

Report on first quarter of fiscal year 2007/08.

Highlights

Successful Initial Public Offering	Strong operating results	Positive operational performance
Approx. 14 time oversubscribed	Revenue increased in FY08-Q1 by 24% compared to FY07-Q1	Official presentation of “GPS light” as “Kapsch Area”
Price set at 32 EUR at upper end of price range (29 to 32 EUR)	Adjusted EBIT increased in FY08-Q1 by 46% compared to FY07-Q1	Prequalification for upgrading the London City Charging Scheme
High employees participation (24% of eligible employees in Austria)	Equity and liquidity increased by IPO	High volume of Components Sales

Kapsch TrafficCom AG – Key Figures ¹⁾

Operating Figures (cumulative)		FY08-Q1	FY07-Q1	+/- %	FY07
Revenues	in million EUR	33.8	27.3	24%	198.6
EBITDA ²⁾	in million EUR	5.3	4.0	34%	30.8
EBIT ²⁾	in million EUR	4.4	3.0	46%	26.9
Profit before tax	in million EUR	4.0	3.1	28%	27.0
Profit after tax	in million EUR	2.9	2.2	30%	20.3
Earnings per share ³⁾	in EUR	0.23	0.23	0%	2.04
Earnings per share ³⁾ , adjusted ²⁾	in EUR	0.26	0.23	15%	2.04
Free Cash Flow ⁴⁾	in million EUR	-7.7	4.3	<-100%	-4.3
Capital Expenditure ⁵⁾	in million EUR	-1.4	-0.4	>100%	-2.3

Financial Ratios		30 June 2007	31 March 2007	+/- %
Total Equity ⁶⁾	in million EUR	106.7	45.6	>100%
Net debt/-assets	in million EUR	-41.7	12.5	<-100%
Capital Employed	in million EUR	134.8	78.2	72%
Total Assets	in million EUR	275.8	227.2	21%
Employees as of 30 June 2007		783	774	1%

Key Capital Market Data		FY08-Q1	Information on the Share	
Offer price per share	in EUR	32.0	Stock exchange	Vienna, Prime Market
Total number of shares	in million	12.2	ISIN	AT000KAPSCH9
Free float as of 30 June 2007	in %	30.3	Trading Symbol	KTCG, (Reuters) KTCG.VI (Bloomberg) KTCG AV
Highest share price	in EUR	37.45	Financial Calendar	
Lowest share price	in EUR	35.03	28 November 2007	Interim Financial Report Half-year FY08 (IAS34)
Share price as of 30 June 2007	in EUR	36.51	27 Februar 2008	Interim Financial Report 3rd quarter FY08 (IAS34)
Market Capitalisation as of 30 June 2007	in million EUR	456.3	12 June 2008	Preliminary Annual Financial Report FY08

1) only continuing operations

2) adjusted by non-recurring items (see item 5 under notes in condensed consolidated interim financial information as of 30 June 2007)

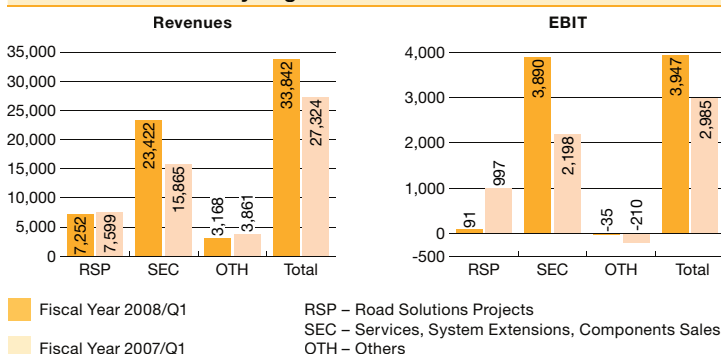
3) earnings per share in FY08-Q1 related to 12.2 million shares, in FY07-Q1 related to 10.0 million shares.

