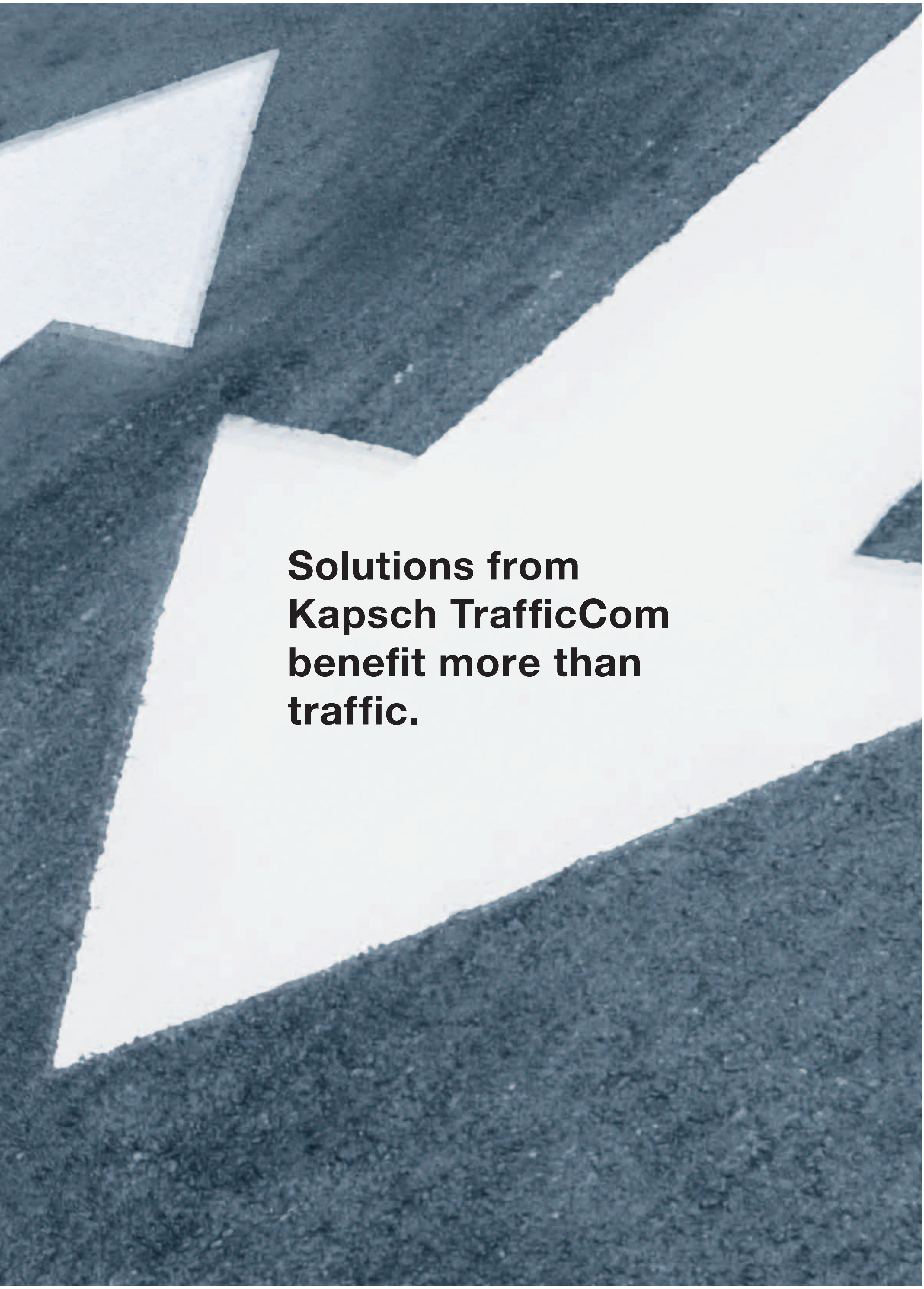
Kapsch TrafficCom

Solutions from Kapsch TrafficCom benefit more than traffic.

Annual Report for Fiscal Year 2009/10.

always one step ahead


Solutions from
Kapsch TrafficCom
benefit more than
traffic.

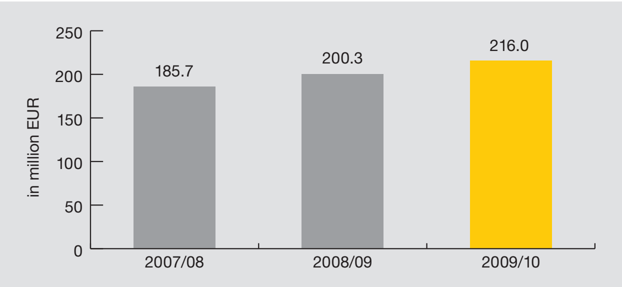
Applications for the intelligent transportation systems (ITS) market from Kapsch TrafficCom play a key role in consistently preventing and resolving traffic problems and help millions of drivers reach their destinations more quickly. But the benefits of these applications don't stop there. They also offer their operators the opportunity to earn revenues in proportion to actual use and to invest such earnings in measures for environmental protection, the expansion of transportation infrastructure or the promotion of art and culture. In other words: more than added value – multiplied value. Which is how Kapsch TrafficCom stays **"always one step ahead"** both on and off the road.

Road-side component of an electronic toll collection system: the transceiver.

Electronic toll collection systems prevent traffic delays and help all traffic participants make good time. Road users save valuable time, which they can spend on more enjoyable things. Such as improving on their best marathon time.

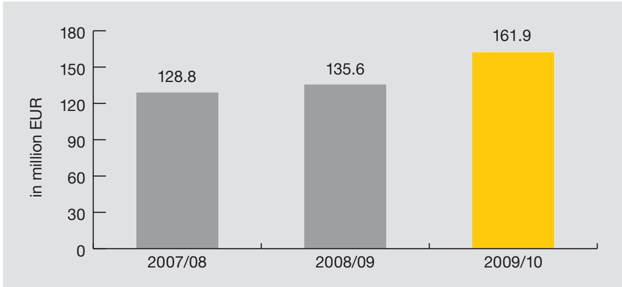
Highlights of Fiscal Year 2009/10.

Revenues



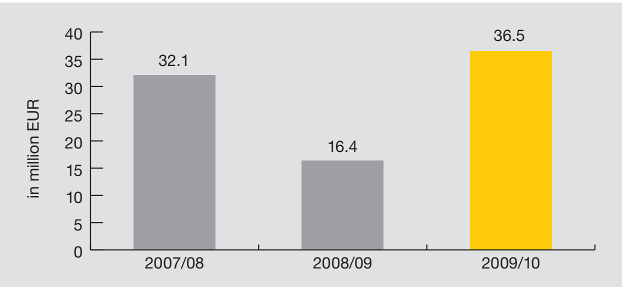
Revenues increased by 8 % from EUR 200.3 million to EUR 216.0 million.

Revenues in the segment Services, System Extensions, Components Sales (SEC)



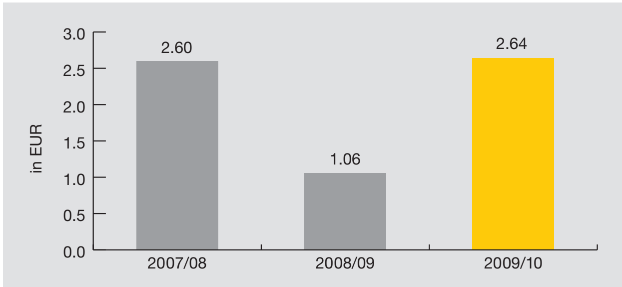
Revenues in the segment SEC increased by 19 % from EUR 135.6 million to EUR 161.9 million.

Profit after tax



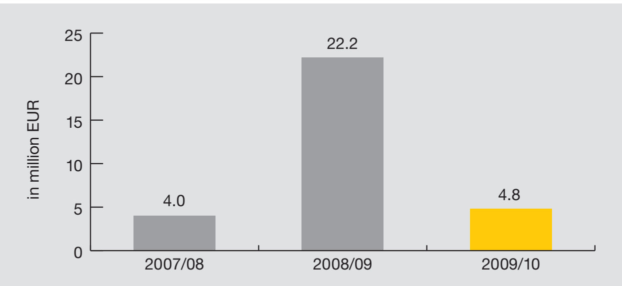
Profit after tax increased from EUR 16.4 million to EUR 36.5 million.

Earnings per share [1]



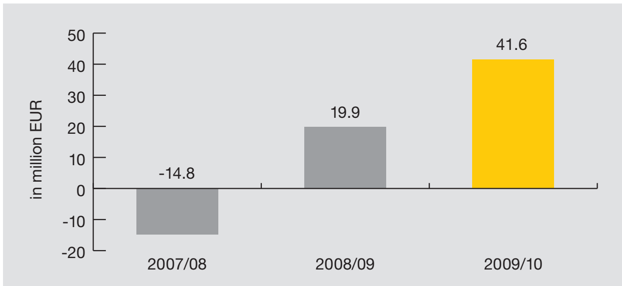
Earnings per share increased from EUR 1.06 to EUR 2.64.

Capital expenditure [3]



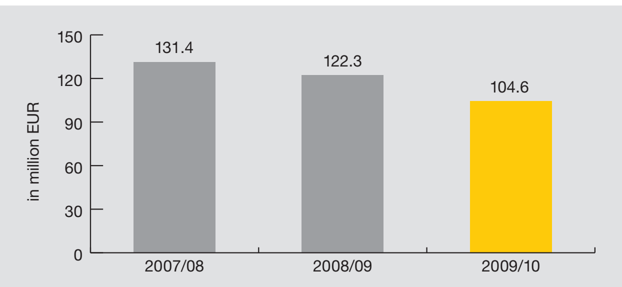
Capital expenditure decreased by 78 % from EUR 22.2 million to EUR 4.8 million.

Free cash flow [2]



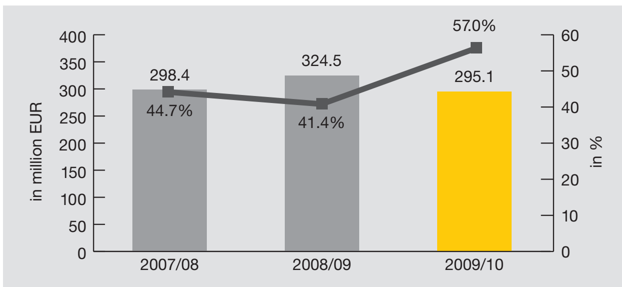
Free cash flow increased from EUR 19.9 million to EUR 41.6 million.

Net working capital



Net working capital decreased by 14 % from EUR 122.3 million to EUR 104.6 million.

Total assets (equity ratio) [5]



Equity ratio increased from 41.4 % to 57.0 %.

For the explanation of the footnotes see page III.

1. Large contract award in South Africa.

September 2009. Contract award for the implementation and subsequent operation of a multi-lane free-flow (MLFF) tolling system in the province of Gauteng to Electronic Toll Collection (ETC) Pty, a joint venture led by Kapsch TrafficCom.

2. Extension of presence in existing markets.

Australia

October 2009. Contract award for the implementation of a multi-lane free-flow (MLFF) tolling system on the Hale Street Link, a four-lane bridge in Brisbane.

March 2010. Contract award for the implementation of a MLFF tolling system on the Airport Link, a four-lane tunnel leading from Brisbane Central Business District (CBD) to the Airport.

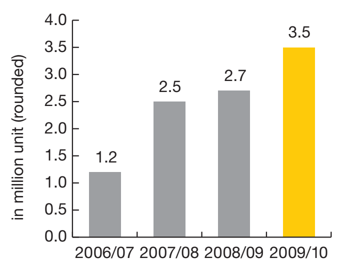
Thailand

April 2010. Contract award for the equipment of the Bang Na-Bangpakong Expressway in Bangkok – the longest girder bridge in the world – with a tolling system.

Czech Republic

January 2010. Through an amendment to the relevant law, weight limit for vehicles subject to tolling reduced from 12 to 3.5 tonnes as of 1 January 2010 with operation revenues in segment SEC already higher in the fourth quarter of the fiscal year 2009/10.

3. Record volume of on-board units (OBUs) delivered.



At an all-time high of more than 3.5 million, total volume of OBUs delivered in the fiscal year 2009/10 increased by 30 % compared with nearly 2.7 million units in the previous fiscal year.

The Fiscal Year 2009/10 in Review.

Earnings Data		2009/10		2008/09		+/- %	2007/08	
Revenues	in million EUR	216.0		200.3		8 %	185.7	
EBITDA	in million EUR	32.0		35.0		-9 %	39.0	
EBITDA margin	in %	14.8		17.5			21.0	
EBIT	in million EUR	24.5		29.0		-15 %	34.9	
EBIT margin	in %	11.4		14.5			18.8	
Profit before tax	in million EUR	43.9		21.9		>100 %	42.8	
Profit after tax	in million EUR	36.5		16.4		>100 %	32.1	
Earnings per share [1]	in EUR	2.64		1.06		>100 %	2.60	
Free cash flow [2]	in million EUR	41.6		19.9		>100 %	-14.8	
Capital expenditure [3]	in million EUR	4.8		22.2		-78 %	4.0	
Employees [4]		1,023		946		8 %	824	
Revenues by Segment (percentage of Revenues)		**2009/10**		**2008/09**		**+/- %**	**2007/08**	
Road Solution Projects (RSP)	in million EUR	45.8	(21 %)	56.8	(28 %)	-19 %	47.0	(25 %)
Services, System Extensions, Components Sales (SEC)	in million EUR	161.9	(75 %)	135.6	(68 %)	19 %	128.8	(69 %)
Others (OTH)	in million EUR	8.3	(4 %)	8.0	(4 %)	4 %	10.0	(5 %)
Revenues by Region (percentage of Revenues)		**2009/10**		**2008/09**		**+/- %**	**2007/08**	
Austria	in million EUR	42.4	(20 %)	37.8	(19 %)	12 %	36.6	(20 %)
Europe (excl. Austria)	in million EUR	117.1	(54 %)	122.8	(61 %)	-5 %	105.2	(57 %)
Americas	in million EUR	12.1	(5 %)	14.0	(7 %)	-14 %	18.8	(10 %)
Rest of World	in million EUR	44.5	(21 %)	25.6	(12 %)	74 %	25.2	(14 %)
Balance Sheet Data		**31 March 2010**		**31 March 2009**		**+/- %**	**31 March 2008**	
Total assets	in million EUR	295.1		324.5		-9 %	298.4	
Total equity [5]	in million EUR	168.2		134.2		25 %	133.4	
Equity ratio [5]	in %	57.0		41.4			44.7	
Net assets	in million EUR	35.3		5.0		>100 %	28.4	
Capital employed	in million EUR	187.5		193.4		-3 %	161.3	
Net working capital	in million EUR	104.6		122.3		-14 %	131.4	
Stock Exchange Data [6]		**2009/10**		**2008/09**			**2007/08**	
Number of shares [4]	in million	12.2		12.2			12.2	
Free float [4]	in %	31.6		31.6			30.3	
Closing price [4]	in EUR	25.3		14.8			31.8	
Market capitalization [4]	in million EUR	308.2		180.6			388.2	
Share performance	in %	70.9		-53.8			-0.6	
Dividend per share	in EUR	0.75		0.50			0.90	

1 earnings per share in each of the fiscal years 2009/10 and 2008/09 relate to 12.2 million shares, in fiscal year 2007/08 relate to a weighted average number of 11.7 million outstanding shares
2 operating cash flow 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 31 March of each year
5 incl. minority interests
6 for additional data on the share see page 10

In the fiscal year 2009/10 ended 31 March 2010, Kapsch TrafficCom Group increased revenues by 8 % compared to the previous year to EUR 216.0 million, mainly driven by the Services, System Extensions, Components Sales (SEC) segment, showing the recurring part of the business, in which revenues increased by 19 % to EUR 161.9 million.

This success in the segment SEC was primarily attributable to a record volume of on-board units (OBUs). At an all-time high of more than 3.5 million, the total volume of OBUs delivered in the fiscal year 2009/10 increased by 30 % compared to the previous year. Segment SEC was further driven by higher operation revenues in the Czech Republic due to a higher bonus payment resulting from the further improved perfomance of the system in the third year of its operation and due to the reduced weight limit for vehicles subject to tolling from 12 to 3.5 tonnes as of 1 January 2010.

Primarily due to an accounting profit of EUR 14.1 million as well as the financial result which unlike in the previous fiscal year clearly turned into positive again, profit before tax improved to EUR 43.9 million (2008/09: EUR 21.9 million) and profit after tax also improved to EUR 36.5 million (2008/09: EUR 16.4 million).

The earnings per share increased from EUR 1.06 in the previous fiscal year to EUR 2.64 in fiscal year 2009/10. The managing board will propose that the shareholders' meeting to be held on 25 August 2010 resolve a dividend of EUR 0.75 per share for fiscal year 2009/10 (2008/09: EUR 0.50 per share), representing a payout ratio of approximately 28 % (2008/09: approximately 47 %).

Kapsch TrafficCom clearly improved the free cash flow to EUR 41.6 million compared to EUR 19.9 million during the same period of the previous fiscal year. At EUR 4.8 million, the capital expenditure in assets was significantly reduced compared to the previous year (2008/09: EUR 22.2 million), and at EUR 104.6 million, net working capital was reduced by 14 % compared to the previous year (2008/09: EUR 122.3 million).

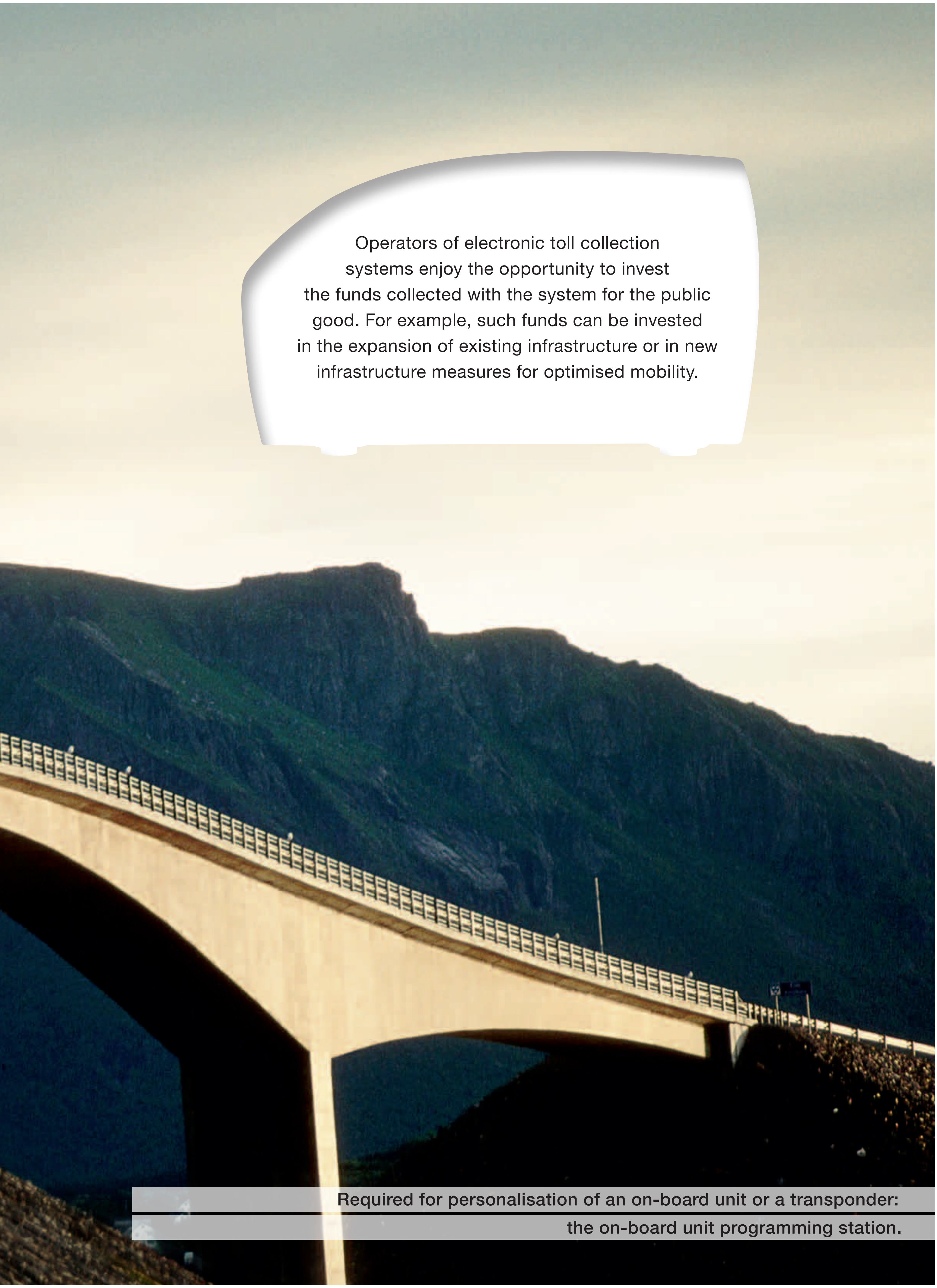
Kapsch TrafficCom also clearly improved its capital structure again. With total assets of EUR 295.1 million as of 31 March 2010, down by 9 % compared to the previous year, the Kapsch TrafficCom Group's equity ratio increased from 41.4 % to 57.0 %.

The performance of the project business was very pleasant in the past fiscal year. In particular, Kapsch TrafficCom received a large contract award in South Africa for the implementation and subsequent operation of a multi-lane free-flow (MLFF) tolling system through a joint venture led by Kapsch TrafficCom.

Besides the expansion into new markets, Kapsch TrafficCom also continued to extend its presence in existing markets: It successfully acquired two prestigious orders for the implementation of multi-lane free-flow (MLFF) tolling systems in Brisbane, Australia, and scored in Thailand, where it was awarded the contract to equip the Bang Na–Bangpakong Expressway in Bangkok – the longest girder bridge in the world – with a tolling system.

Kapsch TrafficCom made further progress in the U.S.A.: Together with partners, it develops a technology program that enables a variety of applications within the scope of the IntelliDrive program to promote the safety and mobility of the U.S. transportation system. In May 2010, Kapsch TrafficCom introduced its 5.9 GHz DSRC (dedicated short-range communication) WAVE (wireless access in vehicular environment) tolling equipment at the ITS America Annual Meeting 2010 in Houston.

On 8 April, 2010 (after the end of the fiscal year on 31 March, 2010), Kapsch TrafficCom AG acquired 51.43 % of the shares of the South African TMT Services and Supplies (Proprietary) Limited through a capital increase in the total amount of Rand 75 million (approximately EUR 8 million).



Operators of electronic toll collection systems enjoy the opportunity to invest the funds collected with the system for the public good. For example, such funds can be invested in the expansion of existing infrastructure or in new infrastructure measures for optimised mobility.

Required for personalisation of an on-board unit or a transponder:
the on-board unit programming station.

Contents.

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Always one step ahead.

The corporate philosophy and strategy of Kapsch TrafficCom can be easily summarised: always one step ahead. And that essentially means that Kapsch TrafficCom is always a decisive step ahead. This applies to our competition in global markets, our future-oriented R&D, the practical value of our products and solutions and also to our responsible attitude towards the environment and society. Five strategic positions illustrate our lead:

Kapsch TrafficCom is always future-oriented. A visionary approach to business is a top priority at Kapsch TrafficCom. We strive to achieve superior performance, are committed to consistently creating and enhancing value, have a global presence and are keenly aware of our overall responsibility. Our mobility solutions, for example, make an important contribution to optimising traffic flows and thus reducing harmful emissions.

Kapsch TrafficCom is always innovative. The latest cutting-edge technology and its practical application is an integral element of our corporate strategy and is indispensible if we are to consistently achieve our goals. To ensure this innovation we operate a dense network of research and development centres in Europe, Latin and North America. An ability to think outside the box and our approach to doing business enable us to develop products and solutions for our customers throughout the world.

