

**Report on the first half of
fiscal year 2010/11 (FY11-H1).**

Kapsch TrafficCom Group – Key Figures.

FY11 (fiscal year 2010/11): 1 April 2010–31 March 2011; FY11-H1 (first half of fiscal year 2010/11): 1 April 2010–30 September 2010

Earnings Data		FY11-H1	FY10-H1	+/- %	FY10	
Revenues	in million EUR	146.5	79.4	85 %	216.0	
EBITDA	in million EUR	24.0	-0.6	<-100 %	32.0	
EBITDA margin	in %	16.4	-0.8		14.8	
EBIT	in million EUR	18.2	-4.5	<-100 %	24.5	
EBIT margin	in %	12.5	-5.7		11.4	
Profit before tax	in million EUR	18.9	1.1	>100 %	43.9	
Profit after tax	in million EUR	14.6	2.2	>100 %	36.5	
Earnings per share ¹	in EUR	0.92	0.05	>100 %	2.64	
Free cash flow ²	in million EUR	-21.2	18.6	<-100 %	41.6	
Capital expenditure ³	in million EUR	2.6	5.9	-57 %	4.8	
Employees ⁴		1,541	967	59 %	1,023	
On-board units delivered	in million units	1.50	1.46	3 %	3.54	
Business Segments		FY11-H1	FY10-H1	+/- %	FY10	
Road Solution Projects (RSP):						
Revenues (percentage of Revenues)	in million EUR	52.8 (36.0 %)	10.7 (13.4 %)	>100 %	45.8 (21.2 %)	
EBIT (EBIT margin)	in million EUR	0.8 (1.5 %)	-14.4 (<-100 %)	>100 %	-20.9 (-45.6 %)	
Services, System Extensions, Components Sales (SEC):						
Revenues (percentage of Revenues)	in million EUR	90.3 (61.6 %)	65.1 (82.0 %)	39 %	161.9 (75.0 %)	
EBIT (EBIT margin)	in million EUR	17.3 (19.1 %)	9.9 (15.2 %)	75 %	45.3 (28.0 %)	
Others (OTH):						
Revenues (percentage of Revenues)	in million EUR	3.5 (2.4 %)	3.7 (4.6 %)	-6 %	8.3 (3.8 %)	
EBIT (EBIT margin)	in million EUR	0.2 (6.0 %)	-0.0 (-1.3 %)	>100 %	0.2 (1.9 %)	
Regions		FY11-H1	FY10-H1	+/- %	FY10	
Austria – Revenues (percentage of Revenues)	in million EUR	16.0 (11 %)	15.2 (19 %)	6 %	42.4 (20 %)	
Europe (excl. Austria) – Revenues (percentage of Revenues)	in million EUR	74.1 (51 %)	46.8 (59 %)	58 %	117.1 (54 %)	
Americas – Revenues (percentage of Revenues)	in million EUR	3.4 (2 %)	4.3 (5 %)	-22 %	12.1 (5 %)	
Rest of World – Revenues (percentage of Revenues)	in million EUR	53.1 (36 %)	13.2 (17 %)	> 100 %	44.5 (21 %)	
Balance Sheet Data		30 September 2010	30 September 2009	+/- %	31 March 2010	
Total assets	in million EUR	318.2	267.7	19 %	295.1	
Total equity ⁵	in million EUR	175.3	130.0	35 %	168.2	
Equity ratio ⁵	in %	55.1	48.6		57.0	
Net assets	in million EUR	5.0	17.6	-72 %	35.3	
Capital employed	in million EUR	197.0	159.0	24 %	187.5	
Net working capital	in million EUR	130.8	101.8	28 %	104.6	
Stock Exchange Data ⁶						
Number of shares ⁶	in million	12.2	Closing price ⁶		in EUR	39.06
Free float ⁶	in %	31.6	Market capitalization ⁶		in million EUR	476.53
Trading volume in FY11-H1 ⁷	in shares	12,302	Share performance in FY11-H1		in %	54.63

¹ earnings per share relate to 12.2 million shares

² operating cashflow minus capital expenditure from operations (excl. payments for acquisition of companies and purchases of securities and investments)

³ capital expenditure from operations (excl. payments for acquisition of companies and purchases of securities and investments)

⁴ as of end of period

⁵ incl. minority interests

⁶ as of 30 September 2010; for additional information on the share see page 5

⁷ average daily trading volume (double counting)

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.

Letter from the Chief Executive Officer.



Georg Kapsch, Chief Executive Officer

Dear shareholders,

I am delighted to report about a successful first half of fiscal year 2010/11. We are looking back to a period full of events, especially since the end of the first quarter on 30 June 2010. In the meantime, we held our Annual General Meeting, we have been awarded contracts in South Africa and Poland and we submitted the final bid of our consortium in France. In addition, we successfully placed a corporate bond with private and institutional investors and signed a contract to acquire Mark IV IVHS in North America.

In the first half of fiscal year 2010/11 (1 April 2010 to 30 September 2010), the Kapsch TrafficCom Group generated revenues of EUR 146.5 million, an increase of 85% compared with the same period of the previous fiscal year (FY11-H1: EUR 79.4 million). While EBIT was negative at EUR -4.5 million in the first half of 2009/10, it turned back clearly positive to EUR 18.2 million in the first half of the current fiscal year, representing an EBIT margin of 12.5%. In line with our expectations, the free cash flow was negative at EUR -21.2 million, mainly due to working capital requirements during the implementation of the continent's first large electronic toll collection (ETC) system in South Africa.

