Kapsch Group

Overview
2014/15 Fiscal Year.

Highlights of the Fiscal Year from 1 April 2014 to 31 March 2015.

Kapsch Group

- *An attractive employer.* As of 31 March 2015, the Kapsch Group employed 5,734 personnel or five percent more people than on the balance sheet date of the prior year. Great importance is attached to investing in the training of personnel to safeguard the company's leading market positions – including the training of apprentices and young, prospective managers.
- *Continued focus on R&D activities.* With EUR 88.2 million, the Kapsch Group invested around ten percent of its revenues in research and development. The main focus in this area lay on the successful roll out of innovative products and solutions in all existing divisions and development of new business segments.
- *Revenues of the Kapsch Group.* Despite difficult underlying conditions, the Kapsch Group achieved Group revenues of EUR 908.8 million compared with EUR 923.3 million in the prior year.
- *Social engagement.* The Kapsch Group also upheld its strong commitment to art, cultural and social institutions in spite of difficult economic conditions, emphasizing long-term partnerships.

Kapsch TrafficCom

- *Major project in Sydney.* A road tolling system with 14 toll points covers 41 lanes with 14 gantries as part of the WestConnex project. The project encompasses two contracts for the initial phase, one for the roadside equipment for the M4 widening segment and one associated with maintenance and support.
- *All electronic tolling system for the New York State Thruway.* This new AET system eliminates the need for road users to stop or slow down at toll points. By enabling toll transactions to be completed at highway speeds, it facilitates free-flowing traffic across multiple lanes to minimize congestion;

Kapsch CarrierCom

- *Successful projects.* Nexus, the operator of the Tyne and Wear Metro in the British city of Newcastle, and Metrô Rio, the operator of the new underground line 4 in the Brazilian city of Rio de Janeiro, have commissioned Kapsch CarrierCom to build their TETRA network. The company was also awarded the contract to equip seven Chinese railway lines covering more than 2,000 km with GSM-R and to build a GSM-R core network for the Romanian railway network.
- *Company acquisition.* Through the acquisition of Prodata Mobility Systems NV, Kapsch CarrierCom was able to enlarge its portfolio for urban public transport. Prodata Mobility Systems solutions include intermodal transport control systems (ITCS), automatic fare collection systems (AFC) and real-time passenger information.
- *Agreement regarding the establishment of a joint venture with the national railways operator in Algeria;* to educate, train and supervise local experts; and to build, supply and maintain the Algerian railway network with state-of-the-art telecommunications technology.

Kapsch BusinessCom

- *Successful projects.* Kapsch modernized the entire IT infrastructure of Tyrol Air Ambulance, which is now running in a certified data center operated by Kapsch. Kapsch implemented the IT virtualization of the Runtastic running platform, creating a new basis for this with 66 Cisco servers.
- *Kapsch service catalog.* A modular service catalog with different, mainly recurring services was successfully developed and implemented to boost the service business.

Kapsch Group
Annual Report 2014/15
for New Solutions.

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.

Imprint
Media owner and publisher: KAPSCH-Group Beteiligungs GmbH
Place of publishing: Vienna, Austria

Three-Year Review of Key Data.

Earnings figures		2012/13	2013/14	2014/15	+/-
Revenues	in million EUR	928.0	923.3	908.8	-2 %
EBITDA	in million EUR	61.9	57.5	77.4	35 %
EBITDA margin	in %	6.7	6.2	8.5	
EBIT adjusted [1]	in million EUR	29.0	27.2	43.5	60 %
EBIT margin adjusted [1]	in %	3.1	2.9	4.8	
EBIT	in million EUR	29.0	25.2	6.6	-74 %
EBIT margin	in %	3.1	2.7	0.7	
Profit before tax	in million EUR	23.5	8.1	-12.8	-257 %
Profit after tax	in million EUR	18.7	6.1	-20.8	-440 %
Free cash flow	in million EUR	42.0	-27.7	37.3	-235 %
Research & development	in million EUR	96.6	95.5	88.2	-8 %
Employees	as of 31 March	5,266	5,484	5,734	5 %

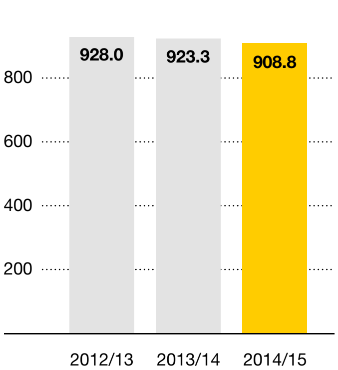
Statement of financial position figures		31 March 2013	31 March 2014	31 March 2015	+/-
Total assets	in million EUR	950.1	952.5	943.7	-1 %
Total equity	in million EUR	337.8	317.4	290.4	-9 %
Equity ratio	in %	35.6	33.3	30.8	
Return on equity	in %	8.6	8.0	2.3	
Financial liabilities	in million EUR	215.6	248.0	266.4	7 %
Net debt (-)/assets (+)	in million EUR	-108.1	-167.7	-156.6	-7 %
Gearing	in %	32.0	52.8	53.9	
Capital employed	in million EUR	553.5	565.4	556.8	-2 %
Net working capital	in million EUR	358.4	329.1	376.1	14 %

Business segments		2012/13		2013/14		2014/15		+/-
Traffic								
Revenues (share in revenues)	in million EUR	488.9	(53 %)	487.0	(53 %)	456.4	(50 %)	-6 %
EBIT (EBIT margin)	in million EUR	16.5	(3 %)	20.3	(4 %)	32.7	(7 %)	62 %
Employees (share in group)	as of 31 March	3,013	(57 %)	3,308	(60 %)	3,545	(62 %)	7 %
Carrier								
Revenues (share in revenues)	in million EUR	189.1	(20 %)	170.2	(18 %)	190.6	(21 %)	12 %
EBIT (EBIT margin)	in million EUR	5.3	(1 %)	0.4	(0 %)	-7.3	(-2 %)	<-500 %
Employees (share in group)	as of 31 March	715	(14 %)	740	(13 %)	805	(14 %)	9 %
Enterprise								
Revenues (share in revenues)	in million EUR	297.2	(32 %)	309.5	(34 %)	301.9	(33 %)	-2 %
EBIT (EBIT margin)	in million EUR	5.3	(1 %)	2.5	(1 %)	1.9	(0 %)	-22 %
Employees (share in group)	as of 31 March	1,438	(27 %)	1,322	(24 %)	1,273	(22 %)	-4 %

Regions		2012/13		2013/14		2014/15		+/-
Revenues (share in revenues)								
Austria	in million EUR	271.5	(29 %)	274.1	(30 %)	276.4	(30 %)	1 %
Central and Eastern Europe	in million EUR	343.6	(37 %)	343.7	(37 %)	299.5	(33 %)	-13 %
Western Europe	in million EUR	120.3	(13 %)	129.9	(14 %)	127.7	(14 %)	-2 %
Americas	in million EUR	80.5	(9 %)	88.0	(10 %)	93.4	(10 %)	6 %
Rest of World	in million EUR	112.1	(12 %)	87.6	(9 %)	111.8	(12 %)	28 %
Employees (share in group)								
Austria	as of 31 March	2,206	(42 %)	2,136	(39 %)	2,042	(36 %)	-4 %
Central and Eastern Europe	as of 31 March	950	(18 %)	983	(18 %)	1,122	(20 %)	14 %
Western Europe	as of 31 March	434	(8 %)	460	(8 %)	529	(9 %)	15 %
Americas	as of 31 March	437	(8 %)	616	(11 %)	553	(10 %)	-10 %
Rest of World	as of 31 March	1,239	(24 %)	1,289	(24 %)	1,488	(26 %)	15 %

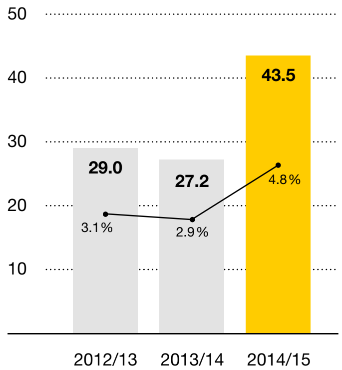
1 Complies with the operating result excluding impairment

Revenues
(in million EUR)



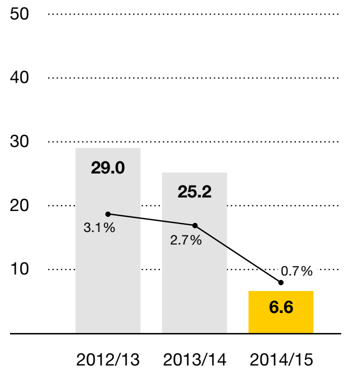
Revenues slightly decreased (-2 %) to EUR 908.8 million in the fiscal year 2014/15.

EBIT adjusted (in million EUR) and **EBIT margin adjusted** (in %)[1]



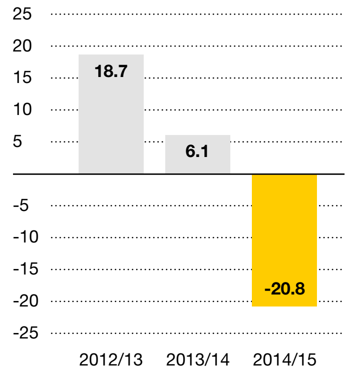
The adjusted EBIT (excl. impairment charge) increased by EUR 16.3 million to EUR 43.5 million.

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



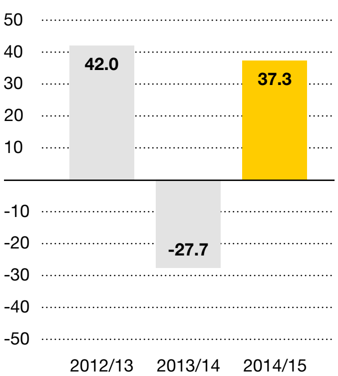
The EBIT fell due to the impairment charge (EUR 36.9 million) by EUR 18.6 million to EUR 6.6 million.

Result for the period
(in million EUR)



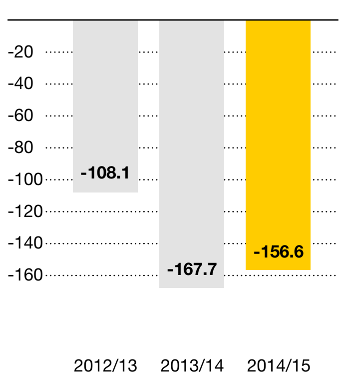
The result for the period fell by EUR 26.9 million to EUR -20.8 million.

Free cash flow
(in million EUR)



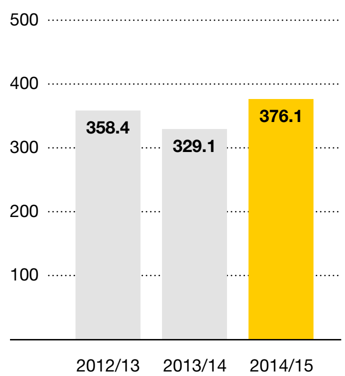
The free cash flow improved from EUR -27.7 million to EUR 37.3 million.

Net debt
(in million EUR)



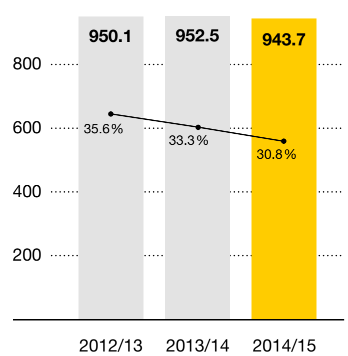
The net debt improved by EUR 11.0 million to EUR -156.6 million.

Net working capital
(in million EUR)



The net working capital increased by 14 % to EUR 376.1 million.

Total assets (in million EUR) und **equity ratio** (in %)



Total assets remained stable, the equity ratio was at 30.8 %.

1 Complies with the operating result excluding impairment

In 2014/15, which was characterized by a challenging business environment, the Kapsch Group was able to generate consolidated revenue of EUR 908.8 million and EBIT of EUR 6.6 million. The robust balance sheet structure of the Kapsch Group is reflected in an equity ratio of 30.8 percent and a gearing of 53.9 percent. Besides consolidating our earnings in established business areas, our strategy also aims to exploit new business fields in technologically related industries.

Contents.

iKapsch capture

Annual Report of Kapsch Group 2014/15 as Download.

The iKapsch app for your iPhone or Android device provides you with digital access to the Kapsch Group's annual report. To install the iKapsch app on your smart phone, simply download the app from the Apple App Store or the Google Play Store and launch the iKapsch app using the “iKapsch print” module. You will then be able to read or print the annual report digitally on or from your smart phone or PC. In addition, the pages marked with the iKapsch logo allow you to access multimedia content associated with the relevant sections of the report. You can launch the iKapsch app using the “iKapsch capture” feature by taking a photo of the relevant page. This will give you new insights into the World of Kapsch.

Innovate to keep **moving.**

Always on the move: for millions of people around the world.

We believe technology should serve people. Innovations must make daily life easier. And simplify modern-day life. By giving this annual report the title “Move”, we intend to show you that not only has Kapsch been striving for trendsetting technologies since the very beginning, but also that it works tirelessly to transform innovations into tangible benefits. Regardless of whether people thereby make it through traffic more quickly, reach their destinations with public transport on time and safely or have more opportunities at work thanks to intelligent information and communication solutions: our innovations keep things moving. This is why the Kapsch Group will continue to invest in application-oriented research and development in the future. Technological solutions, implemented with passion, which change modern life. And, with its innovative power and global presence, Kapsch keeps each and every individual **always one step ahead.**

Letter from the Management.

“It is important to keep moving in dynamic times.”

Georg Kapsch,
CEO Kapsch Aktiengesellschaft

The Kapsch Group generates revenue of EUR 908.8 million in an overall challenging economic environment.

Dear readers,

We live in dynamic times which are being increasingly influenced by technological developments and new application areas. Nowhere does this apply more than to the business areas in which the Kapsch Group operates. It is for this reason that we aim to be “always one step ahead”, i. e. to at all times maintain a decisive competitive advantage. The intention behind the annual report for the 2014/15 fiscal year and the motto ‘Move’ is to demonstrate how the Kapsch Group generates advantages for its stakeholders by moving, changing and, where necessary, also making completely new discoveries.

It is this particularly innovative spirit that sets Kapsch apart from others and makes it a reliable partner in its core competence areas of communication and mobility. This involves us developing innovative solutions to target the current mega trends in our society: data security, intelligent energy systems, intermodality in transport, machine-to-machine or electronic payment systems, to name just a few examples. In order to consolidate our leading position in terms of technologies and quality, we invested around ten percent of our revenue or EUR 88.2 million in research and development in the past fiscal year. This resolve to invest in the future of the company represents a key pillar of our corporate philosophy.

Another equally important pillar of our commercial success consists of the skills and above-average commitment levels of our personnel. It is for this reason that we put particular emphasis on the continuous professional development of our employees. In the 2014/15 fiscal year Kapsch employed a total of 5,734 people around the world.

Commercial success. In 2014/15, which was characterized by a challenging business environment, the Kapsch Group was able to generate consolidated revenue of EUR 908.8 million and EBIT of EUR 6.6 million. The robust balance sheet structure of the Kapsch Group is reflected in an equity ratio of 30.8 percent and a gearing of 53.9 percent. Besides consolidating our earnings in established business areas, our strategy also aims to exploit new business fields in technologically related industries. An impressive example of this was the acquisition of Prodata Mobility Systems NV in the Public Transport division of Kapsch CarrierCom during the past fiscal year. Other important milestones were also reached in the relatively young business field of Smart Energy.

In the 2014/15 fiscal year, the **Kapsch TrafficCom Group** generated revenue of EUR 456.4 million and also improved EBIT by 61.5 percent to EUR 32.7 million. Besides tackling the operational challenges, intensive efforts were also made to update the corporate strategy in order to safeguard the long-term earnings potential of the company. These strategic considerations form the foundations of the 2020 Strategy Program.

In the 2014/15 fiscal year, the **Kapsch CarrierCom Group** was able to generate consolidated revenue of EUR 190.6 million and EBIT of EUR -7.3 million. Kapsch CarrierCom achieved substantial growth in established markets, notably Central and Eastern Europe, as well as new markets such as Brazil, as a result of numerous large orders placed by mainly railway and also public transport companies. Success was also forthcoming in Asia, not least as a result of winning a contract to equip several railway lines in China.

In the 2014/15 fiscal year, the **Kapsch BusinessCom Group** successfully generated revenue of EUR 301.9 million, close to the level of the prior year, and EBIT of EUR 1.9 million. The company developed its position as a service partner in Austria and the CEE region, achieving growth rates in these markets which clearly outpaced the industry average.

We are all involved in shaping the future of the company.

Responsibility vis-à-vis society and the environment. In times of tighter public sector budgets and an increasingly insensitive social environment, the Kapsch Group is intensely aware of its particular responsibility to society. That is why we have been supporting selected social projects for many years. We also attach particular importance to supporting artistic and cultural institutions in order to break down barriers and foster new mindsets and perspectives. The aim here is also to maintain traditions and facilitate change.

Well aware that long-term commercial success is only possible if social and environmental aspects are also taken into consideration, the Kapsch Group is working intensively to improve its key performance indicators in these areas. Through its many efforts in all business units, the Kapsch Group also demonstrates the innovative power and willingness to change epitomized by its 'Move' motto.

Outlook. The Kapsch Group will continue to forge ahead along its success trajectory with undiminished energy and entrepreneurial foresight as well as actively tapping further opportunities for growth. Our innovative power, the needs of our customers and our responsibility towards society and the environment shall continue to guide our decisions and our daily work.

In conclusion, we would like to express our gratitude to our customers and business partners for their confidence in us and for the long-term partnerships we have established. We would also like to thank our employees for their high levels of commitment, creativity and willingness to perform. Let us continue working together to drive the development of the Kapsch Group and to actively shape our common future.

Georg Kapsch
Chief Executive Officer

Kari Kapsch
Chief Operating Officer

Franz Semmernegg
Chief Financial Officer

Networking **moves** people.

Our future lies in the key fields of digitalization and networking.

In 2050, an estimated 70 percent of the world's population will be living in urban areas. Thus it is clear that the demands placed on urban infrastructure will grow: more vehicles, fewer parking spaces, more commuters, more waste, higher energy needs, fewer open spaces and less time for what really matters. The Kapsch Group has developed a range of solutions to overcome these challenges. For instance, intelligent mobility and traffic management solutions that let traffic flow and protect the environment. Or smart energy management solutions to make more efficient use of our resources. The networking of machines in so-called V2X and M2M systems plays a special role in these solutions. Through the meaningful use of technologies that give people living in cities the freedom to move without restrictions. So that people like Tom can focus on what counts in daily business: business.

Our Corporate Profile.

About the Kapsch Group.

Kapsch has always been a pioneer in the development of new technologies.

A precision-mechanics workshop was founded in Vienna more than 120 years ago by Johann Kapsch for manufacturing telegraph appliances and telephones, thereby laying the foundations in 1892 for the modern-day Kapsch corporation. Despite all the historical turmoil and challenges, Kapsch regularly played a pioneering role in the development and establishment of new technologies, including radio, TV and telephony, mobile and train communications. Today, the Kapsch Group is a global technology group with three strong business segments.

- Intelligent mobility solutions from Kapsch TrafficCom
- Communication systems for operators of fixed-line, mobile, transport and access networks from Kapsch CarrierCom
- Services in the field of information and telecommunications from Kapsch BusinessCom

Page 22: Information on investments in research and development

The name Kapsch stands for innovative power, a pioneering spirit and customer orientation. The company has invested heavily in research and development for years in order to be able to bring new technologies to the market to the benefit of customers and users. Around ten percent of all revenue was invested in this in the 2014/15 fiscal year. Kapsch makes a key contribution to shaping a mobile and interconnected world in a responsible and sustainable manner.

