

EN

DETAILS

ANNUAL REPORT 2015/16 FOR NEW PERSPECTIVES.

always one step ahead

Overview

Fiscal Year 2015/16.

Key Aspects of the Fiscal Year from 1 April 2015 to 31 March 2016.

Revenue and earnings development

- Revenue increased by 15.3 % to EUR 526.1 million
- EBIT increased by 90.4 % to EUR 62.3 million
- Profit for the period once again more than tripled
- Profit per share at record level of EUR 2.39

Development of assets and financial position

- Free cash flow well into positive territory at EUR 90.7 million
- Cash and cash equivalents increased to EUR 140.8 million
- Net debt turned to net asset
- Equity ratio improved to 44.9 %

Cross-border program "CHARM"

- Order received from the road authorities of the Netherlands and Great Britain for the delivery and installation of traffic management systems
- Solution will be the most modern and largest in Europe

Market presence in North America

- First end-to-end solution ordered in the U.S.A. for Ohio River Bridges
- Reference as complete provider will open up new potential on the U.S. market

Nationwide electronic toll system in Belarus

- System went into operation 3 years ago
- Phase 1 and 2 now complete
- Order for expansion by 323 km to a total of roughly 1,500 km received in phase 3

Market presence in Australia and Chile

- In Australia, order for replacement of the toll system of the Sydney Harbour Bridge and the Sydney Harbour Tunnel received
- Multiple orders obtained in Chile; outfitting of one of the new toll sections on the famous Panamericana

City solutions in Italy and the Czech Republic

- Access system put into operation in Prato, Italy
- V2X technology will be used in future in the Czech capital of Prague
- Both systems confirm the expansion of the core business from highways into the city

New projects and markets

- Invitations to tender for nationwide systems: New invitation to tender for the toll system in Austria is under way; invitation to tender for a new system started in Bulgaria
- Concrete talks regarding a nationwide project similar to Belarus
- Unsuccessful bid in tender for nationwide toll system in Slovenia

Entry into the smart parking business

- Majority of Streetline acquired in April 2015
- Experience with over 350 million parking events in over 30 cities, universities and company locations in North America and Europe
- Award-winning Parker™ app
- No positive profit contribution yet

Program 2020

- Program 2020 included the project "Top Fit" with measures for cost reduction and improved earnings as well as Strategy 2020
- Successes of "Top Fit" visible in the improved profit
- Acquisition of the global transportation business of Schneider Electric after the balance sheet date supports Strategy 2020

Kapsch TrafficCom.

Annual Report 2015/16

For New Perspectives.

This annual report was created with the greatest possible care, and all data has been checked conscientiously. Nevertheless, the possibility of layout and printing errors cannot be completely excluded. Slight differences in calculations may arise due to the rounding of individual items and percentages. The English translation is for convenience; only the German text is binding.

In order to signalize that general references made to individuals in this annual report apply equally to women and men, male and female gender forms have been used in part.

The paper used for this annual report comes from a FSC-certified (MixCredit) production. Due to the ISO environmental certification of the entire operation of the supplier all print productions are produced according to the requirements for environmental and resource-saving sustainable manufacturing processes.

Disclaimer

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

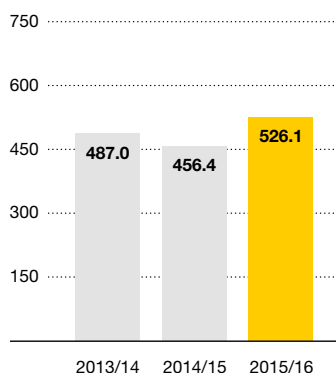
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Select Key Financial Data.

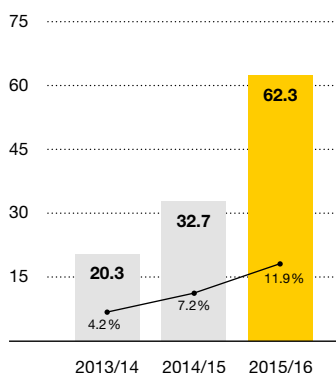
Earnings Data		2013/14		2014/15		+/-	2015/16
Revenues	in million EUR	487.0		456.4		15 %	526.1
EBITDA	in million EUR	36.9		61.5		25 %	76.9
EBITDA margin	in %	7.6		13.5		—	14.6
EBIT	in million EUR	20.3		32.7		90 %	62.3
EBIT margin	in %	4.2		7.2		—	11.9
Profit before tax	in million EUR	5.5		19.9		175 %	54.8
Profit for the period	in million EUR	2.9		11.4		220 %	36.5
Profit for the period attributable to equity holders	in million EUR	-4.3		3.6		>500 %	31.1
Earnings per share ¹	in EUR	-0.33		0.28		>500 %	2.39
Free cash flow ²	in million EUR	-24.7		68.2		33 %	90.7
Capital expenditure ³	in million EUR	15.7		8.4		19 %	10.0
Employees ⁴		3,308		3,545		5 %	3,716
On-board units	in million units	9.22		7.42		29 %	9.55
Business Segments		2013/14		2014/15		+/-	2015/16
Electronic Toll Collection (ETC)							
Revenues (share on total revenues)	in million EUR	429.0	(88.1 %)	389.3	(85.3 %)	14 %	442.1 (84.0 %)
EBIT (EBIT margin)	in million EUR	11.1	(2.6 %)	33.5	(8.6 %)	90 %	63.7 (14.4 %)
Intelligent Mobility Solutions (IMS)							
Revenues (share on total revenues)	in million EUR	57.9	(11.9 %)	67.1	(14.7 %)	25 %	84.0 (16.0 %)
EBIT (EBIT margin)	in million EUR	9.1	(15.8 %)	-0.8	(-1.1 %)	-72 %	-1.3 (-1.6 %)
Regions		2013/14		2014/15		+/-	2015/16
Austria ⁵	in million EUR	32.9	(7 %)	38.2	(8 %)	4 %	39.8 (8 %)
EMEA (excl. Austria) ⁵	in million EUR	350.0	(72 %)	297.9	(65 %)	12 %	332.2 (63 %)
Americas ⁵	in million EUR	87.0	(18 %)	92.6	(20 %)	28 %	118.2 (22 %)
APAC ⁵	in million EUR	17.1	(4 %)	27.7	(6 %)	29 %	35.9 (7 %)
Balance Sheet Data		31 March 2014		31 March 2015		+/-	31 March 2016
Total assets	in million EUR	566.8		515.6		0 %	513.7
Total equity ⁶	in million EUR	213.1		219.4		5 %	230.7
Equity ratio ⁶	in %	37.6		42.5			44.9
Net assets (+)/debt (-)	in million EUR	-93.4		-35.9		—	33.8
Capital employed	in million EUR	369.2		357.3		-5 %	337.7
Net working capital	in million EUR	205.4		209.9		-12 %	183.7
Stock Exchange Data		2013/14		2014/15		+/-	2015/16
Number of shares ⁴	in million	13.0		13.0		0 %	13.0
Free float ⁴	in %	38.1		36.9			36.7
Closing price ⁴	in EUR	39.99		23.85		25 %	29.80
Market capitalization ⁴	in million EUR	519.87		309.99		25 %	387.40
Share performance	in %	8.0		-40.4		—	25.0
Dividend per share	in EUR	0.00		0.50		200 %	1.50 ⁷

Revenues (in million EUR)



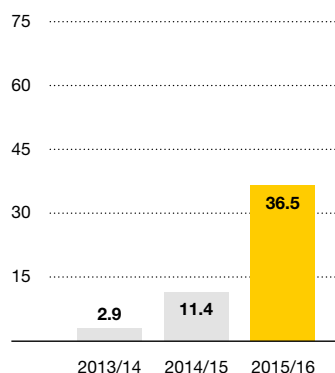
Revenues increased by EUR 69.7 million or 15% to EUR 526.1 million.

EBIT (in million EUR) and EBIT margin (in %)



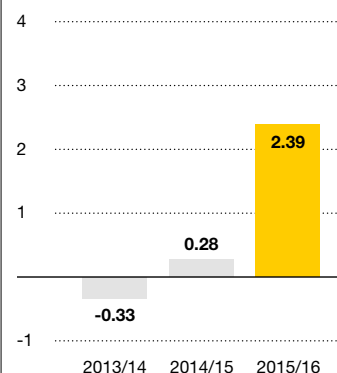
EBIT increased by 90% to the record value of EUR 62.3 million. The EBIT margin increased to 11.9%.

Profit for the period (in million EUR)



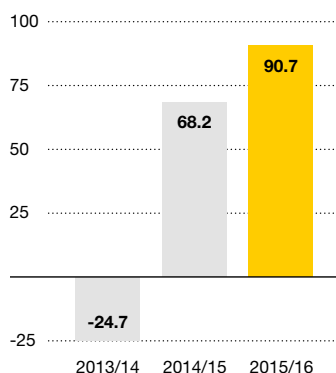
The profit for the period tripled again in the reporting period to EUR 36.5 million.

Earnings per share¹ (in EUR)



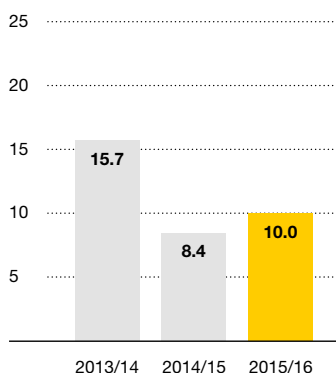
The earnings per share reached the highest value in the company's history at EUR 2.39.

Free cash flow² (in million EUR)



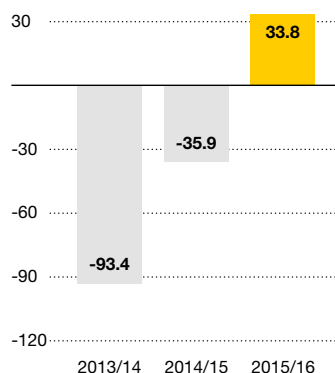
The free cash flow increased to EUR 90.7 million, demonstrating the potential for self-financing.

Investments³ (in million EUR)



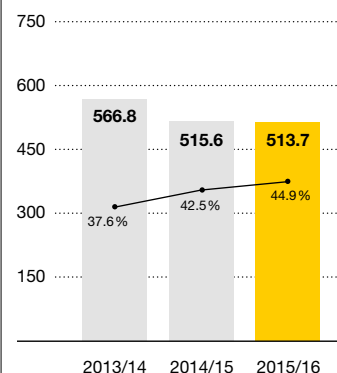
The investments of EUR 10.0 million remained nearly at the low level of the previous year.

Net assets (+)/debt (-) (in million EUR)



The net debt was turned into a net asset in the amount of EUR 33.8 million.

Total assets (in million EUR) and Equity ratio⁶ (in %)



While the balance sheet total slightly decreased, the equity ratio rose to 44.9%.

1 Earnings per share relate to 13.0 million shares; calculated from the profit for the period attributable to the equity holders of the company
2 Operating cash flow minus capital expenditure from operations (excl. payments for acquisition of companies and purchases of securities and investments) plus proceeds from the disposal of property, plant and equipment and intangible assets
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 Revenues (share on total revenues in %); EMEA (Europe excl. Austria, Middle East, Africa); APAC (Asia-Pacific)
6 Incl. minority interests
7 Proposal of the executive board subject to approval of the annual general meeting on 7 September 2016

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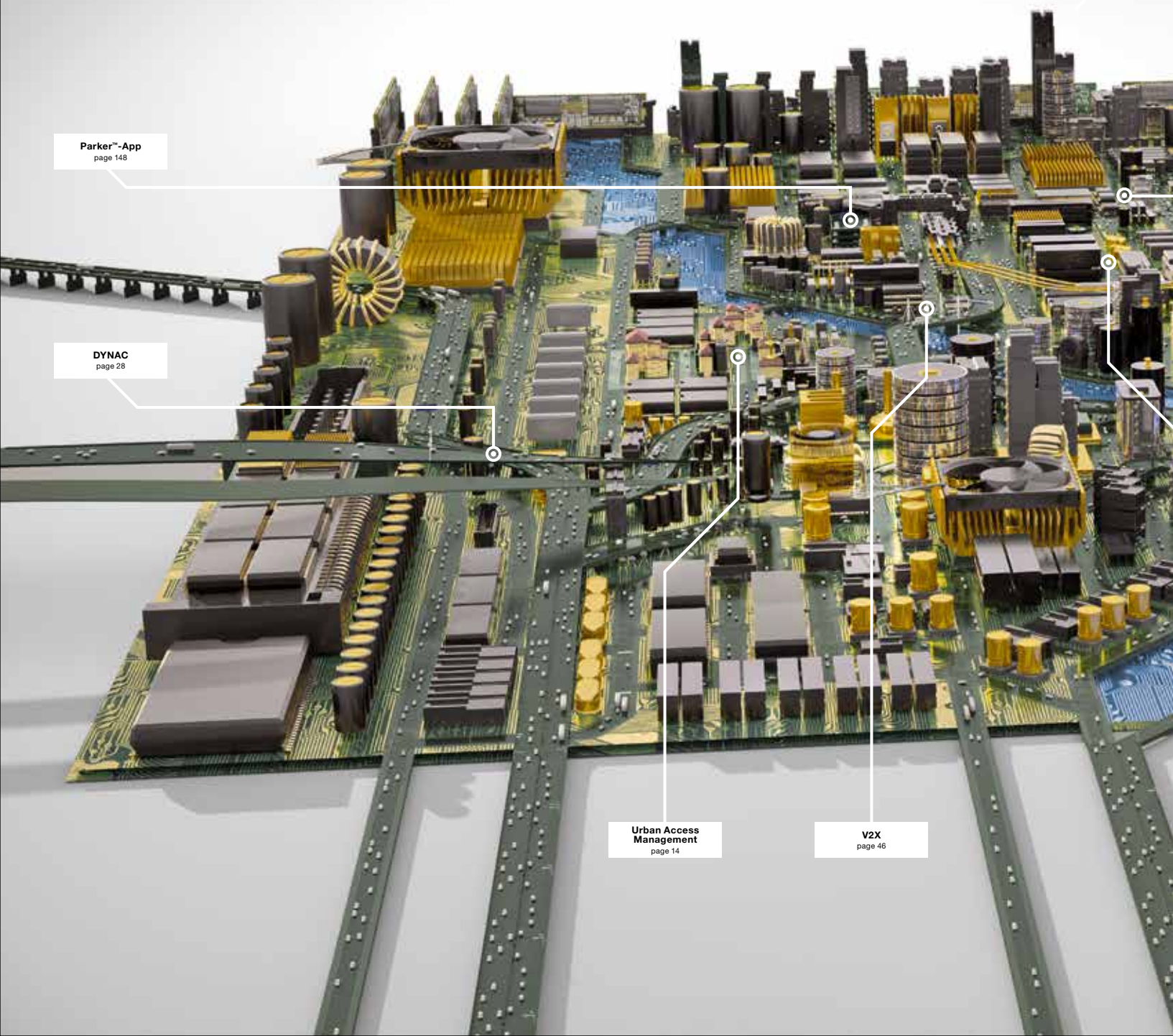
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Parker™-App
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DYNAC
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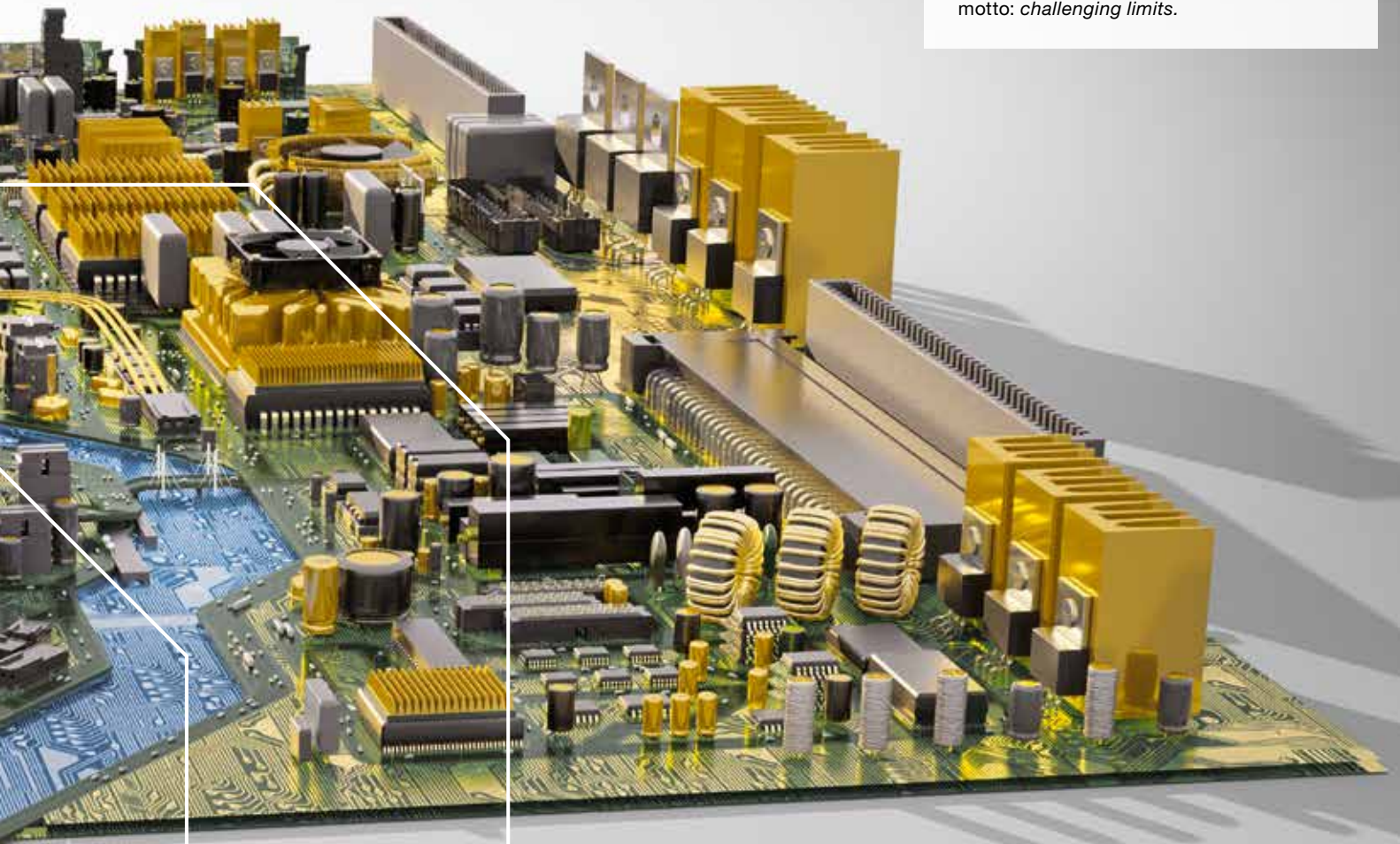
**Urban Access
Management**
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V2X
page 46



Smart City.

The world is connected. While Rio, San Francisco and Tokyo were once separated by oceans, language and culture, today the cities of this world are just a click away from each other. It is high time not only for global infrastructure to use the latest technologies, but for our habitat to benefit as well. Following the motto of “smart city”, Kapsch has set itself the task of turning present and future cities into places where innovations are employed that actually benefit the local people. Security, information and the economical use of our environment and surroundings are just a few of the key points of this mission, which also fits in with our new motto: *challenging limits*.



City Tolling
page 74

Automatic Emergency
Braking System
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Letter

From the Chief Executive Officer.

"We significantly exceeded the goal we set for ourselves for the past year."

Georg Kapsch, CEO

Dear shareholders,

The Kapsch TrafficCom Group can look back on a successful fiscal year 2015/16, and we have achieved a great deal – both short-term with regard to profitability and long-term for our future. We significantly exceeded the goal we set for ourselves for the past year. This demonstrates, that Program 2020 is already having a strong impact. On the market side, Kapsch TrafficCom also achieved some important successes that are currently only partially reflected in our revenue.

In brief: We were able to realize cost savings and significantly increase our profit. In the EMEA region in particular, we are profiting from the increased efficiency of our organization, and business developed very well here over the past year. Our most recent acquisition, which we closed after the end of the fiscal year, is also a key strategic step for Kapsch TrafficCom in the expansion of the solution portfolio "from the highways into the cities."

The only sour note in the reporting period was that we did not win the invitation to tender in Slovenia, meaning that we still have not obtained any new project for a nationwide toll collection system.

It is rare to be able to summarize a fiscal year so positively. I am proud of all that we have achieved. It was the implementation of Program 2020 that laid the foundation for these accomplishments.

Program 2020. In 2014, we implemented comprehensive measures for cost reduction and improved earnings with the project "Top Fit" and also adapted our strategy with respect to future developments and growth potential up to the year 2020.

Already in the third quarter of the fiscal year, it was apparent that the cost savings targeted with "Top Fit" were materializing more quickly and effectively than originally expected. At the end of the fiscal year 2015/16, we not only achieved savings of roughly EUR 30 million, the EBIT margin was also above the target mark of 10 % despite investments in the future.

In parallel, we worked together with our global units to define the new Strategy 2020 of the Kapsch TrafficCom Group, which we presented in April 2015. This calls for an adaptation and expansion of the business model in the direction of intelligent mobility solutions. We have defined three strategic priorities for the next steps:

1. Operational excellence
2. Strengthening and securing the core business
3. Establishment of an intelligent mobility solutions (IMS) business

We achieved important progress here during the reporting period. With the project "Top Fit", we have established an outstanding basis for our operational excellence. The newly obtained projects not only secure our core business, they also represent additional growth. Furthermore, the expansion of our portfolio from the highways into the cities is confirmed by the increasing demand for city traffic solutions.

As a prerequisite for all of these changes, it was necessary for us to adapt our organization. The Kapsch TrafficCom Group now has a global structure: We are now closer to our customers at the regional level; only the global key functions are centrally managed. Engineering is supported by Alexander Lewald, who has been responsible for this area as Chief Technology Officer of Kapsch TrafficCom AG since November 2015.

Another area that saw changes was the segment reporting. Since the fourth quarter of the reporting year, we have divided our business primarily into the segments of Electronic Toll Collection (ETC) and Intelligent Mobility Solutions (IMS). At a secondary level, we have employed a segmentation based on the three main regions EMEA (Europe, Middle East, Africa), Americas and APAC (Asia-Pacific). Details on the background of these changes as well as a description of the new segmentation can be found in the pages of this annual report.

The basis for the successful fiscal year was the Program 2020, which contains both short-term and long-term aspects.



Georg Kapsch,
Chief Executive Officer

The demand for city solutions is on the rise. With Streetline, we have invested in smart parking.

The acquisition of the transportation segment of Schneider Electric is another major step on the way into cities.

The order for "CHARM" gives Kapsch TrafficCom a globally recognized position in the area of traffic management systems.

The implementation of our strategy requires a will to change and good foresight, both of which Kapsch TrafficCom has demonstrated regularly in the past. One good example of this is the Traffic Management Systems: Yesterday, traffic management was still only part of our vision, now it is part of our core business. We are also hard at work today to develop the ideas, business models and solutions of tomorrow. And we are seeking out pioneers and providers who can contribute to our future intelligent mobility solutions.

From the highways into the cities. In April 2015, we acquired a majority stake in the young Californian company Streetline, which develops smart parking solutions for cities. This acquisition is an exciting investment in the future.

In April 2016, we took a major step – actually a leap – on our way from the highways into the cities with the acquisition of the transportation segment of Schneider Electric. The company formerly operating under the name Telvent Tráfico y Transporte is a leading provider of real-time IT solutions and intelligent transportation systems that perfectly complement the portfolio of Kapsch TrafficCom.

This means that Kapsch TrafficCom now has proven solutions for urban traffic control and numerous major customers – cities primarily in North and South America as well as in Spain and in the Middle East. The company brings with it a revenue share of roughly EUR 125 million, with a slightly positive EBIT. For the fiscal year 2016/17, we have planned a careful integration of the newly acquired solutions into our portfolio. Then we will jointly generate additional synergies and positive effects.

A folder is enclosed with this annual report in which we describe the key trends in our environment and show the importance of intelligent mobility solutions for cities as well. Here we also present to you this new member of the Kapsch TrafficCom Group, which will do business in future under the name Kapsch TrafficCom Transportation.

Projects and markets. We currently earn roughly 84 % of our total revenue with our toll projects – installation, maintenance and operation. The existing toll systems and contracts in Austria, the Czech Republic, Poland, Belarus, South Africa and North America continued to supply stable contributions in

the fiscal year 2015/16. We also received an order for an expansion of the toll system in Poland and a further expansion in Belarus, where the first two installation phases of the nationwide toll system have now been completed.

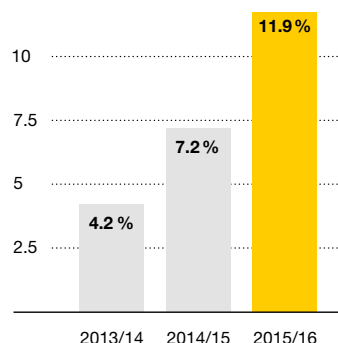
In the U.S.A., we will be implementing an end-to-end solution for the first time for the Ohio River bridges in addition to other newly obtained projects. We have therefore succeeded in establishing ourselves as a complete provider in this important market as well. Multiple new orders were also obtained in Chile and Australia, most recently at the end of March for the replacement of the toll system of the Sydney Harbour Bridge and the Sydney Harbour Tunnels.

In the area of intelligent mobility solutions, the rising importance of city solutions for the Kapsch TrafficCom Group was apparent during the reporting period. An access system was put into operation in Prato, Italy. Our V2X technology will be used in future in the Czech capital of Prague.

In late summer, we also succeeded in winning a significant order for the delivery and installation of the traffic management systems within the framework of the cross-border program "CHARM" of the road authorities of the Netherlands and Great Britain. This advanced traffic management system will be the most modern and largest system in Europe. Kapsch TrafficCom has thus achieved a globally recognized position in traffic management systems just as we have held in the area of electronic toll collection for many years.

Revenue and earnings. The newly won projects and project expansions made possible a revenue increase during the reporting period of 15 % to EUR 526.1 million. The EBIT rose disproportionately by 90 % to reach EUR 62.3 million, the highest value in the history of Kapsch TrafficCom. This growth is especially impressive since the comparison value of the previous year was significantly elevated due to one-time effects in the ETC segment. Moreover, our investment in Streetline is also included in the current result. The enormous improvement can primarily be attributed to the successes of the project "Top Fit". The newly launched projects and the increase in our on-board unit sales also had positive effects. The EBIT margin increased as a result of these developments from 7.2 % to 11.9 %, and we are more than satisfied with this value for the past year.

EBIT margin rises above the 10 % mark (in %)



At EUR 1.50 per share, the largest dividend since the IPO is being proposed.

In addition to strengthening and expanding the core business, the coming years will be characterized by further development of the strategy.

The segment results offer a more detailed picture: In the segment ETC, revenue grew by 14 % to EUR 442.1 million, while the segment EBIT increased disproportionately by 90 % to EUR 63.7 million. In the segment IMS, revenue increased by 25 % to EUR 84.0 million. The decline of the segment EBIT to EUR -1.3 million reflects lower revenue contributions both from component sales and from North American Design & Build projects as well as the costs for the newly acquired Streetline, Inc.

The profit for the period of the Kapsch TrafficCom Group increased from EUR 11.4 million to EUR 36.5 million due to the improvement in the financial result. This makes the profit per share EUR 2.39 for the year under report following EUR 0.28 in the previous year. Both are absolute record values.

Financial position. Continuous improvement can also be seen in the balance sheet figures. The equity ratio increased to 44.9 %. Cash and cash equivalents increased to EUR 140.8 million as at the end of the fiscal year, helping to ensure that the Kapsch TrafficCom Group has no net debt but rather a net asset of EUR 33.8 million. The capital employed and the net working capital were slightly below the levels of the previous year. The free cash flow increased to EUR 90.7 million, demonstrating Kapsch TrafficCom's potential for self-financing.

Dividend. The executive board will therefore recommend to the annual general meeting that a dividend in the amount of EUR 1.50 per share will be paid out for the fiscal year 2015/16. This is the highest dividend to date since flotation of the shares. In comparison with previous years and also with respect to the group's profit for the year, it represents an above-average payout. We view this in connection with the improved profit as well as our excellent asset and financial situation. We consider the Kapsch TrafficCom shares to be dividend-bearing.

Outlook. In fiscal year 2016/17, the contribution by Kapsch TrafficCom Transportation to the revenue and profit of the Kapsch TrafficCom Group will be clearly visible – also the integration costs. The implementation of the newly obtained projects will also make increasing contributions. This applies in particular to the cross-border program "CHARM" and the ETC projects in Chile and Australia.

We also expect several decisions concerning additional projects: In Austria, the new invitation to tender for the nationwide toll system is currently under way; in Bulgaria, an invitation to tender for a new toll system has begun. In the Czech Republic, our contract continues until the end of 2016. The next steps by the government in Prague will therefore be determined shortly.

In addition, multiple projects are still in the offer phase in the U.S.A. We also see increasing potential in Asia. We are still in talks concerning a nationwide project similar in structure to the one we implemented successfully in Belarus, but we cannot reveal any more about this at the current time.

One key focal area for the coming years will be the further development of our strategy. We will expand our portfolio with regard to intelligent mobility solutions. Systems and data will be increasingly intermeshed, and vehicles will be networked with their environment. With the acquisition of the transportation segment of Schneider Electric, we have also taken a large step toward the city. We will carefully integrate this area in order to contribute to the design of the smart cities of the future.

I would like to thank all employees of the Kapsch TrafficCom Group for their hard work, motivation and flexibility, which are the basis for a successful transformation of our group. My thanks go out to my colleague on the executive board, André Laux, as well as the supervisory board for the constructive cooperation. To my new colleague on the executive board, Alexander Lewald, I would like to wish a good start and continued success.

I thank the investors in Kapsch TrafficCom for their trust in our company and in us all. I am pleased that you are joining us on our journey into the future of mobility.

Georg Kapsch
Chief Executive Officer

Our Business Segments until now.

Segments for internal and external reporting.

During the initial years of the Kapsch TrafficCom Group, the core business consisted exclusively of toll collection. The business segments for internal and external reporting were also developed on this basis. Only in the course of the last decade has the business activity been expanded to include other select intelligent transportation systems (ITS). In connection with the forward-looking Program 2020 and Strategy 2020, it has now become necessary to modify the segmentation.

Business segments up to the third quarter of the fiscal year 2015/16

Previously, the segment-based reporting of the Kapsch TrafficCom Group utilized the following three segments:

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

Our business segments until now.

Road Solution Projects (RSP). The projects for the installation of toll systems were included in this segment. The segment RSP therefore contained the one-time effects from the realization of projects. These were subject to fluctuations in revenue, material costs and production expenses, staff costs and other operating expenses. Some projects also included project financing costs. Revenue and operating results sometimes differed greatly from period to period, depending on whether individual projects were in the preparation, starting or implementation phase.

Services, System Extensions, Components Sales (SEC). After installation, Kapsch TrafficCom generally takes over the technical operation of the systems, including maintenance; commercial operation is also offered. Additional deliveries of components frequently also take place for the expansion, adaptation or upgrading of existing systems. All of these business activities were previously presented in the segment SEC.

This segment also included smaller projects that are often not awarded in the framework of invitations to tender as well as the business with components such as on-board units, transceivers, readers and cameras. The SEC segment therefore encompassed the recurring portion of the business. It was characterized by relatively stable revenue over longer periods since the associated services are generally provided on the basis of medium- or long-term service and framework agreements.

Others (OTH). The segment Others contained the non-core business, which is handled by the subsidiary Kapsch Components GmbH & Co KG as well as the company KTC USA Inc., which was acquired in the fiscal year 2013/14. This business includes engineering solutions, electronic manufacturing and logistics services for affiliated companies and outside customers as well as solutions, systems and services for operational monitoring of subway and railroad networks as well as waste water treatment plants.

Our Changes and Strategy 2020.

Reasons for changing the business segments in the fiscal year 2015/16

Changing the segments.

The dynamic development of the global markets for intelligent transportation systems impacts the orientation of the Kapsch TrafficCom Group and was the trigger for the adaptation of the strategy in the fiscal year 2015/16.

In consideration of the increasing convergence of the market, Kapsch TrafficCom has already been developing over recent years from a pure provider of toll systems (Electronic Toll Collection; ETC) into a provider of ETC and select ITS applications. The intensive work on Strategy 2020 has resulted in Kapsch TrafficCom focusing increasingly on the area of intelligent mobility solution (IMS), which will play an important role in the future. Today, we already count as part of our core business traffic management systems for traffic monitoring, the optimization of

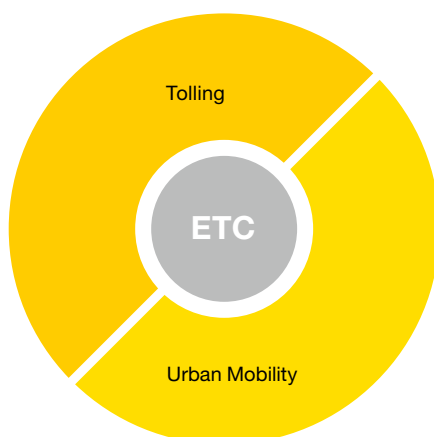
information transmission and the regulation of traffic flows – collectively known as traffic management systems (TMS).

With Strategy 2020, we are taking into account the increased demand for mobility by people living in urban areas. On the basis of the expertise acquired to date, we will develop end-to-end mobility concepts for our customers in the future. The diverse potential applications range from smart parking to data generation for traffic control as well as the monitoring of commercial vehicles. Traffic flows are optimized and traffic safety improved with integrated solutions that combine traffic data from various sources. Another step leads to the networking of vehicles. Here as well, we see great potential and expect currently unimagined possibilities to be realized in the future.

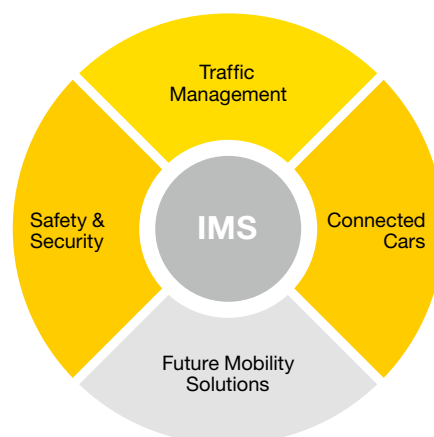
Company reporting on the basis of two segments.

With these expansions, the previously utilized segmentation no longer represents a suitable breakdown of business developments and is no longer useful for the management of the company. For these reasons, the structure and strategy of the Kapsch TrafficCom Group has been extensively modified. The company reporting now takes place on the basis of two segments:

● Electronic Toll Collection (ETC)



● Intelligent Mobility Solutions (IMS)



Our Business Segments today.

Business segments as of the fourth quarter of the 2015/16 fiscal year

As of the fourth quarter of the fiscal year 2015/16, we have changed the business segments and now report both internally and externally based on the two segments of Electronic Toll Collection (ETC) and Intelligent Mobility Solutions (IMS). At a secondary level, we have grouped the markets in which we are active into three regions: EMEA (Europe, Middle East, Africa), the Americas and APAC (Asia-Pacific). Key functions of the Kapsch TrafficCom Group, such as Research & Development and IT, are centrally managed.

Markets summarized in three regions.

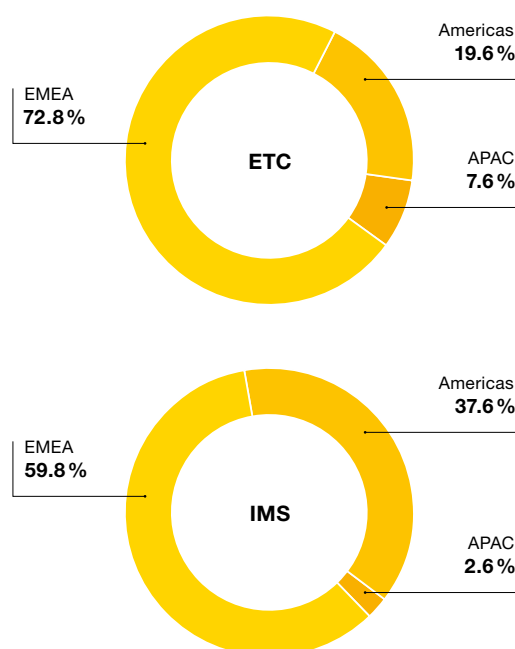
ETC		
EMEA	Americas	APAC

IMS		
EMEA	Americas	APAC

Electronic Toll Collection (ETC). This segment reflects projects for the installation, maintenance and operation of systems for electronic collection of tolls without stopping at a toll station as well as manual toll systems. These are generally projects awarded based on invitations to tender by public agencies or private concessionaires. The systems cover either individual road sections or nationwide road networks. After installation, additional deliveries of components frequently take place for the expansion or adaptation of the systems.

Intelligent Mobility Solutions (IMS). This segment reflects projects for the installation, maintenance and operation of systems for traffic monitoring, traffic control and traffic safety. Projects for the monitoring of utility vehicles and for electronic vehicle registration as well as intelligent parking solutions and systems for intermodal mobility are also assigned to this segment as are systems and services for operational monitoring of public transportation and environmental installations.

Revenue distribution 2015/16 (in %)

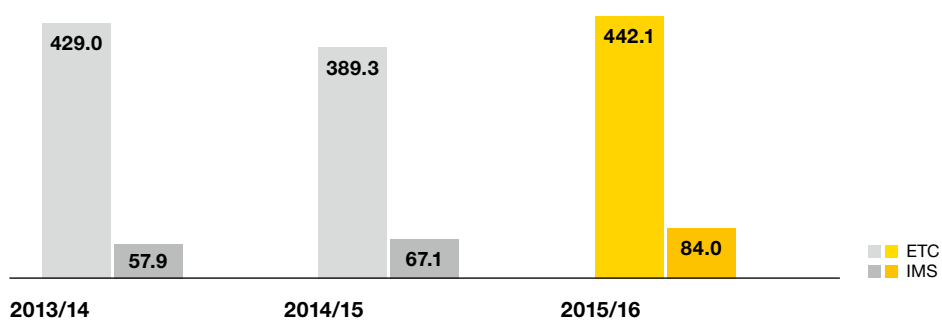


Our Segment Figures.

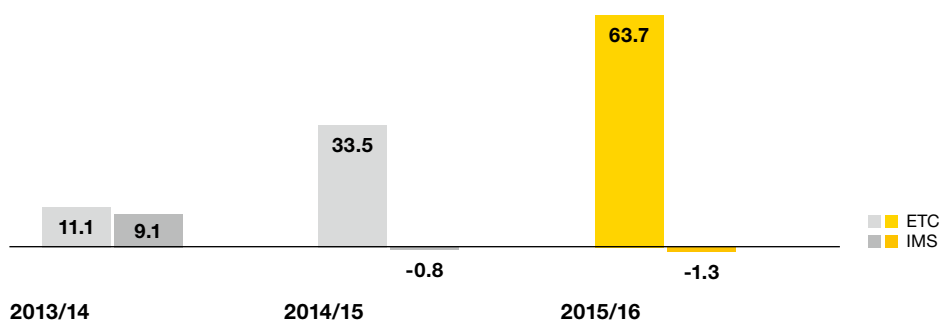
Share of revenue and earnings.

To ensure comparability, the segment figures have also been retroactively calculated for the 2013/14 and 2014/15 fiscal years and presented here.

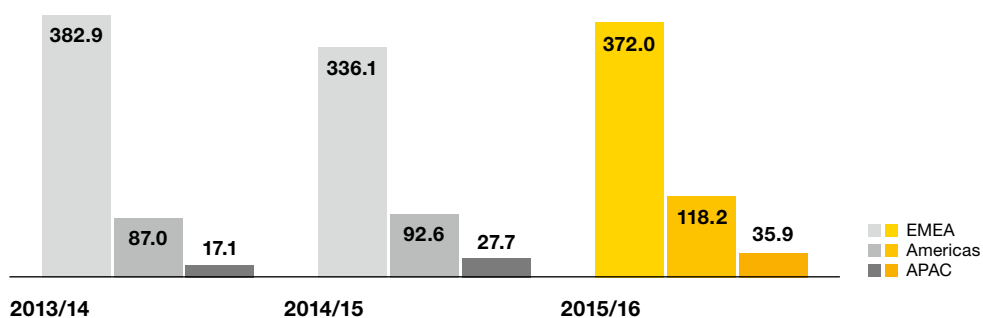
Revenue by segment (in EUR million)



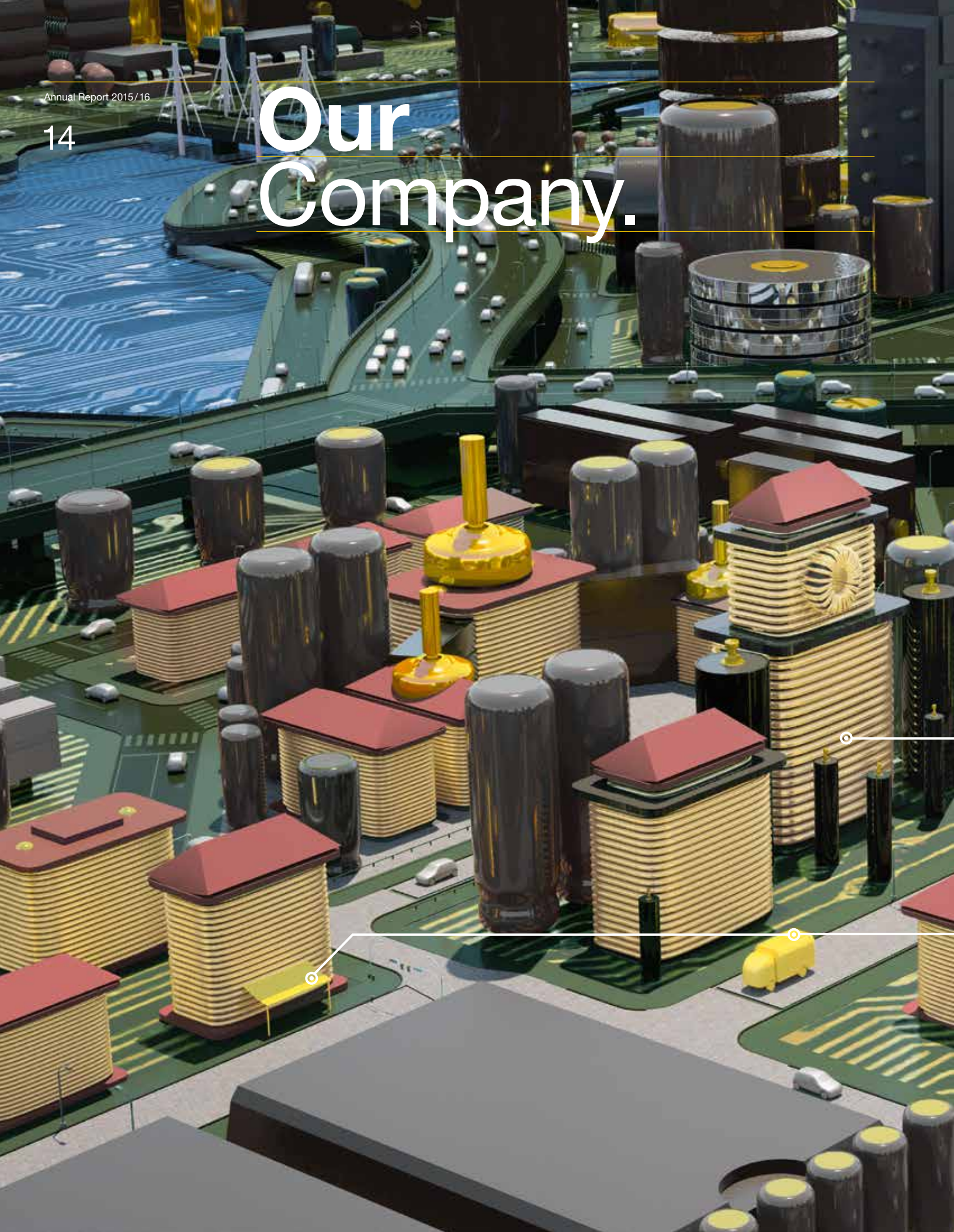
EBIT by segment (in EUR million)




Revenue by region (in EUR million)



Our Company.





Urban Access Management.

The regulation of inner-city traffic and its reduction by means of access controls are topics that pose major challenges for municipal administrations around the globe. Using Urban Access Management methods, Kapsch TrafficCom assumed a pioneering role early on to resolve this problem. In Bologna, where the preservation of the old town is an additional economic factor, the first Limited Access System was installed in 1994. Since then, Kapsch TrafficCom has been involved in around 35 similar projects in Italian cities with technologies and know-how. Urban Access Management ensures that historical old towns can be safely preserved for future generations. Just as Kapsch TrafficCom preserves the historical Kapsch heritage for the future.

Our Profile.