By segment, the first half of the current fiscal year showed a continuing strong performance of the segment Services, System Extensions, Components Sales (SEC), which includes the recurring part of the business of the Kapsch TrafficCom Group. At EUR 90.3 million, revenues increased by 39% compared with the same period of the previous fiscal year. At approximately 1.5 million units delivered in the first half of fiscal year 2010/11, our on-board units (OBUs) business remained strong. The EBIT of the segment SEC increased from EUR 9.9 million by 75% to EUR 17.3 million, representing an EBIT margin of 19.1% (FY10-H1: 15.2%). The second large segment Road Solution Projects (RSP), which includes the project business, more than quintupled revenues from EUR 10.2 million in the first half of the previous fiscal year to EUR 52.8 million in the first half of the current fiscal year. We are particularly pleased that the EBIT of the segment RSP was positive at EUR 0.8 million in the first half of the current fiscal year after many quarters of, in part, clearly negative earnings. The improvement of the segment RSP was largely attributable to the progress of the project in South Africa.

With an equity ratio of 55.1 % as of 30 September 2010, the balance sheet remains strong despite the payment of a dividend of EUR 9.2 million. The dividend of EUR 0.75 per share represents a payout ratio of approximately 28 % on earnings per share of EUR 2.64 in fiscal year 2009/10. In the first half of the current fiscal year, earnings per share were at EUR 0.92 (FY10-H1: 0.05). We expect that the equity ratio will decrease in the third quarter after our successful placement of a 4.25 % corporate bond with a tenor of seven years and a volume of EUR 75 million (bullet repayment at maturity) on 3 November 2010.

In South Africa, our subsidiary TMT Services and Supplies (Proprietary) Limited has been awarded a contract by the City of Johannesburg to implement and subsequently operate an Automatic Fare Collections (AFC) system on their bus fleet worth ZAR 175 million (approximately EUR 17.5 million) only a few months after Kapsch TrafficCom AG indirectly subscribed for new shares in the company representing 51.43 % of the increased share capital, which was recently increased to 56.81 %.

In Poland, the consortium led by Kapsch TrafficCom was announced as best bidder and winner of the tender for a nationwide electronic truck tolling system on a road network of up to 7,600 kilometres at an evaluated offer price of PLN 4.9 billion (approximately EUR 1.23 billion) by the Directorate for National Roads and Highways (GDDKiA) at the beginning of October 2010. On 2 November 2010, the contract for the implementation and the operation of an electronic tolling system for an existing road network of initially about 1,750 kilometres worth approximately EUR 560 million was signed.

During the first half of the current fiscal year, we also succeeded in the United States, where we agreed to acquire the businesses of MARK IV IVHS, part of MARK IV, LLC (U.S.), in the United States, Canada and Mexico for a purchase price of USD 70 million (approximately EUR 50 million), subject to certain closing conditions and subject to certain potential price adjustments based on working capital included with the acquired businesses. The transaction is structured as a stock purchase of the holding companies which own the Mark IV IVHS businesses. In addition, we won Port of Hood River as the first road operator in the United States to deploy an electronic toll collection (ETC) system based on the advanced 5.9 GHz DSRC WAVE technology platform.

The project business remains in an exciting cycle: The nationwide electronic truck tolling system in France is close to being awarded for which our consortium submitted the final bid at the end of September. Several other projects – among these the nationwide systems in Hungary, Slovenia and Denmark – are close to the final decision for a tender.

With a view to the second half of fiscal year 2010/11, the remaining six months will be shaped by the realisation of the projects in South Africa and Poland, the participation in tenders and by project awards in France, Hungary, Slovenia and Denmark as well as the closing and the integration of Mark IV IVHS.