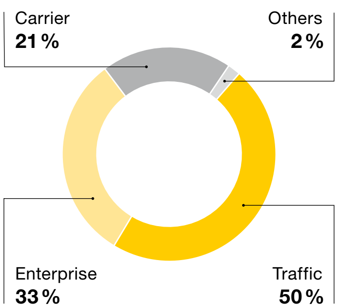
The group of companies based in Vienna has around 100 subsidiaries and representative offices around the world. Kapsch is active across almost all of Europe, Asia and America, however key projects have been and are being carried out in Africa and Australia as well. At the end of the 2014/15 fiscal year the Kapsch Group employed 5,734 personnel.

The Group's parent company is Kapsch-Group Beteiligungs GmbH, Vienna, which is wholly owned by DATAX HandelsgmbH. The shares in this company are held in equal parts by Traditio-Privatstiftung, ALUK-Privatstiftung and Children of Elisabeth-Privatstiftung, each a private foundation under the Austrian Private Foundations Act *(Privatstiftungsgesetz).* Each of these private foundations is managed by a separate board of trustees, and no single individual serves on more than one of the boards of the three private foundations. The beneficiaries of these private foundations 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).*

In addition to strategic corporate management, Kapsch-Group Beteiligungs GmbH and established staff departments ensure group-wide synergies and knowledge transfers, uniformly high personnel standards and a coordinated financing strategy. In contrast, the respective subsidiaries are responsible for operational matters and strategic decisions made in consultation with their supervisory boards.

Kapsch TrafficCom is a provider of intelligent transportation systems (ITS) in the solution segments of road user charging, urban access and parking, traffic management, road safety enforcement, commercial vehicle operations, electronic vehicle registration and

Revenues by business segment



'Move', the guiding theme of this year's annual report, highlights which solutions Kapsch is developing to shape the future of mobility.

V2X cooperative systems. With end-to-end solutions, Kapsch TrafficCom covers 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 is to design, build and operate electronic toll collection and traffic management systems. Reference projects in 44 countries on all continents make Kapsch TrafficCom a recognized ITS provider worldwide. For more information about Kapsch TrafficCom, please refer to page 32 of this report.

Kapsch CarrierCom is a global systems integrator, manufacturer and supplier of end-to-end telecommunications solutions. The company offers innovative, business-critical solutions for rail and urban public transport operators, carrier networks and energy supply companies. Kapsch CarrierCom is a trusted partner to organizations, who benefit from a comprehensive array of professional services and round-the-clock customer service. With nine research and development centers in Europe and Asia, Kapsch CarrierCom is constantly pushing the boundaries of technology. In addition, the company works with an ecosystem of strategic partners to maximize value for clients and help them increase their business success. For more information about Kapsch CarrierCom, please refer to page 36 of this report.

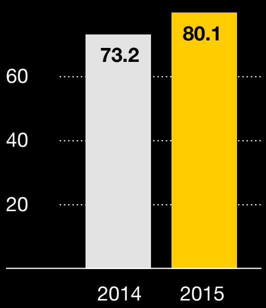
Kapsch BusinessCom is one of the best known ICT service partner in Austria and in Central and Eastern Europe. Embedded in the Kapsch Group, Kapsch BusinessCom has positioned itself as an ICT service partner offering a complete solution portfolio covering the areas of information technology as well as telecommunications. In addition to system integration and continuous optimization measures, Kapsch BusinessCom is increasingly taking on responsibility for the entire area of operations. Kapsch BusinessCom relies on manufacturer independence and partnerships with globally leading technology providers, such as Apple, Avaya, Cisco, EMC, Google, Hitachi, HP, Microsoft or Mitel. In concert with these partners, Kapsch BusinessCom offers its services as a consultant, system supplier and service provider, but above all as a reliable, dependable, long-term trusted advisor in a rapidly changing technological environment. Kapsch BusinessCom always generates clear added value for its over 17,000 customers. For more information about Kapsch BusinessCom, please refer to page 40 of this report.

Long-term thinking. Not only does the Kapsch Group make strategic decisions with due foresight, but it also intends to set new standards in communication with its stakeholders. To this end, a new four-year cycle was launched in the context of the 2013/14 Annual Report under the motto 'Think'. This 2014/15 Annual Report now bears the motto 'Move'", aiming to show how the Kapsch Group is meeting current challenges and how it intends to safeguard the future success of the company through the courage to change. The way in which these successes are to be shared will be explained in the 2015/16 Annual Report under the motto 'Share'. The end of reporting cycle will be a special edition, combining the past, present and future, to commemorate the company's 125th anniversary.

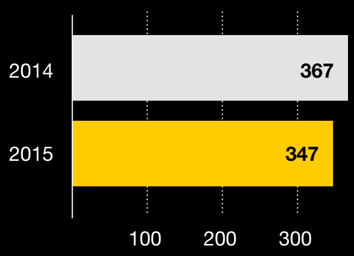
Our Global Presence.

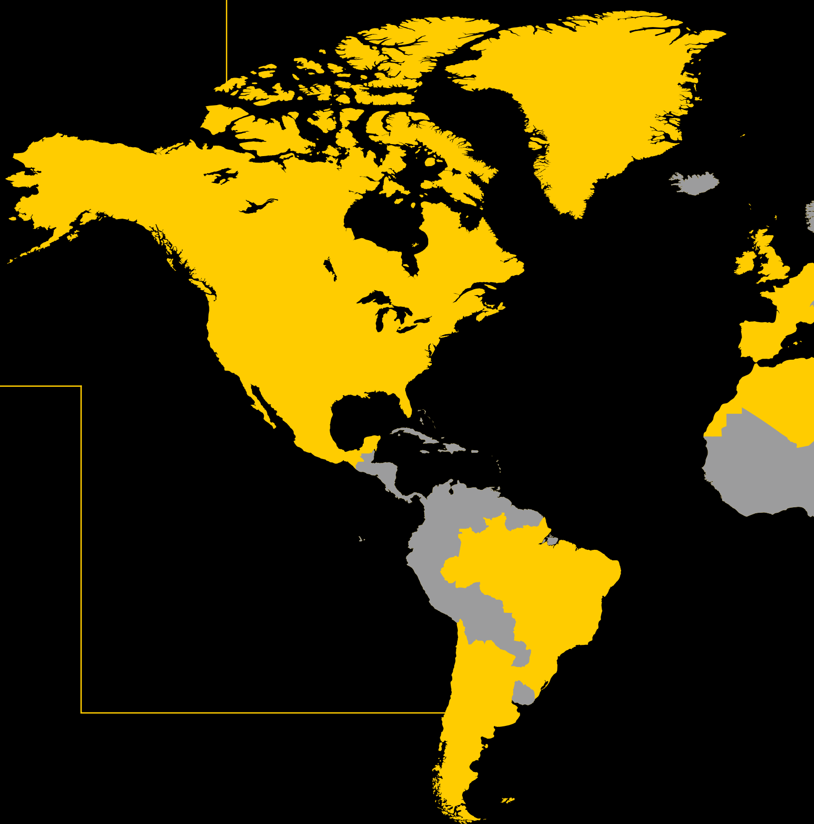
North America

Revenues (in million EUR)



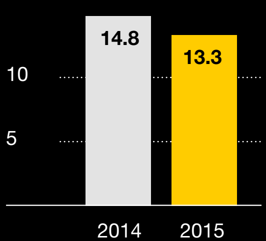
Employees



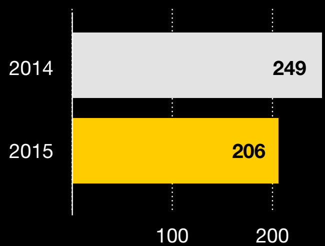


Central and South America

Revenues (in million EUR)

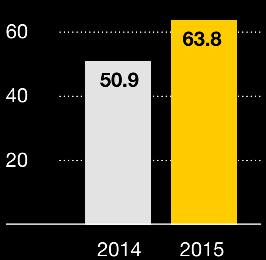


Employees

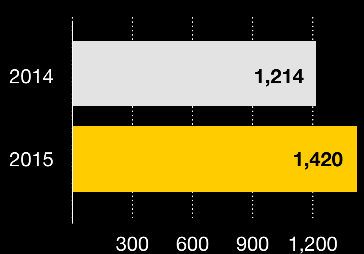


Africa

Revenues (in million EUR)

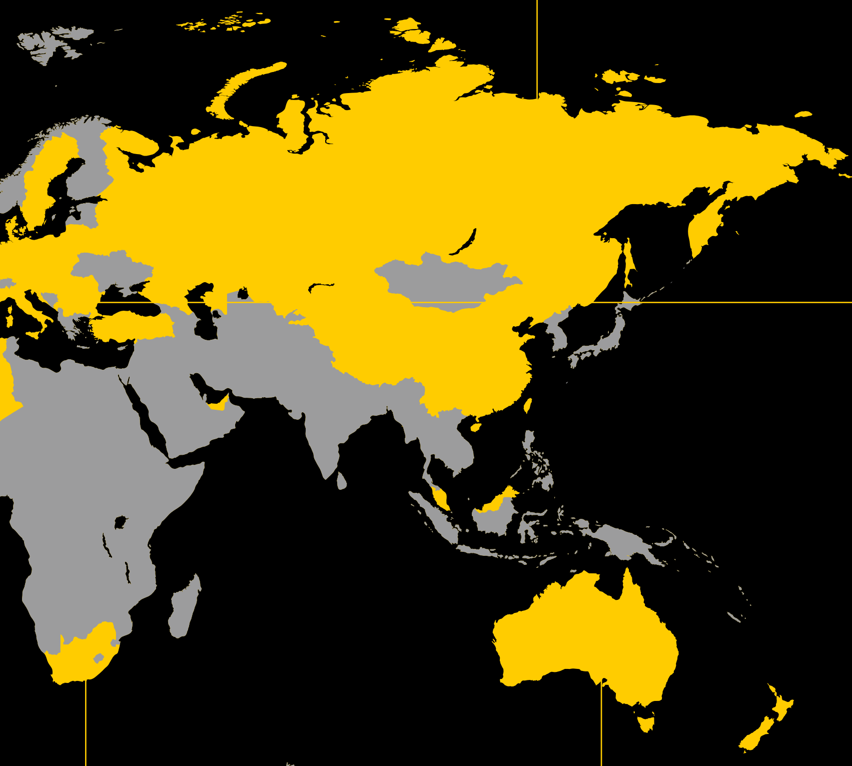


Employees



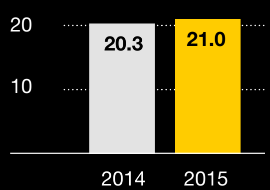
Branch offices and subsidiaries of the Kapsch Group

- Algeria
- Argentina
- Australia
- Austria
- Belarus
- Belgium
- Brazil
- Bulgaria
- Canada
- Chile
- Croatia
- Czech Republic
- Denmark
- France
- Germany
- Hungary
- Ireland
- Italy
- Kazakhstan
- Kyrgyzstan
- Lithuania
- Macedonia
- Malaysia

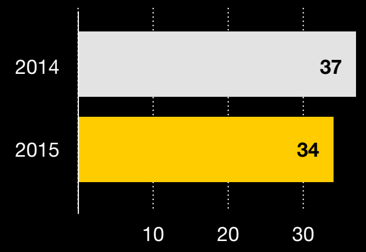


Asia

Revenues (in million EUR)

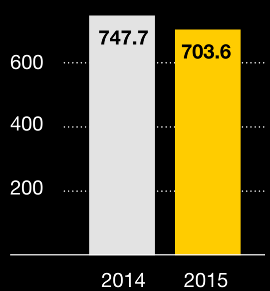


Employees

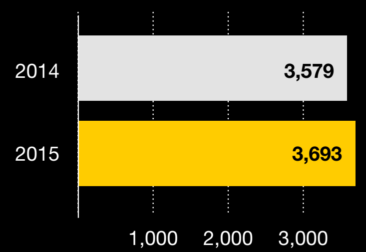


Europe

Revenues (in million EUR)

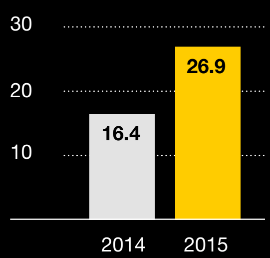


Employees

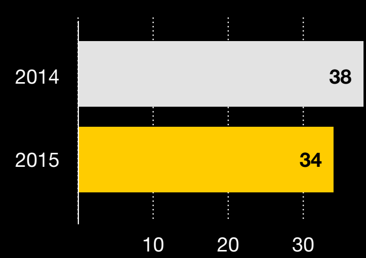


Australia

Revenues (in million EUR)



Employees



- Mexico
- Morocco
- Netherlands
- New Zealand
- People's Republic of China
- Poland
- Portugal
- Romania
- Russia
- Serbia
- Singapore
- Slovakia
- Slovenia
- South Africa
- Spain
- Sweden
- Taiwan
- Turkey
- United Arab Emirates
- United Kingdom
- U.S.A.

Our Vision.

Always one step ahead.

Our vision is clear: Kapsch is always looking to the future, innovative, focused on performance, aware of its responsibilities and close to you.

The Kapsch Group is pursuing a central, overarching goal based on the following commitment: to support people in meeting their communication and mobility needs in the best way possible utilizing innovative technological solutions. The Group's core is made up of the three business segments for Intelligent Transportation Systems, Carrier Solutions and Enterprise Solutions. With customer orientation, responsible action and the willingness to progress and change, we strive to remain always one step ahead – to the benefit of our clients, partners and investors, and in the interests of our employees, society and the environment.

Kapsch is always looking to the future. Our Group exerts a crucial influence on technological developments. We transform new technologies into practical solutions and applications, generate added value for our customers and thereby make an active contribution to shaping the long-term future.

Kapsch is always innovative. Focusing on the future requires a constant willingness to innovate and change. We scrutinize established technical solutions to determine where improvements can be made and invest substantially in the development of new approaches. The aim is always to achieve a combination of technical perfection and commercial viability to the benefit and advantage of our customers.

Kapsch is always focused on performance. Not only do we search for perfect technical solutions, but we also motivate each and every one of our employees around the world to focus resolutely and sustainably on the benefits to our customers. Our crucial competitive advantage lies in the synthesis of efficiency and safety. In this way, we work consistently to achieve our goal of fostering trust and building long-term business relationships with our customers around the world.

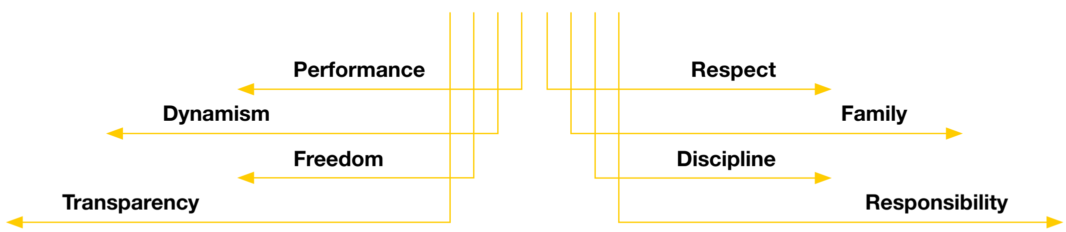
Kapsch is always aware of its responsibilities. We bear the responsibility for optimum technological solutions that stand out for stability and reliability. Thus, business success for the Kapsch Group must always go hand-in-hand with acting responsibly – for the sake of our customers, employees and partners and to the benefit of society and the environment.

Kapsch is always close to you. Since our company was founded, we have clearly aligned all of our business processes and products, as well as our organization, with the needs, wishes and requirements of our customers. The combination of customer orientation, innovative power and global presence determines our corporate strategy. This is the focus of our 5,734 employees in approximately 100 countries across six continents.

Our
Mission.

We are Kapsch, a family-run business steeped in tradition with roots extending as far back as 1892. The Kapsch Group is characterized by being close to customers and providing individual technological solutions for our partners and clients with our main focus on meeting their communication and mobility needs. In our core business we pursue a profitable, global growth strategy. Our committed employees, unwavering focus on technical innovations and responsible business practices help us in staying “always one step ahead”.

Our values.



Creating and appreciating values.

Our values are an integral part of the Kapsch corporate culture. Our activities create lasting value for the future and make an active contribution towards responsible, socio-political development. Our employees, our management and the executive board members of the Kapsch Group and its subsidiary companies should live and work by these values:

- **Responsibility.** We act in the interests of the company, bear the consequences of our actions and take initiative.
- **Respect.** Our cooperation is based on mutual recognition.
- **Performance.** Each individual employee contributes to achieving our goals through their dedication and success.
- **Discipline.** Adhering to rules enables us to work together in accordance with our values.
- **Transparency.** We are open in dealing with information. This makes decisions traceable.
- **Freedom.** Individual scopes of action broaden our personal engagement.
- **Family.** We all pull in the same direction and support one another.
- **Dynamism.** The determination toward continuous change enables us to achieve defined goals.

Our Strategy.

Shaping the future.

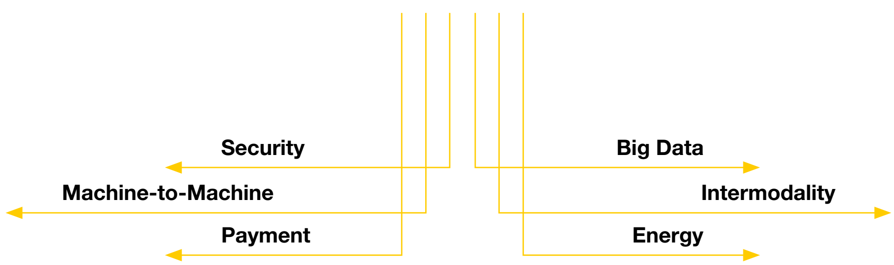
For Kapsch, shaping the future means responding speedily and proactively in the interests of our customers.

The Kapsch Group operates in a very dynamic environment. The aim here is to actively address technological changes at an early stage to the benefit of customers and to reflect these in the portfolio of services. Corporate vision is just as essential here as investments in research and development, as well as in the training of personnel.

The current trends in the individual business segments are explained in detail in the Management Report. The following chart provides a summary of the associated strategic fields of activity.

Page 56: Details of the general economic situation and the current trends in the various business segments can be found in the Management Report.

Strategic Fields.

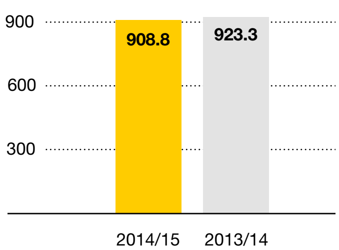


Security. Global digitalization is rapidly progressing, presenting companies with new challenges with regard to the management and security of data on a continual basis. Kapsch BusinessCom ensures, among other things, that company networks are carefully and securely 'sealed'. The solutions offered here include firewalls to filter out external attacks, solutions to prevent unauthorized internal access to protected files, an overview of data flows from the source to the destination, as well as controlled internet and bandwidth access.

Big Data. Globally speaking, the volume of digital data that needs to be stored, processed and managed doubles every two years – a major challenge for companies in every industry. The majority of this information is not structured and is difficult to find in a company's network. There is a need for professional solutions that make it possible to search intelligently for information. Kapsch BusinessCom offers such solutions that create real added value for the customer.

Energy. The European energy industry is currently facing a fundamental transition. With the growing importance of renewable energies and the need to improve energy efficiency, intelligent solutions are called for. Kapsch Smart Energy offers just such comprehensive solutions for integrated energy management.

Revenues
(in million EUR)



Intermodality. Intelligent management systems will also have a major impact on the business segment of Kapsch TrafficCom in the future, opening up new application areas. The aim here is to combine different transport systems in a way that saves both time and resources. The Kapsch Group is familiar with these different systems and will harness synergies across the Group to be able to offer intermodal and interoperable solutions for individual and public transport.