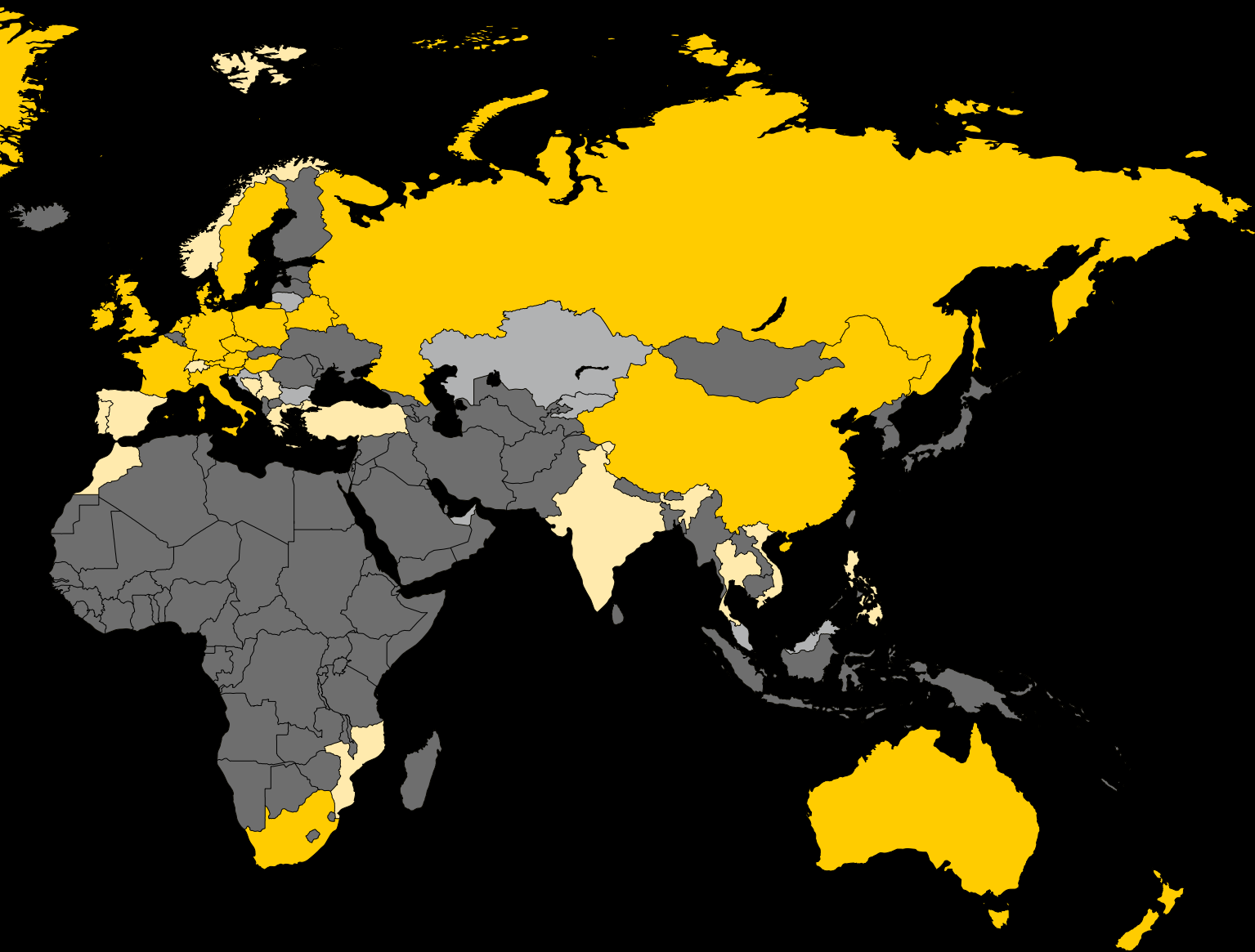
Argentina
Australia
Austria
Belarus
Bosnia-Herzegovina
Brazil
Bulgaria
Canada
Chile
China
Colombia
Costa Rica
Croatia
Czech Republic
Denmark
Ecuador
France
Germany
Greece
Hungary
India
Ireland
Italy
Kazakhstan
Kyrgyzstan
Lithuania
Malaysia
Mexico
Montenegro
Morocco
Mozambique
Netherlands
New Zealand
Norway
Panama
Philippines
Poland
Portugal
Russia
Serbia
Singapore
Slovenia
South Africa
Spain
Sweden
Switzerland
Thailand
Turkey
United Arab Emirates
United Kingdom
U.S.A.
Vietnam



Kapsch TrafficCom is a provider of intelligent transportation systems (ITS). Our systems employ information and communication technologies to support and optimize transportation, including infrastructure, vehicles, users and industry. Our current focus is on ITS that aims to ensure the security, availability and quality of the infrastructure – we call this operator/infrastructure-oriented ITS. The addressees for this are governments and their authorities, road and toll system operators and concessionaires.

Our offering encompasses the solution segments of tolling, traffic management, safety and security, smart urban mobility and connected cars. Our systems contribute to funding infrastructure projects, increasing traffic safety and security, reducing congestion and other environmental impacts from transportation, increasing the productivity of vehicles and vehicle operations and enhancing the traveler convenience.

Our core business is to design, build and operate electronic toll collection systems for multi-lane free-flow traffic as well as traffic management systems. Our end-to-end solutions cover the entire value creation chain of our customers as a one-stop shop, from components and design to the installation and operation of systems. According to a study of Ptolemus Consulting Group from 2015 Kapsch TrafficCom is the world leading electronic toll collection (ETC) solution provider.



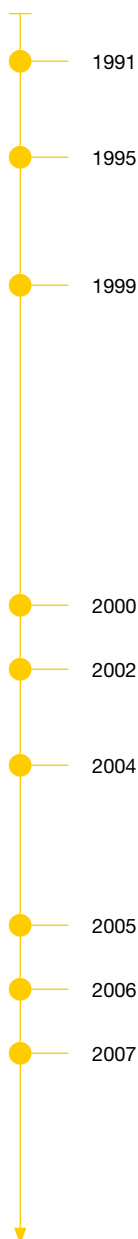
- References and subsidiaries¹
- References without subsidiaries¹
- Subsidiaries¹ without references
- No references or subsidiaries¹

¹ Including representative offices

References in 44 countries on all continents make us a recognized supplier in the area of electronic toll collection worldwide. This includes five nationwide systems and a number of systems on individual road sections, bridges and tunnels. Our ITS solutions are also already used in more than ten countries on all continents.

Headquartered in Vienna, Austria, the Kapsch TrafficCom Group comprises subsidiaries and offices in 30 countries. More than 3,700 employees generated revenues of EUR 526 million during the fiscal year 2015/16. Roughly 71 % of this came from the region EMEA (Europe excl. Austria, Middle East, Africa), 22 % from the Americas and 7 % from APAC (Asia-Pacific).

Our Corporate History.



Company milestones

1991 Founding as part of the Kapsch Group, which dates back to 1892

1995

1999

Acquisition of toll collection division of Bosch Telecom, Germany

2000

Acquisition of Combitech Traffic Systems AB, Sweden

2002

Demerger of Kapsch TrafficCom AG from Kapsch AG

2004

2005

Founding of Kapsch Telematic Services GmbH, Austria

2006

Acquisition of DPS Automation S.A., Argentina

2007

Initial public offering on 26 June 2007

Business milestones

► Contract for the realization of the Ecopoint System in Austria – the world's first emissions-based traffic management system

► Launch of the world's first electronic toll collection system for multi-lane free-flow traffic on an urban motorway on the Melbourne City Link in Australia

► Implementation of the nationwide infrastructure and enforcement systems for the truck system LSWA (*Leistungsabhängige Schwerverkehrsabgabe*) in Switzerland

► Installation of a single-lane electronic toll collection system on the Öresund and Storebælt bridges connecting Sweden and Denmark

► Installation of the first single-lane electronic toll collection system on the African continent in South Africa

► Launch of the nationwide electronic truck toll collection system in Austria

► Starting of three electronic toll collection sections in Chile between 2004 and 2006

► Launch of the nationwide electronic truck toll collection system in the Czech Republic

► Contract to implement an electronic toll collection system in New Zealand

► Establishment of the largest toll station in Asia in New Delhi, India

In 1991, Kapsch TrafficCom was established as part of the Kapsch Group. Initially run as the toll collection division of Kapsch AG, Kapsch TrafficCom AG was created by means of a demerger from Kapsch AG in 2002. The Kapsch Group is an Austrian, family-owned technology group founded in 1892.

Until 1999, the division acted solely as a system integrator, but selected acquisitions, such as of the toll collection division of Bosch Telecom, Germany (1999), and Combitech Traffic Systems AB, Sweden (2000), provided access to an own technology and component portfolio.

In 2005, with the founding of Kapsch Telematic Services GmbH and the subsequent acquisition of DPS Automation S.A., Argentina (2006), a specialist in toll clearance processes in the back office, Kapsch TrafficCom entered the toll system operation business.

Since 2006, Kapsch TrafficCom has covered the entire value creation chain of its customers as a one-stop shop, from components and design to the installation and operation of systems.

In June 2007, the initial public offering was made to support the

	Company milestones	Business milestones
2008	Acquisition of assets of TechnoCom Corp., U.S.A.	► Implementation of toll collection systems on three of the largest urban motorways in Bangkok, Thailand
2009	Purchase of a 20.47 % stake in Q-Free ASA, Norway	► The telematics platform and traffic management system in the Czech Republic prove themselves in the first full year of operation
2010	Acquisition of the Mark IV IVHS businesses in the U.S.A., Canada and Mexico Acquisition of a majority stake in TMT Services and Supplies (Pty) Ltd., South Africa Corporate bond issuance	► Presentation of the first toll collection system based on the 5.9GHz technology in the U.S.A.
2011	Capital increase	► Launch of the nationwide electronic toll collection system in Poland ► Conclusion of a ten-year technology and service contract with the E-ZPass Group in the U.S.A.
2012	Purchase of a 33 % stake in Simex Integración de Sistemas, S.A.P.I. de C.V., Mexico	► Contract award based on the global navigation satellite system (GNSS) technology in France
2013		► Launch of the nationwide electronic toll collection system in Belarus ► Starting of the electronic toll collection system in the province of Gauteng, South Africa ► Starting of the first Kapsch-integrated complete turn-key system in North America on the North Tarrant Express in Texas
2014	Acquisition of Transdyn, Inc., U.S.A.	► Starting of the electronic toll collection system on the M5 South Western Motorway in Australia
2015	Majority acquisition of the smart parking provider Streetline, Inc., U.S.A.	► Strategy 2020 calls for the creation of an intelligent mobility solutions business

global expansion and the further growth of the business.

In 2008, Kapsch TrafficCom successfully entered the North American market by acquiring TechnoCom Corp., U.S.A. This was further supported in 2010 by the acquisition of the North American business

of Mark IV IVHS, a major provider of toll components, as well as in 2012 with a minority stake in the Mexican system integrator Simex.

In 2009, Kapsch TrafficCom acquired 20.47 % (31 March 2016: 19.47 %) of the shares in the Norwegian competitor Q-Free ASA.

In 2014, the U.S. Transdyn, Inc., a provider and integrator of traffic management systems was acquired.

In 2015, the Strategy 2020 was defined, which will lead to a transformation of the core business.

In fiscal year 2015/16, Kapsch TrafficCom expanded its offering to include smart parking solutions and data analysis through the acquisition of the young Californian company Streetline, Inc. In December 2015, an agreement was concluded with Schneider Electric for the acquisition of its transportation business.

Our Solutions Portfolio.

Tolling



Electronic
Toll Collection

City Tolling

Plaza Tolling

Traffic Management



Highways

Managed Lanes

Tunnels and Bridges

Our solutions. We divide our offering into tolling, traffic management, safety & security, smart urban mobility and connected cars. We consider tolling and traffic management to be part of our core business.

Tolling. Our offering encompasses components, subsystems and systems as well as complete end-to-end tolling solutions that can supply revenue for the funding of traffic infrastructure and also support the implementation of various traffic policy measures. We utilize all methods for toll collection and are therefore able to offer our customers the ideal solution, including a complete migration path from manual to electronic toll collection and mobile tolling, on single- and multi-lane roads and for both existing and new system concepts. The solutions are implemented with various base technologies depending on the customer requirements.

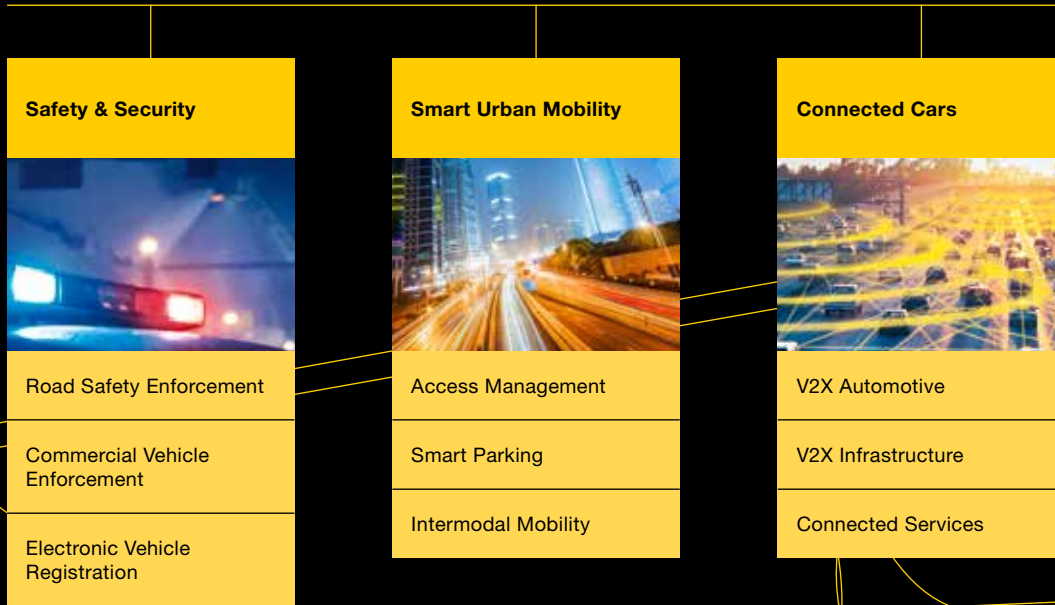
Traffic management. Our offering encompasses solutions for monitoring and controlling road traffic, improving traffic safety, optimizing traffic flows and reducing traffic-related environmental impacts. We

offer complete solutions for traffic control on highways, in tunnels, on bridges and in managed lanes. These enable the supply of traffic information with which road operators can optimally regulate the traffic and provide extensive information to traffic participants.

Safety & security. We divide our offering herein into road safety enforcement, commercial vehicle enforcement and electronic vehicle registration.

Road safety enforcement encompasses complete solutions for automated monitoring of compliance with traffic laws. The solutions are capable of detecting a variety of violations, such as speeding, running red lights or overweight vehicles, and of collecting the fines according to the legal requirements. This enables the implementation of economically sustainable safety programs.

Commercial vehicle enforcement includes solutions for improving traffic safety as well as increasing the productivity of fleets. Applications include the inspection and preselection of trucks prior to



checkpoints. This is achieved either with sensor systems for weight inspection or via 5.9GHz on-board units for the reading of driver and vehicle status information by the authorities.

Electronic vehicle registration includes solutions for improving vehicle registration with electronic license plates and preventing license plate forgery, thereby increasing both traffic safety and public safety. The solutions also permit the central management of vehicle owner data and automated inspection by the authorities.

Smart urban mobility. We divide our offering herein into access management, smart parking and intermodal mobility.

Access management encompasses various solutions for access control, allowing for the control of city traffic and the charging of fees, if desired. The complete solutions support a wide range of fee calculation methods – depending on the time of day, the duration of the stay, the emissions class and current

traffic conditions. The solutions are implemented with various base technologies depending on the requirements.

Smart parking encompasses solutions that use smart data and advanced analytics to solve parking issues for customers worldwide. Our technology makes the parking experience for consumers easier, while making cities, university and corporate campuses more efficient and reducing their carbon footprint.

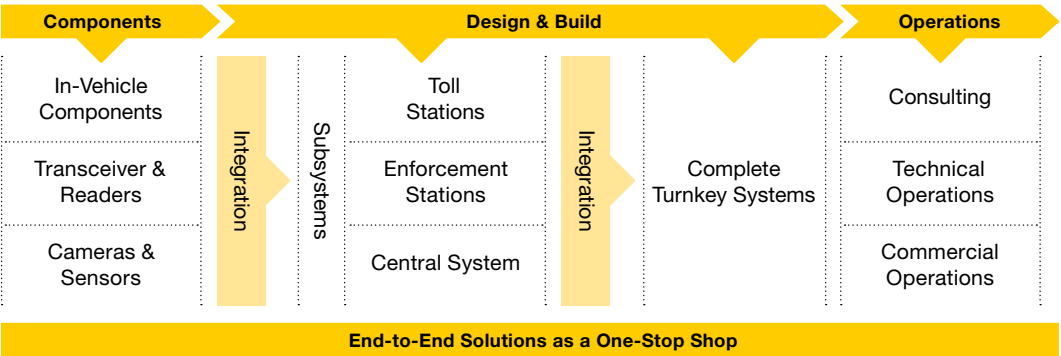
Intermodal mobility encompasses solutions which we will develop in cooperation with our sister company Kapsch CarrierCom.

Connected Cars. Vehicle-to-Vehicle (V2V) and Vehicle-to-Infrastructure (V2I) communication (collectively abbreviated as “V2X”) are core technologies for future traffic management, autonomous driving and the improvement of traffic safety in general. Our offering encompasses vehicle components and route stations as well as complete solutions for road operators in combination with our traffic management system.

Our Business Model.

Our end-to-end solutions.

With our end-to-end solutions, we cover the entire value creation chain of our customers as a one-stop shop, from components and design to the installation and operation of systems.



Components.













Components are developed in-house or purchased from leading manufacturers and integrated into subsystems or sold as off-the-shelf products to customers such as system integrators and distributors.

The product line encompasses the three product families of in-vehicle components (on-board units and transponders), transceivers and readers as well as cameras and sensors.

In our nine research and development centers on four continents, we design and develop the core components. Our aim is to imbue our products with high configurability, standards-compliant interfaces, user-friendly operation and aesthetic yet robust design.

In our two manufacturing locations in Austria and Canada, we produce the core components with state-of-the-art technologies and in compliance with ISO standards. Maximum flexibility and customer satisfaction as well as environmentally sound production are of particular importance to us.

The core technologies of microwave communication (dedicated short-range communication, DSRC, based on the frequencies 915MHz, CEN 5.8GHz and WAVE 5.9GHz), satellite navigation (global navigation satellite system; GNSS) and automatic number plate recognition (ANPR) are developed in-house, while peripheral technologies such as radar and laser sensors are purchased from third-party vendors.

In-vehicle components	Transceivers and readers	Cameras and sensors
 5.8GHz CEN DSRC OBU	 5.8GHz CEN DSRC TRX	 Vehicle Registration
 5.9GHz WAVE DSRC OBU	 5.9GHz WAVE DSRC TRX	 Vehicle Detection
 915 MHz Transponder	 Hybrid GNSS/DSRC OBU	 Smart Video Products
	 915 MHz Reader	 Vehicle Classification
	 Handheld Reader	

Design & Build.

The components are either integrated as subsystems that are sold individually, in combination or integrated to complete turnkey systems.

Subsystems such as toll or enforcement stations as well as back offices are integral elements of a system and fulfill specific functions such as toll enforcement, traffic law monitoring and traffic management.

Integration includes all activities for the successful and punctual delivery of a solution that satisfies the respective customer requirements. Our integration services encompass the design, adaptation and roll-out, including documentation and acceptance testing, the entire project and supplier management and training in how to use the solution.

Operations.

Operation encompasses consulting as well as technical and commercial operation of systems.

In the consulting area, we analyze the parameters and develop a comprehensive concept. Our portfolio includes the analysis of local conditions, consideration of the legal and political requirements as well as creation of the technical and commercial concept. We also offer the optimization of existing operation organizations.

Technical operations encompasses the monitoring, maintenance and ongoing improvement of the system.

Commercial operations comprises – depending on the solution – the planning and implementation of point-of-sales measures, the establishment and operation of call center services, the design of specific web portals as well as the provision of payment systems that allow payment by wire transfer, cash, credit card or fuel card, including all billing and dunning.

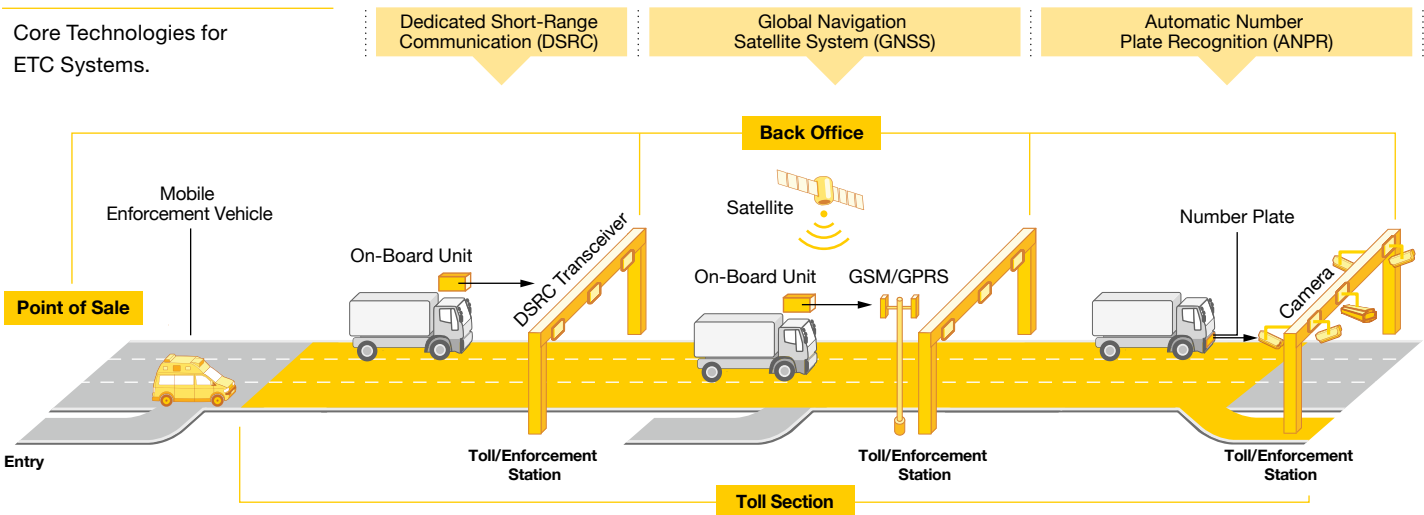
Our target groups.

With our system business, we primarily address road and toll operators as well as concessionaires but also municipal governments, police departments and related authorities, such as road authorities and Ministries of Transportation and the Interior.

With our component business, we address system integrators, distributors and the vehicle industry.

With our operation business, we address end users such as haulers or road users in those cases where we operate a system for our end customers.

Core Technologies for ETC Systems.



Our Select Projects and References.

Europe.

In Austria, we were awarded in 1995 the contract for the realization of the Ecopoint system, the world's first emissions-based traffic management system.

In 2004, a nationwide electronic toll collection system for all vehicles above 3.5 tons was launched. This system now covers roughly 2,200 kilometers of motorways and expressways. As the system supplier, we were responsible for the entire design and build of the system and since then have taken over the technical operation of the system, including maintenance.



In Sweden and Denmark, we installed a single-lane electronic toll collection system on the Oresund and Storebælt bridges connecting the two countries.



In Switzerland, we have implemented the nationwide infrastructure and enforcement systems for the truck system LSV (Leistungsabhängige Schwerverkehrsabgabe) since 1999.



In Belarus, we launched in 2013 the first phase of the electronic toll collection system BelToll for all vehicles above 3.5 tons as well as transit passenger cars.

After completion of the ongoing extension, the whole length of the toll road network will exceed 1,500 kilometers.



In the Czech Republic, we were responsible for the design and build of the nationwide electronic toll collection system MyTo CZ for all vehicles above 3.5 tons, which now covers over 1,400 kilometers. The system was completed in just nine months and started commercial operation in 2007.

Since then, we have taken over the technical and commercial operation of the system and added a telematics platform and a traffic management system.



In Italy, we have deployed urban access solutions in Rome, Bologna, Piacenza, Genoa, Livorno, Arezzo, Ravenna, Lecce and Salerno, among other cities.



In Portugal, we implemented an electronic toll collection system on a road section for a concessionaire.



In Poland, we launched in 2011 the nationwide electronic toll collection system viaTOLL on the existing road network of 1,565 kilometers for all vehicles above 3.5 tons after an implementation period of only eight months.

Since then, we have been responsible for the technical and commercial operation of the system and have extended the system to roughly 2,900 kilometers.



Americas.

In North America, the Mark IV IVHS businesses, acquired in 2010, have enabled many landmark ITS deployments such as the electronic toll collection system on highway 407 ETR **in Canada**.



In South America, we installed three electronic toll collection systems for all vehicles on motorways and expressways **in Chile**: Costanera Norte, Autopista Central and Vespucio Norte Express. All three systems include technologies for the detection, classification and registration of vehicles. In 2014, we installed a traffic management system for a mining company in Chile which we have operated since then.



In the U.S.A., the landmark ITS deployments include the interoperability between an electronic truck preclearance system and a toll collection system (PrePass System) as well as the E-ZPass system comprising 24 toll agencies in 14 U.S. states who operate the largest interoperable toll collection system in the world.

In North Texas, we designed, built and integrated a managed lane system for the two highways North Tarrant Express and LBJ Express in Dallas and Tarrant Counties and since the opening in 2013 and respectively in 2014 have taken over the operation and the maintenance of the system.

In 2013, we took over maintenance of the toll software for the Golden Gate Bridge in San Francisco. Recently, we installed an electronic toll collection system for the New York State Thruway Authority in South Nyack, New York. Transdyn, Inc., which was acquired in 2014, has installed over 30 traffic management systems in the U.S.A. and other countries.



Rest of World.

In India, we implemented in 2007 a system for manual toll collection with electronic microwave communication on highway number 8 in New Delhi, including the largest toll plaza in Asia with 36 lanes.



In Thailand, we implemented in 2008 toll collection systems for the three largest city highways in Bangkok with a total length of 55 km.



In South Africa, we installed Africa's first electronic toll collection system on the Platinum Toll Highway in 2002.

In 2013, we launched an electronic toll collection system for multi-lane free-flow traffic for all vehicles on 185 kilometers in the Gauteng province.



In New Zealand, we were awarded the implementation and operation of a toll collection system in 2007.



In Australia, we implemented in 1999 the world's first electronic toll collection system for multi-lane free-flow traffic on an urban highway in Melbourne, including systems for the detection, classification and registration of vehicles. We have also introduced other such systems in Sydney and Brisbane.



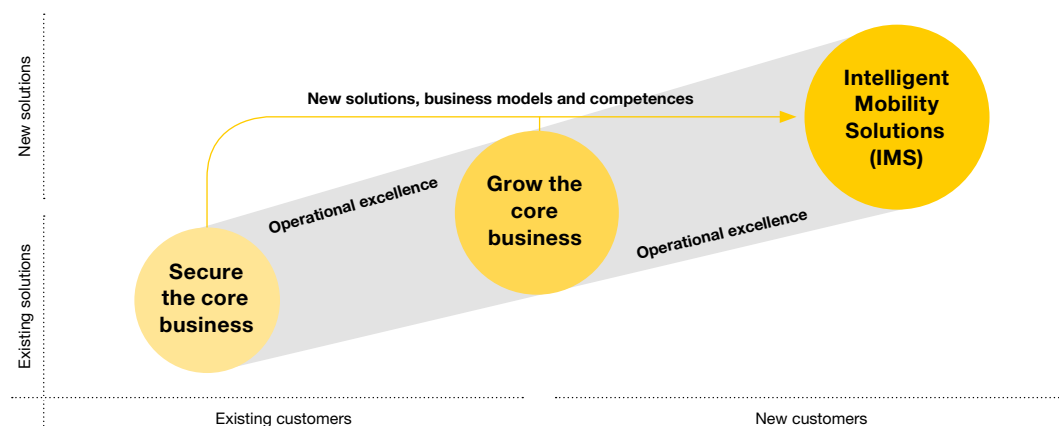
In Russia, we implemented multiple ITS solutions – weigh-in-motion stations, tolling and intelligent transportation systems.



Our Strategy.

In recent years, we have successfully expanded our business with selected intelligent transportation systems (ITS), and we now count traffic management systems (TMS) as part of our core business alongside electronic toll collection (ETC). Trends also show a rising demand for intelligent mobility solutions. We will therefore also establish an intelligent mobility solutions (IMS) business area, for which we are developing new business models in order to offer integrated solutions that combine multiple applications. Strategy 2020, which we defined roughly one year ago, will consequently lead to a transformation of the business of Kapsch TrafficCom.

Transformation of our business through operational excellence.



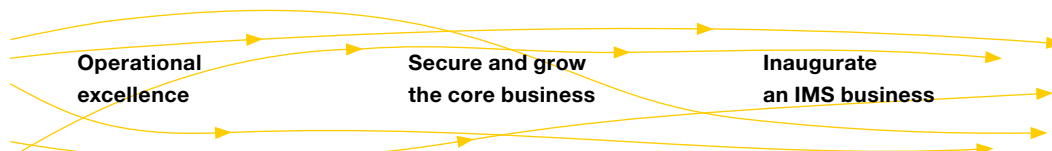
Secure the core business. The Kapsch TrafficCom Group will defend its market position in the markets in which the group's system business is already established and protect the strong worldwide on-board units business. This also includes the extension and renewal of long-term contracts.

Grow the core business. In our core business areas of ETC and TMS, we strive for sustainable and profitable growth. The portfolio will be further optimized through streamlining and the closing of gaps alongside solutions for small and medium-sized road operators and concessionaires. We will accompany our customers on the transition to next-generation ITS solutions with innovative products and applications.

Intelligent Mobility Solutions (IMS). We are building up an IMS business in stages, ranging from mobility applications and services to solutions for connected cars and multimodal traffic as well as the collection, analysis and provisioning of travel- and traffic-related data.

With new solutions, Kapsch TrafficCom will also address additional customer groups in the future, such as service providers and direct offers for end users, while expanding the current core business from the highways into the cities.

Our strategic priorities.



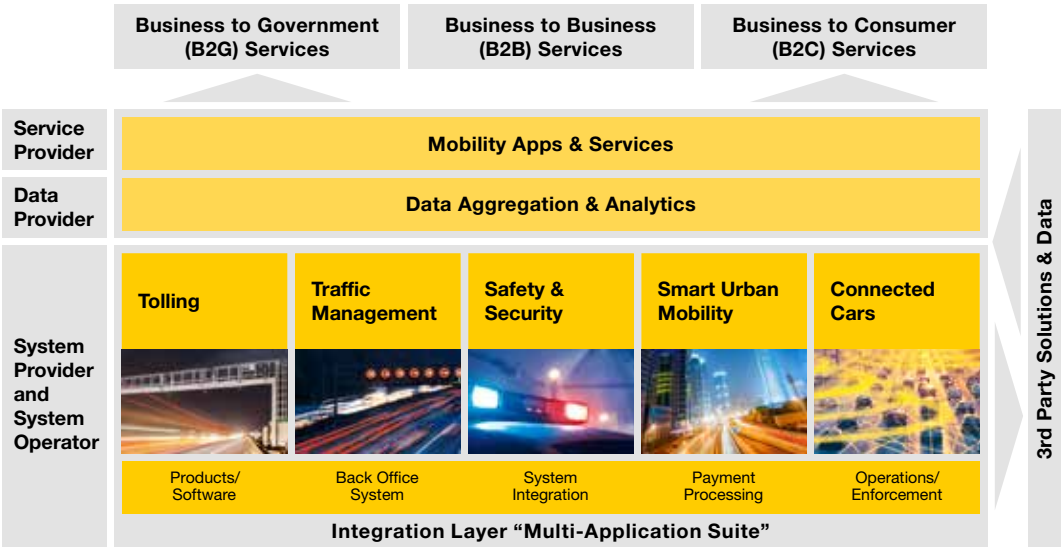
Our future portfolio of mobility solutions.

Further developments in the fiscal year and next steps.

Our vision.

The changes to the Kapsch TrafficCom Group will be reflected in its future portfolio. We will cover five solution segments and expand from a pure system provider and operator into a data and service provider. Another goal here is the staged consolidation of our individual solutions into a fully integrated complete

solution, which we refer to as a “multi-application suite”. This thorough and future-oriented portfolio defines the direction of Kapsch TrafficCom for the coming years. Some elements already exist; for other aspects, the corresponding solutions must still be worked out.



In the fiscal year 2015/16, Kapsch TrafficCom took numerous steps that we consider to be essential for the intelligent mobility solutions of the future.

With the ETC orders obtained in Australia, Chile and the U.S.A., we have been able to further expand our positions in existing markets. These orders came entirely from concessionaires, demonstrating that Kapsch TrafficCom is now able to offer solutions for this customer group. Numerous new products and developments led to improvements and innovative solutions, including with regard to the use of new technologies or the integration of smartphones.

In April 2015, Kapsch TrafficCom acquired a majority stake in the Californian company Streetline, Inc., a pioneer in the area of smart parking solutions and data analytics. This young company, with which we are investing in the future, can boast experience with over 350 million parking events in over 30 cities, universities and company locations in North America and Europe as well as the award-winning application Parker™ app.

Furthermore, demand for urban traffic solutions is on the rise. In the year under report, we put a city access system into operation in Italy, and an order for the Czech capital of Prague utilizes our V2X technology.

Another important step in this direction was the acquisition of the global transportation division of Schneider Electric, which was concluded after the balance sheet date at the start of April 2016.

This company is a leader in real-time IT solutions for urban traffic control – a perfect complement to our traffic management system DYNAC, which is used primarily on highways and long routes. The primary markets are currently North and South America as well as Spain and the Middle East.

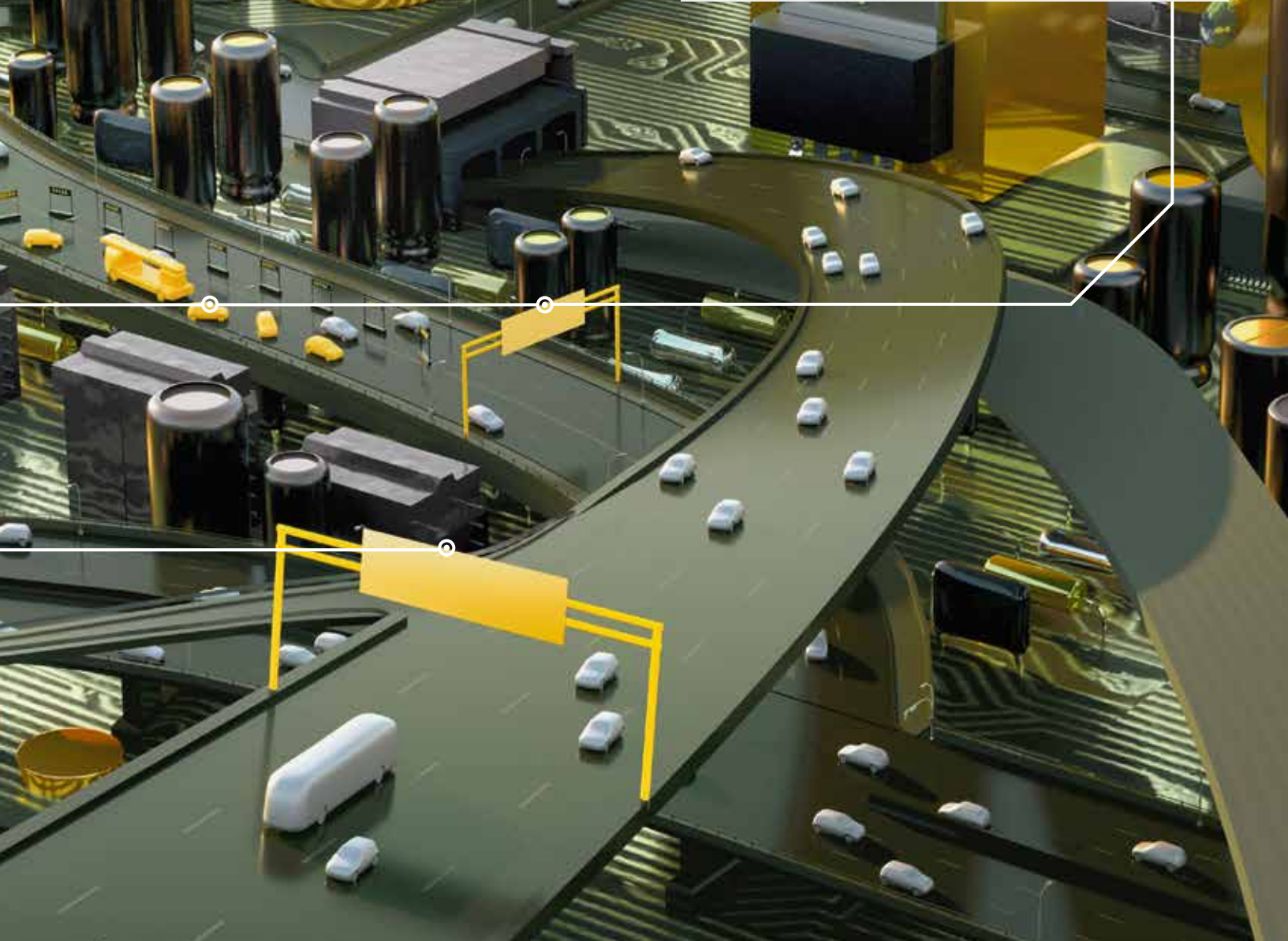
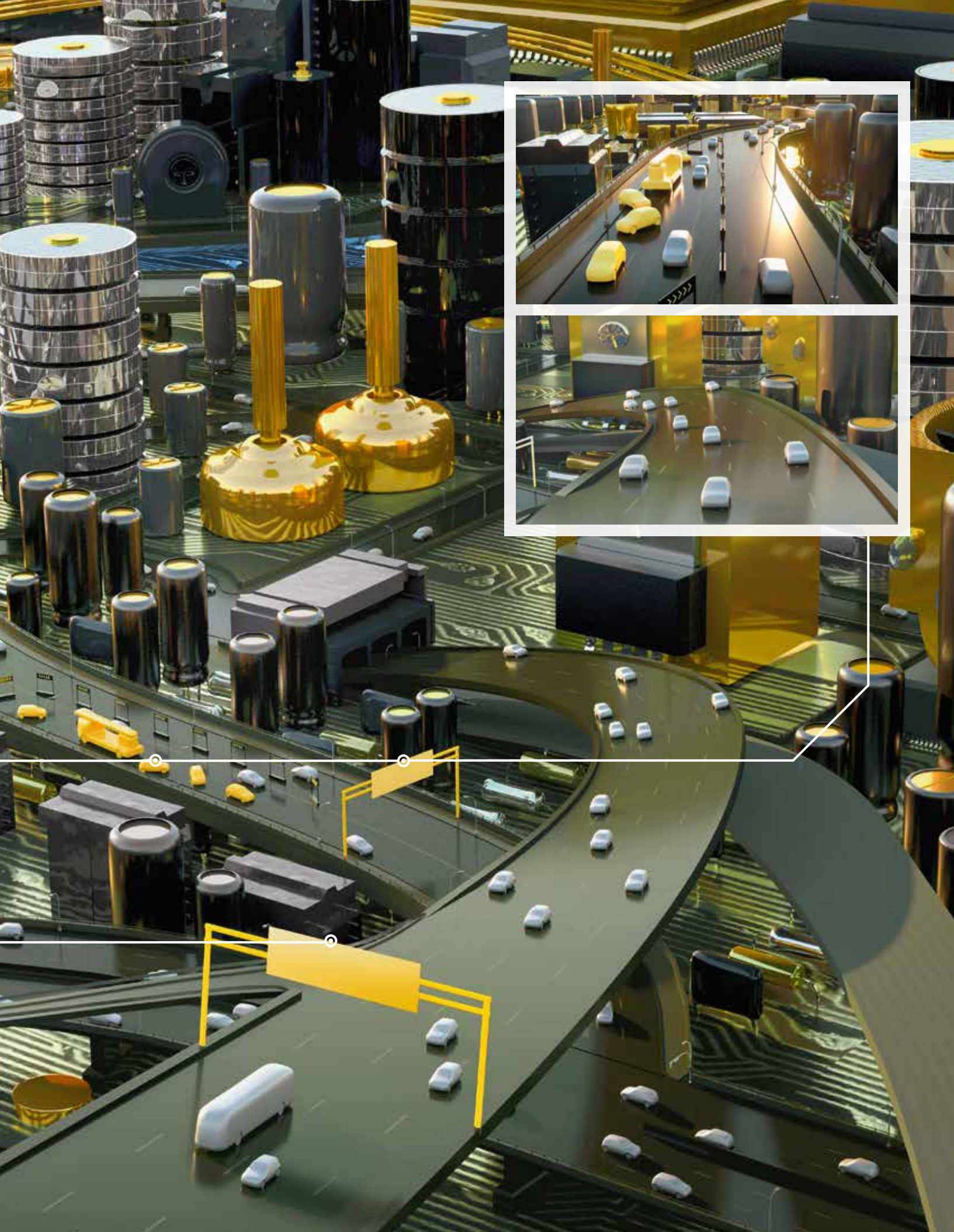
We have enclosed a folder about “Smart Urban Mobility” with this annual report in order to share more information on how Kapsch TrafficCom will make traffic both in cities and on highways safer, more efficient and more environmentally friendly.

We enable exceptional user experiences with intelligent mobility solutions.

Our Shares.

DYNAC.

Many things that seemed complex for a long time become transparent by incorporating intelligent infrastructure and the data gained from such systems. This includes shares just as much as the development of global traffic volumes. With DYNAC, the traffic management software developed by Kapsch TrafficCom, we can help people reach their goals more quickly, safely and using greener means, regardless whether we are talking about motorways, tunnels, urban areas or even the financial market. Kapsch TrafficCom knows the specific challenges, and has thus focused consistently on detecting problems early and solving them. Thanks to efficient management we not only direct traffic but also our company on its path to success.



Our Shares in Detail.

Stock Markets in the Fiscal Year 2015/16.

Within a turbulent environment, the international stock indexes consistently lost value during the reporting period.

International stock markets. In consideration of the prevailing economic and political turbulence, the price levels on the international stock exchanges remained relatively stable during the period under report.

During the summer months, however, the euro crisis with the potential exit by Greece, the intensification of the war in Syria and the subsequent flow of refugees to Europe all made themselves felt on the exchanges. The enormous drop in the oil price as well as the extension of sanctions against Russia also dampened the mood on the markets. In August, the major stock exchanges were also infected by weak economic indicators and rapidly developing crises in China. A second wave followed at the start of 2016 as trading was suspended on Chinese stock markets for two days as a result of massive price collapses following another currency devaluation. Only as of mid-February did the international stock markets experience a slight recovery. Economic fears relaxed, the pressure on the oil price eased up and the lowering of interest rates by the European Central Bank supported developments in Europe.

Of the international comparison indexes, only the Dow Jones Industrial maintained a level course in the reporting period from 1 April 2015 to 31 March 2016, ending the fiscal year just 1 % below the previous year. The Japanese Nikkei 225 gave ground particularly in the first quarter of 2016 to close 13 % lower. The European stock index Euro Stoxx 50 lost 19 % during this time, and the German DAX also fell by 17 %.

The Kapsch TrafficCom shares gained 25 %, earning recognition as the “Best Performer 2015” on the Vienna Stock Exchange.

Vienna Stock Exchange. The price developments on the Vienna Stock Exchange were similar to the general European environment; the easing of the Russia-Ukraine conflict had a positive effect here in consideration of the Eastern European exposure. The leading index ATX lost 10 % during the reporting period, while the broader ATX Prime index fell by 8 %.

Our Shares in the Fiscal Year 2015/16.

The shares of Kapsch TrafficCom AG have been listed since 26 June 2007 on the Vienna Stock Exchange in the prime market under ISIN AT000KAPSCH9. They are included in the ATX Prime index, the ATX Global Players and in the Austrian sustainability index, VÖNIX.

The share capital of Kapsch TrafficCom AG is EUR 13.0 million and is divided among 13 million no par value shares.

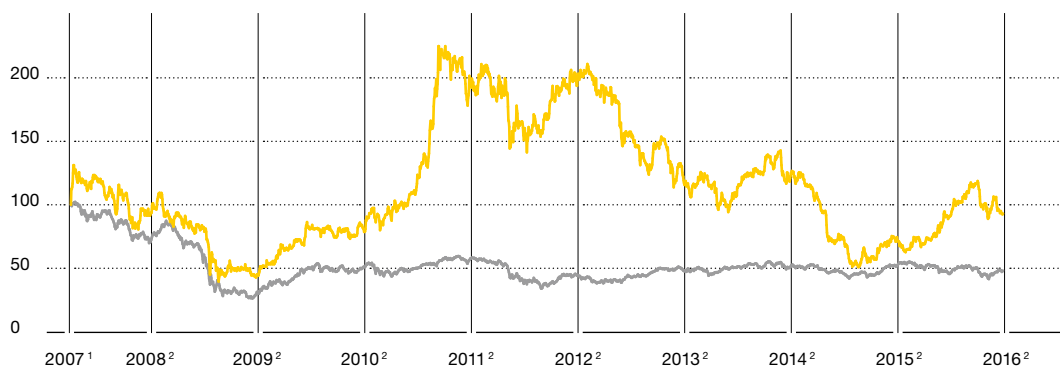
The share price developed very favorably in the fiscal year 2015/16, in contrast to the international stock exchange trends. After the price drops in the year 2014, a sustained strong upward trend particularly in the second and third quarter under report made possible a high for the year of 37.61 EUR on 7 December 2015. After a downward correction in the fourth quarter of the fiscal year, the Kapsch TrafficCom shares closed on 31 March 2016 at EUR 29.80. With this gain of 25 % over the previous year's closing price, the shares performed significantly better than the international stock market trends. For the 2015 calendar year, Kapsch TrafficCom was recognized as the “Best Performer 2015” by the Vienna Stock Exchange as the share doubled in value during this period.