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

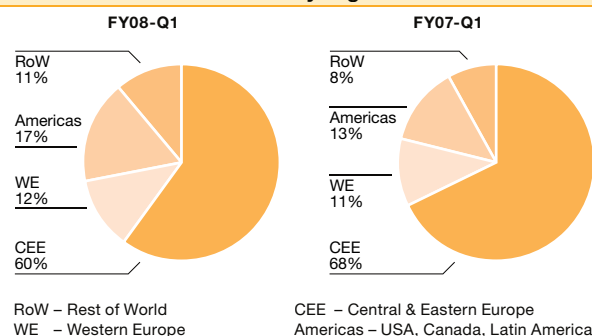
5) capital expenditure from operations (excl. acquisitions and securities)

6) incl. minority interests

Revenues and EBIT by segment in TEUR



Revenues by region



Letter from the Chief Executive Officer.



Georg Kapsch, Chief Executive Officer

Erwin Toplak, Chief Operating Officer

Dear shareholders,

I am pleased to report a good start to the 2007/08 fiscal year. Revenues in the first quarter advanced 24% to EUR 33.8 million and EBIT adjusted for non-recurring items 46% to EUR 4.4 million compared with last year. This was mainly attributable to the high volume of components sales. Developments in the Czech Republic are highly positive: since the launch of phase 1 of the nationwide truck tolling system in the Czech Republic on 1 January 2007 we supplied a total of 271,700 on-board units (OBUs) as of the end of the first quarter. The strong results in the first quarter were boosted also by recurring revenues from the technical and commercial operation of the Czech system.

The highlight of the first quarter was without a doubt the Company's successful stock exchange listing. The offering of 3.7 million shares (including greenshoe shares) was approximately 14 times oversubscribed. In response to heavy demand the offer price was set at EUR 32, at the upper limit of the EUR 29 to EUR 32 price range. We were surprised by the strong demand from Austrian private investors. The roadshow put us in contact with over 150 large investors and involved 45 one-on-one meetings and conference calls, and a further 10 group meetings over a period of nine days, and took us to 10 cities in seven different countries. It generated orders from top institutional investors especially in Austria, United Kingdom, Germany, Switzerland, Italy, the Netherlands and Poland. I should like to take this opportunity to thank all our investors for the confidence they have placed in us.

Strong first quarter operating results with revenue up by 24%, adjusted first quarter EBIT up 46% compared with the same period in 2006/07

Successful listing — approx. 14 times oversubscribed

We were particularly pleased with the favourable response to the employee share ownership scheme, which was open to all employees of the Kapsch Group in Austria, Sweden, the Czech Republic, Slovakia, Hungary and Poland. In total, 456 Kapsch Group employees joined the scheme, subscribing for shares with a value in excess of EUR 2.5 million, so that their aggregate interest in Kapsch TrafficCom AG on the first day of listing amounted to about 1% of the share capital.

In addition to the strong operating results and the stock exchange listing, the Group's overall operational performance was also encouraging. We successfully prequalified for upgrading the London City Charging Scheme and officially presented our "Kapsch Area" solution to the markets in June. This hybrid solution combines the advantages of microwave technology (DSRC) with satellite technologies (GPS/GSM). It is described in detail in the IPO prospectus under its then working title "GPS light".

Assuming positive macroeconomic developments and based on the growing interest world-wide in toll systems solutions and traffic telematics, we look optimistically into the future.

Kinde regards,



Georg Kapsch

Disclaimer

Certain statements contained in this report constitute "forward-looking statements." These statements, which contain the words "believe", "intend", "expect" and words of similar meaning, reflect Management's beliefs and expectations and are subject to risks and uncertainties that may cause actual results to differ materially. As a result, readers are cautioned not to place undue reliance on such forward-looking statements. The Company disclaims any obligation to publicly announce the result of any revisions to the forward-looking statements made herein, except where it would be required to do so under applicable law.

Successful prequalification for upgrading the London City Charging Scheme

Looking forward with optimism

Analysis of results and balance sheet.

Revenues and earnings

First quarter revenues of EUR 33.8m were up by EUR 6.5m, or 24%, compared with the same period in 2006/07.