Machine-to-Machine (M2M). Ensuring communication between machines is one of the core competencies of the Kapsch Group. The scope of application ranges from electronic toll collection systems and intelligent energy management systems to IT and security systems for corporate networks. M2M is still in its infancy in many areas, although the future here is very promising. The Kapsch Group will combine the associated potential with the synergies available across the Group.

Payment. Given the sensitivity of the data involved, electronic payment transactions demand the highest levels of security and reliability from the systems used. The Kapsch Group can satisfy all of these demands, offering one of the most secure data centers in Europe, Kapsch earthDATAsafe.

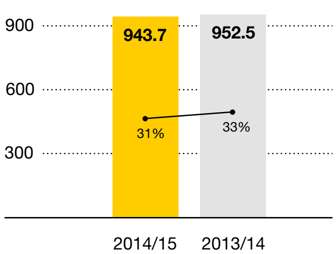
Our principles and objectives.

As a long-standing company steeped in tradition, the Kapsch Group pursues an ambitious strategy based on clear principles which serves to ensure the success and continued existence of the Group through growth.

Our objectives are:
- Commercial success
- Solutions for people
- Maximum performance derived from a sense of responsibility
- Being innovative and future-oriented
- Prudent risk management
- Fair competition
- Promoting diversity
- Performance standards for business partners
- Highly committed personnel

Commercial success. In order to ensure the continuation of the company's 120-year history, the key is to ensure the earnings power and profitability of the Kapsch Group. These two aspects form the foundation of our future success and the conditions to be able to live up to our responsibility to employees and society. We measure the success of our company on the basis of the development of revenues and the EBIT margin. With revenue of EUR 908.8 million in the 2014/15 fiscal year, it was nearly possible to maintain the level of EUR 923.3 million reached in the prior year. The EBIT margin declined from 2.7 percent in the prior year to 0.7 percent. Efforts to achieve an improvement here will continue in subsequent years through the action taken to increase operational efficiency; the aim here is to ensure an appropriate minimum level of interest on the capital used as well as funding for our strategic projects.

Total assets (in million EUR) and **equity ratio** (in %)



Page 84: For more information about risk management, please refer to the Management Report.

We aim for gearing to be between 25 % and 35 % in order to preserve the company's financial independence. As at 31 March 2015, gearing of 53.9 % was reported. With an equity ratio of 30.8 % on this date, the Kapsch Group enjoys a strong balance-sheet structure despite the high gearing.

Solutions for people. We, and ultimately the Kapsch Group, make progress because we know how to adapt our business model flexibly to the current conditions prevailing and external influencing factors. We identify technological trends at an early stage and develop solutions that ensure added value for our customers. However, our understanding of technology does not end with what is technically feasible – for us, this is where it all begins.

We are only satisfied when our customers as well as their customers are satisfied too; when they readily use our solutions and can integrate them easily into their everyday processes. We listen to our customers so as to understand what they really need. We see ourselves as facilitators between technology and people, considering different perspectives to develop the best possible solutions.

Maximum performance derived from a sense of responsibility. We know that we bear a particular responsibility as a large company and we accept this responsibility. Our solutions and services contribute to safe and efficient communication between people or machines. They control complex systems and facilitate the mobility of people.

Our technologies are partly responsible for ensuring that traffic flows safely and that communication takes place smoothly and reliably. The associated responsibility drives us on, day after day, to achieve top performance in every project. To this end, we always focus on the people that use the technologies and work with them, not just on the technology itself.

Innovation, a forward-looking approach and established values of a family-run company. These are the pillars of our corporate philosophy. We feel equally responsible for our employees as we do for our customers, business partners and owners. We want to make a contribution to shaping society through our technologies, taking care to consider aspects of economic, social and environmental sustainability. In the course of our business operations, we pay attention to aspects of sustainability in all of these dimensions, thereby striving to achieve continuous progress.

Risk behavior. As a technology corporation, the Kapsch Group operates in a very dynamic environment. The proper assessment of risks associated with this dynamism is therefore an integral part of our everyday business. The primary objective of our risk management activities is to deal with risks in a controlled and deliberate manner as opposed to avoiding risks completely. After all, we want to identify new opportunities in good time and seize them while taking any associated risks into consideration. Given the particular importance of the project business, the associated challenges form the focal point of our risk management activities.

The employees of the Kapsch Group comply with a Group-wide code of conduct.

Fair competition. The Kapsch Group, as a corporate group, safeguards its long-term interests by conducting itself fairly, transparently and professionally in the market. The code of conduct of the Kapsch Group prohibits any restriction of free competition and serves as a guide for employees on how to conduct themselves fairly and with integrity. Breaches of national and international antitrust regulations or any other rules on competition would have grave financial consequences and be detrimental to the Group's image. This is also why our business transactions are based solely on legal regulations and applicable codes of conduct.

Kapsch was awarded the status of a family-friendly company by the Austrian Federal Ministry of Family and Youth in 2014.

Promoting diversity. The Kapsch Group promotes and harnesses the diversity of society. We respect the dignity and personality of every employee. This is why we respect one another and perceive differences as chances that should be consciously fostered. We value the individuality of our employees, offer them all the same opportunities and prevent social discrimination.

Requirements of business partners. The Kapsch Group takes responsibility for its business and sets high standards in all organizational areas. We also demand excellent performance and integrity from our business partners in order to meet these standards. All of our business relationships with customers, suppliers and partners are based on high quality standards. The products and services delivered to us must be fully compatible in terms of their respective purpose and price competitive.

A company and 'its' people. Kapsch is and will remain a technology company. The Kapsch Group has enjoyed sustained success because our employees are enthusiastic and fully committed to ensuring that other people benefit in the best possible way from our services. Since we repeatedly look at our world and technology from the perspective of other people, we can provide services that not only meet their requirements but set new standards.

Our Milestones.

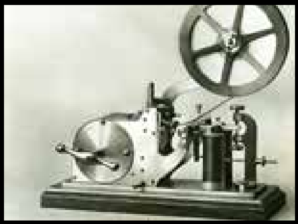
Kapsch. A history of a company.

Enter the World of Kapsch here and visit our virtual museum.

Ever since its founding in 1892, Kapsch has been dedicated to its role as an innovator and technological pioneer. From the production of the first portable radios and the spreading of telephone technology in Austria up to ground-breaking toll projects around the world: when it comes to technological milestones in communication and mobility, Kapsch has always been a major step ahead. At the same time, we remain committed to employing technological developments efficiently and responsibly in the service of our customers. We recognize and appreciate technology as an instrument for opening up possibilities and improving numerous aspects of people's lives.

1892

Johann Kapsch founds a precision workshop in Vienna producing Morse telegraph devices and telephones.



After 1918

Kapsch begins manufacturing capacitors and dry batteries.

1923

Entry into radio manufacturing. The first Kapsch radio receiver Pionier L with three-tube speaker technology. Soon afterwards Kapsch becomes a co-founder of RAVAG, the Austrian company Radio Verkehrs AG, thereby heralding the age of radio in Austria.

1930

First television demonstration with a complete transmission and reception system in Austria – a revolutionary event at the Kapsch pavilion on the Vienna Trade Fair.

1946

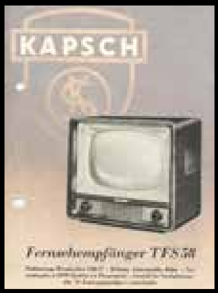
In cooperation with the Austrian Post, Kapsch plays a key role in the reconstruction of the telephone network after World War II.

1948

Equipment of long-distance offices with switch system 48 – the first standardized, nationwide, direct-dial system.
In 1950 the first automatic exchange using the system comes into service in Eferding.

1955

Kapsch brings the first black and white television on the Austrian market, the model TFS-56.



1958

Capri, the first fully transistorized-portable radio is launched.

1965

The company develops a new low-noise dialing disk for telephones that remains in use up to the 1980s.

1967

Presentation of the first Kapsch color television: the Chromomatic.

1969

Development of an OHS system for semi-electronic telephone exchange system operation.

1970

Installation of train radio for Austrian Railways.

1972

Kapsch develops batteries with a non-leak guarantee.

1979

The medium-range radar system Koralpe essential to aviation safety is built.

1980

Start of digital-telephony in Austria with Schrack.

1984

Kapsch enters into the mobile telephony segment and equips the Austrian Army and Austrian Railways with the first – back then still quite large – devices.

1991

First telephone call in Austria using the new digital mobile network GSM.

1994

Kapsch equips multiple European railways with cab radios.

1999

Implementation of the world's first electronic toll system for multi-lane free-flow traffic on the Melbourne City Link highway.

2003

Kapsch implements the world's largest comprehensive electronic truck toll system in Austria.

2010

Kapsch takes over the GSM/GSM-R division of Nortel, thus becoming a major provider in this area.

2012

Kapsch Smart Energy starts a pilot project for integrated energy management.

2013

Entry into the market for communications solutions in local public transport based on TETRA technology.

2014

Strategic acquisitions in the segments traffic management and system integration (Transdyn, Inc., U.S.A.) and public transport (Prodata Mobility Systems NV, Belgium).

2015

Kapsch modernizes the entire IT infrastructure of Tyrol Air Ambulance, thus ensuring a safe flight for patients.

Research And Development.

Our aim is to be the global quality and innovation leader in all our business segments.

The Kapsch Group actively faces the challenges of its dynamic markets and regularly adds innovative solutions to its product portfolio, thereby ensuring that added value is created for its customers. In line with our corporate strategy, our objective here is to achieve global quality and innovation leadership.

Innovative power. The focus of our research and development activities is on market-oriented solutions and systems that safeguard the innovative edge enjoyed by the Kapsch Group. The strategic business segments of the Kapsch Group have their own development departments which employ a total of around 1,000 engineers and address key future issues. The associated expenditure here amounted to approximately EUR 88.2 million or 9.7 % of revenues in the 2014/15 fiscal year compared with EUR 95.5 million or 10 % in the prior year.

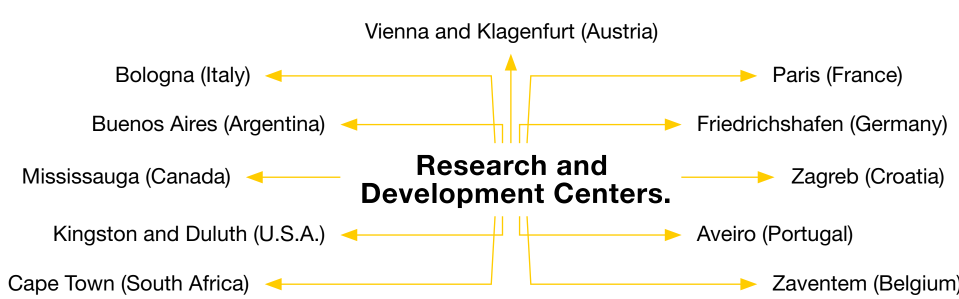
Kapsch cooperates with research and educational institutions in order to bolster its innovative power.

Important inputs also come from numerous scientific cooperations such as those with the Vienna University of Technology, Vienna University of Economics and Business, University of Innsbruck, University of Applied Sciences Technikum Wien, University of Applied Sciences FH Joanneum, FH Wien University of Applied Sciences of WKW, University of Applied Sciences Wiener Neustadt and the FH bfi Vienna.

The Kapsch Group is also actively involved in supporting the development of future scientific talent. For instance, the Kapsch Award for the best master's dissertations at the University of Applied Sciences Technikum Wien has been presented for seven years now. The award, which carries a prize of EUR 2,000, was awarded to six students in October 2014 for their high-quality work and exceptional performance.

Global patents. The success of our research and development work is also reflected in the more than 2,000 patents currently held by the Kapsch Group. Between 20 and 30 new patents applications are submitted every year.

One of these numerous patents serves to protect the know-how of Kapsch TrafficCom relating to a management and reservation system for large car parks. The aim of this solution is to ensure the efficient and fully automated reservation, approval and monitoring of a range of car parking spaces. It enables a driver to reserve a parking space online in advance by entering the vehicle registration number. The OCR (optical character recognition) registration identification camera located on site reads the registration number of the approaching vehicle and the barriers open automatically. The vehicle is located



▶ **Page 80:** For further examples of the innovative power of the Kapsch Group, please refer to the Management Report.

in the large car park by means of OCR cameras above the parking spaces. Payment is made via a very secure on-board unit (OBU), installed in the vehicle. When leaving the car park, the car is automatically checked out of the system and the parking space set to available.

Award-winning. The hard work and considerable investments made by the Kapsch Group in the area of research and development are also reflected in the regular awards received. For instance, the subsidiary Kapsch TrafficCom was presented with the renowned Kaplan Medal in October 2014. Named after Austrian engineer and inventor Viktor Kaplan, the award from the OPEV (Austrian Association of Innovators, Patent Holders & Inventors) is bestowed approximately once every five years on persons and companies that stand for ingenious and inventive spirit, continuous development activities, and economic success.

Strategic acquisitions. The Kapsch Group pursues the goal of safeguarding innovation as far as possible under its own steam or by means of collaborations. In isolated cases, know-how is also purchased by means of company acquisitions if they complement and round off the product portfolio, thereby helping to increase the value of the company.

"Helping our customers achieve success by means of leading-edge techno-logy and expertise."

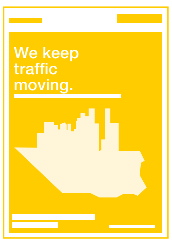
Kari Kapsch, COO of Kapsch Aktiengesellschaft, commenting on the acquisition of Prodata Mobility Systems NV.

An example of this strategy is the acquisition of Prodata Mobility Systems NV, which was announced in July 2014. By integrating this company into its organization, Kapsch CarrierCom rounds off its portfolio of end-to-end solutions for public transport operators. Kapsch CarrierCom founded its Public Transport division back in 2012 with a focus on delivering mission-critical, TETRA-based radio communication networks for public transport operators. Through the acquisition of Prodata Mobility Systems, we have now extended our proposition to include Automated Fare Collection and Intelligent Transport Systems, giving customers a single point of contact for the infrastructure, applications and services they need.

Presentation of innovations. The Kapsch Group presents the results of its extensive research and development work at global fairs and congresses, ensuring the active exchange of information with new and existing customers.

By way of example, the subsidiary Kapsch BusinessCom used the 57th Hospital Management Convention in May 2014 to present several innovations for the medical area. With the Mobile Care Assistant, Kapsch BusinessCom presented an innovative ward trolley which will significantly lighten the workload of daily hospital routines. The certified medical equipment includes an integrated video conferencing system which allows experts to be consulted during ward rounds, as well as a fully-fledged PC, electronically-controlled medication dispenser, and, above all, cable-free mobility. The Kapsch Mobile Care Assistant can be easily integrated into hospital IT systems, offering rapid, mobile access to the data and findings needed during a ward round. Kapsch developed the universal workstation for hospitals together with Dutch manufacturer Alphatron. The monitor, keyboard, and mouse are certified for medical applications and therefore ideal for use in the hospital environment.

Sustainable Management.



Sustainability Report 2013/14

Enter the World of Kapsch here and read our current sustainability report.

As a responsibly-minded and forward-looking company, the Kapsch Group feels particularly committed to sustainability.

Ambitious sustainability agenda. The corporate strategy of the Kapsch Group is characterized by the belief that long-term commercial success can only be ensured by sufficiently accounting for social and environmental aspects. The focus here is on the following fields of activity:

- Making efficient use of all resources to protect the climate and the environment
- Ensuring equal opportunities and fairness towards all the relevant stakeholders
- Positioning ourselves as an attractive and responsibly minded employer
- Assuming corporate social responsibility
- Ensuring innovative power for a worthwhile future

Given the decentralized nature of the Kapsch Group, it is the responsibility of the three operating business segments to ensure continuous progress in the abovementioned areas. They receive support here from centralized departments and binding Group guidelines that define the overriding issues.

The Kapsch Code of Conduct also defines the principles for taking decisions and action in an ethically, morally and legally proper manner. The fundamentals, guidelines and recommendations are not just aimed at the employees of the Kapsch Group but also at people who act on behalf of or on the instructions of the Kapsch Group. Compliance with these principles is also intended to ensure that all stakeholders are treated in a fair and equal way. The Kapsch Code of Conduct can be accessed at www.kapsch.net by clicking on the menu item 'About us'.

Kapsch TrafficCom, which is listed on the stock exchange, records its objectives and measures taken to ensure sustainable corporate governance in a sustainability report that is published every year. Since June 2009, Kapsch TrafficCom AG has been listed in the Austrian sustainability index, VÖNIX, which tracks listed Austrian companies that play leading roles through their social and environmental commitments.

Effective use of resources.

The commercial activities of the Kapsch Group are associated with the consumption of resources and the emission of climate-relevant emissions. We are however working hard to continually minimize these impacts. The majority of these effects result from the operations of the subsidiary Kapsch Components, which is responsible for production, as well as from the vehicle fleet of the entire Group. Kapsch Components implement measures on a regular basis to cut the consumption of resources. An example here is the amount of waste produced per ton of product, which was reduced by 13.5 % to 135 kg in the 2013/14 fiscal year. By the same token, switching the packaging used for transceivers to recycled foam enabled the company to reduce its carbon footprint by 20 % per kg of packaging, to name another example.

Kapsch NEXT, the next generation of on-board units for Kapsch TrafficCom, represents another successful example of conserving resources. In addition to its improved performance and reliability, Kapsch NEXT makes particularly sparing use of materials. Due to NEXT's development, it is 50 % smaller than other

The commitment demonstrated by our employees is a key factor in the success of the Kapsch Group.

CEN (European Committee for Standardization) OBUs on the market, with an impressive environmental footprint that is 50 % lower than previous models. An overview of the advantages:

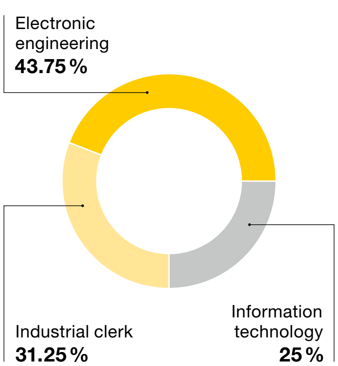
- A 50 % reduction in packaging materials
- A 50 % saving in terms of electronic components and plastics used in production
- A reduction in weight and size (and therefore the shipping volume)
- Improved recycling factor from 80 % to 90 %

In order to raise awareness among employees of climate and environmental protection issues, attention is continually drawn in internal communications to the potential to reduce the consumption of resources. In addition, telepresence and video conferencing systems have been increasingly used to reduce business travel for a number of years now.

Aside from the measures outlined above to cut the consumption of resources within our own sphere of influence, the products and solutions of the Kapsch Group make a valuable contribution to efforts to protect the climate and environment. Examples here include Kapsch TrafficCom's urban traffic solution to automatically manage traffic or Kapsch CarrierCom's machine-to-machine (M2M) solutions.

Comprehensive guidelines were drawn up to account for environmental, economic, social, health and security aspects in the best possible way when developing and designing our products. The contents of this guideline document are to be integrated into functional specification documents and RFPs.

Apprentices in the 2014/15 educational year



Positioning as an attractive and responsibly minded employer.

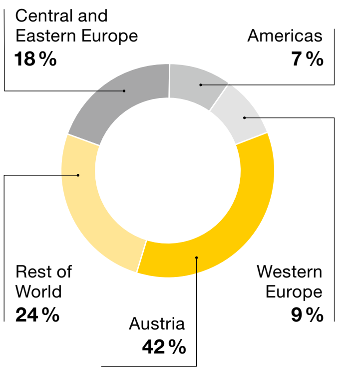
The Kapsch Group believes that the commitment, talent and readiness to perform of its employees represent key factors of success that must be safeguarded and developed.