Kapsch TrafficCom is always performance-oriented. Thanks to the latest technologies, a highly committed workforce and the experience gained from many successful reference projects, our systems offer our customers high profitability and guarantee risk minimisation, excellent transaction performance and system security. Kapsch TrafficCom's quality management system is based upon ISO 9001 and ISO 20000 for IT-Service Management.

Kapsch TrafficCom is always keenly aware of its responsibility. With its innovative traffic telematics and intelligent traffic management systems, Kapsch TrafficCom makes an important contribution to shaping a sustainable future. Our solutions contribute to financing infrastructure projects, help reduce congestion and traffic accidents and also ensure a reduction in CO_2 emissions.

Always close to our customers. Solutions from Kapsch TrafficCom can be found throughout the world. More than 230 reference projects in 38 countries in Europe, Australia, the Middle East, the Asia-Pacific region and Africa, almost 18 million on-board units (OBUs) and equipment for nearly 13,000 lanes underline our international success and dominance of global markets. As a leading supplier of superior intelligent transportation systems (ITS) we offer end-to-end solutions. Our portfolio of systems and services covers our customers' entire value chain from consulting to development and implementation up to day-to-day operations.


Vera

Indispensible for the operation of an electronic toll collection system: service and monitoring facilities, such as enforcement centers.

With city access control systems, sensitive areas such as historic city centers can be consistently protected from traffic loads, street noise and harmful emissions. Toll cameras that can be entirely adapted to the specific street situation and city environment are installed for seamless access control.

Letter from the Chief Executive Officer.

Georg Kapsch, Chief Executive Officer

Dear shareholders.

Even against the background of the currently difficult economic situation, I am delighted to report about a fiscal year 2009/10, in which we continued the controlled growth of the business and the extension of our strong position in various markets. As can be seen from this annual report, the Kapsch TrafficCom Group, in particular, recorded growth rates in revenues, succeeded to generate a clearly positive free cash flow and significantly increased the equity ratio. With this strengthening of our financial position we regard ourselves as well prepared for future growth, even in a probably continuous challenging economic environment.

In the fiscal year 2009/10 ended 31 March 2010, the Kapsch TrafficCom Group increased revenues by 8 % to EUR 216.0 million (2008/09: EUR 200.3 million). Due to again large investments in the expansion into new markets, particularly the U.S.A., EBITDA declined by 9 % compared to the same period of the previous fiscal year (2008/09: EUR 35.0 million) to EUR 32.0 million and EBIT also declined by 15 % to EUR 24.5 million (2008/09: EUR 29.0 million).

Primarily due to an accounting profit of EUR 14.1 million resulting from the reclassification of the stake in our Norwegian competitor Q-Free ASA, which was required after the shareholding, as a consequence of capital increases, fell below the threshold of 20 %, and due to the financial result which unlike in the previous fiscal year clearly turned into positive again, profit before tax improved to EUR 43.9 million (2008/09: EUR 21.9 million) and profit after tax also improved to EUR 36.5 million (2008/09: EUR 16.4 million).

The performance of the segment SEC (Services, System Extensions, Components Sales) was particularly strong which also reflects the successful implementation of our strategy. We increased revenues by 19 % from EUR 135.6 million in fiscal year 2008/09 to EUR 161.9 million in fiscal year 2009/10. This success was adjacent to further increased recurring revenues from the operation of the nationwide electronic truck tolling system in the Czech Republic in particular attributable to a record volume of on-board units (OBUs). At an all-time high of more than 3.5 million, the total volume of OBUs delivered in the fiscal year 2009/10 increased by 30 % compared with nearly 2.7 million units in the previous fiscal year. Moreover, bonus payments from the nationwide electronic truck tolling systems in Austria and in the Czech Republic, where the average toll transaction rate further increased from 98.2 % in the calendar year 2008 to 99.0 % in the calendar year 2009, contributed to this positive development of the segment.

We clearly improved the free cash flow to EUR 41.6 million compared to EUR 19.9 million during the same period of the previous fiscal year. At EUR 4.8 million, the capital expenditure in assets was significantly reduced compared to the previous year (2008/09: EUR 22.2 million). In the same period, Kapsch TrafficCom clearly improved its capital structure again. With total assets of EUR 295.1 million as of 31 March 2010, down by 9 % from EUR 324.5 million as of 31 March 2009, the Kapsch TrafficCom Group's equity ratio reached 57.0 % as of 31 March 2010 (31 March 2010: 41.4 %). As of 31 March 2010, the net working capital was reduced by 14 % to EUR 104.6 million compared to EUR 122.3 million as of 31 March 2009. This should further improve our position on the international financial markets.

The earnings per share increased from EUR 1.06 in the previous fiscal year 2008/09 to EUR 2.64 in fiscal year 2009/10. The managing board will propose that the shareholders' meeting to be held on 25 August 2010 resolve a dividend of EUR 0.75 per share for fiscal year 2009/10 (2008/09: EUR 0.50 per share), representing a payout ratio of approximately 28 % (2008/09: approximately 47 %).

The performance of the project business was also very pleasant in the past fiscal year. In particular, we received a large contract award in South Africa: The South African National Roads Agency Ltd (SANRAL) awarded the contract for the implementation and subsequent operation of a multi-lane free-flow (MLFF) tolling system to Electronic Toll Collection (ETC) Pty, a joint venture led by Kapsch TrafficCom. The contract value for the implementation of the system is Rand 1.16 billion (as of 31 March, 2010, approximately EUR 117 million). The system will be implemented over a period of 18 months and is scheduled to 'go live' in April 2011. Based on the specification of the agreements that have taken place since and on the current level of awareness of the scope and the configuration of the system, the contract value for the subsequent operations excluding VAT and provisional sums, which can only be determined on the full acknowledgement of the scope and the configuration of the system, is estimated at Rand 4.56 billion (as of 31 March, 2010, approximately EUR 461 million) for the full contract term. The operation services are supposed to commence on 8 April 2011 for a period of 8 years, except for the Transaction Clearing House (TCH) and the Violations Processing Centre (VPS), which will initially be for a term of 5 years.

Besides the expansion into new markets, we also continued to extend our presence in existing markets. We successfully acquired two prestigious orders for the implementation of multi-lane free-flow (MLFF) tolling systems in Brisbane, Australia: Firstly, worth a total of EUR 4 million, on the Hale Street Link, a four-lane bridge in Brisbane. Secondly, worth a total of EUR 9 million, on the Airport Link, a four-lane tunnel leading from Brisbane Central Business District (CBD) to the Airport.

In addition to Australia, we also scored in Thailand, where Kapsch TrafficCom was awarded the contract to equip the Bang Na-Bangpakong Expressway in Bangkok – the longest girder bridge in the world – with a tolling system, worth a total of EUR 7 million. The recent developments in the Czech Republic were also particularly interesting: Through an amendment to the relevant law, the weight limit for vehicles subject to tolling was reduced from 12 to 3.5 tonnes as of 1 January 2010. This has already resulted in higher operation revenues in the segment SEC in the fourth quarter of the fiscal year 2009/10.

In the U.S.A., we made further progress: In cooperation with the New York State Department of Transportation, Volvo and the Southwest Research Institute, Kapsch TrafficCom develops a technology program that enables a variety of applications within the scope of the IntelliDrive program to promote the safety and mobility of the U.S. transportation system. The systems employ 5.9 GHz DSRC (dedicated short-range communication) road-side and on-board units to improve wireless mobile enforcement. In May 2010, we introduced our tolling equipment at the ITS America Annual Meeting 2010 in Houston, Texas. The tolling equipment is based on the 5.9 GHz DSRC WAVE (wireless access in vehicular environment) technology platform.

The project business remains in an exciting cycle: Nationwide electronic truck tolling systems in France and in Poland, for which Kapsch TrafficCom has prequalified, are close to an award. Several other projects – among these the nationwide systems in Hungary, Slovenia and Denmark – are close to the final decision for a tender.

On 8 April, 2010 (after the end of the fiscal year on 31 March, 2010), Kapsch TrafficCom AG acquired 51.43 % of the shares of the South African TMT Services and Supplies (Proprietary) Limited (TMT) through a capital increase in the total amount of Rand 75 million (approximately EUR 8 million). Besides shareholdings in various subsidiaries, TMT is also a 35 % participant in the Electronic Toll Collection joint venture (ETC), in which Kapsch TrafficCom holds the remaining 65 %. All of the existing shareholders of TMT, which includes the three founders of the company and Matemeku TMT (Proprietary) Limited, a black economic empowerment investor, will remain shareholders in TMT. The injection of new equity should place TMT in a strong position to take advantage of existing and upcoming opportunities that are expected to become available in the South African market.

With the fiscal year 2010/11 in mind, we take an optimistic view on our markets in the long term even in a changed economic environment. The fiscal year 2010/11 will be shaped by the realisation of the project in South Africa as well as the participation in tenders and by project awards in France, Poland, Hungary, Slovenia and Denmark.

The success of our company is based on a strong corporate culture and goal-oriented teamwork by all parties. My special thanks go out to our employees all over the world, whose commitment again allowed us to record excellent results despite the large investments into new markets and products. I would like to extend my thanks to my colleagues on the managing board, Erwin Toplak and André Laux, who, in addition to his successful function as a managing director in the Swedish subsidiary, has also been a member of the managing board of Kapsch TrafficCom AG since 1 April, 2010, for our most intense and constructive cooperation, and to the supervisory board for our productive discussions and their efficient handling of all issues. In concluding, I would like to express my thanks to you, our shareholders, for the trust you have placed in us. Please continue to accompany us on our growth course into a successful future.

With all best wishes

Georg Kapsch
Chief Excecutive Officer

Corporate Governance Report.

In June 2007, the managing board *(Vorstand)* and the supervisory board *(Aufsichtsrat)* resolved to apply the rules of the Austrian Code of Corporate Governance (the Code) as far as they are consistent with the specific situation of the company. The evaluation of compliance with the Code is made by the compliance officer together with the internal audit on an annual basis.

Corporate Governance Declaration.

In the fiscal year 2009/10 ended 31 March 2010, Kapsch TrafficCom AG complied with the L-Rules and C-Rules of the Code in the version of January 2010, except for C-Rule 53 (the company does not intend to establish criteria of independence different from the general requirement set forth in the Code as it believes that such additional criteria are not required) and C-Rule 65 (due to the intense competition in the industry in which the company is active, it will not make available to all shareholders or publish on its website with an opportunity to download all information it may make available to financial analysts).

Managing Board.

Kapsch TrafficCom AG has a two-tier management and oversight structure in accordance with the Austrian Stock Corporation Act *(Aktiengesetz)*, consisting of the managing board *(Vorstand)* and the supervisory board *(Aufsichtsrat)*. The managing board is responsible for managing the business and represents the company in dealings with third parties. The supervisory board is responsible for appointing and removing the members of the managing board and supervising the business conducted by the managing board. Although the supervisory board does not actively manage the company, each of the Austrian Stock Corporation Act *(Aktiengesetz)*, the company's articles of association and the managing board's internal rules of procedure *(Geschäftsordnung)* require that the consent of the supervisory board be given before the managing board engages in certain transactions.

Erwin Toplak, Chief Operating Officer   Georg Kapsch, Chief Executive Officer   André F. Laux, Executive Board Member

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

Name	Area of responsibility	Age	Year first appointed	Year current Term expires
Georg Kapsch (CEO)	Finance and Administration, Mergers & Acquisitions, Investor Relations, Legal, International Subsidiaries, Human Resources, Marketing & Communications, International Relations & Affairs, Production, Telematic Services and North American Market	51	2002	2011
Erwin Toplak (COO)	Sales region 1, Business Development, System Engineering, Research & Development and Technical Operations	48	2002	2011
André F. Laux (Executive Board Member)	Sales region 2, Business Development, Product and Project Management	47	2010	2013

Georg Kapsch was appointed to CEO of Kapsch TrafficCom AG in December 2002 and holds functions in certain of its direct and indirect subsidiaries. Since October 2000, Georg Kapsch is also the CEO of KAPSCH-Group Beteiligungs GmbH. He has been a member of the managing board of Kapsch AG since July 1989 and was appointed as its CEO in October 2001. Georg Kapsch, who studied business administration at Vienna University of Economics and Business Administration *(Wirtschaftsuniversität Wien)* and graduated in 1981, is the chairman of the Technikum Wien Academy *(Fachhochschule Technikum Wien)* (since September 2002), and the vice president of the Austrian Electrotechnical Association *(Fachverband der Elektro- und Elektronikindustrie)* (since January 2003). Since December 2008, Georg Kapsch is the president of the Federation of Austrian Industries Vienna *(Industriellen Vereinigung Wien)*. In addition, Georg Kapsch exercises functions as CEO of DATAX HandelsgmbH, chairman of the supervisory board of Kapsch BusinessCom AG and Kapsch CarrierCom AG as well as member of the supervisory board of Teufelberger Holding AG.

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

André Friedrich Laux has been a member of the managing board of Kapsch TrafficCom AG since April 1, 2010 and holds functions in certain of its direct and indirect subsidiaries. He began his professional career in different sales and management functions both internationally and domestically (1988-1997) after completing a degree in business administration in Germany and England. In 1997, he became director of the German chip maker ODS Landis & Gyr in Munich. In 2000, André Laux transferred within the group to become CEO of Skidata AG in Salzburg. In 2004, he took over as CEO of Winter AG in Munich.

Remuneration. In the fiscal year 2009/10 ended 31 March 2010, the total base and variable remuneration for the members of the managing board including the cross-charge from Kapsch AG relating to the services of Georg Kapsch amounted to EUR 1.46 million (fiscal year 2008/09 EUR 1.26 million). Georg Kapsch is employed with Kapsch AG. His services are part of the management and consulting services invoiced by Kapsch AG to the company.

Remuneration of Erwin Toplak is determined based on a compensation system that, in addition to the base compensation, provides for annual variable compensation of up to 40 % of the base compensation. The variable compensation primarily depends on achieving certain financial performance figures. In case of termination of the managing board contract at the end of the current term of office, Erwin Toplak is entitled to a severance payment of a ten-fold monthly salary. Erwin Toplak is subject to a non-competition clause for one year following termination of his managing board position (unless he is terminated for cause). Erwin Toplak has an individual defined pension scheme for which Kapsch TrafficCom AG pays an annual amount of approximately TEUR 14 to an outside pension fund *(Pensionskasse)*. Erwin Toplak holds 154,528 shares of Kapsch TrafficCom AG.

Supervisory Board.

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

Name	Position	Age	Year first appointed	Year current term expires
Franz Semmernegg	Chairman	41	2002	2010
Kari Kapsch	Deputy chairman	46	2002	2010
William Morton Llewellyn	Member [1]	45	2008	2010
Christian Windisch	Member [2]	46	n.a.	n.a.
Werner Dreschl	Member [2]	38	n.a.	n.a.

1 Member meeting the criteria of rule C-54 of the Code
2 Delegated by the works council

Franz Semmernegg has been a member of the supervisory board of Kapsch TrafficCom AG since June 2002. Since September 2005, he has been the chairman of the supervisory board. Franz Semmernegg has been the CFO of KAPSCH-Group Beteiligungs GmbH since April 2005. He also serves as the CEO of Kapsch BusinessCom AG and has been a member of the managing board of Kapsch BusinessCom AG since March 2003. He has also been the CFO of Kapsch AG since October 2001 and was a member of the managing board of Schrack BusinessCom AG from 1999 to September 2001. In 1998, Franz Semmernegg was responsible for the successful management buy-out of Schrack BusinessCom AG from Ericsson Austria AG and had previously been involved in management functions at Ericsson Austria AG (1998) and Schrack Seconet AG (1997). He graduated with a degree in business administration (1992) and a Ph.D. (1997) from the University of Graz *(Karl-Franzens-Universität)*. In addition, Franz Semmernegg exercises functions as member of the managing board of CALPANA business consulting GmbH and Kapsch Smart Energy GmbH, deputy chairman of Kapsch CarrierCom AG, member of the supervisory board of the Austrian Regulatory Authority for Broadcasting and Telecommunications *(Rundfunk und Telekom Regulierungs-GmbH)* and member of the advisory board of Kapsch Sp. z.o.o., Kapsch Telecom Kiev, Kapsch Kft., Kapsch s r.o., Prague, Kapsch s r.o., Bratislava, as well as Enso GmbH.

Kari Kapsch has been a member of the supervisory board of Kapsch TrafficCom AG since June 2002. He served as deputy chairman of the supervisory board from June 2002 to December 2002 and as chairman of the supervisory board from December 2002 to June 2005. Kari Kapsch has also been the COO of KAPSCH-Group Beteiligungs GmbH since December 2005. He is also the COO of Kapsch AG and CEO of Kapsch CarrierCom AG. He is involved in several industry-related associations and was the chairman of the managing board of Young Industry Vienna *(Junge Industrie Wien)* and vice-chairman of Young Industry Austria *(Junge Industrie Österreich)* from 1996 to 2002. Kari Kapsch graduated with a degree in physics (1988) and a Ph.D. (1992) from the University of Vienna *(Universität Wien)*. In addition, Kari Kapsch exercises functions as member of the managing board of Kapsch Immobilien GmbH and member of the advisory board of Kapsch Sp. z.o.o., Kapsch Telecom Kiev, Kapsch Kft., Kapsch s r.o., Prague, as well as Kapsch s r.o., Bratislava. Kari Kapsch is the brother of Georg Kapsch, the CEO of Kapsch TrafficCom AG.

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

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

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

Remuneration. Members of the supervisory board and its committees receive reimbursement of actual expenses, including reasonable travel expenses. In addition, the shareholders' meeting may provide for a remuneration of supervisory board members. On 24 June 2009, the annual shareholders' meeting resolved to grant William Morton Llewellyn a remuneration of TEUR 3 per meeting. A remuneration of TEUR 19 was paid for the past fiscal year. No other member of the supervisory board receives specific remuneration for such office. It is noted that Kapsch AG renders remunerated consulting services, performed in part by Franz Semmernegg and/or Kari Kapsch, to Kapsch TrafficCom AG. The Kapsch Group obtains directors & officers insurance for management. Such insurance includes the members of the managing board and the supervisory board of the company.

Committees of the Supervisory Board.

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

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

The audit committee has the responsibilities as set out in section 92 para 4a Stock Corporation Act *(Aktiengesetz)*. These responsibilities include the review and preparation of the approval of the financial statements and consolidated financial statements, the audit of the corporate governance report, the review of the audit process and the auditor's independence, the preparation of a proposal for the distribution of profits and the preparation of a report to the annual shareholders' meeting. Furthermore, the audit committee prepares the proposal of the supervisory board for the auditor, reviews the accounting process and the effectiveness of the internal control and the risk management system.

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

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

Report of the Supervisory Board.

Franz Semmernegg, Chairman of the Supervisory Board

The Kapsch TrafficCom AG supervisory board held a total of four meetings during the fiscal year from 1 April 2009 to 31 March 2010. No member of the supervisory board attended fewer than half of the meetings. The supervisory board was informed by the managing board on an ongoing basis in writing and orally as well as in the meetings held jointly with the managing board on the situation, development and strategy of the company and monitored and advised the managing board during the period under review. The chairman of the supervisory board was in regular contact with the chairman of the managing board in order to discuss business development, strategy and risk management within the company.

The unconsolidated financial statements of Kapsch TrafficCom AG presented by the managing board and the consolidated financial statements, each as of 31 March 2010, the managing board's management report and consolidated management report dated 14 May 2010 were audited by the appointed independent auditor PwC INTER-TREUHAND GmbH, Wirtschaftsprüfungs- und Steuerberatungsgesellschaft, Vienna and given an unqualified audit opinion. The unconsolidated and consolidated financial statements, the managing board's profit distribution proposal and the auditors' audit reports as well as the corporate governance report were discussed in detail with the managing board and the independent auditors in the audit committee and presented to the supervisory board. The supervisory board has reviewed these documents in accordance with Section 96 of the Austrian Stock Corporation Act *(Aktiengesetz)* and approved the unconsolidated financial statements in line with Section 96 Para. 4 of the Austrian Stock Corporation Act *(Aktiengesetz)*. The supervisory board concurs with the managing board's proposal for the distribution of profits.

The audit committee held a total of four meetings during the fiscal year from 1 April 2009 to 31 March 2010 and followed the responsibilities as set out in section 92 para 4a Stock Corporation Act *(Aktiengesetz)*.

The supervisory board extends its thanks to the members of the managing board and all employees of Kapsch TrafficCom AG for their work in the fiscal year from 1 April 2009 to 31 March 2010.

Vienna, 16 June 2010

Franz Semmernegg
Chairman of the Supervisory Board

The Kapsch TrafficCom Share.

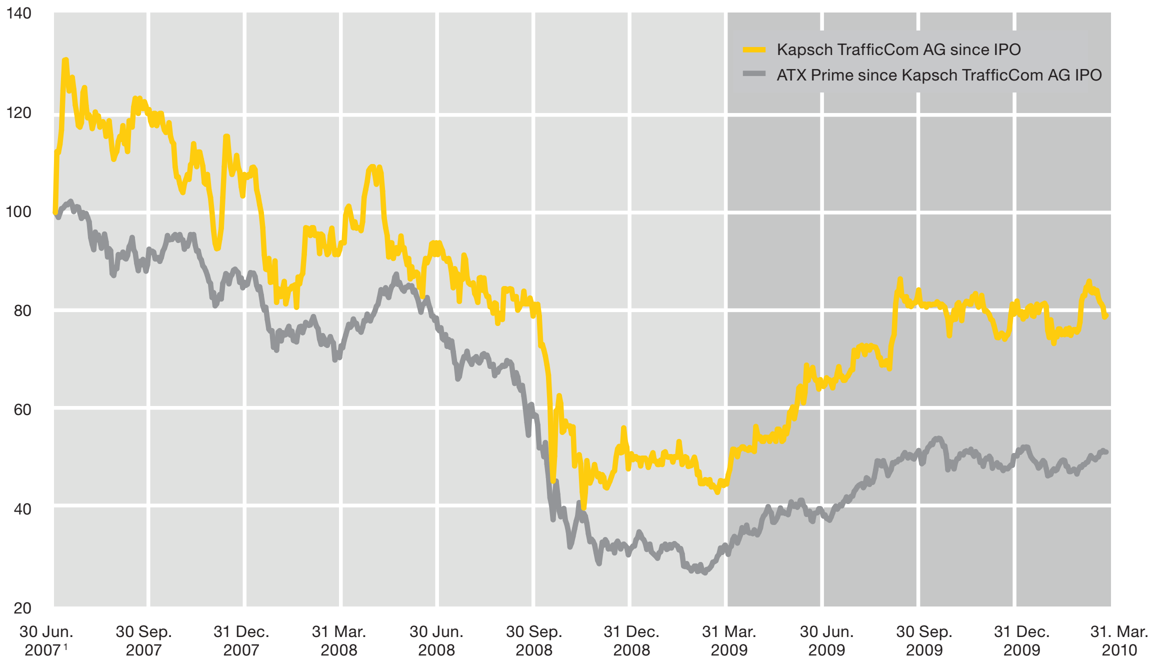
Stock Markets in Fiscal Year 2009/10.

International stock markets. In 2009, especially at the beginning of the year, stock exchanges were marked by the effects of the international financial and economic crisis, which had reached its peak in 2008. Stock markets stabilized in the spring of 2009 and subsequently rose from a low level with a strong closing at year end. The first quarter of 2010 showed most international stock markets trading in sideways movements.

Vienna Stock Exchange. At the beginning of the year 2009, the predominant mood was that of uncertainty. The Austrian Traded Index ATX continued its downward ride of 2008 on the Vienna Stock Exchange and dropped again to a low in mid-March 2009 followed by a speedy recovery in the spring of 2009. Towards the end of the year, the ATX began trading in a sideways movement phase and closed 2009 at 2,495.56 points, which corresponds to a plus of 42.5 % in comparison with the end of 2008. After the market capitalisation significantly decreased in 2008, it rose from EUR 54.8 billion to EUR 79.5 billion in 2009, corresponding to a plus of 45.1 %, in line with the recovery of stock prices. The first quarter of 2010 showed the ATX trading in sideways movements.