With all best wishes



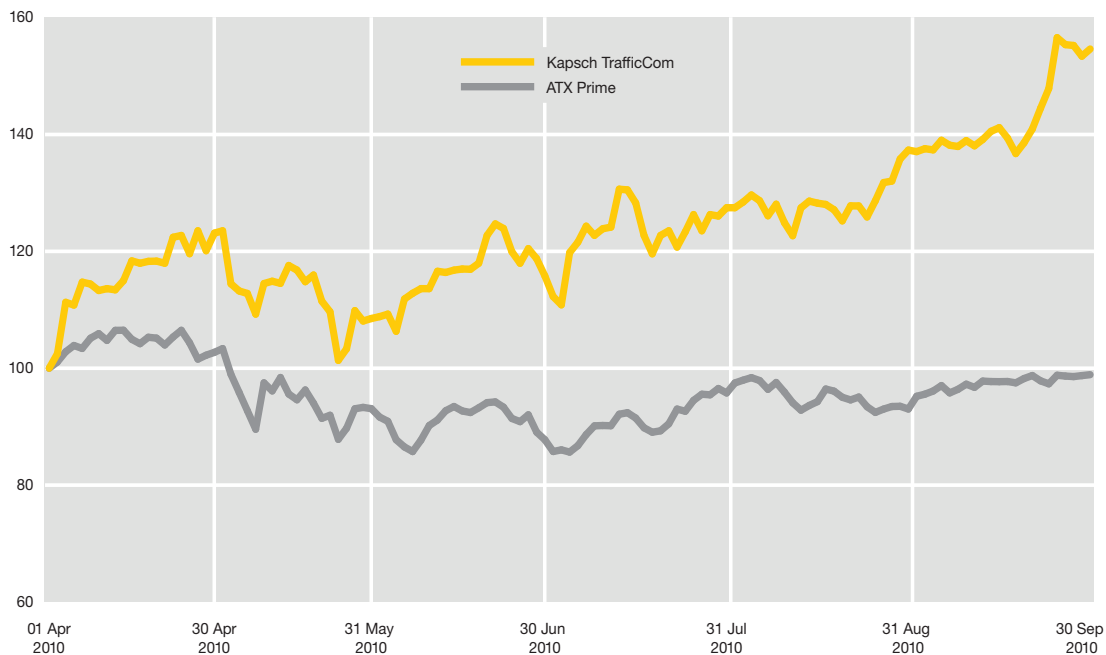
Georg Kapsch
Chief Executive Officer

The Kapsch TrafficCom Share.

The Kapsch TrafficCom share closed the second quarter of the current fiscal year 2010/11 on the Vienna Stock Exchange at a share price of EUR 39.06 on 30 September 2010, up approximately 34 % from the closing price on 30 June 2010 (EUR 29.25). With the beginning of the second quarter of the current fiscal year 2010/11, the price of the Kapsch TrafficCom share continuously increased up to EUR 39.55 (closing price on 24 September 2010) and closed the second quarter at a slightly lower price of EUR 39.06 on 30 September 2010. Since the beginning of the fiscal year 2010/11 on 1 April 2010 (the closing price on 31 March 2010 was at EUR 25.26), the price of the Kapsch TrafficCom share increased by approximately 55 %. With this development, the Kapsch TrafficCom share clearly outperformed the ATX Prime which even showed a slight decrease during the same period.

Based on a closing price of EUR 39.06 per share on 30 September 2010 and the number of outstanding shares unchanged at 12.2 million, Kapsch TrafficCom's market capitalization was approximately EUR 476.5 million. As of 30 September 2010, approximately 31.6 % of the shares were in free float, whereas the remaining approximately 68.4 % were continued to be held by KAPSCH-Group Beteiligungs GmbH.

Share price development in FY11-H1 (Kapsch TrafficCom AG versus ATX Prime)



Closing price of the Kapsch TrafficCom share and closing value of the ATX Prime on 31 March 2010, each indexed to 100.

Information on the share		Financial calendar	
Investor Relations Officer	Marcus Handl	28 February 2011	Interim financial report FY11-Q3
Shareholders' Telephone	+43 (0)50811 1120	22 June 2011	Results FY11
E-Mail	ir.kapschtraffic@kapsch.net	24 August 2011	Ordinary Shareholders' Meeting for FY11
Website	www.kapschtraffic.com	31 August 2011	Deduction of dividends (ex-day) for FY11
Stock Exchange	Vienna, Prime Market	7 September 2011	First day of payment for dividends for FY11
ISIN / Trading Symbol	AT000KAPSCH9 / KTCG		
Reuters / Bloomberg	KTCG.VI / KTCG AV		

Interim management report.

Economic background for the Group.

Global traffic volumes are constantly growing, with India, Australia, New Zealand, South Africa, China and many Latin American countries showing the fastest growth. With its electronic and manual toll collection systems, intelligent transportation systems (ITS) 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 markets at any time.

Despite an easing of the tense situation on the financial, commodity and energy markets as well as the slight economic recovery Kapsch TrafficCom and its customers continue to face a challenging market environment. The management believes that investments in infrastructure will be undertaken even in this challenging economic environment. Currently, there are major projects regarding the introduction or modernization of nationwide truck tolling systems in several European countries in preparation or bid phases.

Financial performance indicators.

Earnings

Revenues of the Kapsch TrafficCom Group were at EUR 146.5 million in the first half of the current fiscal year 2010/11 (FY11-H1), an increase by 84.6 % from EUR 79.4 million recorded during the same period of the previous fiscal year (FY10-H1). Primarily in the segment Road Solution Projects (RSP), revenues could be increased significantly, but also the segment Services, System Extensions, Components Sales (SEC) with its recurring revenues developed positively.

Revenues by segment in the first six months were as follows:

- The segment RSP (Road Solution Projects) recorded revenues of EUR 52.8 million after EUR 10.7 million in the same period of the previous fiscal year. The main drivers for this positive development were the progress of the project in South Africa and the implementation of the Traffic Management System for the nationwide truck tolling system in the Czech Republic.
- In the segment SEC (Services, System Extensions and Components Sales) revenues increased by 38.7 % from EUR 65.1 million in the first half of the previous fiscal year to EUR 90.3 million this year. This positive development was attributable to additional revenues from the nationwide truck tolling system in the Czech Republic, due to the extension of the vehicles subject to tolls by lowering the weight limit from 12 tons to 3.5 tons, as well as to the change in consolidated entities by taking over the majority at TMT Services and Supplies (Pty) Ltd., Cape Town. Furthermore, the number of on-board units (OBUs) delivered slightly increased compared with the same period in the previous fiscal year.
- The segment Others (OTH) recorded revenues of EUR 3.5 million (FY10-H1: EUR 3.7 million), a decrease of 5.6 %.

