

Report on the **third quarter of
fiscal year 2010/11 (FY11-Q3).**

Kapsch TrafficCom Group – Key Figures.

FY11 (fiscal year 2010/11): 1 April 2010 – 31 March 2011; FY11 Q1-Q3 (first three quarters of FY11 cumulative): 1 April 2010 – 31 December 2010

Earnings Data		FY11 Q1-Q3	FY10 Q1-Q3	+/- %	FY10	
Revenues	in million EUR	258.5	149.0	74 %	216.0	
EBITDA	in million EUR	31.7	12.3	>100 %	32.0	
EBITDA margin	in %	12.3	8.3		14.8	
EBIT	in million EUR	23.2	6.6	>100 %	24.5	
EBIT margin	in %	9.0	4.4		11.4	
Profit before tax	in million EUR	23.6	23.0	3 %	43.9	
Profit after tax	in million EUR	16.8	21.7	-22 %	36.5	
Earnings per share ¹	in EUR	1.09	1.47	-26 %	2.64	
Free cash flow ²	in million EUR	16.3	31.3	-48 %	41.6	
Capital expenditure ³	in million EUR	5.8	6.7	-13 %	4.8	
Employees ⁴		1,756	990	77 %	1,023	
On-board units delivered	in million units	2.88	2.51	15 %	3.54	
Business Segments		FY11 Q1-Q3	FY10 Q1-Q3	+/- %	FY10	
Road Solution Projects (RSP):						
Revenues (percentage of Revenues)	in million EUR	105.9 (41.0 %)	25.2 (16.9 %)	>100 %	45.8 (21.2 %)	
EBIT (EBIT margin)	in million EUR	-4.5 (-4.3 %)	-21.3 (-84.6 %)	-79 %	-20.9 (-45.6 %)	
Services, System Extensions, Components Sales (SEC):						
Revenues (percentage of Revenues)	in million EUR	147.8 (57.2 %)	117.5 (78.9 %)	26 %	161.9 (75.0 %)	
EBIT (EBIT margin)	in million EUR	27.4 (18.5 %)	27.9 (23.7 %)	-2 %	45.3 (28.0 %)	
Others (OTH):						
Revenues (percentage of Revenues)	in million EUR	4.7 (1.8 %)	6.3 (4.2 %)	-24 %	8.3 (3.8 %)	
EBIT (EBIT margin)	in million EUR	0.3 (6.8 %)	0.1 (0.9 %)	>100 %	0.2 (1.9 %)	
Regions		FY11 Q1-Q3	FY10 Q1-Q3	+/- %	FY10	
Austria – Revenues (percentage of Revenues)	in million EUR	26.9 (10 %)	26.0 (17 %)	3 %	42.4 (20 %)	
Europe (excl. Austria) – Revenues (percentage of Revenues)	in million EUR	121.4 (47 %)	95.5 (62 %)	31 %	117.1 (54 %)	
Americas – Revenues (percentage of Revenues)	in million EUR	11.4 (4 %)	7.1 (5 %)	62 %	12.1 (5 %)	
Rest of World – Revenues (percentage of Revenues)	in million EUR	98.8 (38 %)	23.4 (16 %)	>100 %	44.5 (21 %)	
Balance Sheet Data		31 December 2010	31 December 2009	+/- %	31 March 2010	
Total assets	in million EUR	432.9	289.4	50 %	295.1	
Total equity ⁵	in million EUR	176.4	151.3	17 %	168.2	
Equity ratio ⁵	in %	40.8	52.3		57.0	
Net assets	in million EUR	-9.5	31.0	<-100 %	35.3	
Capital employed	in million EUR	270.2	175.3	54 %	187.5	
Net working capital	in million EUR	129.6	101.6	28 %	104.6	
Stock Exchange Data						
Number of shares ⁶	in million	12.2	Closing price ⁶		in EUR	72.0
Free float ⁶	in %	31.6	Market capitalization ⁶		in million EUR	878.4
Trading volume in FY11-Q3 ⁷	in shares	45,231	Share performance in FY11-Q3 ⁷		in %	84.3

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 31 December 2010; for additional information on the share see page 5

7 average daily trading volume (double counting) and share performance, each in the third quarter of fiscal year 2010/11

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,

The Kapsch TrafficCom Group generated revenues of EUR 258.5 million in the first three quarters of the current fiscal year 2010/11 (1 April 2010 to 31 December 2010). This is an increase of 74 % compared with the same period during the previous fiscal year. Hence, revenues after nine months already exceeded the full last fiscal year (EUR 216.0 million). With EUR 23.2 million, EBIT more than tripled after nine months compared with the same period during the previous fiscal year and almost reached the full last fiscal year (EUR 24.5 million). In relation to revenues, the Kapsch TrafficCom Group generated an EBIT margin of 9.0 % compared with 4.4 % during the same period in the previous fiscal year.