Kapsch TrafficCom Share in Fiscal Year 2009/10.

In 2009, the price of the Kapsch TrafficCom AG share developed in line with the Austrian stock market and international stock markets. The entire year 2009 saw great volatility in price movements and increases in prices. Compared with a price of EUR 14.80 as of the end of the fiscal year 2008/09 (31 March 2009), the share price throughout the year increased significantly to EUR 25.26 as of the end of the fiscal year 2009/10 (31 March 2010), which corresponds to an increase of 70.9 %, whereas the ATX Prime increased by 69.8 % during the same period.



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

Based on a closing price of EUR 25.26 per share as of 31 March 2010 and the number of outstanding shares unchanged at 12.2 million, Kapsch TrafficCom's market capitalization as of the end of the fiscal year 2009/10 was EUR 308.2 million. The average daily turnover of the Kapsch TrafficCom AG share at the Vienna Stock Exchange was approximately EUR 0.26 million (double count), slightly below the previous year.

Key Data on the Share		2009/10	2008/09	2007/08
Weighted average number of shares [1]	in million	12.20	12.20	11.70
Earnings per share	in EUR	2.64	1.06	2.60
Dividends per share	in EUR	0.75	0.50	0.90
Free cash flow per share	in EUR	3.41	1.63	-1.26
Offer price per share [2]	in EUR	32.00	32.00	32.00
Share price [1]	in EUR	25.26	14.80	31.82
P/E ratio [1]	in EUR	9.57	13.96	12.23
Market capitalization [1]	in million EUR	308.17	180.56	388.20
Performance of share	in %	70.9	-53.49	-0.56
Performance of ATX Prime	in %	69.8	-68.63	-26.00
Average trading volume [3]	in million EUR	0.26	0.30	1.49

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

Dividend Policy.

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

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

The managing board will propose that the shareholders' meeting to be held on 25 August 2010 resolve a dividend of EUR 0.75 per share for fiscal year 2009/10 (2008/09: EUR 0.50 per share), representing a payout ratio of approximately 28 % (2008/09: approximately 47 %).

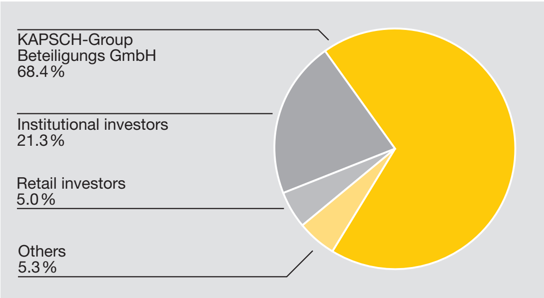
Shareholder Structure.

As of 31 March 2010 and unchanged compared to 31 March 2009, approximately 31.6 % of the shares were in free float, whereas the remaining approximately 68.4 % were held by KAPSCH-Group Beteiligungs GmbH. As of 31 March 2010, no other shareholder held shares of Kapsch TrafficCom conferring voting rights in excess of 5 %.

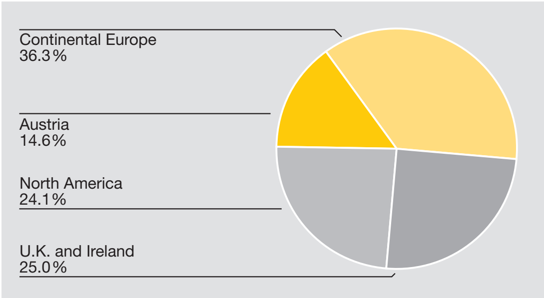
KAPSCH-Group Beteiligungs GmbH is a wholly-owned subsidiary of DATAX HandelsgmbH. In turn, the shares in DATAX HandelsgmbH are held in equal proportions by Traditio-Privatstiftung, ALUK-Privatstiftung and Children of Elisabeth-Privatstiftung, each a private trust under the Austrian Law for Private Trusts *(Privatstiftungsgesetz)*. Each of these private trusts is managed by a separate executive board *(Stiftungsvorstand)* and no person serves on the executive board of more than one of the three private trusts. The beneficiaries of these private trusts are Georg Kapsch and members of his family *(Traditio-Privatstiftung)*, Kari Kapsch and members of his family *(ALUK-Privatstiftung)* and Elisabeth Kapsch and members of her family *(Children of Elisabeth-Privatstiftung)*.

According to information available to Kapsch TrafficCom AG, the company has a widely diversified shareholder structure. As part of the free float, a majority of investors are institutional investors from Anglo-Saxon countries, the U.K. and Ireland (25.0 %) as well as North America (24.1 %). 14.6 % are held by Austrian institutional investors. Given that KAPSCH-Group Beteiligungs GmbH as principal shareholder holds 68.4 % of the shares, the share of private investors totals 5.0 % including the shares held by Erwin Toplak, the COO of Kapsch TrafficCom AG, whereas 21.3 % are held by institutional investors (with the top ten in the aggregate holding 77.7 % of that share) and 5.3 % by other investors.

Shareholder structure



Geographical distribution of institutional investors



Investor Relations.

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

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

Research Reports.

The coverage of the company by reputable Austrian and international investment banks or research institutions maintains the visibility of the Kapsch TrafficCom AG share in the financial community. As of 31 March 2010, Kapsch TrafficCom AG was covered by four analysts (in alphabetical order): Erste Bank (Vienna, Austria), GSC Research (Dusseldorf, Germany), Macquarie Securities Group (Frankfurt, Germany) and YMB Pressburg M&A Ltd. (Bratislava, Slovakia).

Information on the Share.

Investor Relations Officer	Marcus Handl
Shareholders' Telephone	+43 50811 1120
E-Mail	ir.kapschtraffic@kapsch.net
Website	www.kapsch.net
Stock Exchange	Vienna, Prime Market
ISIN	AT000KAPSCH9
Trading Symbol	KTCG
Reuters	KTCG.VI
Bloomberg	KTCG AV

Pssst, quiet: By reducing traffic delays and enforcing selective road access and route restrictions, modern traffic telematic systems help directly minimise noise pollution in urban environments for a lasting improvement in the quality of life of residents.

An additional monitoring instrument for electronic toll collection systems: the laser scanner.

The Company.

The Kapsch Group was founded in 1892 by Johann Kapsch in Vienna, Austria. In the early 1990s, the Kapsch Group entered the road traffic telematic business supported by selected acquisitions, including the acquisitions of the electronic toll collection division of Bosch Telecom, Germany (1999), and Combitech Traffic Systems AB, Sweden (2000). Following a reorganization of the Kapsch Group in 2002, Kapsch TrafficCom AG was formed by means of a demerger from former Kapsch AG. Since then Kapsch TrafficCom AG and its subsidiaries form the road traffic telematic division of the Kapsch Group. With the foundation of Kapsch Telematic Services GmbH in 2005, the company entered the commercial operation of tolling systems business.

Since 2006, the Kapsch TrafficCom Group has accelerated the internationalization by establishing subsidiaries and representative offices in various countries across the world, making selected acquisitions, including the acquisitions of DPS Automation S.A., Argentina. In 2008, the company entered the North American market through the acquisition of assets of TechnoCom Corp., U.S. and, through a joint venture with Busi Impianti S.p.A., the Italian market. In January 2009, Kapsch TrafficCom purchased a stake of 20.47 % in the Norwegian competitor Q-Free ASA. The stake was diluted to a current stake of 18.46 % as a consequence of capital increases in fiscal year 2009/10. In April 2010, Kapsch TrafficCom AG acquired 51.43 % of the shares of the South African TMT Services and Supplies (Proprietary) Limited through a capital increase.

Market.

Kapsch TrafficCom currently addresses the intelligent transportation systems (ITS) market which comprises the following market segments:

- **Electronic toll collection (ETC) systems** which encompass technologies that enable drivers to pay toll fee without stopping at tollgates.
- **Advanced traffic management systems (ATMS)** which are monitoring traffic, optimizing signal timings, and regulating the flow of traffic.
- **Commercial vehicle operations (CVO) systems** which are technologies applied to enhance motor carrier productivity and safety while journeying the interstate frontiers.
- **Public vehicle transportation management systems (PVTMS)** which enable streamlining of transit, allow transit companies in locating vehicles, and provide safety to commuters.
- **Advanced vehicle information systems (AVIS)** which include a host of applications that enable commuters to have a safe journey.

Intelligent transportation systems (ITS) are integrated networks of communication technologies, independent modules of sophisticated PC/satellite-based navigation systems, and other electronic data sensing, collection and transmission systems that collectively enhance transportation experience in terms of highly regulated and congestion-free traffic flow, guided, hassle-free, safer and collision-free on-road travel, faster emergency response times, automated & unobtrusive vehicle recognition & tracking, toll collection and fleet management.

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 (ATMS), with a focus on road safety and traffic control, and electronic access systems and parking management. In the future, Kapsch TrafficCom will also address the CVO and AVIS segment through its newly introduced 5.9 GHz technology.

Kapsch TrafficCom believes that the main drivers in the currently addressed market comprise the following:

Funding of infrastructure projects. The growth in the number of vehicles requires additional financing to construct new and maintain existing roads. Tolling offers a constant source of financing and thus helps governments in providing financing required for infrastructure projects. Efficient tolling systems, in particular electronic toll collection (ETC) systems, offer a significant, constant and sustainable source of additional funds for governments, public authorities and concessionaires, which can be used for the expansion and maintenance of road infrastructures.

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

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

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

Products, Systems and Solutions.

As an international provider of intelligent transportation systems (ITS) solutions with a comprehensive portfolio of products and services, our core competencies include:

- toll collection systems
- urban traffic solutions
- operations
- ITS and telematic solutions
- products and components for the ITS market

Our systems follow international technical standards and offer outstanding transaction performance, data security and system reliability and a high rate of return, while minimizing risks. Our products and solutions have an open, modular and flexible design, ensuring long-term protection of investment.

Toll collection systems. Improving traffic safety by ensuring the unimpeded flow of traffic or reducing negative environmental impacts through emissions-based charges are among the key goals of our customers. Kapsch TrafficCom develops, integrates, implements, maintains and provides ongoing support for single-lane and multi-lane free-flow toll collection systems. Our versatile products and systems support the road user charging process in many ways: as part of networks; for individual highway sections or areas; in urban environments or as nationwide systems either for HGVs or for all vehicles. Both pre-paid and post-paid charging models are being supported.

Multi-lane free-flow ETC systems. Kapsch TrafficCom is specialized in multi-lane free-flow ETC systems, and with the experience of implementing almost 20 such systems is a global leader in this field. Multi-lane free-flow systems work without impeding the traffic flow, ensuring maximum throughput and optimal utilization of existing road infrastructure. Our multi-lane free-flow systems leverage a variety of technologies in accordance with each toll project's specific requirements, offering a secure, flexible combination of the benefits delivered by microwave technology (DSRC), satellite positioning (GPS/GNSS, GSM/GPRS) and video technology.

Single-lane ETC systems. Our DSRC single-lane ETC systems utilize modern, high-performance traffic sensors based on a variety of technology platforms (video, laser, etc.), and may be integrated easily and cost-effectively into existing toll collection infrastructure. Due to higher vehicle throughput compared with manual toll collection, the systems alleviate toll plaza congestion, reduce emissions, and improve quality of life for road users and local residents.

Manual and automatic toll collection systems. Kapsch TrafficCom offers systems for conventional toll management and for manual and automatic toll collection. Electronic single-lane toll collection capabilities can be added later.

Enforcement and central systems are important parts of toll collection systems. Enforcement systems constitute an effective and visible deterrent against systematic toll evasion. This safeguards the road operator's income, enables fairness to all road users, and preserves the integrity of the system as a whole. Kapsch TrafficCom provides efficient and effective solutions for stationary and mobile enforcement or a combination thereof based on video or laser-scanner technologies. Central systems support the tolling and enforcement processes and support the payment processes ranging from the automatic validation of images to fully automatic invoicing and generation of payment reminders. Our central back-office transaction system has a highly flexible design and may be easily customized to accommodate customer-specific toll collection and charging requirements.

Urban traffic solutions. Road user charging and access control are today worldwide regarded as highly effective tools for urban traffic management, contributing to lower congestion and improving quality of life by reducing harmful emissions and noise pollution. The result is improved mobility and better conditions for local residents, private and business road users, and for the operators of public transport systems. Moreover, these systems help prevent excessive traffic in historical city centers.

Kapsch TrafficCom offers electronic toll collection and enforcement systems, primarily based on automatic video recognition of license plates in conjunction with DSRC microwave communication. This solution is geared to the demands of urban environments, accommodating traffic congestion, stop and go traffic and undisciplined driving behavior (such as weaving and overtaking). Moreover, it provides versatile support for zone- or time-based pricing models.

Dynamic zones, based on a fully automatic Kapsch TrafficCom system, enable urban traffic to be managed in accordance with changing traffic patterns and/or PM concentrations. This state-of-the-art system makes each individual road user aware of the impact of his behavior on the environment, enables highly responsive management of traffic, and encourages road users to adopt more eco-friendly driving habits.

Dynamic parking solutions from Kapsch TrafficCom enable local governments to introduce fully automatic time-based solutions for road parking. Charges are dependent upon the period a vehicle spends within a defined zone. This makes the entire process of calculating charges and monitoring payment simpler, more transparent and more reliable for both local government agencies and road users.

Operations. We are committed to supporting our customers‘ entire value chain, and operate electronic toll collection systems as a professional partner. Our turnkey solutions minimize risk for road operators and investors and create consistent investment security. We are dedicated to maintaining quality in processes and results across all project phases and stages of the value chain. To achieve smooth operation of an electronic toll collection system within the startup phase of a project requires different measures and service levels than maintaining and optimizing the operation over time. Our road user services create ideal conditions for a simple and effective management of operations considering these various demands. Our road user services include the planning and implementation of point-of-sale systems, the provision of call centers and the design of suitable web portals – to meet the varied information needs of road users in a cost-effective and timely manner.

Payment solutions provide comprehensive services from invoicing to reminders and dunning, and supports a variety of payment systems, such as cash, credit cards or fleet cards. To enable enforcement of the toll collection process, within the scope of an operations project, we also implement validation centers and provide specific measures for mobile enforcement.

ITS and telematic solutions. Our telematic solutions improve road safety and support an efficient use of existing infrastructure. Our solution portfolio includes incident detection systems, video-based traffic sensors and a multifunctional telematic platform. Incident detection systems from Kapsch TrafficCom reliably identify key events or exceptional situations, such as congestion, accidents, or dangerous driving within a matter of seconds. As a result, they promote the reliable and safe flow of traffic, especially in critical areas, such as tunnels.

The telematic platform comprises a modular software system that can be deployed alongside electronic toll collection solutions – providing a multifunctional basis for a variety of telematic applications for urban planning, traffic management, road safety and mobility services.

Products and components for the ITS market. At six engineering competence centers around the globe, Kapsch TrafficCom develops core technologies and components used in road user charging and telematic applications. Products include on-board units (OBUs), roadside infrastructure (such as transceivers), plus video cameras and enforcement technologies.

State-of-the-art programming stations are available for personalization of on-board units, and mobile readers for the mobile enforcement of on-board units (OBUs). Our products are designed for ease-of-configuration, using standardized interfaces, compact, maintenance-free operation and user friendliness.

References, Customers and Selected Projects.

Expertise, experience and dependability: customers around the globe rely on our products, systems, solutions and services 24/7 – from Austria to the Czech Republic, to Chile, to Australia and South Africa. Our clients include public sector organizations, city governments, private concessionaires and leading system integrators. More than 230 customer references in 38 countries, almost 18 million delivered on-board units (OBUs) and nearly 13,000 equipped lanes – form the basis of our experience and demonstrate our leadership in electronic toll collection systems worldwide.

Europe. A nationwide electronic multi-lane free-flow system for trucks was launched in Austria on January 1, 2004. Kapsch TrafficCom was responsible for the entire turnkey system: for planning, design, implementation of the roadside infrastructure, the development of application software and the design and production of on-board units (OBUs), system integration, implementation and taking into operation of the entire system, coordination of subcontractors and project roll-out.

In the Czech Republic, Kapsch TrafficCom was tasked with the design, development, production, integration, installation, implementation, operation and maintenance of the nationwide electronic truck tolling system that started commercial operation on January 1, 2007. The project was completed in just nine months.

In Italy, Kapsch TrafficCom has deployed urban traffic solutions in Rome, Bologna, Piacenza, Genoa, Livorno, Arezzo, Ravenna, Lecce and Salerno.

South America. Kapsch TrafficCom has established three electronic MLFF systems on highways in Chile: Costanera Norte, Autopista Central and Vespucio Norte Express. All three systems include technologies for vehicle detection and classification (VDC) and vehicle detection and registration (VDR).

Africa. Kapsch was responsible for the introduction of Africa‘s first electronic toll collection system on the Platinum Toll Highway in South Africa in 2002. In 2009, Kapsch TrafficCom was awarded the contract for the implementation and operation of an MLFF system in the Gauteng Region. The Gauteng open road tolling (GORT) is among the world’s largest tolling system projects.

North America. In cooperation with the New York State Department of Transportation, Volvo and the Southwest Research Institute, Kapsch TrafficCom develops a technology program that enables a variety of applications within the scope of the IntelliDrive program to promote the safety and mobility of the U.S. transportation system. The systems employ 5.9 GHz DSRC roadside and on-board units to improve wireless mobile enforcement.

Asia-Pacific region. In 2010, Kapsch TrafficCom was awarded the contract to equip the Bang Na-Bangpakong Expressway in Bangkok, Thailand – the longest girder bridge in the world with a toll collection system.

In 2007, Kapsch TrafficCom implemented an ETC system (manual toll collection with electronic DSRC) on highway No. 8 in New Delhi, India, including the largest toll plaza in Asia with 36 lanes.

In 1999, Kapsch TrafficCom implemented the world‘s first MLFF system for an urban highway in Melbourne in Australia, including systems for vehicle detection and classification and for vehicle registration. Moreover, Kapsch TrafficCom has introduced other MLFF systems in Australia: on the Western City Orbital and Eastlink in Melbourne, on the Hills Motorway (M2) in Sydney and the Clem 7 tunnel in Brisbane. About six million on-board units (OBUs) have been delivered to Australia.

Research and Development, Innovation and Quality.

Research and Development. The Kapsch TrafficCom Group has a network of research and development centers in Vienna (Austria, HQ), Jönköping (Sweden), Buenos Aires (Argentina), and Carlsbad (California, U.S.A). These research and development centers are organized as competence centers. All research and development activities are coordinated from the headquarters. As of 31 March 2010, the Kapsch TrafficCom Group employed approximately 230 research and development engineers in its research and development activities, including internal R&D project management, quality assurance/testing, production engineering, documentation, international device certifications, standardization activities as well as support for all IPR/patent issues (as of 31 March 2009: approximately 210).

Research and development activities are a high priority for the Kapsch TrafficCom Group in pursuing its strategic goals. Our knowledge of entirely new technologies and their possible applications based on national and international standards forms the foundation for successful business developments and enables the entry into new markets. The current focus is on countries such as the U.S.A., South Africa and the countries of South America. Successful research and development is the foundation for the sustained improvement of existing products and systems as well as the continuous reduction of production, installation, operating and maintenance costs, all of which are essential for maintaining a technological and competitive advantage.

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

Research costs are recognized as expenses as far as permitted. The same applies to development costs, unless the IFRS criteria for classification as intangible assets are satisfied. Since the income statement is structured by expense type, the research and development costs are reported within various items of the income statement, in particular under the cost of material and other production services, staff costs and other operating expenses. Research and development costs for the fiscal year 2009/10 amounted to EUR 24.9 million (fiscal year 2008/09: EUR 21.3 million).

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

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

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

Employees.

The table below sets forth the allocation of employees within the Kapsch TrafficCom Group, each as of 31 March 2010, 2009, 2008 and 2007:

	31 March 2010	31 March 2009	31 March 2008	31 March 2007
Breakdown by function				
Intelligent transportation systems	879	785	647	553
Manufacturing and logistics (Kapsch Components KG)	144	161	177	221
Total by function	**1,023**	**946**	**824**	**774**
Breakdown by region				
Europe:				
Austria	528	519	497	475
Sweden	122	110	97	89
Western Europe	13	10	1	0
Central and Eastern Europe (excluding Austria)	152	148	128	108
Latin America	132	112	80	94
Asia and Africa	38	14	12	2
Australia and New Zealand	11	10	9	6
U.S.A.	27	23	0	0
Total by region	**1,023**	**946**	**824**	**774**

The average number of employees in the Kapsch TrafficCom Group in the fiscal year 2009/10 was 973, a 8.4 % increase against an average of 898 in the fiscal year 2008/09. As of 31 March 2010, 1,023 employees (974 salaried and 49 non-salaried) were employed.

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

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

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

Social and Cultural Commitment.

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

Music. A key element of this commitment covers sponsoring activities related to the Vienna Concert Hall *(Wiener Konzerthaus)*. This cultural institution has an excellent reputation far beyond Austria's borders. Kapsch has been the main sponsor of the Vienna Concert Hall since 1992. The "Modern Vienna" festival – one of the world's best known festivals of contemporary music – has been supported by Kapsch since its launch in 1989.

Visual arts. Promoting less known artists is of particular concern of the Kapsch Group. Young domestic and international artists in particular are supported by sponsorship campaigns. One example is the photo calendar that Kapsch has supported since 1994. The calendar is presented annually in late fall in a private exhibition.

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

Educational institutions. As a company that is driven by technology and innovation, we are constantly interested in establishing contacts with the best talent in engineering at the earliest stage possible. Since 2005, the Kapsch Group has supported *"Universitäre Gründerservice Wien GmbH"* which aims to support and accompany young entrepreneurs to implement ideas relating to key business concepts.

Social activities. Kapsch TrafficCom takes pride in supporting selected social projects at home and abroad. Examples of the numerous projects include Cliniclowns, St. Anna Children's Hospital and "wings for handicapped", as projects within Austria, and ICEP – the Institute for Cooperation in Development Projects – as a project abroad. With the specific advancement of migration and integration, Kapsch TrafficCom contributes to social justice, a positive development of the society and the safety in the long term.

Women are supported through a flexible working hour scheme with the objective to combine professional and private life. In addition, Kapsch TrafficCom cooperates with schools, universities and colleges with the objective to increase the female quota. It further engages in gender mainstreaming through specific programs such as "FIT" or "FemTech". A specific trainee programm "Women into sales" has been established. A committee for gender mainstreaming is established within Kapsch TrafficCom.

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

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

Sustainability is a concern of Kapsch TrafficCom. With effect from 22 June 2009 the shares of Kapsch TrafficCom AG have been listed in the VÖNIX Sustainability Index. Sustainability is a factor for success in business nowadays. In Austria, listed companies that are considered leaders in the areas of social and ecological performance are therefore listed in the VÖNIX (VBV Austrian Sustainability Index).

Key component of a toll collection system: the on-board unit.

The multi-lane free-flow ETC system allows the collection of fees and tolls without disrupting the flow of traffic. Traffic jams that can turn the first day of a holiday into a nightmare become a thing of the past.

Business Segments and Subsidiaries.

Business Segments.

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

Road Solution Projects (RSP). This segment shows projects with an aggregate volume in excess of EUR 3 million. Generally, such systems are awarded in tender processes by public authorities or private sector concessionaires. The tolling systems range from individual road sections to nationwide tolling systems.

The segment RSP shows the one-time effects from the realization of new projects. The business in this segment is characterized by a significant volatility in revenues and operating results from period to period depending on whether individual projects are in the preparation, the commencement or the subsequent implementation phase. The project nature of this segment results in significant fluctuations in revenues, cost of materials and other production services, staff costs as well as other operating expense and, in certain projects (such as the nationwide electronic truck tolling system in the Czech Republic), also in project financing costs.

