations result.

The income statement for the first half year of FY08 included one-off costs resulting from the IPO in the amount of TEUR 912. There were no comparable costs in the first half year of FY09.

11. Income Taxes.

Income tax expense is recognised on management's best estimate of the weighted average annual income tax rate expected for the full financial year. The estimated tax rate for the first half year FY09 used is 28 % (the estimated tax rate for the first half year FY08 was 28 %).

12. Earnings per share.

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

All amounts in TEUR	FY09-Q2 cum.	FY08-Q2 cum.
Earnings per share for profit from continuing operations attributable to the equity holders of the company (expressed in EUR per share)	1.29	0.47

Earnings per share is related to 12.2 million shares.

13. Business Combinations.

Kapsch TrafficCom AG and the Italian Busi Impianti Group announced their cooperation on 15 May 2008. The two companies have established Kapsch-Busi S.p.A., with its seat in Bologna, as a joint venture to focus on the Italian traffic telematics market in the urban area. Busi Impianti has outsourced the respective business unit, including a group of about 10 employees, Kapsch TrafficCom has complemented the team by own personnel.

The assets and liabilities arising from the acquisition:

Kapsch-Busi S.p.A

All amounts in TEUR	
Purchase price:	
paid in cash	80
fair value of the liability resulting from put-option	3,214
	3,294
Fair value of net assets acquired (on a provisional basis)	120
Goodwill	3,174

The assets and liabilities arising from the acquisition:

All amounts in TEUR	Fair value (on a provisional basis)
Intangible assets	327
Property, plant and equipment	4
Receivables and other assets	459
Cash and cash equivalents	90
Payables, other liabilities and accruals	-760
Net assets acquired	120

The fair value of the net assets acquired was determined on a provisional basis. In the course of the acquisition of the controlling interest, put/call options over the remaining non-controlling interest were entered into between the group and the seller. The put option was disclosed at its fair value under liabilities.

Business area “Mobility Solutions” of TechnoCom Corporation.

As of 4 July 2008, Kapsch TrafficCom AG acquired through its subsidiary Kapsch TrafficCom Inc, 100% of the Mobility Solutions business unit of TechnoCom Corporation, a corporation organized under the laws of the State of Delaware and with its primary place of business in Encino, California.

All amounts in TEUR	
Purchase price:	
paid in cash	10,775
contingent considerations	2,319
	13,094
Fair value of net assets acquired (on a provisional basis)	597
Goodwill	12,496

The assets and liabilities arising from the acquisition:

All amounts in TEUR	Fair value (on a provisional basis)
Intangible assets	101
Property, plant and equipment	48
Receivables and other assets	542
Cash and cash equivalents	0
Payables, other liabilities and accruals	-94
Net assets acquired	597

The fair value of the net assets acquired was determined on a provisional basis. The purchase price is determined according to IFRS 3 and consists of a fixed cash component amounting to EUR 10.8 million and contingent considerations totalling EUR 2.3 million which contain payments contingent on realisation of milestones in certain projects and expected sales. Both components were measured at their fair value (present value) and disclosed under liabilities. The third contingent element was not considered in determining total acquisition costs as it is contingent on future tax amortization benefits which cannot be measured reliably.

14. Contingent liabilities.

The Group's contingent liabilities primarily result from major 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:

All amounts in TEUR	30 Sep 2008	31 March 2008
Contract and warranty bonds		
City highway Santiago	825	860
City highway Sydney and Melbourne	2,281	2,377
	3,106	3,237
Performance, bid and other bonds		
Truck tolling system Austria	12,500	12,500
Truck tolling system Czech Republic	60,734	48,899
Tolling system New Zealand	2,015	2,101
Other	5,226	4,306
	80,475	67,806
Bank guarantees	3,618	3,290
Sureties	28	25
	3,646	3,315
Total	87,227	74,359

15. Related-party transactions.

All amounts in TEUR		Sales to related parties Q2 (cum.)	Sales from related parties Q2 (cum.)	Amounts owed by related parties 30 Sep	Amounts owed to related parties 30 Sep
Affiliated companies outside the Kapsch TrafficCom Group	FY09	694	5,837	574	1,154
	FY08	1,694	4,759	2,532	10,128
Others	FY09	27	757	0	10,397
	FY08	24	667	0	9,423

Additionally, the related party KAPSCH-Group Beteiligungs GmbH, Vienna, issued a payment guarantee in the amount of EUR 40 million, in relation to the nationwide electronic truck tolling system in the Czech Republic.

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

16. Events occurring after 30 September 2008.

On 7 October 2008, Kapsch TrafficCom AG established its fully-owned subsidiary Kapsch TrafficCom d.o.o., Ljubljana, Slovenia.

Vienna, 18 November 2008

Board of Management

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

Georg Kapsch, CEO

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

Erwin Toplak, COO

Kapsch TrafficCom is an international supplier of innovative road traffic telematics 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 210 references in 33 countries in Europe, Australia, Latin America, in the Middle-East, in the Asian/Pacific region and in South Africa, and with almost 13 million delivered on-board units (OBUs) and nearly 11,300 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.