In the first six months of the current fiscal year, the Kapsch TrafficCom Group generated an operating result (EBIT) of EUR 18.2 million (FY10-H1: minus EUR 4.5 million). Operating results (EBIT) by segment were as follows:

- The segment RSP recorded an EBIT of EUR 0.8 million after minus EUR 14.4 million in the same period of the previous fiscal year. The influence of the progress of the project in South Africa and the implementation of the Traffic Management System for the nationwide truck tolling system in the Czech Republic compensated for the allocated resources and expenses into the expansion in new markets. After several quarters of negative EBIT, a positive EBIT in the segment RSP could be achieved.
- EBIT for the segment SEC was at EUR 17.3 million (FY10-H1: EUR 9.9 million) showing an EBIT margin of 19.1 %, an increase by 3.9 percentage points when compared with the same period of the previous fiscal year (FY10-H1: 15.2 %). This increase was primarily attributable to the recurring revenues, but also resulted from system extension projects allocated to this segment and sales of on-board units.
- The segment OTH showed with EUR 0.2 million (FY10-H1: minus EUR 0.0 million) a slightly positive EBIT.

The Kapsch TrafficCom Group recorded a financial result of EUR 0.7 million in the period under consideration (FY10-H1: EUR 5.1 million), mainly as a result of currency exchange profits and losses as well as lower interest effects from long-term receivables. Finance costs were mainly affected by currency exchange losses.

Financial position and cash flows

With total assets of EUR 318.2 million as of 30 September 2010 (31 March 2010: EUR 295.1 million) and at a total equity of EUR 175.3 million, the Kapsch TrafficCom Group's equity ratio was at 55.1 % as of 30 September 2010 (31 March 2010: 57.0 %).

The major changes in assets were attributable to current assets. The decrease in the cash position was more than offset by the increase in trade receivables in connection with the project in South Africa. In non-current assets the increase mainly resulted from the change in consolidated entities. Other non-current financial assets and investments declined due to the share price of the Norwegian Q-Free ASA. The increase in other non-current assets derived from the partial realisation of the Traffic Management System in the Czech Republic.

On the liability side, both non-current and current liabilities increased. The main changes came from trade payables and deferred income tax liabilities.

The cash flow from operating activities amounted to minus EUR 18.7 million in the first six months of the current fiscal year compared to EUR 25.8 million in the same period of the previous fiscal year. This development resulted mainly from an increase in trade receivables and other current assets which could not be offset by the positive EBIT. The cash flow from investing activities was influenced by the acquisitions of TMT Services and Supplies (Pty) Ltd., Cape Town, and Kapsch Telematic Services Solutions A/S, Copenhagen. Furthermore, the cash situation was affected by the negative cash flow from financing activities due to, among others, the dividends paid to equity holders of the company.

Against this background, cash and cash equivalents decreased from EUR 47.7 million as of 31 March 2010 to EUR 19.2 million as of 30 September 2010.

Details of major transactions with related parties.

In connection with the nationwide electronic truck tolling system in the Czech Republic, a payment guarantee in the amount of EUR 40 million issued by KAPSCH-Group Beteiligungs-GmbH is still in existence. Details of transactions with related parties are discussed under note 14 to the condensed consolidated interim financial information as of 30 September 2010.

Acquisitions.

On 1 April 2010, Kapsch Telematic Services GmbH, Vienna, acquired 60 % of the shares in PayVend F&P A/S, Copenhagen, Denmark, at a price of EUR 0.75 million. Subsequently, the company was renamed Kapsch Telematic Services Solutions A/S, Copenhagen, Denmark.

Kapsch TrafficCom AG, Vienna, through a subsidiary, acquired 51.43 % of the increased share capital of TMT Services and Supplies (Pty) Ltd., Cape Town, South Africa, as part of a capital increase on 8 April 2010. The consideration paid in connection with the capital increase amounted to a total of ZAR 75 million (approximately EUR 7.5 million). This investment was increased by an additional purchase of shares on 30 August 2010 to 56.81 %.

Risk reporting.

As an international group, Kapsch TrafficCom is exposed to general and industry specific risks such as high volatility of revenues from its project business as well as risks from project realisations. A risk management system has been established at the headquarters in order to identify any such risks at early stages.

In line with the internationalisation of the Kapsch TrafficCom Group, the significance of currency exchange risks increases constantly. A considerable portion of revenues and costs are denominated in the currency of the respective foreign companies, such as CZK, SEK and ZAR and not in Euros. Although the Kapsch TrafficCom Group aims to hedge the net currency position of the individual contracts as necessary, currency fluctuations may result in exchange rate losses that are reflected in the consolidated financial statements (transaction risk). In addition, risks arise from the conversion of financial statements of subsidiaries into the Group currency, the Euro (translation risk).

Outlook on the second half of the current fiscal year.

With a view to the second half of fiscal year 2010/11, the remaining six months will be shaped by the realisation of the projects in South Africa and Poland, the participation in tenders and by project awards in France, Hungary, Slovenia and Denmark as well as the closing and the integration of Mark IV IVHS.

Events after 30 September 2010.

On 2 November 2010, the contract for the implementation and operation of the electronic tolling system for the existing road network of initially about 1,750 kilometres worth approximately EUR 560 million was signed with the Directorate for National Roads and Highways (GDDKiA). The consortium led by Kapsch was announced as best bidder and winner of the tender with an evaluated offer price of PLN 4.9 billion (approximately EUR 1.2 billion) for a road network of up to 7,600 kilometres in the beginning of October.