Services, System Extensions, Components Sales (SEC). Once a system is implemented, Kapsch TrafficCom is typically responsible for the technical operation and maintenance of the system. In addition, the supply of supplemental equipment and components (such as OBUs and transceivers) for the extension as well as for the upgrade (such as the upgrade of manual to automatic toll collection) of existing systems fall into this segment. Since 2005, Kapsch TrafficCom also offers the commercial operation of systems. The segment SEC also includes projects of a smaller scale with an aggregate volume of less than EUR 3 million that are often not awarded pursuant to tender processes.

The segment SEC shows the recurring activities. The business in this segment is characterized by relatively stable revenue streams over a certain period, since these services are provided mainly based on medium- or long-term service and framework agreements. Kapsch TrafficCom expects to generate a continuous stream of revenues in this segment going forward through the service offering, in particular through the services rendered for the commercial operation of the nationwide electronic truck tolling system in the Czech Republic.

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

Total revenues were at EUR 216.0 million in the fiscal year 2009/10, an increase by 8 % compared to the same period of the previous year (fiscal year 2008/09: EUR 200.3 million).

The segment Services, System Extensions, Components Sales (SEC) generated revenues of EUR 161.9 million and thereby contributed 75 % to the total revenues, an increase of 19 % compared to the same period of the previous year (fiscal year 2008/09: EUR 135.6 million).

The top five markets in the segment SEC were the Czech Republic at EUR 61.1 million (corresponding to 37.7 % of the total revenues of the segment SEC), Austria at EUR 35.1 million (21.7 %), Australia at EUR 19.9 million (12.3 %), France at EUR 7.3 million (4.5 %) and Chile at EUR 6.4 million (4.0 %). At EUR 32.1 million, 19.8 % of the total revenues of the segment SEC were generated outside of the top five markets.

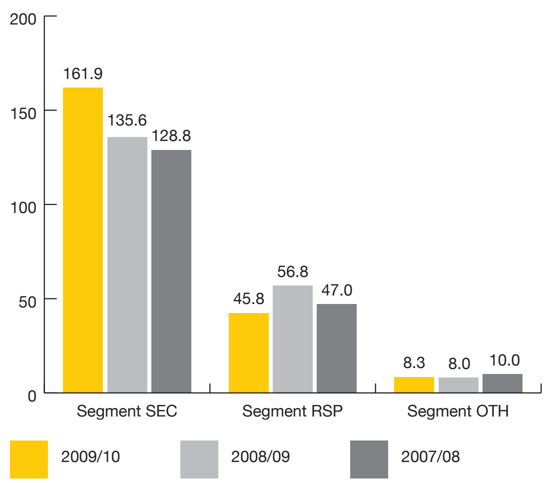
The segment Road Solution Projects (RSP) generated revenues of EUR 45.8 million and thereby contributed 21 % to the total revenues, a decrease of 19 % compared to the same period of the previous year (fiscal year 2008/09: EUR 56.8 million).

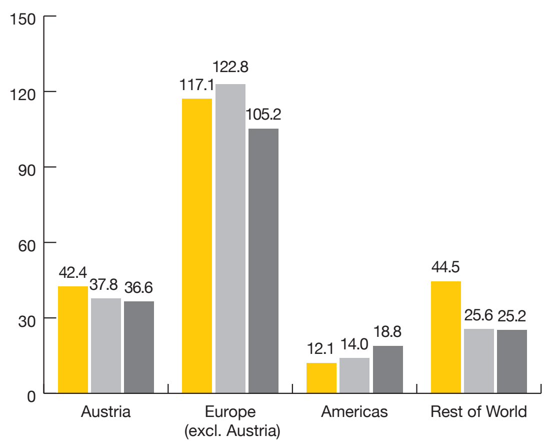
Top five markets in the segment RSP were the Czech Republic at EUR 19.3 million (corresponding to 42.1 % of the total revenues of the segment RSP), South Africa at EUR 9.9 million (21.6 %), Australia at EUR 8.1 million (17.7 %), Chile at EUR 4.1 million (9.0 %) and New Zealand at EUR 2.7 million (5.9 %). At EUR 1.7 million, 3.7 % of the total revenues of the segment RSP were generated outside of the top five markets.

The segment Others (OTH) generated revenues of EUR 8.3 million and thereby contributed 4 % to the total revenues, an increase of 4 % compared to the same period of the previous year (fiscal year 2008/09: EUR 8.0 million). The top market was Austria at EUR 7.3 million (corresponding to 88.0 % of the total revenues of the segment OTH).

By geographic region, in the fiscal year 2009/10 Austria generated revenues of EUR 42.4 million (corresponding to 20 % of total revenues), Europe (excluding Austria) of EUR 117.1 million (54 %), the Americas of EUR 12.1 million (6 %) and the Rest of World of EUR 44.5 million (21 %).

By country, the top five markets in the fiscal year 2009/10 were the Czech Republic with revenues of EUR 80.3 million (corresponding to 37.2 % of total revenues), Austria with EUR 42.4 million (19.6 %), Australia with EUR 27.9 million (12.9 %), South Africa with EUR 10.7 million (5.0 %) and Chile with EUR 10.5 million (4.9 %). At EUR 44.2 million, 20.5 % of total revenues were generated outside the top five markets.





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

Kapsch TrafficCom AG and its Subsidiaries.

The following chart shows the corporate structure with those companies of the Kapsch TrafficCom Group as of 31 March 2010 which were part of the consolidated group in the Consolidated Financial Statements:

1 The parent company Kapsch TrafficCom AG holds, with the exception of Kapsch Telematic Services GmbH, Kapsch Telematic Services Deutschland GmbH, Kapsch Telematic Services Danmark ApS, Kapsch Telematic Services Kft., Kapsch Telematic Services spol. s r.o., Durante Investments sp. z o.o., Kapsch TrafficCom Construction & Realization spol. s r.o., Kapsch-Busi S.p.A. Kapsch TrafficCom U.S. Corp. and Electronic Toll Collection (Pty) Ltd. directly or indirectly 100 % of the shares in the fully consolidated subsidiaries. The company also has representative offices in São Paulo, Brazil and Beijing, China as well as a branch office in Zagreb, Croatia.

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

3 Is currently merged with other group companies (see consolidated group in Notes to the Consolidated Financial Statements)

Kapsch Telematic Services Danmark ApS
Denmark

Durante Investments sp. z o.o.
Poland

Kapsch Telematic Services Kft.
Hungary

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

Kapsch Telematic Services GmbH Deutschland
Germany

Kapsch TrafficCom Inc.
U.S.A.

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

Electronic Toll Collection (Pty) Ltd.
South Africa

Kapsch TrafficCom France SAS
France

Kapsch TrafficCom Ltd.
New Zealand

Kapsch TrafficCom (M) Sdn Bhd
Malaysia

VTI Industrials Pty
South Africa

Kapsch TrafficCom South Africa (Pty) Ltd.
South Africa

Kapsch TrafficCom Australia Pty Ltd.
Australia

Kapsch TrafficCom Chile S.A.
Chile

DPS Automation Chile S.A.[3]
Chile

Giving authorities the ability to monitor mobile OBUs: the on-board unit mobile reader.

Electronic toll collection systems allow fair and equitable charging of road-usage fees based on actual use. A reliable income source for the road operator – and therefore a good opportunity for to redistribute funds, such as for promoting a diverse and appealing cultural offering.

Management Report.

Kapsch TrafficCom AG on the Consolidated Financial Statements as of 31 March 2010.

1 Economic climate

1.1 General economic situation

The international financial and economic crisis led to drastic economic declines in almost all industrial countries at the start of the past fiscal year. Even those emerging countries that experienced very strong growth in recent years were forced to accept significant setbacks in some cases. The global gross domestic product shrunk by roughly 1 % in 2009 (growth in 2008 was still +3.1 %), to perform considerably worse than expected.

The governments of many countries responded to the recession with massive economic stimulus and support measures. Many investment programs were announced, reduced working hour models were introduced, assumptions of liability were provided for guarantees and interest levels were brought down to historic lows, in addition to many other measures.

Nevertheless, long-term financing for banks and companies still became more expensive over the course of the last fiscal year, a development that can be attributed in part to the drops in credit ratings and the resulting loss of trust on the part of market investors. A calming of the situation was only seen as of mid-2009. The financial markets recovered over the course of 2009 as well. Thanks to rising optimism, investor trust also took a turn for the better and the international stock markets recorded price gains of up to 40 %. Experts agree that this in part already anticipated a recovery of the real economy. In the banking sector, trust has been restored to an extent, as is reflected in lower risk premiums between banks, although the depreciation burden from “rotten” securities may still be high and the banks are also holding high liquidity reserves in light of the experiences of recent years. The current signs of a debt crisis are also contributing to a situation on the financial markets that must generally be considered unstable. Raw materials prices remained relatively constant during the last fiscal year. The price of oil, for instance, stood at about 80 USD per barrel Brent.

Increasing indications of an economic recovery can be seen in the last months of the fiscal year based on the current figures posted by companies as well as the rise in consumer confidence. The stock reduction that took place and the reports of increasing production capacities and capacity utilization levels also suggest a recovery of the real economy. A return to positive growth figures can generally be expected in the coming fiscal year (global GDP growth of +3.3 % is anticipated), although these figures may vary widely between different regions and in some cases the growth will be slow to materialize and very moderate in scope.

Around the world, the coming years will also be characterized by efforts to reduce the public debt levels that rose substantially during the crisis, which will generally have a dampening effect on economic developments in the near future.

The U.S.A. suffered its worst economic collapse in over seven decades during 2009. Well over 100 banks had to be closed, and the unemployment rate also reached 10.2 % in October, the highest value in the last 25 years. In a unique resuscitation effort, the U.S. government initiated numerous measures to reinvigorate the economy and the labor market. The continued maintenance of a low prime rate (between zero and 0.25 %) is also intended to contribute to the recovery.

The U.S. dollar also reflected the developments of the real economy in 2009. At the end of 2009, the euro was at 1.43 U.S. dollars. Only in the last few weeks did the U.S. dollar start to rise against the euro, although this can primarily be attributed to the debt problems of some euro countries.

Despite high unemployment, a clear and very rapid recovery is expected for the U.S.A. in 2010. Forecasts for GDP growth range between +2.5 and +3.0 %. The indicators of this growth include the stabilization of the real estate market and increasing demand for capital goods.

The emerging markets, in particular China and India, also felt the impact of the crisis. However, massive economic stimulus packages were implemented very quickly in these countries as well. The effects of these measures were also seen very quickly, even allowing significant GDP growth during 2009 for both China (+8.7%) and India (+5.6%). In Japan, on the other hand, the GDP declined by -5.0 %.

In 2010, China is expected to once again see growth exceeding +9% and even Japan is expected to make a turnaround and achieve +1.5 %.

The euro zone also suffered heavy economic declines in the year 2009 (-4.1 % drop in GDP). Companies were forced to contend with faltering exports (these also suffered to an extent from the strong euro), massive corrections on the real estate markets and difficult credit conditions. In Germany, the GDP fell by 5 % despite the fact that private consumption remained largely stable thanks to support from state stimulus programs.

Overall, the countries of Europe took on extensive debt due to the implementation of economic measures as well as tax increases and must now compensate with steep cost cuts, although the actual situations of individual countries differ greatly. The national debt of Greece, which is close to insolvent, has in particular become a major topic in recent weeks. As a natural consequence, no one was willing to lend Greece any more money and this was also reflected in Greek government bonds, leading to some uncertainty around the world. Reacting very quickly, the euro countries came together to aid Greece during this debt crisis. In addition to billions in immediate aid that Greece will receive from the other European countries, these countries have also agreed not to demand early repayment of previously invested funds. These aid measures are naturally linked to enormous savings measures on the part of Greece (value-added tax increase, massive wage cuts, etc.). More of these types of reforms will generally be seen in Europe in the future (timely sanctions for countries running up deficits, rights to intervene in the budgetary policy of individual countries, etc.).

The justifications for this emergency loan package lay in worries that the crisis could spread to other countries of Europe, such as Portugal, Spain, Italy, Ireland and even Great Britain, as well as general concerns regarding the stability of the euro and even fears that the Monetary Union could collapse, which would have done far more harm to Europe than the cost of the aid package.

The EU and the IMF (International Monetary Fund) together offered up loan guarantees of up to EUR 750 billion as a measure to signal the strength of the euro region. This united front is intended to ensure that even individual countries can continue to obtain money under favorable conditions as well as to demonstrate stability for the euro. It is also hoped that this measure will curb future turbulence on the financial markets and prevent associated speculation.

With regard to the real economy, many corporate figures already indicate that the situation in Europe may already have bottomed out. 2010 should see a return to positive numbers in the euro region as well, although the growth rates may be moderate compared with recoveries from earlier crises and take place slowly in stages. The current forecasts assume a GDP growth in the amount of +1 %. However, it is evident that developments in Europe will lag behind those of other continents.

In the new EU countries, the GDP decline in 2009 of -3.5 % was somewhat less severe than in the other euro countries, and GDP growth in 2010 is expected to be +0.4, which would place it below the level of other EU countries.

The Austrian GDP declined by -3.6 % in 2009, which can be attributed to both the significant drop in exports as well as reductions in the area of material goods production and the associated company investments. Consumption by private households was the only positive economic pillar and was driven by high real economic gains (tax reform, expansion of social transfer and low inflation).

In 2010 and 2011, the net real per capita income will decline somewhat due to weaker salary agreements and rising inflation. Nevertheless, a slight expansion in consumer spending by private households amounting to around 0.7 % is expected. Austrian goods exports should grow in 2010 by +5 % and in 2011 by +6 %.

Overall, the economic recovery in Austria (as in the EU, in general) is still unstable and subject to a number of risks, particularly with regard to international developments. One critical factor will be whether a strong upswing in investments by companies occurs before any possible demand-suppressing effects of the simultaneous budget consolidation all EU countries. The Austrian GDP should grow by +1.3 % in 2010, while an increase of +1.4 % is expected for 2011.

The economic stabilization in recent months has allowed the unemployment rate to hold steady, but no declines in unemployment are expected this year nor in 2011. Over 75,000 jobs have been lost in Austria since mid-2008, and unemployment is expected to reach a level of 360,000 persons in 2011, which would correspond to an unemployment rate of 7.7˘% (national) or 5.4 % of the working population (according to Eurostat).

1.2 Development of the market for intelligent transportation systems

To allow for easier comparisons, the Kapsch TrafficCom Group makes use of the internationally prevailing terms for the ITS market (intelligent transportation systems). The study "Intelligent Transportation Systems – A global strategic business report" from Global Industry Analysts, May 2008, describes the ITS market as a diversifying market with the following, widely differing application and product segments.

Electronic toll collection systems (ETC): This is the segment in which Kapsch TrafficCom is most heavily active and encompasses electronic toll collection systems for the traffic between and within cities.

Commercial vehicle operations (CVO): CVO describes ITS applications that serve to improve the safety of commercial vehicle traffic. Systems for automated inspection of the vehicle status, load and registration fall into this category.

Advanced traffic management systems (ATMS): ATMS solutions improve traffic safety for all kinds of vehicles and traffic participants, help control and maintain the smooth flow of traffic and facilitate traffic monitoring by means of detector systems, cameras and communication systems.

Public vehicle transportation management systems (PVTMS): This segment covers management systems and communication systems for the monitoring and control of public transportation.

Advanced vehicle information systems (AVIS): This segment primarily includes in-vehicle information systems for drivers.

According to Global Industry Analysts, the ITS market is estimated to reach USD 9.8 billion worldwide in 2008 and will grow to USD 12.5 billion by 2010. The biggest segment is ATMS at USD 3.8 billion in 2008. The fastest-growing segment is ETC with a CAGR of 17.1 % between 2000 and 2010. The ETC sector will be worth USD 3 billion in 2010.

Market situation and market forces
Independent of the economic recession, the worldwide increase in road traffic is the most important growth factor of the ITS market. According to analyses by the EU (European Union 2006, "Energy and Transport in Figures"), commercial traffic increased by 2.8 % per year and in total by 31.3 % between 1995 and 2005. Commercial road traffic increased by 3.3% per year and by 37.9 % in total. Despite political pressure, goods transport could not be shifted significantly from road to rail or ship transport. This exceptional growth increases the financing burden for road infrastructure enormously, which in turn fosters greater demand and a high growth potential for ITS applications and the ETC sector, in particular.

In 2005, the trans-European road network (TEN-V) with a total length of 84,700 km comprised a fourth of the primary street network but carried 40 % of the total commercial traffic. It is predicted that TEN-V will be expanded by 4,800 km per year up to 2020, of which 3,500 km will consist of existing roads. Major investments will be required in the new member states and along the corridor routes to these countries. The European Union estimates the investment needs by 2020 at EUR 600 billion. While long-term forecasts for traffic growth continue to remain high, the economic recession has resulted in a traffic reduction and an associated decline in revenues.

In addition to dedicated short-range communication systems (DSRC) according to the CEN 5.8 GHz standard, the use of satellite-based systems has been expanding, depending on the application requirements. Significant growth potential also exists in the area of video-based systems for automatic number plate recognition (ANPR) for tolling and enforcement in urban environments.

To reduce traffic congestion and environmental pollution, city charging systems or intelligent parking management systems are under discussion in several major cities.

The increasing traffic volume can be considered a global trend. Especially in Asia, an increased demand for ETC lanes is expected for the replacement and expansion of toll systems previously based on more traditional methods. India has one of the largest road networks in the world, amounting to 3.4 million km in 2004. Only 2 % is made up of highways, but these carry 40 % of the commercial traffic. Between 1992 and 2002, 52,000 km of highways were built in China and an additional 200,000 km are planned for the coming years.

The high financing requirements for the preservation of road infrastructure are leading to new business models and private concessionaire models in the U.S.A. Standard & Poor's research estimates an annual demand of USD 92 billion for the preservation of highways and bridges and a further USD 125.6 billion for their improvement. While the standardized tolling technology based on 5.8 GHz DSRC microwave is used in Europe, ETC systems in North America are based on proprietary protocols in the 915 MHz band. It is expected that a new communication protocol standard based on 5.9 GHz will gradually replace the existing technology in the U.S.A. within the coming years.

2 Economic situation of the Group

2.1 Business development

Kapsch TrafficCom continued its expansion strategy with focus on the U.S. and South African market. In partnership with the New York State Department of Transportation, Volvo and the Southwest Research Institute, Kapsch TrafficCom develops a technology program that enables a variety of applications within the scope of the IntelliDrive program to promote the safety and mobility of the U.S. transportation system. To support the realization of the recently awarded project in the region of Gauteng in South Africa, Kapsch TrafficCom purchased a majority share in the local company Electronic Toll Collection Pty Ltd. (ETC). The shell company Triple Advanced Investment 22 (Pty) Ltd. was also acquired to strengthen the position in the South African market.

The takeover of the remaining shares in Kapsch Telematic Services GmbH, Vienna, from the BRISA Group was a further step in the strategic positioning of the telematic area within the Kapsch TrafficCom Group. Kapsch Telematic Services Danmark ApS, Copenhagen, was founded in August 2009, and in February 2010, an existing shell company (Durante Investments sp. z o.o., Warsaw) was acquired in Poland to handle the expected tenders. The shareholding situations of the Slovakian subsidiaries were also reorganized as all preparations were made to merge the three existing companies into one. Kapsch TrafficCom AG also acquired the outstanding minority shares in Kapsch Telematic Technologies Bulgaria EAD, Sofia.

The 20.47 % stake in Q-Free ASA, Norway, that was acquired in January 2009 was diluted to an actual stake of 18.46 % as a consequence of capital increases in fiscal year 2009/10.

In September 2009, Electronic Toll Collection (ETC), a joint venture led by Kapsch TrafficCom, was awarded a contract by the South African National Roads Agency Ltd. (SANRAL) for the implementation and operation of a multi-lane free-flow (MLFF) tolling system in the province of Gauteng. The first phase comprises the outfitting of 185 km of highways, to be completed within 18 months. The subsequent operating contract for technical maintenance will run for a period of 8 years, while the contract for the transaction clearing house and the violation processing center will initially have a term of 5 years. The order value for the implementation phase is approximately EUR 117 million, and the value for the operations phase is currently estimated at EUR 461 million since the final value can only be determined once the final scope and configuration of the system have been defined.

Another tender was won for an electronic toll system in Australia worth a total of EUR 4 million. Kapsch TrafficCom will implement a modern multi-lane free-flow (MLFF) toll solution on the Hale Street Link, a four-lane bridge in Brisbane.

In the Czech Republic, road user charges are currently collected on around 1,300 km of highways and expressways. At the moment, there are about 236 tolling stations and approximately 500,000 OBUs in operation. On 1 January 2010, the weight limit subject to tolling was reduced from 12 tons to 3.5 tons. Additional phases of the traffic management system for actively influencing the traffic flow via electronic displays, automatic traffic density measuring, visual tracking and average journey time detection were handed over to the customer. Completion of the traffic management systems is planned for mid 2010.

In Austria, about 2,200 km of highways and expressways are tolled for trucks above 3.5 tons by means of a fully electronic multi-lane free-flow system. Since 2004, Kapsch TrafficCom has delivered the entire central and road-side infrastructure for nearly 490 tolling stations as well as a current total of roughly 1 million OBUs (GO-Box). In fiscal year 2009/10, the highway-network was expanded by the road sections S1, S2 and A5 in the north of Vienna, totaling approximately 52 km. As part of this expansion, Kapsch TrafficCom equipped 36 new tolling stations and two new control stations. Extensive modifications to the tolling system software were carried out for the implementation of emissions-based tolling.

Average toll transaction rates achieved both in the Czech Republic and in Austria remained at a high level and could be further increased from 98.2 % in calendar year 2008 to 99.0 % in the Czech Republic in calendar year 2009, resulting in receipt of the contractually established bonus payments once again in fiscal year 2009/10.

2.2 Earnings situation

Revenues were at EUR 216.0 million in fiscal year 2009/10, up 8 % compared with the same period of the previous fiscal year even against the backdrop of the difficult situation currently prevailing on international markets. The increase in revenues in the past fiscal year was driven by the segment Services, System Extensions and Components Sales (SEC) with a growth of 19 % and the segment Other (OTH) with an increase of 4 %, whereas the segment Road Solution Projects (RSP) declined by nearly 19 % compared to the previous year.

The segment SEC was able to increase revenues by EUR 26.3 million from EUR 135.6 million to EUR 161.9 million. The main drivers here were the extensions to the existing Austrian highways and the opening of the “Nordautobahn” (A5), the expansion of tolling to include trucks above 3.5 tons in the Czech Republic as well as the sale of components and on-board-units (OBUs). The revenues in the segment SEC have increased continuously over the past years to now contribute a significant share of revenues amounting to 75 %.

The total volume of OBUs delivered in fiscal year 2009/10 was increased by 30 % to an all-time-high of 3.5 million units. Favorable sales figures were posted in Australia, France and Thailand.

The revenues in the segment RSP decreased by 19 % from EUR 56.8 million to EUR 45.8 million. The ongoing projects in Chile, the Czech Republic, Australia and South Africa were unable to offset the absence of the projects that were completed in the Czech Republic during the previous fiscal year. Except the nationwide truck tolling system in Slovakia no other major projects have been implemented in fiscal year 2009/10.

Revenue by segment (share in revenues)		2009/10		2008/09		+/- %	2007/08	
Road Solution Projects (RSP)								
Revenues	in million EUR	45.8	(21 %)	56.8	(28 %)	-19 %	47.0	(25 %)
EBIT	in million EUR	-20.9		-1.7		>-100 %	6.3	
Services, System Extensions, Components Sales (SEC)								
Revenues	in million EUR	161.9	(75 %)	135.6	(68 %)	19 %	128.8	(69 %)
EBIT	in million EUR	45.3		31.7		43 %	29.1	
Others (OTH)								
Revenues	in million EUR	8.3	(4 %)	8.0	(4 %)	4 %	10.0	(5 %)
EBIT	in million EUR	0.2		-1.0		>-100 %	-0.4	

With a total share in revenues of 54%, the European region was still the most important region, although a decline of nearly EUR 5.7 million (-5 %) was reported here compared to the previous fiscal year. Turnover in the “Rest of the World” region increased by EUR 18.9 million (74 %), driven mainly by projects in South Africa and Australia. The increase of 12 % in Austria can be attributed to expansions in the segment SEC. The revenue decline in the Americas of EUR 1.9 million (-14 %) resulted from lower sales in Chile in the segment SEC.