Since the flotation in the year 2007, the Kapsch TrafficCom shares have lost 7 % in value under heavy fluctuations. Starting with an initial offering price of EUR 32.00, the all-time low of EUR 12.65 on 7 November 2008 is contrasted by a high of EUR 72.00 on 7 and 30 December 2010. The Dow Jones Industrial index as well as the German DAX exhibited significant gains during this period, while the European share index Euro Stoxx 50 declined by 32 %. The ATX and ATX Prime indexes also lost 53 % and 52 %, respectively, during the past nine years. In other words, the Kapsch TrafficCom shares have outperformed the general European share environment.

Development of Kapsch TrafficCom shares and the ATX Prime Index from 26 June 2007 to 31 March 2016

Kapsch TrafficCom shares

ATX Prime Index



1 Offer price per share and opening value on the ATX Prime Index on 26 June 2007, each indexed to 100

2 As of 31 March

Due to the price increase, the market capitalization increased to EUR 387.4 million.

Based on the final price of the shares of EUR 29.80 on 31 March 2016, the market capitalization of Kapsch TrafficCom AG was EUR 387.4 million (31 March 2015: EUR 310.0 million). The average daily trading volume of the Kapsch TrafficCom shares on the Vienna Stock Exchange was comparable to the level of the previous year at EUR 0.62 million (double count).

Key shares data		2013/14	2014/15	2015/16
Weighted average number of shares	in million	13.00	13.00	13.00
Earnings per share ¹	in EUR	-0.33	0.28	2.39
Dividend per share	in EUR	0.00	0.50	1.50 ⁵
Free cash flow per share	in EUR	-2.04	5.14	6.98
Offer price per share ²	in EUR	32.00	32.00	32.00
Share price ³	in EUR	39.99	23.85	29.80
Price-to-earnings ratio ³		-120.9	85.42	12.46
Market capitalization	in million EUR	519.87	309.99	387.40
Performance of shares	in %	8.02	-40.37	24.97
Performance of ATX Prime	in %	10.01	0.47	-7.64
Average daily trading volume ⁴	in million EUR	0.97	0.63	0.62

1 Relating to the weighted average number of shares; earnings per share calculated from the profit for the period attributable to the equity holders of the company

2 On 26 June 2007

3 As of 31 March

4 Double count

5 Proposal of the executive board for approval at the shareholders' meeting on 7 September 2016

The dividend proposal of EUR 1.50 per share would be the highest dividend since flotation of the shares.

Dividend Policy.

Kapsch TrafficCom follows a dividend policy based on long-term considerations. According to this policy, dividend distribution averaged over the long term should correspond to roughly one-third of the group annual profit. In addition, the option of a continuous, absolute distribution amount remains under consideration when the long-term development of the company permits this. For the fiscal year 2015/16, the executive board will recommend to the annual general meeting on 7 September 2016 the payment of a dividend of EUR 1.50 per share (2014/15: EUR 0.50 per share). This is the highest dividend yet since flotation of the shares. The above-average payout ratio is based on the significantly improved earnings, the good liquidity and the long-term strategy of the company.

Shareholder Structure.

On the balance sheet date of 31 March 2016, KAPSCH-Group Beteiligungs GmbH held 63.3 % of the shares (31 March 2015: 63.1 %). Roughly 36.7 % of the shares were in free float (31 March 2015: 36.9 %), of which approximately 5.4 % have been held according to the company's information by The Bank of New York Mellon Corporation as well as its affiliated companies since the start of July 2015 (31 March 2015: No participating interests requiring reporting).

As core shareholder, KAPSCH-Group Beteiligungs GmbH holds roughly 63.3 % of the shares.

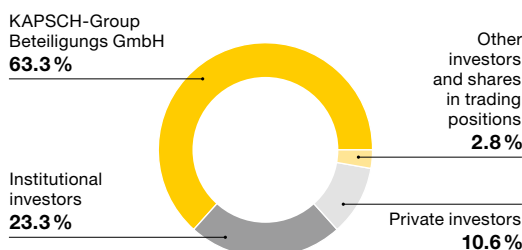
Core shareholder. KAPSCH-Group Beteiligungs GmbH is a wholly-owned subsidiary of DATAX HandelsgmbH, the shares of which are held in equal proportions by Traditio-Privatstiftung, ALUK-Privatstiftung and Children of Elisabeth-Privatstiftung, each

a private trust under the Austrian Law for Private Trusts. Each of these private trusts is managed by a separate executive board 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*).

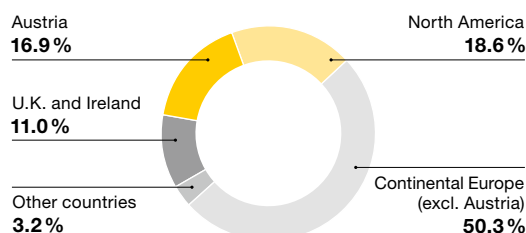
Free float. Kapsch TrafficCom AG has a widely diversified shareholder structure. In addition to the core shareholder KAPSCH-Group Beteiligungs GmbH, institutional investors dominate with 23.3 % of the shares according to the information available to the company, with the top ten investors holding in aggregate 66.5 % of that share. The share of private investors decreased slightly in comparison with the previous year to 10.6 %. The remaining 2.8 % is held by other investors, including shares in trading positions.

The regional distribution of the institutional investors changed significantly compared with the previous year. At 50.3 %, the majority of the institutional investors are now located in continental Europe, excluding Austria (previously 22.5 %), while the share of investments in North America increased to 18.6 %. On the other hand, the Austrian share fell from a previous 40.3 % down to 16.9 %, and the share in UK and Ireland decreased by half to 11.0 %. The remaining 3.2 % is held by investors in other countries. Classified by investor type, the institutional investors in Kapsch TrafficCom increasingly pursue a value strategy (57.0 %).

Shareholder structure on 31 March 2016



Institutional investors by geographic region



The corporate bond has a maturity of November 2017.

Corporate Bond.

On 3 November 2010, Kapsch TrafficCom AG issued a 4.25 % corporate bond with a volume of EUR 75 million and a tenor of seven years until November 2017. The bond has a denomination of EUR 1,000. The generated capital was used to finance the acquisition of IV IVHS at the end of the year 2010 as well as to cover capital requirements of additional projects.

Within the framework of a buyback offer from 28 April to 19 May 2015, shares in a value of EUR 4.2 million were repurchased and submitted to the Oesterreichische Kontrollbank for redemption. The corporate bond now has an outstanding value of only EUR 70.8 million with

an unchanged maturity. The corporate bond is listed in the regulated market of the Vienna Stock Exchange under ISIN AT0000A0KQ52 and is included in the corporates prime segment for bonds on the Vienna Stock Exchange. Kapsch TrafficCom is hereby obligated to ensure increased transparency by providing additional information to bond investors.

Based on information available to the company, the majority of the bonds is held by retail investors, while the remainder is held by domestic and international institutional investors. The bond traded at a price of 103.50 % at the end of the reporting period on 31 March 2016.

Key bond data		2013/14	2014/15	2015/16
Equity	in million EUR	213.1	219.4	230.7
Equity ratio	in %	37.6	42.5	44.9
Net debt	in million EUR	-93.4	-35.9	33.8
Disencumbrance period (net debt/EBITDA)	in years	2.53	0.58	—
Interest expense	in million EUR	5.5	6.0	5.2
Interest coverage ratio 1 (EBIT/interest expense)	in %	3.70	5.47	11.93
Interest coverage ratio 2 (EBITDA/interest expense)	in %	6.74	10.27	14.71
Bond closing price	in %	105.15	104.45	103.50

The basis for calculation of the key bond data can be found in the select financial figures in the cover of this report as well as in the consolidated financial statements.

Four institutes currently publish regular research updates for the Kapsch TrafficCom shares.

Investor Relations.

Kapsch TrafficCom highly values extensive communication with all our shareholders. The Investor Relations department therefore reports directly to the CEO, but its work is also integrated closely with the Finance and Accounting department. The overarching goal is to provide a comprehensive view of the company, thereby facilitating an appropriate valuation of the shares and the corporate bond.

The CEO and the investor relations team held numerous investor conferences and participated in roadshows and investor conferences in Europe and the U.S.A. once again in 2015/16. These efforts focused on active sharing of information about the company, its developments and the Strategy 2020.

Research Reports.

Regular analysis by domestic and international investment banks maintains the visibility of the Kapsch TrafficCom shares, supports the investor relations efforts and improves awareness on the financial market. Kapsch TrafficCom AG is currently covered by four institutes (in alphabetical order):

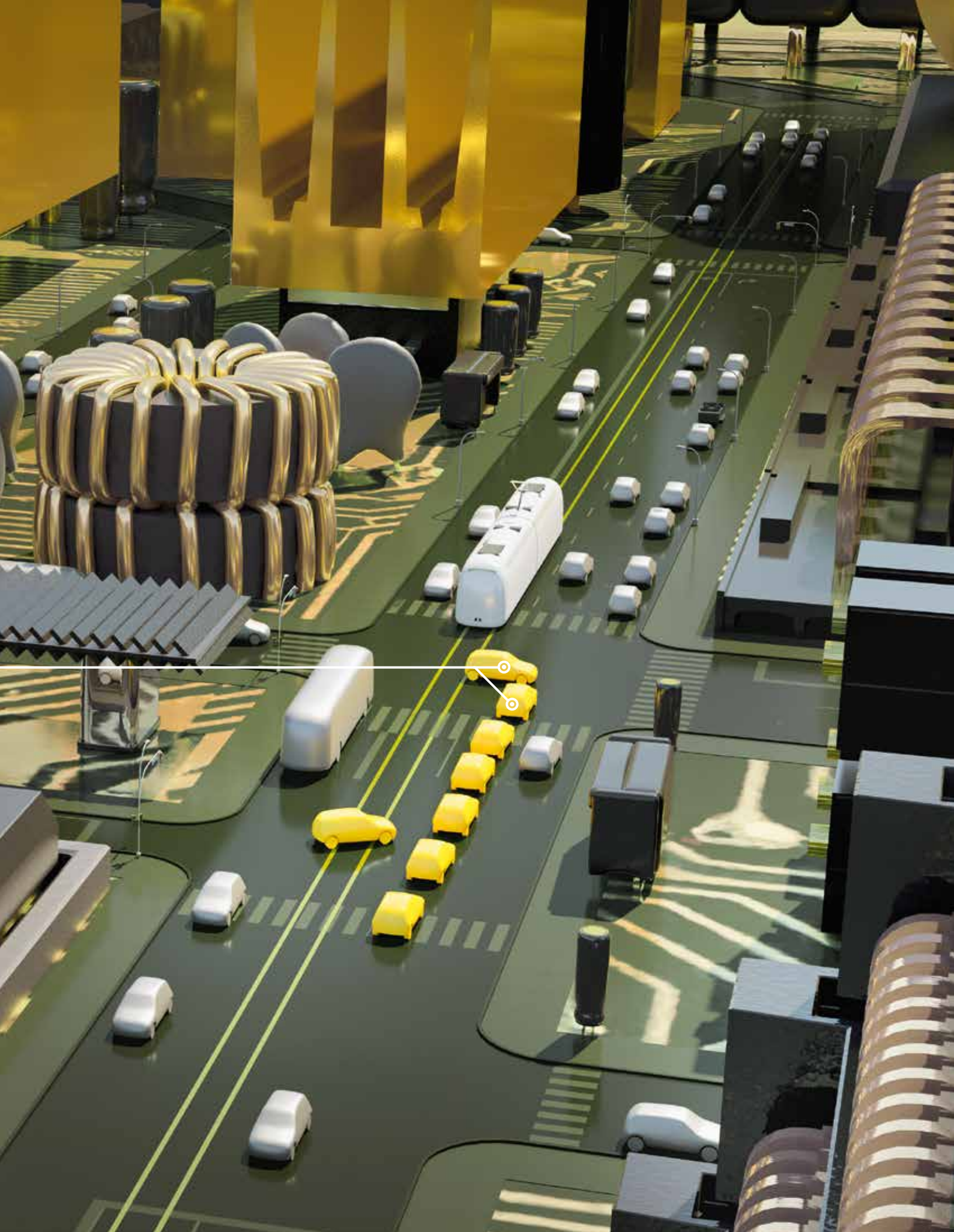
- Deutsche Bank (Vienna, Austria)
- Erste Group (Vienna, Austria)
- Matelan Research (Bonn, Germany)
- Raiffeisen Centrobank (Vienna, Austria)

Kapsch TrafficCom has no rating.

Our Responsibility.

Automatic Emergency Braking System.

When a problem first crops up, when it becomes visible to all, there is often no time to counter it effectively. This is proven true both in the interplay between innovation and the economy as well as in daily life. This is why Kapsch TrafficCom offers a solution with its Automatic Emergency Braking System, one that identifies the dangers of private transport early. Vehicles constantly exchange data using technology similar to Wi-Fi, data that can be crucial in an emergency. It makes economic sense and also has a positive impact on our increasingly complex society. This has been and will always remain our ambition.



Corporate Governance Report.

Corporate governance declaration.

Kapsch TrafficCom AG follows the Austrian Code of Corporate Governance. This is evaluated every year.

Code of Corporate Governance. In June 2007, the executive board and supervisory board 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 Code version January 2015 is available for downloading from www.corporate-governance.at. Compliance with the Code is evaluated by the compliance officer together with internal audit on an annual basis.

In the fiscal year 2015/16 ending on 31 March 2016, Kapsch TrafficCom AG applied all "L-rules" and "C-rules" of the Code in the version January 2015, with the following exceptions:

- C-rule 53 – The company does not intend to establish independence criteria that differ from the general requirement set forth in the Code as it believes such additional criteria are not required; The company takes the view that the members of the supervisory board, which are elected by the annual general meeting, are independent from the company and the executive board, also when there is a family relationship with the chairman of the executive board, Georg Kapsch.
- C-rule 62 – An external evaluation of compliance with the C-rules has not taken place to date; as well as
- C-rule 67 – Due to the intense competition in the industry in which the company is active, it will not make available or publish all information which is

available to financial analysts to its shareholders at the same time.

The exceptions to the rules C-53 and C-67 were already established by the executive board at the time of the company's flotation in 2007 and are not subject to any time limits.

Management and supervisory structure.

Kapsch TrafficCom AG has a dual management and oversight structure in accordance with the Austrian Stock Corporation Act, consisting of the executive board and the supervisory board.

The executive board is responsible for directing the business and represents the company in dealings with third parties. The supervisory board is responsible for appointing and dismissing the members of the executive board and supervising the business conducted by the executive board.

Although the supervisory board does not actively manage the company, the executive board must obtain the consent of the supervisory board before engaging in certain transactions in accordance with the Austrian Stock Corporation Act, the company's articles of association and the executive board's internal rules of procedure.



l. to r.:
Georg Kapsch, Chairman/Chief Executive Officer
Alexander Lewald, Member/Chief Technology Officer
André Laux, Member/Chief Operating Officer

Executive Board.

Name	Area of responsibility	Year of birth	Year first appointed	Year current term expires
Georg Kapsch Chairman/ Chief Executive Officer	Finance, mergers & acquisitions, investor relations, compliance, strategy, legal, international subsidiaries & management systems, IT, human resources, marketing & public relations, baseline solution management, new ventures and sales region North America	1959	2002	2017
André Laux Member/ Chief Operating Officer	All sales regions except for North America, production & logistics, supply chain management and delivery & operations	1962	2010	2016
Alexander Lewald Member/ Chief Technology Officer	Engineering	1964	2015	2019

Georg Kapsch was appointed CEO of Kapsch TrafficCom AG in December 2002 and since then has exercised functions within this company's direct and indirect subsidiaries. He has also been CEO of KAPSCH-Group Beteiligungs GmbH since October 2000 and a member of the executive board of Kapsch AG since July 1989; he was elected as CEO of the latter company in October 2001. Georg Kapsch studied business administration at the Vienna University of Economics and Business and graduated in 1981.

In addition, Georg Kapsch exercises additional functions as CEO of DATAX HandelsgmbH, as chairman of the supervisory board of Kapsch CarrierCom AG, as deputy chairman of the supervisory board of Kapsch BusinessCom AG, as a member of the supervisory board of Teufelberger Holding AG and as a member of the executive board of the Wunderer, Mitterbauer and Tabor private trusts.

Georg Kapsch has been president of the Federation of Austrian Industries since June 2012.

André Laux has worked for the Kapsch TrafficCom Group since December 2007 and has been a member of the executive board of Kapsch TrafficCom AG since

1 April 2010. In November 2014, he was appointed COO. He also exercises functions in direct and indirect subsidiaries of Kapsch TrafficCom AG. After studying business administration in Germany and England, he began his career in various sales and management functions (1988–1997) at home and abroad. In 1997, he became general manager of the German chipcard producer ODS Landis & Gyr in Munich. In 2000, André Laux moved within the group to Salzburg to take the position of CEO of Skidata AG. In 2004, he took the position of CEO of Winter AG in Munich.

André Laux holds no supervisory board positions outside of the Kapsch TrafficCom Group.

Alexander Lewald has been a member of the executive board and CTO of Kapsch TrafficCom AG since November 2015. After studying electrical engineering at the Technical University of Munich, Alexander Lewald worked for three years at DLR (German Aerospace Center) in the Institute of Robotics and System Dynamics. While there, he obtained a PhD in the system dynamics of multi-axis robots from the *Ruhr-Universität Bochum* and later studied this topic in greater depth at the Engineering School of Stanford University, Palo Alto, U.S.A.

“As CTO, I have also contributed my expertise to the establishment of new ICT business since November.”

Alexander Lewald, CTO

Executive board remuneration 2015/16 in TEUR

	Fixed	Variable	Total 2015/16	Total 2014/15
Georg Kapsch	653	0	653	643
André Laux	374	117	490	472
Alexander Lewald	133	0	133	0
Total	1,160	117	1,276	1,114

The activities of the executive board are regulated in the articles of association and in the internal rules of procedure.

After working at McKinsey & Company, Alexander Lewald has spent the last 15 years in various management positions at Kappa IT Ventures, Gilde IT, SAP and Parametric Technology Corp. with a particular focus on building up new business areas in the information and communication technology (ICT) industry.

Workflow. The areas of responsibility of the individual executive board members, the procedures (such as requirements and procedures to pass resolutions) as well as the transactions that require approval by the supervisory board are defined in the articles of association and the internal rules of procedure for the executive board. The executive board holds regular meetings to exchange information and pass resolutions on all issues that fall under the competence of the entire executive board.

Remuneration. In the fiscal year 2015/16, the fixed and variable remuneration of the executive board members, including the cross-charge from Kapsch AG for the services of Georg Kapsch totaled EUR 1.28 million (fiscal year 2014/15: EUR 1.11 million).

Georg Kapsch is employed at Kapsch AG. His services are part of the management and consulting services provided by Kapsch AG and billed to Kapsch TrafficCom AG and are listed in the notes to the consolidated financial statements under "Related parties".

André Laux. The remuneration of André Laux is defined in a compensation system that includes fixed compensation as well as variable compensation of no more than 43 % of the fixed compensation. The

variable compensation corresponds to 0,25 % of the operating result. In the event of a departure from the executive board, André Laux is subject to a non-compete clause for the period of one year (except in the case of a departure for good cause). André Laux has an individual contribution-based pension plan. Kapsch TrafficCom AG pays roughly TEUR 10 per year into an external pension fund in accordance with this plan.

Alexander Lewald. The remuneration of Alexander Lewald is defined in a compensation system that includes fixed compensation as well as variable compensation. The variable compensation corresponds to 0,25 % of the operating result. In the event of a departure from the executive board, Alexander Lewald is subject to a non-compete clause for the period of one year (except in the case of a departure for good cause). Alexander Lewald has an individual contribution-based pension plan. Kapsch TrafficCom AG pays roughly TEUR 30 per year into an external pension fund in accordance with this plan.

Directors and officers liability insurance. The members of the executive board are insured against financial losses with a directors and officers liability insurance policy. Alongside the executive board, the members of the supervisory board as well as top managers of the Kapsch TrafficCom Group are also insured. Due to the payment of a collective premium, it is impossible to associate an amount with individual members of the executive board.

Share options program. There is no share options program at Kapsch TrafficCom AG.

Georg Kapsch is employed at Kapsch AG. The remuneration of André Laux and Alexander Lewald is defined in the corresponding systems.

Supervisory Board.

The supervisory board comprises four members selected at the annual general meeting and two appointed by the works council.

Pursuant to the articles of association, the supervisory board consists of three to six members elected by the annual general meeting plus the representatives delegated by the works council according to the Austrian Labor Constitutional Act. The current members are:

Franz Semmernegg has been a member of the supervisory board of Kapsch TrafficCom AG since June 2002 and chairman of that board since June 2005. Since February 2010, he has been a member of the supervisory board of Kapsch CarrierCom AG. Since April 2005, Franz Semmernegg has held the position of CFO of KAPSCH-Group Beteiligungs GmbH. He is also CEO of Kapsch BusinessCom AG and has been an executive board member at this company since March 2003. Since October 2001, he has also been CFO of Kapsch AG. He has a degree in business administration (1992) from the Karl Franzens University in Graz, where he earned his PhD in 1997.

As chairman of the supervisory board and a finance expert, Franz Semmernegg is also represented in the committees of the supervisory board.

Franz Semmernegg also holds other functions in direct and indirect associated companies of Kapsch BusinessCom AG and Kapsch AG. He is a member of the executive management of Kapsch Liegenschaft Management GmbH, Kapsch Cashpooling and Hedging GmbH and Kapsch IT Services for finance and industries GmbH and is a member of the advisory boards of several subsidiaries.

In addition, Franz Semmernegg also holds functions outside of the Kapsch Group in Enso GmbH, Speech Processing Solutions GmbH and Invest AG.

Franz Semmernegg was a member of the executive board of Schrack BusinessCom AG from 1999 until September 2001. In 1998, he was responsible for the successful management buy-out of Schrack BusinessCom AG by Ericsson Austria AG. Prior to this, he held management positions at Ericsson Austria AG (1998) and Schrack Seconet AG (1997).

Kari Kapsch has been a member of the supervisory board of Kapsch TrafficCom AG since June 2002 and deputy chairman of that board since June 2005. Prior to this, he was deputy chairman of the supervisory board from June to December 2002 and chairman

of the supervisory board from December 2002 to June 2005. Since December 2005, Kari Kapsch has been COO of KAPSCH-Group Beteiligungs GmbH. In addition, he is COO of Kapsch AG and CEO of Kapsch CarrierCom AG. Since June 2010, he has been chairman of the supervisory board of Kapsch BusinessCom AG. He earned a degree in physics (1988) at the University of Vienna, where he also obtained a PhD (1992). Kari Kapsch is the brother of Georg Kapsch, the CEO of Kapsch TrafficCom AG.

Kari Kapsch also holds other functions in direct and indirect associated companies of Kapsch CarrierCom AG, Kapsch BusinessCom AG and Kapsch AG. He is a member of the executive management of Kapsch ConnexPlus GmbH and Kapsch Immobilien GmbH.

Furthermore, Kari Kapsch exercises numerous functions outside of the Kapsch Group and is active in multiple industry-related associations. He is vice president of the Vienna Chamber of Commerce, deputy chairman of the Committee for Austrian Electrical and Electronics Industries of the Austrian Chamber of Commerce, member of the Sectors Conference of the Austrian Chamber of Commerce/Industry Sector, member of the Sectors Conference of the Vienna Chamber of Commerce/Industry Sector, member of the executive board of the University of Applied Sciences *Technikum Wien*, member of the Trade Association for the Machinery and Metal Goods Industry of the Austrian Chamber of Commerce, member of the Trade Association for the Machinery, Metal Goods and Casting Industry of the Vienna Chamber of Commerce, member of the executive board of the Austrian Association for Electrical Engineering (OVE), member of the executive board of the Association of the Railroad Industry, member of the JR Senate of the *Christian Doppler Forschungsgesellschaft*, member of the executive board of the Austrian-Polish Society, member of the executive board of the Austrian-Arabian Chamber of Commerce (AACC), member of the Austrian-Iranian Society (OIG), member of the executive management of Austria Telecommunication International GmbH, Gezoge Beteiligungsverwaltungs GmbH, KEGK Holdinggesellschaft m.b.H., ADONARD Beteiligungs GmbH and UKAL Handels- und Vermietungs GmbH.

Name	Position	Year of birth	Year first appointed	Year current term expires
Franz Semmerneegg	Chairman	1968	2002	2016
Kari Kapsch	Deputy chairman	1964	2002	2016
Sabine Kauper	Member ¹	1968	2011	2018
Harald Sommerer	Member ¹	1967	2013	2016
Christian Windisch	Member ²	1963	2002	—
Martin Gartler	Member ²	1970	2015	—

¹ This member satisfies the criteria of C-rule 54 of the Code

² Delegated by the works council; without information on appointment duration since the works council may recall a member it has delegated at any time

Sabine Kauper holds a degree in business administration and has been the CFO of Heliocentris Energy Solutions AG, headquartered in Berlin, since 1 January 2016. Prior to this she was CFO of SKW Stahl-Metallurgie Holding AG, Munich, from 2014 to 2015 and exercised additional functions in this company's direct and indirect subsidiaries. Sabine Kauper studied business administration with a focus on tax accounting and auditing. In addition, she completed a training as a qualified supervisory board member with a certification from Deutsche Börse AG.

From December 2012 to 2013, Sabine Kauper was general manager for restructuring at an internationally active mechanical engineering company. From 2000 to December 2011, she was employed at Phoenix Solar AG, Germany, and was responsible as of 2007 as CFO for the areas of finance, staff and organizational development, international process and IT management, internal audit and legal. After completing her studies, she worked for four years at an accountancy firm.

Harald Sommerer has operated independently since 2013 and is working on building an investment portfolio. Prior to this, he was CEO and chairman of the executive board of Zumtobel AG from May 2010 to September 2013. He holds a doctorate in social sciences and economics from the University

of Economics and Business Administration in Vienna and a master of management degree from the J. L. Kellogg Graduate School of Management, Northwestern University.

From 1997 to 2010, Harald Sommerer was a member of the executive board of AT&S Austria Technologie & Systemtechnik AG and was CFO of this company between 1998 and 2005 as well as CEO from 2005 to January 2010.

Christian Windisch has been a member of the supervisory board of Kapsch TrafficCom AG delegated by the works council since November 2002. He has worked for the Kapsch Group since September 1984 and is currently employed in the area of quality assurance. Christian Windisch graduated from the polytechnic in Vienna with a degree in telecommunications and electrical engineering.

Martin Gartler has been a member of the supervisory board of Kapsch TrafficCom AG delegated by the works council since 11 March 2015. He has been employed in the area of operations at Kapsch TrafficCom AG since February 2008. Martin Gartler has a degree from the Technical School of Electrical and Telecommunications Technology and in 1992 completed training as a foreman for industrial electronics.

The annual general meeting defined the compensation for the supervisory board members for future years in September 2015.

Independence of the supervisory board. All members elected in the annual general meeting are considered independent of the company as defined by C-rule 53 of the Code and the guidelines for independence according to appendix 1 of the Code. Sabine Kauper and Harald Sommerer are also independent of the principal shareholder KAPSCH-Group Beteiligungs GmbH as defined by C-rule 54 of the Code.

Remuneration. Members of the supervisory board and its committees are entitled to reimbursement of their expenses, including reasonable travel expenses. In addition, the annual general meeting can establish annual compensation for the supervisory board members. The decision of the annual general meeting on 9 September 2015 in accordance with article 9, paragraph 8 of the articles of association established compensation for the elected members of the supervisory board in the amount of TEUR 120 per year for the fiscal year 2015/16 and for the subsequent fiscal years until a future annual general meeting passes another compensation decision. The distribution of the compensation is left to the chairman of the supervisory board. In the fiscal year 2015/16, TEUR 120 as well as travel costs in the amount of TEUR 2 were recognized as expenses, of which TEUR 50 was paid to Franz Semmerneegg, TEUR 30 to Kari Kapsch, TEUR 16 to Sabine Kauper and TEUR 24 to Harald Sommerer.

Directors and officers liability insurance. The members of the supervisory board are insured against financial losses with a directors and officers liability insurance policy. Alongside the supervisory board, the members of the executive board as well as top managers of the Kapsch TrafficCom Group are also insured. Due to the payment of a collective premium, it is impossible to associate an amount with individual members of the supervisory board.

Committees of the supervisory board.

The supervisory board has established an audit committee and a committee for executive board matters.

The committee for executive board matters is responsible for the relationships between the company and the members of the executive board (including remuneration issues). Excepted from this, however, is the appointment or recall of the executive board members. The committee consists of two members of the supervisory board who were selected by the annual general meeting, including the chairman of the supervisory board. The current members of the committee for executive board matters are Franz Semmerneegg (chairman) and Harald Sommerer.

The audit committee has the duties established in article 92 para. 4a of the Stock Corporation Act. 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 report of the risk management according to Rule 83 of the Code, the review of the audit process and the auditor's independence, the preparation of a proposal for the distribution of profit and the preparation of a report to the annual general meeting. Furthermore, the audit committee prepares the proposal of the supervisory board for the selection of an auditor and reviews the accounting process and the effectiveness of the internal control and risk management systems.

One member of the audit committee must always be a finance expert. Persons who were previously members of the executive board, general managers or auditors as well as persons who certified the annual or consolidated financial statements in the last three years cannot function as finance expert or as chairman of the audit committee. The current members of the audit committee are Franz Semmerneegg (chairman/finance expert), Harald Sommerer and Christian Windisch.

The auditor is to participate in all meetings of the audit committee dealing with the preparation of the approval of the (consolidated) financial statements and its audit.

Promotion of women in the executive board, supervisory board and top management positions.

Open positions are filled at Kapsch TrafficCom independently of gender. Women are represented in leadership positions and on the supervisory board.

Kapsch TrafficCom AG has not formulated any plan for the promotion of women in the executive board, supervisory board and top management functions of the company and its subsidiaries. The selection of candidates always takes place in consideration of the best possible candidate for open positions, regardless of gender. Women are employed in various key management positions within Kapsch TrafficCom AG (such as the head of Finance & Administration, the head of Legal and the head of Engineering) and its subsidiaries. In the past fiscal year, one member of the supervisory board was female, Sabine Kauper (elected by the annual general meeting). No women were represented in the executive board.

Women are supported in combining a career and family life at Kapsch TrafficCom AG in particular by a flexible working hours model. Furthermore, a number of cooperations with schools, universities and universities of applied sciences exist that are focused in part on increasing the share of women at Kapsch TrafficCom AG.

In addition, Kapsch TrafficCom AG is involved in the promotion of women through participation in special programs such as *"FIT Frauen in die Technik"* and *"FemTech"*.

The Kapsch TrafficCom Group has also established a committee for equal treatment.

Report of the Supervisory Board.

“The supervisory board continuously supervised and advised the executive management.”

Franz Semmernegg,

Chairman of the Supervisory Board

Dear shareholders,

The supervisory board of Kapsch TrafficCom AG held a total of four meetings in the fiscal year from 1 April 2015 to 31 March 2016. No member of the supervisory board took part in fewer than half of the meetings.

The supervisory board was also kept continuously informed by the executive board in writing and verbally as well as in the meetings held in conjunction with the executive board concerning the situation as well as the developments of the company and its strategic orientation. The supervisory board continuously and comprehensively supervised the executive management and advised the executive board during the reporting period.

As chairman of the supervisory board, I was regularly in contact with the CEO in order to discuss the business developments, strategy and risk management of the company.

In the past fiscal year, no transactions requiring approval in accordance with §95 para. 5 no. 12 AktG (Stock Corporation Act) took place with members of the supervisory board or with companies in which a member of the supervisory board has a significant financial interest, with the exception of the transactions listed in the notes to the consolidated financial statements under “Related parties”.

PwC Wirtschaftsprüfung GmbH, Wirtschaftsprüfungs- und Steuerberatungsgesellschaft, Vienna, as independent auditor appointed by the annual general meeting, has audited and issued an unqualified audit opinion on the annual separate financial statements and the management report dated 8 June 2016 and the annual consolidated financial statements and the consolidated management report dated 8 June 2016 of Kapsch TrafficCom AG as of 31 March 2016, each as prepared by the executive board.

The annual separate financial statements and the annual consolidated financial statements, the executive board’s proposal for the distribution of profit, the auditors’ reports (including the management letter) as well as the corporate governance report were discussed in detail with the executive board and the independent auditors at a meeting of the

audit committee and subsequently presented to the supervisory board.

The supervisory board reviewed such documents in accordance with section 96 of the Austrian Stock Corporation Act and approved the annual separate financial statements in line with section 96 para. 4 of the Austrian Stock Corporation Act. The supervisory board concurs with the executive board’s proposal for the distribution of profits. Accordingly the executive board will propose to the annual general meeting on 7 September 2016 the payment of a dividend of EUR 1.50 per share for the fiscal year 2015/16.

The audit committee held a total of four meetings during the fiscal year from 1 April 2015 to 31 March 2016 and met the responsibilities as set out in section 92 para 4a of the Austrian Stock Corporation Act. In addition to the review and preparation of the approval of the financial statements and consolidated financial statements as well as the audit of the corporate governance report, these responsibilities included the review of the audit process and the auditor’s independence, the preparation of a proposal for the distribution of profit, of a report to the annual general meeting and of the proposal for the selection of an auditor, as well as the review of the accounting process, of the effectiveness of the internal control and of the risk management systems. No member of the audit committee attended less than half of all meetings.

The committee for executive board matters held two meetings in the past fiscal year.

The supervisory board thanks the members of the executive board and all employees of Kapsch TrafficCom AG for their work in the fiscal year 2015/16.

Vienna, 21 June 2016



Franz Semmernegg
Chairman of the supervisory board

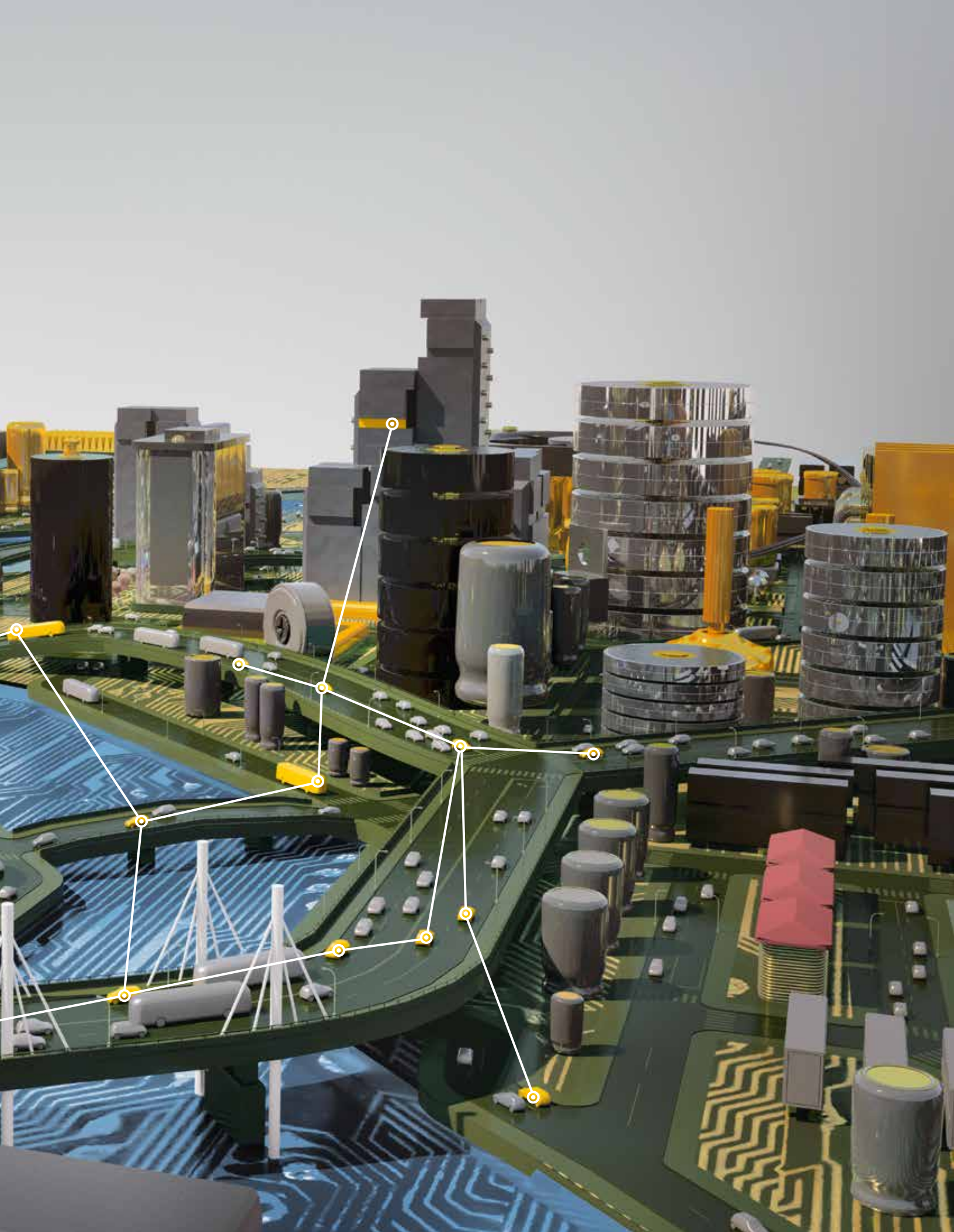


Franz Semmerneegg, Chairman of the supervisory board

Business Trends.

V2X.

Those who not only know how to get from A to B, but also know what lies between, are clearly at an advantage. This applies both to far-reaching, strategic decisions as well as to private and heavy traffic. Vehicles communicate with each other and with the surrounding infrastructure using V2X. The information exchanged in this way about accidents, traffic jams, weather conditions and more bring about a substantial improvement in traffic flows. The same applies to everyday work at our company. At Kapsch, everyone knows what they have to do – and what the others are currently doing. This is good for staff, for joint results and thus for business.



Management Report.

Kapsch TrafficCom AG on the Consolidated Financial Statements as of 31 March 2016.

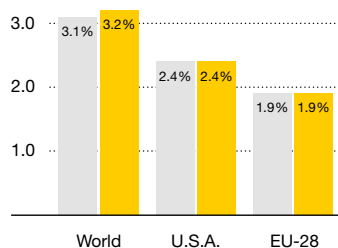
1 Economic Climate.

1.1 General economic situation

Global economy

GDP growth

(in %)



■ 2015 ■ 2016e

Source: IWF World Economic Outlook

Economic developments in the year 2015 lagged behind the previous year but remained robust with global economic growth of 3.1 % (2014: 3.4 %). While the developed economies gradually returned to a moderate growth path, the emerging and developing countries once again experienced low growth rates, although they were still responsible for roughly 70 % of global economic growth. In light of the weaker economic situation in 2015, global trade expanded by only 2.8 % after a growth of 3.5 % in the previous year. In 2016, however, growth in the internationally traded volume of goods and services is expected to be stronger again. The economic forecast for the coming years indicates a somewhat more dynamic development for the global economy: According to the International Monetary Fund (IMF), 2016 will see an expansion of 3.2 % and 2017 will see 3.5 %.

U.S.A.

The U.S. economy exhibited growth of 2.4 % in the year under report, identical with the previous year. At the end of 2015, the Federal Reserve (Fed) made the first direction change in the interest policy since 2006, raising the U.S. prime rate first to 0.25 % and then to 0.50 %. Due to the early announcement and generally staged “normalization” of the monetary policy, however, this hardly had any effect on the global economy. Economic optimism during the year under report was dampened by the strong dollar, which posed difficulties for the export business. Private consumption remained the main growth engine.

Emerging markets and developing economies

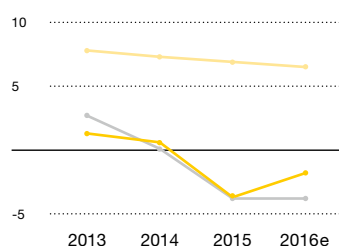
The emerging and developing economies experienced the lowest growth during the reporting year since the financial crisis of 2008/09 at 4.0 %. Economic development was further inhibited by the continued low raw materials prices, among other factors.

China's economic growth dropped below the 7 % mark in the reporting year to hit 6.9 %, the lowest value since 1990. The country is in a process of transformation from labor-intensive and export-oriented manufacturing to a more heavily technologized and service-based economy. For the coming years, a further slowdown in growth to 6.5 % in 2016 and 6.2 % in 2017 is expected. Overall, however, the situation in Asia is positive. India achieved an impressive rise in GDP of 7.3 % in 2015. The ASEAN-5 countries are seeing at least a gradual improvement in economic output. GDP growth increased from 4.6 % in the previous year to 4.7 % in 2015 and should expand still further according to the IMF.

Economic growth slowed once again in the emerging and developing economies.

GDP growth 2012-2016e

(in %)



■ Russia
■ China
■ Brazil

Source: IWF World Economic Outlook

In the eurozone, economic growth remained lower than in the EU-28 despite a continuation of the expansive monetary policy.

Austria recorded GDP growth of only 0.9 % in 2015.

The Commonwealth of Independent States (CIS) continued to suffer during the reporting year from the Russia-Ukraine conflict, low oil prices and high inflation. In consequence, economic output shrank by 2.8 %, following the moderate growth of 1.1 % achieved in 2014. The economically largest member of the CIS, Russia, was confronted with a GDP decline of 3.7 % in 2015. As in the previous year, the economic outlook was clouded by the fall in the oil price, the economic sanctions by the EU and the deterioration of the ruble.

In the region Latin America (including the Caribbean), economic output also declined in 2015, although only by a moderate 0.1 %. Larger economies in particular, such as Brazil, Venezuela and Argentina, experienced negative growth rates as a result of weak raw material prices, a decline in demand, high volatility on the financial markets and structural problems. Other economies, such as Peru, Mexico and Chile, were able to continue achieving low single-digit expansion rates.

The generally subdued economic development that prevailed during the year under report was also observed in sub-Saharan Africa and in the MENAP region (Middle East and North Africa, Afghanistan and Pakistan). A significant slowing of growth to 3.4 % (2014: 5.1 %) was registered in the countries south of the Sahara, while the MENAP region grew by only 2.5 % after achieving 2.8 % in the previous year.

Europe

In Europe, economic growth found firmer footing compared with the previous year, with the aggregated gross domestic product of the EU-28 rising by 1.9 %. The solid consumer demand was the main factor behind this development, while the willingness of companies to invest suffered from the slowing global economy. The various developments at the country level were also noteworthy. While GDP growth in the large economies of Germany (+1.7 %) and France (+1.1 %) was below the EU average, some countries, such as Ireland (+6.9 %) grew comparatively strongly. For 2016, economists expect the level of growth in Europe to remain unchanged due to difficult international conditions. However, the situation on the labor market may improve further. After unemployment in the EU-28 fell below the 10 % mark already in 2015, it hit the lowest value in seven years with 8.9 % at the start of 2016.

Economic developments in the euro region were unable to keep up with the overall EU during 2015. Compared with 2014, the economic growth in the currency union amounted to 1.6 %. However, the predicted start of a deflation phase was not observed in the majority of euro countries, although the target of an inflation rate just under 2 % was not achieved. The European Central Bank (ECB) therefore broadened its expansive monetary policy in the reporting year and extended the program for the purchase of government bonds and other securities until at least the end of March 2017. In addition, the prime rate was lowered to 0 % for the first time in history at the start of 2016 in order to further stimulate the real economy.

A slight improvement was observed in 2015 with regard to economic development in Central and Southeastern Europe. In comparison with the EU-28, this region continued along a path of economic recovery. The positive regional developments were overshadowed by the still precarious situation in Ukraine and Russia. The Czech Republic, Romania, Poland and the Slovak Republic nevertheless each achieved GDP rates over 3 %. In 2016, Central and Southeastern Europe should remain on a stable growth course overall.

Austria

Austria's moderate economic recovery continued in the year under report. The gross domestic product grew in 2015 by 0.9 %. The growth contribution from foreign trade was lower than it has been in the past. In concrete terms, the nominal growth in goods exports was only 2.7 % as a result of the economic slowdown in the emerging markets and the EU sanctions against Russia. For 2016, economists nevertheless expect somewhat stronger GDP growth of 1.6 %.

1.2 Development of the market for intelligent transportation systems (ITS)

Kapsch TrafficCom addresses the market for intelligent transportation systems (ITS).

Kapsch TrafficCom addresses the market for intelligent transportation systems (ITS). ITS refers to systems in which information and communication technologies are employed to support and optimize transportation, including infrastructure, vehicles, users and industry.

Market segmentation

The study "Intelligent Transportation Systems – A Global Strategic Business Report" from Global Industry Analysts, April 2014, describes the ITS market as a diversifying market with widely differing application and product segments. Thus, the market comprises the following three product segments:

Electronic toll collection (ETC) enables drivers to pay toll fees without stopping at toll stations.

Traffic management systems (TMS) monitor traffic, optimize signal timing and regulate the flow of traffic.