Revenue growth was driven by Phase I of the nationwide truck tolling system in the Czech Republic becoming operational on 1 January 2007: revenues from this project increased from EUR 4.7m to EUR 10.7m in the first quarter of the 2007/08 fiscal year. The increase was also attributable to revenue gains compared with the same period last year in a range of countries including Argentina, Australia, Chile, Denmark, Spain and Switzerland.

Broken down by segments, revenues were as follows:

- For the Road Solutions Projects (RSP) segment, revenues of EUR 7.3m were slightly down on the comparable quarter last year (EUR 7.6m). This stable performance is attributable to projects in Australia, Chile and the Czech Republic.
- Revenues for the Services, System Extensions, Components Sales (SEC) segment were up from EUR 15.9m to EUR 23.4m. This EUR 7.6m increase – more than 47% – is chiefly attributable to the commercial operation and component sales arising from Phase I of the nationwide truck tolling system in the Czech Republic, and to follow-up business in Chile.
- At EUR 3.9m, revenues for the Others (OTH) segment was slightly below the level achieved in the first quarter of 2006/07 (EUR 3.9m).

First quarter operating expenses in 2007/08 increased across the board compared with the same period in 2006/07, up by EUR 11.4m or 47%. This largely reflects the build-up of resources ahead of the implementation and operation of Phase 1 of the nationwide truck tolling system in the Czech Republic. Other factors behind the increase were the acquisition of two South American subsidiaries in May 2006 whose expenses was not fully reflected in the report on the first quarter of fiscal 2006/07, and the costs of the stock exchange listing.

Consolidated profit for the period before income taxes was up significantly, by 32% to EUR 3.9m. Operating results by segment were as follows:

- RSP's EBIT scaled back to EUR 0.1m. This is largely attributable to preparatory work on tenders for upcoming large-scale projects in Central and Eastern Europe.
- SEC's first quarter EBIT was up by EUR 1.7m on the same period a year earlier, to EUR 3.9m. This improvement reflects additional operation, service and components business.
- For the OTH segment a reasonable performance resulted in an improvement in EBIT of EUR 0.2m.

Profit before tax rose from EUR 3.1m to EUR 4.0m. Profit after tax from continuing operations for the period increased from EUR 2.2m to EUR 2.9m and profit for the period rose from EUR 1.8m auf EUR 2.9m.

Financial position and cash flows

As a result of its successful IPO, Kapsch Traffic Com AG's balance sheet as at 30 June 2007 has undergone material changes. The IPO has resulted in a significant improvement in the liquidity position (cash and cash equivalents of EUR 69.9m greatly exceed the financial liabilities of EUR 28.2m, which were reduced in the first three months of the fiscal year 2007/08).

The successful IPO has meant that even after the reduction of EUR 4.5m in financial liabilities and of EUR 8.4m in current liabilities the Group's liquid assets have still increased by EUR 49.5m.

Equity increased to EUR 106.7m, equal to an equity ratio of 39%. The Group's total assets amount of the balance sheet rose to EUR 275.8m. The Group has a sound financial base which can be used to finance possible large-scale future projects and to acquire possible strategically interesting companies.

Condensed consolidated interim financial information 30 June 2007.

Kapsch TrafficCom AG – Consolidated income statement

All amounts in TEUR

	Note	FY08-Q1	FY07-Q1	FY08-Q1 cum.	FY07-Q1 cum.
Continuing Operations:					
REVENUE	(4)	33,842	27,324	33,842	27,324
Other operating income		486	3	486	3
Changes in finished and unfinished goods and work in progress		5,350	-62	5,350	-62
Cost of material and other production services		-17,854	-10,306	-17,854	-10,306
Staff costs		-11,180	-9,200	-11,180	-9,200
Amortisation of intangible assets and depreciation of property, plant and equipment		-925	-966	-925	-966
Other operating expenses		-5,773	-3,809	-5,773	-3,809
Operating result	(4,8,10)	3,946	2,985	3,946	2,985
Finance income		2,044	451	2,044	451
Finance costs		1,867	306	1,867	306
Financial result		177	144	177	144
Result from associates		-132	0	-132	0
Profit before tax		3,991	3,129	3,991	3,129
Income taxes	(11)	-1,101	-901	-1,101	-901
Profit after tax for the period from continuing operations		2,890	2,228	2,890	2,228
Discontinued Operations:					
Result from discontinued operations	(14)	0	-430	0	-430
Profit for the period		2,890	1,798	2,890	1,798
Attributable to:					
Equity holders of the Company		2,806	1,860	2,806	1,860
Minority interest		83	-62	83	-62
		2,890	1,798	2,890	1,798
Earnings per share for profit from continuing operations attributable to the equity holders of the company (expressed in euro per share)	(12)	0.23	0.23	0.23	0.23