As at the balance sheet date of 31 March 2015, the Kapsch Group had a total of 5,734 employees, representing a year-on-year increase of 4.56 %. It is the core task of the Kapsch HR management team to offer these employees an attractive working environment, to encourage them and to challenge them. The guiding principle here is a well-developed corporate culture that places emphasis on responsibility, respect, performance, discipline, transparency, freedom, dynamism and family.

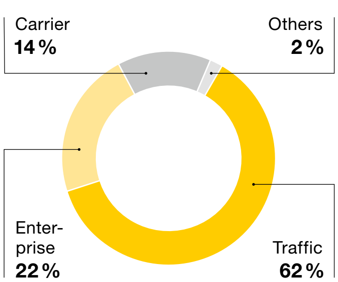
Continuous professional development. The Kapsch Group must hold its own in a very dynamic environment. In order to be able to actively set new standards in the strategic business segments, particular value is placed on investing in the training and education of its employees on an ongoing basis. The Kapsch University offers an individualized training plan which is composed of professional and personality-based courses and seminars. A job rotation program has been implemented to encourage multinational employee exchanges, and a trainee management program prepares selected employees for their future duties. In the course of a two-year internal training program, trainees can familiarize themselves with various companies and departments within the Kapsch Group.

Training and encouraging young people. The Kapsch Group and its business units put particular emphasis on helping young people to make a good start to their professional careers. Training apprentices is therefore always of particular importance. As a state certified

Employees by region



Employees by segment



training company, the Kapsch Group provides in-depth training in various technical and commercial professions. In addition to this, the company has been working together with the Public Employment Service Austria and other institutions for years to support young people starting their careers. Another focal point is the systematic support of integration projects: In numerous projects the company purposefully targets the training of young people whose opportunities on the labor market are limited on account of their origin, language barriers or other factors.

Focus on performance. The Kapsch Group offers a range of incentives and bonus models to promote entrepreneurial thinking and a general focus on performance. Performance-based salary components have been agreed with managers and sales personnel in particular, with a view to rewarding an individual's work. In addition to this, employees also share in the success of the Kapsch Group by means of a profit-sharing model. Contributions to an external occupational pension scheme are made by the company, depending on the employee's length of service and their respective income.

Other measures in place that the Kapsch Group uses to encourage its employees to actively shape the company include annual staff appraisals and an internal process of continuous improvement.

Employee satisfaction. An in-depth survey of all employees is carried out every two to three years to assess employee satisfaction levels and to determine any areas where action needs to be taken. This is conducted anonymously by an external company using a standardized questionnaire. The responsible human resources department analyzes the data collected and presents them to the Executive Board. Measures to improve employee satisfaction are defined in management workshops, and the subsequent effectiveness of these measures are evaluated.

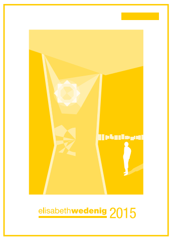
Promoting health and safety at work. As a responsible employer, the Kapsch Group attaches particular importance to actively promoting the health of its employees. In addition to ongoing measures to improve safety at work, information campaigns, vaccination programs, medical check-ups and eye tests are also regularly performed to this end. Sports and fitness programs are also offered. A company doctor is also available at the Vienna site.

Women@Kapsch. The Kapsch Group wants to attract competent women and offer them interesting career opportunities. To this end, strategic and operational women's groups were launched to help achieve this objective under the motto Women@Kapsch. The focus is on topics such as the internal exchange of experience, networking and the breaking down of barriers. A committee for equality has been established in order to ensure general equality for women. Among other things, a flexible working hours scheme is offered to help achieve a balance between the employee's professional and private lives.

The company cooperates with schools, universities and colleges in order to increase the proportion of women employed, among other goals. The Kapsch Group also promotes women in the workforce through participation in specific programs such as FIT Frauen in die Technik or FemTech.

Synergy of business, education and research. The Kapsch Group has been focused on building bridges between business and education and research institutions for years. For example, we support the Universitäres Gründerservice Wien (Vienna business start-up service) and the INiTS Award. This award recognizes theses and dissertations that can be used and implemented in business. To cover the need for highly qualified personnel in the long run, we primarily promote institutions and projects that focus on technology and the natural sciences. These include the Institute for Electrical and Information Engineering at the Vienna University of Technology, the University of Applied Sciences Technikum Wien, the University of Applied Sciences FH Campus Wien and the University of Applied Sciences FH Wien with their executive management master's degree. As part of the series of events known as the Kapsch Challenge, students have also been invited for several years to get to grips with technical issues in the course of project work.

Social and cultural responsibility.



Art Calendar 2015

Enter the World of Kapsch here and find out more about our current art calendar.

The Kapsch Group acknowledges its responsibility to society in many different ways, supporting selected cultural and social institutions and projects.

Promoting social projects. The Kapsch Group 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. ICEP supports projects focusing on education that improve the living standards of people in developing countries in the long run.

For many years, the Kapsch Group has also supported the activities of Doctors Without Borders, an internationally renowned organization that helps people around the world who do not have appropriate access to medical care. The Caritas Socialis initiative eases the social hardship of people in need at the beginning and at the end of their lives. Kapsch provides its employees with the infrastructure for an annual gathering. Since 2013, there has been a sponsorship agreement between the St. Anna Children's Cancer Research Institute and the Kapsch Group: The research work is supported as part of the Next Generation Sequencing project. The aim of this project is to obtain information about the human genome and therefore insights into genetic changes connected to how diseases progress and related therapies. Kapsch is supporting this complex project due to its conviction that the chances of recovery of children with cancer can be significantly improved as a result.

Platform for artists. A calendar is published every year of an artist selected and supported by Kapsch. The calendar project entitled 'Changing Views' enables up-and-coming artists to reach an interested audience with their work. The 2014 art calendar features works of art by the Belarusian artist Alina Kunitsyna. In November 2014, the 2015 art calendar containing works by the Carinthian-born artist Elisabeth Wedenig was presented to the public.

Long-standing cultural partnerships. Bridging the gap between tradition and innovation shapes the self-image of the Kapsch Group. Since 1992, there has been a general partnership with the Vienna Concert House, which cultivates its traditions and attracts new audiences by means of its exciting and unconventional program. The highlight of the year is a top-notch concert with internationally renowned orchestras and conductors, where customers, partners and investors of the Kapsch Group can share in the pleasure and enjoyment of art.

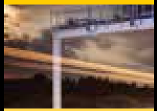
The Kapsch Group sponsors Wien Modern, one of the world's most renowned festivals of contemporary music, and has done so since it was established in 1989. The aim of this series of events is to underline the importance of Vienna as a modern city of culture. The composers, performances and ensembles represented here are considered to be pioneers in their respective fields of art.

The HONART Festival, which is also supported by Kapsch, presents cultural facets from Iran and the rest of the world through various artistic genres. At the 2014 Festival, the focus was on creative work from the Orient, as well as from Austria and France, in addition to Iranian culture.

The Kapsch Group also supports the event series entitled 'Culture in the Temple' at the Kobersdorf synagogue as well as the Jewish Museum Vienna; both institutions explain Jewish life and related culture to younger generations, bringing them to life and making them easier to understand.

Our Portfolio.

Kapsch TrafficCom

Road User Charging


- Free Flow Satellite Tolling
- Free Flow Terrestrial Tolling
- Plaza Tolling

Urban Access & Parking


- Urban Road User Charging
- Limited Access Zone
- Low Emission Zone
- Dynamic Parking

Road Safety Enforcement

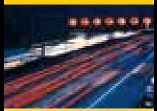

- Red Light Enforcement
- Speed Enforcement
- Section Speed Enforcement
- Weight Enforcement
- Lane Enforcement
- Traffic Surveillance

Commercial Vehicle Operations


- Electronic Clearance
- Electronic Screening
- Electronic Inspection

Electronic Vehicle Registration


- Vehicle Registration
- Vehicle Compliance
- Vehicle Monitoring

Traffic Management


- Highways
- Tunnels
- Bridges
- Managed Lanes

V2X Cooperative Systems


- In-Vehicle Components
- Roadside Stations

Brand Identity.

Tradition and innovation, mobility and communication, family business and technology pioneer, founded in Austria and at home in the entire world: Kapsch is a company group that unites many different aspects into one common, productive and successful whole. One company with many facets.

Our key to lasting success in the face of global challenges lies in innovative power, specialization and dedicated, competent employees. This is exactly what the strategy of Kapsch Group is based on: In line with the motto "always one step ahead," we assert ourselves in global markets through our technological innovations with great customer benefits. This makes us the top specialist for intelligent solutions in the fields of mobility and communication. The Kapsch Group employs more than 5,700 people worldwide – with the aspiration of realizing excellent solutions for our customers.

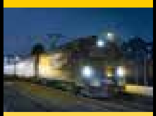
Key Entities.

Kapsch TrafficCom is a provider of intelligent transportation systems (ITS) in the solution segments of road user charging, urban access and parking, traffic management, road safety enforcement, commercial vehicle operations, electronic vehicle registration and V2X cooperative systems. With end-to-end solutions, Kapsch TrafficCom covers 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 is to design, build and operate electronic toll collection and traffic management systems.

Kapsch CarrierCom is a global systems integrator, manufacturer and supplier of end-to-end telecommunications solutions. The company offers innovative, business-critical solutions for rail and urban public transport operators, carrier networks and energy supply companies. Kapsch

Kapsch CarrierCom

Railways



- GSM-R Networks
- Terminals & Cab Radios
- Transmission
- Applications
- End-to-End Integration
- Plan – Build – Maintain – Operate

Public Transport

- TETRA Networks
- Automatic Fare Collection
- Intermodal Traffic Control System
- Passenger Information
- Tram Energy Efficiency Management
- Predictive Vehicle Maintenance & Service Optimization
- Machine Network Applications & Services
- Plan – Build – Maintain – Operate

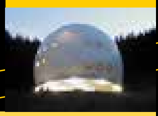
Carriers

- GSM, UMTS, LTE and CDMA Access & Core Networks
- Fixed Access & Voice-over-IP Solutions
- Transmission & Software-defined Networks
- Applications
- OSS/BSS Solutions
- Network Optimization & Virtualization
- Professional Services

Kapsch BusinessCom

Facility Solutions

Infrastructure & Application Solutions



ICT Operating & Services

Facility Solutions:

- Security Systems
- Multimedia & Infotainment
- Access Control
- Video Surveillance

Infrastructure & Application Solutions:

- Cloud Computing
- Business Collaboration
- Storage
- Virtualization
- Mobile Enterprise
- Network & Security
- Telecommunication & Workspace

Kapsch Smart Energy

Smart Metering & Smart Grid

CarrierCom is a trusted partner to organizations, who benefit from a comprehensive array of professional services and round-the-clock customer service. With nine research and development centers in Europe and Asia, Kapsch CarrierCom is constantly pushing the boundaries of technology. In addition, the company works with an ecosystem of strategic partners to maximize value for clients and help them increase their business success.

Kapsch BusinessCom is one of the best known ICT service partners in Austria and in Central and Eastern Europe. The solution portfolio covers the areas of information technology as well as telecommunications. In addition to system integration and continuous optimization measures, Kapsch BusinessCom is increasingly taking on responsibility for the entire area of operations. Kapsch BusinessCom relies on manufacturer independence and partnerships with globally leading technology providers, such as Apple, Avaya, Cisco, EMC, Google, Hitachi, HP, Microsoft or Mitel. In concert with these partners, Kapsch offers its services as a consultant, system supplier and service provider, but above all as a reliable, dependable, long-term trusted advisor.

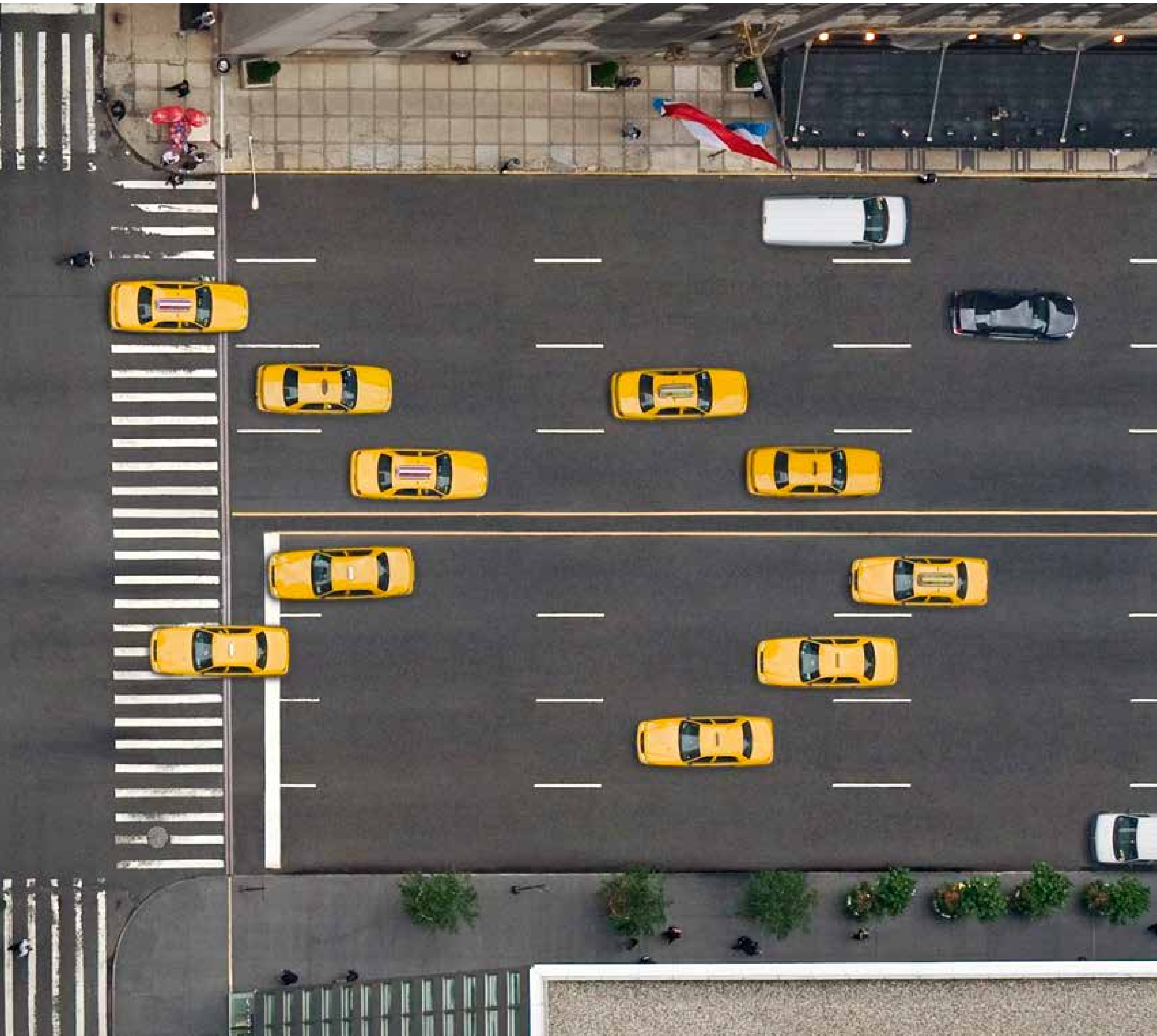
New Business Segments.

Kapsch Smart Energy develops solutions for intelligent energy management. It combines the extensive know-how of the Kapsch Group in intelligent transportation systems (ITS) and information and communication technology (ICT) with the competence of highly specialized providers of components such as smart meters. Kapsch Smart Energy offers services ranging from complete planning, implementation to operation as well as its own software developed in-house.

Keeping traffic **moving.**

Intelligent traffic management turns cities into smart cities.

8.4 million inhabitants. The majority of whom travel to work and back home again every day. By taxi. By car. By motorbike. By bicycle. Or by public transport. The roads, tunnels and bridges in and around New York are some of the most traveled in the world for good reason. Sophisticated traffic management systems from Kapsch help to ensure that people like Julia do not spend hours stuck in rush-hour traffic, enabling her instead to get home in the evening to spend time with her family. Trendsetting intelligent transport systems (ITS) such as urban access, smart parking zones or usage-based fee models improve the flow of traffic, provide relief to residential areas and help to protect the environment. And thereby make life in urban areas both sustainable and enjoyable.



Kapsch
TrafficCom.

Business segments and strategy.

Kapsch TrafficCom Annual Report 2014/15

Enter the World of Kapsch here and read the current annual report of Kapsch TrafficCom.

Our solutions include currently systems for road user charging, urban access and parking as well as traffic management. We also have a wide range of forward-looking ITS solutions. Our systems help to provide funding for infrastructure projects, to increase traffic safety and security, to reduce congestion as well as further environmental pollution caused by road traffic, to increase vehicle and fleet productivity, and to enhance traveler convenience.

Road user charging. Our offering comprises components, subsystems and systems as well as complete end-to-end tolling solutions which help to provide funding for infrastructure projects and support to implement various transportation policy measures. Addressing all types of road user charging schemes, we offer the best fit solutions for our customers, including complete migration paths from manual to electronic tolling, from single lanes to freeflow, from existing to new applicable system designs. Depending on the specific requirements, the solutions are based on different core technologies.

Urban access and parking. Our offering comprises solutions for the access management which help to regulate the traffic in cities and to charge the access to cities on demand. Our end-to-end solutions support a full range of charging policies, whether based on the time of the day, the length of the stay, the vehicle's pollution class or the traffic. Depending on the specific requirements, the solutions are based on different core technologies.

Page 69: For more information about business development in this segment, please refer to the Management Report.

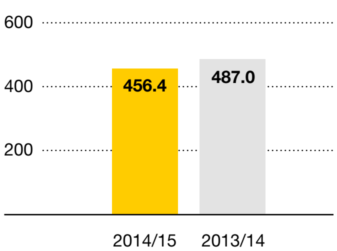
Traffic management. Our offering comprises solutions for monitoring and controlling road traffic to help increase road safety, improve traffic flow and protect the environment. We offer complete end-to-end traffic management solutions for highways, tunnels, bridges, as well as managed lanes to assist road authorities and operators in managing, monitoring and maintaining their roadways.

Road safety enforcement. Our offering comprises solutions for enforcing traffic laws and for vehicle surveillance. The solutions can capture multiple types of violations such as speeding, running red lights or overweight vehicles and support the legal processing and payment collection of infringements to enable the implementation of financially viable and sustainable road safety programs.

Commercial vehicle operations. Our offering comprises solutions for improving road safety and the productivity of fleets. Sample applications are inspection and pre-clearance by regulatory authorities at check points utilizing roadside sensors to check the vehicle weight or on-board 5.9 GHz transponders to collect status information on the driver and vehicle.

Electronic vehicle registration. Our offering comprises solutions utilizing electronic readable tags to improve vehicle registration rates and reduce registration fraud, thereby increasing safety and improving public security. Our solutions also allow centralized management of vehicle registration data and efficient automated monitoring by regulatory authorities.

Development of revenues
(in million EUR)



Visit **kapsch.net/ktc** for more information about Kapsch TrafficCom.

V2X cooperative systems. Vehicle-to-vehicle (V2V) and vehicle-to-infrastructure (V2I) communication, collectively abbreviated as V2X, is a core technology for traffic management, autonomous driving and improving traffic safety in the future in general. Our offering in the field of V2X comprises in-vehicle components and roadside stations as well as complete solutions.

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* are developed in-house or sourced from leading vendors and either integrated as 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.

- *System design & build.* The components are either integrated as subsystems which 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 like toll charging, toll enforcement, traffic law enforcement or traffic management. Integration includes all activities for delivering solutions successfully and on time according to specific customer requirements. Our integration services include the design, customization and rollout of solutions including documentation and acceptance testing, overall project and subcontractor management and solution training.

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

Outlook and strategic roadmap. Since 2012, we have successfully expanded our business to select intelligent transportation systems (ITS) and now include traffic management systems (TMS) as part of our core business alongside electronic toll collection (ETC). We will reinforce and strengthen these areas.