By segment, the segment SEC (Services, System Extensions, Components Sales), which accounts for the recurring part of the business of the Kapsch TrafficCom Group, showed an excellent performance. With EUR 147.8 million, revenues increased by 26% after nine months compared with the same period during the previous fiscal year. The on-board units (OBUs) business remained strong at approximately 2.9 million units (previous year: approximately 2.5 million units) delivered. The EBIT of the segment SEC slightly decreased to EUR 27.4 million (previous year: EUR 27.9 million) after nine months, representing an EBIT margin of 18.5 % (previous year: 23.7 %). At EUR 105.9 million after nine months, the second large segment RSP (Road Solution Projects), which contains the project business, more than quadrupled revenues compared with the same period during the previous fiscal year. During the same period, the EBIT of this segment improved considerably from EUR -21.3 million in the previous fiscal year to EUR -4.5 million in the current fiscal year. This improvement was largely attributable to the progress of the project in South Africa and the start of the system implementation in Poland.

The balance sheet clearly changed after the placement of a 4.25 % corporate bond with a tenor of seven years and a volume of EUR 75 million on 3 November 2010. The equity ratio was at 40.8 % as of 31 December 2010 (31 December 2009: 52.3 %). While the free cash flow was negative at EUR -21.2 million in the first half of this fiscal year, it turned back clearly positive to EUR 16.3 million on an accumulated basis after nine months.

A very important step in connection with the continuing global expansion of the Kapsch TrafficCom Group was taken in the last quarter. On 30 November 2010, Kapsch TrafficCom acquired the businesses of MARK IV IVHS, a part of MARK IV, LLC (U.S.), in the United States, Canada and Mexico for a purchase price of USD 73 million (approximately EUR 55 million). The transaction was effected as a stock purchase of the holding companies which own the MARK IV IVHS businesses. The acquisition of the largest equipment supplier for electronic toll collection (ETC) systems in North America is further evidence of the firm commitment of Kapsch TrafficCom to the North American market. This acquisition enables Kapsch TrafficCom to offer current and future customers in this region an extended end-to-end product and solution portfolio for intelligent transportation systems (ITS) and ETC.

From a project perspective, the highlight of the third quarter was Poland where the consortium led by Kapsch TrafficCom was announced as best bidder and winner of the tender for a nationwide electronic truck tolling system at the beginning of October 2010. On 2 November 2010, the contract was signed 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.

After the end of the third quarter on 31 December 2010, Kapsch TrafficCom was awarded a first contract in Russia to equip traffic crossings in the city of Kazan as well as further contracts with a total volume of approximately EUR 17 million in South Africa. The South African National Roads Agency Ltd (SANRAL) has indirectly awarded a first order of 918,000 on-board units (OBUs) for the open road tolling (ORT) system in the Gauteng province (GORT system) to Kapsch TrafficCom. Furthermore, the subsidiary TMT Services and Supplies (Pty) Ltd. has been recently awarded extensions to existing as well as new violation management contracts in the Gauteng area. These awards should put us in a strong position to take advantage of existing and upcoming opportunities that are expected to become available in Russia and South Africa which are among the strongest growing markets in our industry worldwide.

The project business remains in an exciting cycle: although our consortium did not succeed in the tender for a nationwide electronic truck tolling system in France, several other projects – among others, the nationwide systems in Hungary, Slovenia and Denmark – are close to the final decision for a tender.

The last quarter of the current fiscal year 2010/11 will be shaped by the projects in South Africa and Poland, the preparation for the expected tenders in Hungary, Slovenia and Denmark as well as the integration of MARK IV IVHS.