Revenue by region (share in revenues)		2009/10		2008/09		+/- %	2007/08	
Austria	in million EUR	42.4	(20 %)	37.8	(19 %)	12 %	36.6	(20 %)
Europe (excl. Austria)	in million EUR	117.1	(54 %)	122.8	(61 %)	-5 %	105.2	(57 %)
Americas	in million EUR	12.1	(5 %)	14.0	(7 %)	-14 %	18.8	(10 %)
Rest of the World	in million EUR	44.5	(21 %)	25.6	(13 %)	74 %	25.2	(13 %)

In fiscal year 2009/10, the operating result (EBIT) declined from EUR 29.0 million to EUR 24.5 million. The EBIT margin was reduced from 14.5 % to 11.4 %. The reduction of revenues as well as investments like the extention of capacity for the development of new markets caused the segment RSP to negatively impact the EBIT. The EBIT contribution of the segment SEC was positively affected by the retroactive clarification of the cost allocation for certain transaction clearings in the nationwide electronic truck tolling system in the Czech Republic. This led to an above-average EBIT margin of 28.0 % (2008/09: 23.4 %). The segment OTH had only a minor but positive effect on the EBIT.

Costs for material and other production services increased by EUR 19.9 million. Staff costs went up by EUR 5.1 million due to the higher number of employees (increase of 76 employees as at 31 March 2010) to arrange the demand for future large-scale projects and the development of new markets. The other operating costs increased by EUR 2.5 million as a result of higher rental costs for the new office building in Vienna and the need for higher provisions for warranties and guarantees.

Despite lower interest income and similar revenue, it was possible to achieve an improvement in the financial result from EUR -7.1 million to EUR 4.1 million. In addition to other factors, this can be partially attributed to the fact that no impairment adjustments on current financial assets (securities) were necessary in the past fiscal year.

The dilution of the stake held by Kapsch TrafficCom in Q-Free ASA, Norway, to below the threshold of 20 % as a consequence of capital increases resulted in a reclassification that yielded an accounting profit that was recorded in profit and loss. This led to a doubling of the pre-tax profit to EUR 43.9 million (2008/09: EUR 21.9 million) and made it possible to achieve a profit after taxes of EUR 36.5 million (2008/09: EUR 16.4 million).

2.3 Assets and liabilities

In the past fiscal year, the balance sheet total of the Kapsch TrafficCom Group decreased by 9% from EUR 324.5 million to EUR 295.1 million. This reduction resulted primarily from the change in short-term assets due to a decrease in trade receivables and other current assets by EUR 39.0 million and a decline in cash and cash equivalents by EUR 12.5 million. In the area of non-current assets, a reclassification of Q-Free ASA, Norway, (previously listed as an associated company) was necessary since capital increases brought the stake held by Kapsch TrafficCom below the threshold of 20 %. This shareholding is now recorded under other non-current financial assets and investments (as of 31 March 2009, it was listed under shares in associates). The upward revaluation to the fair value undertaken as part of the reclassification yielded an accounting profit of EUR 14.1 million. The other non-current assets were reduced due to the scheduled payments associated with the nationwide electronic truck tolling system in the Czech Republic. The change in intangible assets was a consequence of the takeover of the minority shares in Kapsch Telematic Services from the BRISA Group.

On the liabilities side of the balance sheet, the decrease in the balance sheet total was reflected primarily in the current liabilities. It was possible to lower the current financial liabilities by EUR 40.0 million to EUR 9.2 million (31 March 2009: EUR 49.2 million). The trade and other current payables were EUR 14.9 million below the value at the same date of the previous year. The reduction of non-current liabilities was due to the project financing agreement in the Czech Republic.

As a consequence, the Kapsch TrafficCom Group was able to post a significant improvement in its equity ratio, which reached 57.0 % as of 31 March 2010 (31 March 2009: 41.4 %).

2.4 Financial position

Cash flow from operating activities was improved in fiscal year 2009/10 to EUR 46.5 million (2008/09: EUR 42.1 million) thanks to the positive development of the net current assets from EUR -7.7 million to EUR 17.4 million in fiscal year 2009/10, which was due in large part to a reduction in trade receivables and other assets.

Cash flow from investing activities was at EUR -15.3 million (2008/09: EUR -44.8 million) primarily due to other non-current assets related to the South African project in Gauteng as well as the acquisition of the minority shares in Kapsch Telematic Services GmbH, Vienna, from the BRISA Group. Investments in property, plants and equipment were limited to reinvestments.

Cash flow from financing activities amounted to EUR -48.4 million (2008/09: EUR 19.3 million) due to the reduction of current financial liabilities in Austria and the Czech Republic.

As a result of the cash outflow from financing activities, cash and cash equivalents decreased to EUR 47.7 million as at 31 March 2010 (31 March 2009: EUR 60.2 million).

2.5 Non-financial performance indicators

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

In 2009, the average toll transaction rate of the existing truck tolling system in Austria amounted to approximately 99.7 %, placing it at the same high level as in 2008.[1]

During the same period, the average performance rate of the nationwide electronic tolling system in the Czech Republic was approximately 99.0 %, up 0.8 % from the value of 98.2 % in 2008.[1]

Staff

In fiscal year 2009/10, the average number of employees in the Kapsch TrafficCom Group was 973. As of 31 March 2010, 1,023 persons were employed.

The Group places great importance on the continued training and education of its employees. This involves not only promoting professional education and training but also providing seminars and training sessions for developing one's own personality and teamwork skills. Training sessions tailored to the particular needs of employees are offered within the framework of the Kapsch Academy. Selected employees are prepared for their future tasks in a management trainee program.

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

The Group companies make contributions to an external pension fund on behalf of their employees based on length of employment and depending on company profits.

The Group also currently maintains a profit participation program that offers the staff an opportunity to share in the profits of the Kapsch TrafficCom Group.

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

Environment

Valid certifications are held for quality management pursuant to ISO 9001 and environmental management pursuant to ISO 14001. The Group will strive in future to fulfill its responsibilities toward society even more extensively, particularly with regard to the efficient and responsible use of natural resources.

Corporate social responsibility

Living up to its socio-political responsibility, the entire Kapsch Group – organized by Kapsch AG – supports a number of contemporary art and cultural institutions and projects as well as selected training initiatives and extensive social measures. This attitude is reflected within the company as well as outside, and employees of the Kapsch TrafficCom Group benefit from the Group's long-term commitment to social responsibility in the form of a variety of programs and measures.

2.6 Risk management

As a technology company, Kapsch TrafficCom Group operates in an ever-changing environment. Risks are therefore part of its day-to-day business. For the company, risk means the possibility of deviating from company objectives, meaning that the definition of risk encompasses both positive (opportunities) as well as negative (risks) deviations from planned objectives.

1 Calculation of the average performance rate is based on methodologies agreed upon with the respective customer, meaning that comparisons between the average performance rates achieved in different projects are only possible on a limited basis.

Risk management system

Risk management has been positioned as a separate function within the finance department of Kapsch TrafficCom AG. Under the responsibility of a central risk manager, the risk management system comprises institutionalized processes for collecting and analyzing all relevant opportunities and risks pertaining to the Group's projects and provides the basis for the timely planning and implementation of control measures. The risk management is gradually being developed into a company-wide opportunity and risk management system. The primary objective in this context is not to avoid risks but to deal with risks in a controlled and deliberate manner and to recognize and realize opportunities as they arise over time in order to make a valuable contribution to the management of the company.

The material risks of the Group and the respective risk management measures are briefly explained below:

Industry-specific risks

Volatility of new orders

A major portion of the revenues of the Kapsch TrafficCom Group are generated in the segment Road Solution Projects (RSP). In this segment, the Group regularly participates in tenders for the implementation and operation of large electronic toll collection (ETC) systems. On the one hand, there exists a risk that tenders in which the Group participates or plans to participate could be delayed or withdrawn, for instance as a result of political changes, appeals or legal actions by unsuccessful bidders. On the other hand, there exists a risk that Kapsch TrafficCom Group may not win its bids for new projects due to technological, financial, formal or other reasons. Continuing revenues from maintenance agreements and from technical operations also depend on the successful participation in tenders for systems.

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

Risks of project execution

In connection with the installation of systems, the Kapsch TrafficCom Group is usually contractually obligated to provide performance guarantees. Since ETC systems are frequently sophisticated and technologically complex systems that must be implemented within a short time frame, system and product defects can occur due to the limited time available for testing. If the guaranteed performance levels are not met or deadlines are exceeded, penalties usually have to be paid. A significant delay in a project or failure to achieve guaranteed performance levels in a project would also reduce the chances of success in future tenders for systems.

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

Long-term contracts with public authorities

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

While the Kapsch TrafficCom Group aims to include appropriate limitations to its liability in contracts, it is still impossible to guarantee that all contracts contain sufficient limitations to the Group's liability or that these limitations can be enforced under applicable law.

Strategic risks

Innovation leadership

The leading market position of the Kapsch TrafficCom Group is, to a large extent, based on its ability to develop state-of-the-art, efficient and reliable systems, components and products. In order to maintain its technological leadership, the Kapsch TrafficCom Group invests a considerable portion of its revenues in research and development activities. However, if the Group does not succeed in developing new systems, components and products, this can be detrimental to the competitive position of the Kapsch TrafficCom Group. Since its innovation leadership is based largely on technology, internal know-how and intellectual property, the global increase in product piracy and reverse engineering may have negative effects on the Group. In addition, any failures in protecting these technologies may have a negative impact on the competitive position of the Group. Moreover, it is possible that systems, components, products or services could infringe on the intellectual property rights of third parties.

The Kapsch TrafficCom Group places great importance on the protection of technologies and the company's internal know-how, such as through patents and non-disclosure agreements with other parties. In order to avoid legal action and court proceedings, the Kapsch TrafficCom Group constantly monitors potential intellectual property rights infringements.

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

One of the strategic objectives of the Kapsch TrafficCom Group is to grow internationally both by organic means and through selected acquisitions and joint ventures. In the implementation of this strategy, the Group has acquired companies around the world and integrated them into the Group. However, a number of challenges remain in connection with this growth strategy in order to achieve the desired synergies and objectives.

Financial risks

Foreign exchange risk

The Group maintains branches, offices and subsidiaries in several countries outside the euro zone. A considerable portion of revenues and costs are denominated in the currencies of the respective foreign companies rather than in euros. Although the Group aims to hedge the net currency position of the individual contracts as necessary, currency fluctuations may result in exchange rate losses that appear on the consolidated financial statements (transaction risk). In addition, risks arise from the conversion of separate financial statements of international companies into the Group currency, the euro (translation risk). Changes in exchange rates may also result in a change in the competitive position of the Kapsch TrafficCom Group. The income statement shows expenses for currency hedging contracts that were concluded in fiscal year 2009/10 to hedge the receivables denominated in Czech crowns.

Interest rate risk

Within the framework of project financing, the Group regularly agrees to variable interest rates that are tied to market interest rates (Euribor, Pribor etc.). This exposes the Kapsch TrafficCom Group to interest rate risks. The Kapsch TrafficCom Group utilizes appropriate financial instruments to hedge against interest rate risks to the extent these risks are significant.

Personnel risks

The success of the Kapsch TrafficCom Group depends heavily on key personnel with many years of experience in the industry. Moreover, the Group's ability to recruit qualified staff, integrate them into the company and retain them over the long term is crucial in its current growth phase. The loss of key personnel and difficulties in the recruitment of personnel may adversely affect the success of the Group.

Kapsch TrafficCom Group has implemented a number of measures to deal with personnel risks, such as incentive schemes, training opportunities, etc.

Legal risks

The market for ETC systems is influenced by numerous statutory provisions at the EU level and at the level of national legislation. There exists a risk that specific regulations, such as data privacy laws or environmental and safety requirements, could have negative consequences for the Kapsch TrafficCom Group.

IT risks

As a technology group, the Kapsch TrafficCom Group is exposed to typical IT risks relating to security, confidentiality and the availability of data. For this reason, Kapsch TrafficCom AG has implemented an IT risk management system designed according to the corporate risk and IT security application method (CRISAM) and has been certified pursuant to ISO 27001 (information security management). The Kapsch TrafficCom Group is also certified according to ISO 20000 “IT service management” (similar to ITIL) for the operation of toll systems.

Summary assessment of the Group’s risk situation

From a current perspective, no risks have been identified that could endanger the continued operations of the Kapsch TrafficCom Group. Increasing geographic diversification, the diversification of the product portfolio and an increased share of recurring revenues (further growth in the Services, System Extensions, Components Sales segment) are planned to further reduce the concentration of risks in the future.

2.7 Internal Control System (ICS)

The Corporate Law Amendment Act (URÄG 2008) adopted the 8th EU Directive into Austrian law. Under this legislation, companies with a capital market orientation are henceforth obliged to include in their group management reports not only an outline of their risk management systems but also of the main features of their ICS with regard to the financial reporting process.

Kapsch TrafficCom AG analyzes and documents on an ongoing basis its existing internal processes relating to financial reporting. The results obtained so far were presented at the quarterly meetings of the audit committee for assessment and discussion.

The IFRS Group Accounting Manual represents the cornerstone for financial accounting and reporting throughout the whole Kapsch Group. The manual is published and regularly updated by Kapsch AG and contains the essential financial and reporting procedures based on IFRS. Groupwide guidelines and work instructions represent another important pillar of the internal control system.

The central elements of the ICS process include regular compliance checks according to the principle of dual control, the segregation of duties and defined actions for monitoring the effectiveness and efficiency of operating activities, the reliability of financial reporting and the compliance with relevant legal regulations. The ICS guidelines of Kapsch TrafficCom AG follow the basic structure of the internationally recognized standards for internal control systems (COSO – Internal Control and Enterprise Risk Managing Frameworks of the Committee of Sponsoring Organizations of the Treadway Commission).

The accounting of all group transactions is handled by a variety of software solutions. In a number of countries, the accounting has been outsourced to locally-based tax accountants due to the sizes of the subsidiaries. Companies submit reporting packages to the head office on a quarterly basis containing all accounting data pertaining to the income statement, balance sheet and cash flow statement. This data is then transferred into the central consolidation system (Hyperion financial management). This financial information is verified on groupwide basis by the central Kapsch TrafficCom controlling department and subsequently forms the basis for the quarterly reports issued by the Kapsch TrafficCom Group in accordance with IFRS.

The supervisory board is kept informed of business developments by the managing board during regular meetings by way of consolidated presentations consisting of segment reporting, earnings development analyses containing comparisons of current figures with figures from the budget and the previous period as well as select financial figures, forecasts, group financial statements and developments in the number of employees and order inflow.

In keeping with the decentralized structure of the Kapsch TrafficCom Group, local management is responsible for the implementation and monitoring of the internal control system. The managing directors of the individual subsidiaries are required to evaluate and document compliance with the controls defined in the ICS guidelines. The head of finance for the Kapsch TrafficCom Group, the central controlling department and the internal audit department subsequently verify compliance with these audit procedures by local management, and the results are regularly reported to the audit committee.

2.8 Research and development

The Kapsch TrafficCom Group has a network of research and development centers in Vienna (Austria, HQ), Jönköping (Sweden), Buenos Aires (Argentina), and Carlsbad (California, U.S.A). These research and development centers are organized as competence centers. All research and development activities are coordinated from the headquarters. As of 31 March 2010, the Kapsch TrafficCom Group employed approximately 230 research and development engineers in its research and development activities, including internal R&D project management, quality assurance/testing, production engineering, documentation, international device certifications, standardization activities as well as support for all IPR/patent issues (as of 31 March 2009: approximately 210).

Research and development activities are a high priority for the Kapsch TrafficCom Group in pursuing its strategic goals. Knowledge of entirely new technologies and their possible applications based on national and international standards forms the foundation for successful business developments and enables the entry into new markets. The current focus is on countries such as the U.S.A., South Africa and the countries of South America. In order to meet the high expectations of new markets and especially to address the ever-faster time-to-market requirements, research and development activities are often accompanied by acquisitions.

The Kapsch TrafficCom Group focuses its activities primarily on new, innovative applications and applied research and development for all kinds of ITS solutions. The research and development activities are complemented in some areas by joint projects and close cooperation with universities, public and private institutes and technology and research companies. Major development efforts of the last business year consisted of the specification and development of a new, generic and scalable roadside platform that integrates all major sensor systems into a single, common software platform. The main goals of this work include eliminating overlapping development work by different R&D centers and offering our international sales force the basis for a more flexible, adaptable and customer-specific approach in system sales. The main initiatives in the component business area lay in developing new and lower-cost on-board unit generations for CEN/DSRC microwave and GPS/GNSS satellite tolling as well as new WLAN-based 5.9 GHz/WAVE technologies to support the business development approach in the U.S.A.

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

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

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

1. The registered share capital of Kapsch TrafficCom AG amounts to EUR 12.2 million and is fully paid in. It is divided into 12.2 million no-par value ordinary bearer shares.
2. There are no restrictions relating to the exercising of voting rights or the transfer of shares.
3. As of 31 March 2010, approximately 31.6 % of the shares of Kapsch TrafficCom AG were in free float. As of 31 March 2010, KAPSCH-Group Beteiligungs GmbH held approximately 68.4 % of the shares. KAPSCH-Group Beteiligungs GmbH is a wholly-owned subsidiary of DATAX HandelsgmbH, the shares of which are held in equal parts by Traditio-Privatstiftung, ALUK-Privatstiftung and Children of Elisabeth-Privatstiftung, each a private foundation under the Austrian Private Foundation Act (“Privatstiftungsgesetz”). As of 31 March 2010, no other shareholder held more than 5 % of the voting rights in Kapsch TrafficCom AG.

4. None of the shares convey special control rights.
5. There are no restrictions regarding the execution of the voting rights by employees with a stake in the company.
6. There are no special provisions on the appointment and removal of members of the managing board and the supervisory board.
7. The company has an authorized capital ("genehmigtes Kapital") of EUR 0.8 million. The subscription rights of the shareholders have been excluded with respect to this authorized capital. The managing board may, with the approval of the supervisory board, make use of the existing authorized capital within five years of the date on which the relevant authorization adopted at the general meeting of 15 May 2007 was entered into the commercial register.
8. No agreements have been entered into which become effective when a takeover bid for shares in the company is launched.
9. There are no agreements between Kapsch TrafficCom AG and members of the managing board or the supervisory board or employees which become effective when a takeover bid for shares in the company is launched.

2.10 Outlook and targets

With the fiscal year 2010/11 in mind, the company takes an optimistic view on its markets in the long term even in a changed economic environment. The fiscal year 2010/11 will be shaped by the realisation of the project in South Africa as well as the participation in tenders and by project awards in France, Poland, Hungary, Slovenia and Denmark.

2.11 Material events after the balance sheet date

Acquisitions and participations

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

On 8 April 2010, Kapsch TrafficCom AG indirectly subscribed, via Triple Advanced Investments 22 (Pty), for new shares in TMT Services and Supplies (Pty) Ltd., Cape Town, representing 51.43 % of the increased share capital. The subscription consideration is 75 million rand (approximately EUR 8 million). The renaming of Triple Advanced Investments 22 (Pty) into Kapsch TrafficCom Holding SA is currently in progress.

Enlargement of the managing board

Effective 1 April 2010, André Laux was appointed as the third member of the managing board.

Vienna, 14 May 2010

Mag. Georg Kapsch
Chief Executive Officer

Ing. Erwin Toplak
Chief Operating Officer

André Laux
Executive Board member

Statement of all Members of the Managing Board.

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

We declare to the best of our knowledge that the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the group as required by the applicable accounting standards and that the group management report gives a true and fair view of the development and performance of the business and the position of the group, together with a description of the principal risks and uncertainties the group faces.

Vienna, 14 May 2010

Mag. Georg Kapsch
Chief Executive Officer

Ing. Erwin Toplak
Chief Operating Officer

André Laux
Executive Board member

Consolidated Financial Statements as of 31 March 2010.

Consolidated statement of comprehensive income.

All amounts in EUR	Note	2009/10	2008/09
Revenue	(1)	**216,012,391**	**200,281,637**
Other operating income	(2)	10,938,947	2,612,709
Changes in finished and unfinished goods and work in progress	(3)	5,135,163	4,656,943
Other own work capitalized		15,707	145,729
Cost of materials and other production services	(4)	-98,041,051	-78,143,939
Staff costs	(5)	-59,701,767	-54,637,097
Amortization of intangible assets and depreciation of property, plant and equipment	(6)	-7,485,401	-6,031,349
Other operating expenses	(7)	-42,333,317	-39,882,867
Operating result		**24,540,673**	**29,001,766**
Finance income	(8)	9,260,153	12,076,245
Finance costs	(8)	-5,134,662	-19,211,633
Financial result	(8)	4,125,491	-7,135,388
Result from associates	(14)	15,243,465	0
Profit before income taxes		**43,909,629**	**21,866,378**
Income taxes	(9)	-7,398,920	-5,498,770
Profit for the period		**36,510,709**	**16,367,608**
Other comprehensive income for the period			
Gains/losses recognized directly in equity:			
Available for sale financial assets		2,776,231	780,930
Effects from disproportionate capital increase at associates		69,121	0
Currency translation differences		3,798,590	-4,291,896
Income tax relating to components of other comprehensive income		-757,790	44,573
Other comprehensive income for the period net of tax	(10)	**5,886,150**	**-3,466,394**
Total comprehensive income for the period		**42,396,859**	**12,901,215**
Profit attributable to:			
Equity holders of the Company		32,215,536	12,976,941
Minority interests		4,295,173	3,390,667
		36,510,709	**16,367,608**
Total comprehensive income attributable to:			
Equity holders of the Company		37,676,550	9,772,685
Minority interests		4,720,309	3,128,530
		42,396,859	**12,901,215**
Earnings per share from the profit for the period attributable to the equity holders of the Company (in EUR)	(29)	**2.64**	**1.06**
Earnings per share from the profit for the period attributable to the equity holders of the company (in EUR), adjusted *)	(29)	**1.49**	**1.06**

*) Adjusted for the fair value adjustment of the share in Q-Free ASA, Norway (see note 29).

The consolidated financial statements of Kapsch TrafficCom AG as of 31 March 2010 prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the EU and with section 245a (1) of the Austrian Commercial Code (UGB) have been translated into English. In case of different interpretations the German original is valid.

Consolidated balance sheet.