Other intelligent transportation systems (OTH) comprise in particular:

- ▶ *Commercial vehicle operations (CVO)* encompassing systems for operating commercial vehicles in order to enhance freight carrier productivity and safety,
- ▶ *Public vehicle transportation management systems (PVTMS)* facilitating management of both local and long-distance public transportation, and
- ▶ *Advanced vehicle information systems (AVIS)* transmitting traffic-related vehicle information to travelers before or during the trip or provide navigation services.

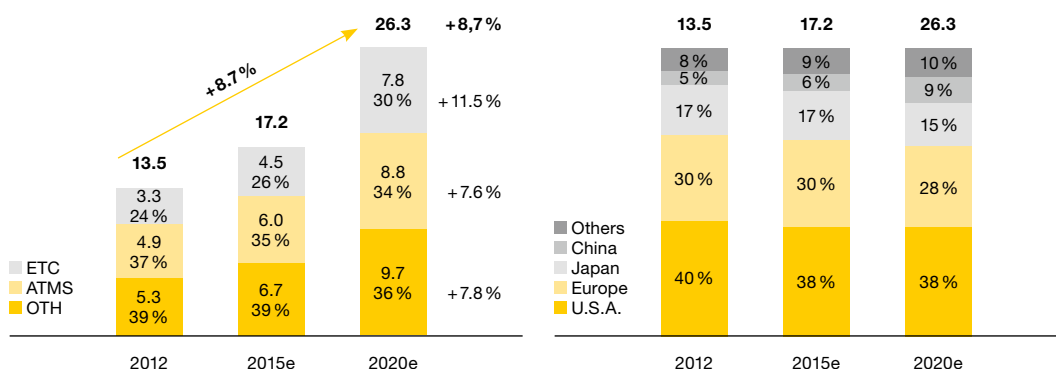
Market volume and growth

The global volume of the ITS market in the year 2015 has been estimated at USD 17.2 billion.

Global Industry Analysts (April 2014) estimated that the global volume of the ITS market would amount to USD 17.2 billion in 2015, with the expectation of further growth. The largest product segment in 2015 was Other Intelligent Transportation Systems, accounting for 38.8 % (USD 6.7 billion). Based on a worldwide volume of about USD 4.5 billion, ETC had an ITS market share of 26.0 %. The largest geographic region for ITS in 2015 was the U.S.A. at 38.2 %, followed by Europe at 30.3 %.

According to the study, the ITS market will grow between 2012 and 2020 by an average of 8.7 % per year and should reach a global volume of USD 26.3 billion by 2020, of which ETC will make up USD 7.8 billion or 29.5 %. The strongest growth in all product segments is expected for ETC with annual growth of 11.5 %.

Global ITS market by product segment and by geographic regions (in USD billion)

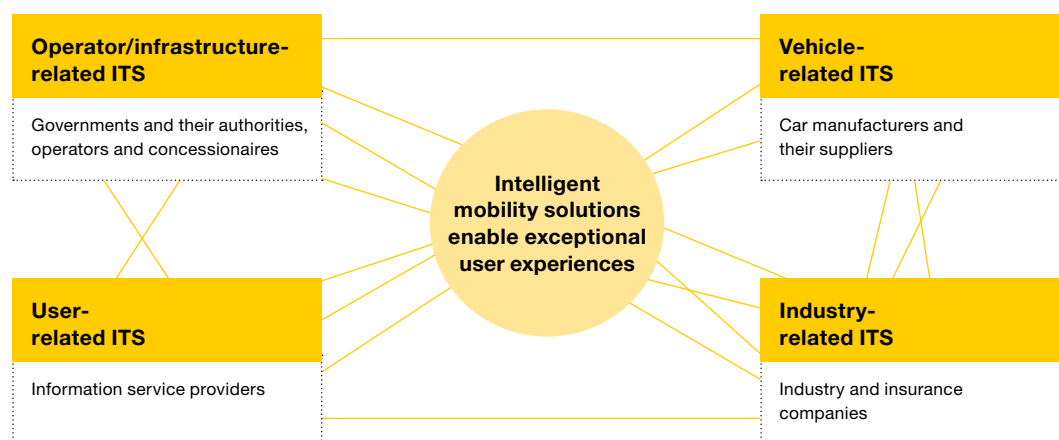


The past four years have shown that trends on the ITS market have arisen – in part due to economic conditions – that have significantly influenced developments. Thus, the actual market volume deviates from these forecasts from the year 2012.

Customer segments

Kapsch TrafficCom divides the ITS market according to customer segments and the key target groups.

Kapsch TrafficCom has developed its own understanding and its own view of the ITS market in order to define and develop its own market positioning. From this perspective, the ITS market was divided into four customer segments and the corresponding primary addressees were identified.



The current focus lies on operator/infrastructure-related ITS.

Operator/authority-related ITS encompass both ETC and ATMS as well as applications for urban access and parking space management. The addressees are governments and their authorities, road and toll operators as well as concessionaires that develop transportation policies using ITS to ensure the availability and quality of the infrastructure in a way that improves safety, performance, security and environmental protection.

Vehicle-related ITS aim at in-car telematics such as remote diagnostics or driver assistance systems (AVIS). They are intended mainly to enhance vehicle productivity, particularly that of commercial vehicles (CVO), as well as traffic safety and security. Addressees are mainly car manufacturers and their suppliers. This field also includes systems for real-time interaction between vehicles (vehicle-to-vehicle; V2V) as well as between vehicles and infrastructure (vehicle-to-infrastructure; V2I), collectively abbreviated as V2X, which Kapsch TrafficCom believes will be based on 5.9GHz technology.

User-related ITS are focused mainly on convenience and efficiency for travelers. The customer in the car receives information to aid in orientation during the journey, thereby increasing traffic safety. Example applications for advanced vehicle information systems (AVIS) include transmitting traffic-related vehicle information to travelers before or during the trip as well as navigation services. Addressees are information service providers such as wireless network operators, radio broadcasters and vendors of portable navigation devices as well as end users, in the latter case primarily with respect to future solutions.

Industry-related ITS encompass commercial applications designed to reduce the costs or maximize the yield of vehicle fleet operators, including public transportation companies (PVTMS). Example applications include systems for fleet management and for collecting information on the logistics of large-scale vehicle operators. Among the addressees are insurance companies, who see pay-as-you-drive car insurance as a promising way to attract new customers by offering fair insurance rates and ITS-based value-added mobility services.

Kapsch TrafficCom strives to play a leading role in intelligent mobility solutions.

The megatrends of mobility, urbanization and climate protection are impacting and changing the ITS market.

Market positioning

The current focus of Kapsch TrafficCom aims at the operator/infrastructure-related segment of the ITS market. In accordance with Strategy 2020 and the effort to develop intelligent mobility solutions, vehicle- and user-related ITS will increasingly take center place. Kapsch TrafficCom also continuously observes the other developments in industry-related ITS.

Market trends and drivers

Kapsch TrafficCom believes that the following factors are the main trends and drivers of the market which it currently addresses.

Mobility. With increasing affluence, the desire for mobility and the associated demands on transportation systems also increase. Mobility is increasingly viewed as a basic need or a necessity. The transportation systems that have been developed to meet this need vary considerably around the world. The number of cars per 1,000 residents therefore serves as an indicator to assess the development level and untapped potential in many countries. While the U.S.A. has an average of 800 cars per 1,000 residents, the ratio in South American countries falls to just 100 cars, and the figure is even significantly lower in some African countries. If the emerging countries like China and Brazil continue the process of catching up to more developed nations economically, it can be assumed that individual transportation will experience strong growth as well. The developments with regard to new car registrations confirm this picture. In China alone, over 18 million new cars were registered in 2014, roughly one-third more than in the entire EU. There are now over 30 cities in China with more than one million cars.

Urbanization. The share of people living in cities is rising. While this applied to only 2 % of the world's population in the year 1800, the year 2007 marked the first time when over half of all people on the planet resided in cities. Forecasts predict that the share of the urban population will rise to 60 % by 2030 and reach 70 % by 2050. Already by 2025, there will then be 40 mega-cities with over 10 million residents. This growth dynamic also places fundamental challenges on the urban transportation infrastructure and promotes investments in intelligent, sustainably designed transportation systems.

Climate protection. More than one quarter of the energy consumption and CO₂ emissions in Europe can be attributed to the transportation sector and 20 % to road traffic. Today, 64 % of all kilometers driven are traveled in urban areas. In Vienna, roughly one-third of transportation-related CO₂ emissions result from the search for parking alone. The total number of kilometers driven in urban areas per year should almost triple between 2010 and 2050, rising from 25.8 billion to 67.1 billion. City residents in the year 2050 will then spend 106 hours per year in traffic jams. In addition to the statutory requirements for the automotive industry intended to decrease CO₂ emissions, substantial improvements require changes to user behavior and, above all, intelligent transportation control systems.

Expansion and financing of transportation networks. The basic need for mobility, the increasing urbanization and ever higher volumes of goods traffic in global economic trade reveal the limits of the current transportation systems. Highways that were built decades ago no longer live up to the demands placed on them today. Despite intensive efforts to make rail transport more attractive, the volume of freight traffic on Europe's roads has remained at the same level for years.

The willingness of governments to invest in the expansion of transportation networks depends on reliable financing opportunities, among other factors. While investments in the highway network increased over the past decade in Austria, stagnation has been observed in other countries such as Germany, Japan and Great Britain.

The maintenance and expansion of the road network requires new financing models.

The Trans-European Road Network (TEN-V) made up roughly one-fourth of the entire primary road network in the European Union in 2015 with a total length of 84,700 km but carried only 40 % of the goods transported by road. By 2020, an average expansion of 4,800 km per year is expected, of which 3,500 km will involve existing roads. The new EU Member States in particular as well as the corridors to these countries are expected to require higher levels of investment. In "Whitepaper: European transport policy for 2010", the European Commission indicated that investment costs up to 2020 will amount to EUR 600 billion. The increase in traffic volumes can therefore be expected to continue over the long term. In addition to the construction of new infrastructure, it is also important to finance the maintenance and repair of existing roads.

In the U.S.A., roughly USD 55 billion are invested every year in the road network. Experts estimate, however, that at least a doubling of investments to over 100 billion U.S. dollars will be necessary in the coming years in order to maintain the functionality of the road network. This pronounced need for financing inspires changing business models and increases willingness to adopt private concession models.

In consideration of tight state budgets, alternative financing models with the participation of private investors will continue to increase in importance in the coming years. Toll systems and traffic management systems will take on greater importance in the future to ensure the economical operation of highways.

Technology

The ITS market and associated factors are characterized by new technologies and short technology cycles. These changes open up new perspectives for Kapsch TrafficCom. It is necessary to intelligently resolve the apparent conflict between transportation developments on one side and the opportunities presented by mobility on the other. Through the use of technological and organizational measures, the demand for transportation must be met in ways that do not negatively impact the environment or economic development. Kapsch TrafficCom will continue to make important contributions toward this goal.

Intelligent mobility solutions

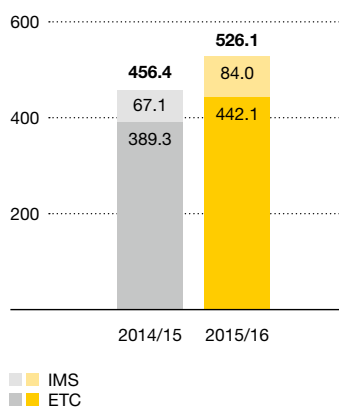
The future will belong to intelligent, holistic mobility solutions.

A process of convergence has been under way in the ITS market during recent years as the individual market segments increasingly merge. In expectation of this convergence, even if not at the same pace, Kapsch TrafficCom is developing from a pure provider of electronic toll collection (ETC) systems to a provider of selected ITS applications. Kapsch TrafficCom expects that the future will belong to intelligent, holistic mobility solutions and strives to play a leading role in this future. This goal is anchored in Strategy 2020 with the establishment of an intelligent mobility solutions (IMS) business. In pursuit of this goal, end customers will be addressed more heavily in the future and the portfolio will be expanded from the highway into the city.

2 Economic Position of the Kapsch TrafficCom Group.

2.1 Business Development

Revenue growth by 15.3% (in million EUR)



The 2015/16 fiscal year was characterized by numerous new orders.

In the 2015/16 fiscal year, the Kapsch TrafficCom Group achieved a revenue of EUR 526.1 million, a 15.3 % increase compared to the previous year. The segment Electronic Toll Collection (ETC), which reflects the core business in toll collection was responsible for 84.0 % of the revenue (previous year: 85.3 %). The segment Intelligent Mobility Solutions (IMS) contributed a larger share of revenue during the reporting year than during the previous year at 16.0 % (previous year: 14.7 %). In addition to existing major projects in Belarus and the USA that shaped the 2015/16 fiscal year, new projects were acquired, project progress was made and new partnerships were concluded. The most significant of these developments are described below:

- In May 2015, Kapsch TrafficCom was awarded the installation and operation of a toll system for the Louisville-Southern Indiana Ohio River bridges. The extensive project encompasses the installation, integration, operation and maintenance of an electronic toll system for multi-lane, free-flow traffic as well as the operation of a back office system and a customer service center for three bridges. The total value of the project amounts to USD 41 million (roughly EUR 36.7 million). The toll system should enter into operation at the end of 2016.
- In the city of Prato in Tuscany, Italy, the system installed by Kapsch TrafficCom for monitoring the traffic-calmed zone entered into operation. Since the start of July 2015, the new automated access control system has controlled access to the city center. The purpose of this and similar systems throughout Italy is to protect the historic heritage of the cities as well as the environment.
- On 17 August 2015, Kapsch TrafficCom received an order for the further expansion of the toll road network in Belarus. In total, the toll system BelToll should be expanded over ten months by 323 km from a previous 1,200 km to over 1,500 km. Kapsch TrafficCom is both developer and operator of the toll system. An operating period of 20 years is planned.
- Kapsch TrafficCom received from the Dutch authority for road construction and operation Rijkswaterstaat on 18 August 2015 and from the English authority for road construction and operation Highways England on 7 October 2015 the order for delivery of the advanced traffic management system DYNAC for the cross-border program "CHARM". This is a joint program by the English and Dutch authorities. The goal is comprehensive modernization and consolidation of the traffic management on the highways within 26 months. The order volume amounts to a total of roughly EUR 60 million and also includes services for a period of up to 13 years after successful implementation of the system.
- In September 2015, additional orders were obtained in Chile: On over 900 highway kilometers of the famous Panamericana Ruta 5, Kapsch TrafficCom will technically upgrade the existing toll system and take over maintenance of the new system for five years. The order value amounts to over EUR 9 million. In addition, an order for installation of a toll system and intelligent transportation system (ITS) was received for a 15 km section of Ruta 5 Norte north of Santiago de Chile. The operator of the road is the Sociedad Concesionaria Autopista del Aconcagua (SCADA). The order value amounts to roughly EUR 20 million, including maintenance of the systems.
- On 29 October 2015, Kapsch TrafficCom, together with its consortium partner, received the order for the collection and analysis of traffic data in Prague, Czech Republic. The project, which has an order value of approximately EUR 6.5 million, encompasses the expansion of the traffic management system to include selected areas of the city of Prague on the basis of intelligent traffic cameras with additional sensors. In addition, Kapsch TrafficCom will be delivering V2X radio modules for communication between vehicles (vehicle-to-vehicle) and between vehicles and infrastructure (vehicle-to-infrastructure) as well as vehicle-internal platforms.
- On 14 December 2015, Kapsch TrafficCom concluded an agreement with Schneider Electric S.E. concerning an acquisition of its global transportation business. The transportation segment, which previously operated under the name Telvent Tráfico y Transporte, is a provider of real-time IT solutions and intelligent traffic systems for use in cities, on highways and in tunnels. The portfolio also includes tolling and transit solutions. The acquisition will enable Kapsch TrafficCom to offer existing and future customers an integrated portfolio

of intelligent transportation solutions from the highway into the city. With revenue of roughly EUR 125 million, the global transportation business of Schneider will contribute to further expansion of the business volume of Kapsch TrafficCom while also strengthening the efforts of Strategy 2020 in the area of intelligent mobility solutions (IMS). The conclusion of the acquisition took place on 1 April 2016.

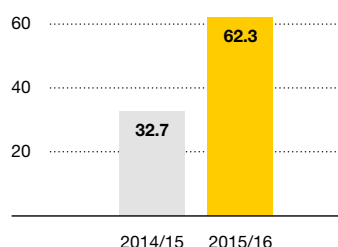
- On 24 March 2016, Kapsch TrafficCom announced that its subsidiary Kapsch TrafficCom Australia Pty Ltd. was commissioned with replacing the existing toll system of the Sydney Harbour Bridge and the Sydney Harbour Tunnels. The bridge and tunnel are operated by the New South Wales Roads and Maritime Services (RMS). The contract with an order value of over EUR 10 million encompasses the installation of a new toll system as well as its maintenance for five years. The new toll system should enter into operation at the start of 2017.

The following significant official changes and events took place in the 2015/16 fiscal year:

- On 14 April 2015, a controlling interest in the Californian company Streetline, Inc., USA, was acquired through a merger with the newly founded KTCSL Merger Corp., Delaware, USA. Streetline is a leading smart parking company that develops and offers intelligent data and modern analytics to solve parking space problems for end users.

2.2 Earnings situation

EBIT increase by 90.4 %
(in million EUR)



The effects of Program 2020 can be seen in the improved profit and particularly in the new strategy.

The revenue of the Kapsch TrafficCom Group reached EUR 526.1 million in the 2015/16 fiscal year, which is 15.3 % above the previous year's value of EUR 456.4 million.

The operating result (EBIT) of the Kapsch TrafficCom Group was EUR 62.3 million, which exceeds the previous year's EBIT by 90.4 % (EUR 32.7 million). The EBIT margin rose to 11.9 % (previous year: 7.2 %).

Revenue and operating result (EBIT) by segments

With the adaptations to the strategy and structure of the Kapsch TrafficCom Group in the 2015/16 fiscal year, the previous segmentation no longer served as a suitable breakdown of the business development and was no longer useful in company controlling. Since the fourth quarter of the fiscal year, Kapsch TrafficCom has therefore begun reporting both internally and externally based on the two segments of Electronic Toll Collection (ETC) and Intelligent Mobility Solutions (IMS).

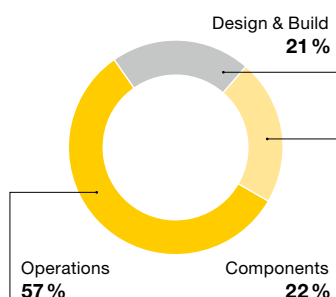
Within both segments, a differentiation is made between projects for installation (Design & Build), projects for technical and commercial operation of the systems, including maintenance, (Operations) and deliveries of components (Components). Components encompass the three product families of on-board units and transponders, transceivers and readers as well as cameras and sensors.

Electronic Toll Collection (ETC). This segment reflects projects for the installation, maintenance and operation of systems for electronic collection of tolls without stopping at a toll station as well as manual toll systems. These are generally projects awarded based on invitations to tender by public agencies or private concessionaires. The systems cover either individual road sections or nationwide road networks. After installation, additional deliveries of components frequently take place for the expansion or adaptation of the systems.

In fiscal year 2015/16, revenue of the segment ETC increased by 13.6 % from EUR 389.3 million to EUR 442.1 million. The largest share of the revenue came from the region EMEA (Europe, Middle East, Africa) with the operations projects in the Czech Republic, Poland, Belarus and South Africa. In the area of Design & Build projects, the further expansion of the truck toll system in Belarus made a significant contribution to the increased revenue. In the EMEA region, component revenues also increased over the previous year thanks to increased sales of on-board units in France and the Czech Republic.

Revenue distribution ETC

(in %)



In the segment ETC, new Design & Build projects and components sales contributed to the increased revenue and EBIT.

In the Americas region, Components also contributed significantly to the positive revenue development. After sales of 4.3 million on-board units in the USA (previous year: 3.6 million units), revenue exceeded the previous year. In the area of Design & Build projects, the managed lane systems in Texas and for the New York State Thruway Authority made significant contributions to increased revenue, while revenue from Operations projects declined due to fewer maintenance orders in Chile compared with the previous year.

In the APAC (Asia-Pacific) region, revenues from Design & Build projects increased considerably compared to the previous year, driven in particular by the project obtained in the previous year for the installation of an electronic toll system in Sydney, Australia (WestConnex). Significant revenue increases over the previous year were also achieved in the area of Components, in particular due to on-board unit sales in Thailand and Australia. The Operations projects on the other hand made a lower contribution to revenue for the APAC region than in the previous year due to fewer maintenance orders in Australia.

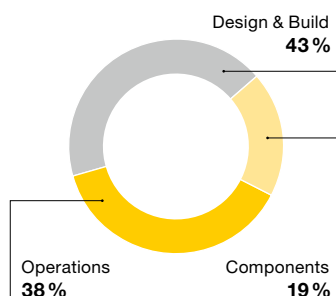
The number of on-board units sold, which make up the majority of revenue in the Components area, was significantly above the previous year's level of 7.4 units at 9.5 million units. Sales figures increased in France, the Czech Republic, North America, Thailand and Australia. In contrast, lower sales numbers were recorded during the reporting period in Chile.

The EBIT of the segment ETC was EUR 63.7 million after EUR 33.5 million in the previous year. The EBIT margin rose as a result to 14.4 % (previous year 8.6 %). This positive development resulted in part from the higher profit contributions of the Operations projects in Belarus, Poland and the Czech Republic. The technical operation and maintenance of the nationwide system in Austria also made a good profit contribution. The Design & Build projects, such as the expansion for phase 3a in Belarus, and the increased components sales also contributed positively to the profit development. In particular, however, this EBIT improvement also reflects the success of the project "Top Fit" for cost reduction and increased earnings.

Segment Electronic Toll Collection (ETC)		2014/15	2015/16	+/-
Revenue	in million EUR	389.3	442.1	13.6 %
Design & Build	in million EUR	61.4	92.3	50.3 %
Operations	in million EUR	248.3	252.1	1.5 %
Components	in million EUR	79.6	97.7	22.9 %
EBIT	in million EUR	33.5	63.7	90.0 %

Revenue distribution IMS

(in %)



Intelligent Mobility Solutions (IMS). This segment reflects projects for the installation, maintenance and operation of systems for traffic monitoring, traffic control and traffic safety. Projects for the monitoring of utility vehicles and for electronic vehicle registration as well as intelligent parking solutions and systems for intermodal mobility are also assigned to this segment as are systems and services for operational monitoring of public transportation and environmental installations.

In fiscal year 2015/16, revenue of the segment IMS increased by 25.1 % from EUR 67.1 million to EUR 84.0 million. In the region EMEA (Europe, Middle East, Africa), significant contributions to increased revenue came from the Design & Build projects obtained in the previous year, such as the project for expansion of the traffic management system in the Czech capital of Prague and the cross-border program "CHARM" for the advanced traffic management system DYNAC being implemented in both England and the Netherlands. In the area of Operations, the main revenue contributions for the EMEA region came from the operation of the traffic management systems in South Africa and the Czech Republic. In Components, however, the production and deliveries for the French GSM-R project of Kapsch CarrierCom declined compared with the previous year.

The segment IMS reflects growth but also the investments in new solutions.

In the Americas region, the revenues from the Design & Build projects were significantly below the comparison values of the previous year due to the advanced stage of completion of many projects. In the area of Operations projects, the revenue contribution from projects of the newly acquired Streetline, Inc., U.S.A. as well as newly obtained maintenance orders were apparent among other revenue sources. In addition, the revenue from Components increased due to the higher sales of on-board units for monitoring utility vehicles in the U.S.A.

In the APAC (Asia-Pacific) region as well, the high degree of completion of the Design & Build projects in Australia and New Zealand was reflected in the revenue developments. The Operations revenue from the operation of traffic monitoring systems in Australia and New Zealand remained stable in comparison with the previous year.

The EBIT of the segment IMS was EUR -1.3 million (previous year: EUR -0.8 million) which puts the EBIT margin at -1.6 % (previous year: -1.1 %). This decline is related to the decreased revenue from component sales as well as the lower revenue contributions from the North American IMS Design & Build projects. Consequently, the expenditures attributed to this segment for development work as well as the costs for the newly acquired Streetline, Inc., U.S.A., could not be covered.

Segment Intelligent Mobility Solutions (IMS)		2014/15	2015/16	+/-
Revenue	in million EUR	67.1	84.0	25.1 %
Design & Build	in million EUR	26.6	36.1	35.7 %
Operations	in million EUR	21.0	32.3	53.8 %
Components	in million EUR	19.5	15.6	-20.0 %
EBIT	in million EUR	-0.8	-1.3	-62.5 %

Revenues by region

The largest share of total revenue in the 2015/16 fiscal year was once again held by the EMEA region (Europe, Middle East, Africa) at 70.7 % (previous year: 73.6 %). The revenue in EMEA increased by 10.7 % to EUR 372.0 million, largely due to higher revenues in Belarus, the Czech Republic and the Netherlands.

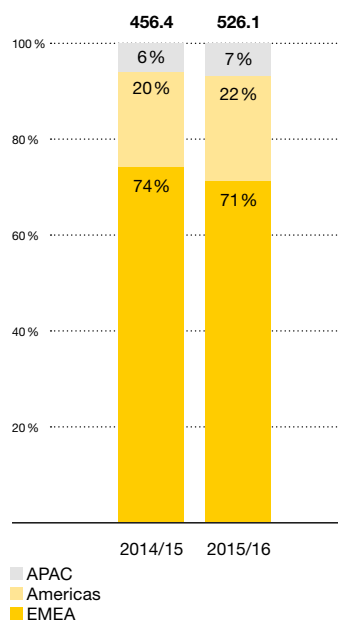
Sales in the Americas region increased by 27.7 % to EUR 118.2 million. This can be attributed primarily to the higher on-board unit sales, the project progress in the implementation of the New York State Thruway Authority project as well as the revenue contributions from the projects of the newly acquired Streetline, Inc., USA. The installation and operation project in Puerto Rico also contributed to increased revenue.

In the APAC region (Asia-Pacific), revenue increased by 29.7 % to EUR 35.9 million. The factors behind this rise were higher on-board unit sales in Thailand as well as higher revenues in the installation projects in Australia.

In Austria, revenue increased over the previous year by 4.2 % to EUR 39.8 million due to the deliveries for the Austrian GSM-R projects of the Kapsch CarrierCom Group.

Revenues by region

(in %)



Revenue by region		2014/15	2015/16	+/-
EMEA	in million EUR	336.1	372.0	10.7 %
Design & Build	in million EUR	31.6	58.2	84.5 %
Operations	in million EUR	252.7	264.2	4.5 %
Components	in million EUR	51.9	49.6	-4.4 %
of which Austria	in million EUR	38.2	39.8	4.2 %
Americas	in million EUR	92.6	118.2	27.7 %
Design & Build	in million EUR	40.1	49.8	24.0 %
Operations	in million EUR	12.3	16.3	32.1 %
Components	in million EUR	40.1	52.2	30.0 %
Asia-Pacific	in million EUR	27.7	35.9	29.7 %
Design & Build	in million EUR	16.3	20.4	25.0 %
Operations	in million EUR	4.3	4.0	-7.4 %
Components	in million EUR	7.1	11.6	63.5 %
Total	in million EUR	456.4	526.1	15.3 %

Key items in the statement of comprehensive income

The costs in relation to revenue reflect the effectiveness of the project "Top Fit".

The cost of material and other production services increased by EUR 33.9 million to EUR 201.9 million (previous year: EUR 168.0 million), and it should be noted that an extraordinary one-time effect in the amount of EUR 16.1 million reduced the expenses in the previous year. The ratio of costs for materials and other production services to sales revenue therefore increased from 36.8 % to 38.4 %.

Staff costs increased by EUR 5.1 million to EUR 153.2 million (previous year: EUR 148.1 million). At the same time, the average number of employees grew by four persons, changing from 3,510 to 3,514 in the reporting period. The staff cost ratio (staff costs with respect to total revenues) nevertheless fell from 32.5 % in the previous year to 29.1 %. The project "Top Fit" with measures for improving profitability also led to the planned savings in the European parent companies. The increase in the staff costs compared with the previous year can largely be attributed to the further expansion of the Polish operation company and the acquisition of Streetline, Inc., U.S.A.

Depreciation and amortization expenses decreased by EUR 1.9 million to EUR 14.5 million (previous year: EUR 16.4 million). No unscheduled depreciations or impairments occurred in the fiscal year.

Other operating expenses increased by EUR 4.9 million to EUR 99.6 million (previous year: EUR 94.8 million). The ratio of other operating expenses to total revenue nevertheless decreased compared with the previous year from 20.8 % to 18.9 %. Higher expenses were recorded for legal and consulting expenses, travel costs and operational currency losses, while the costs from damages were lower and the costs for reorganization declined again.

The financial result also improved considerably compared with the previous year.

The financial result improved from EUR -13.1 million in the previous year to EUR -7.6 million. The finance income decreased slightly, primarily due to the lower compounding of the receivables from the installation of the Belorussian toll system.

The finance costs declined significantly because no large impairments occurred in this fiscal year, in contrast with the previous year. However, the unrealized foreign exchange gains and foreign exchange losses from the conversion of the Group-internal financing of the subsidiaries in South Africa by the parent company weighed more heavily on the financial result than in the previous year.

The profit from joint ventures and associated companies decreased to EUR 0.0 million (previous year: EUR 0.2 million) and resulted from the stake in Simex, Integración de Sistemas, S.A.P.I. de C.V., Mexico.

The profit per share increased to EUR 2.39.

The equity ratio increased again by 2.4 percentage points.

The balance sheet reflects the repayment of significant amounts of project financing.

The profit before taxes increased by a considerable EUR 34.9 million to EUR 54.8 million (previous year: EUR 19.9 million) as a result of these developments.

The profit for the period improved by EUR 25.1 million to EUR 36.5 million EUR (previous year: EUR 11.4 million), of which EUR 31.1 million (previous year: EUR 3.6 million) is attributable to the equity holders of the company. This put the profit per share at EUR 2.39 (previous year: EUR 0.28).

2.3 Assets and liabilities

The balance sheet total decreased by EUR 1.9 million to EUR 513.7 million at the close of the period on 31 March 2016 (31 March 2015: EUR 515.6 million).

The equity increased by EUR 11.3 million to EUR 230.7 million (previous year: EUR 219.4 million). As a result, the equity ratio of the Kapsch TrafficCom Group improved from 42.5 % on 31 March 2015 to 44.9 % on 31 March 2016.

Beside an increase in cash and cash equivalents (by EUR 44.0 million), **the largest change in assets** concerns the inventories. These decreased by EUR 11.9 million to EUR 35.8 million on 31 March 2016, a change that can be primarily attributed to inventory optimization and rationalization during the fiscal year. Of particular note here is the reduction in the stock levels in Austria, Poland, the Czech Republic and Belarus.

Other non-current assets decreased by EUR 9.3 million. This is largely due to the contractually agreed repayment from the Belorussian installation project over a period of 36 months, starting in August 2013 as well as the associated shift toward current trade receivables. The intangible assets declined by EUR 6.3 million, mainly due to the scheduled depreciation.

Under current assets, the trade receivables and other current assets fell by EUR 5.9 million, in which trade receivables decreased by EUR 21.3 million due to date-related fluctuations. The change of receivables from projects exerted an opposing influence, which increased by EUR 14.4 million compared to prior year.

Other current financial assets decreased by EUR 5.2 million to EUR 0.1 million, due to the sale of joint ownership shares (ESPA Cash Asset-Backed).

The largest change on the liabilities side occurred in the current financial liabilities, which declined by EUR 27.6 million to EUR 21.3 million. This is due to the ongoing repayment of financing, with EUR 20.3 million relating to the repayment of the financing in connection with the installation of the nationwide electronic truck toll system in Belarus.

Non-current financial liabilities decreased by EUR 3.3 million to EUR 85.7 million. This is due in part to the buyback of the corporate bond in the amount of EUR 4.2 million. Another factor here is the change in reporting category of the financing for the project in Belarus from non-current to current. EUR 14.5 million that is reported in the current liabilities on the balance sheet date was reported as non-current in the previous year.

Other current liabilities and deferred income, which amounted to EUR 79.3 on the balance sheet date, increased by EUR 13.8 million compared to the previous year (previous year: EUR 65.5 million). This is primarily due to an obligation of TMT Services and Supplies (Pty) Ltd., South Africa, against minority shareholders in the amount of EUR 6.2 million. Moreover current personnel liabilities rose by EUR 3.3 million as well as obligations from projects (increase by EUR 2.6 million) relative to 31 March 2015.

The trade payables amount to EUR 52.0 million, having remained stable in comparison with the previous year (EUR 48.4 million).

2.4 Financial position

The net cash flow from operating activities amounted to EUR 97.9 million in the reporting period (previous year: EUR 75.2 million). This development is mainly caused due to the strong profit from operating activities, a decrease in non-current assets (EUR 22.5 million) and in inventories (EUR 11.9 million) as well as due to an increase in trade payables and other current liabilities (EUR 12.9 million).

The improvement in the net cash flow from investing activities by EUR 8.0 million to EUR 0.6 million following EUR -7.4 million in the previous year is basically due to the sale of securities as well as the cash inflow from the acquisition of the stake in Streetline, Inc., U.S.A.

The free cash flow increased to EUR 90.7 million.

The free cash flow developed extraordinarily well as a result of the increased net cash flow from operating activities and was positive at EUR 90.7 million (previous year: EUR 68.2 million).

The net cash flow from financing activities was EUR -49.6 million (previous year: EUR -31.9 million) due to the decline in current financial liabilities amounting to EUR 32.9 million, dividend payments amounting to EUR 13.2 million as well as payments for the acquisition of non-controlling interests amounting to EUR 6.7 million.

Cash and cash equivalents reached a record level of EUR 140.8 million on 31 March 2016 (31 March 2015: EUR 96.8 million). The decrease in non-current financial liabilities and the increase in cash and cash equivalents led to a surplus on 31 March 2016 and therefore a net credit in the amount of EUR 33.8 million (31 March 2015: net debt of EUR -35.9 million).

3 Additional Company Information.

3.1 Research and development

The Kapsch TrafficCom Group has a global network of research and development centers in Vienna and Klagenfurt (Austria), Jonkoping (Sweden), Buenos Aires (Argentina), Mississauga (Canada), Kingston, Duluth, Pleasanton and San Mateo (U.S.A.). In the course of restructuring the organization, the Research and Development department took over end-to-end responsibility for development, including responsibility for the system architecture and final internal approval of the developed solutions. On 31 March 2016, Kapsch TrafficCom employed roughly 430 engineers (previous year: 470, adjusted) for its research and development activities.

The development departments for all strategic business fields ensure strong innovation.

Research and development (R&D) are a high priority for Kapsch TrafficCom with respect to achieving our strategic goals. To ensure the inventiveness of the company, development departments exist for all strategic business fields to work on new solutions for customer needs.

The following focal areas were defined in the past fiscal year:

The developments in the direction of a modern platform for ETC back office solutions were continued. Special attention was paid here to the integration and application of new technologies (e.g. data analytics tools, open source standard components).

In addition, the various roadside platforms of Kapsch TrafficCom were improved and a program was started to gradually merge the various product lines.

Investments continue to be made in improving vehicle identification and classification sensors. The new developments are capable of increasing the measurement accuracy, thereby optimizing the overall performance of our solutions.

For the Italian market, Kapsch TrafficCom is developing DSRC components (on-board unit and transceiver), that support the special Italian radio standard ETSI-TS 102 708, HDR (High Data Rate). The basic development and certification of the transceiver have been completed, and the on-board unit is planned for fiscal year 2017.

The satellite-based toll system of Kapsch TrafficCom is gaining in importance due to changes in the toll market. By integrating smartphones and other devices in addition to GNSS on-board units, the scope of functionality as well as the range of applications for our satellite-based toll solution have been expanded. The modernization of the technologies employed ensures that Kapsch TrafficCom has a future-proof solution that can live up to the requirements of a combined ETC/ITS market through modularity and flexibility.

In cooperative systems (V2X), the focus lay in part on further development of the Kapsch traffic management solutions for vehicle-to-vehicle and vehicle-to-infrastructure integration within the scope of the research project "European Corridor". Participation in research projects in cooperation with the automotive industry led to close contact with leading automotive manufacturers and first tier automotive suppliers. The activities in the area of V2X vehicle equipment and the available products were also improved further. In addition to developing a product and solution portfolio for cooperative systems, Kapsch TrafficCom is also taking an active part in the required standardization process in the USA and in Europe.

In the area of smart parking, the subsidiary "Streetline" invested in a new procedure for inexpensive collection of parking space data that reduces the number of required field sensors to a minimum.

Roughly 11 % of the total revenue is invested in research and development.

In the 2015/16 fiscal year, the Kapsch TrafficCom Group invested roughly EUR 56.6 million in research and development (previous year: roughly EUR 49.0 million), of which EUR 32.4 million for customer-specific development (previous year: EUR 22.0 million). The total expenditures for research and development correspond to roughly 11 % (previous year: roughly 11 %) of total revenue.

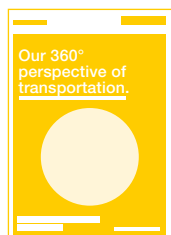
3.2 Non-financial performance indicators

Sustainability management

Kapsch TrafficCom sees itself as particularly committed to the central aspects of sustainability not least due to the business model of the company. By means of these products and solutions, we make an active contribution to the environmentally and resource-sensitive management of transportation systems and, therefore, to the sustainable development of our society. We are also constantly endeavoring to minimize our consumption of resources and any environmental impacts related to our own business activities.

Consistent sustainability orientation. Kapsch TrafficCom understands sustainability as a continuous process. In recent years, the company has begun systematizing all the related agendas. One important milestone was reached with the publishing of the fourth sustainability report in the year 2016, which is available at www.kapsch.net/ktc/investor_relations.

The sustainability report satisfies the requirements of the Global Reporting Initiative, GRI Guideline G3.1 (Application Level C). It also serves as a progress report for the United Nations Global Compact, which defines ten principles for protecting human rights and labor standards as well as environmental protection and fighting corruption.



Sustainability
report 2014/15

The report provides comprehensive information about the central fields of action:

- ▶ Protecting the environment, conserving resources and actively protecting the climate
- ▶ Securing the innovative strength
- ▶ Product responsibility and quality assurance
- ▶ Ensuring the competitiveness and profitability
- ▶ Integrity and compliance
- ▶ Being an attractive and responsible employer

Figures for success measurement as well as goals for the following period have been defined for each field of action. All such agendas are coordinated by a sustainability officer and reported to the executive board.

Innovative products with added value for the environment and society

The products and solutions for intelligent transportation systems from Kapsch TrafficCom make valuable contributions to climate protection. They allow road users to reach their destinations quickly, efficiently and with low environmental impact. In order that these ambitions can be realized in the future, Kapsch TrafficCom invests heavily in research and development – in fiscal year 2015/16, and spent roughly 11 % (previous year: approximately 11 %) of the total revenue in this area.

The requirements for development and design of the products also include sustainability aspects.

Comprehensive guidelines were created to ensure that environmental, economic, social, health and safety aspects are ideally taken into account in a structured fashion in the design of products. The contents of these guidelines must be integrated into the specifications and project invitations to tender.

Quality. Safeguarding the high standards of quality, safety and robust processes is a high priority in all units of the Kapsch TrafficCom Group. Kapsch TrafficCom AG defines its processes in an integrated HSSEQ management system (Health, Safety, Security, Environment, Quality). This system is based on certifications according to ISO 9001 Quality Management (since 2002) as well as OHSAS 18001 Occupational Health and Safety Management and ISO 14001 Environmental Management (since 2005). Kapsch TrafficCom has anchored the necessary measures for ensuring the associated standards into its internal processes and continuously monitors compliance. The certificate according to ISO 27001 defines the required information security management. A high service quality is ensured in the area of technical operation with ISO 20000 for IT service management. The HSSEQ Circle meets once per quarter to discuss the status of the goals and measures from the areas of health and safety, quality, the environment and information security and to optimize work processes and information sharing. These aspects are documented in a quarterly report to the executive board.

Reliability and accuracy of installed systems. The toll transaction rate is a figure for assessing the accuracy and reliability of a toll collection system. It indicates the number of successful transactions in relation to all potential toll transactions of vehicles equipped with a functioning on-board unit. A high toll transaction rate translates to high toll income. The average toll transaction rate of the existing truck toll collection system in Austria was at approximately 99.89 % in 2014 (2013: 99.83 %), the average transaction rate of the nationwide electronic toll collection system in the Czech Republic was approximately 99.6 % 2014 (2013: 99.6 %). The calculation of the average transaction rate is based on methods agreed upon with the respective customer, meaning that comparisons between the average transaction rates achieved in different projects are only possible on a limited basis.

Innovation and quality also include improvements in energy efficiency.

Kapsch TrafficCom is positioned internationally as an attractive employer.

Providing equal opportunities for women and supporting women in their careers are important goals at Kapsch TrafficCom.

Protecting the environment, conserving resources and actively protecting the climate

The business activities are associated with the consumption of raw materials and the emission of climate-relevant emissions. Kapsch TrafficCom works intensively on minimizing these impacts. The majority of the climate-relevant effects result from the business activities of the subsidiary Kapsch Components, which is responsible for production as well as the fleet of the entire group. Through measures to increase energy efficiency, but also influenced by a lower production volume, Kapsch Components was able to reduce its energy consumption by 9.5 % in fiscal year 2015/16 following a reduction of 7 % in the previous year. The waste volume per ton of product has increased by 28,1 % to 173 kg and the nitrogen consumption sank by 3,8 %.

Ensuring the necessary team competence

Staff. The average number of employees in the Kapsch TrafficCom Group in fiscal year 2015/16 was 3,514, which is 0 % higher than the average of 3,510 in fiscal year 2014/15. As of 31 March 2016, the group had a workforce of 3,716 (3,534 salaried and 182 non-salaried employees), of which more than half were located outside of Europe – roughly 1,400 employees in South Africa only.

Training and education. Kapsch TrafficCom attaches significant importance to the training of its personnel given that their knowledge and problem-solving skills represent a key success factor. In the fiscal year 2014/15, employees received an average of 4.5 days of training. Besides specialist training, soft skills are also conveyed as part of the training programs run by Kapsch TrafficCom. A job-rotation program, a tailored range of course for trainees and annual staff appraisals are also offered.

Pension fund. Kapsch TrafficCom makes contributions to an external pension fund for employees of group companies in Austria under a defined contribution scheme. The amounts of the payments are based on the individual employee's income and the operating profit margin of the company.

Profit participation. Kapsch TrafficCom is aware of the employees' contribution to its success and acknowledges this through a profit participation plan. The Kapsch TrafficCom Group rewards the commitment of its employees by distributing to them up to 5 % of the group profit before income taxes. Country-specific upper limits have been established to ensure that the distribution reflects local purchasing power. Every employee receives a share, which is independent of the person's salary or wage and limited to EUR 1,500 per employee.

Advancement of women. Kapsch TrafficCom is committed to promoting the advancement of women in the workplace. Women are supported through a flexible working hours scheme that is designed to help combine professional and private life. In addition, Kapsch TrafficCom cooperates with schools, universities and universities of applied sciences in order to increase the proportion of women employed, among other goals. The company also promotes women in the workforce through participation in specific programs such as "FIT Frauen in die Technik" or "FemTech". A committee for non-discrimination has been established within the Kapsch TrafficCom Group.

Social responsibility also includes ethically, morally and legally correct behavior.

Social responsibility

The framework. Alongside statutory requirements and internal guidelines, the code of conduct of the Kapsch Group defines binding principles for ethically, morally and legally correct behavior that apply therefore to all corporate units – and therefore to all employees of Kapsch TrafficCom. The code of conduct can be found on the website www.kapsch.net.

Additionally, within the scope of internal risk management, all business units over which Kapsch TrafficCom AG has primary influence are audited with regard to their corruption risks, and the employees of the first and second management levels are trained in anti-corruption policy and anti-corruption processes.

In accordance with the corporate values, the Kapsch TrafficCom Group accepts social responsibility that extends even beyond its scope of operation and that is widely organized by the Kapsch Group. Only a selection of supported projects and initiatives are presented below.

Educational institutions. Technical educational institutions are very important to Kapsch as a technology- and innovation-oriented group. The company is therefore interested in establishing contact as early as possible with students as well as graduates of technical education programs. Alongside the Vienna University of Technology and the UAS Technikum Wien, the Kapsch Group has also subsidized the Universitäres Gründerservice Wien GmbH since 2005. This organization aids young entrepreneurs in transforming ideas into convincing business concepts.

Promoting social projects. Kapsch TrafficCom values and supports the work of charitable institutions such as the Institute for Cooperation in Development Projects (ICEP). This private, independent initiative – based in Austria – significantly contributes to combating global poverty. For many years, Kapsch TrafficCom has also been supporting the activities of Doctors Without Borders, an internationally renowned organization that helps people around the world who do not have adequate access to medical care. Kapsch provides the infrastructure for an annual gathering for the Caritas Socialis initiative and since 2013 sponsors the Next Generation Sequencing project of the St. Anna Children's Cancer Research Institute.

Support for art and cultural institutions. The entire Kapsch Group – headed by Kapsch AG – supports many contemporary art and cultural institutions and projects and even initiates its own projects in this sector.

The Kapsch Group has participated in a general partnership with the Vienna Concert Hall (Wiener Konzerthaus) since 1992 under the motto of “It is an art to make money. It is an obligation to spend money on art.” The Vienna Concert Hall offers plenty of space for all culture of high quality. Unusual programs regularly interest new segments of the public without alienating long-term friends of the Concert Hall. The festival “Wien modern” – one of the most famous contemporary music festivals in the world has been supported since 1989.