With all best wishes



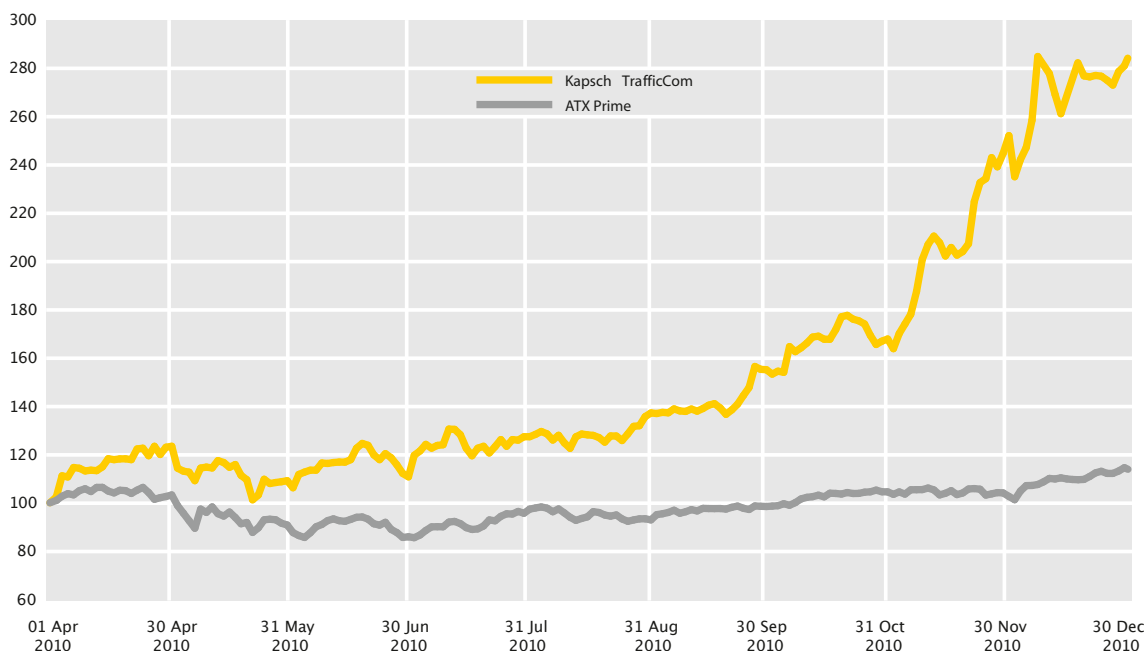
Georg Kapsch
Chief Executive Officer

The Kapsch TrafficCom Share.

The Kapsch TrafficCom share closed the third quarter of the current fiscal year 2010/11 on the Vienna Stock Exchange at a share price of EUR 72.0 on 31 December 2010, up approximately 84.3 % from the closing price on 30 September 2010 (EUR 39.06). The price of the Kapsch TrafficCom share showed a continuously sharp increase during the third quarter of the current fiscal year 2010/11 and closed the third quarter at a high of EUR 72.0 on 31 December 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 182 %. With this performance, the Kapsch TrafficCom share clearly outperformed the ATX Prime which increased by approximately 13 % during the same period. Besides the very pleasant development of the share price, the clear increase of the average trading volume was outstanding in the third quarter of the current fiscal year 2010/11: at 45,231 daily traded shares in average (double counting), it more than tripled from 12,275 traded shares per day on average during the first half of the current fiscal year. The daily traded turnover increased even more significantly from EUR 0.38 million (double counting) to EUR 2.69 million.

Based on a closing price of EUR 72.0 per share on 31 December 2010 and the number of outstanding shares unchanged at 12.2 million, Kapsch TrafficCom's market capitalization was approximately EUR 878.4 million. As of 31 December 2010, approximately 31.6 % of the shares were in free float, whereas the remaining approximately 68.4 % continued to be held by KAPSCH-Group Beteiligungs GmbH.

Share price development in Fiscal Year 2010/11 (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	27 June 2011	Results FY11
Shareholders' Telephone	+43 (0)50811 1120	22 August 2011	Ordinary Shareholders' Meeting for FY11
E-Mail	ir.kapschtraffic@kapsch.net	29 August 2011	Deduction of dividends (ex-day) for FY11
Website	www.kapschtraffic.com	5 September 2011	First day of payment for dividends for FY11
Stock Exchange	Vienna, Prime Market		
ISIN / Trading Symbol	AT000KAPSCH9 / KTCG		
Reuters / Bloomberg	KTCG.VI / KTCG AV		

Analysis of results and balance sheet

Revenues and earnings.