All amounts in EUR	Note	31 March 2010	31 March 2009
ASSETS			
Non-current assets			
Property, plant and equipment	(12)	15,823,618	16,886,895
Intangible assets	(13)	28,528,781	26,089,490
Shares in associates	(14)	0	12,302,472
Other non-current financial assets and investments	(15)	38,937,076	3,784,450
Other non-current assets	(16)	8,480,571	18,423,234
Deferred tax assets – due from tax group leader	(22)	1,302,201	1,300,938
Deferred tax assets – non-tax group	(22)	8,347,863	6,940,884
		101,420,110	**85,728,363**
Current assets			
Inventories	(17)	37,582,150	34,219,784
Trade receivables and other current assets	(18)	101,448,315	140,408,909
Other current financial assets	(15)	6,897,848	3,945,728
Cash and cash equivalents	(19)	47,743,108	60,229,653
		193,671,421	**238,804,074**
Total assets		**295,091,531**	**324,532,437**
EQUITY			
Capital and reserves attributable to equity holders of the Company			
Share capital	(20)	12,200,000	12,200,000
Capital reserve		70,077,111	70,077,111
Retained earnings and other reserves		80,936,724	47,769,158
		163,213,835	**130,046,268**
Minority interests		**5,034,869**	**4,193,524**
Total equity		**168,248,704**	**134,239,792**
LIABILITIES			
Non-current liabilities			
Non-current financial liabilities	(21)	10,060,250	10,060,250
Liabilities from post-employment benefits to employees	(23)	14,316,080	14,214,016
Non-current provisions	(26)	582,733	524,042
Other non-current liabilities	(24)	9,353,264	14,773,324
Deferred income tax liabilities – due to tax group leader	(22)	1,812,366	1,653,383
Deferred income tax liabilities – non-tax group	(22)	1,471,490	217,025
		37,596,183	**41,442,040**
Current liabilities			
Trade and other current payables		41,332,197	56,253,018
Other liabilities and deferred income	(25)	25,932,719	25,316,061
Current tax payables		5,900,286	7,449,143
Current financial liabilities	(21)	9,236,566	49,209,541
Current provisions	(26)	6,844,878	10,622,842
		89,246,646	**148,850,605**
Total liabilities		**126,842,829**	**190,292,645**
Total equity and liabilities		**295,091,531**	**324,532,437**

The consolidated financial statements of Kapsch TrafficCom AG as of 31 March 2010 prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the EU and with section 245a (1) of the Austrian Commercial Code (UGB) have been translated into English. In case of different interpretations the German original is valid.

Consolidated statement of changes in equity.

All amounts in EUR					
	Attributable to equity holders of the Company			Minority interests	Total equity
	Share capital	Capital reserve	Consolidated retained earnings and other reserves		
Carrying amount as of 31 March 2008	**12,200,000**	**70,077,111**	**48,976,473**	**2,123,011**	**133,376,596**
Dividend for 2007/08			-10,980,000	-1,058,019	-12,038,019
Total comprehensive income			9,772,685	3,128,530	12,901,215
Carrying amount as of 31 March 2009	**12,200,000**	**70,077,111**	**47,769,158**	**4,193,524**	**134,239,792**
Dividend for 2008/09			-6,100,000	-2,287,948	-8,387,948
Effects from the acquisition of minority interests			1,591,015	-1,591,015	0
Total comprehensive income			37,676,550	4,720,309	42,396,859
Carrying amount as of 31 March 2010	**12,200,000**	**70,077,111**	**80,936,724**	**5,034,869**	**168,248,704**

Consolidated cash flow statement.

All amounts in EUR	Note	2009/10	2008/09
Cash flow from operating activities			
Operating result		24,540,673	29,001,766
Adjustments for non-cash items and other reconciliations:			
Depreciation and amortization	(6)	7,485,401	6,031,349
Increase/decrease in obligations for post-employment benefits	(23)	102,064	125,079
Change in other non-current liabilities and provisions	(24, 26)	58,691	-39,109
Increase in trade receivables (non-current)	(16)	9,911,672	36,613,599
Increase in trade payables (non-current)	(24)	-5,494,549	-11,376,358
Other (net)		3,243,138	-3,479,570
		39,847,090	56,876,755
Changes in net current assets:			
Increase/decrease in trade receivables and other assets	(18)	38,826,166	-4,571,823
Increase/decrease in inventories	(17)	-3,362,366	-8,485,405
Increase/decrease in trade payables and other current payables		-14,304,162	13,033,471
Increase/decrease in current provisions	(26)	-3,777,964	-7,627,003
		17,381,674	-7,650,760
Cash flow from operations		**57,228,764**	**49,225,995**
Interest received	(8)	676,682	2,025,158
Interest payments	(8)	-2,642,103	-3,698,830
Net payments of income taxes		-8,808,142	-5,454,731
Net cash flow from operating activities		**46,455,200**	**42,097,592**

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All amounts in EUR	Note	2009/10	2008/09
Cash flow from investing activities			
Purchase of property, plant and equipment	(12)	-3,878,745	-17,542,971
Purchase of non-current intangible assets	(13)	-957,846	-4,687,266
Purchase of securities and investments	(15)	-6,279,899	-383,060
Payments for acquisition of companies (net of cash acquired)		0	-11,570,796
Payments for acquisition of minority interests		-4,226,308	0
Payments for the acquisition of shares in companies consolidated at equity	(14)	-103,918	-12,302,472
Proceeds from the disposal of property, plant and equipment and intangible assets		144,624	1,703,650
Proceeds from the sale of securities		0	13,358
Net cash flow from investing activities		**-15,302,092**	**-44,769,557**
Cash flow from financing activities			
Dividends paid to company shareholders		-6,100,000	-10,980,000
Dividends paid to minority shareholders of group companies		-2,287,948	-1,058,019
Increase in other non-current financial liabilities	(21)	0	10,060,250
Decrease in other non-current financial liabilities	(21)	0	-10,581,243
Increase in current financial liabilities	(21)	1,937,233	71,090,878
Decrease in current financial liabilities	(21)	-41,910,208	-39,263,120
Net cash flow from financing activities		**-48,360,924**	**19,268,746**
Net decrease/increase in cash and cash equivalents		**-17,207,816**	**16,596,781**
Change in cash and cash equivalents			
Cash and cash equivalents at beginning of year	(19)	60,229,653	47,428,544
Net decrease/increase in cash and cash equivalents		-17,207,816	16,596,781
Exchange gains/losses on cash and cash equivalents		4,721,271	-3,795,672
Cash and cash equivalents at end of year	**(19)**	**47,743,108**	**60,229,653**

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Notes to the consolidated financial statements.

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.

Group structure.

DATAX HandelsgmbH, Vienna, is the ultimate parent of Kapsch Group. Until June 2007 KAPSCH-Group Beteiligungs GmbH, Vienna, a wholly-owned subsidiary of DATAX HandelsgmbH, had been the sole shareholder of the parent company Kapsch TrafficCom AG. Under an initial public offering in June 2007 and as a result of further changes in share ownership in the fiscal year ending 31 March 2009, KAPSCH-Group Beteiligungs GmbH reduced its share to 68.42%.

Consolidated group.

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

The following subsidiaries are part of the consolidated group:

- ArtiBrain Software Entwicklungsgesellschaft mbH, Vienna
- Durante Investments sp. z o.o., Poland **)
- Electronic Toll Collection (PTY) Ltd., South Africa *)
- Jibesoev GmbH, Vienna
- Kapsch Components GmbH, Vienna
- Kapsch Components KG, Vienna
- Kapsch Telematic Services Danmark ApS, Denmark *)
- Kapsch Telematic Services GmbH, Vienna
- Kapsch Telematic Services GmbH, Germany

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- Kapsch Telematic Services Kft, Hungary
- Kapsch Telematic Services spol. s r.o., Czech Republic
- Kapsch Telematik Technologies Bulgaria AD, Bulgaria
- Kapsch TrafficCom (M) Sdn Bhd, Malaysia
- Kapsch TrafficCom AB, Sweden
- Kapsch TrafficCom Argentina S.A., Argentina
- Kapsch TrafficCom Australia Pty Ltd., Australia
- Kapsch TrafficCom Construction & Realization spol. s r.o., Czech Republic
- Kapsch TrafficCom Kazakhstan LLC, Kazakhstan *)
- Kapsch TrafficCom U.S. Corp., U.S.A.
- Kapsch TrafficCom d.o.o., Slovenia
- Kapsch TrafficCom France SAS, France
- Kapsch TrafficCom Holding Corp., U.S.A.
- Kapsch TrafficCom Inc., U.S.A.
- Kapsch TrafficCom Limited, UK
- Kapsch TrafficCom Ltd., New Zealand
- Kapsch TrafficCom Russia ooo, Russia
- Kapsch TrafficCom S.r.l., Italy
- Kapsch TrafficCom South Africa (Pty) Ltd., South Africa
- Kapsch TrafficCom Chile S.A., Chile
- Kapsch-Busi S.p.A., Italy
- PREMID, a.s., Slovakia
- Triple Advanced Investments 22 (Pty) Ltd., South Africa **)
- VTI Industrials (Pty) Ltd., South Africa

*) Companies newly established in the fiscal year 2009/10
**) Acquisition of a shell company in the fiscal year 2009/10

In the fiscal year 2009/10, Kapsch TrafficCom SK Construction & Realization s.r.o., Slovakia, and Kapsch Telematik Services SK s.r.o., Slovakia, were merged into PREMID, a.s., Slovakia, as receiving company. DPS Automation Chile S.A., Chile, was merged into Kapsch TrafficCom Chile S.A., Chile, as receiving company in the fiscal year 2009/10. By purchasing all shares in Jibesoev GmbH, Vienna (formerly BRISA ACCESS Europe GmbH, Vienna), a minority interest in the amount of 7 % was acquired in Kapsch Telematic Services GmbH, Vienna, in the fiscal year 2009/10.

Accounting and measurement.

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below:

1 Basis of preparation.

Pursuant to § 245a UGB the consolidated financial statements as of 31 March 2010 have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union (EU). Presentation currency is the Euro (EUR). The consolidated financial statements as of 31 March 2010 are prepared under the historical cost convention, with the exception of available-for-sale securities and derivative financial instruments, which are measured at fair value at the balance sheet date.

The preparation of the consolidated financial statements in conformity with IFRS requires the use of estimates and assumptions which influence the amount and presentation of assets and liabilities reported at the balance sheet date, and income and expenses recorded during the reporting period. Although these estimates are made by the managing board to the best of their knowledge and are based on current transactions, actual figures may differ from these estimates. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are material to the consolidated financial statements are disclosed in Note 21.

a) New and amended standards and interpretations that have been adopted by the EU and applied for the first time in the fiscal year:

IAS 1 “Presentation of financial statements” replaces the existing IAS 1. The main changes to the previous version are that an entity shall a) present all non-owner changes either in one statement of comprehensive income or in two statements (a separate income statement and a reconciliation to comprehensive income), and b) present a statement of financial position (balance sheet) as at the beginning of the earliest comparative period in a complete set of financial statements when the entity applies an accounting policy retrospectively or makes a retrospective restatement, and c) disclose income tax relating to each component of other comprehensive income, and d) disclose reclassification adjustments relating to the components of other comprehensive income. The first-time application resulted in minor changes in the presentation of the income statement and the statement of changes in equity

IFRS 8 “Operating segments” replaces IAS 14 “Segment reporting”. The new standard requires a “management approach”, under which segment information is presented on the same basis as that used for internal reporting purposes. The first-time adoption did not have a material impact on the presentation of the consolidated financial statements.

All other new regulations (standards, amendments to standards, interpretations) mandatory for the first time in the fiscal year had no material impact on the consolidated financial statements.

b) New standards and interpretations adopted by the European Union:

IFRS 3 (revised) “Business combinations” and IAS 27 (amendments) “Consolidated and separate financial statements” (mandatory for reporting periods beginning on or after 1 July 2009). In case of future business combinations that fall under the scope of these standards, the Company plans to apply the amended standards for reporting periods beginning on or after 1 April 2010.

A number of further amendments to standards and interpretations were published and adopted by the European Union. The impact of these regulations on the consolidated financial statements of the Company is not material and, therefore, not presented in detail.

c) Standards, interpretations and amendments to published standards that have not yet been adopted by the European Union and are not relevant for the Group:

A number of amendments to standards, as well as a new standard and a new interpretation and an amended interpretation have already been published, but have not yet been adopted by the European Union. The impact of these regulations on the consolidated financial statements of the Company is not material or cannot be adequately assessed and, therefore, is not presented in detail.

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

2 Consolidation.

a) Subsidiaries

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

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

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

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

b) Associates

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

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

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

c) Transactions and balances

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

3 Currency translation.

a) Translation of financial statements in foreign currencies

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

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

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

b) Foreign currency transactions

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

4 Financial instruments and risk management.

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

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

a) Foreign exchange risk

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

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

If the exchange rate of the stated currencies as of 31 March 2010 (31 March 2009) had changed by the percentage rate ("volatility") stated below, the profits before tax, provided all other variables had remained unchanged, would have been higher or lower, respectively, by the following amounts.

Currency	Volatility	Hypothetical impact on result in TEUR	
		2009/10	2008/09
CZK	10 %	2,991	1,895
SEK	10 %	3	102
USD	10 %	149	201
ZAR	10 %	160	0

b) Interest rate risk

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

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

For variable-interest balance sheet items, the risk relates to the cash flow. With variable-interest financial instruments, adjustments in the interest rates may result from changes in the market rates. Such changes would entail changes in interest payments. Variable-interest (both short-term and long-term) financial liabilities account for the major part of financial interest balance sheet items. If the market interest rate had been 100 basis points higher (lower) as of 31 March 2010, this, as in the prior year, would not have had a material impact on the result of the Group. At the balance sheet date, no financial derivatives were used to hedge the interest rate risk.

c) Credit risk

As part of the Group's risk management policy, the Group only deals with recognized creditworthy third parties, and implements policies to ensure that the Group sells to customers with appropriate credit histories. In addition, the Group monitors its receivables balances on an ongoing basis in order to limit its exposure to bad debts. Certain of the Group's policies limit the amount of its credit exposure to any financial institution, depending on the rating of the institution. With the exception of the Czech tolling project (see Note 18), there is no concentration of credit risk relating to trade receivables, since the Group generally has a large number of customers worldwide. Based on the Group's experiences, the default risk for trade receivables can be considered low.

d) Liquidity risk

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

e) Capital management

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

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

in TEUR	2009/10	2008/09
Non-current financial liabilities	10,060	10,060
Current financial liabilities	9,237	49,210
Total financial liabilities	19,297	59,270
Cash on hand and at banks	47,743	60,230
Current securities	6,898	3,946
Net assets	35,344	4,906
Equity	168,249	134,240
Net gearing	n/a	n/a

At the balance sheet date 31 March 2010, mainly due to the initial public offering carried out in 2007, the Company had significant net assets (excess of cash and cash equivalents, bank balances and current securities over financial liabilities) so that the net gearing cannot be calculated. The net assets are retained with regard to planned acquisitions and the financing of future projects.

5 Research and development costs.

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

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

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

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

6 Intangible assets.

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

7 Other financial assets.

a) Securities

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

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

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

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

b) Other Investments

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

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

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

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

8 Property, plant and equipment.

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

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

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

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

9 Leases.

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

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

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

10 Government grants.

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

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

11 Inventories.

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

12 Construction contracts.

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

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

13 Trade receivables.

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

14 Cash and cash equivalents.

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

15 Other provisions.

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

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

16 Employee benefits.

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

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

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

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

17 Deferred income tax.

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

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

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

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

In March 2005, the major Austrian group companies of the entire Kapsch Group formed a tax group according to Sec. 9 of the Austrian Corporate Income Tax Act. The group taxation regime applies for the respective entities effective from the tax year 2005 (i.e. fiscal year 2004/05). Tax group leader is KAPSCH-Group Beteiligungs GmbH, the parent of this group. Principally, this entity is the only entity which has tax receivables or tax liabilities. Tax group members, such as the Austrian companies in the Kapsch TrafficCom Group, merely reflect receivables or liabilities with the tax group leader and not with tax authorities. Any tax loss incurred by a member of the tax group prior to the effective date of the tax group is not available for utilization by the leader of the tax group. Such tax losses are only available for utilization against future taxable income by the entity in which they initially arose.

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

18 Liabilities.

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

19 Contingent liabilities.

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

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

20 Revenue recognition.

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

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

Other revenue is recognized by the Group as follows:

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

21 Critical accounting estimates and assumptions.

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

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

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

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

22 Segment information.

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker is responsible for allocating resources to the operating segments and assessing their performance. The managing board has been identified as the chief operating decision-maker.

Notes to the consolidated financial statements.

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

1 Segment Information.

Operating segments

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

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

The segment results for the fiscal year ended 31 March 2010 are as follows (in EUR million):

	Road Solution Projects	Services, System Extensions, Components Sales	Others	Consolidated Group
Revenue	45.8	161.9	8.3	216.0
Operating result	-20.9	45.3	0.2	24.5

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

	Road Solution Projects	Services, System Extensions, Components Sales	Others	Consolidated Group
Revenue	56.8	135.6	8.0	200.3
Operating result	-1.7	31.7	-1.0	29.0

The segment assets and liabilities as of 31 March 2010 and capital expenditure, depreciation and amortization and other non-cash-effective expenses for the period then ended are as follows (in EUR million):

	Road Solution Projects	Services, System Extensions, Components Sales	Others	Consolidated Group
Assets	66.2	121.1	4.6	191.9
Unallocated assets				103.2
Total assets	**66.2**	**121.1**	**4.6**	**295.1**
Liabilities	33.2	69.8	1.3	104.3
Unallocated liabilities				22.6
Total liabilities	**33.2**	**69.8**	**1.3**	**126.8**
Capital expenditure	0.8	4.0	0.0	4.8
Depreciation and amortization	1.8	5.3	0.4	7.5
Other non-cash-effective expenses	0.0	0.4	0.0	0.4

The consolidated financial statements of Kapsch TrafficCom AG as of 31 March 2010 prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the EU and with section 245a (1) of the Austrian Commercial Code (UGB) have been translated into English. In case of different interpretations the German original is valid.

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

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

The breakdown of revenue by customer who contributed more than 10 % to the result for the year is as follows. In addition, the respective segments are shown (in EUR million):

	2009/10			2008/09		
	Revenue	Road Solution Projects	Services, System Extensions, Components Sales	Revenue	Road Solution Projects	Services, System Extensions, Components Sales
Customer 1	78.6	X	X	92.3	X	X
Customer 2	35.0		X	30.5		X

Information by region

Revenues are segmented by the location of the customer and balance sheet figures by the location of the Company.

The figures for the fiscal year ended 31 March 2010 are as follows (in EUR million):

	Austria	Europe (excl. Austria)	Americas	Rest of World	Consolidated Group
Revenues	42.4	117.1	12.1	44.5	216.0
Non-current non-financial assets	15.8	13.9	14.5	0.1	44.4

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

	Austria	Europe (excl. Austria)	Americas	Rest of World	Consolidated Group
Revenues	37.8	112.8	14.0	25.6	200.3
Non-current non-financial assets	27.8	13.7	13.6	0.2	55.3

2 Other operating income.

	2009/10	2008/09
Income from the sale of non-current assets	2	5
Income from costs recharged	43	0
Sundry operating income	10,895	2,607
	10,939	**2,613**

In the fiscal year 2009/10, sundry operating income mainly relates to the retroactive settlement of the assumption of costs of transactions billed for the nationwide electronic truck tolling system in the Czech Republic.

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

	2009/10	2008/09
Change in unfinished goods and work in progress	3,217	-7,534
Change in finished goods	1,918	12,191
	5,135	**4,657**

4 Costs of materials and other production services.

	2009/10	2008/09
Cost of materials	32,066	25,972
Cost of purchased services	65,975	52,172
	98,041	**78,144**

5 Staff costs.

	2009/10	2008/09
Wages	2,197	2,483
Salaries and other remunerations	43,317	38,431
Expenses for social security and payroll-related taxes and contributions	12,484	11,842
Expenses for termination benefits (see Note 23)	569	641
Expenses for pensions (see Note 23)	502	485
Contributions to pension funds and other external funds (see Note 23)	164	164
Fringe benefits	468	592
	59,702	**54,637**

As of 31 March 2010, the number of staff amounted to 1,023 persons (31 March 2009: 946 persons) and averaged 973 persons in the fiscal year 2009/10 (2008/09: 898).

6 Depreciation and amortization expense.

	2009/10	2008/09
Depreciation of property, plant and equipment	5,145	3,587
Amortization of other intangible assets	2,340	1,789
Expenses from low-value assets written-off	0	655
	7,485	**6,031**

As of the fiscal year 2009/10, low-value assets are capitalized as property, plant and equipment or intangible assets and written off in the year of acquisition.

The consolidated financial statements of Kapsch TrafficCom AG as of 31 March 2010 prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the EU and with section 245a (1) of the Austrian Commercial Code (UGB) have been translated into English. In case of different interpretations the German original is valid.

7 Other operating expenses.

	2009/10	2008/09
Rental expenses	7,094	5,391
Legal and consulting fees	7,252	10,319
Impairment of receivables	371	103
Marketing and advertising expenses	8,671	7,629
Travel expenses	4,353	4,251
Maintenance	1,538	1,860
Communication and IT expenses	3,407	3,176
Training costs	855	638
Losses on disposal of non-current assets	35	56
Insurance costs	720	835
License and patent expenses	1,167	1,241
Office expenses	886	818
Taxes and charges	245	461
Adjustment provision for warranties	504	-1,646
Commissions and other fees	994	1,528
Transport costs	842	981
Automobile expenses	1,583	1,495
Other	1,815	748
	42,333	**39,883**

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

8 Financial result.

	2009/10	2008/09
Interest and similar income:		
Interest income from bank deposits and loans granted	454	1,757
Income from securities	223	269
Income from interest accretion of long-term receivables	1,825	3,790
Gains from the disposal of financial assets	7	13
Income from currency hedging	0	611
Currency translation differences	6,752	5,637
	9,260	**12,076**
Interest and similar expenses:		
Interest expense	-2,642	-3,699
Expense from interest accretion of long-term payables	-701	-1,277
Losses on disposals and write-down of financial assets, investments and securities	-79	-84
Impairment of available-for-sale securities	0	-4,950
Expenses from other investments	-22	0
Expenses from currency hedging	-1,219	-2,121
Currency translation differences	-471	-7,081
	-5,135	**-19,212**
	4,125	**-7,135**

9 Income taxes.

	2009/10	2008/09
Current tax expense	-7,915	-6,748
Deferred tax assets/liabilities (see Note 22)	516	1,249
Total	**-7,399**	**-5,499**
Thereof income/(expense) from group taxation	112	1,309

The reasons for the difference between the arithmetic tax expense/(income) based on the Austrian corporate income tax rate of 25 % and the recognized tax expense/(income) are as follows:

	2009/10	2008/09
Profit before income taxes	43,910	21,866
Arithmetic tax income/(expense) based on a tax rate of 25 % (2008/09: 25 %)	-10,977	-5,467
Unrecognized deferred tax assets on current losses	-183	-773
Different foreign tax rates	109	625
Tax allowances claimed and other permanent tax differences	162	23
Income and expenses not subject to tax and other differences	3,490	93
Recognized tax income/(expense)	**-7,399**	**-5,499**

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

10 Other comprehensive income.

2009/10	Before taxes	Tax expense /income	After taxes
Fair value gains/losses on available-for-sale financial assets:			
Unrealised gains/losses in the current period	2,776	-758	2,018
Effects from disproportional capital increases	69	0	69
Currency translation differences	3,799	0	3,799
Fair value changes recognized in equity	**6,644**	**-758**	**5,886**

2008/09	Before taxes	Tax expense /income	After taxes
Fair value gains/losses on available-for-sale financial assets:			
Unrealised gains/losses in the current period	-223	45	-178
Gains/losses recognized in the income statement	1,004	0	1,004
Currency translation differences	-4,292	0	-4,292
Fair value changes recognized in equity	**-3,511**	**45**	**-3,466**

11 Additional disclosures on financial instruments by category.

	2009/10	2008/09
Available-for-sale financial assets		
Other non-current financial assets and investments	38,937	3,784
Other current financial assets	6,898	3,946
	45,835	**7,730**
Loans and receivables		
Other non-current assets	8,481	18,423
Trade receivables and other current assets	101,448	140,409
Cash and cash equivalents	47,743	60,230
	157,672	**219,062**
Financial liabilities at (amortized) cost		
Non-current financial liabilities	10,060	10,060
Other non-current liabilities	9,353	14,773
Trade payables and other current liabilities	41,332	56,253
Current financial liabilities	9,237	49,210
	69,982	**130,296**

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

	2009/10	2008/09
Available-for-sale financial assets	128	-4,141
Loans and receivables	8,559	4,102
Financial liabilities at (amortized) cost	-4,562	-7,097
	4,125	**-7,135**