Trends also show a rising demand for intelligent mobility solutions. We will therefore inaugurate an intelligent mobility solutions (IMS) business, for which we will develop new business models and provide integrated multiapplication solutions.

Kapsch TrafficCom will in the future address new customers such as service providers or even directly the end-users with these solutions in addition to our current public sector customers. This also aids us in expanding our current core business from the highways into the cities.

The reviced strategic roadmap means for us to enter new territory and investing in new business models and solutions. Strategy 2020 will lead to a continuous transformation of the existing business of Kapsch TrafficCom.

Ensuring **moving** moments.

Bringing people together: with secure telecommunication and mobility solutions.

Mobile. Flexible. Dynamic. The requirements of mobile and communicative people demand new technological solutions that make daily life safer and more convenient. For instance, communication and mobility solutions for carriers, railway companies and local public transport providers. As a globally active system integrator, Kapsch does everything it can to support people with new technologies in the best possible way. So that people like Mai-Lin have the opportunity, when on business trips, to work as efficiently and securely as if she were in her office. And so that she can hug her husband again as soon as possible. In addition to this, Kapsch also develops innovative solutions for local public transport, e.g. smart ticketing solutions. Or integrated network solutions to enhance the intelligence of tramway infrastructure. All of these are innovations that will ensure moving moments in the future.

Kapsch CarrierCom.

Business segments and strategy.

Kapsch CarrierCom positions itself vis-a-vis its customers throughout the entire world as a reliable, trustworthy and flexible partner.

Kapsch CarrierCom is a successfully and globally active producer, system integrator and supplier of end-to-end telecommunications and telemetry solutions, holding a market share of 50 % in the field of GSM-R solutions for railway companies. Railway customers are offered complete solutions for train communications, which include core, access and transmission networks, cab radios and a comprehensive support portfolio.

In the field of public transport, Kapsch CarrierCom also addresses urban public transport customers using terrestrial trunked radio technology (TETRA). In order to enlarge its portfolio in this business segment, Kapsch CarrierCom acquired the Belgian company Prodata Mobility Systems NV in the reporting year.

The successful Carrier division enables mobile and fixed-line operators, as well as energy providers, to meet their current and future network requirements. Our expertise in the field of system integration, supplier independence and the ability to act as the main contractor are of particular importance in this business segment and make it possible to meet the needs of customers in an optimum way.

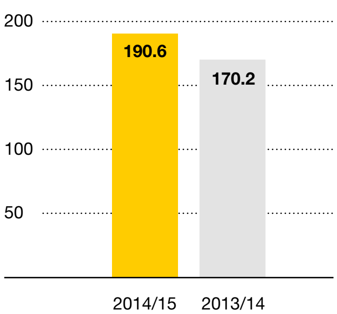
Railways. Kapsch CarrierCom's GSM-R technology is equipped on 78,000 km of railway lines in Europe, Africa and Asia, and guarantees system support until 2030. Thanks to considerable investment in research and development at a level well above the industry average, the product portfolio for railways was updated to be able to support as well as possible railway companies in modernizing their telecommunications infrastructure. In order to standardize the ETCS level 2 (European Train Control System) using GPRS technology, Kapsch CarrierCom works together with numerous standardization and regulatory bodies, including the International Union of Railways (UIC), the Union Industry of Signalling (UNISIG) and the European Railway Agency (ERA). Together with 3rd Generation Partnership Project (3GPP), we are actively leading the way in IP standardization for GSM-R technology.

Public transport. Kapsch CarrierCom offers optimum communication infrastructure for local public transport. The tried-and-tested terrestrial trunked radio technology which, from a technical perspective, is ideal for trams, underground trains and buses, forms the basis of our segment-related end-to-end solutions, guaranteeing secure and particularly reliable voice transmission. Through its acquisition of the innovative Belgium company Prodata Mobility Systems, Kapsch CarrierCom was able to enlarge its portfolio in urban public transport services. Prodata Mobility Systems solutions include intermodal transport control systems (ITCS), automatic fare collection systems (AFC) and real-time passenger information.

Moreover, Kapsch CarrierCom offers customized end-to-end solutions for transport companies that require the automated remote capturing of data relating to vehicles, machines or facilities. Data on the location

Page 72: For more information about business development in this segment, please refer to the Management Report.

Development of revenue
(in million EUR)



Visit **kapsch.net/kcc** for more information about Kapsch CarrierCom.

and behavior of the vehicles, machines and facilities are captured via a platform, visualized in real time and made available for further processing. These data make it possible to initiate performance-enhancing measures, reduce energy costs and develop effective strategies on preventative maintenance.

In this segment, Kapsch CarrierCom is now also a member of Union Internationale des Transports Publics (UITP) and the American Public Transport Organization (APTA).

Carriers. Kapsch CarrierCom is a globally active system integrator and service provider for operators of telecommunications networks. We enable our customers to access the market more quickly, optimize existing network infrastructures and support the introduction of IP networks and next-generation networks. The current focus of this business segment is on trendsetting technologies such as VoIP, security and policy solutions, virtualized networks (SDN/NFV) and network signaling solutions. We have been able to build strong partnerships that support us with these current industry issues. The process of integrating the German system integrator ITM into Kapsch CarrierCom, which was acquired in autumn 2013, was completed in the year under review. Since the 2013/14 fiscal year, we have also positioned ourselves as a provider of CDMA technology (code division multiple access) and a service provider for European energy providers with a range of application possibilities in the areas of smart metering and smart grids.

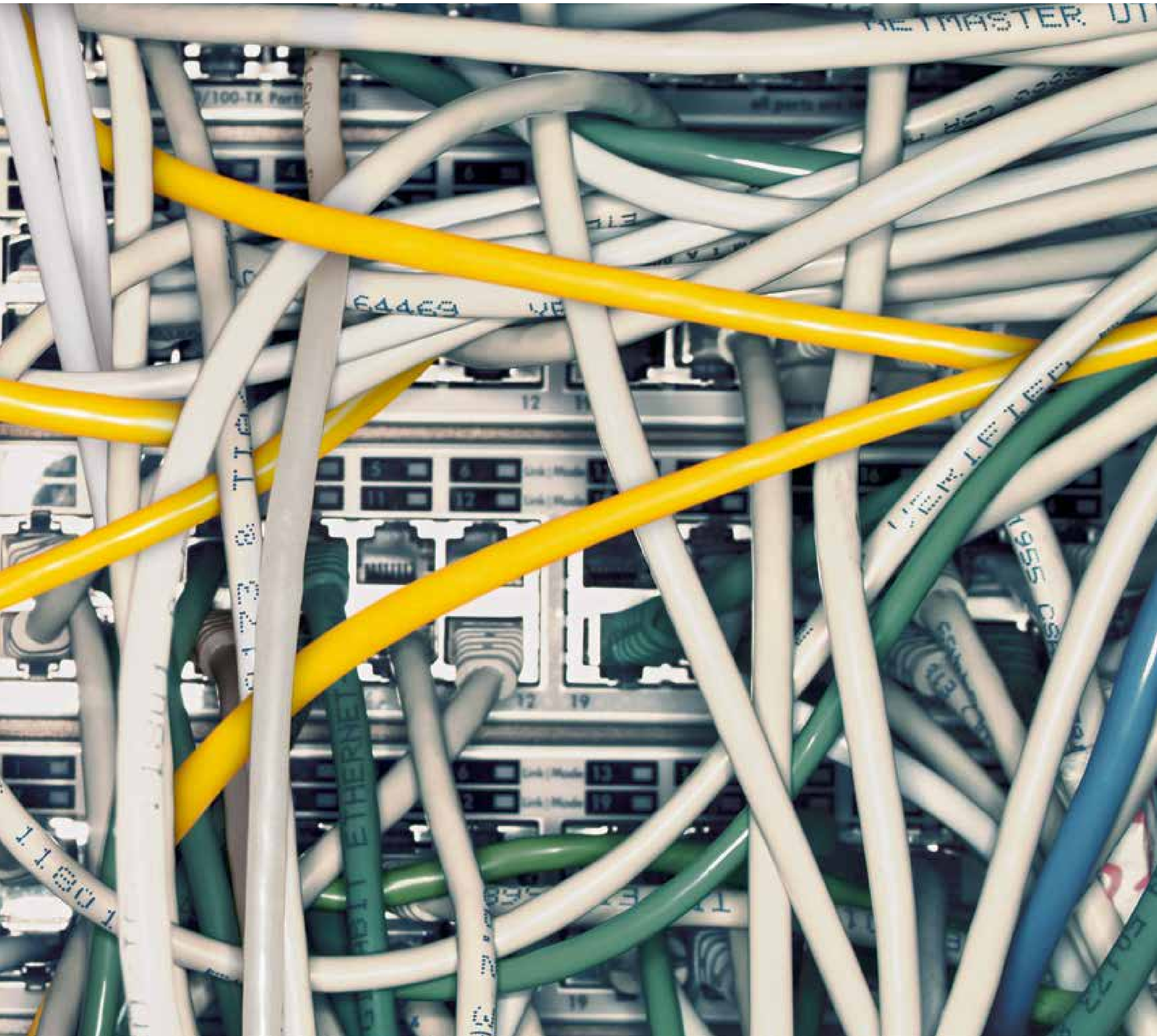
Success in established and new markets. In the 2014/15 fiscal year, Kapsch CarrierCom was able to achieve a significant increase in terms of projects secured in established markets, notably Central and Eastern Europe, as well as new markets such as Brazil, as a result of numerous large contracts placed by railway and public transport companies. Success was also forthcoming in Asia, not least as a result of winning a contract to equip several railway lines in China. In the Middle East, Kapsch CarrierCom's GSM-R technology connects 78,000 km of railway lines in Europe, Africa and Asia, and guarantees system support until 2030. The acquisition of Prodata Mobility Systems NV has strengthened the presence of the public transport business, particularly in Europe. Furthermore, several carrier projects are being managed in Belgium and Austria, together with projects for and with energy suppliers in France and Germany.

Outlook. Kapsch CarrierCom will continue to invest heavily in research and development to defend its leading position in the railway segment and to further develop the high-growth public transport segment. By the same token, the implementation of new carrier solutions such as SDN and NFV will be accelerated. The focus of our growth strategy is on markets in Central and Eastern Europe, North America, the Middle East and North Africa.

Moving data securely from A to B.

Better connected: with data security from Austria.

Cyber espionage. WikiLeaks. Hacking. Data security is one of the defining issues of our working and private lives today. The need to securely network and digitalize our data will therefore continue to grow in importance – in business and at home. But who makes sure that our data remain our data? When businessmen such as Bernd send a lot of confidential data around the world in the Cloud? Developing a secure ICT (information and communication technology) infrastructure is one of the core competencies of Kapsch. For instance with earthDATAsafe. A company-operated high-security data center deep in the mountains near the Austrian community of Kapfenberg. Along with customized ICT Facility and ICT Infrastructure & Applications Solutions, we offer solutions that address the growing risks and challenges in the IT sector.



Kapsch BusinessCom.

Business segments and strategy.

Kapsch BusinessCom tackles current issues in the areas of information technology and telecommunications on the basis of its comprehensive and future-oriented portfolio of solutions.

The extensive portfolio of Kapsch BusinessCom encompasses sustainable global solutions in the areas of information technology and telecommunications. With over 1,400 employees, we support companies and institutions of any size and from any industry in planning and implementing their information and communication technology (ICT) ambitions. In doing so, we distinguish between two areas of business:

ICT facility solutions create the basis for building technology which works optimally, including networks and IT. The entire infrastructure in and around the building is ideally regulated via a central management and operating system.

ICT infrastructure & application solutions ensure the presence of a stable ICT environment within the company. This includes effective solutions for IT security, high-performance Cloud-based services and the efficient cooperation and communication with each and every end device regardless of location. Accompanying compliance management helps to establish the right degree of information security. Service management optimizes ICT management.

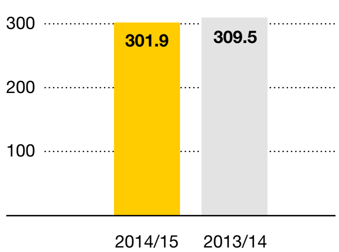
The portfolio is rounded off by a range of different services including consulting, project management, installation, training, support and operating as well as financing solutions.

Operating ICT – Trust Kapsch. Through this service pledge, we ensure a forward-looking and holistic approach for our customers. Together with leading technology partners, we develop tailor-made ICT solutions for the current and future challenges facing our customers. The focus here is on the following issues:

- *Cloud.* Scalable ICT services are provided either in-house or from the Cloud. The advantages: greater cost transparency and flexibility.
- *New World of Work.* Digitalization is penetrating all internal and external company processes, thereby creating new jobs and ways of working that require a corresponding level of technological equipment.
- *Big Data.* Exponentially rising data volumes must be stored, processed and managed in a secure way. The need to analyze and interpret these data is growing in importance.
- *Internet of Things.* Networking machines or other smart devices optimizes processes and increases productivity. The basis here is provided by intelligent ICT infrastructure.
- *Security.* Protecting sensitive data, ensuring the secure exchange of data and preventing cybercrime are essential functions of working ICT solutions and applications.

Page 76: For more information about business development in this segment, please refer to the Management Report.

Development of revenue
(in million EUR)



Visit **kapsch.net/kbc** for more information about Kapsch BusinessCom.

Growth strategy 2016. As part of its 2016 five-year growth strategy, Kapsch BusinessCom aims to grow at double the speed of the overall market every year or faster, and to significantly increase the total volume of sales generated by the service business. As a trusted advisor in all matters relating to ICT, Kapsch BusinessCom entirely or partially assumes long-term responsibility for operating customer solutions. With this strategic direction in mind, it was also possible to secure additional operating projects in the 2014/15 fiscal year.

With six branch offices in Austria and subsidiaries in the Czech Republic, Slovakia, Hungary, Romania, Poland and Turkey, we are always close to our customers and are on hand to support them during phases of expansion. This way, we also enlarge our own sphere of action on an ongoing basis – both geographically and technologically.

Reliable ICT partner. In addition to system integration and performing optimization measures, Kapsch BusinessCom is increasingly taking charge of operating ICT solutions. We act as a consultant, system supplier and service provider independent of manufacturers but together with leading technology partners such as Apple, Avaya, Cisco, EMC, Google, Hitachi, HP, Mitel and Microsoft. In a very dynamic technological environment, this strategy has enabled us to establish ourselves as a reliable, trustworthy and long-term partner to around 17,000 customers.

Our service technicians are Kapsch-certified. This certificate ensure the transparent compliance with stringent and binding quality standards that can be chosen from four different categories. Kapsch BusinessCom is the only Austrian company in the ICT segment to operate in accordance with the global ITIL® standard for IT service management.

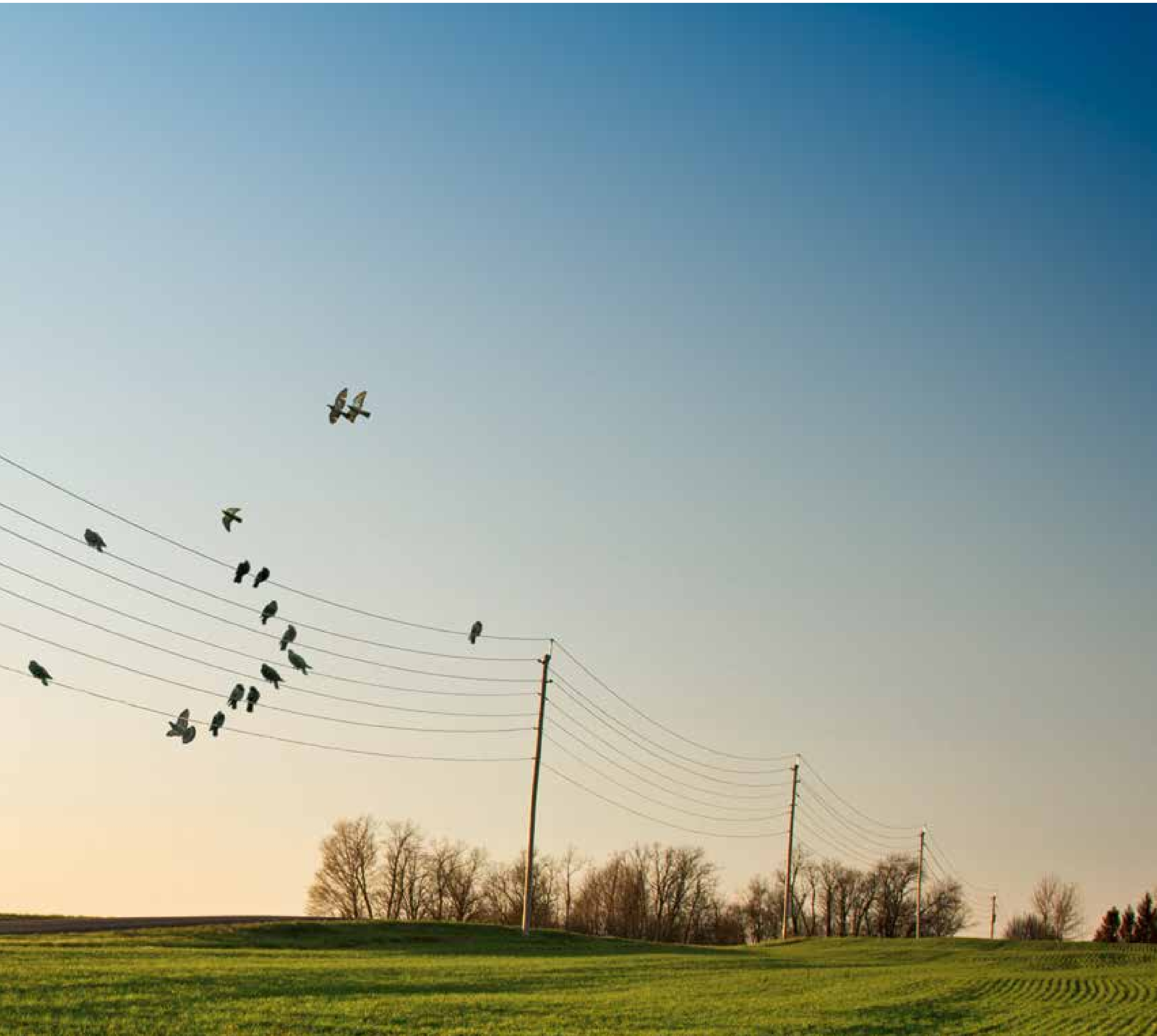
The Kapsch service catalog was developed in the 2014/15 financial year to optimally manage implemented solutions. It provides a clear and transparent summary of all standardized, recurring services in different models, enabling customers to choose according to their needs – whether managed services, such as maintenance and troubleshooting, or functional service such as the purchase of variable storage space. The respective scope of services is defined in service level agreements, which thereby improve the overview and boost service quality.

Outlook. The focus of Kapsch BusinessCom in the 2015/16 fiscal year will be on selected sectors such as manufacturing industries, retail, healthcare, public, utility and finance. The aim of this is to use ICT solutions to shape and develop the business processes of customers to a greater extent. In the course of innovation workshops, its entire value-added chain and the role of IT in its existing processes and future business models will be highlighted together with its customers.

On the **move.**

Conserve resources. For our future. For our children.

Future. A great word. With an even greater responsibility. Trendsetting solutions are called for particularly when it comes to managing scarce resources. This is why the Kapsch Group invests around ten percent of its revenue in the application-oriented research and development of cutting-edge technologies, such as smart metering. This business field is concerned with intelligent electricity meters which, for instance, provide information on how much electricity is really used for an extended bathing session by Anna and her mother. Another focal area is the implementation of efficient energy and communication networks, so-called smart grids, which can be used to help energy providers operate their networks cost-effectively while also conserving resources. Only when energy is used intelligently can we really seriously talk about the concepts of smart energy and sustainable corporate governance. And thereby ensure even higher quality of life in the future.