In the area of visual arts, Kapsch is particularly interested in supporting artists who are still in need of wider recognition. Consideration is therefore given to young artists from Austria and abroad with sponsorship campaigns. The showcase project in this area is the art calendar that the Kapsch Group has published since 1994 and presents annually in late autumn to great fanfare.



Art Calendar
2016

3.3 Risk management

Risk management is positioned as its own function within the financial department of Kapsch TrafficCom AG. The main focus of risk management is on project risk management and enterprise risk management (ERM).

The project management encompasses both external customer projects as well as internal development projects and begins in each case during the offer or initiation phase. An analysis of all relevant risks and

Risk management entails the identification and analysis of risks and opportunities.

Geographic diversification and expansion of the product portfolio contributes to stabilizing and increasing revenue.

opportunities is prepared based on institutionalized processes and supplies the basis for decisions as well as timely planning and implementation of controlling measures.

Enterprise risk management (ERM) involves the analysis of major project-related risks of the Kapsch TrafficCom Group as well as strategic, technological, organizational, financial, legal and IT risks, and reports are submitted to the executive board, the audit committee of the supervisory board and the first reporting level on a quarterly basis. The ERM approach is aimed at the early identification, assessment and control of the risks that may materially influence the achievement of the strategic and operational goals of the company. 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 and opportunities of the group and the respective risk management measures are briefly explained below.

Industry-specific risks

Volatility of new orders. An important part of the revenue of the Kapsch TrafficCom Group is earned in the segment of Electronic Toll Collection (ETC). This segment includes projects for the installation of nationwide, regional or route-specific toll systems as well as the technical and commercial operation of toll systems. The awarding of these projects, including their operation, generally takes place on the basis of invitations to tender. Whether or not the Kapsch TrafficCom Group eventually receives the order is subject to a number of uncertain factors inside and outside the group's area of influence. For example invitations to tender for such large projects can be postponed or withdrawn due to political changes or due to complaints or lawsuits by unsuccessful bidders. There is also a risk that the Kapsch TrafficCom Group may not win with its bids for new projects due to technological, financial, formal or other reasons.

In the past, the revenues of the Kapsch TrafficCom Group have been heavily influenced by whether the given fiscal year had any implementation projects in the ETC segment. High revenue figures were recorded for example in the 2010/11 fiscal year (installation of an electronic toll system in the South African province Gauteng) as well as 2011/12 (installation of the nationwide electronic truck toll system in Poland). In fiscal years 2012/13, 2013/14 and 2014/15, significant revenue came from the installation of the nationwide electronic toll system in Belarus, which also made a major contribution to revenue from installation projects in the 2015/16 fiscal year. In addition, installation projects in Texas, U.S.A., (installation of a managed lane system) and in Sydney, Australia (installation of a toll system on specific route sections), contributed significantly to the increased revenue in the ETC segment.

The continuous expansion into new business areas that are compatible with the core business of Kapsch TrafficCom Group is intended not only to increase revenue but also to smooth over revenue spikes in the interest of more stable revenue development. This should be achieved through increasing geographic diversification through further broadening of the customer and product portfolios and through a continuous increase in the share of revenue from operation and maintenance of offered systems. The technical and commercial operation of systems is generally associated with the awarding of the order for installation of the system, but after the installation is complete, the operation represents a longer term and more reliable source of revenue. In previous fiscal years, it has also been possible to continuously increase the revenue from installation projects of smaller scope. Valuable contributions came here from the segment of Intelligent Mobility Solutions (IMS) and from the geographic regions of the U.S.A. and Australia.

Technical challenges and tight schedules produce typical project risks.

Risks of project execution. In connection with the installation of systems, the Kapsch TrafficCom Group is generally contractually obligated to issue performance and delivery date guarantees. Because electronic toll systems and intelligent mobility solutions are frequently ambitious and technologically complex systems that must be implemented within a strict time frame, missed deadlines and/or system and product defects can occur. Unexpected project modifications, a temporary shortage of skilled workers, quality problems, technical problems and performance problems with suppliers or consortium partners may also have a negative impact on the adherence to delivery dates. If the contractual services are not fulfilled or if deadlines are exceeded, penalties and damages usually have to be paid, in some cases even damages for lost toll revenue. Deadlines far exceeded are often covered by contract clauses that can allow the customer to terminate the contract early. A significant delay in a project, a clear failure to meet the contractually agreed performance criteria or failed implementation of a project could also reduce the chances of success in future tenders. There is also the risk that projects of the Kapsch TrafficCom Group cannot be realized at the previously calculated costs. Due to the strong social opposition to toll systems that is sometimes encountered, the risk of a late or limited start to toll collection exists in many projects, which can have further consequences on payment flows and revenue in the operation project.

The Kapsch TrafficCom Group employs project management methods and project risk management procedures based on the IPMA (International Project Management Association) standards in order to minimize such risks in projects.

Long-term contracts with public agencies. For many projects, contracts are awarded by public agencies. Framework agreements and service contracts in connection with toll or traffic management projects may include terms and conditions that are not negotiable in a tender process and that may be disadvantageous for the Kapsch TrafficCom Group. Some multi-year contracts contain demanding requirements regarding the targeted performance of the implemented systems, components and processes. Failure to meet these requirements can result in considerable contractual penalties, obligations to pay damages or termination of the contract. On the other hand, in some contracts substantial bonus payments may be earned in the case of over-performance. Moreover, in the case of long-term contracts, the achievable margins can also differ from the original calculations due to changes in costs.

Liabilities arising from contracts 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

An ongoing and consistent innovation process supports the strong market position of the Kapsch TrafficCom Group.

Ability to innovate. The strong market position of the Kapsch TrafficCom Group is based to a large extent on its ability to develop state-of-the-art, efficient and reliable systems, components and products. The Kapsch TrafficCom Group is committed to an ongoing and consistent innovation process. In order to maintain its high technological standards, 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 innovative systems, components and products that meet the needs of the market, this can be detrimental to the competitive position of the Kapsch TrafficCom Group.

Since the striving for innovation leadership is based to a large extent on technology, internal know-how and intellectual property, the global increase in product piracy and reverse engineering may have negative impacts on the market position of the Kapsch TrafficCom Group. In addition, any failures in protecting these technologies may negatively impact the competitive position. The Kapsch TrafficCom Group therefore places great importance on protecting technologies and the company's internal know-how, such as through patents

The international growth is opening up new opportunities but also poses risks.

Financial risks arise from exchange rate and interest fluctuations as well as loans. Sufficient liquidity increases flexibility and the ability to take quick action.

and non-disclosure agreements with contractual parties. Moreover, it is possible that newly developed systems, components, products or services could infringe on the intellectual property rights of third parties.

Acquisition and integration of companies as part of the group's growth. One of the strategic objectives of the Kapsch TrafficCom Group is to expand internationally both through organic growth and via selected acquisitions and joint ventures. In implementing this strategy, the Kapsch TrafficCom Group acquires suitable companies around the world and integrates them into the group. In the course of these acquisitions, it is necessary to overcome a number of challenges in order to achieve the desired goals and synergies and to realize the expected opportunities from the acquisition of new technologies and market know-how.

Country risk. Due to the further expansion of business activities in countries outside of Europe, the Kapsch TrafficCom Group is subject to increased political risk in these countries. Significant and unforeseeable political changes can exert a major influence on the ability to implement or operate projects in these countries as well as to make funds available or withdraw them again. Interference with the property rights of the Kapsch TrafficCom Group or problems with business practices and activities may also arise. The Kapsch TrafficCom Group includes these risks in the evaluation of such projects.

Financial risks

Foreign exchange risk. As a global company, the Kapsch TrafficCom Group maintains branches, offices and subsidiaries in many countries outside the eurozone. In the course of implementing projects outside the eurozone, transactions risks arise from possible exchange rate fluctuations that can be reflected in the consolidated financial statements as exchange rate losses or gains. The Kapsch TrafficCom Group strives as far as possible to avoid these transaction risks in the amount of the net currency positions from the respective projects or to hedge them, if necessary. However, because the net currency position at the respective payment flow deadlines is often difficult to predict, hedging is only possible to a limited extent. The remaining exchange rate risk is accepted and included in the business planning. Due to the conversion of individual financial statements of the subsidiaries outside the eurozone into the group currency of the euro, the Kapsch TrafficCom Group is also subject to a translation risk. In addition, long-term disadvantageous exchange rate changes can also cause a change in the position of the Kapsch TrafficCom Group relative to competitors, such as when products or services based on a euro cost structure can no longer be offered at competitive prices outside the eurozone.

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, etc.). This exposes the group to interest rate risks. The Kapsch TrafficCom Group utilizes appropriate financial instruments to hedge against interest rate risks when these risks are significant.

Liquidity risk. Sufficient financial resources have to be available for the Kapsch TrafficCom Group to meet its payment obligations at all times. Medium- and long-term financing must be available in order to carry out large-scale projects, such as implementing a nationwide toll system under agreed delayed payment terms from the client, and to acquire other companies. Additionally, implementing large-scale projects often requires the provision of significant bank guarantees to secure bid obligations (bid bonds) or to secure possible warranty claims (performance bonds).

In financing agreements, the Kapsch TrafficCom Group is subject to the usual limitations of its business policy, such as with regard to taking on additional borrowings, the use of assets as collateral or the provision of guarantees and sureties in favor of third parties. The availability of financing and bank guarantees depends not only on market conditions but in particular on the net assets, financial position and earnings situation of the Kapsch TrafficCom Group. A lack of liquid assets (even if the group is otherwise essentially solvent), of

financing or of bank guarantees could in turn have an extremely adverse impact on the net assets, financial position and earnings situation of the Kapsch TrafficCom Group.

Furthermore, the liquidity risk is addressed by ongoing group-wide financial and cash planning. Potential liquidity shortages can be identified this way and adequate countermeasures can be taken in good time.

Credit risk. The Kapsch TrafficCom Group is exposed to the risk of non-payment by customers. The main customers of the Kapsch TrafficCom Group are to a large extent state agencies, especially in connection with the installation or operation of nationwide or regional toll and traffic management systems. The Kapsch TrafficCom Group also acts as a subcontractor to third parties (concessionaires, general contractors, etc.) in public sector projects. The scope of a potential non-payment varies depending on the size of the order and can have a noticeable impact on the earnings situation in the case of individual large projects. In principle, however, the customers for such large projects are public agencies. The creditworthiness of new and existing customers is evaluated as necessary, and hedging is performed according to the assessment of the existing non-payment risk. In addition, the Kapsch TrafficCom Group takes advantage of offers from public institutions, such as OeKB (Oesterreichische Kontrollbank AG), EKN (Exportkreditnämnden; Swedish National Export Credits Guarantee Board) and MIGA (Multilateral Investment Guarantee Agency), to hedge against the non-payment risk on the basis of guarantees.

There is also a risk that counterparties of both original and derivative financial instruments (including financial institutions assumed to have good credit ratings) cannot meet their payment liabilities when due. A payment default or the need to impair receivables could have an extremely adverse impact on the net assets, financial position and earnings situation of the Kapsch TrafficCom Group.

Personnel risk

Kapsch TrafficCom employs attractive measures to counteract the personnel risk.

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

The Kapsch TrafficCom Group employs attractive measures to counteract this risk, such as incentive schemes and opportunities for training and further education.

Legal risks

In connection with participating in tenders of public agencies for the installation and operation of toll and traffic management systems, a number of regulations and statutory requirements must be observed. Assessing and adhering to legal regulations and requirements can result in considerable administrative and technical expense. If applicable regulations or official requirements cannot be met or fulfilled, this can lead to severe penalties and also reduce the possibility of (successfully) taking part in tenders or continuing with the given business activity.

The further expansion of business activities into new regions and into select new IMS business fields tends to increase the risk of patent violations or the violation of intellectual property rights (IPR), which could result in financial damages from lawsuits, court actions and settlement proceedings. The Kapsch TrafficCom Group attempts to counteract this risk as far as possible by performing an evaluation of possible IPR violations prior to entry into new markets or regions, for example. However, it is not possible to completely avoid this risk.

IT risks

As a technology company, the Kapsch TrafficCom Group is exposed to common IT risks in terms of the security, confidentiality and availability of data. To this end, Kapsch TrafficCom AG has introduced an IT risk management system based on CRISAM, the Corporate Risk and IT Security Application Method, and is also certified according to ISO/IEC 27001 (Information Security Management). Additionally, the toll system operation procedures of the Kapsch TrafficCom Group have been certified according to ISO 20000 "IT Service Management" (similar to ITIL), and CRISAM has been implemented within the group as an IT risk management tool.

Opportunities

The early identification of opportunities opens up new potential.

The enterprise risk management approach of Kapsch TrafficCom AG not only addresses risks but also encompasses the regular identification, evaluation and management of opportunities. The goal of these efforts is to manage the strategic orientation of the product portfolio and market activities through the early identification of opportunities and to develop corresponding potential.

Market opportunities exist in geographic diversification as well as increasing expansion of the customer and product portfolios, driven in part by the following factors:

Due to the increasing financing requirements of infrastructure projects and the growing need to relieve state budgets, there exists an opportunity to develop new markets, especially in emerging and developing countries, as well as an opportunity to expand our activities into already developed markets.

The global rise in traffic volumes and the associated impact on the environment and society open up opportunities in the area of traffic management because measures such as toll collection, road pricing and the establishment of environmental zones or access restrictions are increasingly being employed as controlling instruments of environmental and traffic policy. In the ETC segment as well as with IMS, this is creating opportunities to further develop and market the portfolio according to the new requirements.

The drive to increase the productivity of vehicles and vehicle operations as well as the rising comfort expectations of travelers also open up new opportunities for expanding the functionality of existing systems. This creates opportunities to win new customers outside of public agencies, such as in the area of fleet management, and to serve both public customers and end customers with new concepts for parking space management.

Other opportunities. Constant innovation, technical advancements and the acquisition of new technologies through company acquisitions create opportunities for the Kapsch TrafficCom Group to improve the efficiency and performance of customer systems as well as to gain a technological edge over competitors with regard to the performance and functionality of the offered systems.

Overall assessment of the risk situation

From the current perspective, no risks have been identified that could endanger the continued operations of the Kapsch TrafficCom Group. Through the increasing geographic diversification and continued broadening of the product and solution portfolio with select new IMS solutions, the business model of the Kapsch TrafficCom Group has been expanded without necessitating a departure from the core business field. The concentration of risk in individual regions and individual large products is continuously reduced in this way.

3.4 Internal control system (ICS) with respect to the accounting process

The reliability of the internal control system is evaluated by Internal Audit.

Kapsch TrafficCom AG began many years ago to analyze and document the existing accounting-related internal control processes. The results to date were presented to the Supervisory Board for evaluation and discussion in the quarterly meetings of the Audit Committee. Internal Audit ensures through audits, especially in the subsidiaries of Kapsch TrafficCom AG, that a reliable and functional control system is implemented.

As in the previous year, the group-wide uniform documentation of all controls for achieving the key controlling goals was improved again in the 2015/16 fiscal year, and the levels of compliance and efficiency were checked in local evaluations by Internal Audit. The standardized tracking enables improved controlling of measures and serves as the basis for future audits of the performance of local internal control systems.

The processes for group accounting and reporting are based on an accounting manual (IFRS Accounting Manual) that is issued and regularly updated by the Kapsch Group. This manual sets forth the main accounting and reporting requirements for the entire group based on the International Financial Reporting Standards (IFRS). Group guidelines, working instructions and defined procedures constitute another important cornerstone of ICS.

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

The accounting of business transactions in the Kapsch TrafficCom Group is managed by a variety of software solutions. In a number of countries, the accounting has been outsourced to local tax accountants due to the size of the subsidiaries. The individual companies submit reporting packages to the head office on a monthly basis containing all relevant accounting data pertaining to the income statement, the balance sheet and the cash flow accounting. This data is then entered into the central consolidation system (Hyperion Financial Management) on a quarterly basis. The financial information is verified at the group level within Kapsch TrafficCom AG and forms the basis for the quarterly reporting in accordance with IFRS.

The Supervisory Board is kept informed of business developments by the Executive Board during regular meetings by way of consolidated presentations consisting of segment reporting, earnings development analysis containing comparisons of current figures with figures from the budget and the previous period as well as selected financial figures, forecasts, group financial statements and changes in the number of employees and order intake.

The internal control system is implemented locally in each company and monitored centrally.

Local management is responsible for implementing and monitoring the internal control system in accordance with the local requirements. The managing directors of the individual subsidiaries are ultimately responsible for establishing and designing internal control and risk management processes that meet the needs of the given company in view of accounting procedures as well as for ensuring compliance with the group-wide rules and guidelines. In order to provide better support to the management teams of the subsidiaries, an ICS officer was established within the Finance department of Kapsch TrafficCom AG. This person is responsible for centrally standardizing the ICS within the entire Kapsch TrafficCom Group, ensuring continuous further development, initiating the improvement of identified weaknesses and periodically reporting to the Audit Committee of the Supervisory Board.

3.5 Disclosures according to Section 267 Commercial Code in connection with Section 243a para. 1 Commercial Code

1. The fully paid-in share capital of Kapsch TrafficCom AG amounts to EUR 13.0 million. It is divided into 13.0 million no par value bearer shares.
2. No restrictions exist with regard to the exercising of voting rights or the transfer of shares.
3. On 31 March 2016, roughly 36.7 % of the shares in Kapsch TrafficCom AG were in free float. KAPSCH-Group Beteiligungs GmbH held roughly 63.3 % of the shares as of 31 March 2016. KAPSCH-Group Beteiligungs GmbH is a one hundred percent subsidiary of DATAX HandelsgmbH, the shares of which are held in equal proportions by the Traditio-Privatstiftung, the ALUK-Privatstiftung and the Children of Elisabeth-Privatstiftung, each a private trust under the Austrian Law for Private Trusts. These are each attributable to members of the Kapsch family. On 31 March 2016, there were no other shareholders who held more than 10 % of the voting rights in Kapsch TrafficCom AG.
4. No shares with special control rights exist.
5. No restrictions exist with respect to the exercising of the voting right by employees with capital participation.
6. There are no special provisions regarding the appointment and recall of the members of the executive board and the supervisory board or modification of the articles of association.
7. Neither authorized capital nor conditional capital currently exists at the company, which empowers the Executive Board to issue shares with the approval of the Supervisory Board and without (renewed) consideration by the annual general meeting.
8. No agreements exist that enter into effect in the event of a public takeover offer.
9. No compensation agreements exist between Kapsch TrafficCom AG and its Executive Board and Supervisory Board Members or employees for the event of a public takeover offer.

4 Material Events after the Balance Sheet Date.

- On 1 April 2016, Kapsch TrafficCom AG acquired the global transportation segment of Schneider Electric, which previously operated under the name Telvent Tráfico y Transporte. The purchase one of the leading provider of real-time IT solutions and intelligent transportation systems for roughly EUR 27 million expands the Kapsch portfolio and strengthens the market position in intelligent mobility systems.

Kapsch TrafficCom took another significant step into the area of IMS after the balance sheet date.

This acquisition represents an important step toward securing the global leadership of the Kapsch TrafficCom Group in the area of intelligent mobility solutions (IMS), especially in the growing markets of Spain, North and South America and the Middle East.

Kapsch TrafficCom expects revenue of roughly EUR 125 million from the transportation segment as well as a positive contribution to the overall results. The new company should be fully integrated in the 2016/17 fiscal year. As a result of this acquisition, roughly 900 employees of Schneider Electric are being integrated into the Kapsch TrafficCom Group.

- On 21 April 2016, the US company Kapsch TrafficCom Holding Corp. purchased a minority share in ParkJockey Global, Inc., U.S.A., for roughly EUR 2.4 million.
- Under the condition precedent of a still pending contractually defined consent, Kapsch Telematic Services GmbH, Austria, acquires 48 % in Kapsch Telematic Services spol. s r.o., thus holding 100 % shares in the company that operates the toll system in the Czech Republic.
- With a view to refinance the corporate bond and to finance future growth, Kapsch TrafficCom AG prepares a promissory note bond (*Schuldscheindarlehen*) addressing institutional investors in the public market. It was distributed on 1 June 2016. This transaction is planned to be completed in the course of the first quarter of the fiscal year 2016/17.

5 Outlook and Targets.

The further development of Strategy 2020 remains a focal topic: Kapsch TrafficCom will develop intelligent mobility solutions and contribute to the design of the smart cities of the future.

In fiscal year 2016/17, the contribution by Kapsch TrafficCom Transportation to the revenue and profit of the Kapsch TrafficCom Group will be clearly visible – also the integration costs. The implementation of the newly obtained projects will also make increasing contributions. This applies in particular to the cross-border program “CHARM” and the ETC projects in Chile and Australia.

Kapsch TrafficCom also expects several decisions concerning additional projects: In Austria, the new invitation to tender for the nationwide toll system is currently under way; in Bulgaria, an invitation to tender for a new toll system has begun. In the Czech Republic, the contract continues until the end of 2016. The next steps by the government in Prague will therefore be determined shortly.

In addition, multiple projects are still in the offer phase in the U.S.A. Kapsch TrafficCom also sees increasing potential in Asia. Talks continue concerning a nationwide project similar in structure to the one already successfully implemented in Belarus.

One key focal area for the coming years will be the further development of the strategy 2020. Kapsch TrafficCom will expand the portfolio with new intelligent mobility solutions for exceptional user experiences by the customers. Systems and data will be increasingly intermeshed, and vehicles will be networked with their environment. The acquisition of the transportation segment of Schneider Electric also represents a large step toward the city. Kapsch TrafficCom plans to carefully integrate this area in order to contribute to the design of the smart cities of the future.

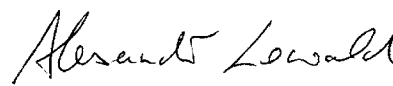
Vienna, 8 June, 2016



Georg Kapsch
Chief Executive Officer



André Laux
Executive board member



Alexander Lewald
Executive board member

Statement

Of all Members of the

Executive Board.

Statement of all Members of the Executive 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 faced by the group.

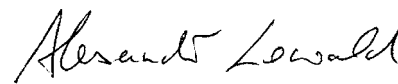
Vienna, 8 June, 2016



Georg Kapsch
Chief Executive Officer



André Laux
Executive board member

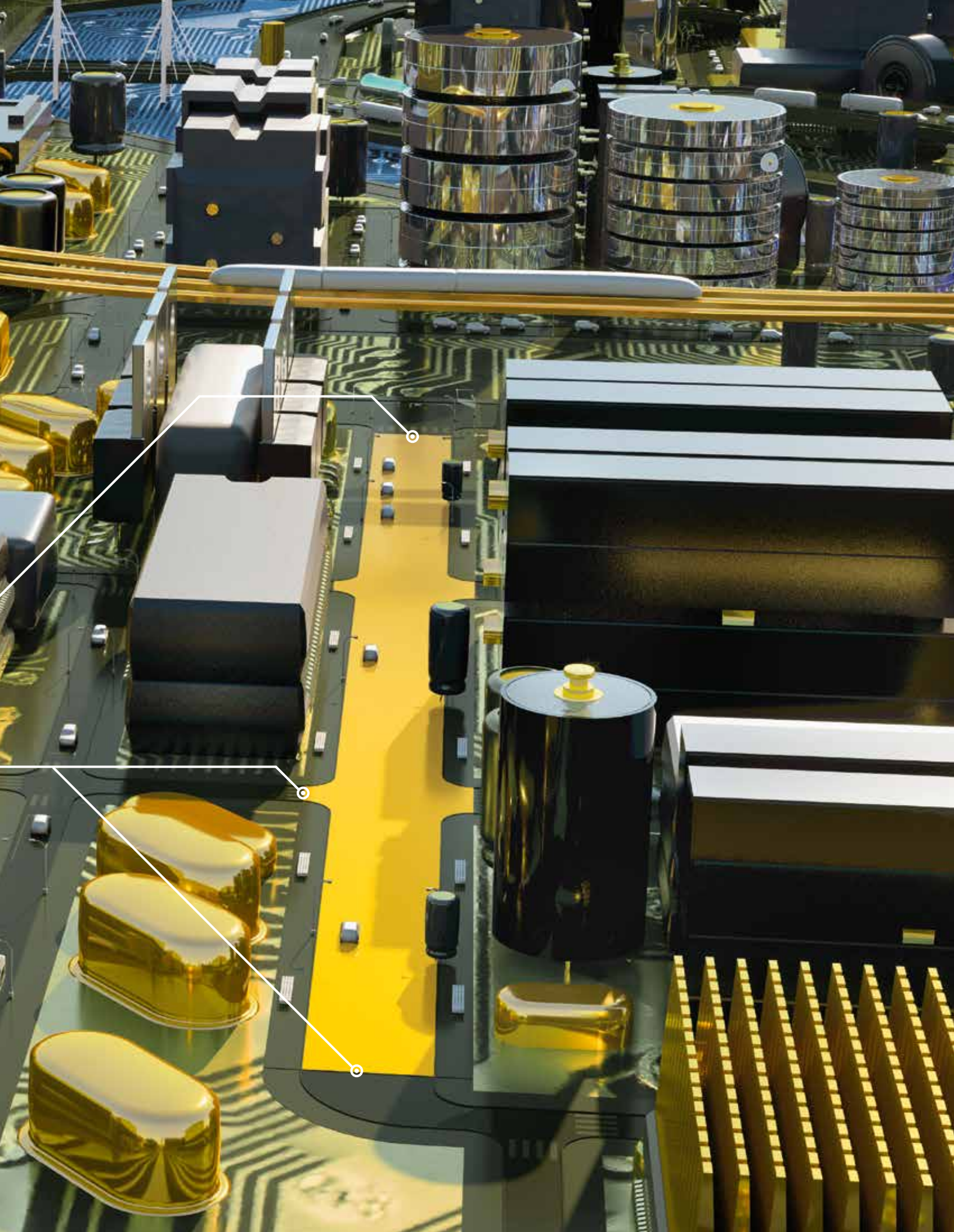


Alexander Lewald
Executive board member

Our Results.

City Tolling.

Those who are not only aware of the challenges of future urban mobility, but also took part in developing relevant solutions, know that modern cities are dynamic spaces. With City Tolling, Kapsch TrafficCom offers another dynamic solution with customised models that take into account parameters such as vehicle category, emission levels and the distance covered. This reduces traffic in the long term to important trips, thereby making a general improvement to the traffic situation and thus to quality of life. This example clearly shows that meticulous planning always pays off in the long run. Both in developing innovations and in managing investments.



Consolidated Financial Statements

As of 31 March 2016.

Consolidated statement of comprehensive income.

All amounts in EUR	Note	2015/16	2014/15
Revenues	(1)	526,091,567	456,377,377
Other operating income	(2)	17,028,271	21,220,911
Changes in finished and unfinished goods and work in progress	(3)	-12,290,757	-5,276,194
Other own work capitalized		708,875	104,353
Cost of materials and other production services	(4)	-201,861,358	-168,034,419
Staff costs	(5)	-153,160,789	-148,102,477
Amortization and depreciation	(6)	-14,532,982	-16,434,371
Impairment charge	(6)	0	-12,342,000
Other operating expenses	(7)	-99,636,031	-94,763,384
Operating result		62,346,797	32,749,796
Finance income	(8)	12,901,839	13,255,371
Finance costs	(8)	-20,473,837	-26,306,798
Financial result		-7,571,998	-13,051,426
Results from associates	(14)	40,617	233,819
Result before income taxes		54,815,416	19,932,188
Income taxes	(9)	-18,355,734	-8,524,107
Result for the period		36,459,682	11,408,081
Result attributable to:			
Equity holders of the company		31,091,775	3,629,908
Non-controlling interests		5,367,907	7,778,173
		36,459,682	11,408,081
Earnings per share from the result for the period attributable to the equity holders of the company (in EUR)			
diluted	(32)	2.39	0.28
undiluted	(32)	2.39	0.28
Other comprehensive income for the period:			
Items subsequently reclassified to the result for the period:			
Currency translation differences		2,504,663	-12,558,566
Currency translation differences from net investments in foreign operations		-2,334,164	9,045,070
Available-for-sale financial assets:			
Fair value gains/losses recognized in other comprehensive income		-4,606,733	2,030,730
Reclassification of cumulated net losses to the result for the period (impairment)		1,237,309	12,185,425
Reclassification of cumulated net gains to the result for the period (sale of available-for-sale financial assets)		-3,317,930	0
Income tax relating to items subsequently reclassified to the result for the period		1,422,895	-2,389,978
Total items subsequently reclassified to the result for the period		-5,093,960	8,312,681
Items subsequently not reclassified to the result for the period:			
Remeasurements of liabilities from post-employment benefits		-231,196	-3,164,172
Income tax relating to items subsequently reclassified to the result for the period		92,528	645,608
Total items subsequently not reclassified to the result for the period		-138,668	-2,518,564
Other comprehensive income for the period net of tax	(10)	-5,232,628	5,794,117
Total comprehensive income for the period		31,227,054	17,202,198
Total comprehensive income attributable to:			
Equity holders of the company		23,744,417	9,226,306
Non-controlling interests		7,482,637	7,975,892
		31,227,054	17,202,198

The consolidated financial statements of Kapsch TrafficCom AG as of 31 March 2016 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 2016	31 March 2015
ASSETS			
Non-current assets			
Property, plant and equipment	(12)	20,866,937	22,393,204
Intangible assets	(13)	64,911,212	71,250,401
Interests in associates	(14)	1,917,126	2,013,952
Other non-current financial assets and investments	(15)	18,651,333	23,099,327
Other non-current assets	(16)	18,877,084	28,137,787
Deferred tax assets	(22)	11,895,081	13,590,224
		137,118,772	160,484,896
Current assets			
Inventories	(17)	35,757,354	47,669,688
Current tax receivables	(18)	3,754,362	3,336,345
Trade receivables and other current assets	(18)	196,158,016	202,050,857
Other current financial assets	(15)	96,813	5,290,815
Cash and cash equivalents	(19)	140,782,047	96,764,803
		376,548,591	355,112,509
Total assets		513,667,364	515,597,404
EQUITY			
Capital and reserves attributable to equity holders of the company			
Share capital	(20)	13,000,000	13,000,000
Capital reserve		117,508,771	117,508,771
Retained earnings and other reserves		92,338,014	77,449,325
		222,846,785	207,958,096
Non-controlling interests		7,811,064	11,403,134
Total equity		230,657,849	219,361,230
LIABILITIES			
Non-current liabilities			
Non-current financial liabilities	(21)	85,733,509	88,984,654
Liabilities from post-employment benefits to employees	(23)	24,107,382	25,210,018
Non-current provisions	(26)	1,395,787	1,661,173
Other non-current liabilities	(24)	3,332,528	4,656,718
Deferred income tax liabilities	(22)	3,190,360	2,379,882
		117,759,566	122,892,444
Current liabilities			
Trade payables		52,040,998	48,441,473
Other liabilities and deferred income	(25)	79,341,558	65,535,073
Current tax payables		3,572,533	1,173,523
Current financial liabilities	(21)	21,349,269	48,968,988
Current provisions	(26)	8,945,590	9,224,672
		165,249,949	173,343,730
Total liabilities		283,009,514	296,236,174
Total equity and liabilities		513,667,364	515,597,404

Consolidated statement of changes in equity.

All amounts in EUR	Attributable to equity holders of the company				Non-controlling interests	Total equity
	Share capital	Capital reserve	Other reserves	Consolidated retained earnings		
Carrying amount as of 31 March 2014	13,000,000	117,508,771	-13,712,693	86,003,813	10,310,208	213,110,099
Effects from increase in shares of subsidiaries			-4,068,101		41,799	-4,026,302
Effects from initial consolidation of subsidiaries					4,900	4,900
Dividend					-6,929,665	-6,929,665
Result for the period				3,629,908	7,778,173	11,408,081
Other comprehensive income for the period:						
Currency translation differences			-5,972,483		197,719	-5,774,764
Fair value gains/losses on available-for-sale financial assets			14,087,445			14,087,445
Remeasurements of liabilities from post-employment benefits			-2,518,564			-2,518,564
Carrying amount as of 31 March 2015	13,000,000	117,508,771	-12,184,396	89,633,721	11,403,134	219,361,230
Effects from acquisition of subsidiaries			0		21,006	21,006
Effects from increase in shares of subsidiaries			-2,404,359		-4,338,526	-6,742,885
Effects from decrease in shares of subsidiaries			48,632		-48,632	0
Dividend				-6,500,000	-6,708,555	-13,208,555
Result for the period				31,091,775	5,367,907	36,459,682
Other comprehensive income for the period:						
Currency translation differences			-1,360,690		2,114,730	754,040
Fair value gains/losses on available-for-sale financial assets			-5,848,000		0	-5,848,000
Remeasurements of liabilities from post-employment benefits			-138,668			-138,668
Carrying amount as of 31 March 2016	13,000,000	117,508,771	-21,887,481	114,225,495	7,811,064	230,657,849

Share capital. The total number of shares issued is 13,000,000. The shares are ordinary bearer shares and have no par value.

Capital reserve. Capital reserve includes those reserves that have not been established from results of prior periods.

Other reserves. Other reserves contain effects of changes in the investment interest held in subsidiaries as well as reserves from other comprehensive income, for example currency translation differences and fair value gains/losses on available-for-sale financial assets after deduction of deferred taxes and remeasurements of liabilities from post-employment benefits after deduction of deferred taxes.

Consolidated retained earnings. Retained earnings include the net result for the fiscal year as well as past earnings of the entities included in consolidation, to the extent that these results have not been distributed as dividends.

Non-controlling interests. Non-controlling interests represent the third party shares in the equity of consolidated subsidiaries.

The effects from acquisition of subsidiaries in the fiscal year 2015/16 result from the acquisition of shares in Streetline International, Inc., Delaware, U.S.A.

The effects from the increase in shares of subsidiaries in the fiscal year 2015/16 result from the acquisition of the remaining shares in TMT Services and Supplies (Pty) Ltd., Cape Town, South Africa. The effects from the increase in shares in the fiscal year 2014/15 result from the acquisition of the 3 % remaining shares in Kapsch Telematic Services GmbH, Vienna.

Consolidated cash flow statement.

All amounts in EUR	Note	2015/16	2014/15
Cash flow from operating activities			
Operating result		62,346,797	32,749,796
Adjustments for non-cash items and other reconciliations:			
Scheduled depreciation and amortization	(6)	14,532,982	16,434,371
Impairment charge	(6)	0	12,342,000
Increase/decrease in obligations for post-employment benefits	(23)	-1,776,532	-245,363
Increase/decrease in other non-current liabilities and provisions	(24, 26)	-1,250,875	-31,271
Increase/decrease in other non-current receivables and assets	(15)	-9,700,466	3,646,195
Increase/decrease in trade receivables (non-current)	(16)	22,463,531	46,367,768
Increase/decrease in trade payables (non-current)	(24)	-602,836	-891,853
Other (net)		-328,646	-1,798,344
		85,683,957	108,573,298
Changes in net current assets:			
Increase/decrease in trade receivables and other assets	(18)	6,472,721	6,031,721
Increase/decrease in inventories	(17)	11,912,334	10,438,069
Increase/decrease in trade payables and other current payables		12,884,830	-15,462,030
Increase/decrease in current provisions	(26)	-279,082	-19,153,077
		30,990,803	-18,145,317
Cash flow from operations		116,674,760	90,427,981
Interest received	(8)	2,679,338	1,773,062
Interest payments	(8)	-5,226,812	-5,982,746
Net payments of income taxes		-16,225,090	-11,006,156
Net cash flow from operating activities		97,902,196	75,212,141
Cash flow from investing activities			
Purchase of property, plant and equipment	(12)	-7,049,013	-7,374,407
Purchase of intangible assets	(13)	-2,944,424	-993,841
Purchase of securities, investments and other non-current financial assets	(15)	-100,293	-361,651
Payments for the acquisition of entities (less cash and cash equivalents of these entities)		2,542,784	0
Payments for the acquisition of shares in at-equity-consolidated entities		-69	0
Proceeds from the disposal of property, plant and equipment and intangible assets		2,771,393	1,353,079
Proceeds from the disposal of securities and other financial assets		5,374,761	0
Net cash flow from investing activities		595,139	-7,376,820
Cash flow from financing activities			
Contributions from shareholders		0	4,900
Dividends paid to parent company's shareholders		-6,500,000	0
Dividends paid to non-controlling interests		-6,708,555	-6,929,665
Payments for the acquisition of non-controlling interests		-6,742,885	-2,000,000
Increase in non-current financial liabilities	(21)	470,947	183,719
Decrease in non-current financial liabilities	(21)	0	0
Increase in current financial liabilities	(21)	2,829,828	7,053,189
Decrease in current financial liabilities	(21)	-32,926,939	-30,219,823
Net cash flow from financing activities		-49,577,604	-31,907,680
Net increase/decrease in cash and cash equivalents		48,919,731	35,927,641
Change in cash and cash equivalents			
Cash and cash equivalents at beginning of year	(19)	96,764,803	57,731,290
Net increase/decrease in cash and cash equivalents		48,919,731	35,927,641
Exchange gains/losses on cash and cash equivalents		-4,902,488	3,105,873
Cash and cash equivalents at end of year	(19)	140,782,047	96,764,803

The consolidated financial statements of Kapsch TrafficCom AG as of 31 March 2016 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.

Notes to the Consolidated Financial Statements.

General information.

The Kapsch TrafficCom Group is an international supplier of sophisticated Intelligent Transportation Systems (ITS). Up until 31 December 2015, it reported on the primary segments RSP (Road Solution Projects), SEC (Systems, Extensions and Component Sales) and OTH (Others). The RSP segment included the cash-generating units "RSP-ETC" and "RSP-ITS". The SEC segment showed the cash-generating units "SEC-ETC" and "SEC-ITS".

In the course of a strategy project, the Kapsch TrafficCom Group decided to change the structure and the related corporate control in the fiscal year 2015/16. As a result of this project, Electronic Toll Collection (ETC) and Intelligent Mobility Solutions (IMS) have been the Group's divisions as of the fourth quarter of the fiscal year 2015/16. The Group is now also divided into and managed by three regional clusters (management reporting), with the clusters being Americas (comprising North and South America), EMEA (comprising Europe, the Middle East and Africa) as well as APAC (comprising Asia and the Pacific).

In accordance with the provisions of IFRS 8.12, the Group aggregated the regions into two segments. Since the identified segments each show amounts (revenues, results and assets) in excess of the thresholds defined under IFRS 8.13, these segments also represent the reportable segments pursuant to IFRS 8.

The reportable segments according to IFRS 8 are as follows:

- Electronic Toll Collection (ETC)
- Intelligent Mobility Solutions (IMS)

The segment **Electronic Toll Collection (ETC)** reflects projects for the installation, maintenance and operation of systems for electronic collection of tolls without stopping at a toll station as well as manual toll systems. These are generally projects awarded based on invitations to tender by public agencies or private concessionaires. The systems cover either individual road sections or nationwide road networks. After installation, additional deliveries of components frequently take place for the expansion or adaptation of the systems.

The segment **Intelligent Mobility Solutions (IMS)** reflects projects for the installation, maintenance and operation of systems for traffic monitoring, traffic control and traffic safety. Projects for the monitoring of utility vehicles and for electronic vehicle registration as well as intelligent parking solutions and systems for intermodal mobility are also assigned to this segment as are systems and services for operational monitoring of public transportation and environmental installations.

Group structure.

The parent company (reporting entity) of this group is Kapsch TrafficCom AG, Vienna. Until June 2007 KAPSCH-Group Beteiligungs GmbH, Vienna, (immediate parent company of the reporting entity), a wholly-owned subsidiary of DATAX HandelsgmbH, had been the sole shareholder of Kapsch TrafficCom AG. DATAX HandelsgmbH, Vienna, is the controlling entity of the reporting entity and the ultimate parent of Kapsch Group.

As of 31 March 2016 KAPSCH-Group Beteiligungs GmbH has a share of 63.28 % (31 March 2015: 63.13 %) in Kapsch TrafficCom AG, Vienna. The shares of Kapsch TrafficCom AG in free float are listed in the Prime Market segment of the Vienna Stock Exchange since 26 June 2007.

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 1120 Vienna, Am Europlatz 2.

As of 31 March 2016 the consolidated group consists of 48 entities (31 March 2015: 47 entities). The consolidated group changed as follows:

	2015/16	2014/15
Amount of entities at the beginning of the fiscal year	47	48
Initial consolidation	3	3
Mergers	-1	-3
Deconsolidations	-1	-1
Amount of entities in the consolidated group	48	47

In the fiscal year 2015/16 Streetline Inc., Delaware, U.S.A., Streetline International, Inc., Delaware, U.S.A. as well as SPS Funding Co. LLC, Delaware, U.S.A., were acquired. Afterwards Streetline Inc. was merged into KTCSL Merger Corp. and since then trades under the name Streetline Inc.

In the fiscal year 2015/16 Kapsch Telematic Services Kft. "v.a.", Budapest, Hungary, was liquidated and therefor deconsolidated.

The regional distribution of our subsidiaries is as follows:

	2015/16	2014/15
Austria	6	6
EMEA (Europe excl. Austria, Middle East, Africa)	25	26
Americas	13	11
APAC (Asia and Pacific)	4	4
Total	48	47

For further information on interests in subsidiaries see note 29.

Accounting policies.

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

1 Basis of preparation.

Pursuant to Section 245a Austrian Commercial Code (UGB), the consolidated financial statements as of 31 March 2016 have been prepared in accordance with International Financial Reporting Standards (IFRS) as well as the International Financial Reporting Standards Interpretations Committee (IFRS IC) as adopted by the European Union (EU). The consolidated financial statements as of 31 March 2016 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. Pertinent explanations can be found within the scope of the corresponding accounting policies.

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 as well as income and expenses recorded during the reporting period. Although these estimates are made by the management 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 as well as areas where assumptions and estimates are material to the consolidated financial statements are disclosed in note 26.

For ease of presentation, amounts have been rounded and, unless indicated otherwise, are presented in thousands of euros (TEUR). However, calculations are done using exact amounts, including the digits not shown, which may lead to rounding differences.

1.1 New and amended standards and interpretations that have been adopted by the EU and applied for the first time in the fiscal year 2015/16

		Published by the IASB (adopted by the EU)	Applicable to financial years beginning on or after	Material impact on group's consolidated financial statement
New/adopted IFRSs				
IAS 19	Employee Benefits (Amendment)	November 2013	1 July 2014	None
Annual improvement to IFRSs, 2010–2012				
IFRS 2	Share-based Payment	December 2013	1 July 2014	None
IFRS 3	Business Combinations	December 2013	1 July 2014	None
IFRS 8	Operating Segments	December 2013	1 July 2014	None
IFRS 13	Fair Value Measurement	December 2013	1 July 2014	None
IAS 16	Property, Plant and Equipment	December 2013	1 July 2014	None
IAS 24	Related Party Disclosures	December 2013	1 July 2014	None
IAS 38	Intangible Assets	December 2013	1 July 2014	None
Annual improvement to IFRSs, 2011–2013				
IFRS 1	First-time Adoption to International Financial Reporting Standards	December 2013	1 July 2014	None
IFRS 3	Business Combinations	December 2013	1 July 2014	None
IFRS 13	Fair Value Measurement	December 2013	1 July 2014	None
IAS 40	Investment Property	December 2013	1 July 2014	None

1.2 Standards, interpretations and amendments to published standards that are not yet effective and that have not been prematurely adopted by the group

		Published by the IASB (adopted by the EU)	Applicable to financial years beginning on or after	Material impact on group's consolidated financial statement
New/adopted IFRSs				
IFRS 14	Regulatory Deferral Accounts	January 2014	1 January 2016	None
IFRS 11	Joint Arrangements (Amendment)	May 2014	1 January 2016	None
IAS 16	Amendments to Property, Plant and Equipment			
IAS 38	and Intangible Assets	May 2014	1 January 2016	None
IAS 16	Amendments to Property, Plant and Equipment			
IAS 41	and Agriculture	June 2014	1 January 2016	None
IAS 27	Separate Financial Statements (Amendment)	August 2014	1 January 2016	None
IAS 1	Presentation of Financial Statements (Amendment)	December 2014	1 January 2016	None
Annual improvement to IFRSs, Cycle 2012–2014				
IFRS 5	Non-current Assets Held for Sale and Discontinued Operations	September 2014	1 July 2016	None
IFRS 7	Financial Instruments	September 2014	1 July 2016	None
IAS 19	Employee Benefits	September 2014	1 July 2016	None

New/adopted IFRSs		Published by the IASB (adopted by the EU)	Applicable to financial years beginning on or after	Material impact on group's consolidated financial statement
IAS 34	Interim Financial Reporting	September 2014	1 July 2016	None
IAS 12	Income Taxes (Amendments)	January 2016	1 January 2017	impact will be assessed
IAS 7	Statement of Cash Flows (Amendments)	January 2016	1 January 2017	impact will be assessed
IFRS 15	Revenue from Contract with Customers	May 2014	1 January 2018	impact will be assessed
IFRS 9	Financial Instruments	July 2014	1 January 2018	impact will be assessed
IFRS 16	Leases	January 2016	1 January 2019	impact will be assessed

There are no other standards or interpretations that are not yet effective that would be expected to have a material impact on the group.

The consolidated financial statements were prepared by the management 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 on the undersigned date.