On 3 November 2010, Kapsch TrafficCom AG successfully placed a 4.25% corporate bond with a tenor of seven years and a volume of EUR 75 million (bullet repayment at maturity). The bond was sold primarily to retail investors.

Kapsch TrafficCom AG agreed on 5 November 2010 (signing) to acquire the businesses of MARK IV IVHS, part of MARK IV, LLC (U.S.), in the United States, in Canada and in Mexico for a purchase price of USD 70 million (approximately EUR 50 million), subject to certain closing conditions and subject to certain potential price adjustments based on working capital included with the acquired businesses. The closing of the acquisition is expected to occur before the end of 2010.

Vienna, 26 November 2010

Management Board



Georg Kapsch
Chief Executive Officer



Erwin Toplak
Chief Operating Officer



André Laux
Executive Board member

Statement of all Members of the Management Board.

Statement of all Members of the Management Board pursuant to Section 87 Para. 1 No. 3 BoerseG (Austrian Stock Exchange Act).


We confirm to the best of our knowledge that the condensed interim 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 important events that have occurred during the first six months of the financial year and their impact on the condensed interim financial statements, of the principal risks and uncertainties for the remaining six months of the financial year and of the major related party transactions to be disclosed.

Vienna, 26 November 2010

Management Board



Georg Kapsch
Chief Executive Officer



Erwin Toplak
Chief Operating Officer



André Laux
Executive Board member

Condensed consolidated interim financial information as of 30 Sep 2010. *)

Kapsch TrafficCom Group – Consolidated statement of comprehensive income.

All amounts in TEUR	Note	FY11-Q2	FY10-Q2	FY11-H1	FY10-H1
Revenue	(4)	80,258	44,964	146,543	79,399
Other operating income		1,173	316	2,058	575
Changes in finished and unfinished goods and work in progress		-960	1,296	1,238	3,700
Cost of materials and other production services		-32,306	-21,847	-63,494	-38,282
Staff costs		-18,633	-12,908	-37,079	-27,225
Amortization of intangible assets and depreciation of property, plant and equipment		-3,165	-2,005	-5,716	-3,856
Other operating expenses		-12,965	-8,788	-25,301	-18,814
Operating result	(4)	13,401	1,027	18,249	-4,502
Finance income		717	2,962	3,341	6,981
Finance costs		-1,003	-1,154	-2,650	-1,921
Financial result		-286	1,808	691	5,060
Result from associates		0	406	0	549
Profit before income taxes		13,115	3,241	18,940	1,107
Income taxes	(10)	-3,001	466	-4,343	1,068
Profit for the period		10,114	3,707	14,597	2,176
Other comprehensive income for the period					
Gains/losses recognized directly in equity:					
Available for sale financial assets		-813	1,140	-3,355	794
Effects from disproportionate capital increase at associates		0	79	0	79
Currency translation differences		1,418	1,408	1,943	1,130
Income tax relating to components of other comprehensive income		-2	-285	-164	-199
Other comprehensive income for the period net of tax	(11)	603	2,342	-1,577	1,805
Total comprehensive income for the period		10,717	6,049	13,021	3,980
Profit attributable to:					
Equity holders of the Company		8,447	2,856	11,168	652
Minority interests		1,666	851	3,429	1,524
		10,114	3,707	14,597	2,176
Total comprehensive income attributable to:					
Equity holders of the Company		8,780	4,748	9,296	2,229
Minority interests		1,937	1,301	3,725	1,751
		10,717	6,049	13,021	3,980
Earnings per share from the profit for the period attributable to the equity holders of the Company (in EUR)		0.69	0.23	0.92	0.05

Earnings per share relate to 12.2 million shares.

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

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

Kapsch TrafficCom Group – Consolidated balance sheet.

All amounts in TEUR	Note	30 September 2010	31 March 2010
ASSETS			
Non-current assets			
Property, plant and equipment	(5)	16,951	15,824
Intangible assets	(5)	35,207	28,529
Other non-current financial assets and investments		36,209	38,937
Other non-current assets		11,718	8,481
Deferred tax assets		12,405	9,650
		112,490	101,420
Current assets			
Inventories		37,453	37,582
Trade receivables and other current assets		141,620	101,448
Other current financial assets		7,431	6,898
Cash and cash equivalents		19,240	47,743
		205,745	193,671
Total assets		318,235	295,092
EQUITY			
Capital and reserves attributable to equity holders of the Company			
Share capital	(6)	12,200	12,200
Capital reserve		70,077	70,077
Retained earnings and other reserves		83,458	80,937
		165,736	163,214
Minority interests		9,565	5,035
Total equity		175,301	168,249
LIABILITIES			
Non-current liabilities			
Non-current financial liabilities	(7)	10,254	10,060
Liabilities from post-employment benefits to employees	(8)	14,241	14,316
Non-current provisions	(9)	564	583
Other non-current liabilities		11,290	9,353
Deferred income tax liabilities		9,910	3,284
		46,260	37,596
Current liabilities			
Trade and other current payables		55,721	41,332
Other liabilities and deferred income		19,032	25,933
Current tax payables		5,024	5,900
Current financial liabilities	(7)	11,455	9,237
Current provisions	(9)	5,442	6,845
		96,675	89,247
Total liabilities		142,935	126,843
Total equity and liabilities		318,235	295,092

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

Kapsch TrafficCom Group – Consolidated statement of changes in equity.