New Business Segments.

Looking ahead.

As a renowned technology company in Austria, the Kapsch Group has always stood for innovative technological developments.

In its long company history, the Kapsch group has often assumed a pioneering role and opened up new and profitable areas of business. Creating a high level of customer value added in the course of its expansion projects has always been and continues to be a top priority.

An example of this from the recent past is the expansion of the portfolio of end-to-end solutions for operators of public sector transport services which became possible through the acquisition of Prodata Mobility Systems NV in 2014. The platform from Prodata is an open system that offers a wide range of different functions for e-ticketing, vehicle position finding and tracking as well as for passenger information services.

One particularly dynamic segment of the public transport business field is the area of machine-to-machine (M2M) communication. M2M relates to the automated exchange of information between end devices such as machines, ticket vending machines, vehicles, containers and even buildings – peer-to-peer or with a control center. This intelligent networking of machines is generally based on the internet or a telecommunications network and makes it possible for entirely new application areas such as the monitoring and automation of equipment, the maintenance of machines or the tracking of shipments. Ensuring reliable and secure communication between machines is one of the core competencies of the Kapsch Group.

One application area covered by Kapsch, for example, is the market for intelligent asset management solutions. These solutions enable real-time data to be captured by mobile or on-premise systems and transferred via secure means to customer-specific portals or data warehouse systems for further processing. This enables logistics consignments, for instance, to be pinpointed around the clock or for necessary maintenance work on technical facilities to be identified in good time.

The practical use of innovative M2M communication in the area of public transport is illustrated by the pilot project implemented by Kapsch CarrierCom in conjunction with Bombardier and Linz AG Linien. The solution developed by Kapsch was integrated into several tram units and constantly captures around 50 system parameters which are forwarded to the operations center. These data enable both short and long-term action to be taken to reduce the consumption of energy and operating costs as well steps to increase the comfort of passengers.

The energy sector is also searching for intelligent solutions in order to integrate systems and sustainably manage the consumption of energy. The Kapsch Group is targeting this sector with solutions which we have pooled in the subsidiary Kapsch Smart Energy.

Kapsch Smart Energy – intelligent energy systems.

Intelligent energy management systems offer not only demand-based management for energy providers but also more transparency for consumers.

At the subsidiary Kapsch Smart Energy, founded in 2010, we pool our extensive know-how in the field of intelligent energy management systems so as to be able to offer innovative, customer-specific solutions in the areas of smart metering and smart grids from a single source. Implementing such intelligent solutions to efficiently manage production facilities, transmission networks and customer systems is currently one of the main challenges facing energy supply companies. At the same time, intelligent systems provide end users with detailed information about their own energy consumption, enabling them to optimize their energy costs. In Austria, the introduction of smart metering is regulated by the Ordinance on the Introduction of Smart Meters *(Intelligente Messgeräte-Einführungsverordnung, IME-VO)* issued by the Federal Ministry of Science, Research and Economy. In accordance with this legislation, national grid operators are obliged to install smart meters in 95 % of the approximately five million households in Austria by 2019.

The portfolio of Kapsch Smart Energy covers the entire value-added chain of such systems. Starting with the delivery and implementation of infrastructure and multi-utility components, the scope of services offered ranges from the integration of external applications and the implementation of the in-house developed central metering data management system SEM (Smart Energy Management) and an end customer web portal for daily operations and maintenance work. Put another way: The combined solutions from Kapsch Smart Energy ultimately form a convenient end-to-end system that meets the latest standards – from the meter to the 'last mile' (e.g. via PLC), a backbone network (e.g. CDMA) and central smart metering data management to the customer portal. This portfolio is rounded off by creating individual solution architectures, providing continuous support services as well as project management and design, together with comprehensive advice.

As an independent system integrator, we are working closely together with various manufacturers of smart meters. We can consequently offer end-to-end solutions which function independently of the various meter models. Together with our main partners in the area of metering and communication, Itron, Cisco and NES, we develop end-to-end smart metering solutions that guarantee almost 100 % data availability and the widest range of functions thanks to the in-depth technical and process-oriented integration into our system. Data are protected against unauthorized access and manipulation by means of high security standards employing state-of-the-art technology.

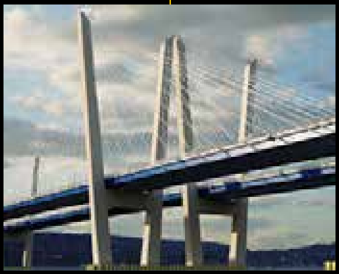
Visit **kapschsmartenergy.at** for more information about Kapsch Smart Energy.

Global Projects.
To the Benefit of our Customers.

Kapsch TrafficCom

Reducing congestion in Sydney.

Kapsch TrafficCom has won a large contract to increase the capacity of the M4 motorway in Sydney. This roadside tolling system will allow free-flowing traffic across all four lanes in each direction on the mainline motorway section with a total of 14 toll points. The regional government is thereby able to push ahead with developing this important traffic route, hence helping to drastically cut the number of hours spent in traffic jams. The investments will be refinanced by the additional income generated by the enlarged tolling system. Road users will reach their destinations more quickly and safely. The environment will benefit from lower emissions and less pollution.



Fully electronic and non-stop on the New York State Thruway.

Kapsch TrafficCom has been awarded the contract to install an all-electronic tolling system for the New York State Thruway. This innovative system eliminates the need for road users to stop or slow down at toll points. By enabling toll transactions to be completed at highway speeds, the system facilitates free-flowing traffic across multiple lanes to minimize congestion; the resulting reduction in vehicle emissions will have a direct, beneficial environmental impact. Thruway operates one of the main routes for commercial goods and commuters between New York's largest cities and the entire north-east of the USA. The whole Thruway system covers a distance of around 920 kilometers.

Kapsch BusinessCom

"Runtastically" on foot.

The portfolio of the company Runtastic, which was founded in 2009, now encompasses a range of different fitness tracking apps for numerous smartphone operating systems. The flagship app is available in 16 languages; 40 million users worldwide are registered with Runtastic, a number which increases by as much as 150,000 every day. A high-performance and reliable IT infrastructure is needed in order to be able to cope with this surge in users, as well as the ability to introduce new services on a flexible basis. Kapsch BusinessCom has made this IT infrastructure fit for the future by means of modernization and virtualization.

Quickly and safely in the air.

Over 3,000 injured or sick people are transported by Tyrol Air Ambulance every year. In order to prepare and carry out patient transportation, medical personnel require access to highly sensitive data. Kapsch BusinessCom works in the background to ensure a high-performance and, above all, secure IT system. The newly modernized infrastructure is run entirely by Kapsch using its own data center, Kapsch earthDATAsafe.

Kapsch CarrierCom

Smooth ride with public transport in Newcastle and Rio de Janeiro.

Nexus, the operator of the Tyne and Wear Metro in the British city of Newcastle, and Metrô Rio, the operator of the new underground line 4 in the Brazilian city of Rio de Janeiro, have commissioned Kapsch CarrierCom to build their TETRA network. These represent the first large contracts of the Public Transport segment established in 2012. Nexus and Metrô Rio will thereby be able to offer their passengers smooth and safe underground railway operations while optimizing operating communication processes.

Everything is on track in Chile, Romania and Algeria.

China Railway has awarded Kapsch CarrierCom the contract to equip seven railway lines covering more than 2,000 km with GSM-R. Kapsch CarrierCom is installing a GSM-R core network for the Romanian railway network, while at the same time equipping part of the Trans-European Network Corridor IV, which runs through Simeria to Sighisoara. Kapsch has reached an agreement on the establishment of a joint venture together with the Algerian railways operator SNTF to develop and establish railway telecommunications know-how in Algeria. The focus is on educating, training and supervising local experts, as well as building, supplying and maintaining the Algerian railway network with state-of-the-art telecommunications technology.

Route, timetable and payment information for passengers.

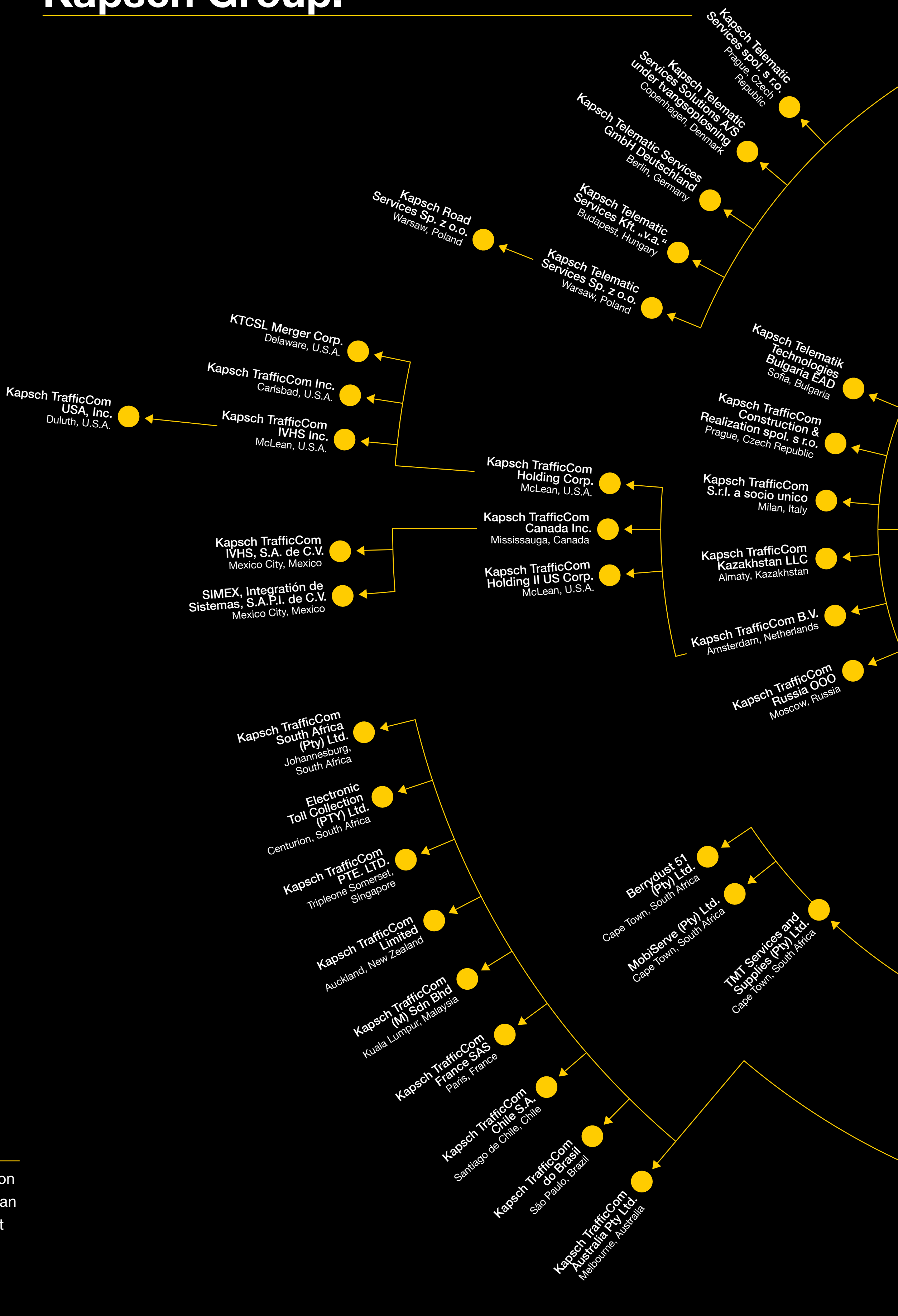
With the know-how of the Belgian company Prodata Mobility Systems NV acquired in 2014, Kapsch now offers e-ticketing solutions that provide high levels of convenience for passengers. The platform from Prodata is an open system that offers a wide range of different functions for e-ticketing, vehicle position finding and tracking as well as for passenger information services. Route, timetable and payment information are thereby captured, processed and made available, providing passengers and personnel with all the important information that they need.

Kapsch Smart Energy

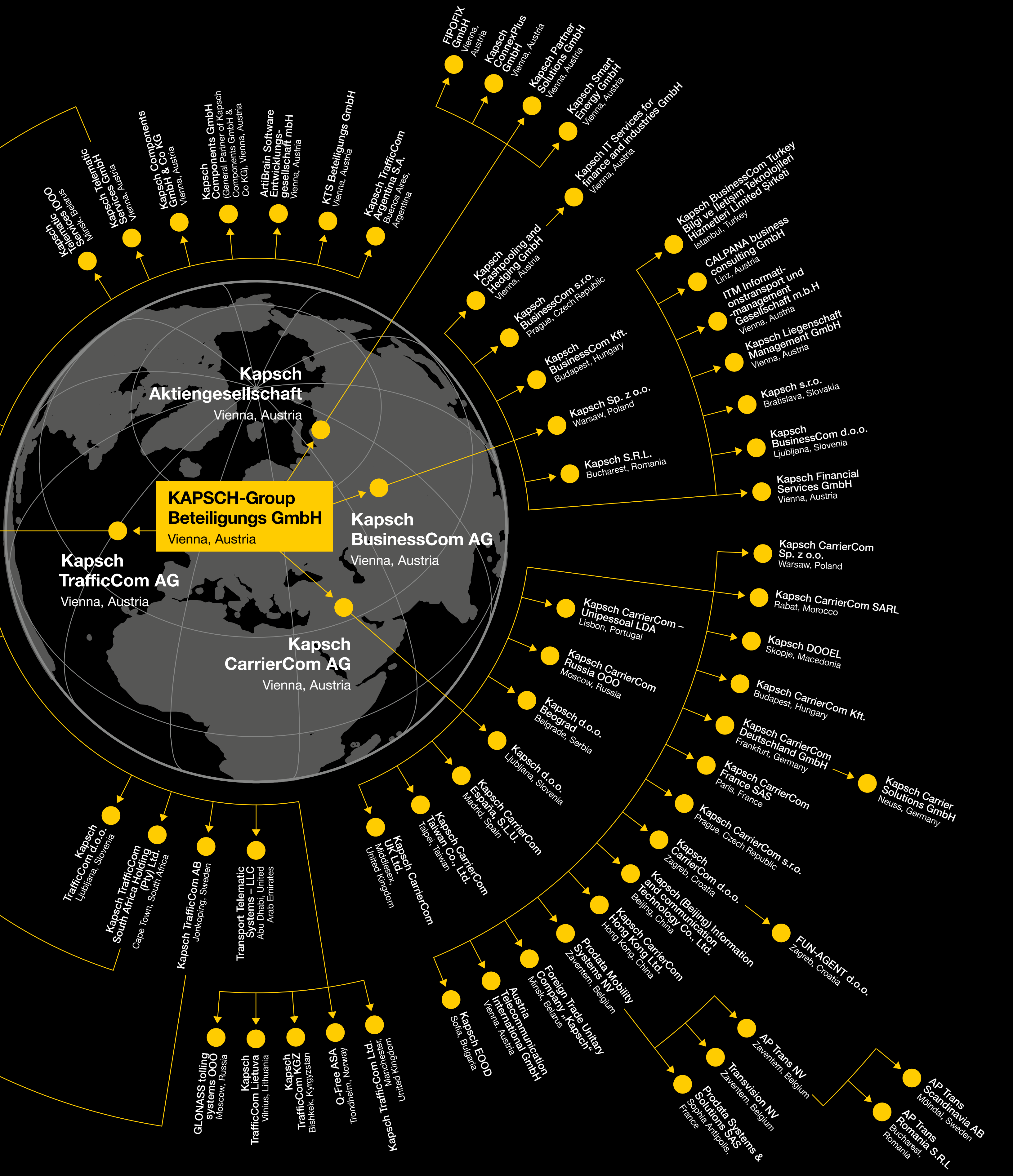
Energy efficiency with advantages for customers, network operators and the environment.

A pilot project for Wiener Netze draws to a successful close. A total of 3,000 smart meters from the manufacturer Echelon had been delivered by the end of 2014. The centerpiece of this pilot project was a centralized meter management system which processed meter data and transmitted this in an encrypted format. Such smart energy management makes an important contribution to increasing the energy efficiency of the network operator, giving consumers detailed information that they can use to optimize their consumption and thus their costs.

The Kapsch Group.



Page 100: Detailed information on the consolidated group can be found in the Management Report.



KAPSCH-Group Beteiligungs GmbH
Vienna, Austria
Kapsch Aktiengesellschaft
Vienna, Austria
Kapsch BusinessCom AG
Vienna, Austria
Kapsch TrafficCom AG
Vienna, Austria
Kapsch CarrierCom AG
Vienna, Austria
FIPOFIX GmbH
Vienna, Austria
Kapsch ConnexPlus GmbH
Vienna, Austria
Kapsch Partner Solutions GmbH
Vienna, Austria
Kapsch Smart Energy GmbH
Vienna, Austria
Kapsch IT Services for finance and industries GmbH
Vienna, Austria
Kapsch Cashpooling and Hedging GmbH
Vienna, Austria
Kapsch Telematic Services IOOO
Minsk, Belarus
Kapsch Telematic Services GmbH
Vienna, Austria
Kapsch Components GmbH & Co KG
Vienna, Austria
Kapsch Components GmbH
(General Partner of Kapsch Components GmbH & Co KG), Vienna, Austria
ArtiBrain Software Entwicklungsgesellschaft mbH
Vienna, Austria
KTS Beteiligungs GmbH
Vienna, Austria
Kapsch TrafficCom Argentina S.A.
Buenos Aires, Argentina
Kapsch BusinessCom s.r.o.
Prague, Czech Republic
Kapsch BusinessCom Kft.
Budapest, Hungary
Kapsch Sp. z o.o.
Warsaw, Poland
Kapsch S.R.L.
Bucharest, Romania
Kapsch BusinessCom Turkey Bilgi ve İletişim Teknolojileri Hizmetleri Limited Şirketi
Istanbul, Turkey
CALPANA business consulting GmbH
Linz, Austria
ITM Informationstransport und -management Gesellschaft m.b.H
Vienna, Austria
Kapsch Liegenschaft Management GmbH
Vienna, Austria
Kapsch s.r.o.
Bratislava, Slovakia
Kapsch BusinessCom d.o.o.
Ljubljana, Slovenia
Kapsch Financial Services GmbH
Vienna, Austria
Kapsch CarrierCom Sp. z o.o.
Warsaw, Poland
Kapsch CarrierCom SARL
Rabat, Morocco
Kapsch CarrierCom – Unipessoal LDA
Lisbon, Portugal
Kapsch DOOEL
Skopje, Macedonia
Kapsch CarrierCom Russia OOO
Moscow, Russia
Kapsch CarrierCom Kft.
Budapest, Hungary
Kapsch d.o.o. Beograd
Belgrade, Serbia
Kapsch CarrierCom Deutschland GmbH
Frankfurt, Germany
Kapsch Carrier Solutions GmbH
Neuss, Germany
Kapsch d.o.o.
Ljubljana, Slovenia
Kapsch CarrierCom France SAS
Paris, France
Kapsch CarrierCom España, S.L.U.
Madrid, Spain
Kapsch CarrierCom s.r.o.
Prague, Czech Republic
Kapsch CarrierCom Taiwan Co., Ltd.
Taipei, Taiwan
Kapsch CarrierCom d.o.o.
Zagreb, Croatia
FUN-AGENT d.o.o.
Zagreb, Croatia
Kapsch CarrierCom UK Ltd.
Middlesex, United Kingdom
Kapsch (Beijing) Information and communication Technology Co., Ltd.
Beijing, China
Kapsch CarrierCom Hong Kong Ltd.
Hong Kong, China
Prodata Mobility Systems NV
Zaventem, Belgium
Foreign Trade Unitary Company „Kapsch"
Minsk, Belarus
Austria Telecommunication International GmbH
Vienna, Austria
Kapsch EOOD
Sofia, Bulgaria
AP Trans NV
Zaventem, Belgium
Transvision NV
Zaventem, Belgium
Prodata Systems & Solutions SAS
Sophia Antipolis, France
AP Trans Scandinavia AB
Mölndal, Sweden
AP Trans Romania S.R.L
Bucharest, Romania
Kapsch TrafficCom d.o.o.
Ljubljana, Slovenia
Kapsch TrafficCom South Africa Holding (Pty) Ltd.
Cape Town, South Africa
Kapsch TrafficCom AB
Jonkoping, Sweden
Transport Telematic Systems – LLC
Abu Dhabi, United Arab Emirates
GLONASS tolling systems OOO
Moscow, Russia
Kapsch TrafficCom Lietuva
Vilnius, Lithuania
Kapsch TrafficCom KGZ
Bishkek, Kyrgyzstan
Q-Free ASA
Trondheim, Norway
Kapsch TrafficCom Ltd.
Manchester, United Kingdom

Executive Board
And Supervisory Board.