2 Consolidation.

2.1 Subsidiaries

Subsidiaries are all companies (including structured companies) where the group exerts its control. The group controls an associated company if the group is exposed to fluctuating returns arising from its interest in the subsidiary, is in possession of entitlements to these returns and has the ability to influence such returns by virtue of its position of power with respect to the associated company. Subsidiaries are included within the consolidated financial statements (full consolidation) as from the time when the parent company has acquired control over the subsidiary. They are deconsolidated at the time when such control is relinquished.

All group internal assets and liabilities, equity, expenses and income as well as unrealized gains and losses from transactions between group companies are completely eliminated in the course of group consolidation.

2.2 Transactions with non-controlling interests

Transactions with non-controlling interests are treated as transactions with equity owners of the group. Depending on the ownership structure, the group splits the gains or losses as well as all components of the comprehensive income to the interests of the parent company and the non-controlling interests. Even in the event of a negative balance of the non-controlling interests, the total comprehensive income is attributed to the parent company and the non-controlling interests. For purchases of non-controlling interests, the difference between any consideration paid and the relevant interest acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity, unless a change in the percentage of shares held leads to a loss of control of the interest.

If a change in the percentage of shares held does not lead to the loss of control of the interest, the transactions are to be shown under equity. The carrying amounts for both the controlling and non-controlling interests are correspondingly set so as to ensure they reflect any changes to the existing shareholdings. Every deviation between the amount by which the non-controlling interests are adjusted and the fair value of the paid or received consideration is to be directly recognized under equity and allocated to the owners of the parent company.

If the group loses its control over any of the companies, the assets and liabilities of the former subsidiary are to be removed from the consolidated balance sheet. The remaining interest is to be remeasured at fair value and regarded as the initially recognized value of a financial asset pursuant to IAS 39 “Financial Instruments: recognition and measurement” or as acquisition costs in case of the addition of an interest in an associated company or joint venture. Any resulting gains or losses which are attributable to the controlling interest are recognized in the income statement. In addition, any amounts previously recognized in other comprehensive income with respect to the previous subsidiary are accounted for as if the group had directly disposed of the related assets or liabilities. This means that amounts previously recognized in other comprehensive income are reclassified from equity to the result for the period.

2.3 Joint arrangements

The group applies IFRS 11 to all joint arrangements. As at balance sheet date of 31 March 2016 there are no joint arrangements according to IFRS 11.

2.4 Associates

Associates are entities in which the group has a significant but not a controlling influence, generally accompanied by a shareholding of between 20% and 50% of the voting rights. Associates are reported using the equity method and initially recognized at acquisition costs. Following the acquisition date, the share of the company in the result of the associate is recorded in the statement of comprehensive income and the share of changes in other comprehensive income is recognized in other comprehensive income with a corresponding adjustment being made to the carrying amount of the interest. Dividends received from the affiliated company reduce the carrying amount of the interest. Goodwill arising on acquisition of associates is not separately shown but as part of the carrying amount of associates.

If the percentage of shares held in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognized in other comprehensive income is reclassified to the profit or loss for the period where appropriate.

The accumulated shares of the group in the gains and losses as well as the other comprehensive income of the associate following acquisition are offset against the carrying amount of the interest. 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.

At each balance sheet date the group checks whether there are any indications showing that the investment in an associate is impaired. If this is the case, the impairment requirement is determined as the difference arising from the carrying amount of the interest of the associate and the corresponding recoverable amount and recognized separately in the statement of comprehensive income. 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.

The accounting policies of associates correspond substantially to those of the parent company.

3 Business combinations.

The group uses the acquisition method of accounting to account for business combinations as at the acquisition date. The acquisition date relates to the date of transfer of control to the group.

The consideration transferred for the acquisition is the fair value of the assets transferred, the equity interests issued by the group and the liabilities incurred or assumed as at the transaction date. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed in full as incurred.

In accordance with IFRS 3, any assets acquired and liabilities (including contingent liabilities) assumed in a business combination are measured at their full fair values as at the acquisition date, irrespective of the extent of any non-controlling interests. Intangible assets are recognized separately from goodwill if they are separable from the entity or result from statutory, contractual or other legal rights. No new restructuring provisions may be recognized within the scope of the purchase price allocation. Any remaining positive differences, which compensate the seller with market opportunities that cannot be identified more closely and with development potential, are capitalized as goodwill in the respective cash generating unit (CGU).

Any contingent consideration to be transferred by the group is recognized at fair value as at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is measured in accordance with IAS 39 and a resulting profit or loss recognized in the statement of comprehensive income. Contingent consideration that is classified as equity is not re-measured, and its subsequent settlement is accounted for within equity. Any contingent consideration included in the financial statements resulting from business combinations prior to the application of IFRS 3 (2008) is still treated in accordance with the requirements under IFRS 3 (2004).

If the combination is achieved in stages, the equity capital share previously held in the acquired company by the acquirer is remeasured at the fair value as at the acquisition date. Any resulting profit or loss is to be charged to be credited or charged to the income statement.

Any hidden reserves and liabilities uncovered are carried forward in line with the corresponding assets and liabilities.

The determination of the fair values requires certain estimates and assumptions, in particular of the acquired intangible assets and property, plant and equipment, of the liabilities assumed as well as of the useful lives of the acquired intangible assets and property, plant and equipment.

The group recognizes any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognized amounts of the acquiree's net assets.

The group determines the goodwill at the acquisition date as:

- ▶ The fair value of the consideration transferred – if necessary plus
- ▶ The value recognized of all recognized non-controlling interests in the acquiree – plus
- ▶ The fair value of the acquirer's previously held equity interest in the acquiree if the combination is achieved in stages – less
- ▶ The net amount (in general of the fair values) of the identifiable assets acquired and liabilities assumed and contingent liabilities.

If the excess is negative, a gain on a bargain purchase is recognized directly in the result for the period.

4 Foreign currency translation.

Items included in the financial statements of each of the group's entities are measured using the currency of the primary economic environment in which the entity operates (functional currency). The consolidated financial statements are presented in euros, which is the Kapsch group's presentation currency.

4.1 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:

The statement of comprehensive income of foreign entities (except for foreign entities from hyperinflationary countries) that have a functional currency different from the euro are translated into the group's presentation currency at average exchange rates of the fiscal year, balance sheets at the prevailing mean exchange rate at the balance sheet date. The reference rates of the European Central Bank (ECB) and Deutsche Bundesbank, which are accessible via the Austrian Central Bank's (*Oesterreichische Nationalbank*) website, serve as the basis for the translation. If no current exchange rates are available, this will result in the exchange rates as disclosed by the national banks being used. Differences arising from the currency translation of foreign operations into euros are recognized under other comprehensive income and collected under equity.

Exchange differences arising from the translation of the net investment subsidiaries are recognized in the statement of other comprehensive income under currency translation differences. When a foreign entity is sold, such exchange differences are recognized in the statement of comprehensive income as part of the gain or loss on disposal of shares in subsidiaries.

Goodwill and adjustments to the fair value in connection with the acquisition of a foreign company are treated as the assets and liabilities of the foreign company in question and converted in the course of initial consolidation at the transaction rate and subsequently converted with the key date exchange rate as at the financial statements key date of the business operation.

The main exchange rates used during the fiscal year are shown below:

	Average exchange rate		Exchange rate as at the balance sheet date	
	2015/16	2014/15	2015/16	2014/15
AUD	1.497	1.452	1.481	1.415
CAD	1.443	1.440	1.474	1.374
CZK	27.164	27.580	27.051	27.533
PLN	4.224	4.181	4.268	4.085
SEK	9.324	9.213	9.225	9.290
USD	1.101	1.265	1.139	1.076
ZAR	15.148	13.950	16.787	13.132

In the fiscal year 2011/12, Kapsch Telematic Services IOOO, Minsk, Republic of Belarus, was founded. As at the balance sheet date of 31 March 2016, the Republic of Belarus is still classified as a hyperinflationary economy. The group analyzed if IAS 29 (Financial reporting in hyperinflationary economies) had to be applied to the subsidiary. Since the euro, and not the Belorussian ruble (BYR), is the functional currency, the classification of the Republic of Belarus as a hyperinflationary economy has no impact on the accounting of the Belorussian subsidiary and thus also does not affect the present consolidated financial statements. IAS 29 is therefore not applied.

4.2 Foreign currency transactions

Transactions in foreign currencies are translated into the functional currency at the exchange rate as at the transaction date or, in case of new measurements, as at the time of the measurement. 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 statement of comprehensive income. Non-monetary items in the balance sheet are translated at historical exchange rates; non-monetary items which were recognized at their lower net realizable value are translated at the exchange rate prevailing at the time of measurement.

Foreign exchange gains and losses which are attributable to cash and cash equivalents as well as borrowings are presented in the statement of comprehensive income within finance income or cost. All other foreign exchange gains and losses are presented in the statement of comprehensive income in other operating income or other operating expenses.

This excludes foreign exchange gains and losses from monetary items to be received from/to be paid to foreign operations as part of a net investment in a foreign operation. Such foreign exchange gains and losses are initially recognized in other comprehensive income and are then reclassified from equity to profit or loss if the net investment is sold. In the fiscal year 2013/14, two USD loans granted by Kapsch TrafficCom AG to US subsidiaries were classified as net investments in a foreign operation pursuant to IAS 21 since the management board of the Kapsch TrafficCom AG does not plan for a redemption of these loans in the foreseeable future and since such redemption is not likely to occur. The exchange rate differences arising from these loans are recognized in other comprehensive income (see Note 10).

5 Risk management.

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.

The group has initiated several processes to make risk management more effective and to embed best practice standards. Risk management has been positioned as a separate function within the finance department of Kapsch TrafficCom AG. According to the group's internal control system (ICS), the existing internal control processes relating to financial reporting are documented. Local management is responsible for implementation, design and monitoring of the ICS in order to comply with group-wide guidelines and regulations. An ICS officer has been appointed who assists local management. The main task is to standardize and continuously improve the ICS in the entire Kapsch TrafficCom Group, to monitor the compliance and effectiveness of controls and improve weaknesses, as well as to report regularly to the audit committee of the supervisory board. The internal audit verifies the reliability of the internal control system. The defined processes are based on COSO ERM (Enterprise Risk Management Framework of the Committee of Sponsoring Organizations of the Treadway Commission) and on ONR 49000/ISO 31000 Risk Management Systems, the regulations of the Austrian Standards Institute.

5.1 Foreign exchange risk

The foreign exchange risk originates from future business transactions, assets and liabilities as well as net investments of foreign business locations if business transactions are executed in a currency or could come about in the course of normal business operations which are not in conformity with the functional currency of the respectively subsidiary (hereinafter referred to as "foreign currency").

The group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the Czech crown, the Polish zloty; the Australian dollar, the South African rand and the US dollar. Because the terms of agreement are stipulated in euros, no foreign exchange risk arises to the group with regard to the Belorussian ruble. Customer orders are mainly invoiced in the local currencies of the group companies. Only in cases in which the group expects to be exposed to significant foreign exchange risk, major orders denominated in foreign currencies will be hedged by forward foreign exchange contracts.

If the exchange rate of the stated currencies (resulting from current and non-current receivables and payables) as of 31 March 2016 (31 March 2015) had increased by the percentage rate ('volatility') stated below, the result before tax, provided all other variables had remained unchanged, would have been higher (+) or lower (-), respectively, by the following amounts:

Currency	Effect on equity in TEUR			
	2015/16		2014/15	
	Volatility +10 %	Volatility -10 %	Volatility +10 %	Volatility -10 %
AUD	-138	169	-107	131
CAD	-416	509	-1,702	2,080
CZK	-319	390	-207	253
EUR	3,573	-4,367	3,768	-4,606
PLN	-141	172	-331	404
SEK	-511	625	-415	507
USD	-4,760	5,817	-3,870	4,730
ZAR	-951	1,162	-836	1,021

The group is exposed to foreign exchange risk from one significant AFS instrument (Q-Free ASA, Norway) as the share is traded in Norwegian crown on the Oslo Stock Exchange.

Currency	Effect on equity in TEUR			
	2015/16		2014/15	
	Volatility +10 %	Volatility -10 %	Volatility +10 %	Volatility -10 %
NOK	-1,348	1,647	-1,754	2,143

5.2 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 interest rate for the financial instrument fluctuates, either a profit or a loss may result if the financial instrument is sold prior to maturity.

In the case of 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 interest rates. Such changes would entail changes in interest payments. Variable-interest (both current and non-current) financial liabilities account for approximately 30 % of interest-bearing financial liabilities. If the market interest rate had been 100 basis points higher (lower) as of 31 March 2016, this, as in the prior year, would not have had any material impact on the result of the group.

Derivative instruments in an insignificant proportion exist in the group to minimize interest rate risk of financial liabilities (see note 21).

5.3 Credit risk

As part of the group's risk management policy, the group only engages in business relationships with third parties deemed to be creditworthy and has implemented policies to ensure that the group sells only 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. There is usually a credit risk in the implementation phase of large toll collection projects. With the exception of the toll collection projects in America, Czech Republic, South Africa, Poland and the Republic of Belarus (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.

The maximum credit risk is similar to book values:

All amounts in TEUR	2015/16	2014/15
Other non-current financial assets and investments	18,651	23,099
Other non-current assets	18,877	28,138
Current securities	97	5,291
Trade receivables and other current assets	199,912	205,387
Cash and cash equivalents	140,782	96,765
	378,320	358,680

5.4 Liquidity risk

The Kapsch TrafficCom group attaches considerable importance to the ongoing monitoring, control and measurement of financial and liquidity positions in order to reduce financial risk. This crucial task is carried out at the level of the operational entities, is monitored and optimized in the overall group.

The group controls liquidity risks predominantly by maintaining suitable financial reserves, by issuing bonds, through customer pre-payments and the continuous reconciliation of the terms of receivables, liabilities and financial assets. To this end, cash flow forecasts are made at regular intervals for short-term periods (the next 12 weeks), on a quarterly basis for the medium term (current fiscal year) as well as for long-term periods (in accordance with long-term payment obligations, particularly those arising from loans). Suitable measures for ensuring sufficient liquidity are then deducted from these forecasts.

Furthermore, the management monitors the rolling forecasts of the group's liquidity reserves to ensure that it has sufficient liquidity to meet operational needs and also to secure an adequate scope of unutilized credit lines at any time. The Kapsch TrafficCom group holds high amounts of cash which also serve as a liquidity reserve. As a result, the group's liquidity situation is currently good.

The Kapsch TrafficCom group endeavors to reduce the payment default risk of customers as far as possible by mandatory creditworthiness checks prior to the signing of orders and additionally for major projects by securing payments through guarantees. It cannot be completely ruled out, however, that some defaults might still occur, which would then have a major negative impact on the development of the results and liquidity of the Kapsch TrafficCom group.

The Kapsch TrafficCom group avoids becoming dependent on individual banks by making sure that the financial structure is always distributed over several partner banks. Major repayment obligations (pertaining as a rule to long-term contracts, e.g. in the case of corporate bonds or long-term loans with redemption at maturity) are monitored on an ongoing basis. At an early stage, measures are taken to ensure that the agreed-upon payment obligations are met (either by checking the income from operational cash flow or through timely refinancing activities).

The Kapsch TrafficCom group employs a risk-averse investment strategy. Liquid funds are held such that they are generally available in the short term and can therefore be used quickly whenever needed. When it comes to securities, conservative securities funds, which are actively managed on an ongoing basis and include an appropriate share of bonds, are used as a rule for the coverage and hedging of pension obligations. In the event of international financial market turbulence, however, the financial investments made might still develop unfavorably or individual securities might even become untradeable. This might result in reductions in value and impairments, which in turn have a negative impact on the financial result and equity of the Kapsch TrafficCom group. Such a crisis also increases the default risk of individual issuers of securities or their customers. In addition, the group might for strategic reasons acquire a direct interest in individual entities by purchasing shares. A sufficiently bad performance of these entities might also necessitate an impairment, which in turn leads to the mentioned negative impact on the financial result and equity.

5.5 Equity price risk

The group is exposed to equity securities price risk resulting from a material investment, since a Norwegian investment (Q-Free ASA, Norway), is classified as available for sale in the consolidated balance sheet.

The table below summarizes the impact of increases/decreases in the stock price of Q-Free ASA, Norway, on the equity. The analysis is based on the assumption that the stock price increases/decreases by 10 % with all other variables held constant.

ISIN	Volatility	Effect on equity in TEUR	
		2015/16	2014/15
NO0003103103	+10 %	1,482	1,929
NO0003103103	-10 %	-1,482	-1,929

5.6 Commodity price risk

The group is not exposed to any material commodity price risks.

6 Capital management.

Capital management is carried out in line with value-driven and sustainable corporate governance on the basis of the profit and loss accounts of the individual business segments. Accounting ratios and other economic criteria as well as the long-term development of the group are also monitored and taken into account with regard

to corporate governance. A crucial ratio for the capital structure is the gearing ratio calculated as the ratio of net debt to equity. Net debt (net assets) comprises current and non-current borrowings less cash on hand, bank balances and current securities. The Kapsch group's capital management strategy aims among other things to ensure that the group companies' capital resources comply with local requirements. Furthermore, the group focuses on maintaining the gearing ratio on an annual average within a range from 25 % to 35 % in order to be still able to borrow at reasonable cost. The group also continuously monitors if all covenants comply with credit agreements. The highly volatile project business may, nonetheless, be responsible for the gearing ratio strategy and/or the required covenants not being complied with under certain circumstances. Cash and cash equivalents as of 31 March 2016 reached a record height, which resulted in a disclosure of net assets for the previous fiscal year.

In the reporting year, all external capital requirements resulting from the project financing of the nationwide truck toll collection system in the Republic of Belarus were fulfilled.

The objective of these measures is to safeguard the ability to continue as a long-term going concern in order to show to shareholders and other stakeholders that their requirements can be fulfilled in a high-quality and sustainable manner and that returns for shareholders and benefits for other stakeholders can be provided. Other essential objectives of the group's capital management include the financing of the envisaged growth path and the maintenance of an optimal capital structure.

All amounts in TEUR	2015/16	2014/15
Non-current financial liabilities	85,734	88,985
Current financial liabilities	21,349	48,969
Total financial liabilities	107,083	137,954
Cash on hand and at banks	140,782	96,765
Current securities	97	5,291
Net assets /Net debt	33,796	-35,898
Equity	230,658	219,361
Net gearing	n.e.	16 %

7 Fair value measurement.

Historical cost is based on the fair value as at the acquisition date. The fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (IFRS 13.9). In measuring the fair value of an asset or a liability, the group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date (IFRS 13.11).

To the greatest extent possible, the group uses observable market data for the fair value measurement of assets or liabilities. Depending on the availability of observable input factors and their impact on the fair value measurement as a whole, the fair value is assigned to one of three levels in the following fair value hierarchy:

- Level 1: Inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the group can access at the measurement date.
- Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3: Inputs at this level are unobservable inputs for the asset or liability (IFRS 13.72ff).

8 Borrowing costs.

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. A qualifying asset is an asset (inventories, manufacturing plants, toll collection projects, power generation facilities, intangible assets and investment in properties) that requires a substantial period of time (with regard to the group at least 12 months) to be made ready for its intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization within a specific period.

In the fiscal year 2015/16, none of the assets recognized by the group met the requirements of a qualifying asset; therefore, no borrowing costs were capitalized.

All other borrowing costs are expensed in the period in which they are incurred.

9 Property, plant and equipment.

Property, plant and equipment are recognized at acquisition and production cost less accumulated depreciation. Depreciation is charged on a straight-line basis over the expected useful lives of the assets in accordance with the group policies:

Properties are not subject to scheduled depreciation. The useful lives generally 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. The assets' useful lives and residual values are reviewed, and adjusted if appropriate, at the end of each reporting period. An asset's carrying amount is written down to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the group and the cost of the item can be measured reliably. The carrying amount of those assets which were replaced is derecognized. Expenses for repairs and maintenance which do not necessitate a significant replacement investment (i.e. day to day servicing) are charged to the income statement during the financial period in which they are incurred.

The difference between the proceeds from the disposal of property, plant and equipment and the carrying amount is recognized as profit or loss in the result from operating activities.

10 Intangible assets.

10.1 Goodwill

Goodwill arises on the acquisition of subsidiaries, associates and joint ventures and represents the excess of the consideration transferred for the acquisition beyond the group's interest in net fair value of the identifiable assets, liabilities and contingent liabilities of the acquiree, the fair value of the non-controlling interest in the acquiree and the fair value of the acquirer's previously held equity interest in the acquiree, if the combination is achieved in stages, at the acquisition date. If the acquisition costs are less than the net assets of the acquired subsidiary measured at fair value, the difference is recognized directly in the statement of comprehensive income.

Goodwill impairment reviews are undertaken at least annually or more frequently if events or changes in circumstances indicate a potential impairment. As a rule, the group carries out the annual goodwill impairment review in the fourth quarter. In addition, the group carries out impairment tests during the year if a triggering event occurs that may cause the asset to be impaired.

For the purpose of impairment testing, goodwill is allocated to each of the cash generating units (CGU) or groups of cash generating units which are expected to benefit from the synergies of the business combination and have reported the goodwill. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes.

The carrying value of goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs to sell. If the carrying value of a CGU exceeds the recoverable amount, an impairment is to be recognized. First, goodwill is amortized by the amount of the impairment. If the impairment exceeds the carrying value of goodwill, the carrying values of the remaining assets of this CGU are proportionately reduced.

The value in use of a cash generating unit corresponds to the present value, calculated using the discount cash flow method, of the future cash flows which the entity will receive from the cash generating unit. In order to determine the value in use, the expected future cash flows plus taxes based on the post-tax discount rate that reflects the current market expectations with regard to the interest effect and the specific risks of the cash generating units, are written down to their present values. In the process, the current planning, covering a period of four years (detailed forecast period) and approved by management, is used as the basis with subsequent transition to perpetuity. The growth rates according to the detailed forecast period are based on historical growth rates and on external studies on the future medium-term market development.

The fair value less costs to sell is determined using an appropriate valuation model which is based on the medium-term planning of the respective cash generating unit. The valuation is made in line with the discounted cash flow calculations and verified through suitable multiples, if available.

The impairment loss of goodwill is recognized in the statement of comprehensive income. Write-ups on goodwill are not made.

10.2 Concessions and rights

Computer software, trademarks and similar rights are capitalized on the basis of the costs incurred for acquisition and amortized over their estimated useful lives of 4 to 30 years. Acquired customer agreements (toll contracts, maintenance agreements) are recognized at acquisition costs and amortized over the estimated useful lives that generally range between 2 and 10 years.

10.3 Research and development costs

Research expenditures are recognized as an expense. Costs incurred for development projects (relating to the design and tests 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 opportunity 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 are available to complete the development and to use or sell the intangible asset; 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. The costs for producing the intangible asset are capitalized as from the point in time when the above criteria are initially met. Development costs previously recognized as an expense cannot be subsequently capitalized. Capitalized development costs are amortized using the straight-line method on the basis of the normal useful life, which generally ranges between three and five years.

Capitalized development assets are tested for impairment annually in accordance with IAS 36, as long as they are not yet available for use.

11 Impairment of non-financial assets.

Assets that have an indefinite useful life – for example, goodwill or intangible assets not ready for use – are not subject to amortization and are tested annually for impairment. Assets that are subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate that the asset should be impaired.

An impairment loss is recognized for the amount by which the asset's carrying value exceeds its recoverable amount. The recoverable amount is the higher of an asset's net selling price and its value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows. Assets, with the exception of goodwill, that have been subject to an impairment adjustment in the past are reviewed for possible reversal of the impairment at each subsequent reporting date.

The difference between the recoverable amount of assets and their carrying amount is recognized as income or expense in the result from operating activities. Gains are not classified as revenue.

The residual carrying values and useful lives are reviewed at each balance sheet date and adjusted as necessary.

12 Financial instruments.

Financial instruments include financial assets (such as securities, investments, non-current receivables, loans, trade receivables and cash and cash equivalents) as well as financial liabilities (such as corporate bonds, other financial liabilities, trade payables, other non-current liabilities and derivative financial instruments).

Financial instruments are subdivided as follows:

- ▶ Financial assets at fair value through profit or loss
- ▶ Held-to-maturity investments
- ▶ Available-for-sale financial assets
- ▶ Loans and receivables

The classification depends on the nature and purpose of the financial assets and is determined on initial recognition.

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Derivatives are also categorized as held for trading unless they are designated as hedges. Assets in this category are classified as current assets if expected to be settled within 12 months, otherwise they are classified as non-current.

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity that an entity has the positive intention and ability to hold to maturity.

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless the investment matures or management intends to dispose of it within 12 months of the end of the reporting period.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets.

12.1 Securities and investments

Financial assets recognized under non-current assets and other short-term financial assets include available-for-sale securities, investments and financial assets at fair value through profit or loss.

Available-for-sale securities and investments (AFS)

Available-for-sale securities and investments are carried at fair value. Unrealized gains and losses arising from the changes in fair value of available-for-sale securities and investments are recognized in other comprehensive income.

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

The group assesses at each balance sheet date 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 such impairment, and the amounts of the available-for-sale financial assets previously recognized in equity are removed from equity and recognized through profit or loss in the statement of comprehensive income. The cumulative loss reclassified from equity to profit or loss is the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognized in profit or loss.

If, in subsequent periods, the fair value of the impaired financial instrument increases and such increase is directly related to an event occurring after the impairment was recognized through profit or loss in the statement of comprehensive income, the group reverses the impairment loss. In the case of debt instruments, the reversal is recognized in the profit for the period in the statement of comprehensive income; in the case of equity instruments, it is recognized directly in equity.

Financial assets at fair value through profit and loss

Financial assets at fair value through profit and loss are carried at fair value. Unrealized gains and losses arising from the changes in fair value of financial assets at fair value through profit or loss are recognized immediately in the statement of comprehensive income.

12.2 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 initially carried at cost less transaction costs and are recognized at the reporting date less any impairments made.

At each balance sheet date, the group assesses whether there is an objective evidence of impairment of each significant individual financial asset or group of financial assets. If such evidence exists the amount of the loss is measured as difference between the financial asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of a comparable financial asset. Such impairments must not be reversed.

12.3 Derivative financial instruments

For accounting purposes, derivative financial instruments are treated as stand-alone derivatives (i.e. as independent transactions and not as hedging transactions). Therefore they qualify as held-for-trading financial instruments and are valued at fair value through profit or loss as attributable as at the date of contract conclusion. The fair value corresponds to the value which the relevant entity would receive or have to pay upon liquidation of the deal on the balance sheet date. Positive market values at the balance sheet date are recognized under financial assets, and negative market values under other liabilities.

Changes in the fair value of these derivative financial instruments are recognized immediately in the statement of comprehensive income within other income or expense or the financial result, depending on the derivative financial instrument's purpose.

The group does not employ hedge accounting as envisaged by IAS 39.

12.4 Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables (e.g. trade receivables, other receivables, cash on hand and at banks) are initially recognized at fair value plus transaction costs and subsequently measured at amortized cost using the effective interest method, less allowance for bad debts.

At each balance sheet date, the group assesses whether there is objective evidence of impairment. Evidence of impairment may include the following: indications that the debtors or a group of debtors is experiencing significant financial difficulties, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganization, and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults. The amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not occurred) discounted at the financial asset's original effective interest rate.

The amount of the loss is recognized in the statement of comprehensive income.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related to an event occurring after the event was recognized, the reversal of the previously recognized impairment loss is recognized in the statement of comprehensive income.

13 Leases.

13.1 Finance leases – Accounting for agreements from the lessee's perspective

Leasing agreements in which the group as the lessee bears a substantial part of the 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 net present value of minimum lease payments or the fair value of the leased asset, whichever is lower, and are depreciated over their expected useful lives. A liability with regard to finance leases is recognized in the same amount. The difference between the minimum lease payments and the accrued net present value is recognized as interest expense. The interest component is spread over the agreed term of the lease using the effective interest rate method.

13.2 Operating leases – Accounting for agreements from the lessee's perspective

Leases in which a substantial part of the risks and rewards associated with the use of an asset 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 as rental expense to the statement of comprehensive income on a straight-line basis over the period of the lease.

14 Government grants.

Government grants with regard to purchased non-current assets (technical equipment) are deferred and taken through profit or loss over the estimated useful life of the respective asset. Government grants are recognized at their fair value, provided it is sufficiently certain that the group will comply with all attached conditions and the grant will be received.

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

15 Inventories.

Inventories are stated at cost or, if lower, at net realizable value. Cost is determined using the moving average price method. Production cost includes all directly attributable expenses and fixed and variable overheads (based on normal operating capacity) incurred in connection with the production. It excludes, however, borrowing costs as they cannot be allocated to a qualifying asset. Net realizable value is the estimated selling price in the ordinary course of business less applicable variable selling expenses.

16 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 according to the percentage of completion 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.

If the result of the construction contract cannot be reliably determined, contract revenue will only be recognized in the amount of the contract costs incurred which are likely to be recoverable. Contract costs are recognized as expenses in the period in which they occur.

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. Depending on maturity, the balance is recognized either under non-current assets, under current assets (amounts due from customers for contract work) or under current liabilities (amounts due to customers for contract work). Any amounts received prior to the rendering of production services are recognized in the consolidated balance sheet as liabilities under prepayments received.

17 Trade receivables.

Trade receivables are amounts due from customers for merchandise sold or services performed in the ordinary course of business. Receivables with a remaining term of up to one year are recognized as current receivables; all others are recognized as non-current receivables.

18 Cash and cash equivalents.

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

19 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. If such a reliable estimate is not possible, no provisions are set up. Provisions are measured based on the present value of the estimated settlement amount. The settlement amount is the best possible estimate of an expense on the basis of which a current obligation might be settled at the balance sheet date or transferred to a third party. This estimate takes into account future cost increases that are foreseeable and likely to occur on the balance sheet date. If they are material, provisions are discounted using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognized as interest expense.

Provisions for warranties and 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 on the basis of the group of obligations, 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 incurred for defects to be rectified under the warranty for products sold before the balance sheet date.

Provisions for onerous contracts are recognized if the expected benefit to be derived from the contract is less than the unavoidable costs of meeting the obligations under the contract. The provision is measured at the present value of the amount from the fulfillment of the contract or any compensation payments in case of non-performance, whichever is lower. The recognition of impairment losses on assets dedicated to such "onerous" contracts is, however, established prior to the recognition of the provisions for onerous contracts.

20 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.

A defined contribution plan is a pension plan under which the group pays fixed contributions into a separate non-group entity (fund). The group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. A defined benefit plan is a pension plan that is not a defined contribution plan.

Typically, defined benefit plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

The projected unit credit method is used for the calculation of liabilities arising from pension obligations and termination benefits in accordance with IAS 19. According to this method, post-employment costs for employee benefits are recognized in the statement of comprehensive income 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 re-measures the schemes annually. The obligations for pension payments are calculated at the present value of future benefits using interest rates of high-quality corporate bonds whose term roughly equals the term of the liability. The liability recognized in the balance sheet with respect to defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets.

Costs arising from defined benefit plans from pension obligations and termination benefits include the following components:

- ▶ Service costs include current as well as past service costs as well as gains or losses from benefit changes or curtailments. Service Costs are recognized in profit or loss within staff costs.
- ▶ The net interest cost on the defined benefit obligation or plan asset. This component is included in interest expense in the statement of comprehensive income.
- ▶ Remeasurements of the net defined benefit obligation or net asset. They are charged or credited to other comprehensive income in the period in which they arise.

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

For the calculation of liabilities arising from obligations for jubilee bonuses in accordance with IAS 19, the projected unit credit method is used. Jubilee 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 jubilee bonuses is performed in a similar way as the calculation for liabilities arising from termination benefits. The expected expenses of these benefits are recognized in the result for the period.

21 Current and deferred income tax.

The tax expense for the period comprises current and deferred tax. Tax is generally recognized in the statement of comprehensive income. Only taxes that relate to items recognized in other comprehensive income are recognized in other comprehensive income.

The current income tax charge is calculated on the basis of the tax laws applicable at the balance sheet date in the countries where the subsidiaries and associates operate and generate taxable income. The local management is responsible together with the local fiscal representative for the preparation of tax returns, particularly relating to matters subject to interpretations and for setting up provisions, if reasonable, for amounts payable to tax authorities.

Deferred income tax assets/liabilities are 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 assets/liabilities arise 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 IFRS profit or loss nor taxable profit or loss, it is not accounted for. Likewise, deferred taxes are not recognized if they arise from the initial recognition of goodwill.

Deferred income tax assets/liabilities are 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. In addition, it is to be assumed that such temporary differences will be reversed in the foreseeable future.

The carrying value of deferred income tax assets is reviewed annually at the balance sheet date and impaired if it is no longer likely that sufficient taxable income will be available to realize such assets partially or in full.

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 liabilities are 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.

Taking into account the corresponding terms, deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on the same taxable entity.

22 Liabilities.

Liabilities are recognized at amortized cost using the effective interest rate method. Liabilities with a remaining term of up to one year are recognized as current liabilities, those with longer terms are recognized as non-current liabilities. Liabilities denominated in foreign currencies are measured at the current rate at the balance sheet date. Borrowings are initially recognized at fair value, net of transaction costs incurred, and subsequently stated at amortized cost. Borrowing costs are charged to the statement of comprehensive income in the period in which they are incurred.

23 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 the group's control. For another, they comprise present obligations that fail to meet general or special recognition standards (i.e. the amount 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 and a liability does not have to be recognized pursuant to IFRS.

24 Revenue recognition.

In accordance with IAS 18, revenue is recognized at the fair value of the compensation received or outstanding in the statement of comprehensive income upon delivery and once the significant risks and rewards of ownership of the goods are transferred to the customer, net of discounts, other price reductions and eliminated sales within the group.

Revenues from sales of services are recognized in the reporting period in which the services are rendered, by reference to the rate of completion of the specific transaction assessed on the basis of the actual service provided as a proportion of the total services to be provided.

Revenues from sales of maintenance relate to the services under the single maintenance contracts rendered in the respective reporting period.

Revenue for construction contracts (mainly toll collection projects) 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.
- ▶ Dividend income is recognized when the right to receive payment is established.

25 Material accounting estimates and assumptions with regard to accounting policies.

The group makes estimates and assumptions concerning the future development. The resulting accounting estimates will, by definition, rarely equal the related actual results. All estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

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.

25.1 Percentage-of-completion method for contract work

The group uses the percentage-of-completion method in accounting for its construction contracts. At the balance sheet date of 31 March 2016, the amounts due from customers for contract work amounted to TEUR 116,462 (2014/15: TEUR 110,983) and the amounts due to customers for contract work amounted to TEUR 20,340 (2014/15: TEUR 17,786). The 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 the executive board of Kapsch TrafficCom AG indicate that the operating result would fluctuate by TEUR 11,090 (2014/15: TEUR 10,104) and the total comprehensive income for the period would fluctuate by TEUR 8,188 (2014/15: TEUR 7,578) if the actual margin of the significant projects deviated 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.

25.2 Estimated impairment of goodwill

In accordance with the accounting policy stated in note 3, the group tests annually whether goodwill has suffered any impairment. The recoverable amount of cash generating units is determined on the basis of the calculation of the value in use. These calculations require the use of estimates.

Sensitivities for the acquired goodwill are detailed in note 13.

25.3 Further assumptions and estimates

Further areas where assumptions and estimates are significant to the consolidated financial statements include inventories, deferred income tax assets/liabilities, liabilities from post-employment benefits to employees and provisions for warranties, project risks and losses. Sensitivity analyses of the assumptions made by management in connection with inventories, deferred income tax assets/liabilities and provisions indicate that no material effect will arise if the actual final outcomes were to differ from the estimates made by 10%.

The sensitivities for obligations for post-employment benefits to employees are detailed in note 23.

26 Critical judgments in the application of accounting policies.

As a non-financial entity, the group does not have a major investment portfolio and currently holds only one significant AFS financial instrument (Q-Free ASA, Norway); refer to Note 15. Against this backdrop, no fixed rates or time bands were defined to establish whether a “significant” or a “prolonged” decline in accordance with IAS 39.61 exists. As a consequence, the Group measures equity instruments classified as “available for sale” on an individual basis, taking particularly into account qualitative criteria (e.g. volatility of equity instruments held, trading volume or adverse developments of the issuer). It is especially with instruments of lower liquidity and/or high volatility that higher percentages (of up to 30%) are used to establish whether a decline in value is considered to be “significant”.

27 Segment information.

The reporting on operating segments is consistent with the internal reporting provided to the chief operating decision-maker (management approach). The chief operating decision-maker is responsible for allocating resources to the operating segments and assessing their performance. The executive board has been identified as the chief operating decision-maker.

With regard to the change in segment reporting made in fiscal year 2015/16 we refer to general information in the notes to the consolidated financial statements as well as to note 13.

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 two operating segments (see section "General Information"):

- Electronic Toll Collection (ETC)
- Intelligent Mobility Solutions (IMS)

The segment information, considering the new segment structure as described in the section General information, follows the same principles and same accounting policies as applied in these consolidated financial statements.

The segment results for the fiscal year ended 31 March 2016 are as follows (in EUR million):

	ETC	IMS	Consolidated group
Revenues	442.1	84.0	526.1
Operating result	63.7	-1.3	62.3

The segment results for the fiscal year ended 31 March 2015 are as follows (in EUR million):

	ETC	IMS	Consolidated group (adjusted)
Revenues	389.3	67.1	456.4
Operating result	33.5	-0.8	32.7

The adjustment of the fiscal year 2014/15 results from the new reporting structure.

The segment assets and liabilities as of 31 March 2016 as well as capital expenditure, depreciation, amortization and impairment and other non-cash-effective positions for the period then ended are as follows (in EUR million):

	ETC	IMS	Consolidated group
Assets	299.0	41.3	340.3
Investments in associates	0.0	1.9	1.9
Liabilities	153.0	19.7	172.7
Capital expenditure	8.4	1.6	10.0
Depreciation, amortization and impairment	12.1	2.5	14.5
Other non-cash-effective positions	0.3	0.3	0.6

The segment assets include property, plant and equipment, intangible assets, other non-current assets, inventories as well as trade receivables and other current assets.

The segment liabilities include liabilities from post-employment benefits to employees, non-current provisions, other non-current liabilities, trade payables, other liabilities and deferred income, current tax payables as well as current provisions.

The segment assets and liabilities as of 31 March 2015 as well as capital expenditure, depreciation, amortization and impairment and other non-cash-effective positions for the period then ended are as follows (in EUR million):

	ETC	IMS	Consolidated group (adjusted)
Assets	328.2	46.6	374.8
Investments in associates	1.9	0.1	2.0
Liabilities	128.4	27.5	155.9
Capital expenditure	7.0	1.4	8.4
Depreciation, amortization and impairment	27.1	1.7	28.8
Other non-cash-effective positions	13.5	0.1	13.5

The adjustment of the fiscal year 2014/15 results from the new reporting structure.

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):

	2015/16			2014/15 (adjusted)		
	Revenues	ETC	IMS	Revenues	ETC	IMS
Customer 1	84.6	x	x	79.2	x	x
Customer 2	68.3	x		66.4	x	
Customer 3	58.3	x		40.2	x	
Customer 4	50.7	x		52.5	x	

The adjustment of the fiscal year 2014/15 results from the new reporting structure.

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 2016 are as follows (in EUR million):

	Austria	EMEA (excl. Austria)	Americas	APAC	Consolidated group
Revenues	39.8	332.2	118.2	35.9	526.1
Non-current non-financial assets	15.1	32.7	30.1	7.9	85.8

The figures for the fiscal year ended 31 March 2015 are as follows (in EUR million):

	Austria	EMEA (excl. Austria)	Americas	APAC	Consolidated group (adjusted)
Revenues	38.2	297.9	92.6	27.7	456.4
Non-current non-financial assets	17.0	37.0	31.8	7.8	93.6

The adjustment of the fiscal year 2014/15 results from the new reporting structure.

Revenues per category

Revenues are classified into the following categories:

	2015/16	2014/15
Sales of goods	132,474	122,072
Sales of services	344,391	367,157
Sales of maintenance	32,755	33,183
Accrued/deferred sales, license sales and discounts on invoiced sales	16,472	-66,035
	526,092	456,377

2 Other operating income.

	2015/16	2014/15
Exchange rate gains from operating activities	6,776	10,458
Research tax credits	1,394	2,427
Income from the sale of non-current assets	35	293
Income from costs recharged	105	106
Sundry operating income	8,718	7,937
	17,028	21,221

Sundry operating income mainly relates to the assumption of costs of transactions billed for the nationwide electronic truck toll collection system in the Czech Republic.

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

	2015/16	2014/15
Change in unfinished goods and work in progress	-8,129	-759
Change in finished goods	-4,162	-4,517
	-12,291	-5,276

4 Costs of materials and other production services.

	2015/16	2014/15
Cost of materials	84,696	74,766
Cost of purchased services	117,165	93,268
	201,861	168,034

5 Staff costs.

	2015/16	2014/15
Wages, salaries and other remunerations	127,258	121,129
Expenses for social security and payroll-related taxes and contributions	19,948	20,775
Expenses for termination benefits (see Note 23)	259	281
Expenses for pensions (see Note 23)	7	11
Contributions to pension funds and other external funds (see Note 23)	1,390	1,214
Fringe benefits	4,300	4,693
	153,161	148,102

As of 31 March 2016, the number of staff amounted to persons 3,716 (31 March 2015: 3,545 persons) and averaged 3,514 persons in the fiscal year 2015/16 (2014/15: 3,510 persons).

6 Amortization of intangible assets, depreciation of property, plant and equipment and impairment.

	2015/16	2014/15
Depreciation of property, plant and equipment	6,905	7,676
Amortization of intangible assets	7,628	8,758
Impairment	0	12,342
	14,533	28,776

7 Other operating expenses.

	2015/16	2014/15
Communication and IT expenses	18,359	18,862
Legal and consulting fees	17,851	10,860
Rental expenses	13,326	13,073
Exchange rate losses from operating activities	8,140	6,974
Travel expenses	7,783	6,840
Marketing and advertising expenses	6,518	6,959
License and patent expenses	3,971	3,972
Automobile expenses	3,835	4,524
Office expenses	3,418	3,025
Maintenance	3,388	3,347
Insurance costs	3,371	3,242
Taxes and charges	1,795	1,524
Warranty costs and project financing	1,630	1,796
Training costs	1,664	1,714
Transport costs	1,049	939
Bank charges	737	562
Adjustment of provision for warranties	624	331
Membership fee	545	373
Losses on disposal of non-current assets	508	227
Commissions and other fees	268	515
Remuneration to supervisory board	120	54
Damages	63	1,720
Allowance and write-off of receivables	43	995
Reorganisation costs	0	1,760
Other	631	575
	99,636	94,763

The increase in legal and consulting fees by TEUR 6,991 mainly relates to current legal cases and consulting fees for acquisitions.

The item "Other" includes other administrative and selling expenses.

8 Financial result.

	2015/16	2014/15
Interest and similar income:		
Interest income	2,610	1,690
Income from securities	69	84
Income from interest accretion of non-current receivables	3,698	5,946
Gains from the disposal of financial assets	3,362	0
Exchange rate gains from financing activities	3,162	5,536
	12,902	13,255
Interest and similar expenses:		
Interest expense	-5,227	-5,983
Impairment of other investments	-1,513	-18,525
Expense from interest accretion of non-current payables	-264	-252
Exchange rate losses from financing activities	-12,724	-742
Interest expense from liabilities from post-employment benefits to employees	-509	-757
Interest expense from liabilities from anniversary bonuses to employees	-23	0
Expense from change in fair value of derivative financial instruments	-213	-47
	-20,474	-26,307
	-7,572	-13,051

The exchange rate gains/losses from financing activities in the group mainly result from exchange rate fluctuations of the translation of intercompany financing of subsidiaries in North America and South Africa.

The impairment of other investments in fiscal year 2014/15 concern the impairment, recognized in the interim financial report of the second quarter as impairment in the result for the period, due to the ongoing unfavorable development of the share price of the investment in Q-Free ASA, Trondheim, Norway amounting to TEUR 12,185 (see Note 10) as well as further net exchange losses in the third quarter of the fiscal year 2014/15 amounting to TEUR 6,340. In the fourth quarter of the fiscal year 2014/15 the exchange rate has recovered again and the increase in value was recognized in the other comprehensive income.

9 Income taxes.

	2015/16	2014/15
Current taxes	-15,445	-9,909
Deferred taxes (see Note 22)	-2,911	1,385
Total	-18,356	-8,524
Thereof income/expense from group taxation	-5,276	-4,641

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:

	2015/16	2014/15
Result before income taxes	54,815	19,932
Arithmetic tax expense based on a tax rate of 25 % (2014/15: 25 %)	-13,704	-4,983
Unrecognized deferred tax assets on current losses	-6,305	-14
Utilization of previously unrecognized tax losses	0	2,895
Different foreign tax rates	3,134	-3,310
Tax allowances claimed and other permanent tax differences	-480	-4,892
Income and expenses not subject to tax and other differences	1,123	1,152
Adjustment in respect to prior year	-2,123	628
Recognized tax expense	-18,356	-8,524

In the fiscal year 2014/15 a disproportionate high tax rate arises due to the non-tax effective impairment of the investment in Q-Free ASA, Norway (effects from tax allowances claimed and other permanent tax differences in the amount of TEUR 4,631).