Revenues of the Kapsch TrafficCom Group were at EUR 258.5 million in the first nine months of the current fiscal year 2010/11 (FY11 Q1-Q3), an increase of 73.5% to the recorded figure of EUR 149.0 million in the same period of the previous fiscal year (FY10 Q1-Q3). With this favourable result, the previous year total revenues are topped by EUR 42.5 million in the first three quarters of the current fiscal year. In the segment Road Solution Projects (RSP) the sales volume was more than quadrupled and also the segment Services, System Extensions, Components Sales (SEC) contributed an increased revenue of 25.9% compared to the previous year period.

Revenues by segment in the first three quarters of the current fiscal year 2010/11 were as follows:

- The revenues in the segment RSP (Road Solution Projects) increased from EUR 25.2 million in the previous fiscal year period to EUR 105.9 million in the current year period. The main drivers for this positive development were the progress of the project in South Africa, the start of the recently awarded project for the implementation of the nationwide electronic truck tolling system in Poland 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 25.9% from EUR 117.5 million in the first three quarters of the previous fiscal year to EUR 147.8 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 types of vehicles subject to tolling by lowering the weight limit from 12 tons to 3.5 tons, as well as the change in consolidated entities by taking over a majority interest in TMT Services and Supplies (Pty) Ltd., Cape Town, South Africa. Also, the revenues as of 30 November, 2010 acquired business of MARK IV IVHS in the United States, Canada and Mexico are shown in this segment since 1 December 2010. Once again, the number of on-board units (OBUs) sold exceeded the previous year reference period. Particularly positive were the sales figures in Turkey, France and now also in the U.S.
- The segment Others (OTH) recorded revenues of EUR 4.7 million in the first nine months of the current fiscal year, after EUR 6.3 million in the same period of the previous fiscal year. The reason for the decline was primarily attributable to the difficult economic situation in this specific assembling segment.

In the first nine months of the current fiscal year, Kapsch TrafficCom Group generated an operating result (EBIT) of EUR 23.2 million (FY10 Q1-Q3: EUR 6.6 million). With this result in the first three quarters of the current fiscal year nearly the EBIT of the total previous year was reached (EUR 24.5 million). In comparison to the previous year reference period, the EBIT margin increased from 4.4% to 9.0%.

The operating results by segment were as follows:

- The segment RSP recorded an EBIT of minus EUR 4.5 million in the first three quarters of the current fiscal year after minus EUR 21.3 million in the same period of the previous fiscal year. This improvement was due to the positive influence of the project in South Africa and Poland. The allocated costs, the constantly high investments in the expansion into new markets (particularly, costs in connection with the acquisition of MARK IV IVHS), expenses in connection with the tender for the implementation of a nationwide electronic truck tolling system in France and the ramp-up expenses for upcoming and ongoing tenders continued to impact EBIT result in this segment.
- EBIT for the segment SEC was at EUR 27.4 million (FY10 Q1-Q3: EUR 27.9 million) showing an EBIT margin of 18.6%, a decrease by 5.1 percentage points when compared with the same period of the previous fiscal year (FY10 Q1-Q3: 23.7%). The remarkable EBIT

level in the previous fiscal year was positively affected by the retrospective clarification of the cost absorption of certain transaction clearings in the nationwide electronic truck tolling system in the Czech Republic. The indefinite postponement of the introduction of the electronic highway vignette for passenger vehicles also affected the EBIT result in this segment.

- At EUR 0.3 million (FY10 Q1-Q3: EUR 0.1 million), the OTH segment had only a minor positive effect on the operating result (EBIT) of the Kapsch TrafficCom Group. The EBIT margin reached 6.8% (FY10 Q1-Q3: 0.9%).

The Kapsch TrafficCom Group recorded a financial result of EUR 0.4 million in the first three quarters of the current fiscal year (FY10 Q1-Q3: EUR 1.1 million). The decrease in finance income was mainly a result of lower interest effects from long-term receivables and lower currency exchange profits. The finance costs were nearly at the level of the previous reference period.

Financial position and cash flows.

With total assets of EUR 432.9 million as of 31 December 2010 (31 March 2010: EUR 295.1 million) and at a total equity of EUR 176.4 million, the Kapsch TrafficCom Group's equity ratio was at 40.8% (31 March 2010: 57.0%).

The major changes in assets were attributable to current assets. The increase in trade receivables derived mainly from the large-scale projects in South Africa and Poland and also from the change in the consolidated entities TMT Services and Supplies (Pty) Ltd., Cape Town, South Africa and the MARK IV IVHS entities. The position cash and cash equivalents was positively influenced by the successful placement of the corporate bond, incoming payments in the Czech Republic and contributions from newly acquired entities. The increase in other non-current assets was recorded in intangible assets and also in the position property, plant and equipment, in both cases due to the change of the consolidated entities. Other non-current financial assets and investments declined due to the share price of the Norwegian Q-Free ASA.