Interaction of the Executive Board and the Supervisory Board.

The Executive Board and the Supervisory Board form the twin management and supervisory bodies of the relevant companies.

The Kapsch Group attaches particular importance to clear responsibilities and good corporate governance. For the purposes of transparency, the members of the Executive Board and Supervisory Board of Kapsch-Group Beteiligungs GmbH are presented below, together with the executive boards of its key subsidiaries.

Given the fact that it is listed on the stock exchange, Kapsch TrafficCom publishes a detailed corporate governance report.

More information about the Corporate Governance Report of Kapsch TrafficCom can be found at **kapsch.net/ktc/investor_relations/corporate_governance.**

Executive Board at Kapsch Aktiengesellschaft.

Georg Kapsch has been a member of the Executive Board of Kapsch Aktiengesellschaft since July 1989 and CEO since October 2001. Since October 2000, he has also been CEO of KAPSCH-Group Beteiligungs GmbH, and he was appointed CEO of Kapsch TrafficCom AG in December 2002. Georg Kapsch, who graduated in business administration at the Vienna University of Economics and Business Administration in 1981, is Managing Director of DATAX HandelsgmbH, Chairman of the Supervisory Board of Kapsch CarrierCom AG, Vice-Chairman of the Supervisory Board of Kapsch BusinessCom AG and a member of the Supervisory Board of Teufelberger Holding AG.

Since June 2012, Georg Kapsch has been President of the Federation of Austrian Industries *(Industriellenvereinigung Österreich),* prior to which, from 2002 to 2012, he was Chairman of the University of Applied Sciences Technikum Wien *(Fachhochschule Technikum Wien)* and of the Austrian Association of the Electronics Industries *(Elektronikverband)* while, from 2003 to 2012, he was Vice-President of the Association of the Austrian Electrical and Electronics Industries *(Fachverband der Elektro- und Elektronikindustrie).* From December 2008 until September 2012, Georg Kapsch was President of the Vienna Regional Group of the Federation of Austrian Industries.

Kari Kapsch has been a member of the Executive Board of Kapsch Aktiengesellschaft since March 2001 and COO since 2002. He has also been a member of the Supervisory Board of Kapsch TrafficCom AG since June 2002 and Vice-Chairman since June 2005. Kari Kapsch has been COO of KAPSCH-Group Beteiligungs GmbH since December 2005. He has been CEO of Kapsch CarrierCom AG since April 2010. Kari Kapsch obtained his doctorate in physics at the University of Vienna in 1992.

Kari Kapsch also holds posts in various direct and indirect investments of Kapsch CarrierCom AG, Kapsch BusinessCom AG and Kapsch Aktiengesellschaft. He is a board member of Kapsch ConnexPlus GmbH, Kapsch Immobilien GmbH, ASIMMOG Verwaltungs- und Verwertungs GmbH, a board member of ASIMMOG Privatstiftung, a board member of the Austro-Arab Chamber of Commerce (AACC), a member of the so-called Spartenkonferenz at the Austrian Economic Chamber/Industry Sector, a member of the Machinery and Metalware Industry Unit of the Austrian Economic Chamber/Industry Sector, and a member of the Steering Committee of the Austrian Electrotechnical Association (OVE).

Kari Kapsch participates in various industry associations and since 2012 has been a member of the

From left to right:
Franz Semmernegg, Chief Financial Officer
Georg Kapsch, Chief Executive Officer
Kari Kapsch, Chief Operating Officer

board at the University of Applied Sciences Technikum Wien *(Fachhochschule Technikum Wien)* and a committee member of the Association of the Austrian Electrical and Electronics Industries *(Fachverband der Elektro- und Elektronikindustrie).* From 1996 to 2002 he was the Chairman of Young Industry Vienna and Vice-Chairman of Young Industry Austria.

Franz Semmernegg has been CFO of Kapsch Aktiengesellschaft since October 2001 and has also been CFO of KAPSCH-Group Beteiligungs GmbH since April 2005. He has also been CFO of Kapsch BusinessCom AG since March 2003 and CEO since April 2010. He has been a member of the Supervisory Board of Kapsch TrafficCom AG since June 2002 and Chairman of the Supervisory Board since June 2005. Franz Semmernegg obtained his doctorate in business administration in 1997 at Karl-Franzens-University in Graz.

Franz Semmernegg holds additional posts both inside and outside the Kapsch Group: as a member of the management team at Kapsch Cashpooling and Hedging GmbH, Kapsch IT Services for finance and industries GmbH and a member of the advisory boards at Kapsch Sp. z o.o., Kapsch Kft., Kapsch s.r.o. (Prague), Kapsch s.r.o. (Bratislava) and Enso GmbH and Speech Processing Solutions GmbH.

Franz Semmernegg also holds posts in various direct and indirect investments of Kapsch BusinessCom AG and Kapsch Aktiengesellschaft.

He was a member of the managing board at Schrack BusinessCom AG from 1999 to September 2001. In 1998, Franz Semmernegg was responsible for the successful management buy-out of Schrack BusinessCom AG from Ericsson Austria AG. Previously he carried out management functions at Ericsson Austria AG (1998) and Schrack Seconet AG (1997).

Supervisory Board at Kapsch Aktiengesellschaft.

Veit Schmid-Schmidsfelden has been Chairman of the Supervisory Board at Kapsch Aktiengesellschaft, KAPSCH-Group Beteiligungs GmbH and DATAX HandelsgmbH since September 2007. He is the managing director of Schmid-Schmidsfelden Beteiligungsgesellschaft mbH and the Fertinger Group. He is also the head of the Lower Austria Machinery and Metalware Industry Unit of the Austrian Economic Chamber (WKÖ), Deputy Head of the Industry Unit of the Austrian Economic Chamber in Lower Austria (WKNÖ), a board member of the Federation of Austrian Industries (*Vereinigung der österreichischen Industrie),* a board member of the Federation of Lower Austrian Industries *(Mitglied des Vorstandes der Industriellenvereinigung Niederösterreich),* a board member of the Lower Austrian Health Insurance Company (NÖGKK) and a member of the Supervisory Board of Austrian Airlines AG.

Christian Gassauer-Fleissner has been Vice-Chairman of the Supervisory Board of Kapsch Aktiengesellschaft, KAPSCH-Group Beteiligungs GmbH and DATAX HandelsgmbH since October 2000. He is a partner at the law firm Gassauer-Fleissner Rechtsanwälte GmbH. His advisory activities focus on providing comprehensive advice to businesses and business owners as well as their private foundations, including company law and M&A, intellectual property rights (patents and brands), the right to fair competition and general company and contract law. He is also active as an arbitrator and party representative in national and international arbitration proceedings.

Karl-Heinz Strauss has been a member of the Supervisory Board of Kapsch Aktiengesellschaft, KAPSCH Group Beteiligungs GmbH and DATAX HandelsgmbH since September 2007. He graduated with a degree in civil engineering before going on to study at Harvard University, the Business School in St. Gallen and completing an MBA program at IMADEC University. Until 2000 he was engaged in various positions at Raiffeisen Zentralbank – including in the area of construction and real estate. He then set up his own real estate development business, Strauss & Partner. Since September 2010, he has been CEO at, and a co-owner of, PORR AG.

Elisabeth Kapsch has been a member of the Supervisory Board at Kapsch Aktiengesellschaft, KAPSCH Group Beteiligungs GmbH and DATAX HandelsgmbH since September 2013. After graduating in business administration at the University of Vienna, she took control of the Internal Audit department at Kapsch Aktiengesellschaft in 1989 and in 1991 of the B.U.SCH. (operational environmental protection) project management. She has been the general manager of Kapsch Immobilien GmbH since 1998.

Executive Board at Kapsch TrafficCom AG.

Georg Kapsch has been CEO of Kapsch TrafficCom AG since December 2002. He also holds functions in direct subsidiaries and external organizations (see page 50).

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

Executive Board at Kapsch CarrierCom AG.

Kari Kapsch has been CEO of Kapsch CarrierCom AG since April 2010. He also holds functions in direct subsidiaries and external organizations (see page 50).

Thomas Schöpf has been a member of the Executive Board of Kapsch CarrierCom AG since 2002. His responsibilities as COO of Kapsch CarrierCom AG include sales as well as sales support & customer solutions. He studied at the Vienna University of Economics and Business Administration and in Fontainebleau, France. He started his career at the Kapsch Group as a trainee. For many years he was responsible for various projects in the fields of marketing, acquisitions and customer service.

Executive Board at Kapsch BusinessCom AG.

Franz Semmernegg has been CFO of Kapsch BusinessCom AG since March 2003 and CEO since April 2010. He also holds functions in direct subsidiaries and external organizations (see page 52).

Jochen Borenich, joined the Executive Board of Kapsch BusinessCom AG on 1 September 2010. In this position, he is responsible for the areas of sales, marketing and international affairs. He graduated with a commerce degree from the Vienna University of Economics and Business Administration, collected his MBA at the University of Minnesota and completed further courses at renowned business schools (INSEAD, Harvard, Stanford and MIT). His career path also included many years at T-Systems before joining Kapsch.

We **move** around the world.

The big picture means for us: think global, act local.

A globally active company that intends to keep expanding successfully must sometimes set exceptionally high targets and reach for the proverbial stars. It is the vision of the Kapsch Group to globalize as much as possible yet remain as local as necessary in its business fields and processes. This strategy enables us to provide our customers on every continent with high-performance, market-ready solutions at any time, as well as to reduce the effect of regional fluctuations and local risks. This both strengthens our position in the ITS, Enterprise and Carrier segments in the long term as well as creating many opportunities for growth and innovation. However, we are also aware of our responsibility to our employees, who enable and support our global alignment, which we honor with true diversity and open communication. This is how we want to keep that all-important step ahead in the future.

Group Management Report.

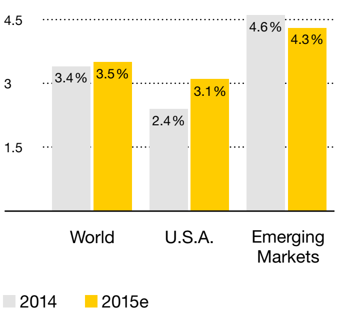
KAPSCH-Group Beteiligungs GmbH on the Consolidated Financial Statements as of 31 March 2015.

1 Economic climate.

1.1 General economic situation

Global economy

GDP growth



Source: IMF World Economic Outlook

The global economy expanded by 3.4 % in 2014 just as in the previous year. While the first half of the year was characterized by reserved growth, the international economy clearly picked up speed in the months that followed. The economic developments in the individual regions varied highly. While the economies of the U.S.A. and Great Britain gained momentum and the emerging markets and developing economies continued their solid performance, other regions lagged significantly behind expectations. A significant economic downturn was observed in the Commonwealth of Independent States (CIS), and Japan even suffered a slight decline in total economic production. In the euro zone, economic developments improved in comparison with 2013 but still remained largely weak. The International Monetary Fund (IMF) predicts global economic growth of 3.5 % for 2015, although the individual economic regions will continue to develop very differently. Risks for the global economy include uncertainties on the financial markets, geopolitical crises and price volatility on the commodities markets.

U.S.A.

The U.S. economy expanded in 2014 by 2.4 % following 2.2 % in the year 2013. Especially in the second half of the year, the economy was boosted by high consumer spending and investment. The significantly reduced unemployment rate as well as rising real income and improved corporate balance sheets will further promote future growth in the U.S.A. Against this background, the IMF expects a growth rate of 3.1 % for 2015. The stronger U.S. dollar does represent a challenge, since it could lead to a reduction in net exports.

Emerging Markets and Developing Economies

The economies of the emerging and developing countries definitely lost momentum.

The economies of this group of countries have gradually lost some momentum over recent years. Economic growth declined in 2014 to 4.6 %, down from a 5.0 % rate of expansion in 2013 and 7.5 % in 2010.

The economy of the Commonwealth of Independent States came under increasing pressure in 2014 from the ongoing Russia-Ukraine conflict and the drastically fallen oil price. GDP growth slowed to 1.0 % after the previous year saw the economy expand by 2.2 %. Russia achieved a GDP growth of only 0.6 % in 2014 due to flight of capital, worse refinancing options for Russian banks on the international capital market and weak oil prices. The heavily damaged trust in Russia as a business location alongside international sanctions and the drop in the oil price can be expected to further intensify the already precarious economic situation. In addition, falling real income is dampening private consumption.

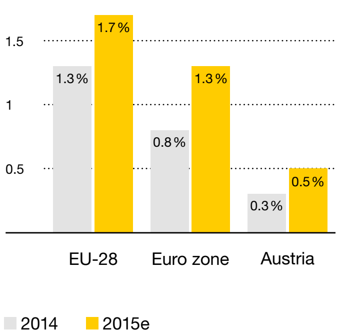
Asia remained the most rapidly expanding economic region in the world with GDP growth in 2014 of 6.8 % (after 7.0 % in the previous year). In China, however, the economy clouded over in response to declining consumption, softening of the real estate boom and lower investment. The growth rate declined from 7.8 % in the previous year to 7.4 %. A further cooldown in investment activity can be expected, leading to a growth forecast of only 6.8 %. Economic developments also lost some momentum in the ASEAN-5 region (Indonesia, Malaysia, Thailand, the Philippines and Vietnam).

Growth-inhibiting trends dominated in Latin America (including the Caribbean), resulting in economic growth of only 1.3 % after 2.9 % growth in the previous year. While countries such as Brazil, Argentina and Venezuela had to accept significant slowdowns in some cases due to falling commodity prices, lower foreign demand and structural problems, the economies of Central America benefited from impulses coming out of the U.S.A.

Muted growth was also observed in sub-Saharan Africa, while the MENAP region (Middle East, North Africa and Pakistan) was able to slightly improve on its macroeconomic performance of the previous year: After GDP growth of 2.4 % in 2013, economic output grew in 2014 by 2.6 %. For 2015, the IMF predicts growth of 2.9 %.

Europe

GDP growth



Source: IMF World Economic Outlook

Economic developments in Europe were characterized by a weak dynamic in 2014. GDP growth in the EU-28 was only 1.3 %. Major factors here included the Russia-Ukraine conflict, curbed global trade, low industrial production and the threat of a deflation spiral. Nevertheless, positive developments were also seen in individual countries. The economy of Great Britain expanded strongly again for the first time in years at 2.6 %. Spain and Portugal also declined additional international assistance on the basis of clear indications of an upswing. Even crisis-plagued Greece exhibited slight GDP growth after six years of recession. Prospects are good for a stronger expansion of the European economy in 2015. In concrete terms, the economic output of the EU-28 is expected to increase by 1.7 %.

The economy of the euro region recovered more slowly than the EU overall in 2014, with economic output rising by only 0.8 %. In contrast to the year before, this is not attributable to the tense situation in peripheral states but rather to the weak growth in the core countries of the currency union. Against this backdrop, the European Central Bank passed a number of measures in 2014 for promoting the flow of credit into the real economy. Alongside these monetary measures, the economy should also profit from a new EU-wide investment initiative.

In the euro zone, measures were taken to stimulate the economy.

The economic developments in Central and Southeastern Europe also lagged behind expectations in 2014. The main causes for this lie in subdued demand from the large economies in the euro zone and the conflict between Russia and Ukraine. A heterogeneous picture can be seen in the individual countries. While relative strong growth was observed in Poland (+3.3 %), the Czech Republic (+2.0 %), Slovakia (+2.4 %) and Hungary (+3.5 %), the Balkan countries were confronted with economic downturns as a result of structural problems and catastrophic floods in spring 2014. With regard to 2015, only moderate growth is expected for Central and Southeastern Europe.

Austria

Austria recorded GDP growth of only 0.3 % in 2014.

Compared with Europe in general, the economic dynamic in Austria was weak in 2014. The gross domestic product increased by only 0.3 % over the previous year. For 2015, economists predict only a slight acceleration of growth to 0.5 %. Foreign trade may supply some positive momentum here. Specifically, real growth in goods exports should grow since the depreciation of the euro against the dollar primarily has a positive impact on the competitiveness of the domestic export business outside of Europe.

1.2 Economic situation of the industry

Market for intelligent transportation systems

The segment Traffic addresses the market for intelligent transportation systems (ITS).

The segment Traffic of the Kapsch Group addresses the market for intelligent transportation systems (ITS), which employ information and communication technologies to support and optimize road transportation, including infrastructure, vehicles, users and industry.

Market segmentation. The study "Intelligent Transportation Systems – A Global Strategic Business Report" from Global Industry Analysts, October 2012, describes the ITS market as a diversified 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 ITS). Comprise in particular:

- Commercial vehicle operations (CVO), encompass systems for operating commercial vehicles in order to enhance freight carrier productivity and safety.
- Public vehicle transportation management systems (PVTMS): facilitate the management of both local and long-distance public transportation.
- Advanced vehicle information systems (AVIS): improve road safety.

Market volume and growth.

Global Industry Analysts estimated that the global volume of the ITS market amounted to USD 16.8 billion in 2014 and is expected to continue growing. The largest product segment in 2014 was other intelligent transportation systems, accounting for almost 39 % (USD 6.5 billion). Based on a worldwide volume of around USD 4.4 billion, ETC had an ITS market share of approximately 26 %. The largest geographic region for ITS in 2014 was the U.S.A., accounting for 40 %, followed by Europe, with 29 %.

The global ITS market is expected to grow at an average annual rate of 8.7 % between 2009 and 2018 to reach a global volume of USD 22.8 billion in 2018, of which ETC will account for USD 6.8 billion, equaling a share of 30 %, and thereby exhibiting the fastest growth of all product segments at an average annual rate of 11.8 %.

Market positioning.

The current focus of Kapsch aims at the operator/authority-related segment of the ITS market. The goal is to become a leading provider of solutions and technologies in the future field of vehicle-to-vehicle and vehicle-to-infrastructure communication (V2X). Through this, Kapsch TrafficCom intends to offer solutions at both the infrastructure and vehicle levels, supplying the information and communication technologies as well as designing, building and operating selected applications. The future focus will therefore be on vehicle-related and user-related ITS. Ongoing developments in industry-related ITS will be monitored as well.

Kapsch believes that the following six factors are the main drivers for the market which it currently addresses:

Market situation and market drivers.

- **Funding for infrastructure projects.** The worldwide increase in the number of cars and growing road traffic volumes as a result of the global population growth require additional financing to construct new and maintain existing roads. Toll collection offers a constant source of income and thus helps governments to generate the necessary funding for infrastructure projects. Efficient toll collection systems, especially electronic ones, offer a significant and constant source of additional funds for governments and public authorities, road and toll operators as well as concessionaires that can be used for the expansion and maintenance of road infrastructure.