All amounts in TEUR

	Attributable to equity holders of the Company			Minority interests	Total equity
	Share capital	Capital reserve	Consolidated retained earnings and other reserves		
Carrying amount as of 31 March 2009	12,200	70,077	47,769	4,194	134,240
Dividend for 2008/09			-6,100	-2,093	-8,193
Total comprehensive income			2,229	1,751	3,980
Carrying amount as of 30 Sept. 2009	12,200	70,077	43,898	3,852	130,028
Carrying amount as of 31 March 2010	12,200	70,077	80,937	5,035	168,249
Dividend for 2009/10			-9,150	-3,206	-12,356
Total comprehensive income			9,296	3,725	13,021
Effects from business combinations			2,376	4,011	6,387
Carrying amount as of 30 Sept. 2010	12,200	70,077	83,458	9,565	175,301

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

Kapsch TrafficCom Group – Consolidated cash flow statement.

All amounts in TEUR	FY11-Q2	FY10-Q2	FY11-H1	FY10-H1
Cash flow from operating activities				
Operating result	13,401	1,027	18,249	-4,502
Adjustments for non-cash items and other reconciliations:				
Depreciation and amortization	3,165	2,005	5,716	3,856
Increase/decrease in obligations for post-employment benefits	-41	-108	-75	-217
Increase/decrease in other non-current liabilities and provisions	-9	0	-18	0
Increase/decrease in trade receivables (non-current)	368	-4,049	1,937	-3,703
Increase/decrease in trade payables (non-current)	-2,047	4,897	-3,237	8,394
Other (net)	-1,051	2,816	19	7,150
	13,787	6,588	22,591	10,976
Changes in net current assets:				
Increase/decrease in trade receivables and other assets	-32,174	682	-38,239	38,227
Increase/decrease in inventories	6,759	1,619	129	-4,244
Increase/decrease in trade payables and other current payables	-7,158	-4,926	2,067	-15,791
Increase/decrease in current provisions	-855	-1,129	-1,403	-1,374
	-33,428	-3,754	-37,446	16,818
Cash flow from operations	-19,641	2,834	-14,856	27,794
Interest received	222	83	408	263
Interest payments	-543	-627	-960	-1,252
Net payments of income taxes	-4,802	-2,585	-3,281	-974
Net cash flow from operating activities	-24,764	-295	-18,689	25,831
Cash flow from investing activities				
Purchases of property, plant and equipment	-1,274	-852	-2,402	-1,551
Purchases of non-current intangible assets	1,631	-815	-155	-4,335
Payments for acquisition of companies (net of cash acquired)	0	0	-1,262	0
Proceeds from the sale of shares in subsidiaries	11	0	36	0
Proceeds from disposal of property, plant and equipment and intangible assets	20	2	31	1
Net cash flow from investing activities	389	-1,666	-3,753	-5,886
Cash flow from financing activities				
Dividends paid to equity holders of the company	-9,150	-6,100	-9,150	-6,100
Dividends paid to minority shareholders of group companies	-54	-2,093	-604	-2,093
Increase in other non-current financial liabilities	0	0	266	0
Decrease in other non-current financial liabilities	-72	0	-72	0
Increase in current financial liabilities	2,493	411	2,538	415
Decrease in current financial liabilities	-20	-10,056	-381	-32,112
Net cash flow from financing activities	-6,803	-17,837	-7,402	-39,889
Change in cash and cash equivalents	-31,178	-19,797	-29,844	-19,944
Cash and cash equivalents at beginning of period	49,624	60,558	47,743	60,230
Net decrease/increase in cash and cash equivalents	-31,178	-19,797	-29,844	-19,944
Exchange gains/losses on cash and cash equivalents	794	1,273	1,341	1,748
Cash and cash equivalents at end of period	19,240	42,034	19,240	42,034

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

Selected notes to the condensed consolidated interim financial information.

1. General information.

Kapsch TrafficCom Group is an international supplier of superior intelligent transportation systems (ITS).

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

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

The segment Road Solution Projects relates to the installation of ITS solutions.

The segment Services, System Extensions, Components Sales relates to the sale of services (maintenance and operation) and components in the area of ITS solutions.

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

2. Basis of preparation.

This condensed interim financial information for the first half of the current fiscal year 2010/11 ended 30 September 2010 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 2010.

3. Accounting policies.

Except for new or amended IFRSs and IFRICs listed below the accounting policies adopted are consistent with those of the annual financial statements for the year ended 31 March 2010, as described in the annual financial statements for the year ended 31 March 2010.

In this condensed interim financial information report for the first half of the current fiscal year 2010/11 the following new or amended IFRSs and IFRICs have been adopted:

Amended IFRSs	Mandatory for accounting periods beginning on or after	
IFRS 3 (rev)	Business Combinations	1 July 2009

4. Segment information.

FY11-H1 All amounts in TEUR	Road Solution Projects	Services, System Extensions, Components Sales	Others	Consolidated Group
Revenue	52,817	90,272	3,454	146,543
Operating result	791	17,251	207	18,249

FY10-H1 All amounts in TEUR	Road Solution Projects	Services, System Extensions, Components Sales	Others	Consolidated Group
Revenue	10,658	65,081	3,660	79,399
Operating result	-14,363	9,909	-48	-4,502

The following table contains all single external customers which contributed more than 10 % to the total revenues of the period and additionally shows the information of the attributed operating segment.