12 Property, plant and equipment.

	Land and buildings	Technical equipment and machinery	Construction in progress	Other equipment, factory and office equipment	Total
Carrying amount as of 31 March 2008	**1, 201**	**2,551**	**157**	**2,283**	**6,192**
Currency translation differences	-16	-142	-2	-222	-381
Change in consolidated entities	3	26	0	27	55
Additions	4,444	5,629	1,509	5,905	17,488
Disposals	-912	-27	-1,639	-300	-2,879
Scheduled depreciation	-305	-1,291	0	-1,992	-3,587
Carrying amount as of 31 March 2009	**4,416**	**6,745**	**25**	**5,701**	**16,887**
Acquisition/production cost	4,966	24,080	25	11,810	40,882
Accumulated depreciation	-551	-17,335	0	-6,109	-23,995
Carrying amount as of 31 March 2009	**4,416**	**6,745**	**25**	**5,701**	**16,887**
Currency translation differences	12	133	6	219	371
Change in consolidated entities	0	0	0	-7	-7
Additions	201	2,017	191	1,470	3,879
Disposals	-36	-43	-27	-52	-160
Scheduled depreciation	-662	-3,100	0	-1,383	-5,145
Carrying amount as of 31 March 2010	**3,930**	**5,751**	**194**	**5,948**	**15,824**
Acquisition/production cost	4,805	26,687	194	13,108	44,794
Accumulated depreciation	-875	-20,936	0	-7,160	-28,971
Carrying amount as of 31 March 2010	**3,930**	**5,751**	**194**	**5,948**	**15,824**

13 Intangible assets.

	Capitalized development costs	Concessions and rights	Goodwill	Total
Carrying amount as of 31 March 2008	**111**	**2,309**	**6,173**	**8,593**
Currency translation differences	-12	56	0	44
Change in consolidated entities	536	2,107	41	2,685
Additions	12	2,031	14,519	16,563
Disposals	0	-6	0	-6
Scheduled amortization	-352	-1,437	0	-1,789
Carrying amount as of 31 March 2009	**296**	**5,059**	**20,734**	**26,089**
Acquisition/production cost	7,125	11,427	20,734	39,285
Accumulated amortization	-6,829	-6,368	0	-13,196
Carrying amount as of 31 March 2009	**296**	**5,059**	**20,734**	**26,089**
Currency translation differences	9	-93	-148	-232
Additions	0	5,021	0	5,021
Disposals	0	-10	0	-10
Scheduled amortization	-124	-2,216	0	-2,340
Carrying amount as of 31 March 2010	**181**	**7,761**	**20,586**	**28,529**
Acquisition/production cost	8,013	16,070	20,586	44,669
Accumulated amortization	-7,832	-8,309	0	-16,141
Carrying amount as of 31 March 2010	**181**	**7,761**	**20,586**	**28,529**

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

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

	Road Solution Projects	Services, System Extensions, Components Sales
The carrying amount of goodwill allocated to the CGU	TEUR 15,197	TEUR 5,389
The carrying amount of intangible assets with indefinite useful lives allocated to the CGU	TEUR 0	TEUR 0
Determination of recoverable amount of CGU	Value in use	Value in use

Cash-generating unit “Road Solution Projects”:

Key assumptions for determining expected cash flows of the CGU

- The Management has based its determination on the assumption that after the successful implementation of road tolling systems, in particular in Austria, the Czech Republic, Switzerland, Australia, South America and South Africa, demand for tolling systems will increase, in particular as a result of tight public budgets.
- The planning for the Road Solution Projects segment is based on projects in the Czech Republic, South Africa, America, Australia, as well as the fact that tenders in several countries are already in progress.
- 4 years of detailed planning
- 14.3 % (2008/09: 14.3 %) discount rate before tax
- Due to the growth potential of this business unit, the cash flows beyond the four-year period of detailed planning were accounted for at a continuous growth rate of 4 % (2008/09: 4 %) in the determination of value.

Effects of changes in key assumptions on the recoverable amount

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

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

Key assumptions for determining expected cash flows of the CGU

- The Management has based its determination on the assumption that the Group will remain the preferred supplier for operation, maintenance and supply of components for tolling projects installed in previous years.
- The planning for the Services, System Extensions, Components Sales segment is based on ongoing maintenance for existing tolling systems in Austria, Switzerland, the Czech Republic, Australia and South America, on the commercial operation in the Czech Republic as well as on component orders for customers worldwide, particularly in Australia, Turkey, Spain, Denmark, France, Greece, Chile and Thailand.
- 4 years of detailed planning
- 13.7 % (2008/09: 13.8 %) discount rate before tax
- Due to the growth potential of this business unit, the cash flows beyond the four-year period of detailed planning were accounted for at a continuous growth rate of 4 % (2008/09: 4 %) in the determination of value.

Effects of changes in key assumptions on the recoverable amount

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

Development costs relate to expenses in the area of, which in accordance with IAS 38 are capitalized and amortized over 3 years once the assets are available for commercial use. Additional research and development costs of the Group in the fiscal year 2009/10 amounted to EUR 24.9 million (2008/09: EUR 21.3 million). In the fiscal year 2009/10 EUR 7.4 million thereof (2008/09: EUR 7.1 million) was project-specific development costs and charged to the customer. The remaining amount of EUR 17.5 million (2008/09: EUR 14.2 million) was recognized as an expense.

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

14 Shares in associates.

Shares in associates developed as follows:

	2009/10	2008/09
Carrying amount as of 31 March of prior year	**12,302**	**0**
Share in result	1,205	0
Addition	104	12,302
Currency translation differences	760	0
Effects from disproportional capital increases	69	0
Fair value adjustment on the date of losing significant influence according to IAS 28.18	14,038	0
Reclassification to “Other non-current financial assets and investments”	-28,479	0
Carrying amount as of 31 March of fiscal year	**0**	**12,302**

In January 2009, the Group acquired an investment in the amount of 20.47 % in Q-Free ASA, Norway, at a purchase price of TEUR 12,302. In the third quarter of the fiscal year ending 31 March 2010, the share of Kapsch TrafficCom AG was diluted to now 18.46 % as a result of a capital increase at Q-Free ASA. This resulted in a reclassification to “Other non-current financial assets and investments” (see Note 15). The resulting accounting profit at the time of the dilution was recognized in profit and loss pursuant to IAS 28.18.

15 Current and non-current financial assets.

	2009/10	2008/09
Other non-current financial assets and investments	38,937	3,784
Other current financial assets	6,898	3,946
	45,835	**7,730**

Other non-current financial assets and investments	Available-for-sale securities	Available-for-sale investments	Other	Total
Carrying amount as of 31 March 2008	**3,401**	**4**	**0**	**3,405**
Additions	40	343	0	383
Disposals	0	0	0	0
Change in fair value	-4	0	0	-4
Carrying amount as of 31 March 2009	**3,437**	**347**	**0**	**3,784**
Currency translation differences	0	0	417	417
Addition from reclassification	0	28,479	0	28,479
Additions	0	0	6,432	6,432
Change in fair value	79	-255	0	-176
Carrying amount as of 31 March 2010	**3,517**	**28,571**	**6,849**	**38,937**

Other current financial assets	Available-for-sale securities	Other	Total
Carrying amount as of 31 March 2008	**8,895**	**0**	**8,895**
Additions	0	0	0
Disposals	0	0	0
Change in fair value (impairment)	-4,950	0	-4,950
Carrying amount as of 31 March 2009	**3,946**	**0**	**3,946**
Additions	0	0	0
Disposals	0	0	0
Change in fair value	2,952	0	2,952
Carrying amount as of 31 March 2010	**6,898**	**0**	**6,898**

As of 31 March 2010, available-for-sale securities relate to government and bank bonds as well as shares in investment funds. Their fair value is determined according to level 1 pursuant to IFRS 7. As of 31 March 2010, the investments classified as available for sale relate to a 18.46 % investment in Q-Free ASA, Norway (see Note 14) (Level 1 pursuant to IFRS 7), a 12.5 % investment in ATC Austrian Technology Corporation GmbH, Vienna (Level 3 pursuant to IFRS 7), and a 25 % investment in Autostrada Wschodnia Spolka z o.o., Poland (Level 3 pursuant to IFRS 7).

Unrealised gains and losses are recognized in other comprehensive income of the period (see Note 10).

TEUR 6,280 of the addition to other non-current financial assets relates to a fixed-term investment. The fair value approximates the carrying amount.

16 Other non-current assets.

	2009/10	2008/09
Truck tolling system Czech Republic	8,480	18,392
Other	1	31
	8,481	**18,423**

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

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

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

	2009/10	2008/09
Up to 2 years	7,338	16,659
Between 2 and 3 years	1,554	2,745
More than 3 years	0	0
	8,892	**19,404**

Long-term receivables in the amount of TEUR 8,480 (2008/09: TEUR 18,392) were pledged as collateral to banks (see Note 21).

17 Inventories.

	2009/10	2008/09
Purchased parts and merchandise, at acquisition cost	9,079	10,852
Unfinished goods and work in progress, at production cost	9,297	6,080
Finished goods, at production cost	19,206	17,288
	37,582	**34,220**

Individual inventory items were written down, where necessary, to their net realizable values. The write-downs of inventories amounts to TEUR 7,029 (2008/09: TEUR 5,890).

18 Trade receivables and other assets.

	2009/10	2008/09
Trade receivables, less allowance for bad debt	83,999	129,993
Gross amount due from customers for contract work	7,301	653
Prepayments made	971	1,325
Receivables from tax authorities (other than income tax)	2,779	3,415
Other receivables and prepaid expenses	6,399	5,023
	101,448	**140,409**

Valuation allowances relating to trade receivables developed as follows:

	2009/10	2008/09
Balance as of 31 March of prior year	**278**	**1,235**
Addition	425	182
Utilization	0	-302
Disposal	-115	-838
Balance as of 31 March of fiscal year	**587**	**278**

Maturity structure of trade receivables and other current assets:

	2009/10	2008/09
Not yet due	81,753	133,371
Overdue, but not impaired		
Less than 60 days	16,061	2,872
More than 60 days	4,221	4,444
	102,035	**140,687**

The fair values approximate the carrying amounts. There is no concentration of credit risk with respect to trade receivables, as the Group generally has a large number of customers worldwide. Trade receivables (current) relating to the installation of the Czech truck tolling system in the amount of TEUR 17,712 (2008/09: TEUR 49,745) and to the operation and maintenance of the system in the amount of TEUR 5,062 (2008/09: TEUR 15,272) are due from Ředitelství silnic a dálnic ČR (RSD), a company of the Czech Republic.

Trade receivables in an amount of TEUR 17,712 (2008/09: TEUR 49,745) were pledged as collateral to banks (see Note 21).

Amounts due from customers for contract work detail as follows:

	2009/10	2008/09
Construction costs incurred plus recognized gains	7,301	653
Less amounts billed and prepayments received	0	0
	7,301	**653**

19 Cash and cash equivalents.

	2009/10	2008/09
Cash on hand	20	25
Deposits held with banks	47,723	60,205
	47,743	**60,230**

The carrying amounts of this item also represent cash and cash equivalents at the end of the reporting period as presented in the cash flow statement.

20 Share capital.

	2009/10	2008/09
Carrying amount as of 31 March of fiscal year	**12,200**	**12,200**

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

21 Current and non-current financial liabilities.

	2009/10	2008/09
Current		
Loans for project financing	0	27,430
Other current loans	9,237	21,780
	9,237	**49,210**
Non-current		
Loans for project financing	0	0
Loans for acquisitions	10,000	10,000
Other	60	60
	10,060	**10,060**
Total	**19,297**	**59,270**

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

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

	2009/10	2008/09
Carrying amount	**19,297**	**59,270**
Fair value	**18,736**	**58,467**
Gross cash flows		
Up to 1 year	9,237	49,210
Between 1 and 2 years	10,482	10,642
Between 2 and 3 years	61	61
	19,779	**59,913**

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

	2009/10	2008/09
Total financial liabilities:		
Carrying fixed interest rates	1,937	15,104
Carrying variable interest rates	17,360	44,165
	19,297	**59,270**
Average interest rates:		
Short-term loans	1.67 – 3.25 %	2.00 – 6.40 %
Loans for project financing	3.44 – 4.19 %	4.69 %
Loans for acquisitions	3.19 %	3.82 – 4.35 %
Other	2.50 %	2.50 – 3.64 %

Other non-current assets amounting to TEUR 8,480 (2008/09: TEUR 18,392), trade receivables (current) amounting to TEUR 17,712 (2008/09: TEUR 49,745) and securities amounting to TEUR 0 (2008/09: TEUR 3,437) as well as 9.9 million shares in Q-Free ASA were pledged as collateral for guarantees issued by banks and for loans granted. A bill of exchange amounting to TEUR 1,425 (2008/09: TEUR 1,425) was issued for an export promotion credit.

22 Deferred tax assets/liabilities.

	2009/10	2008/09
Deferred tax assets – due from tax group leader	1,302	1,301
Deferred tax assets – non-tax group	8,348	6,941
	9,650	**8,242**
Deferred tax liabilities – due to tax group leader	1,812	1,654
Deferred tax liabilities – non-tax group	1,471	217
	3,284	**1,871**
Balance	**6,366**	**6,371**

Deferred taxes due to tax loss carry-forwards and other temporary differences deductible in the future are recognized only to the extent of their potential realization. In these consolidated financial statements tax loss carry-forwards in the amount of TEUR 2,080 (2008/09: TEUR 1,938) have not been recognized, because it was uncertain whether there would be sufficient taxable profits available against which to offset them. All other deferred tax assets have been recognized in the respective group companies as future deductible items. Deferred tax assets are normally realized after more than 12 months.

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

	31 March 2008	Change in consolidated entities	Taken through profit or loss	Taken through equity	Currency translation differences	31 March 2009
Deferred tax assets						
Tax loss carry-forwards	2,213	0	565	0	26	2,804
Provisions disallowed for tax purposes	980	0	172	0	-12	1,140
Depreciation disallowed for tax purposes	14	0	30	0	-4	40
Other	4,074	0	286	45	-147	4,258
	7,280	**0**	**1,053**	**45**	**-138**	**8,242**
Deferred tax liabilities						
Special depreciation/amortization of non-current assets	0	0	0	0	0	0
Other	2,055	0	-196	0	12	1,871
	2,055	**0**	**-196**	**0**	**12**	**1,871**
Total change	**5,226**	**0**	**1,249**	**45**	**-150**	**6,371**

	31 March 2009	Change in consolidated entities	Taken through profit or loss	Taken through equity	Currency translation differences	31 March 2009
Deferred tax assets						
Tax loss carryforwards	2,804	0	584	0	25	3,413
Provisions disallowed for tax purposes	1,140	0	695	0	33	1,868
Depreciation disallowed for tax purposes	40	0	-42	0	2	0
Other	4,258	0	-19	-20	150	4,369
	8,242	**0**	**1,218**	**-20**	**210**	**9,650**
Deferred tax liabilities						
Special depreciation/amortization of non-current assets	0	0	0	0	0	0
Other	1,871	0	702	738	-27	3,283
	1,871	**0**	**702**	**738**	**-27**	**3,283**
Total change	**6,371**	**0**	**516**	**-758**	**237**	**6,366**

23 Liabilities from post-employment benefits to employees.

Amounts recognized in the balance sheet:

	2009/10	2008/09
Termination benefits	5,561	5,294
Pension benefits	8,755	8,920
	14,316	**14,214**

Termination benefits

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

Retirement benefits

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

For the valuation of severance payments and pension benefit obligations an interest rate of 5 % (2008/09: 5.25 %), was used and for compensation increases a rate of 3 % (2008/09: 3 %). In addition, the calculation was based on the earliest possible statutory retirement age including transition provisions and using the mortality tables AVÖ 2008-P (2008/09: AVÖ 2008-P) by Pagler & Pagler. Pension increases were estimated at 2-3 % (2008/09: 2-3 %).

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

	2009/10	2008/09
Current service cost	183	184
Interest expense	305	378
Actuarial losses	81	78
Total, included in staff costs (Note 5)	**569**	**641**
Change in liabilities recognized in the balance sheet:		
Carrying amount as of 31 March of prior year	**5,294**	**5,001**
Total expense according to the table above	569	641
Payments	-302	-347
Carrying amount as of 31 March of fiscal year	**5,561**	**5,294**
Actuarial present value of obligations (defined benefit obligation)	6,516	6,152
Unrecognized actuarial gains/losses	-954	-857
Amount recognized in the balance sheet	**5,561**	**5,294**

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

	2009/10	2008/09
Current service cost	0	0
Interest expense	502	485
Total, included in staff costs (Note 5)	**502**	**485**
Change in liabilities recognized in the balance sheet:		
Carrying amount as of 31 March of prior year	**8,920**	**9,088**
Total expense according to the table above	502	485
Payments	-667	-653
Carrying amount as of 31 March of fiscal year	**8,755**	**8,920**
Actuarial present value of obligations (defined benefit obligation)	9,998	9,891
Unrecognized actuarial gains/losses	-1,243	-971
Amount recognized in the balance sheet	**8,755**	**8,920**

24 Other non-current liabilities.

	2009/10	2008/09
Truck tolling system Czech Republic	5,021	9,954
Other	4,332	4,820
	9,353	**14,773**

Other non-current liabilities relate to trade payables (non-current) in the amount of TEUR 5,021 (2008/09: TEUR 9,954) due to subcontractors for the installation of the Czech truck tolling system. As in the prior year, these liabilities are due in more than 1 year and less than 5 years as of the balance sheet date. These non-current liabilities were discounted on the basis of cash flows using discount rates that correspond to those rates applied in discounting non-current receivables from the Czech truck tolling system (see Note 16). Thus, the fair values approximate the carrying amounts.

Other non-current liabilities relate to a liability in the amount of TEUR 3,500 from a put option for shares in Kapsch-Busi S.p.A, Bologna, Italy (after interest compounding to the balance sheet date 31 March 2010) and to the non-current portion of a contingent payment obligation in the amount of TEUR 755 from the acquisition of the "Mobility Solutions" business of TechnoCom Corporation, Encino, U.S.A., in the fiscal year ending 31 March 2009.

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

	2009/10	2008/09
Less than 2 year	4,394	11,361
Between 2 and 3 years	4,910	3,522
More than 3 years	305	424
	9,610	**15,306**

25 Other liabilities and deferred income.

	2009/10	2008/09
Amounts due to customers for contract work	1,679	4,723
Prepayments received	1,746	896
Non-current employee liabilities	9,790	9,205
Liabilities to tax authorities (other than income tax)	3,400	917
Other liabilities and deferred income	9,318	9,576
	25,933	**25,316**

Amounts due to customers for contract work detail as follows:

	2009/10	2008/09
Construction costs incurred plus recognized gains	-13,872	-9,162
Less amounts billed and prepayments received	15,551	13,885
	1,679	**4,723**

26 Provisions.

	2009/10	2008/09
Non-current	583	524
Current	6,845	10,623
	7,428	**11,147**

The provisions changed as follows:

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

	31 March 2009	Change in consolidated entities	Addition	Utilization/ disposal	Currency translation differences	31 March 2010
Obligations from anniversary bonuses	524	1	78	-20	0	583
Other	0	0	0	0	0	0
Non-current provisions, total	**524**	**1**	**78**	**-20**	**0**	**583**
Warranties	1,820	0	1,029	-653	165	2,361
Losses from pending transactions and rework	934	0	0	-224	0	710
Legal fees, costs of litigation and contract risks	3,228	0	36	-2,473	99	891
Other	4,640	0	9,382	-11,260	120	2,883
Current provisions, total	**10,623**	**0**	**10,447**	**-14,609**	**384**	**6,845**
Total	**11,147**	**1**	**10,525**	**-14,629**	**384**	**7,428**

The provision for anniversary bonuses relates to non-current entitlements by employees based on collective labor agreement provisions. The valuation was based on an interest rate of 5 % (2008/09: 5.25 %), the earliest possible statutory retirement age including transition provisions and using the mortality tables AVÖ 2008-P (2008/09: AVÖ 2008-P) by Pagler & Pagler, increases in salary were considered at 3 % (2008/09: 3 %).

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

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

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

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

27 Contingent liabilities, other commitments and financial obligations.

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

Details of contingent liabilities and other commitments are as follows:

	2009/10	2008/09
Contract, warranty, performance and bid bonds		
City Highway Santiago	263	846
City Highway Sydney and Melbourne	2,881	1,593
Truck Tolling System Austria	12,500	12,500
Truck Trolling System Czech Republic	10,046	19,938
Tolling project New Zealand	0	2,025
Expressway Toll Collection System, Maryland, U.S.A.	0	3,317
Tolling projects South Africa: Gauteng, Marian Hill, Huguenot	117,084	0
Other	1,069	5,338
	143,844	**45,557**
Bank guarantees	**2,419**	**3,486**
Sureties	**30**	**30**
	146,293	**49,073**

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

	2009/10	2008/09
Up to 1 year	6,304	5,509
Between 1 and 5 years	16,550	14,341
Over 5 years	11,146	14,045
	34,000	**33,895**

28 Related parties.

The following transactions were performed with related parties:

KAPSCH-Group Beteiligungs GmbH, Vienna

From January 2005 the company has provided services to the Group in the area of group consolidation and legal advice. Expenses incurred by the Group in the fiscal year 2009/10 amounted to TEUR 494 (2008/09: TEUR 373). Furthermore, the company invoices insurance costs (directors & officers liability insurance) to the Group in the amount of TEUR 0 (2008/09: TEUR 22).

In December 2005 the company issued a parental guarantee to FöreningsSparbanken AB, Stockholm, Sweden, in favor of the group company Kapsch TrafficCom AB, Jönköping, Sweden, in the amount of EUR 19.1 million. For the project in South Africa (Gauteng), the company also issued parental guarantees in favor of Kapsch TrafficCom AG to UniCredit Bank Austria AG, Vienna, and to Raiffeisen Zentralbank Österreich Aktiengesellschaft, Vienna, in September 2009. As of the balance sheet date 31 March 2010, the assumed guarantees amount to EUR 29.4 million. The annual fee for the assumption of the liabilities is 0.5 % of the guaranteed amounts. Expenses incurred by the Group in the fiscal year 2009/10 amounted to TEUR 202 (2008/09: TEUR 83).

In January 2007 KAPSCH-Group Beteiligungs GmbH issued an unconditional and irrevocable first demand payment guarantee up to EUR 40 million with respect to the payment obligations of Kapsch TrafficCom Construction & Realization spol. s r.o., Prague, resulting from the credit and guarantee facilities agreement granted by Ceskoslovenska Obchodni Banka A.S., Prague, UniCredit Bank Austria AG, Vienna, und Raiffeisen Zentralbank Österreich AG, Vienna, for the delivery and operation of the Czech truck tolling system. The annual fee for the assumption of the liability is 0.5 % of the guaranteed amount. Expenses incurred by the Group in the fiscal year 2009/10 amounted to TEUR 199 (2008/09: TEUR 220).

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

Kapsch Aktiengesellschaft, Vienna

In connection with the use of the KAPSCH trademark and logo, the company invoices license fees to the Group. The license fee amounts to 0.5 % of all third-party sales of the Group, whereby the annual minimum fee is TEUR 250. Expenses incurred by the Group in the fiscal year 2009/10 amounted to TEUR 1,104 (2008/09: TEUR 733).

Activities in the area of corporate development, public relations, sponsoring and other marketing activities are carried out centrally by Kapsch Aktiengesellschaft for all group companies. Cost allocated to the Group in the fiscal year 2009/10 amounted to TEUR 1,024 (2008/09: TEUR 925).

Furthermore, the company invoices management and consulting services (including costs for the chairman of the board of the company, Georg Kapsch, and costs for consulting services of certain supervisory board members of the company) to the Group. Expenses incurred by the Group in the fiscal year 2009/10 amounted to TEUR 1,184 (2008/09: TEUR 959).

Kapsch Aktiengesellschaft has entered into various insurance contracts covering all group companies. The cost allocated to the Group in the fiscal year 2009/10 amounted to TEUR 309 (2008/09: TEUR 249).