On the liability side, both non-current and current liabilities increased. The increase in the position non-current financial liabilities resulted from the successful placement of the corporate bond with a volume of EUR 75 million, a tenor of seven years and an interest rate of 4.25%. The increase in trade liabilities and other current payables and other liabilities and deferred income was primarily attributable to the South African project.

The net cash flow from operating activities in the first three quarters amounted to EUR 22.1 million after EUR 38.9 million in the previous reference period and almost equals the operating result. The main drivers in net current assets were the changes in trade receivables and trade payables. The cash flow from investing activities was influenced by the acquisitions of TMT Services and Supplies (Pty) Ltd., Cape Town, South Africa and Kapsch Telematic Services Solutions A/S, Copenhagen, Denmark as well as the MARK IV IVHS entities. The placement of the corporate bond led to an increase of non current financial liabilities in the cash flow from financing activities.

Cash and cash equivalents increased from EUR 47.7 million as of 31 March 2010 to EUR 76.4 million as of 31 December 2010.

Condensed consolidated interim financial information as of 31 Dec. 2010. *)

Kapsch TrafficCom Group – Consolidated statement of comprehensive income.

All amounts in TEUR	Note	FY11-Q3	FY10-Q3	FY11 Q1-Q3	FY10 Q1-Q3
Revenue	(4)	111,938	69,573	258,481	148,972
Other operating income		1,225	534	3,283	1,109
Changes in finished and unfinished goods and work in progress		-2,750	527	-1,512	4,227
Other own work capitalized		0	9	0	9
Cost of materials and other production services		-59,726	-31,976	-123,220	-70,258
Staff costs		-22,212	-14,679	-59,291	-41,904
Amortization of intangible assets and depreciation of property, plant and equipment		-2,817	-1,842	-8,534	-5,698
Other operating expenses		-20,694	-11,044	-45,995	-29,858
Operating result	(4)	4,963	11,101	23,212	6,599
Finance income		1,819	-971	5,160	6,010
Finance costs		-2,143	-2,972	-4,794	-4,893
Financial result		-324	-3,943	367	1,117
Result from associates		0	14,694	0	15,243
Profit before income taxes		4,638	21,852	23,579	22,960
Income taxes	(10)	-2,412	-2,368	-6,755	-1,300
Profit for the period		2,227	19,484	16,824	21,660
Other comprehensive income for the period					
Gains/losses recognized directly in equity:					
Available for sale financial assets		629	1,037	-2,726	1,831
Effects from disproportionate capital increase at associates		0	-10	0	69
Currency translation differences		283	1,251	2,226	2,382
Income tax relating to components of other comprehensive income		-62	-259	-227	-458
Other comprehensive income for the period net of tax	(11)	849	2,019	-727	3,824
Total comprehensive income for the period		3,076	21,503	16,097	25,484
Profit attributable to:					
Equity holders of the Company		2,165	17,253	13,333	17,905
Minority interests		62	2,231	3,491	3,754
		2,227	19,484	16,824	21,660
Total comprehensive income attributable to:					
Equity holders of the Company		2,753	19,213	12,049	21,442
Minority interests		323	2,291	4,047	4,042
		3,076	21,503	16,097	25,484
Earnings per share from the profit for the period attributable to the equity holders of the Company (in EUR)		0.18	1.41	1.09	1.47