FY11-H1 All amounts in TEUR	Revenue	Road Solution Projects	Services, System Extensions, Components Sales
Customer 1	57,864	x	x
Customer 2	27,944	x	x
Customer 3	12,764		x

FY10-H1 All amounts in TEUR	Revenue	Road Solution Projects	Services, System Extensions, Components Sales
Customer 1	33,465	x	x
Customer 2	0		
Customer 3	11,960		x

5. Capital expenditure.

All amounts in TEUR	Tangible and intangible assets
Carrying amount as of 31 March 2010	44,352
Additions	3,878
Disposals	-19
Change in consolidated entities	9,617
Depreciation, amortization, impairments and other movements	-5,770
Currency translation differences	101
Carrying amount as of 30 September 2010	52,158
Carrying amount as of 31 March 2009	42,976
Additions	5,887
Disposals	-3
Depreciation, amortization, impairments and other movements	-3,909
Currency translation differences	-926
Carrying amount as of 30 September 2009	44,024

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 number of ordinary shares is 12,200,000. The shares are ordinary bearer shares and have no par value.

7. Financial liabilities.

All amounts in TEUR	30 September 2010	31 March 2010	30 September 2009	31 March 2009
Non-current	10,254	10,060	10,060	10,060
Current	11,455	9,237	18,889	49,210
Total	21,710	19,297	28,949	59,270

Movements in borrowings is analysed as follows:

All amounts in TEUR	Non-current	Current	Total
Carrying amount as of 31 March 2010	10,060	9,237	19,297
Additions	266	2,538	2,804
Repayments of borrowings	-72	-381	-453
Currency translation differences	0	62	62
Carrying amount as of 30 September 2010	10,254	11,455	21,710

All amounts in TEUR	Non-current	Current	Total
Carrying amount as of 31 March 2009	10,060	49,210	59,270
Additions	0	415	415
Repayments of borrowings	0	-32,112	-32,112
Currency translation differences	0	1,376	1,376
Carrying amount as of 30 September 2009	10,060	18,889	28,949

8. Liabilities from post-employment benefits to employees.

All amounts in TEUR	30 September 2010	31 March 2010	30 September 2009	31 March 2009
Severance payments	5,575	5,561	5,158	5,294
Pension benefits	8,666	8,755	8,840	8,920
Total	14,241	14,316	13,998	14,214

Severance payments

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

Pension benefits

Liabilities for pension benefits 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 an external pension fund for employees of the Group.

9. Provisions.

All amounts in TEUR	30 September 2010	31 March 2010	30 September 2009	31 March 2009
Non-current	564	583	524	524
Current	5,442	6,845	9,249	10,623
Total	6,006	7,428	9,773	11,147

FY11-H1 All amounts in TEUR	31 March 2010	Change in consolidated entities	Utilization/ disposal	Addition	Currency translation differences	30 September 2010
Obligations from anniversary bonuses	583	0	-20	1	0	564
Non-current provisions, total	583	0	-20	1	0	564
Warranties	2,361	0	-147	16	121	2,351
Losses from pending transactions and rework	710	0	-686	0	0	24
Legal fees, costs of litigation and contract risks	891	0	-24	0	25	892
Other	2,883	0	-1,206	472	25	2,174
Current provisions, total	6,845	0	-2,062	488	171	5,442
Total	7,428	0	-2,082	489	171	6,006

FY10-H1 All amounts in TEUR	31 March 2009	Change in consolidated entities	Utilization/ disposal	Addition	Currency translation differences	30 September 2009
Obligations from anniversary bonuses	524	0	-13	13	0	524
Non-current provisions, total	524	0	-13	13	0	524
Warranties	1,820	0	-309	0	54	1,565
Losses from pending transactions and rework	934	0	-100	0	0	834
Legal fees, costs of litigation and contract risks	3,228	0	-1,138	33	81	2,205
Other	4,640	0	-3,767	3,629	142	4,645
Current provisions, total	10,623	0	-5,314	3,663	277	9,249
Total	11,147	0	-5,327	3,676	277	9,773

10. Income taxes.

Income taxes relate to current taxes and to deferred tax assets and deferred tax liabilities. Applying the Austrian corporate tax rate of 25 % to the Group's pre-tax result gives rise to the theoretical value for the tax expense/income. The effective tax expense/income differs from the above due to, among others, different tax regimes in the various countries, the treatment of tax losses, tax allowances and permanent differences.

After the first half of FY11 the effective tax rate is approximately 23 % (first half of FY10: 28 %). As a result of the low result before tax in the first half year of FY10, tax allowances and permanent differences have a disproportional effect on the effective tax rate of the period, resulting in disclosure of a tax income despite the positive result before taxes. For the full year FY11, management expects an effective tax rate of approximately 25 %.

11. Other comprehensive income.

FY11-H1 All amounts in TEUR	Before tax	Tax (charge) credit	After tax
Fair value gains/losses relating to available-for-sale financial assets:			
Fair value gains/losses not realized in the current period	-3,355	-164	-3,520
Currency translation differences	1,943	0	1,943
Fair value gains/losses recognized in equity	-1,412	-164	-1,577

The fair value gains/losses not realized relate for the most part to the investment in Q-Free ASA, Norway (TEUR -4,013).