Kapsch Partner Solutions GmbH, Vienna

The company provides human resources services (payroll services, administration, recruiting, advice on labor law and human resources development) to the Group. Expenses incurred by the Group in the fiscal year 2009/10 amounted to TEUR 920 (2008/09: TEUR 691).

Kapsch Financial Services GmbH, Vienna

The company leases telephone and IT equipment (hardware and software) to the Group and provides call centre services and IT support. Expenses incurred by the Group in the fiscal year 2009/10 amounted to TEUR 2,246 (2008/09: TEUR 2,070).

Kapsch BusinessCom AG, Vienna

The company delivers hardware (IT equipment) on behalf of Kapsch TrafficCom AG, Vienna, and provides maintenance and other services for various customer projects, the two largest of which by far are the “Truck Tolling System Austria” and the “Truck Tolling System Czech Republic”. The deliveries and services performed amounted to TEUR 2,868 in the fiscal year 2009/10 (2008/09: TEUR 4,575).

The company provides IT, EDP and telephone services to the Group in the amount of TEUR 376 (2008/09: TEUR 252), as well as other services in the amount of TEUR 928 (2008/09: TEUR 507), among other things for the IT technical restructuring of the new location of Kapsch Components KG and for the integration of the Swedish, Argentinean and U.S. American subsidiaries.

The Group invoices consulting services in the area of public relations to the company. Income of the Group resulting from these services in the fiscal year 2009/10 totaled TEUR 44 (2008/09: TEUR 0).

Kapsch Components KG provides logistic services to the company in the amount of TEUR 97 (2008/09: TEUR 128) and other services in the amount of TEUR 128 (2008/09: TEUR 74).

Kapsch CarrierCom AG, Vienna

Kapsch TrafficCom AG provides services in the area of public relations to the company. Income of the Group resulting from this service in the fiscal year 2009/10 amounted to TEUR 44 (2008/09: TEUR 0).

Kapsch Components KG provides logistic services to the company in the amount of TEUR 617 (2008/09: TEUR 826) and produces various components for the company in the amount of TEUR 19 (2008/09: TEUR 0).

Kapsch s r.o., Prague

The company provides technical maintenance services for the Czech truck-tolling system and is responsible for the current IT support for the Czech subsidiaries. Expenses incurred for this in the fiscal year 2009/10 totaled TEUR 1,910 (2008/09: TEUR 386). Furthermore, the company provided public relations services amounting to TEUR 95 in the fiscal year 2009/10 (2008/09: TEUR 98).

Kapsch Immobilien GmbH, Vienna

On 15 July 2008, a new lease agreement was concluded for the location Am Europlatz 2 and a cancelation waiver for 10 years was agreed to. It is possible to partly terminate the agreement after 5 or 7 years respectively. Investments in the amount of TEUR 0 (2008/09: TEUR 1,767) were made for the adaptation of the leased property. Lease expenses incurred by the Group amounted to TEUR 3,245 in the fiscal year 2009/10 (2008/09: TEUR 1,980).

Lease income of the Group resulting from the sub-lease to related parties in the fiscal year 2009/10 totaled TEUR 267 (2008/09: TEUR 226). The services rendered for relocations in the course of vacating the location Wagenseilgasse 1 amounted to TEUR 0 (2008/09: TEUR 142).

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

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

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

	31 March 2010	31 March 2009
Parent company		
Trade receivables and other assets	1,798	1,687
Trade payables and other payables	459	284
Affiliated companies		
Trade receivables and other assets	307	439
Trade payables and other payables	1,971	1,771
Other related parties		
Trade receivables and other assets	0	0
Trade payables and other payables	198	908

29 Earnings per share.

Earnings per share (basic earnings) is calculated by dividing the profit for the period attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the year, excluding, if any, ordinary shares purchased by the Company and held as treasury shares. As of 31 March 2010, as in the prior year, no treasury shares were held by the Company.

	2009/10	2008/09
Profit for the period attributable to equity holders of the Company (in EUR)	32,215,536	12,976,941
Weighted average number of ordinary shares	12,200,000	12,200,000
Earnings per share (in EUR)	**2.64**	**1.06**
Profit for the period attributable to equity holders of the Company, adjusted for the fair value adjustment of the share in Q-Free ASA, Norway	18,177,176	12,976,941
Number of shares	12,200,000	12,200,000
Earnings per share, adjusted (in EUR)	**1.49**	**1.06**

30 Events after the balance sheet date.

Investments

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 to Kapsch Telematic Services Solutions A/S, Copenhagen, Denmark. In 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 75 million rand (approximately EUR 8 million). Triple Advanced Investments 22 (Pty) is being renamed to Kapsch TrafficCom Holding SA.

Due to the short time span between the acquisition date and the authorization for issue of the consolidated financial statements, the disclosure of additional information is not possible.

Expansion of the managing board

Effective as of 1 April 2010, André Laux was appointed as the third member of the managing board.

31 Supplementary disclosures.

The consolidated group companies are listed in the notes to the consolidated financial statements under the item “consolidated group”. The parent company Kapsch TrafficCom AG, Vienna, with the exception of Durante Investments sp. z o.o., Poland, Electronic Toll Collection (PTY) Ltd., South Africa, Kapsch Telematic Services Danmark ApS, Denmark, Kapsch Telematic Services GmbH, Vienna, Kapsch Telematic Services GmbH Deutschland, Germany, Kapsch Telematic Services Kft., Hungary, Kapsch Telematic Services spol. s r.o., Czech Republic, Kapsch TrafficCom Construction & Realization spol. s r.o., Czech Republic, and Kapsch TrafficCom U.S. Corp., U.S.A., directly or indirectly holds 100% of the shares in the fully consolidated subsidiaries. With regard to additional disclosures in accordance with § 265 (2) 1 UGB for the companies mentioned above, the protection-of-interest clause pursuant to § 265 (3) UGB was applied.

The average number of staff in the fiscal year 2009/10 was 921 salaried employees and 52 waged workers (2008/09: 831 salaried employees and 67 waged workers).

Expenses for the auditor

The expenses for the auditor amount to TEUR 109 (2008/09: TEUR 105) and are broken down as follows:

	2009/10	2008/09
Audit of the consolidated financial statements	40	35
Other assurance services	43	41
Tax consulting services	0	0
Other services	26	29
	109	**105**

Compensation and other payments to members of the managing and the supervisory board

Costs for the chairman of the board are included in the cross-charge of management and consulting services from Kapsch Aktiengesellschaft (see Note 28). Regarding the total emoluments of the other member of the managing board, the protection-of-interest clause of § 266 No. 7 UGB is applied.

Remunerations paid to supervisory board members amount to approximately TEUR 19 (2008/09: TEUR 0).

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

In the fiscal year 2009/10, the following persons served on the managing board:
Mag. Georg Kapsch (Chief Executive Officer)
Ing. Erwin Toplak (Chief Operating Officer)
André Laux (since 1 April 2010)

In the fiscal year 2009/10, the following persons served on the supervisory board:
Dr. Franz Semmernegg (Chairman)
Dr. Kari Kapsch (Deputy-Chairman)
William Morton Llewellyn

Delegated by the works council:
Ing. Christian Windisch
Dipl.-Ing. Werner Dreschl

Authorized for issue:

Vienna, 14 May 2010

Mag. Georg Kapsch Chief Executive Officer	Ing. Erwin Toplak Chief Operating Officer	André Laux Executive Board member

The consolidated financial statements of Kapsch TrafficCom AG as of 31 March 2010 prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the EU and with section 245a (1) of the Austrian Commercial Code (UGB) have been translated into English. In case of different interpretations the German original is valid.

Auditor's Report.

Report on the Consolidated Financial Statements.

We have audited the accompanying consolidated financial statements of Kapsch TrafficCom AG, Vienna, for the fiscal year from 1 April 2009 to 31 March 2010. These consolidated financial statements comprise the consolidated balance sheet as of 31 March 2010, the consolidated statement of comprehensive income, the consolidated cash flow statement and the consolidated statement of changes in equity for the year ending 31 March 2010, and the notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements
Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU, and with the legal provisions applicable in Austria. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable under the circumstances.

Auditor's Responsibility and Description of Type and Scope of the Statutory Audit
Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with laws and regulations applicable in Austria and Austrian Standards on Auditing, as well as in accordance with International Standards on Auditing (ISA) issued by the International Auditing and Assurance Standards Board (IAASB) of the International Federation of Accountants (IFAC). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate under the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
Our audit did not give rise to any objections. Based on the results of our audit, in our opinion the consolidated financial statements comply with legal requirements and give a true and fair view of the financial position of the Group as of 31 March 2010 and of its financial performance and its cash flows for the financial year from 1 April 2009 to 31 March 2010 in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU.

Comments on the Management Report for the Group.

Pursuant to statutory provisions, the management report for the Group is to be audited as to whether it is consistent with the consolidated financial statements and whether the other disclosures in the management report for the Group do not give rise to a misstatement of the Group's financial position. The auditor's report also has to contain a statement as to whether the management report for the Group is consistent with the consolidated financial statements and whether the disclosures pursuant to Section 243a UGB are appropriate.

In our opinion, the management report for the Group is consistent with the consolidated financial statements. The disclosures pursuant to Section 243a UGB are appropriate.

Vienna, 14 May 2010

PwC INTER-TREUHAND GmbH
Wirtschaftsprüfungs- und
Steuerberatungsgesellschaft

signed:
Felix Wirth
Austrian Certified Public Accountant

Installed at the gates of electronic toll collection systems for flawless identification of the traffic participants: the toll camera.

Operators of electronic toll collection systems invest the generated revenues in many ways, such as significantly improving traffic safety in critical zones like tunnels or urban population centers.

Services.

Addresses of Major Companies.

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

Kapsch TrafficCom AG – Development Center
Telematic Solutions
Lakeside Park B03
9020 Klagenfurt
Phone: +43 50 811 7810

Kapsch Telematic Services GmbH
Am Europlatz 2
1120 Vienna
Phone: +43 50 811 0
Fax: +43 50 811 1219
kts.office@kapsch.net

Kapsch Components KG
Gutheil-Schoder-Gasse 17
1230 Vienna
Phone: +43 50 811 4053
Fax: +43 50 811 4202
kcomp.office@kapsch.net

Argentina
Kapsch TrafficCom Argentina S.A.
Juana Azurduy 2440
C1429BZJ Buenos Aires
Phone: +54 11 4703 5500
Fax: +54 11 4703 4777
mariana.beltran@kapsch.net

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

Bulgaria
Kapsch Telematik Technologies Bulgaria AD
16 Boyanska Legenda str.
Boyana district
Sofia 1606
Phone: +359 2 484 08 84
Fax: +359 2 484 08 85
iva.tetradova@kapsch.net

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

China
Kapsch TrafficCom AG Beijing
Beijing Representative Office
Hotel Kunlun, Room 309
2 Xin Yuan Nan Road
100004 Beijing
Phone: +86 10 6808 0050
Mobile: +86 139 0109 7834
tiemin.wang@kapsch.net

Croatia
Kapsch TrafficCom – Podruznica Zagreb
Ulica grada Vukovara 284
10 000 Zagreb
Phone: +385 1 272 06 58
j.grdosic@ib-gtzagreb.hr

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

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

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

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

Italy
Kapsch TrafficCom S.r.l.
Blend Tower, Piazza Quattro Novembre, 7
I-20124 Milano (MI)
Phone: +39 02 89827 365
Fax: +39 (02) 95441448
office@kapsch.it

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

Kazakhstan
Kapsch TrafficCom Kazakhstan LLC
33, Dinmukhamed Kunayev street, Office 1103
Astana 010000
Phone/Fax: +7 7172 50 20 18
klyschbaejwa.scholpan@kapsch.net

Malaysia
Kapsch TrafficCom (M) Sdn Bhd
4th Floor, Tower Block
Syed Kechik Foundation Building
Jalan Kapas, Bangsar
59100 Kuala Lumpur
Phone: +60 3 2092 1161
ctsmsb@po.jaring.my

New Zealand
Kapsch TrafficCom Ltd.
PO Box 37542 Parnell
Auckland
Phone: +61 3 8656 7900
Fax: +61 3 8656 7901
miguel.jauregui@kapsch.com.au

Poland
Kapsch Telematic Services Sp. z o.o.
ul. Surowieckiego 1
PL-02-785 Warsaw
Phone: +48 22 544 6000
Fax: +48 22 544 6005
martin.mirk@kapsch.net

Russian Federation
Kapsch TrafficCom Russia GmbH
Bakhrushina Street 32/1, Office No. 509
115054 Moscow
Phone/Fax: +7 (495) 956 63 29
elena.yakovleva@kapsch.net

Slovenia
Kapsch TrafficCom d.o.o.
Ribičičeva ulica 33
1000 Ljubljana
Phone: +38 0590 34 283
Fax: +38 0590 34 286
joze.hebar@kapsch.net

South Africa
Kapsch TrafficCom SA (pty) LTD
6th Floor, Helvetia House
1 Greenvale Road
Wilbart, Germiston 1401
Gauteng
Phone: +27 11 455 2280
Fax: +27 11 455 2276
bsalahdin.yacoubi@kapsch.co.za

Electronic Toll Collection (Pty) Ltd
EcoFusion 4, Block B,
300 Witch Hazel Ave,
Eco Park, Centurion 0157
P O Box 68383
Highveld Park 0169
Phone: +27 (0) 12 661 7624
Fax: +27 (0) 12 661 7629

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

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

U.S.A.
Kapsch TrafficCom U.S. Corp.
21515 Ridgetop Circle, Suite 290
Sterling, VA 20166
Phone: +1 (703) 885 1976
ktc.office.dc@kapsch.net

Kapsch TrafficCom Inc.
2035 Corte del Nogal, Suite 105
Carlsbad, CA 92011
Phone: +1 (760) 602 8535
ktc.office.san@kapsch.net

Glossary.

ANPR	Automatic number plate recognition
CEN	Comité Européen de Normalisation (european committee for standardization) – responsible for defining common legislative procedures for contractual obligations among toll operators to achieve interoperability in toll systems in Europe (CEN Standards).
DSRC	Dedicated short-range communication
ETC	Electronic toll collection
GHz	Gigaherz
GNSS	Global navigation satellite system
GPS	Global positioning system
GPRS	General packet radio service
GSM	Global system for mobile communication
ISO	International organization for standardization
ITS	Intelligent transportation systems
LAN	Local area network
VPS	Vehicle positioning systems
MHz	Megaherz
MLFF	Multi-lane free-flow
OBU	On-board unit (also called tag)
Tag	See OBU
Transceiver	Device that has both a transmitter and a receiver.
Transponder	Automatic device that receives, amplifies and transmits a signal on a different frequency.
VDC	Vehicle detection and classification
VR-2	Vehicle registration system
VDR	Vehicle detection and registration
WAN	Wide area network
WAVE	Wireless access in vehicular environment

Financial Calendar.

Financial Calendar	
25 August 2010	Ordinary Shareholders' Meeting for Fiscal Year 2009/10
1 September 2010	Deduction of dividends for Fiscal Year 2009/10 (ex-day)
8 September 2010	First day of payment for Fiscal Year 2009/10 dividends
25 August 2010	Interim financial report Fiscal Year 2010/11-Q1
30 November 2010	Interim financial report Fiscal Year 2010/11-Q2
28 February 2011	Interim financial report Fiscal Year 2010/11-Q3
22 June 2011	Results Fiscal Year 2010/11
24 August 2011	Ordinary Shareholders' Meeting for Fiscal Year 2010/11
31 August 2011	Deduction of dividends for Fiscal Year 2010/11 (ex-day)
7 September 2011	First day of payment for Fiscal Year 2010/11 dividends

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

Six-Year Review of Key Data.

Earnings Data[1]		2009/10	2008/09	2007/08	2006/07	2005/06	2004/05
Revenues	in million EUR	216.0	200.3	185.7	198.6	116.2	121.9
EBITDA	in million EUR	32.0	35.0	39.0	30.8	21.0	18.7
EBITDA margin	in %	14.8	17.5	21.0	15.5	18.1	15.4
EBIT	in million EUR	24.5	29.0	34.9	26.9	17.3	13.0
EBIT margin	in %	11.4	14.5	18.8	13.5	14.9	10.7
Profit before tax	in million EUR	43.9	21.9	42.8	27.0	17.8	13.5
Profit after tax	in million EUR	36.5	16.4	32.1	20.3	12.3	14.2
Earnings per share[2]	in EUR	2.64	1.06	2.60	2.04	1.24	1.43
Free cash flow[3]	in million EUR	41.6	19.9	-14.8	-39.1	14.4	18.6
Capital expenditure[4]	in million EUR	4.8	22.2	4.0	2.3	1.3	3.0
Employees[5]		1,023	946	824	774	569	572

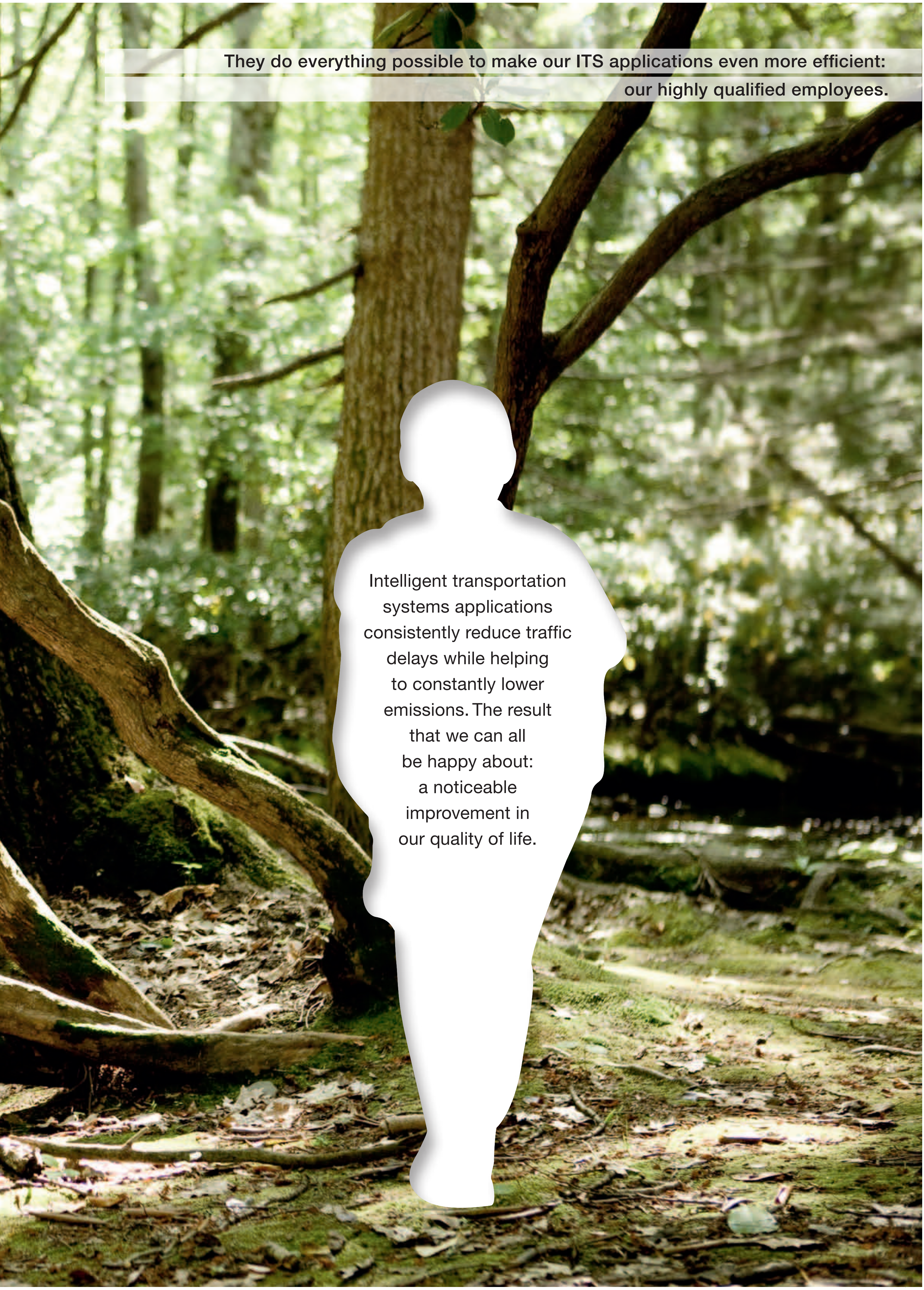
Revenues by Segment (percentage of Revenues)		2009/10		2008/09		2007/08		2006/07		2005/06		2004/05	
Road Solution Projects (RSP)	in million EUR	45.8	(21 %)	56.8	(28 %)	47.0	(25 %)	105.0	(53 %)	18.7	(16 %)	30.0	(25 %)
Services, System Extensions, Components Sales (SEC)	in million EUR	161.9	(75 %)	135.6	(68 %)	128.8	(69 %)	80.6	(41 %)	76.2	(66 %)	78.0	(64 %)
Others (OTH)	in million EUR	8.3	(4 %)	8.0	(4 %)	10.0	(5 %)	13.0	(7 %)	21.3	(18 %)	13.9	(11 %)

Revenues by Region (percentage of Revenues)		2009/10		2008/09		2007/08		2006/07		2005/06		2004/05	
Austria	in million EUR	42.4	(20 %)	37.8	(19 %)	36.6	(20 %)	47.3	(24 %)	57.9	(50 %)	51.0	(42 %)
Europe (excl. Austria)	in million EUR	117.1	(54 %)	122.8	(61%)	105.2	(57%)	122.9	(61 %)	29.4	(25 %)	27.7	(23 %)
Americas	in million EUR	12.1	(5 %)	14.0	(7 %)	18.8	(10 %)	15.4	(8 %)	9.4	(8 %)	23.8	(20 %)
Rest of World	in million EUR	44.5	(21 %)	25.6	(12 %)	25.2	(14 %)	13.0	(7 %)	19.5	(17 %)	19.4	(16 %)

Balance Sheet Data		31 March 2010	31 March 2009	31 March 2008	31 March 2007	31 March 2006	31 March 2005
Total assets	in million EUR	295.1	324.5	298.4	227.2	131.9	133.5
Total equity[6]	in million EUR	168.2	134.2	133.4	45.6	39.1	37.4
Equity ratio[6]	in %	57.0	41.4	44.7	20.1	29.6	28.0
Net assets (+) /-debt (-)	in million EUR	35.3	5.0	28.4	-12.5	37.2	29.4
Capital employed	in million EUR	187.5	193.4	161.3	78.2	48.6	47.8
Net working capital	in million EUR	104.6	122.3	131.4	56.8	43.2	42.5

1 only continuing operations
2 earnings per share in each of the fiscal years 2009/10 and 2008/09 relate to 12.2 million shares, in fiscal year 2007/08 relate to a weighted average number of 11.7 million outstanding shares and in each of the fiscal years 2006/07, 2005/06 and 2004/05 relate to 10.0 million shares
3 operating cash flow minus capital expenditure from operations (excl. payments for acquisitions of companies and purchases of securities and investments)
4 capital expenditure from operations (excl. payments for acquisitions of companies and purchases of securities and investments)
5 as of 31 March of each year
6 incl. minority interests

They do everything possible to make our ITS applications even more efficient:
our highly qualified employees.



Intelligent transportation systems applications consistently reduce traffic delays while helping to constantly lower emissions. The result that we can all be happy about: a noticeable improvement in our quality of life.

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 more than 230 references in 38 countries in all 5 continents, and with almost 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.

Kapsch TrafficCom AG | Am Europlatz 2 | 1120 Vienna | Austria | www.kapschtraffic.com
Investor Relations | Marcus Handl | Phone +43 50811 1120 | Fax +43 50811 99 1120 | E-mail ir.kapschtraffic@kapsch.net
Public Relations | Brigitte Herdlicka | Phone +43 50811 1710 | Fax +43 50811 99 1710 | E-mail brigitte.herdlicka@kapsch.net