Earnings per share in FY08-Q1 related to 12.2 million shares, in FY07-Q1 related to 10.0 million shares.

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

Kapsch TrafficCom AG – Consolidated balance sheet

All amounts in TEUR

ASSETS	Note	30 June 2007	31 March 2007
Non-current assets			
Property, plant and equipment	(5)	6,548	6,148
Intangible assets	(5)	8,933	9,269
Shares in associates		122	254
Other financial assets		3,588	3,619
Other non-current assets		82,205	81,694
Deferred tax assets		8,178	8,660
		109,575	109,644
Current assets			
Inventories		25,219	19,900
Trade receivables and other assets		71,156	77,460
Cash and cash equivalents		69,872	20,183
		166,246	117,543
TOTAL ASSETS		275,822	227,187
EQUITY AND LIABILITIES			
Equity			
Share capital	(6)	12,200	10,000
Capital Reserve		71,259	5,325
Currency translation differences		1,003	914
Unrealised gains/losses from securities		-138	-114
Consolidated profit/loss and other reserves		21,937	29,130
		106,262	45,256
Minority interests		391	340
Total Equity		106,652	45,595
Non-current liabilities			
Non-current financial liabilities	(7)	14,550	10,523
Liabilities from post-employment benefits to employees	(8)	14,473	14,552
Non-current provisions	(9)	1,685	1,684
Other non-current liabilities		26,617	26,886
Deferred tax liability		2,349	2,466
		59,674	56,111
Current liabilities			
Trade and other current payables		38,259	40,524
Other liabilities and deferred income		39,102	42,249
Current tax payables		5,910	5,123
Current financial liabilities	(7)	13,640	22,124
Current provisions	(9)	12,585	15,462
		109,495	125,481
Total Liabilities		169,169	181,592
TOTAL EQUITY AND LIABILITIES		275,822	227,187

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

Kapsch TrafficCom AG – Consolidated statement of changes in equity

all amount in TEUR

	equity holders of the Company				Consolidated retained earnings & other reserves	Minority Interest	Total equity
	Share capital	Capital reserve	Currency translation differences	Fair value valuation reserve			
Carrying amount at 1 April 2007	10,000	5,325	914	-114	29,130	340	45,595
Currency translation differences			89			-32	57
Fair value gains/losses realised (net of tax)				-23			-23
Net income/expenses recognised directly in equity			89	-23		-32	33
Increase in share capital due to IPO	2,200						2,200
Increase in capital reserve due to IPO less IPO costs		65,934					65,934
Dividend relating to 2006/07					-10,000		-10,000
Profit for the year					2,806	83	2,890
Carrying amount at 30 June 2007	12,200	71,259	1,003	-138	21,937	391	106,652
Carrying amount at 1 April 2006	10,000	5,325	1,272	-57	21,722	789	39,051
Currency translation differences			-82			-24	-106
Fair value gains/losses realised				1			1
Fair value gains/losses realised (net of tax)				-13			-13
Net income/expenses recognised directly in equity			-82	-12		-24	-118
Acquisition of minority interest					-719	-277	-996
Dividend relating to 2005/06					-10,000	0	-10,000
Profit for the year					1,860	-62	1,798
Carrying amount at 30 June 2006	10,000	5,325	1,190	-69	12,862	426	29,735