FY10-H1 All amounts in TEUR	Before tax	Tax (charge) credit	After tax
Fair value gains/losses relating to available-for-sale financial assets:			
Fair value gains/losses not realized in the current period	794	-199	596
Effects from disproportionate capital increase at associates	79	0	79
Currency translation differences	1,130	0	1,130
Fair value gains/losses recognized in equity	2,003	-199	1,805

12. Business Combinations.

TMT Services and Supplies (Pty) Ltd., Cape Town, South Africa.

Kapsch TrafficCom AG, Vienna, through a purchased subsidiary, acquired 51.43% of the increased share capital of TMT Services and Supplies (Pty) Ltd., Cape Town, South Africa, under a capital increase on 8 April 2010. The consideration for the capital increase amounted to a total of Rand 75 million. This investment was increased to 56.81% by an additional purchase of shares on 30 August 2010.

For the remaining 43.19% of the shares a put-option, exercisable from 2012 to 2015 (with a potential extension to 2017), was granted to the minority shareholders. The strike price is based on the fair value of shares at the date of the exercise, whereby the maximum amount is limited by a cap. As a result of the structure of the put option, the minority interest continues to be recognised and no liability for the put option is accounted for.

All amounts in TEUR	
Purchase price	7,682
Share of fair value of net assets acquired	6,420
Goodwill	1,262

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

All amounts in TEUR	Adjusted Fair Value ¹⁾	Acquiree's carrying amount
Intangible assets	6,683	359
Property, plant and equipment	1,267	1,267
Receivables and other assets	4,577	4,591
Cash and cash equivalents	7,170	7,170
Payables, other liabilities and accruals	-7,215	-5,357
Net assets acquired	12,483	8,029

1) Adjustment compared to the fair values identified as of 30 June 2010

Kapsch Telematic Services Solutions A/S, Copenhagen, Denmark (prior PayVend F&P A/S).

On 1 April 2010, Kapsch Telematic Services GmbH, Vienna, acquired 60 % of the shares in PayVend F&P A/S, Copenhagen, Denmark, at a price of EUR 0.75 million. Subsequently, the company was renamed Kapsch Telematic Services Solutions A/S, Copenhagen, Denmark.

All amounts in TEUR	
Purchase price	750
Share of fair value of net assets acquired	750
Goodwill	0

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

All amounts in TEUR	Fair value	Acquiree's carrying amount
Intangible assets	1,667	1,667
Payables, other liabilities and accruals	-417	-417
Net assets acquired	1,250	1,250

13. 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 and bid bonds, sureties and acceptance of guarantees for subsidiaries vis-à-vis third parties.

Details of contingent liabilities and other commitments are as follows:

All amounts in TEUR	30 September 2010	31 March 2010
Contract, warranty, performance and bid bonds:		
City Highway Santiago	279	263
City Highway Sydney and Melbourne	2,459	2,881
Truck tolling system Austria	12,500	12,500
Truck tolling system Czech Republic	10,468	10,046
Tolling projects in South Africa: Gauteng, Marian Hill, Huguenot	135,079	117,084
Tender tolling project Poland	4,010	0
Other	593	1,069
	165,389	143,844
Bank guarantees	2,067	2,419
Sureties	33	30
Total	167,489	146,293

14. Related parties.

All amounts in TEUR		Sales to related parties H1	Sales from related parties H1	Amounts owed by related parties 30 September	Amounts owed to related parties 30 September
Affiliated companies outside the Kapsch TrafficCom Group	FY11	744	7,450	4,009	1,156
	FY10	722	4,721	4,457	1,469
Others	FY11	0	1,623	0	11,848
	FY10	1	1,789	0	9,173

Additionally, in connection with the nationwide electronic truck tolling system in the Czech Republic, a payment guarantee in the amount of EUR 40 million issued by KAPSCH-Group Beteiligungs-GmbH is still in existence.

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

15. Events occurring after 30 September 2010.

On 2 November 2010, the contract for the implementation and operation of the electronic tolling system for the existing road network of initially about 1,750 kilometres worth approximately EUR 560 million was signed with the Directorate for National Roads and Highways (GDDKiA). The consortium led by Kapsch was announced as best bidder and winner of the tender with an evaluated offer price of PLN 4.9 billion (approximately EUR 1.2 billion) for a road network of up to 7,600 kilometres in the beginning of October.

On 3 November 2010, Kapsch TrafficCom AG successfully placed a 4.25% corporate bond with a tenor of seven years and a volume of EUR 75 million (bullet repayment at maturity). The bond was sold primarily to retail investors.

Kapsch TrafficCom AG agreed on 5 November 2010 (signing) to acquire the businesses of MARK IV IVHS, part of MARK IV, LLC (U.S.), in the United States, in Canada and in Mexico for a purchase price of USD 70 million (approximately EUR 50 million), subject to certain closing conditions and subject to certain potential price adjustments based on working capital included with the acquired businesses. The closing of the acquisition is expected to occur before the end of 2010.

Vienna, 26 November 2010

Management Board



Georg Kapsch
Chief Executive Officer



Erwin Toplak
Chief Operating Officer



André Laux
Executive Board member

Kapsch TrafficCom is an international supplier of superior intelligent transportation systems (ITS). 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 approximately 240 references in 39 countries on all 5 continents, and with more than 18 million on-board units (OBUs) delivered and nearly 13,000 lanes equipped, 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 25 countries.

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