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	31 December 2010	31 March 2010
ASSETS			
Non-current assets			
Property, plant and equipment	(5)	19,241	15,824
Intangible assets	(5)	80,928	28,529
Other non-current financial assets and investments		34,946	38,937
Other non-current assets		10,117	8,481
Deferred tax assets		14,584	9,650
		159,815	101,420
Current assets			
Inventories		38,597	37,582
Trade receivables and other current assets		150,220	101,448
Other current financial assets		7,843	6,898
Cash and cash equivalents		76,396	47,743
		273,056	193,671
Total assets		432,871	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		83,009	80,937
		165,286	163,214
Minority interests		11,119	5,035
Total equity		176,405	168,249
LIABILITIES			
Non-current liabilities			
Non-current financial liabilities	(7)	84,115	10,060
Liabilities from post-employment benefits to employees	(8)	15,805	14,316
Non-current provisions	(9)	555	583
Other non-current liabilities		12,319	9,353
Deferred income tax liabilities		13,945	3,284
		126,739	37,596
Current liabilities			
Trade and other current payables		67,052	41,332
Other liabilities and deferred income		41,406	25,933
Current tax payables		7,291	5,900
Current financial liabilities	(7)	9,662	9,237
Current provisions	(9)	4,316	6,845
		129,727	89,247
Total liabilities		256,466	126,843
Total equity and liabilities		432,871	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	-2,288	-8,388
Total comprehensive income			21,442	4,042	25,484
Effects from the acquisition of minority interests			1,538	-1,538	0
Carrying amount as of 31 December 2009	12,200	70,077	64,649	4,409	151,335
Carrying amount as of 31 March 2010	12,200	70,077	80,937	5,035	168,249
Dividend for 2009/10			-9,150	-3,248	-12,398
Total comprehensive income			12,049	4,047	16,097
Effects from business combinations			-827	5,285	4,458
Carrying amount as of 31 December 2010	12,200	70,077	83,009	11,119	176,405

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-Q3	FY10-Q3	FY11 Q1-Q3	FY10 Q1-Q3
Cash flow from operating activities				
Operating result	4,963	11,101	23,212	6,599
Adjustments for non-cash items and other reconciliations:				
Depreciation and amortization	2,817	1,842	8,534	5,698
Increase/decrease in obligations for post-employment benefits	-39	-94	-114	-310
Increase/decrease in other non-current liabilities and provisions	-9	1	-28	0
Increase/decrease in other non-current receivables	319	-6,143	319	-6,143
Increase/decrease in trade receivables (non-current)	931	-4,724	2,868	-8,427
Increase/decrease in trade payables (non-current)	1,601	2,376	-1,636	10,770
Other (net)	290	-3,459	309	3,691
	10,873	901	33,463	11,877
Changes in net current assets:				
Increase/decrease in trade receivables and other assets	10,998	8,501	-27,241	46,728
Increase/decrease in inventories	1,632	-457	1,760	-4,701
Increase/decrease in trade payables and other current payables	20,723	7,495	22,790	-8,295
Increase/decrease in current provisions	-1,126	-68	-2,529	-1,441
	32,227	15,472	-5,219	32,290
Cash flow from operations	43,100	16,373	28,244	44,167
Interest received	334	277	742	540
Interest payments	-1,133	-701	-2,093	-1,952
Net payments of income taxes	-1,509	-2,847	-4,789	-3,821
Net cash flow from operating activities	40,793	13,102	22,104	38,934
Cash flow from investing activities				
Purchases of property, plant and equipment	-1,875	-640	-4,278	-2,192
Purchases of non-current intangible assets	-1,368	-157	-1,523	-4,492
Payments for acquisition of companies (net of cash acquired)	-50,630	0	-51,892	0
Payments for the acquisition of minority interests	-1,000	0	-1,000	0
Proceeds from the sale of shares in subsidiaries	0	0	36	0
Proceeds from disposal of property, plant and equipment and intangible assets	202	19	233	20
Net cash flow from investing activities	-54,671	-778	-58,424	-6,663
Cash flow from financing activities				
Dividends paid to equity holders of the company	0	0	-9,150	-6,100
Dividends paid to minority shareholders of group companies	-2,645	-195	-3,248	-2,288
Increase in other non-current financial liabilities	73,861	0	74,127	0
Decrease in other non-current financial liabilities	0	0	-72	0
Increase in current financial liabilities	-1,528	586	1,010	1,001
Decrease in current financial liabilities	-205	-5,145	-586	-37,257
Net cash flow from financing activities	69,483	-4,754	62,081	-44,643
Change in cash and cash equivalents	55,605	7,570	25,761	-12,373
Cash and cash equivalents at beginning of period	19,240	42,034	47,743	60,230
Net decrease/increase in cash and cash equivalents	55,605	7,570	25,761	-12,373
Exchange gains/losses on cash and cash equivalents	1,550	44	2,891	1,791
Cash and cash equivalents at end of period	76,396	49,648	76,396	49,648

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

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

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

The segment Others (OTH) relates to non-core business activities conducted by the subsidiary Kapsch Components KG. In this segment, engineering solutions, electronic manufacturing and logistics services are offered to affiliated entities and third parties.