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

10 Other comprehensive income.

2015/16	Before taxes	Tax expense/ income	After taxes
Fair value gains/losses on available-for-sale financial assets:			
Unrealized gains/losses in the current period	-4,607	10	-4,597
Gains/losses recognized in the result for the period	-2,081	829	-1,251
Remeasurements of liabilities from post-employment benefits	-231	93	-139
Currency translation differences	2,505	0	2,505
Currency translation differences from net investments in foreign business	-2,334	584	-1,751
Fair value changes recognized in equity	-6,748	1,515	-5,233

The unrealized gains/losses on available-for-sale financial assets recognized in the fiscal year 2015/16 amounting to TEUR -4,567 relate to fair value changes on the investment in Q-Free ASA, Trondheim, Norway. Due to the ongoing unfavorable development of the share price up to the third quarter of the fiscal year 2015/16 the contained net losses amounting to TEUR -5.432, together with net losses that have been recognized through other comprehensive income in equity in the amount of TEUR 4,194 up to 31 March 2015, were recognized as impairment in the result for the period (TEUR -1,238; reclassification from other comprehensive income to the result for the period).

The realized gains/losses on available-for-sale financial assets relate to a sale of joint ownership shares (ESPA Cash Asset-Backed) in the fiscal year 2015/16. Net gains recognized in equity in the amount of TEUR 3,318 up to 31 March 2015 were also reclassified in the result for the period.

2014/15	Before taxes	Tax expense/ income	After taxes
Fair value gains/losses on available-for-sale financial assets:			
Unrealized gains/losses in the current period	2,031	-129	1,902
Gains/losses recognized in the result for the period	12,185	0	12,185
Remeasurements of liabilities from post-employment benefits	-3,164	646	-2,519
Currency translation differences	-12,559	0	-12,559
Currency translation differences from net investments in foreign business	9,045	-2,261	6,784
Fair value changes recognized in equity	7,538	-1,744	5,794

The unrealized gains/losses on available-for-sale financial assets relate to market price fluctuations of the investment in Q-Free ASA, Norway, amounting to TEUR 1,516.

The realized gains/losses on available-for-sale financial assets relate to an impairment in that investment, recognized in the result of the period (TEUR 12,185, reclassification from other comprehensive income to the result for the period, see note 8) due to ongoing unfavorable development of the share price.

11 Additional disclosures on financial instruments by category.

11.1 Assets

	Note	2015/16	2014/15
At fair value through profit or loss			
Derivative financial instruments	—	0	0
		0	0
Financial instruments held-to-maturity		0	0
Securities held-to-maturity	—	0	0
Receivables (financial assets recognized at (amortized) cost)			
Non-current receivables	(16)	783	1,151
Loans	(15)	196	0
Trade receivables	(18)	51,425	72,754
Cash and cash equivalents	(19)	140,782	96,765
		193,186	170,670
Available-for-sale financial assets			
Available-for-sale securities (non-current), Level 1	(15)	3,030	3,085
Available-for-sale securities (non-current), Level 2	(15)	693	718
Available-for-sale investments, Level 1	(15)	14,825	19,291
Available-for-sale securities (current), Level 1	(15)	0	5,291
Other investments (at cost)	(15)	4	5
		18,552	28,390
Total		211,739	199,060

11.2 Liabilities

	Notes	2015/16	2014/15 (adjusted)
At fair value through profit or loss			
Derivative financial instruments	—	0	47
Other non-current liabilities	(24)	2,349	2,324
		2,349	2,372
Loans (financial liabilities recognized at (amortized) cost)			
Corporate bond	(21)	70,513	74,485
Other financial liabilities	(21)	36,570	63,469
Trade payables	—	52,041	48,441
Other non-current liabilities	(24)	983	2,332
		160,107	188,727
Total		162,456	191,099

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

	2015/16	2014/15
Available-for-sale financial assets	1,918	-18,442
Loans and receivables	-6,743	6,700
Financial liabilities recognized at (amortized) cost	-5,491	-6,235
At fair value through profit or loss	-237	-47
	-10,553	-18,025

12 Property, plant and equipment.

	Land and buildings	Technical equipment and machinery	Construction in progress	Other equipment, factory and office equipment	Prepayments	Total
Carrying amount as of 31 March 2014	3,961	9,150	1,407	8,859	71	23,447
Currency translation differences	102	520	316	332	0	1,270
Reclassification	1,106	0	-1,179	-820	0	-893
Additions	290	2,812	2,300	1,785	188	7,374
Disposals	0	-123	-749	-187	-71	-1,130
Scheduled depreciation	-886	-3,449	0	-3,341	0	-7,676
Carrying amount as of 31 March 2015	4,572	8,909	2,096	6,628	188	22,393
Acquisition/production costs	10,350	51,304	2,096	24,873	188	88,811
Accumulated depreciation	-5,778	-42,395	0	-18,245	0	-66,417
Carrying amount as of 31 March 2015	4,572	8,909	2,096	6,628	188	22,393
Carrying amount as of 31 March 2015	4,572	8,909	2,096	6,628	188	22,393
Currency translation differences	-49	-504	-83	-449	0	-1,084
Reclassification	375	201	-2,351	1,775	0	0
Reclassification of prepayments	0	188	0	0	-188	0
Additions from the acquisition of companies	0	843	401	7	0	1,251
Additions	665	1,463	1,302	3,619	0	7,049
Disposals	-7	-705	-448	-677	0	-1,837
Scheduled depreciation	-929	-2,406	0	-3,570	0	-6,905
Carrying amount as of 31 March 2016	4,628	7,989	917	7,333	0	20,867
Acquisition/production costs	10,655	45,743	917	26,313	0	83,628
Accumulated depreciation	-6,027	-37,754	0	-18,979	0	-62,761
Carrying amount as of 31 March 2016	4,628	7,989	917	7,333	0	20,867

13 Intangible assets.

	Capitalized development costs	Concessions and rights	Goodwill	Intangible assets on completion	Prepayment	Total
Carrying amount as of 31 March 2014	0	26,393	56,663	734	5,778	89,567
Currency translation differences	0	48	1,007	0	0	1,054
Reclassification	0	893	0	0	0	893
Additions	0	446	0	329	219	994
Disposals	0	-1	0	-156	0	-157
Impairment	0	0	-12,342	0	0	-12,342
Scheduled amortization	0	-8,758	0	0	0	-8,758
Carrying amount as of 31 March 2015	0	19,019	45,328	907	5,997	71,250
Acquisition/production costs	8,302	62,310	59,727	907	5,997	137,243
Accumulated amortization	-8,302	-43,291	-14,399	0	0	-65,992
Carrying amount as of 31 March 2015	0	19,019	45,328	907	5,997	71,250
Carrying amount as of 31 March 2015	0	19,019	45,328	907	5,997	71,250
Currency translation differences	-2	-72	0	0	0	-74
Reclassification of prepayments	0	5,997	0	0	-5,997	0
Additions from the acquisition of companies	46	0	0	0	0	46
Additions	149	2,606	0	58	132	2,944
Disposals	0	-663	0	-964	0	-1,627
Scheduled amortization	-194	-7,435	0	0	0	-7,628
Carrying amount as of 31 March 2016	0	19,452	45,328	0	132	64,911
Acquisition/production costs	9,725	66,227	59,727	0	132	135,811
Accumulated amortization	-9,725	-46,775	-14,399	0	0	-70,899
Carrying amount as of 31 March 2016	0	19,452	45,328	0	132	64,911

In consideration of restructuring of the business segments and reportable segments Kapsch TrafficCom Group has revised the representation of cash-generating units (CGU) and goodwill allocation.

According to IAS 36.72 the CGUs have been adjusted to the changed structure of the business segments and reportable segments. The reallocation of goodwill complies with IAS 36.87, according to which goodwill have to be reallocated based on a relative value approach, similar to that used for selling of a business unit within a CGU of a company.

Based on the revised business segments and reportable segments (see segment reporting) Kapsch TrafficCom Group defines the following cash-generating units for the purpose of impairment testing according to IAS 36:

	2015/16	2014/15 ¹
ZGE ETC-Americas : Electronic Toll Collection, Americas	11,723	n/a
ZGE ETC-EMEA : Electronic Toll Collection, Europe, Middle East and Africa	19,941	n/a
ZGE ETC-APAC : Electronic Toll Collection, Asia and Pacific	7,378	n/a
ZGE IMS-Americas : Intelligent Mobility Solutions, Americas	3,349	n/a
ZGE IMS-EMEA : Intelligent Mobility Solutions, Europe, Middle East and Africa	2,708	n/a
ZGE IMS-APAC : Intelligent Mobility Solutions, Asia and Pacific	230	n/a
	45,328	n/a

¹ The disclosure for the fiscal year 2014/15 is not applicable due to the new reporting structure.

The following key assumptions for all cash-generating units were made for the purpose of impairment testing:

	2015/16	2014/15
Determination of recoverable amount	Value in use	Value in use
Detailed planning period	4 years	4 years
Discount rate after tax	6.36 %	8.28 %
Long-term growth rate	2.00 %	2.00 %

13.1 Cash-generating unit "Electronic Toll Collection, Americas" (CGU ETC-Americas)

Key assumptions for determining expected cash flows of the CGU ETC-Americas

Management has based its determination on the assumption that after the successful implementation of road toll collection systems, in particular in the U.S.A. and Chile, demand for toll systems will remain stable. The planning for the CGU ETC-Americas is based on implemented construction projects and current operation projects and their expansion as well as on the fact, that in various countries invitations to tender are in preparation or already in progress. Furthermore the delivery of components makes a substantial contribution to revenue.

Parameter CGU ETC-Americas

	2015/16	2014/15 ¹
Carrying amount of goodwill allocated to the CGU	11,723	n/a
Carrying amount of intangible assets with indefinite useful life allocated to the CGU (excl. goodwill)	0	n/a
Value in use of the CGU	232,044	n/a
Carrying amount	48,580	n/a
Discount rate before tax	7.6 %	n/a
Break-Even discount rate	31.1 %	n/a

¹ The disclosure for the fiscal year 2014/15 is not applicable due to the new reporting structure.

Sensitivity analyses with the impact of changes to the value in use of the CGU ETC-Americas

	Changes in assumption	Decrease in assumption	Increase in assumption
Discount rate	±10 BP	38,577	-28,750
Revenue growth	±10 %	-6,817	6,934
EBITDA margin	±10 %	-2,712	2,712
Long-term growth rate	±0,5 %	-21,127	26,606

13.2 Cash-generating unit „Electronic Toll Collection, Europe, Middle East and Africa" (CGU ETC-EMEA)

Key assumptions for determining expected cash flows of the CGU ETC-EMEA

Management has based its determination on the assumption that after the successful implementation of road toll collection systems in EMEA, in particular in Austria, the Czech Republic, Switzerland, South Africa, Poland and the Republic of Belarus, demand for toll systems will remain stable, in particular as a result of tight public budgets. The planning for the CGU ETC-EMEA is based on implemented construction projects and current operation projects, their expansion and delivery of components as well as on the fact, that in various countries invitations to tender are in preparation or already in progress.

Parameter CGU ETC-EMEA

	2015/16	2014/15 ¹
Carrying amount of goodwill allocated to the CGU	19,941	n/a
Carrying amount of intangible assets with indefinite useful life allocated to the CGU (excl. goodwill)	0	n/a
Value in use of the CGU	394,719	n/a
Carrying amount	120,615	n/a
Discount rate before tax	7.9 %	n/a
Break-Even discount rate	21.1 %	n/a

¹ The disclosure for the fiscal year 2014/15 is not applicable due to the new reporting structure.

Sensitivity analyses with the impact of changes to the value in use of the CGU ETC-EMEA

	Changes in assumption	Decrease in assumption	Increase in assumption
Discount rate	±10 BP	68,574	-51,128
Revenue growth	±10 %	-4,649	30,207
EBITDA margin	±10 %	-6,919	6,919
Long-term growth rate	±0,5 %	-37,780	47,577

13.3 Cash-generating unit "Electronic Toll Collection, Asia and Pacific" (CGU ETC-APAC)**Key assumptions for determining expected cash flows of the CGU ETC-APAC**

Management has based its determination on the assumption that after the successful implementation of road toll collection systems in APAC, especially in Australia, demand for toll systems will remain stable. The planning for the CGU ETC-APAC is based on implemented construction projects and current operation projects and their expansion as well as on the fact, that in Australia and New Zealand invitations to tender are in preparation or already in progress. Furthermore the delivery of components makes a substantial contribution to revenue.

Parameter CGU ETC-APAC

	2015/16	2014/15 ¹
Carrying amount of goodwill allocated to the CGU	7,378	n/a
Carrying amount of intangible assets with indefinite useful life allocated to the CGU (excl. goodwill)	0	n/a
Value in use of the CGU	146,052	n/a
Carrying amount	16,205	n/a
Discount rate before tax	7.8 %	n/a
Break-Even discount rate	99.6 %	n/a

¹ The disclosure for the fiscal year 2014/15 is not applicable due to the new reporting structure.

Sensitivity analyses with the impact of changes to the value in use of the CGU ETC-APAC

	Changes in assumption	Decrease in assumption	Increase in assumption
Discount rate	±10 BP	23,172	-17,288
Revenue growth	±10 %	4,730	11,580
EBITDA margin	±10 %	-2,102	2,102
Long-term growth rate	±0,5 %	-12,558	15,815

13.4 Cash-generating unit “Intelligent Mobility Solutions, Americas” (CGU IMS-Americas)**Key assumptions for determining expected cash flows of the CGU IMS-Americas**

Management has based its determination on the assumption that after the successful implementation of intelligent mobility solutions in North America, demand for intelligent mobility solutions will continue to rise. Furthermore it is expected that the technical maintenance and commercial operation will be performed by Kapsch TrafficCom. The planning for the CGU IMS-Americas is based especially on road safety and traffic monitoring systems.

Parameter CGU IMS-Americas

	2015/16	2014/15 ¹
Carrying amount of goodwill allocated to the CGU	3,349	n/a
Carrying amount of intangible assets with indefinite useful life allocated to the CGU (excl. goodwill)	0	n/a
Value in use of the CGU	79,389	n/a
Carrying amount	18,745	n/a
Discount rate before tax	7.5 %	n/a
Break-Even discount rate	18.4 %	n/a

¹ The disclosure for the fiscal year 2014/15 is not applicable due to the new reporting structure.

Sensitivity analyses with the impact of changes to the value in use of the CGU IMS-Americas

	Changes in assumption	Decrease in assumption	Increase in assumption
Discount rate	±10 BP	15,560	-11,585
Revenue growth	±10 %	-3,603	5,008
EBITDA margin	±10 %	-785	785
Long-term growth rate	±0,5 %	-8,570	10,792

13.5 Cash-generating unit “Intelligent Mobility Solutions, Europe, Middle East and Africa” (CGU IMS-EMEA)**Key assumptions for determining expected cash flows of the CGU IMS-EMEA**

Management has based its determination on the assumption that after the successful implementation of intelligent mobility solutions in South Africa, the Netherlands, Great Britain, Italy and the Czech Republic, demand for intelligent mobility solutions will continue to rise. Furthermore it is expected that the technical maintenance and commercial operation will be performed by Kapsch TrafficCom. The planning for the CGU IMS-EMEA is based especially on road safety and traffic monitoring systems.

Parameter CGU IMS-EMEA

	2015/16	2014/15 ¹
Carrying amount of goodwill allocated to the CGU	2,708	n/a
Carrying amount of intangible assets with indefinite useful life allocated to the CGU (excl. goodwill)	0	n/a
Value in use of the CGU	64,186	n/a
Carrying amount	2,885	n/a
Discount rate before tax	7.7 %	n/a
Break-Even discount rate	482.2 %	n/a

¹ The disclosure for the fiscal year 2014/15 is not applicable due to the new reporting structure.

Sensitivity analyses with the impact of changes to the value in use of the CGU IMS-EMEA

	Changes in assumption	Decrease in assumption	Increase in assumption
Discount rate	±10 BP	10,074	-7,506
Revenue growth	±10 %	1,807	3,953
EBITDA margin	±10 %	-1,179	1,179
Long-term growth rate	±0,5 %	-5,540	6,977

13.6 Cash-generating unit “Intelligent Mobility Solutions, Asia and Pacific” (CGU IMS-APAC)**Key assumptions for determining expected cash flows of the CGU IMS-APAC**

Management has based its determination on the assumption that after the successful implementation of intelligent mobility solutions in Australia and New Zealand, demand for intelligent mobility solutions will continue to rise. Furthermore it is expected that the technical maintenance and commercial operation will be performed by Kapsch TrafficCom. The planning for the CGU IMS-APAC is based especially on road safety and traffic monitoring systems.

Parameter CGU IMS-APAC

	2015/16	2014/15 ¹
Carrying amount of goodwill allocated to the CGU	230	n/a
Carrying amount of intangible assets with indefinite useful life allocated to the CGU (excl. goodwill)	0	n/a
Value in use of the CGU	5,441	n/a
Carrying amount	2,300	n/a
Discount rate before tax	15.7 %	n/a
Break-Even discount rate	136.6 %	n/a

¹ The disclosure for the fiscal year 2014/15 is not applicable due to the new reporting structure.

Sensitivity analyses with the impact of changes to the value in use of the CGU IMS-APAC

	Changes in assumption	Decrease in assumption	Increase in assumption
Discount rate	±10 BP	78	-70
Revenue growth	±10 %	-2,143	1,968
EBITDA margin	±10 %	-267	267
Long-term growth rate	±0,5 %	-15	19

13.7 Capitalized development costs

Development costs relate to expenses which in accordance with IAS 38 are capitalized and amortized over 3 to 5 years once the assets are available for commercial use.

Additional research and development costs of the group in the fiscal year 2015/16 amounted to EUR 56.6 million (2014/15: EUR 49.0 million). In the fiscal year 2015/16, EUR 32.4 million thereof (2014/15: EUR 22.0 million) related to project-specific development costs charged to the customer. The remaining amount of EUR 24.2 million (2014/15: EUR 27.0 million) was recognized as an expense.

14 Interests in associates.

Interests in associates developed as follows:

	2015/16	2014/15
Carrying amount as of 31 March of prior year	2,014	1,596
Currency translation differences	-138	184
Addition from foundation and acquisition	0	0
Disposal	0	0
Share in result	41	234
Carrying amount as of 31 March of fiscal year	1,917	2,014

On 3 December 2015, together with a partner, the group founded the Russian company LLC National operator of telematics services and holds an interest of 49 %. The company is classified as an associated company. Therefore the investment is accounted for using the equity method. As of 31 March 2016 the book value of the interest amounting to TEUR 0 (31 March 2015: TEUR n/a).

The financial data of the entity as of the latest balance sheet date (31 March) are as follows:

	31 March 2016	31 March 2015
Non-current assets	12	n/a
Current assets	9	n/a
Non-current liabilities	0	n/a
Current liabilities	-68	n/a
Net assets	-47	n/a
Revenue	0	n/a
Result for the period	-51	n/a
Other comprehensive income for the period	0	n/a
Total comprehensive income for the period	-51	n/a

On 31 July 2012 the group acquired 33 % of the shares in SIMEX, Integración de Sistemas, S.A.P.I. de C.V., Mexico. Taking potential voting rights into account (options for purchase of the remaining shares) the group has the majority of the shares. As the potential voting rights are not assessed to be substantial the presumption of control was rebutted. As significant influence over the financial and business policies exists, the investment is accounted for using the equity method.

The financial data of the entity as of the latest balance sheet date (31 December) are as follows:

	31 Dec. 2016	31 Dec. 2015
Non-current assets	1,474	1,340
Current assets	10,584	10,235
Non-current liabilities	-635	-620
Current liabilities	-6,471	-6,181
Net assets	4,953	4,774
Revenue	13,066	14,816
Result for the period	470	527
Other comprehensive income for the period	0	0
Total comprehensive income for the period	470	527

15 Current and non-current financial assets.

	2015/16	2014/15
Other non-current financial assets and investments	18,651	23,099
Other current financial assets	97	5,291
	18,748	28,390

	Available- for-sale securities	Available- for-sale investments	Other non-current financial assets	Total
Other non-current financial assets and investments				
Carrying amount as of 31 March 2014	3,655	23,758	1,093	28,506
Currency translation differences	0	0	98	98
Additions	0	362	0	362
Disposals	0	0	-1,190	-1,190
Change in fair value	148	-4,824	0	-4,676
Carrying amount as of 31 March 2015	3,803	19,296	0	23,099
Currency translation differences	0	0	1	1
Additions	0	101	98	199
Disposals	-40	0	0	-41
Change in fair value	-40	-4,567	0	-4,607
Carrying amount as of 31 March 2016	3,723	14,829	99	18,651

	Available- for-sale securities	Other	Total
Other current financial assets			
Carrying amount as of 31 March 2014	4,924	0	4,924
Additions	0	0	0
Disposals	0	0	0
Change in fair value	367	0	367
Carrying amount as of 31 March 2015	5,291	0	5,291
Currency translation differences	0	-9	-9
Additions	0	106	106
Disposals	-5,291	0	-5,291
Change in fair value	0	0	0
Carrying amount as of 31 March 2016	0	97	97

As of 31 March 2016, available-for-sale securities relate to government and bank bonds as well as shares in investment funds. As of 31 March 2016, investments classified as available-for-sale mainly relate to a 19.26 % investment in the listed company Q-Free ASA, Trondheim, Norway.

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

Fair value-hierarchies and determination of fair value:

Financial assets and liabilities have to be classified in one of the three following fair value-hierarchies:

Level 1: There are quoted prices in active markets for identical assets and liabilities. In the group, the investment in Q-Free ASA, Trondheim, Norway, as well as listed equity instruments are attributed to Level 1.

Level 2: The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques based on observable direct or indirect market data. This category comprises available-for-sale securities, such as mortgage bonds and government bonds, which are quoted, however not regularly traded on a stock market.

Specific valuation techniques used to value financial instruments include:

- ▶ quoted market prices or dealer quotes for similar instruments;
- ▶ the fair value of interest rate swaps is calculated as the present value of the estimated future cash flows based on observable yield curves;
- ▶ the fair value of forward foreign exchange contracts is determined using forward exchange rates at the balance sheet date, with the resulting value discounted back to present value;
- ▶ other techniques, such as discounted cash flow analysis, are used to determine fair value for the remaining financial instruments.

Level 3: Financial instruments are included in level 3 if the valuation information is not based on observable market data.

The classification of current and non-current financial assets is as follows:

	Level 1 Quoted prices	Level 2 Observable market data	Level 3 Not based on observable market data	2015/16
Non-current financial assets				
Available-for-sale securities	3,030	693	0	3,723
Available-for-sale investments	14,825	0	0	14,825
	17,855	693	0	18,548
Current financial assets				
Available-for-sale securities	0	0	0	0
	0	0	0	0
Total	17,855	693	0	18,548

In the fiscal year 2015/16, other non-current financial assets amounting to TEUR 99, other investments amounting to TEUR 4 as well as other current financial assets amounting to TEUR 97 were recognized at amortized cost.

	Level 1 Quoted prices	Level 2 Observable market data	Level 3 Not based on observable market data	2014/15
Non-current financial assets				
Available-for-sale securities	3,085	718	0	3,803
Available-for-sale investments	19,291	0	0	19,291
	22,376	718	0	23,094
Current financial assets				
Available-for-sale securities	5,291	0	0	5,291
	5,291	0	0	5,291
Total	27,667	718	0	28,385

In the fiscal year 2014/15, other non-current financial assets amounting to TEUR 5 are recognized at amortized cost.

16 Other non-current assets.

	2015/16	2014/15
Project in the Republic of Belarus	18,094	26,987
Truck toll collection system Czech Republic	711	1,148
Other	72	3
	18,877	28,138

Other non-current assets include amounts due from customers for contract work for the installation of the truck toll collection system in the Republic of Belarus as well as trade receivables (non-current) that are due from the Czech Ministry of Transport for the installation of the Czech truck toll collection system. As in the prior year, they fall due between 1 and 5 years as of the balance sheet date.

Non-current receivables were discounted on the basis of cash flows using an interest rate of 2.49 – 5.65 % (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:

	2015/16	2014/15
Up to 2 years	19,891	29,706
Between 2 and 3 years	219	171
More than 3 years	62	0
	20,172	29,877

Amounts due from customers for contract work (non-current) are as follows:

	2015/16	2014/15
Construction costs incurred plus recognized gains	18,094	26,987
Less total amounts invoiced and advance payments received	0	0
	18,094	26,987

17 Inventories.

	2015/16	2014/15
Purchased parts and merchandise, at acquisition cost	26,268	25,925
Unfinished goods and work in progress, at production cost	6,551	14,680
Finished goods, at production cost	2,871	7,033
Prepayments on inventories	68	33
	35,757	47,670

Individual inventory items were written down, where necessary, to their net realizable values. The write-downs of inventories amount to TEUR 21,755 (2014/15: TEUR 21,171). In the reporting period TEUR 584 were recognized in the statement of comprehensive income (2014/15: TEUR 4,539).

18 Trade receivables and other current assets.

	2015/16	2014/15
Trade receivables	53,520	75,470
Allowance for bad debts	-2,095	-2,715
Trade receivables – net	51,425	72,754
Amounts due from customers for contract work	98,368	83,995
Amounts due from customers for service and maintenance contracts	15,247	8,502
Current tax receivables from income tax	3,754	3,336
Receivables from tax authorities (other than income tax)	10,489	12,994
Other receivables and prepaid expenses	20,629	23,805
	199,912	205,387

As of 31 March 2016 trade receivables with a net value of TEUR 2,238 (2014/15: TEUR 3,068) have been impaired. The corresponding impairment amounts to TEUR -2,095 (2014/15: TEUR -2,715).

Allowance for bad debt developed as follows:

	2015/16	2014/15
Balance as of 31 March of the prior year	-2,715	-421
Additions from the acquisition of companies	0	0
Addition	-70	-2,422
Utilization	261	73
Disposal	337	112
Currency translation differences	93	-58
Balance as of 31 March of the reporting year	-2,095	-2,715

Maturity structure of trade receivables and other current assets:

	2015/16	2014/15
Not yet due	21,954	52,350
Overdue:		
Less than 60 days (not impaired)	12,040	11,143
Less than 60 days (impaired)	0	0
More than 60 days (not impaired)	17,288	8,908
More than 60 days (impaired)	2,238	3,068
	53,520	75,470

Given the short maturities of these financial instruments, it is assumed that the fair values correspond to the carrying amounts. There is no concentration of credit risk with respect to trade receivables (except for the toll collection projects in the Czech Republic, South Africa, Poland and the Republic of Belarus), as the group generally has a large number of customers worldwide. Trade receivables (current) relating to the installation of the truck toll collection system of the Czech Republic amounting to TEUR 3,670 (2014/15: TEUR 2,481) and to the operation and maintenance of the system amounting to TEUR 20,474 (2014/15: TEUR 22,044) are due from Ředitelství silnic a dálnic ČR (RSD), a company of the Czech Republic. Trade receivables from the toll collection project in Poland due from GDDKiA (Generalna Dyrekcja Dróg Krajowych i Autostrad) amount to TEUR 4,890 (2014/15: TEUR 5,027). Trade receivables (current) relating to the installation of the truck toll collection system of the Republic of Belarus amounting to TEUR 39,042 (2014/15: TEUR 0) and to the operation of the system amounting to TEUR 3,317 (2014/15: TEUR 875) are due from BelToll.

Trade receivables amounting to TEUR 3,365 (2014/15: TEUR 4,989) were pledged as collateral to banks (see Note 21).

Amounts due from customers for contract work are as follows:

	2015/16	2014/15
Construction costs incurred plus recognized gains	471,098	439,282
Less amounts billed and prepayments received	-372,731	-355,287
	98,368	83,995

As of 31 March 2016, amounts due from customers for contract work primarily relate to toll collection projects in North America amounting to TEUR 23,592 (2014/15: TEUR 21,400), in France amounting to TEUR 422 (2014/15: TEUR 2,083) as well as the establishment of the toll collection system in the Republic of Belarus amounting to TEUR 64,174 (2014/15: TEUR 53,499).

Revenues from construction contracts amount to TEUR 115,263 (2014/15: TEUR 105,879).

19 Cash and cash equivalents.

	2015/16	2014/15
Cash on hand	90	62
Deposits held with banks	140,692	96,703
	140,782	96,765

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.

	2015/16	2014/15
Carrying amount as of 31 March of fiscal year	13,000	13,000

The total number of shares issued is 13,000,000. The shares are ordinary bearer shares and have no par value.

21 Current and non-current financial liabilities.

	2015/16	2014/15
Non-current		
Corporate bond	70,513	74,485
Loans for project financing	0	14,500
Other non-current loans	15,221	0
	85,734	88,985
Current		
Loans for project financing	14,500	20,333
Other current loans	6,849	28,636
	21,349	48,969
Total	107,083	137,954

Movements are as follows:

	31 March 2014	Reclassification	Additions	Repayment	Currency translation differences	31 March 2015
Non-current financial assets	109,494	-20,693	184	0	0	88,985
Current financial assets	46,560	20,693	7,053	-30,220	4,883	48,969
Total	156,054	0	7,237	-30,220	4,883	137,954

	31 March 2015	Reclassification	Additions	Repayment	Currency translation differences	31 March 2016
Non-current financial assets	88,985	-3,220	471	0	-502	85,734
Current financial assets	48,969	3,220	2,830	-32,927	-742	21,349
Total	137,954	0	3,301	-32,927	-1,245	107,083

The corporate bond of Kapsch TrafficCom AG was successfully placed in November 2010 with a volume of EUR 75 million, a maturity of 7 years and an interest rate of 4.25 %. The effective interest rate amounts to 4.54 %.

In May 2015 debts with a nominal value of TEUR 4,182 of the corporate bond were reacquired prematurely. Therefore the corporate bond is outstanding with TEUR 70,818 with a maturity period until 3 November 2017.

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

	2015/16	2014/15
Carrying amount	107,083	137,954
Fair value	113,768	151,226
Gross cash flows:		
In the first half year of the next fiscal year	15,264	17,891
In the second half year of the next fiscal year	9,344	34,844
Total up to 1 year	24,609	52,735
Between 1 and 2 years	79,164	18,074
Between 2 and 3 years	3,677	78,382
Between 3 and 4 years	3,618	0
Between 4 and 5 years	3,558	0
More than 5 years	898	0
	115,524	149,191

The classification of financial liabilities is as follows:

	Level 1 Quoted prices	Level 2 Observable market data	Level 3 Not based on observable market data	2015/16
Corporate bond	73,297	0	0	73,297
Other financial liabilities	0	40,471	0	40,471
Total	73,297	40,471	0	113,768

	Level 1 Quoted prices	Level 2 Observable market data	Level 3 Not based on observable market data	2014/15
Corporate bond	78,338	0	0	78,338
Other financial liabilities	0	72,888	0	72,888
Total	78,338	72,888	0	151,226

The fair value of the other financial liabilities (level 2) was derived through discounting the gross cash flows over the contracted term at a risk-adjusted interest rate.

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

	2015/16	2014/15
Total financial liabilities:		
Carrying fixed interest rates	72,364	78,537
Carrying variable interest rates	34,719	59,416
	107,083	137,954
Average interest rates:		
Loans for project financing	5.46 %	5.46 %
Corporate bond	4.54 %	4.54 %
Other loans	0.60–2.77 %	1.00–3.10 %

Trade receivables (current) amounting to TEUR 3,365 (2014/15: TEUR 4,989) were pledged as collateral for bank guarantees and loans.

For project financing of the Belorussian toll collection system, with an outstanding amount of TEUR 14,500 as of 31 March 2016 (2014/15: TEUR 34,833), Kapsch TrafficCom AG obtained a guarantee of a bill of exchange of the Oesterreichische Kontrollbank Aktiengesellschaft (OeKB) as well as a participation guarantee G4 of OeKB. The claims of the participation guarantee G4 have been assigned as security to the lending banks.

A bill of exchange amounting to TEUR 1,425 (2014/15: TEUR 1,425) was issued for an export promotion credit.

22 Deferred tax assets/liabilities.

	2015/16	2014/15
Deferred tax assets		
Deferred tax assets to be recovered after more than 12 months	9,251	9,274
Deferred tax assets to be recovered within 12 months	2,644	4,317
	11,895	13,590
Deferred tax liabilities		
Deferred tax liabilities to be recovered after more than 12 months	789	1,052
Deferred tax liabilities to be recovered within 12 months	2,401	1,328
	3,190	2,380
Deferred tax assets net (+) / deferred tax liabilities net (-)	8,705	11,210

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 amounting to TEUR 37,983 (2014/15: TEUR 28,996) have not been recognized because it was uncertain whether there would be sufficient taxable profits available against which to offset them. These tax loss carry-forwards origin from foreign subsidiaries with the predominant part not expiring before 2030. All other deferred tax assets have been recognized in the respective group companies as future deductible items.

Deferred income tax assets and liabilities are offset, taking maturities into account, when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on the same taxable entity.

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

	31 March 2014	Taken through the profit of the period	Taken through other comprehensive income	Currency translation differences	Re-classification	31 March 2015
Deferred tax assets						
Tax loss carry-forwards	7,623	204	0	184	0	8,010
Provisions disallowed for tax purposes	6,976	-2,907	646	38	0	4,753
Depreciation disallowed for tax purposes	1,163	-123	0	10	0	1,049
Construction contracts	804	1,211	0	0	0	2,014
Other	5,103	1,538	-2,298	113	0	4,456
	21,669	-77	-1,653	345	0	20,283
Deferred tax liabilities						
Special depreciation/amortization of						
non-current assets	572	213	0	72	0	857
Gains from recognition at fair value	7,818	-2,508	0	0	0	5,310
Other	1,946	833	92	34	0	2,905
	10,337	-1,462	92	106	0	9,073
Total change	11,332	1,385	-1,744	238	0	11,210
	31 March 2015	Taken through the profit of the period	Taken through other comprehensive income	Currency translation differences	Re-classification	31 March 2016
Deferred tax assets						
Tax loss carry-forwards	8,010	13	0	-880	0	7,143
Provisions disallowed for tax purposes	4,753	221	93	-92	24	4,998
Depreciation disallowed for tax purposes	1,049	-168	0	-7	0	875
Construction contracts	2,014	0	0	0	-2,014	0
Other	4,456	-4	584	-226	-614	4,195
	20,283	62	676	-1,205	-2,605	17,212
Deferred tax liabilities						
Special depreciation/amortization of						
non-current assets	857	-47	0	-57	0	753
Contract work	0	3,772	0	0	-2,014	1,758
Gains from recognition at fair value	5,310	-1,949	0	0	0	3,361
Other	2,905	1,197	-839	-38	-590	2,635
	9,073	2,973	-839	-95	-2,605	8,507
Total change	11,210	-2,911	1,515	-1,110	0	8,705

23 Liabilities from post-employment benefits to employees.

Amounts recognized in the balance sheet:

	2015/16	2014/15
Termination benefits	9,505	9,690
Pension benefits	14,603	15,520
	24,107	25,210

Termination benefits

Termination benefits include legal and contractual entitlements to one-off payments to employees of the group which result from events such as dismissal by the employer, amicable termination of the employment, retirement or death of the employee. For termination benefits the group bears the risk of inflation due to compensation increases. The obligations from termination benefits mainly result from the Austrian entities of the group.

Retirement benefits

Liabilities for retirement benefits recognized at the balance sheet date relate to retirees only. All pension agreements are based on the final salary, are granted as fixed monthly pension payments 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 retirement benefits the group bears the risk of longevity and inflation due to pension increases.

Termination benefits obligations were valued based on an interest rate of 1.30 % – 1.75 % (2014/15: 2.10 %), pension benefit obligations were valued based on an interest rate of 1.85 % (2014/15: 1.80 %) for the euro area and based on an interest rate of 4.30 % (2014/15: 3.75 %) for Canada and compensation increases based on a rate of 2.5 % (2014/15: 2.0 %). In addition, the calculation was based on the earliest possible statutory retirement age including transition provisions and using the mortality tables AVÖ 2008-P (2014/15: AVÖ 2008-P) by Pagler & Pagler. Pension increases were estimated at 0.89 % (2014/15: 1.7 %).

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

	2015/16	2014/15
Change in liabilities recognized in the balance sheet:		
Carrying amount as of 31 March of prior year	9,690	8,790
Remeasurements (actuarial gains/losses)	416	836
Current service cost	259	281
Interest expense	197	306
Payments	-1,038	-543
Currency translation differences	-18	19
Carrying amount as of 31 March of fiscal year	9,505	9,690
Total, included in the staff costs (Note 5)	259	281
Total, included in the financial result (Note 8)	197	306

Remeasurements are attributable to the following positions:

	2015/16	2014/15
Remeasurements from changes in demographic assumptions	-73	-158
Remeasurements from changes in financial assumptions	690	1,046
Remeasurements from other changes (experience adjustments)	-200	-53
Total	416	836

The expected allocation for termination benefits for the next fiscal year 2016/2017 amounts to TEUR 324. The weighted average duration amounts to 8.2 years.

Analysis of expected maturity of undiscounted benefits

	2016/17	2017/18	2018/19	2019/20	2020/21	over 5 years	Total
Termination benefits	623	646	624	617	846	8,206	11,562

In the following sensitivity analysis for termination benefit obligations, the impacts resulting from changes in significant actuarial assumptions were changed, whereas the other impact quantities were kept constant. However, in reality it will be rather likely that several of these impact quantities will change.

	Changes in assumption	Decrease in assumption	Increase in assumption
Impact of changes in the discount rate			
Defined benefit obligation (DBO)	± 0.5 BP	388	-363
Expected annual interest expenses (IC)	± 0.5 BP	-42	38
Expected annual service costs (CSC)	± 0.5 BP	10	-9
Impact of changes in salary increases			
Defined benefit obligation (DBO)	± 0.5 BP	-341	360
Expected annual interest expenses (IC)	± 0.5 BP	-5	6
Expected annual service costs (CSC)	± 0.5 BP	-10	11
Impact of changes in fluctuation			
Defined benefit obligation (DBO)	± 5 %	29	-28
Expected annual interest expenses (IC)	± 5 %	0	0
Expected annual service costs (CSC)	± 5 %	1	-1

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

	2015/16	2014/15
Change in liabilities recognized in the balance sheet:		
Carrying amount as of 31 March of prior year	15,520	13,363
Remeasurements (actuarial gains/losses)	-185	2,328
Current service cost	7	11
Interest expense	312	452
Payments	-876	-862
Currency translation differences	-176	230
Carrying amount as of 31 March of fiscal year	14,603	15,520
Total, included in the staff costs (Note 5)	7	11
Total, included in the financial result (Note 8)	312	452

Remeasurements are attributable to the following positions:

	2015/16	2014/15
Remeasurements from changes in demographic assumptions	0	0
Remeasurements from changes in financial assumptions	-208	1,984
Remeasurements from other changes (experience adjustments)	23	344
Total	-185	2,328

The expected allocation for retirement benefits for the next fiscal year 2016/2017 amounts to TEUR 320. The weighted average duration amounts to 10.2 years.

Analysis of expected maturity of undiscounted benefits

	2016/17	2017/18	2018/19	2019/20	2020/21	over 5 years	Total
Retirement benefits	888	859	858	855	851	13,775	18,087

In the following sensitivity analysis for pension obligations, the impacts resulting from changes in significant actuarial assumptions were changed, whereas the other impact quantities were kept constant. However, in reality it will be rather likely that several of these impact quantities will change.

	Changes in assumption	Decrease in assumption	Increase in assumption
Impact of changes in the discount rate			
Defined benefit obligation (DBO)	± 0.5 BP	641	-591
Expected annual interest expenses (IC)	± 0.5 BP	-53	48
Impact of changes in pension increases			
Defined benefit obligation (DBO)	± 0.5 BP	-592	635
Expected annual interest expenses (IC)	± 0.5 BP	-11	12

24 Other non-current liabilities.

	2015/16	2014/15
Liabilities of acquisition of shares	2,077	2,036
Truck toll collection system Czech Republic	229	568
Other	1,027	2,053
	3,333	4,657

Liabilities of acquisition of shares relate to a variable purchase price component (earn-out payment) from the acquisition of shares in Kapsch Telematic Services GmbH, Vienna, amounting to TEUR 2,077 (2014/15: TEUR 2,036), see note 31.

Other non-current liabilities relate to trade payables (non-current) amounting to TEUR 229 (2014/15: TEUR 568) due to subcontractors for the installation of the Czech truck toll collection 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 toll collection system (see Note 16). Thus, the fair values approximate the carrying amounts.

Other non-current liabilities mainly relate to loans from minority shareholders of TMT Services and Supplies (Pty) Ltd., Capetown, South Africa amounting to TEUR 35 (2014/15: TEUR 1,483), to the non-current portion of a contingent payment obligation amounting to TEUR 272 (2014/15: TEUR 288) from the acquisition of the “Mobility Solutions” business of TechnoCom Corporation, Encino, U.S.A., as well as rental payments for American subsidiaries amounting to TEUR 576 (2014/2015: TEUR 0).

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

	2015/16	2014/15
Less than 2 year	573	1,080
Between 2 and 3 years	2,341	2,181
More than 3 years	654	1,704
	3,568	4,966

25 Other liabilities and deferred income.

	2015/16	2014/15
Amounts due to customers for contract work	20,340	17,786
Prepayments received	508	349
Current portion of other non-current liabilities	8	162
Current liabilities from derivatives and hedging activities	0	47
Current employee liabilities	22,274	18,984
Liabilities to tax authorities (other than income tax)	5,234	5,241
Liabilities from tax compensation to the tax group leader	4,421	4,298
Other liabilities and deferred income	26,557	18,668
	79,342	65,535

Amounts due to customers for contract work detail as follows:

	2015/16	2014/15
Construction costs incurred plus recognized gains	-136,723	-76,019
Less amounts billed and prepayments received	157,063	93,805
	20,340	17,786

As of 31 March 2016, amounts due to customers for contract work mainly relate to toll collection projects in North America (2014/15: toll collection projects in North America).

26 Provisions.

	2015/16	2014/15
Non-current provisions	1,396	1,661
Current provisions	8,946	9,225
Total	10,341	10,886

The provisions changed as follows:

	31 March 2014	Additions from the acquisition of companies	Addition from interest expenses	Addition	Utilization	Disposal	Reclassi- fication	Currency translation differences	31 March 2015
Obligations from anniversary									
bonuses	1,120	0	38	34	0	-2	0	0	1,189
Other	183	0	5	272	-52	0	0	64	472
Non-current provisions, total	1,303	0	43	306	-52	-2	0	64	1,661
Warranties	1,637	0	0	209	-18	-245	0	28	1,611
Losses from pending transactions and rework	16,201	0	0	0	-3	-16,162	0	-36	1
Legal fees, costs of litigation and contract risks	4,071	0	0	220	-2,682	-1,198	0	-9	402
Other	6,468	0	0	5,148	-4,337	-396	0	328	7,211
Current provisions, total	28,378	0	0	5,577	-7,039	-18,001	0	311	9,225
Total	29,680	0	43	5,882	-7,091	-18,004	0	375	10,886
	31 March 2015	Additions from the acquisition of companies	Addition from interest expenses	Addition	Utilization	Disposal	Reclassi- fication	Currency translation differences	31 March 2016
Obligations from anniversary									
bonuses	1,189	0	23	7	0	-33	0	0	1,186
Other	472	0	4	215	-5	-340	0	-137	210
Non-current provisions, total	1,661	0	28	221	-5	-373	0	-137	1,396
Warranties	1,611	711	0	218	-1	-359	0	-68	2,113
Losses from pending transactions and rework	1	0	0	0	0	-1	0	0	0
Projects (excl. impending losses)	0	0	0	0	-4	0	3,216	-17	3,196
Legal fees, costs of litigation and contract risks	402	0	0	6,572	-3,337	-184	0	-103	3,349
Costs of dismantling, removing and restoring assets	0	183	0	0	0	-15	0	-12	156
Other	7,211	0	0	2,041	-4,100	-1,699	-3,216	-105	132
Current provisions, total	9,225	894	0	8,831	-7,442	-2,258	0	-305	8,946
Total	10,886	894	28	9,052	-7,447	-2,631	0	-441	10,341

The **provision for anniversary bonuses** relates to non-current entitlements of employees based on Collective Agreements. The valuation was based on an interest rate of 1.15 % – 1.75 % (2014/15: 2.10 %), the earliest possible statutory retirement age including transition provisions and using the mortality tables AVÖ 2008-P (2014/15: AVÖ 2008-P) by Pagler & Pagler, increases in salary were considered at 2.5 % (2014/15: 2.0 %).

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. When the group expects warranty claims on products sold or services rendered during the period under guarantee, a corresponding provision is 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 provision amount. According to past experience, it is probable that there will be claims under the warranties.

The provision for **losses from pending transactions and rework** was set up for expected losses from not yet completed construction contracts at the balance sheet date. Due to a change in circumstances as of 30 September 2014 a provision for losses from pending transactions and rework in the amount of TEUR 16,162 had to be reversed in the second quarter of fiscal year 2014/15. The management considers the risk of incurring the pending loss as remote.

The provisions for **projects (excl. impending losses)** mainly regard to maintenance-, extension- and repair-services for current toll projects.

Provisions for **legal fees, costs of litigation and contract risks** mainly regard to current case laws and consulting costs related to acquisitions.

Costs of **dismantling, removing and restoring assets** mainly relate to a provision for dismantling sensors in the area of mobility solutions for cities after expiry of the contract of an American subsidiary.

Other provisions mainly include provisions for commissions and bonuses, rebate in kind, outstanding credit notes and project costs as well as discounts granted to customers.