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

Kapsch TrafficCom AG – Consolidated cash flow statement

all amount in TEUR

Cash flow from operating activities	FY08-Q1	FY07-Q1	FY08-Q1 cum.	FY07-Q1 cum.
Operating result	3,946	2,985	3,946	2,985
Adjustments for non-cash items and other reconciliations				
Depreciation and amortisation	925	966	925	966
Increase/decrease in obligations for post-employment benefits	-80	36	-80	36
Change in other non-current liabilities and provisions	1	49	1	49
Increase/decrease in non-current trade receivables	-510	0	-510	0
Increase/decrease in non-current trade payables	-268	84	-268	84
Other (net)	1	-783	1	-783
	4,015	3,337	4,015	3,337
Changes in net current assets				
Increase/decrease in trade receivables and other assets	6,305	1,896	6,305	1,896
Increase/decrease in inventories	-5,319	-1,643	-5,319	-1,643
Increase/decrease in trade payables and other current payables	-8,412	-181	-8,412	-181
Increase/decrease in current provisions	-2,877	2	-2,877	2
	-10,303	74	-10,303	74
Cash generated from operations	-6,288	3,411	-6,288	3,411
Interest received	985	258	985	258
Interest payments	-1,025	-201	-1,025	-201
Payments/refund of income taxes	50	808	50	808
Net cash flow from operating activities from continuing operations	-6,279	4,277	-6,279	4,277
Net cash flow from operating activities from discontinued operations	0	383	0	383
Net cash flow from operating activities – total	-6,279	4,660	-6,279	4,660
Cash flow used in investing activities				
Purchases of property, plant and equipment	-1,381	-325	-1,381	-325
Purchases of non-current intangible assets	-62	-48	-62	-48
Purchases of securities and shares	0	0	0	0
Payments for acquisition of companies (less cash and cash equivalents of these companies)	0	-1,880	0	-1,880
Payments for acquisition of minority interest	0	-996	0	-996
Payments made for the acquisition of shares in companies consolidated at equity	0	0	0	0
Proceeds from sale of shares in consolidated companies	54	0	54	0
Proceeds from disposal of property, plant and equipment and intangible assets	458	195	458	195
Proceeds from sale of securities	0	126	0	126
Net cash flow used in investing activities from continuing operations	-931	-2,928	-931	-2,928
Net cash flow used in investing activities from discontinued operations	0	-189	0	-189
Net cash flow used in investing activities – total	-931	-3,117	-931	-3,117

	FY08-Q1	FY07-Q1	FY08-Q1 cum.	FY07-Q1 cum.
Cash flow used in financing activities				
Contributions from shareholders	0	0	0	0
Increase in share capital	2,200	0	2,200	0
Increase in capital reserve less IPO costs	65,934	0	65,934	0
Dividends paid to company shareholders	-7,000	-6,500	-7,000	-6,500
Increase/decrease in other non-current financial liabilities	4,028	233	4,028	233
Increase/decrease in current financial liabilities	-8,484	1,994	-8,484	1,994
Net cash flow used in financing activities from continuing operations	56,678	-4,273	56,678	-4,273
Net cash flow used in financing activities from discontinued operations	0	-233	0	-233
Net cash flow used in financing activities – total	56,678	-4,506	56,678	-4,506
Net decrease/increase in cash and cash equivalents	49,468	-2,964	49,468	-2,964
Change in cash and cash equivalents				
Cash and cash equivalents at beginning of the period	20,183	46,725	20,183	46,725
Net decrease/increase in cash and cash equivalents	49,468	-2,964	49,468	-2,964
Exchange gains/losses on cash and cash equivalents	220	-420	220	-420
Cash and cash equivalents at end of the period	69,872	43,342	69,872	43,342

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

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

1. General Information

The Kapsch TrafficCom Group operates mainly in the road traffic telematics market on a worldwide basis. 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 and Components Sales (SEC)
- Others (OTH)

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

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

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

2. Basis of preparation

This condensed interim financial information for the quarter ended 30 June 2007 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 2007.