2. Basis of preparation.

This condensed interim financial information for the third quarter of the current fiscal year 2010/11 ended 31 December 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 the third quarter of the current fiscal year 2010/11 no new IFRSs and IFRICs have been adopted. The following 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 Q1-Q3 All amounts in TEUR	Road Solution Projects	Services, System Extensions, Components Sales	Others	Consolidated Group
Revenue	105,903	147,836	4,741	258,481
Operating result	-4,530	27,420	322	23,212

FY10 Q1-Q3 All amounts in TEUR	Road Solution Projects	Services, System Extensions, Components Sales	Others	Consolidated Group
Revenue	25,245	117,465	6,261	148,972
Operating result	-21,347	27,891	55	6,599

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 Q1-Q3 All amounts in TEUR	Revenue	Road Solution Projects	Services, System Extensions, Components Sales
Customer 1	80,090	x	x
Customer 2	56,510	x	x
Customer 3	20,665		x

FY10 Q1-Q3 All amounts in TEUR	Revenue	Road Solution Projects	Services, System Extensions, Components Sales
Customer 1	65,649	x	x
Customer 2	0		
Customer 3	20,529		x

5. Capital expenditure.

All amounts in TEUR	Tangible and intangible assets
Carrying amount as of 31 March 2010	44,352
Additions	51,849
Disposals	-288
Change in consolidated entities	12,346
Depreciation, amortization, impairments and other movements	-8,536
Currency translation differences	445
Carrying amount as of 31 December 2010	100,169
Carrying amount as of 31 March 2009	42,976
Additions	6,684
Disposals	-67
Depreciation, amortization, impairments and other movements	-5,799
Currency translation differences	-841
Carrying amount as of 31 December 2009	42,952

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	31 December 2010	31 March 2010	31 December 2009	31 March 2009
Non-current	84,115	10,060	10,060	10,060
Current	9,662	9,237	13,903	49,210
Total	93,777	19,297	23,963	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	74,127	1,010	75,065
Repayments of borrowings	-72	-586	-586
Currency translation differences	0	1	1
Carrying amount as of 31 December 2010	84,115	9,662	93,777

The addition in non-current financial liabilities mainly relates to the placement of a 4.25% corporate bond with a tenor of seven years and a volume of EUR 75 million on 3 November 2010. Taking into consideration the deduction of flotation cost as required by IFRS this led to an increase in non-current financial liabilities of TEUR 73,757 and an effective annual interest rate of 4.54%.

All amounts in TEUR	Non-current	Current	Total
Carrying amount as of 31 March 2009	10,060	49,210	59,270
Additions	0	1,001	1,001
Repayments of borrowings	0	-37,257	-37,257
Currency translation differences	0	949	949
Carrying amount as of 31 December 2009	10,060	13,903	23,963

8. Liabilities from post-employment benefits to employees.

All amounts in TEUR	31 December 2010	31 March 2010	31 December 2009	31 March 2009
Severance payments	5,582	5,561	5,104	5,294
Pension benefits	10,223	8,755	8,800	8,920
Total	15,805	14,316	13,904	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	31 December 2010	31 March 2010	31 December 2009	31 March 2009
Non-current	555	583	524	524
Current	4,316	6,845	9,181	10,623
Total	4,871	7,428	9,706	11,147

All amounts in TEUR	31 March 2010	Change in consolidated entities	Utilization/ disposal	Addition	Currency translation differences	31 December 2010
Obligations from anniversary bonuses	583	0	-29	2	0	555
Non-current provisions, total	583	0	-29	2	0	555
Warranties	2,361	0	-222	16	162	2,317
Losses from pending transactions and rework	710	0	-710	0	0	0
Legal fees, costs of litigation and contract risks	891	0	-54	0	11	848
Other	2,883	0	-2,358	594	32	1,151
Current provisions, total	6,845	0	-3,344	610	205	4,316
Total	7,428	0	-3,374	612	205	4,871

All amounts in TEUR	31 March 2009	Change in consolidated entities	Utilization/ disposal	Addition	Currency translation differences	31 December 2009
Obligations from anniversary bonuses	524	0	-20	20	0	524
Non-current provisions, total	524	0	-20	20	0	524
Warranties	1,820	0	-464	284	53	1,692
Losses from pending transactions and rework	934	0	-188	0	0	746
Legal fees, costs of litigation and contract risks	3,228	0	-2,581	1,000	55	1,703
Other	4,640	0	-8,226	8,573	53	5,040
Current provisions, total	10,623	0	-11,459	9,856	161	9,181
Total	11,147	0	-11,479	9,876	161	9,706

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.