27 Contingent liabilities, other commitments and operating lease commitments.

The group's contingent liabilities primarily result from large-scale projects. Other commitments mainly relate to contract and warranty bonds, bank guarantees, performance and bid bonds as well as sureties.

Contingent liabilities and other commitments only include commitments to third-parties and are as follows:

	2015/16	2014/15
Contract, warranty, performance and bid bonds		
South Africa (Toll collection systems)	47,029	45,697
Australia (Toll collection systems)	20,832	17,804
Other	241	1,246
Total	68,102	64,747

Operating activities require the disclosure of contract, warranty, performance and bid bonds for major projects, which are issued by financial institutes and insurance companies. In case the contractual obligations cannot be fulfilled, there is a risk of utilization, that can result in a recourse claim of the financial institute or insurance company against the group. Such an outflow of resources is expected as unlikely. This kind of contract, warranty, performance and bid bonds in the amount of TEUR 178,598 (previous year: TEUR 130,282) are not included in the contingent liabilities respectively in the financial statements.

For details of securities for above-mentioned contingent liabilities and other commitments, see Note 15 and Note 21. Furthermore, assets of Kapsch TrafficCom AB, Jönköping, Sweden, amounting to TEUR 9,756 (2014/15: TEUR 9,688) were pledged in favor of a Swedish bank in order to secure contingent liabilities.

Financial obligations from lease contracts:

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

	2015/16	2014/15
Up to 1 year	14,474	13,519
Between 1 and 5 years	25,999	31,656
Over 5 years	12,069	15,894
	52,543	61,069

Rental and lease payments recognized as expenses in the reporting period:

Payments from operating leases recognized as expenses of the reporting period are as follows:

	2015/16	2014/15
Rent	10,365	10,833
Motor vehicle leases	1,461	1,621
IT leases	2,736	3,494
Other	640	532
	15,202	16,481

28 Business Combinations.

On 14 April 2015 the group acquired a controlling interest in the Californian Streetline, Inc. Streetline is a leading smart parking company that offers intelligent data and modern analytics to solve parking space problems for end users. Afterwards the entity was merged into KTCSL Merger Corp. and since then trades under the name Streetline, Inc.

Consideration paid	189
Less fair value of net assets acquired	-189
Goodwill	0

Assets and liabilities resulting from the acquisition are shown as follows:

	Fair value
Property, plant and equipment	1,251
Intangible assets	46
Receivables and other assets	580
Cash and cash equivalents	2,732
Liabilities, other liabilities and deferred income	-4,399
Net assets acquired	210
thereof controlling interests (90 %)	189
thereof non-controlling interests (10 %)	21

The acquired company contributed revenue of TEUR 2,506 and a net loss of TEUR -3,038 to the group's result for the period from 14 April 2015 to 31 March 2016. If the acquisition had occurred on 1 April 2015, there would have been no material impact on the group's revenues or net income.

29 Interests in subsidiaries.

Entity, Headquarter of Entity	Internal designation	31 March 2016		31 March 2015	
		Group's share	Non-controlling interests	Group's share	Non-controlling interests
Kapsch TrafficCom AG, Vienna	KTC	100.00 %	0.0 %	100.0 %	0.0 %
Kapsch TrafficCom Construction & Realization spol. s r.o., Prague, Czech Republic	KTC C&R CZ	99.0 %	1.0 %	99.0 %	1.0 %
Kapsch TrafficCom Ltd., Manchester, United Kingdom	KTC UK	100.00 %	0.0 %	100.0 %	0.0 %
Kapsch Components GmbH & Co KG, Vienna	KCO	100.00 %	0.0 %	100.0 %	0.0 %
Kapsch Components GmbH, Vienna	KCO GmbH	100.00 %	0.0 %	100.0 %	0.0 %
ArtiBrain Software Entwicklungsgesellschaft mbH, Vienna	ArtiBrain	100.00 %	0.0 %	100.0 %	0.0 %
Kapsch TrafficCom S.r.l. a socio unico, Milan, Italy	KTC Italy	100.00 %	0.0 %	100.0 %	0.0 %
Kapsch TrafficCom d.o.o., Ljubljana, Slovenia	KTC Slovenia	100.00 %	0.0 %	100.0 %	0.0 %
Transport Telematic Systems – LLC, Abu Dhabi, United Arab Emirates ⁴	TTS, UAE	49.0 %	51.0 %	49.0 %	51.0 %
Kapsch TrafficCom Russia, OOO, Moscow, Russia	KTC Russia	100.00 %	0.0 %	100.0 %	0.0 %
Kapsch Telematik Technologies Bulgaria EAD, Sofia, Bulgaria	KTTB, Bulgaria	100.00 %	0.0 %	100.0 %	0.0 %
Kapsch TrafficCom Argentina S.A., Buenos Aires, Argentina	KTC Argentina	100.00 %	0.0 %	100.0 %	0.0 %
Kapsch TrafficCom Kazakhstan LLC, Almaty, Kazakhstan	KTC Kazakhstan	100.00 %	0.0 %	100.0 %	0.0 %

Entity, Headquarter of Entity	Internal designation	31 March 2016		31 March 2015	
		Group's share	Non-controlling interests	Group's share	Non-controlling interests
Kapsch Telematic Services IOOO, Minsk, Belarus	KTS Belarus	100.00 %	0.0 %	100.0 %	0.0 %
Kapsch TrafficCom KGZ OOO, Bishkek, Kyrgyzstan	KTC Kyrgyzstan	100.00 %	0.0 %	100.0 %	0.0 %
Kapsch TrafficCom Lietuva UAB, Vilnius, Lithuania	KTC Lithuania	51.0 %	49.0 %	51.0 %	49.0 %
KTS Beteiligungs GmbH, Vienna	KTS Beteiligung	100.00 %	0.0 %	100.0 %	0.0 %
Kapsch TrafficCom AB, Jonkoping, Sweden	KTC Sweden	100.00 %	0.0 %	100.0 %	0.0 %
Kapsch TrafficCom do Brasil LTDA., Sao Paulo, Brazil	KTC Brazil	100.00 %	0.0 %	100.0 %	0.0 %
Kapsch TrafficCom Australia Pty Ltd, Melbourne, Australia	KTC Australia	100.00 %	0.0 %	100.0 %	0.0 %
Kapsch TrafficCom Chile S.A., Santiago de Chile, Chile	KTC Chile	100.00 %	0.0 %	100.0 %	0.0 %
Kapsch TrafficCom France SAS, Paris, France	KTC France	100.00 %	0.0 %	100.0 %	0.0 %
Kapsch TrafficCom PTE. LTD., Tripleone Somerset, Singapore	KTC Singapore	100.00 %	0.0 %	100.0 %	0.0 %
Kapsch TrafficCom (M) Sdn Bhd, Kuala Lumpur, Malaysia	KTC Malaysia	100.00 %	0.0 %	100.0 %	0.0 %
Kapsch TrafficCom Limited, Auckland, New Zealand	KTC New Zealand	100.00 %	0.0 %	100.0 %	0.0 %
Kapsch TrafficCom South Africa (Pty) Ltd., Johannesburg, South Africa	KTC SA	100.00 %	0.0 %	100.0 %	0.0 %
Electronic Toll Collection (PTY) Ltd., Centurion, South Africa	ETC	100.00 %	0.0 %	87.0 %	13.0 %
Kapsch TrafficCom South Africa Holding (Pty) Ltd., Cape Town, South Africa	KTC SA Holding	100.00 %	0.0 %	100.0 %	0.0 %
TMT Services and Supplies (Pty) Ltd., Cape Town, South Africa	TMT	100.00 %	0.0 %	62.9 %	37.1 %
Mobiserve (Pty) Ltd., Cape Town, South Africa,	Mobiserve	100.00 %	0.0 %	62.9 %	37.1 %
Berrydust 51 (Pty) Ltd., Cape Town, South Africa	Berrydust	100.00 %	0.0 %	53.5 %	46.5 %
Kapsch TrafficCom B.V., Amsterdam, Netherlands	KTC BV	100.00 %	0.0 %	100.0 %	0.0 %
Kapsch TrafficCom Canada Inc., Mississauga, Canada	KTC Canada	100.00 %	0.0 %	100.0 %	0.0 %
Kapsch TrafficCom IVHS, S.A. de C.V., Mexico City, Mexico	KTC IVHS Mexico	100.00 %	0.0 %	100.0 %	0.0 %
Kapsch TrafficCom Holding II US Corp., McLean, U.S.A.	KTC Hold. II US Corp.	100.00 %	0.0 %	100.0 %	0.0 %
Kapsch TrafficCom IVHS Inc., McLean, U.S.A.	KTC IVHS Inc., USA	100.00 %	0.0 %	100.0 %	0.0 %
Kapsch TrafficCom USA Inc., Duluth, U.S.A.	KTC USA, Inc.	100.00 %	0.0 %	100.0 %	0.0 %
Kapsch TrafficCom Holding Corp., McLean, U.S.A.	KTC Holding Corp., USA	100.00 %	0.0 %	100.0 %	0.0 %
Kapsch TrafficCom Inc., McLean, U.S.A.	KTC Inc., USA	100.00 %	0.0 %	100.0 %	0.0 %
KTCSL Merger Corp., Delaware, U.S.A. ³	KTCSL	—	—	100.0 %	0.0 %
Streetline Inc., Foster City, U.S.A. ¹	Streetline	81.2 %	18.8 %	—	—
Streetline International, Inc., Delaware, U.S.A. ¹	Streetline international	81.2 %	18.8 %	—	—
SPS funding Co. LLC, Delaware, U.S.A. ¹	SPS Funding	81.2 %	18.8 %	—	—
Kapsch Telematic Services GmbH, Vienna	KTS Austria	100.00 %	0.0 %	100.0 %	0.0 %
Kapsch Telematic Services Kft. "v.a.", Budapest, Hungary ²	KTS Hungary	—	—	100.0 %	0.0 %
Kapsch Telematic Services spol. s r.o., Prague, Czech Republic	KTS CZ	52.0 %	48.0 %	52.0 %	48.0 %
Kapsch Telematic Services GmbH Deutschland, Berlin, Germany	KTS Germany	100.00 %	0.0 %	100.0 %	0.0 %
Kapsch Telematic Services Solutions A/S under tvangsoplosning, Copenhagen, Denmark ⁵	KTSS Denmark	60.0 %	40.0 %	60.0 %	40.0 %
Kapsch Telematic Services Sp. z o.o., Warsaw, Poland	KTS Poland	100.00 %	0.0 %	100.0 %	0.0 %
Kapsch Road Services Sp. z o.o., Warsaw, Poland	KRS Poland	100.00 %	0.0 %	100.0 %	0.0 %

¹ Foundation/acquisition in fiscal year 2015/16

² Deconsolidation in fiscal year 2015/16

³ Merger in fiscal year 2015/16

⁴ Power over the relevant activities of the entity based on substantive rights

⁵ In liquidation

For ease of presentation, the internal designations of the entities are stated in the following tables and explanations.

For all entities mentioned above the headquarter of the company complies with the country of incorporation.

With exception of the following entities all mentioned subsidiaries report at balance sheet date as of 31 March:

Entities which don't report at balance sheet date as of 31 March due to legal restrictions:

- ▶ Kapsch TrafficCom Russia OOO, Moscow, Russia (31 December)
- ▶ Kapsch Telematik Technologies Bulgaria EAD, Sofia, Bulgaria (31 December)
- ▶ Kapsch TrafficCom Kazakhstan LLC, Almaty, Kazakhstan (31 December)
- ▶ Kapsch Telematic Services IOOO, Minsk, Republic of Belarus (31 December)
- ▶ Kapsch TrafficCom KGZ OOO, Bischkek, Kyrgyzstan (31 December)

Further entities with deviating balance sheet date:

- ▶ KTS Beteiligungs GmbH, Vienna
The entity was acquired, the balance sheet date as of 31 December has not been adopted.
- ▶ Kapsch TrafficCom Lietuva UAB, Vilnius, Lithuania
The entity was incorporated together with a partner and reports as of 31 December.

30 Non-controlling interests.

The non-controlling interests represent the third party shares in the equity of consolidated subsidiaries.

Information on the balance sheet

The balance sheet of the consolidated subsidiaries with material non-controlling interests and the carrying amount of material non-controlling interests are represented below:

Amounts before intercompany eliminations						Carrying amount of non-controlling interests
Information on the balance sheet as of 31 March 2016	Non-current assets	Current assets	Non-current liabilities	Current liabilities	Net	
KTS CZ	1,285	36,076	0	18,545	18,816	8,772
Streetline	804	1,324	441	2,667	-979	-516
Remaining						-444
Carrying amount as of 31 March 2016						7,811

Amounts before intercompany eliminations						Carrying amount of non-controlling interests
Information on the balance sheet as of 31 March 2015	Non-current assets	Current assets	Non-current liabilities	Current liabilities	Net	
KTS CZ	1,446	34,115	0	17,147	18,414	8,579
KTS Poland	3,582	34,890	1,198	20,699	16,575	0
TMT	8,576	7,259	1,483	3,454	10,899	4,374
ETC	3,552	34,412	33,334	17,363	-12,733	-1,044
KTS Austria	4,486	6,399	0	23	10,862	0
Remaining						-506
Carrying amount as of 31 March 2015						11,403

Information on the statement of comprehensive income

The statement of comprehensive income of the consolidated subsidiaries with material non-controlling interests are represented below:

Amounts before intercompany eliminations					Amounts attributable to non-controlling interests		
Information on the statement		Result for	Other com-	Total com-	Result for	Other com-	Total com-
of comprehensive income 2015/16	Revenues	the period	prehensive income	prehensive income	the period	prehensive income	prehensive income
KTS CZ	80,332	14,001	368	14,369	6,720	177	6,897
TMT	19,461	2,461	4,365	6,826	913	1,619	2,532
ETC	52,881	-12,001	1,961	-10,040	-1,773	255	-1,518
Streetline	2,506	-3,829	84	-3,745	-505	16	-489
Remaining					12	49	61
Total					5,368	2,115	7,483

Amounts before intercompany eliminations					Amounts attributable to non-controlling interests		
Information on the statement		Result for	Other com-	Total com-	Result for	Other com-	Total com-
of comprehensive income 2014/15	Revenues	the period	prehensive income	prehensive income	the period	prehensive income	prehensive income
KTS CZ	75,572	14,595	-37	14,558	7,111	-18	7,093
KTS Poland	66,294	16,062	-3	16,060	535	-2	533
ETC	53,567	1,311	-1,327	-16	71	-172	-102
TMT	19,343	164	1,051	1,215	61	390	450
KTS Austria	0	10,668	0	10,668	-7	0	-7
Remaining					7	1	8
Total					7,778	198	7,976

Information on the cashflow statement and dividends

The cashflow statement and dividends of the consolidated subsidiaries with material non-controlling interests are represented below:

Cashflow from						
Information on the cashflow		Investing	Financing		Cash Net-	Dividends paid to
statement 2015/16	Operations	activities	activities		increase/decrease	non-controlling
KTS CZ	20,726	-482	-13,967		6,276	-6,704
Streetline	-465	-2,109	3,239		665	0
Remaining						-4
Total						-6,709

Cashflow from				Cash Net- increase/decrease	Dividends paid to non-controlling shareholders
Information on the cashflow statement 2014/15	Operations	Investing activities	Financing activities		
KTS CZ	15,062	-433	-14,012	616	-6,726
KTS Poland	15,965	-398	-3,505	12,063	0
ETC	2,000	0	2,148	4,148	0
TMT	-166	-294	-829	-1,288	0
KTS Austria	12,301	38	-6,099	6,240	-195
KTS Belarus	11,901	-720	-20,464	-9,283	0
Remaining					-9
Total					-6,930

The information mentioned above relate to amounts before intercompany eliminations.

31 Related parties.

The following transactions were performed with related parties:

KAPSCH-Group Beteiligungs GmbH, Vienna

Since 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 2015/16 amounted to TEUR 704 (2014/15: TEUR 624). Furthermore, the company invoices insurance costs (directors & officers liability insurance) to the group amounting to TEUR 22 (2014/15: TEUR 22).

In fiscal year 2014/15 the company sold 3 % of its shares in Kapsch Telematic Services GmbH, Vienna, to Kapsch TrafficCom AG. After this transaction, the group is the sole shareholder of Kapsch Telematic Services GmbH, Vienna. The purchase price consists of a fixed purchase price component (TEUR 2,000) and a variable purchase price component (earn-out component, that depends on the earnings before interest and taxes (EBIT) of the KTS Group, net of non-controlling interests, of the financial years 2015-2018). The fixed purchase price (TEUR 2,000) has been already paid in fiscal year 2014/15 the variable purchase price component in the amount of TEUR 2,077 (31 March 2015: TEUR 2,036) is recorded under other non-current liabilities, see Note 24).

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 also members. Accordingly, all tax effects of the group companies that are tax group members are considered to be related party transactions.

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. Expenses incurred by the group in the fiscal year 2015/16 amounted to TEUR 2,575 (2014/15: TEUR 2,199).

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 2015/16 amounted to TEUR 1,512 (2014/15: TEUR 1,722).

Furthermore, the company invoices management and consulting services (including costs for the chairman of the executive board of the company, Georg Kapsch, and costs for consulting services of certain supervisory

board members of the company amounted to TEUR 0 (2014/15: TEUR 90) to the group. Expenses incurred by the group in the fiscal year 2015/16 amounted to TEUR 1,750 (2014/15: TEUR 1,470).

Kapsch Aktiengesellschaft has entered into various insurance contracts covering all group companies. The cost allocated to the group in the fiscal year 2015/16 amounted to TEUR 607 (2014/15: TEUR 611). In addition Kapsch Aktiengesellschaft maintains a software tool (Hyperion Financial Management) and invoiced TEUR 120 (2014/15: TEUR 130) to the group for this service.

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 and provides apprentices and trainees. Expenses incurred by the group in the fiscal year 2015/16 amounted to TEUR 1,861 (2014/15: TEUR 2,181).

Kapsch Components GmbH & Co KG provides logistic services to the company amounting to TEUR 8 (2014/15: TEUR 7).

Kapsch Financial Services GmbH, Vienna

The company leases telephone and IT equipment (hardware and software) to the group and provides IT support. Expenses incurred by the group in the fiscal year 2015/16 amounted to TEUR 290 (2014/15: TEUR 877).

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 largest of which by far are the “truck toll collection system Austria” and the “truck toll collection system Poland”, in the previous year as well the “truck toll collection system of the Republic of Belarus”. The deliveries and services performed amounted to TEUR 3,132 in the fiscal year 2015/16 (2014/15: TEUR 3,592).

The company provides IT, data processing and telephone services to the group amounting to TEUR 5,303 (2014/15: TEUR 5,498), as well as other services amounting to TEUR 326 (2014/15: TEUR 111).

Kapsch Components GmbH & Co KG provides logistic services to the company amounting to TEUR 80 (2014/15: TEUR 76) and other services amounting to TEUR 14 (2014/15: TEUR 185).

Kapsch CarrierCom AG, Vienna

Kapsch Components GmbH & Co KG provides logistic services to the company amounting to TEUR 798 (2014/15: TEUR 736), manufacturing services for GSM-R amounting to TEUR 9,163 (2014/15: TEUR 7,433) and provides the company with other deliverables and performances amounting to TEUR 549 (2014/15: TEUR 277).

Kapsch CarrierCom France SAS, Paris

Kapsch Components GmbH & Co KG provides manufacturing services to the company for GSM-R projects amounting to TEUR 1 (2014/15: TEUR 6,105) and provides the company with other logistic services amounting to TEUR 106 (2014/15: TEUR 169).

Kapsch CarrierCom s r.o., Prague

The company supplies hardware (IT-equipment) to the group for a customer project and provides other services for the project in the Czech Republic. The value of goods and services delivered in the fiscal year 2015/16 amounts to TEUR 52 (2014/15: TEUR 171).

Kapsch BusinessCom s r.o., Prague

The company provides technical maintenance services for the Czech truck toll collection system and is responsible for the current IT support for the Czech subsidiaries. Expenses incurred for this in the fiscal year 2015/16 totaled TEUR 4,279 (2014/15: TEUR 3,709). Furthermore, the company provided public relations services amounting to TEUR 91 in the fiscal year 2015/16 (2014/15: TEUR 90) and other services amounting to TEUR 64 (2014/15: TEUR 93).

Kapsch Sp. z o.o., Warsaw

The Company provides hardware (IT equipment) to the group and renders maintenance and other services for the customer project in Poland. These services amounted to TEUR 1,723 in the fiscal year 2015/16 (2014/15: TEUR 2,031).

Kapsch Immobilien GmbH, Vienna

The company provides services in the area of motor vehicle management and automotive services amounting to TEUR 107 (2014/15: TEUR 150) in the fiscal year 2015/16.

Other related parties transactions

Lease income of the group resulting from the sub-lease to related parties in the fiscal year 2015/16 totaled TEUR 481 (2014/15: TEUR 491).

In the prior year (fiscal year 2014/2015) Erwin Toplak, former member of the Managing Board of Kapsch TrafficCom AG, Vienna, received a dividend for his shareholding in Kapsch Telematic Services GmbH, Vienna, in the amount of TEUR 195. As of 31 March 2016 Erwin Toplak does not hold any shares in Kapsch Telematic Services GmbH, Vienna. Relating to this, no dividend was distributed in fiscal year 2015/2016.

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

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

The following tables provides an overview of revenues and expenses in the respective fiscal years as well as receivables from and payables due to related parties at the respective balance sheet dates:

	2015/16	2014/15
Parent company		
Revenues	0	0
Expenses	726	646
Affiliated companies		
Revenues	11,305	15,565
Expenses	23,764	23,867
Other related parties		
Revenues	149	184
Expenses	396	1,027

	2015/16	2014/15
Parent company		
Trade receivables and other assets	0	0
Trade payables and other payables	4,481	4,360
Liabilities from share purchase	2,077	2,036
Affiliated companies		
Trade receivables and other assets	1,728	2,107
Trade payables and other payables	3,512	3,738
Other related parties		
Trade receivables and other assets	15	127
Trade payables and other payables	293	289

32 Earnings per share.

Earnings per share (undiluted earnings) are calculated by dividing the result 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 2016, as in the prior year, no treasury shares were held by the company. There were no dilutive effects.

	2015/16	2014/15
Result for the period attributable to equity holders of the company (in EUR)	31,091,775	3,629,908
Weighted average number of ordinary shares	13,000,000	13,000,000
Earnings per share (in EUR)	2.39	0.28

33 Events after the balance sheet date.

- On 14 December 2015, Kapsch TrafficCom concluded an agreement with Schneider Electric S.E. concerning an acquisition of its global transportation business. The Closing was on April 1, 2016.

The transportation segment, which previously operated under the name Telvent Tráfico y Transporte, is a provider of real-time IT solutions and intelligent traffic systems for use in cities, on highways and in tunnels. The portfolio also includes tolling and transit solutions. The acquisition will enable Kapsch TrafficCom to offer existing and future customers an integrated portfolio of intelligent transportation solutions from the highway into the city.

Consideration paid	30,000
Adjustment of purchase price (provisionally determined)	-2,558
Purchase price total (provisionally determined)	27,442
Less fair value of net assets acquired (provisionally determined)	-30,432
Difference between purchase price and net assets acquired (provisionally determined)	-2,991

Assets and liabilities resulting from the acquisition are shown as follows (provisionally determined):

	Fair value
Property, plant and equipment	721
Intangible assets	5,170
Other non-current assets	157
Inventories	656
Receivables and other current assets	57,013
Cash and cash equivalents	9,542
Liabilities, other liabilities and deferred income	-42,827
Net assets acquired (provisionally determined)	30,432

The above presentation is based on a preliminary purchase price allocation. The values may change subject to the audit to be performed on the opening balances as well as any contractually stipulated purchase price adjustments.

- On 21 April 2016, the Kapsch TrafficCom Holding Corp., USA acquired non-controlling interests in ParkJockey Global, Inc., U.S.A., approximately amounting to EUR 2.4 million.
- Under the condition precedent of a still pending contractually defined consent, Kapsch Telematic Services GmbH, Austria, acquires 48 % in Kapsch Telematic Services spol. s r.o., Prague, Czech Republic, thus holding 100 % shares in the company that operates the toll system in the Czech Republic.
- With a view to refinance the corporate bond and to finance future growth, Kapsch TrafficCom AG prepares a promissory note bond addressing institutional investors in the public market. It was distributed on 1 June 2016. This transaction is planned to be completed in the course of the first quarter of the fiscal year 2016/17.

34 Supplementary disclosures.

The average number of staff in the fiscal year 2015/16 was 3,329 salaried employees and 186 waged earners (2014/15: 3,313 salaried employees and 196 waged earners).

Expenses for the auditor

The expenses for the auditor amount to TEUR 193 (2014/15: TEUR 199) and are broken down as follows:

	2015/16	2014/15
Audit of the consolidated financial statements	56	55
Other assurance services	80	65
Tax advisory services	0	0
Other services	57	79
	193	199

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

In the fiscal year 2015/16, the following persons served on the executive board:

Georg Kapsch (Chief Executive Officer)
 André Laux
 Alexander Lewald (since 1 November 2015)

The compensation paid to members of the executive board is shown below:

	Fix	Variable	Total	Total
	2015/16	2015/16	2015/16	2014/15
Georg Kapsch	653	0	653	643
André Laux	374	117	490	472
Alexander Lewald	133	0	133	0
Total	1,160	117	1,276	1,114

Expenses for termination benefits after use of provision for members of the executive board amount to TEUR 9 (2014/15: TEUR 59).

Individual pension agreements are granted to André Laux and Alexander Lewald. Therefore Kapsch TrafficCom AG paid TEUR 23 (2014/15: TEUR 10) to an external pension fund.

In the fiscal year 2015/16, the following persons served on the supervisory board:

Franz Semmernegg (Chairman)
Kari Kapsch (Deputy-Chairman)
Sabine Kauper
Harald Sommer

Delegated by the works council:

Christian Windisch
Martin Gartler

Remunerations paid to supervisory board members (inclusive travel costs) amounted to TEUR 122 (2014/15: TEUR 46) in total.

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

Authorized for issue:

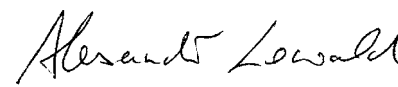
Vienna, 8 June 2016



Georg Kapsch
Chief Executive Officer



André Laux
Executive board member



Alexander Lewald
Executive board member

Auditor's Report.

Report on the Consolidated Financial Statements.

We have audited the accompanying consolidated financial statements of Kapsch TrafficCom AG, Vienna, which comprise the consolidated balance sheet as of 31 March 2016, the consolidated statement of comprehensive income, the consolidated cash flow statement and the consolidated statement of changes in equity for the fiscal year then ended, 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 the consolidated financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the EU, and the additional requirements under Section 245a UGB, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Austrian generally accepted auditing standards. Those standards require the application of the International Standards on Auditing according to which we are to comply with ethical requirements and to plan and perform the audit to obtain reasonable assurance whether the consolidated 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 consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Group's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group'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. 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 2016 and of its financial performance and its cash flows for the fiscal year then ended in accordance with International Financial Reporting Standards (IFRSs) as adopted by the EU and the additional requirements under Section 245a UGB.

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 as to whether the other disclosures are not misleading with respect to the Group's 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, 8 June 2016

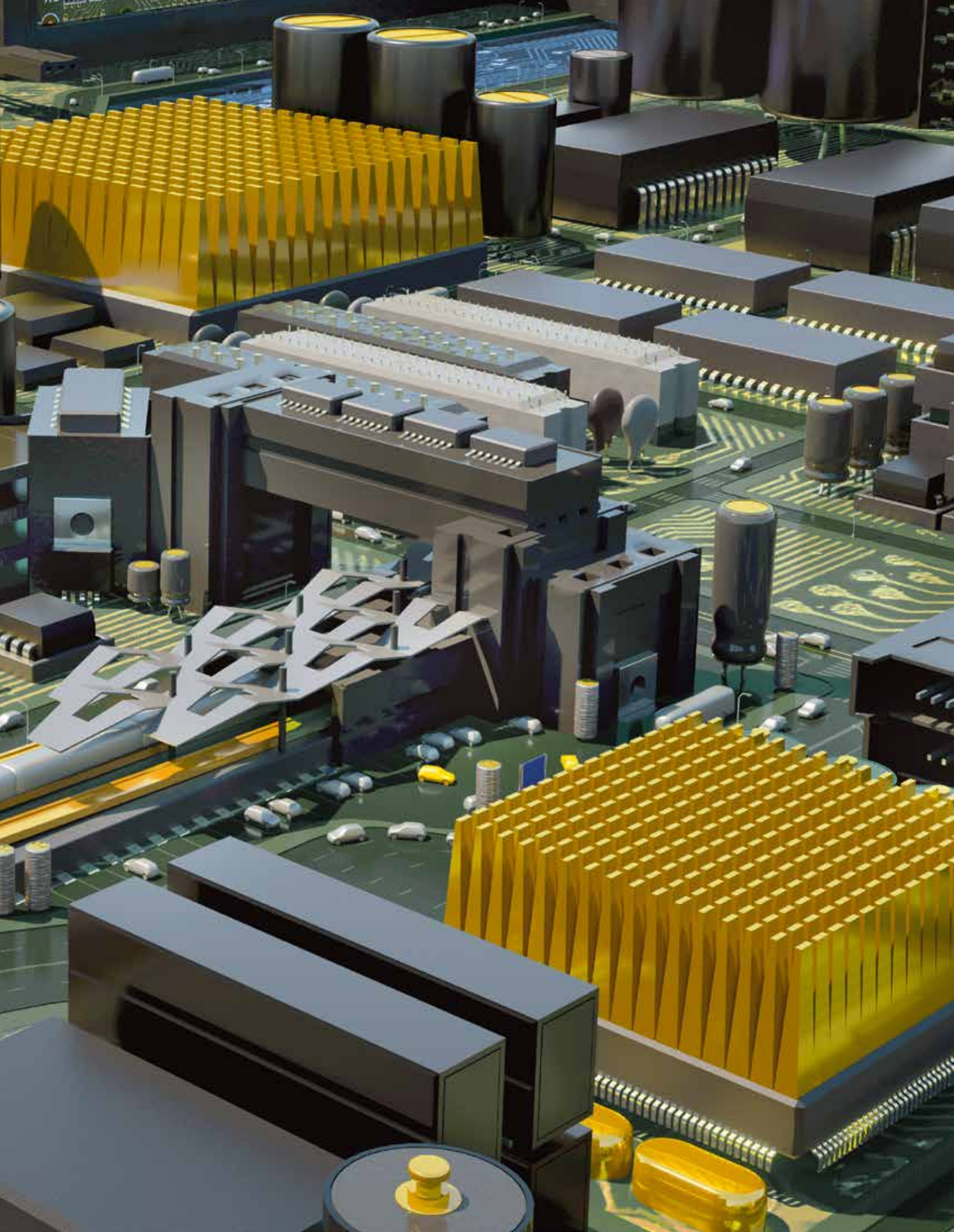
PwC Wirtschaftsprüfung GmbH

signed:
Peter Pessenlehner
Austrian Certified Public Accountant

Our Services.

Parker™ -App.

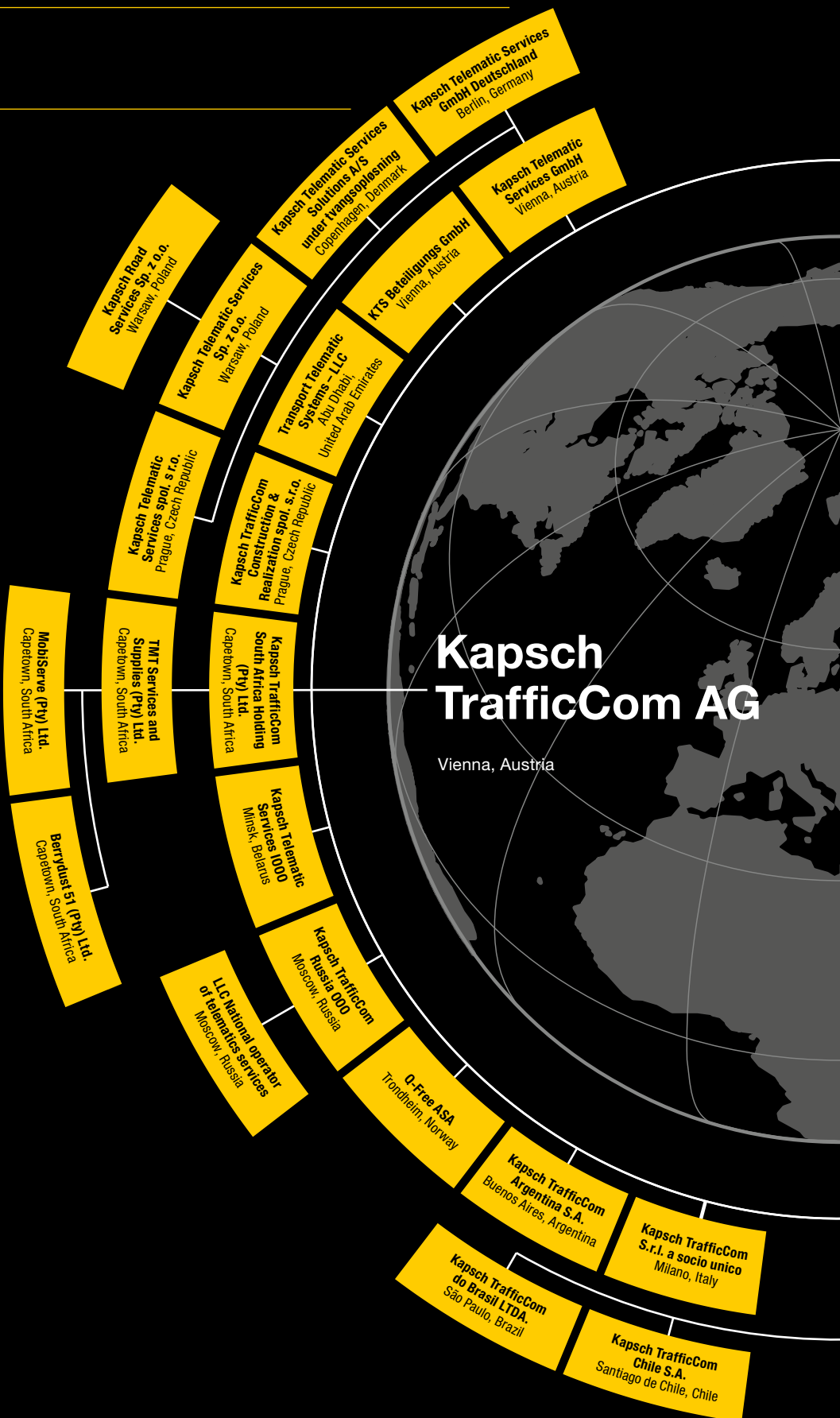
Intelligent solutions for future mobility are not just in demand when trying to ensure more efficient long-distance travel. New challenges arise in urban areas as well thanks to the constant growth in urban agglomerations, and these need to be addressed with innovative solutions. One example here is looking for parking spaces, where Kapsch TrafficCom offers a trend-setting service. The new Parker™-app directs drivers to their desired destination in the quickest way. Thus the app fits in perfectly to Kapsch's portfolio because we have always aspired to help all customers reach their goals as quickly as possible by offering the perfect service.



The shares in the fully consolidated subsidiaries are listed in note 29.

Kapsch TrafficCom AG

And its Subsidiaries.





Addresses.

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<p>Bulgaria</p> <p>Kapsch Telematik Technologies Bulgaria EAD XS Tower 5 Panorama Sofia Str., 1766 Sofia Phone: +359 2 959 00 29 Fax: +359 2 959 00 89 ktc.bg.info@kapsch.net</p>	<p>Italy</p> <p>Kapsch TrafficCom S.r.l. Via C. Bonazzi, 2 40013 Castel Maggiore (BO) Phone: +39 51 6324011 Fax: +39 51 6324022 ktc.it.info@kapsch.it</p>	<p>South Africa</p> <p>Kapsch TrafficCom South Africa (Pty) Ltd. Unit 37, Sunnyrock Park, 5 Sunrock Close, Sunnyrock, Germiston, Gauteng Postal address: PO Box 11992 Rynfield 1514 Phone: +27 11 455 2276 Fax: +27 11 455 2283 ktc.za.info@kapsch.co.za</p>	<p>Streetline, Inc. 393 Vintage Park Dr. Suite 140 Foster City, CA 94404 Phone.: +1 650 242 3400 Fax: +1 415 276 9062</p>
<p>Canada</p> <p>Kapsch TrafficCom Canada Inc. 6020 Ambler Drive, Mississauga, Ontario, L4W 2P1 Phone: +1 905 6243020 Fax: +1 9056256197 ktc.ca.info@kapsch.net</p>	<p>Kazakhstan</p> <p>Kapsch TrafficCom Kazakhstan LLC Business Centre "Parkview Office Tower" office No. 7, (6th floor) 77 Kunayev Street 050000, Almaty city Phone: +7 727 271 98 44 ktc.kz.info@kapsch.net</p>	<p>Electronic Toll Collection (PTY) Ltd. COC, No. 36 Assegai Wood Street Rooihuiskraal, Extension 39, Centurion Postal address: PO Box 68383 Highveld Park 0169 Phone: +27 11 083 2000 Fax: +27 11 083 3325</p>	

Financial Calendar.

24 August 2016	Interim report for fiscal year (FY) 2016/17 Q1
07 September 2016	Annual General Meeting for FY 2015/16
14 September 2016	Ex date for dividends for FY 2015/16
15 September 2016	Record Date
21 September 2016	1st payment date for dividends for FY 2015/16
17 November 2016	Interim report for FY 2016/17 Q2
22 February 2017	Interim report for FY 2016/17 Q3
21 June 2017	Results of FY 2016/17
06 September 2017	Annual General Meeting for FY 2016/17

Information on the Kapsch TrafficCom Shares.

Investor Relations Officer	Marcus Handl
Shareholders' Telephone	+43 50 811 1120
E-Mail	ir.kapschtraffic@kapsch.net
Website	www.kapschtraffic.com
Stock Exchange	Vienna, Prime Market
ISIN	AT000KAPSCH9
Trading Symbol	KTCG
Reuters	KTCG.VI
Bloomberg	KTCG AV



About Kapsch Group.

Kapsch is one of Austria's most successful technology corporations, specialized in the future-oriented market segments of Intelligent Transportation Systems (ITS), Railway and Public Operator Telecommunications as well as Information and Communications Technology (ICT). Kapsch is organized as a group company with the entities Kapsch TrafficCom, Kapsch CarrierCom and Kapsch BusinessCom. As a family-owned company headquartered in Vienna, Kapsch has been dedicated to the continuous development and implementation of new technologies for the benefit of its customers since 1892. With a wide range of innovative solutions and services, Kapsch makes a valuable contribution toward responsible approaches to a mobile and networked world. The companies of the Kapsch Group employ more than 6,000 people at subsidiaries and branch offices around the world.

For additional information: www.kapsch.net | Follow us on Twitter: twitter.com/kapschnet

Ten-Year Review

of Key Data.

Earnings Data ¹		2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16
Revenues	in million EUR	198.6	185.7	200.3	216.0	388.6	549.9	488.9	487.0	456.4	526.1
EBITDA	in million EUR	30.8	39.0	35.0	32.0	62.5	60.6	34.2	36.9	61.5	76.9
EBITDA margin	in %	15.5	21.0	17.5	14.8	16.1	11.0	6.7	7.6	13.5	14.6
EBIT	in million EUR	26.9	34.9	29.0	24.5	48.9	42.2	16.5	20.3	32.7	62.3
EBIT margin	in %	13.5	18.8	14.5	11.4	12.6	7.7	3.4	4.2	7.2	11.9
Profit before tax	in million EUR	27.0	42.8	21.9	43.9	41.3	36.3	17.0	5.5	19.9	54.8
Profit for the period	in million EUR	20.3	32.1	16.4	36.5 (22.5) ⁸	28.4	27.5	16.8	2.9	11.4	36.5
Profit for the period attributable to equity holders	in million EUR	18.1	30.4	13.0	32.2 (18.2)	22.1	21.0	9.8	-4.3	3.6	31.1
Earnings per share ²	in EUR	2.04	2.60	1.06	2.64 (1.49) ⁸	1.81	1.62	0.75	-0.33	0.28	2.39
Free cash flow ³	in million EUR	-40.9	-13.4	21.6	41.8	-19.4	-49.7	48.3	-24.7	68.2	90.7
Capital expenditure ⁴	in million EUR	2.3	4.0	22.2	4.8	8.3	13.1	20.2	15.7	8.4	10.0
Employees ⁵		774	824	946	1,023	2,167	2,705	3,013	3,308	3,545	3,716
Business Segments ⁹		2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16
Electronic Toll Collection (ETC)											
Revenues (% of Revenues)	in million EUR	n/a	n/a	n/a	n/a	n/a	n/a	n/a	429.0 (88.1 %)	389.3 (85.3 %)	442.1 (84.0 %)
EBIT (EBIT margin)	in million EUR	n/a	n/a	n/a	n/a	n/a	n/a	n/a	11.1 (2.6 %)	33.5 (8.6 %)	63.7 (14.4 %)
Intelligent Mobility Solutions (IMS)											
Revenues (% of Revenues)	in million EUR	n/a	n/a	n/a	n/a	n/a	n/a	n/a	57.9 (11.9 %)	67.1 (14.7 %)	84.0 (16.0 %)
EBIT (EBIT margin)	in million EUR	n/a	n/a	n/a	n/a	n/a	n/a	n/a	9.1 (15.8 %)	-0.8 (-1.1 %)	-1.3 (-1.6 %)
Regions ⁶		2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16
Austria	in million EUR	35.7 (18 %)	33.8 (18 %)	36.3 (18 %)	41.6 (19 %)	37.5 (10 %)	32.8 (6 %)	38.0 (8 %)	32.9 (7 %)	38.2 (8 %)	39.8 (8 %)
EMEA (excl. Austria)	in million EUR	134.5 (68 %)	109.3 (59 %)	125.4 (63 %)	130.3 (60 %)	302.7 (78 %)	425.7 (77 %)	350.1 (72 %)	350.0 (72 %)	297.9 (65 %)	332.2 (63 %)
Americas	in million EUR	15.4 (8 %)	18.8 (10 %)	14.0 (7 %)	12.1 (6 %)	27.6 (7 %)	63.6 (12 %)	74.8 (15 %)	87.0 (18 %)	92.6 (20 %)	118.2 (22 %)
APAC	in million EUR	13.0 (7 %)	23.9 (13 %)	24.6 (12 %)	32.0 (15 %)	20.8 (5 %)	27.8 (5 %)	26.0 (5 %)	17.1 (4 %)	27.7 (6 %)	35.9 (7 %)
Balance Sheet Data		31 March 2007	31 March 2008	31 March 2009	31 March 2010	31 March 2011	31 March 2012	31 March 2013	31 March 2014	31 March 2015	31 March 2016
Total assets	in million EUR	227.2	298.4	324.5	295.1	450.1	557.7	567.2	566.8	515.6	513.7
Total equity ⁷	in million EUR	45.6	133.4	134.2	168.2	191.5	256.2	236.7	213.1	219.4	230.7
Equity ratio ⁷ (in %)	in %	20.1	44.7	41.4	57.0	42.5	45.9	41.7	37.6	42.5	44.9
Net assets (+)/ debt (-)	in million EUR	-12.5	28.4	5.0	35.3	-47.2	-74.4	-40.5	-93.4	-35.9	33.8
Capital employed	in million EUR	78.2	161.3	193.4	187.5	288.7	383.8	360.7	369.2	357.3	337.7
Net working capital	in million EUR	56.8	131.4	122.3	104.6	175.9	285.7	243.9	205.4	209.9	183.7

1 Only continuing operations
2 Earnings per share 2015/16, 2014/15, 2013/14 and 2012/13 relate to 13.0 million shares, 2011/12 relate to a weighted average number of 12.74 million shares, 2010/11, 2009/10 and 2008/09 relate to 12.2 million shares, 2007/08 relate to 11.7 million outstanding shares and in each of 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 acquisition of companies and purchases of securities and investments) plus proceeds from the disposal of property, plant and equipment and intangible assets
4 Capital expenditure from operations (excl. payments for acquisition of companies and purchases of securities and investments)
5 As of 31 March of each year
6 Revenues (share of total revenues in %); EMEA (Europe excl. Austria, Middle East, Africa); APAC (Asia-Pacific)
7 Incl. minority interests
8 Adjusted for the fair value adjustment of the share in Q-Free ASA, Norway
9 The disclosure for the fiscal years 2013/14 and earlier is not applicable due to the new reporting structure

Kapsch TrafficCom is a provider of intelligent transportation systems (ITS) in the segments of toll collection, traffic management, safety and security, smart urban mobility and connected cars. The end-to-end solutions of Kapsch TrafficCom cover the entire value creation chain of its customers as a one-stop shop, from components and design to the installation and operation of systems. The core business comprises the development, installation and operation of electronic toll collection and traffic management systems. References in 44 countries on all continents have made Kapsch TrafficCom a globally recognized ITS provider. As part of the Kapsch Group, an Austrian family-owned technology group founded in 1892, Kapsch TrafficCom is headquartered in Vienna, Austria, and has subsidiaries and branches in 30 countries. It has been listed since 2007 on the Vienna Stock Exchange (KTCG) and generated revenues of EUR 526 million in the fiscal year 2015/16 with over 3,700 employees.