3. Accounting policies

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

4. Segment Information

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

Primary reporting format – business segments

from continuing operations – in TEUR

FY08-Q1 (cum.)	RSP	SEC	OTH	Consolidated Group
Revenues	7,252	23,422	3,168	33,842
Operating Result	91	3,890	-35	3,946

FY07-Q1 (cum.)	RSP	SEC	OTH	Consolidated Group
Revenues	7,599	15,865	3,861	27,324
Operating Result	997	2,198	-210	2,985

5. Capital Expenditure

	Tangible and intangible assets
All amounts in TEUR	
Opening net book amount as at 1 April 2007	15,417
Additions	1,577
Change in consolidated entities	6
Disposals	-458
Depreciation, amortisation, impairment and other movements	-876
Currency translation differences	-184
Closing net book amount as at 30 June 2007	15,482
Opening net book amount as at 1 April 2006	15,427
Additions	2,685
Change in consolidated entities	377
Disposals	-5
Depreciation, amortisation, impairment and other movements	-1,038
Currency translation differences	28
Closing net book amount as at 30 June 2006	17,474

6. Share Capital

The company issued 2.2 million new shares in the course of the IPO. The offer price per share was EUR 32. The shares have a par value of EUR 1 per share. The total number of shares is 12.2 million (of which 3.7 million are free floating shares). The total share capital amounts to EUR 12.2 million.

7. Financial Liabilities

All amounts in TEUR	30 June 2007	31 March 2007	30 June 2006	31 March 2006
Non-current	14,550	10,523	970	1,204
Current	13,640	22,124	10,526	8,299
Total	28,190	32,646	11,497	9,503

Movements in borrowings were as follows:

Opening amount as at 1 April 2007	32,646
Additions	6,244
Repayments of borrowings	-10,700
Currency translation	0
Closing amount as at 30 June 2007	28,190

Opening amount as at 1 April 2006	9,503
Additions	2,000
Repayments of borrowings	0
Currency translation	-6
Closing amount as at 30 June 2006	11,497

8. Defined benefit plans

All amounts in TEUR	30 June 2007	31 March 2007	30 June 2006	31 March 2006
Severance payments	5,263	5,305	6,011	5,979
Pension benefits	9,210	9,247	9,240	9,237
Total	14,473	14,552	15,252	15,216

Severance Payments

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

Pension benefits

Liabilities for pension 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 June 2007	31 March 2007	30 June 2006	31 March 2006
Non-current provisions	1,685	1,684	1,845	1,796
Current provisions	12,585	15,462	7,376	7,223
Total	14,270	17,146	9,221	9,020

FY08/Q1

All amounts in TEUR	01.04.2007	Change in consolidated entities	Use/disposal	Additions	Exchange rate differences	30.06.2007
Obligations for anniversary bonuses	457	6	-10	4	0	458
Costs of dismantling and removing assets	1,227	1	0	0	0	1,228
Non-current provisions, total	1,684	7	-10	4	0	1,685
Warranties	4,165	0	0	0	21	4,186
Losses from pending transactions and repairs	881	0	0	142	0	1,023
Legal fees, costs of litigation and contract risks	2,881	0	0	0	-0	2,881
Other	7,535	0	-4,009	1,023	-53	4,496
Current provisions, total	15,462	0	-4,010	1,165	-32	12,585
Total	17,146	7	-4,020	1,169	-32	14,270

FY07/Q1

All amounts in TEUR	01.04.2006	Change in consolidated entities	Use/disposal	Additions	Exchange rate differences	30.06.2006
Obligations for anniversary bonuses	620	9	-15	0	0	614
Costs of dismantling and removing assets	1,176	101	-46	0	0	1,231
Non-current provisions, total	1,796	110	-60	0	0	1,845
Warranties	3,711	0	0	0	47	3,758
Losses from pending transactions and repairs	793	0	0	0	0	793
Other	2,719	0	-155	261	0	2,825
Current provisions, total	7,223	0	-155	261	47	7,376
Total	9,020	110	-215	261	47	9,221

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

10. Operations result

The income statement for the first quarter of FY08 includes one-off costs resulting from the IPO in the amount of approx. TEUR 407. There were no comparable costs in the first quarter of FY07.