The effective tax rate for the first three quarters of the current fiscal year is 29%. In the same period of the previous year the effective tax rate was below this figure due to lower foreign tax rates. For the full year FY 11 management expects an effective tax rate of approximately 25%.

11. Other comprehensive income.

FY11 Q1-Q3 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	-2,726	-227	-2,953
Currency translation differences	2,226	0	2,226
Fair value gains/losses recognized in equity	-501	-227	-727

The fair value gains/losses not realized relate for the most part to the investment in Q-Free ASA, Norway (TEUR -3,634).

FY10 Q1-Q3 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	1,831	-458	1,373
Effects from disproportionate capital increase at associates	69	0	69
Currency translation differences	2,382	0	2,382
Fair value gains/losses recognized in equity	4,282	-458	3,824

12. Business Combinations.

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

Kapsch TrafficCom AG, Vienna, through a previously acquired 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 (incl. contingent purchase price components) ¹⁾	7,885
Share of fair value of net assets acquired	6,420
Goodwill	1,465

¹⁾ Adjustment compared to the amount shown as of 30 September 2010

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

MARK IV IVHS

On 5 November 2010 (signing) Kapsch TrafficCom AG agreed with the seller MARK IV LLC, U.S.A. to acquire, through certain subsidiaries, the businesses of MARK IV IVHS in the United States, Canada and Mexico. The closing occurred on 30 November 2010. The purchase price which is still subject to certain price adjustments based on working capital included with the acquired businesses amounts to USD 73 million (approximately EUR 55 million) at the moment.

Currently a purchase price allocation (PPA) is performed by an external consultant. Thus, for the report on the third quarter of fiscal year 2010/11, the total difference between purchase price and net assets acquired is shown under goodwill. For the time being no reliable estimate is possible of assets with a definite useful life due to the short period of time between closing and preparation of the interim report on the third quarter. The amortization and depreciation charges of these assets will have an impact on the result for the period. The PPA (provisionally determined) will be reflected in the consolidated financial statements as at 31 March 2011.

All amounts in TEUR	
Purchase price	55,035
Share of fair value of net assets acquired	8,735
Goodwill	46,300

The assets and liabilities arising from the acquisition are as follows (provisionally determined):

All amounts in TEUR	Fair value	Acquiree's carrying amount
Intangible assets	168	168
Property, plant and equipment	2,561	2,561
Receivables and other assets	18,813	18,813
Cash and cash equivalents	4,507	4,507
Payables, other liabilities and accruals	-17,315	-17,315
Net assets acquired	8,735	8,735

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	31 December 2010	31 March 2010
Contract, warranty, performance and bid bonds:		
City Highway Santiago	0	263
City Highway Sydney and Melbourne	2,411	2,881
Truck tolling system Austria	12,500	12,500
Truck tolling system Czech Republic	10,562	10,046
Tolling projects in South Africa: Gauteng, Marian Hill, Huguenot	148,744	117,084
Tolling project Poland	24,789	0
Other	607	1,069
	199,613	143,844
Bank guarantees	2,346	2,419
Sureties	30	30
Total	201,989	146,293

14. Related parties.

All amounts in TEUR		Sales to related parties Q1-Q3	Sales from related parties Q1-Q3	Amounts owed by related parties 31 December	Amounts owed to related parties 31 December
Affiliated companies outside the Kapsch TrafficCom Group	FY11	1,171	11,595	4,750	2,569
	FY10	1,197	9,421	5,072	1,129
Others	FY11	0	2,964	0	9,415
	FY10	1	2,655	0	9,499

Additionally, in connection with the nationwide electronic truck tolling system in the Czech Republic, a payment guarantee in the 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 31 December 2010.

After the end of the third quarter on 31 December 2010, the Kapsch TrafficCom Group was awarded a first contract in Russia to equip traffic crossings in the city of Kazan as well as further contracts with a total volume of approximately EUR 17 million in South Africa. The South African National Roads Agency Ltd (SANRAL) has indirectly awarded a first order of 918,000 on-board units (OBUs) for the open road tolling (ORT) system in the Gauteng province (GORT system) to Kapsch TrafficCom. Furthermore, the subsidiary TMT Services and Supplies (Pty.) Ltd has been recently awarded extensions to existing as well as new violation management contracts in the Gauteng area.

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, as well as electronic access systems and parking management. With more than 250 references in 41 countries on all 5 continents, and with more than 42 million on-board units (OBUs) delivered and approximately 17,200 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 29 countries.

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