11. Income taxes

Income tax expense is recognised on the basis of 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 quarter FY08 used is 28% (the estimated tax rate for the first quarter FY07 was 29%).

12. Earnings per share

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

	FY08-Q1	FY07-Q1
Earnings per share for profit from continuing operations attributable to the equity holders of the company (expressed in euro per share)	0.23	0.23
Earnings per share for profit from discontinuing operations attributable to the equity holders of the company (expressed in euro per share)	0.00	-0.04

Earnings per share in FY08-Q1 related to 12.2 million shares, in FY07-Q1 related to 10.0 million shares.

13. Dividends

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

14. Discontinued operations

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

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

All amounts in TEUR	FY08-Q1	FY07-Q1	FY08-Q1 cum.	FY07-Q1 cum.
(a) Analysis of the result of discontinued operations				
Revenues	0	1,146	0	1,146
Expenses	0	-1,576	0	-1,576
Result from discontinued operations	0	-430	0	-430
(b) Cash flows from discontinued operations				
Net cash flow from operating activities	0	383	0	383
Net cash flow used in investing activities	0	-189	0	-189
Net cash flow used in financing activities	0	-233	0	-233
Total cash flow	0	-39	0	-39

15. Business Combinations

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

VTI Industrial (Pty) Ltd

All amounts in TEUR

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

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

16. Contingent liabilities

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

Details of contingent liabilities and other commitments were as follows:

All amounts in TEUR

	30 June 2007	31 March 2007
Contract and warranty bonds		
City Highway Santiago	15,170	15,358
City Highway Sydney and Melbourne	7,725	7,901
	22,895	23,259
Performance, bid and other bonds		
Truck Tolling System Austria	12,500	12,500
Truck Tolling System Czech Republic	79,597	89,424
Other	1,816	4,658
	93,913	106,582
Bank guarantees	13,389	12,179
Sureties	30	30
	13,419	12,209
Total	130,227	142,050

17. Related-Party transactions

All amounts in TEUR		Sales to	Sales from	Amounts owed	Amounts owed
		Related Parties	Related Parties	by	to
		Q1(cum.)	Q1(cum.)	Related Parties	Related Parties
				30 June	30 June
Affiliated companies outside the TrafficCom Group	FY08	1,000	2,374	2,405	10,477
	FY07	1,614	2,107	1,083	6,425
Others	FY08	6	338	0	9,364
	FY07	6	323	0	9,433

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

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

18. Events occurring after 30 June 2007

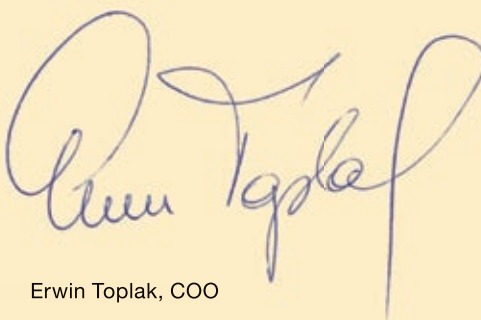
There were no material events after the balance sheet date.

Vienna, 27 August 2007

Board of Management



Georg Kapsch, CEO



Erwin Toplak, COO

Kapsch TrafficCom is an international supplier of innovative road traffic telematics systems, products and services. Its principle business is the development and supply of electronic toll collection (ETC) systems, in particular MLFF (multi-lane free-flow) ETC systems, and the technical and commercial operation of such systems. Kapsch TrafficCom also supplies traffic management systems, with a focus on road safety and traffic control, and electronic access systems and parking management. With more than 100 installed toll systems in 26 countries in Europe, Australia, Latin America, the Asian/Pacific region and South Africa, and more than nine million transponders and 11,000 equipped lanes Kapsch TrafficCom has positioned itself among the market leaders in ETC systems worldwide. Kapsch TrafficCom is headquartered in Vienna, Austria, and has subsidiaries and representative offices in 18 countries.