- **Urbanization.** According to Matelan Research, urbanization is the second mega-trend, after global population growth, driving the ITS market. Particularly in large conurbations and capital cities, there is a growing need for electronic systems to control and reduce traffic. Toll collection is largely perceived as an effective solution for reducing high levels of congestion, as mandatory payments for road usage encourage carpooling or the use of public transportation. Systems for city charging and enforcing low-emission environmental zones are deployed by cities to reduce traffic congestion and environmental pollution. Traffic safety devices, such as those to monitor compliance with traffic regulations, are another field of ITS applications in cities and urban areas. Examples include systems to monitor traffic violations at junctions (e.g. running red lights).

- **Reducing congestion and further environmental pollution caused by road traffic.** Efforts to reduce environmental pollution caused by road traffic have become a market driver for the introduction of toll collection systems. Such systems encourage reduced or modified vehicle usage, thereby lowering emissions and pollution levels. Electronic toll collection systems, in particular for multi-lane free-flow traffic, have proven their ability to reduce environmental pollution and carbon dioxide emissions by cutting congestion at toll plazas without interfering with the traffic flow.

- **Increasing traffic safety and security.** Governments, public authorities, road and toll operators as well as concessionaires are engaged in improving the availability and quality of traffic infrastructure in a way that increases safety and security. Traffic management systems (market segment TMS) lower accident rates while also helping to increase the probability of surviving accidents.

- **Enhancing vehicle and fleet productivity.** Car manufacturers and their suppliers are aimed at enhancing vehicle productivity, particularly that of commercial vehicles. In addition, cost reduction and yield increase are becoming more and more important in the operation of vehicles. Vehicle-oriented ITS are aimed at in-car telematics such as remote diagnostics or advanced driver assistance systems (market segment CVO). Their purpose is mainly to enhance vehicle productivity as well as traffic safety and security. Commercial applications of vehicle operations including public vehicle transportation (market segment PVTMS) support fleet management and collect information on the logistics of large-scale vehicle operators.

- **Increased comfort expectations of travelers.** Greater convenience and efficiency for users generally also means higher levels of traffic safety. Model applications include vehicle information systems that forward traffic-relevant data to the vehicle driver before and during travel as well as navigation services. Information service providers such as mobile network operators, radio broadcasters and vendors of portable navigation devices are all interested in the further development of such systems. The 5.8 GHz technology will enable, as a communication platform, multiple future applications in the connected car.

Public network operators

The segment Carrier addresses the market for public network operators, distribution grid operators, railways and public transport.

As in past fiscal years, the public network operators market in Europe – a key target market for the Kapsch CarrierCom Group – continues to suffer from a decline in overall business, which directly impacts the investment willingness of the network operators. As expected, this trend continued in the past fiscal year and market studies expect this to remain the case until the end of 2016. This situation is due to the extensive regulation in the area of mobile voice communication as well as the replacement of services such as SMS by smartphone apps and traditional voice telephony by Voice over IP. Intense price competition also prevents increased revenues in the area of data communication.

It remains true that the continuously increasing volume of data traffic in population centers will reach the limits of the existing UMTS (3G) networks in coming years, making expansion based on LTE (4G) unavoidable. This technology is making rapid advances across Europe and will remain the focus of investments by network operators.

The trend towards standardized hardware will also continue as well as the resulting generic use of virtualized server farms. Major manufacturers are currently working on the required modifications to the software, but companies from the IT sector are also capitalizing on this trend to enter into the telecommunications market.

Based on all of these factors, a continuation of the intense competition is expected on both the operator (customer) and the supplier fronts. However, there are signs that this situation is improving: The LTE price structure is generally higher than it is for UMTS (3G). There is potential for over-the-top offers such as access to TV programs or music streaming, and the vast data volumes that network operators already have available could be used for commercial purposes (big data in combination with advertising). There are also technological approaches to optimize the cost base with software-defined networks (SDN) and network function virtualization (NFV) as well as good entry points for customer experience management (CEM) in combination with big data.

There are some early projects to be seen in the machine-to-machine communication market (M2M), and studies expect strong growth on this basis, particularly in Europe and the U.S.A.

Network operators respond to demand in this area either with special tariffs for machine-to-machine communication or by setting up dedicated companies for this target market. Specific solutions, tailored to the customers' requirements in the vertical markets, are essential for success, meaning that the business is growing at a slow pace. Thus the market for applications in the machine-to-machine division remains hazy. It has not been possible for a standard application to emerge as a benchmark, despite all the studies and forecasts.

Distribution grid operators

European electricity grid operators are facing key decisions. In the coming years, they will have to implement the legal provisions related to the rollout of the smart metering concept. In this context, they began putting corresponding projects out to tender in the past year. However, these tenders were based on unclear regulatory requirements that, while aiming to ensure the cost efficiency of the solutions to be implemented, do not address the technological implementation or operation of these solutions at all. The result is that current tenders lead to highly divergent offers that require a great deal of effort on the part of electricity grid operators to evaluate and choose among these. Public communication network operators continue to focus on this market represent strong competition. It is expected in the coming year that technology decisions and rollout scenarios will be defined and agreed upon that will, in turn, lay the foundations for the ambitious rollout requirements to be met.

Railway companies

The global market for digital train radio (GSM-R) for railway companies has been identified by studies as a growth market in the coming years. On the one hand, this is due to the fact that ERTMS (European Rail Traffic Management System) defines GSM-R as the EU-wide standard, a technology that has come into use on initial railway sections and, on the other hand, that GSM-R has started to be used beyond Europe's borders as a result of it being anchored in Europe: new GSM-R networks are now in service outside of Europe or are in the installation phase. Suppliers continue to maintain a positive outlook in this area due to the two persistent growth factors of geographic market growth and the expanded use of technology.

The growth prospects in this safety-relevant market are further reinforced by the reliability of the GSM-R system and the ability to support and improve this technology, which is now fully independent of the base technology GSM, as long as the market requires. Based on the long-term orientation and safety focus of the railway companies, it can be expected that GSM-R technology will remain in use for some time, only being replaced by a newer technology over the medium-to-long term. Specifically, early analyses of a new standard (FRMCS, future railway mobile communication system) began in the past year.

Public transport

Public transport continues to play a key role in society. It is estimated that around 60 billion trips are made on public transport every year in Europe (EU-28). Available modes of transport include local and regional buses, regional trains, underground lines and trams. More than 700,000 buses are responsible for around 10 % of all passenger kilometers travelled in Europe every year. The economic value of public transport services in Europe is estimated between EUR 130 and EUR 150 billion annually, i.e. more than 1 % of GDP.

Market studies assume that, generally speaking, public transport is undergoing a phase of growth that will last several years. However, individual markets may be affected by temporary reversals of this trend, depending in particular on the political situation and local developments. The total global market volume is expected to increase by around 15 % annually over the next few years. Key factors driving this growth include urbanization, changing consumer attitudes to public transport, the growing need for public transport solutions in emerging markets and the desire for sustainability.

Kapsch has two technologies at its disposal here. TETRA is the most widely accepted technology in communication networks for public transport, although digital mobile radio (DMR) is becoming an increasingly competitive option given the possibility for low cost deployments.

The market for intermodal transport control systems (ITCS) continues to be seen as heterogeneous, with a number of large, internationally active participants and many smaller companies with a regional focus. In the field of automated fare collection (AFC), the market can be essentially reduced to smartcard-based solutions, which are now being challenged by mobile ticketing on smartphones. Due to the acquisition of Prodata Mobility Systems NV, Belgium, Kapsch is able to provide this solution as well.

ICT market

The segment Enterprise addresses the ICT market.

The ICT market remains one of the drivers of Austria’s economy, even though growth forecasts continue to be cautious. Last year, growth of around 3.4 % was forecast for the ICT market in Austria in 2015. However, the market analysis company Pierre Audoin Consultants (PAC) currently believes growth will be around just 2 %. A WIFO forecast also confirms low growth and no major changes in 2015.

The development of investments is important as it highlights the gloomy economic situation. The most recent forecast in December 2014 pointed to a minor expansion of 1.5 % in 2015 and 2 % in 2016. Given the premature return to economic growth, the WIFO anticipates an increase in investment activity of 2.5 % in 2016, but expects it to remain sluggish in 2015.

The persistently weak performance of Austria’s economy in the EU has resulted in a difficult situation. Nevertheless, the Austrian ICT industry is cautiously optimistic about the forthcoming quarters. The reason for this is buoyant demand in the areas of digital transformation and cloud computing, as well as the greater need for information security.

In the area of outsourcing in particular, Austria's role has been so far less pronounced in comparison to the rest of the German-speaking region and other major countries such as England and France. The upheaval associated with the movement into the Cloud will drive annual growth rates of 7 %, according to the current PAC forecast.

Cloud computing will remain the most important technology and market trend in Austria during 2015. Around 45 % of Austrian IT-decision-makers revealed that they use or plan to use Cloud-based services, in which 80 % will rely on private cloud solutions. This trend is followed by mobile apps and security solutions. Cloud-based services offer companies greater flexibility and economies of scale that can enable IT cost savings of 20 to 30 %. PAC also identifies "mobile devices" as a major trend. Mobility is strongly associated with the topic of consumerization, i.e. the process or phenomenon whereby electronic end-user devices such as smartphones or tablets are used by employees for their work as well. In this area, it is necessary to develop corresponding IT security strategies.

The need for IT services is rising, in turn supporting market demand for alternative Cloud-based products. Due to the intense price pressure, near-shoring and off-shoring services are of increasing interest to Austrian companies.

Austria can also profit from its function as a bridge to Eastern Europe, where outsourcing processes are not as far advanced as in Austria. The outsourcing of hardware and, in particular, software and services, also opens up a number of new opportunities for users and their fields of business. Software developers, however, must listen to the requirements of their business customers and accept that they will compete in future not solely on the basis of licenses but also with subscription models.

For the CEE markets in which Kapsch is active in the segment Enterprise, higher growth rates than in Austria are generally predicted for the entire ICT market with regard to software and IT services, including hardware. For the Czech Republic, Poland, Slovakia, Romania and Hungary, growth rates for 2015 are expected to range from just below 3.5 % to just over 5 %.

2 Development of the Kapsch Group.

2.1 Overview of Group development

The Kapsch Group can look back on an exciting and challenging 2014/15 fiscal year which was characterized both by impressive success stories and by key decisions to ensure the lasting success of the company. It is pleasing to see that these successes were achieved in a time when the framework conditions in the market were less than optimal. By the same token, it was possible to continue with the international growth strategy successfully pursued for several years. On the one hand, the operating business was further developed and, on the other hand, organizational and strategic courses were set with the aim of giving a sustainable boost to earning power in the coming fiscal years.

The Kapsch Group operates in the three main segments Traffic, Carrier and Enterprise.

The Kapsch Group operates in the following three main segments:

In the **segment Traffic,** the fiscal year was characterized, on the one hand, by existing large-scale projects in Belarus, France and the U.S.A and, on the other, by the acquisition of or agreement on major toll collection projects in the U.S.A. and Australia as well as framework agreements for the delivery of on-board units to Chile, Denmark, France and Spain and on-board units were also sold to Norway for the first time. Furthermore, as part of the comprehensive 2020 program, a strategy for the future was defined in the 2014/15 fiscal year which sets out how the business will be developed and transformed. In addition to this, three strategic priorities were defined for the coming years: operational excellence, strengthening core business divisions and developing the intelligent mobility solutions (IMS) business.

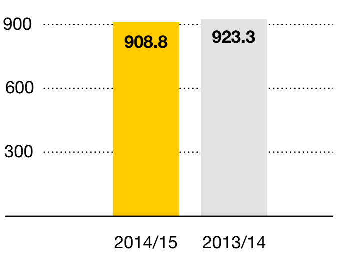
Revenue in the **segment Carrier** increased for the first time in several years. It is particularly encouraging that some of this increase was clearly attributable to the railways and public transport sectors, thereby compensating comfortably for the anticipated decline in revenue in the telecom operators sector. It is also pleasing that order intake developed positively over the course of the past fiscal year, leading to a very high order backlog (approx. EUR 290 million as at the reporting date). With the acquisition of Prodata Mobility Systems NV, Belgium, Kapsch Group has underlined its clear commitment to this growth strategy, thereby also strengthening its position with local public transport customers.

In the **segment Enterprise,** Kapsch was again able to exceed the EUR 300 million revenue mark, demonstrating once more that it is a reliable partner for its customers in Austria and other Central and Eastern European countries when it comes to choosing and executing state-of-the-art ICT solutions and all of the associated services. Kapsch was able, in particular, to set itself apart from the rest with industry-specific solutions and applications, such as for the tourism and healthcare sectors.

An overview of the Kapsch Group		**2014/15**	**2013/14**	**Change**	
Revenues	in million EUR	908.8	923.3	-14.5	-2 %
EBITDA	in million EUR	77.4	57.5	19.9	35 %
EBIT	in million EUR	6.6	25.2	-18.6	-74 %
EBIT adjusted	in million EUR	43.5	27.2	16.3	60 %
Balance sheet total	in million EUR	943.7	952.5	-8.8	-1 %
Equity	in million EUR	290.4	317.4	-27.0	-9 %
Net debt	in million EUR	-156.6	-167.7	11.0	7 %
Capital employed	in million EUR	556.8	565.4	-8.5	-2 %
Free cash flow	in million EUR	37.3	-27.7	65.0	235 %
Investments	in million EUR	31.0	26.0	4.9	19 %
R&D expenditure	in million EUR	88.2	95.5	-7.3	-8 %
Employees	Balance sheet date	5,734	5,484	250	5 %

2.2 Earnings situation

Stable development in revenues (in million EUR)



In the 2014/15 fiscal year, the Kapsch Group generated consolidated revenue of EUR 908.8 million, just below the prior-year level of EUR 923.3 million (EUR -14.5 million or -2 %). Pleasingly, it was possible to achieve this stable development of business activities although no large nationwide project was implemented in the segment Traffic during the past fiscal year. This proves that the core business is on a solid base and that the strategic development of the Kapsch Group makes good progress. The management sees significant potential for the future and continues on the path chosen.

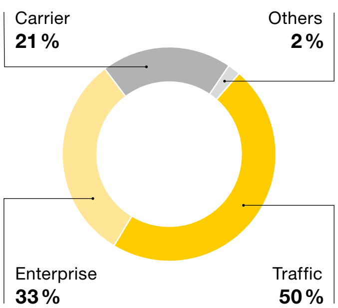
When breaking down revenue by region, it can be seen that the Kapsch Group was once again able to forge ahead with international diversity in the 2014/15 fiscal year and ensure that all of the economic regions included in the scope of reporting made substantial contributions to consolidated revenue. At 70 %, the share of revenue generated abroad remained on a par with the high levels of past years.

In the company's domestic market in Austria, revenue increased slightly by EUR 2.3 million to EUR 276.4 million. Revenue in Central and Eastern Europe declined by EUR 44.2 million to EUR 299.5 million, which is due to the fact that a nationwide toll system was set up in Belarus in the prior year. Although a large GSM-R project was executed in France in the prior year, revenue in Western Europe remained largely unchanged, declining slightly by EUR -2.2 million to EUR 127.7 million. In the American economic region, revenue increased by EUR 5.4 million to EUR 93.4 million. The Rest of World region saw revenue rise by more than 25 % to EUR 111.8 million, a satisfactory trend driven primarily by Australia and Taiwan as well as South Africa, where the operation of the toll system had an effect on the entire fiscal year for the first time in the past fiscal year.

Revenues by region (share of revenues)		2014/15		2013/14		Change	
Austria	in million EUR	276.4	30 %	274.1	30 %	2.3	1 %
Central and Eastern Europe	in million EUR	299.5	33 %	343.7	37 %	-44.2	-13 %
Western Europe	in million EUR	127.7	14 %	129.9	14 %	-2.2	-2 %
Americas	in million EUR	93.4	10 %	88.0	10 %	5.4	6 %
Rest of World	in million EUR	111.8	12 %	87.6	9 %	24.2	28 %
Group	in million EUR	**908.8**	**100 %**	**923.3**	**100 %**	**-14.5**	**-2 %**

When viewed by segment, the segment Traffic again made the largest contribution to consolidated revenue, with EUR 456.4 million. However, revenue declined by 6 % year-on-year since there was no further large nationwide project implemented in the past fiscal year. In the segment Carrier, revenue rose by 12 % to EUR 190.6 million. In the segment Enterprise, revenue remained largely on par with the prior year at EUR 301.9 million.

Stabile segment distribution
(in % of total revenues)



Revenues by segment (share of revenues)		2014/15		2013/14		Change	
Traffic	in million EUR	456.4	50 %	487.0	53 %	-30.6	-6 %
Carrier	in million EUR	190.6	21 %	170.2	18 %	20.4	12 %
Enterprise	in million EUR	301.9	33 %	309.5	34 %	-7.6	-2 %
Others	in million EUR	17.4	2 %	16.2	2 %	1.2	7 %
Eliminations	in million EUR	-57.5	-6 %	-59.6	-6 %	2.1	3 %
Group	in million EUR	**908.8**	**100 %**	**923.3**	**100 %**	**-14.5**	**-2 %**

Operating revenue rose by EUR 29.0 million year-on-year to EUR 971.7 million, which is attributable to positive effects from other operating income (EUR +15.8 million), changes in inventory (EUR +22.2 million) and own work capitalized (EUR +5.5 million).

Although the management focuses its strategic decisions primarily on medium and long-term aspects to ensure sustainable corporate growth and secure corresponding profits, it still keeps an eye on the current earnings level and endeavors to achieve further improvements here. To this end, measures were introduced during the past fiscal year that aim to improve earning power on a sustainable basis. Early effects of these measures can thus already be identified in the results of the past fiscal year. Further significant improvements in earnings are expected as of the subsequent year.

In line with the development of revenue, expenses for materials and services were reduced by EUR 11.8 million year-on-year to EUR 449.6 million.

Page 25: More information on Kapsch as a responsible employer.

Conversely and despite the measures introduced in the past fiscal year to improve efficiency, the headcount rose substantially by 250 to a total of 5,734 employees on the back of the company's belief in sustainable growth. This in turn led to an increase in personnel costs of EUR 13.9 million or 5 % to EUR 305.1 million.

The segment Traffic saw the largest rise in employee numbers, together with the segment Carrier, as a result of acquisitions, and related primarily to Poland, South Africa, Belarus and Belgium.

Expenses for depreciation, amortization and impairment charges more than doubled in the past fiscal year to EUR 70.8 million (EUR +38.6 million or +120 %). This increase is mainly due to the fact that impairment charges of EUR 36.9 million had to be taken against goodwill. Expenses for scheduled depreciation rose by EUR 3.6 million or 12 % to EUR 33.9 million.

Overall, expenses for depreciation, amortization and impairment charges are broken down as follows:

Depreciation		**2014/15**	**2013/14**	**Change**	
Property, plant and equipment	in million EUR	15.1	14.9	0.2	1 %
Intangible assets	in million EUR	18.7	15.4	3.3	21 %
Investment property	in million EUR	0.2	0.0	0.2	100 %
Impairment charges	in million EUR	36.9	1.9	34.9	>500 %
Total	in million EUR	**70.8**	**32.2**	**38.6**	**120 %**

Other operating expenses increased by EUR 7.0 million or 5 % to EUR 139.6 million. There was a particularly sharp increase in expenses for IT, communication, legal and consulting fees, as well as other expenses. By way of compensation, advertising costs were reduced as well as expenses for licenses and patents and travel costs. Allowances for bad debt could also be reduced compared to the prior year.

The Group fully maintained its research and development activities, continuing to invest around 10 % of its revenue (EUR 88.2 million) in this long-term and strategically important area.

Significant increase in earnings before interest, taxes, depreciation and amortization (EBITDA) and adjusted operating result (EBIT adjusted).

As a result, earnings before interest, taxes, depreciation and amortization (EBITDA) rose by more than a third (+35 %) to EUR 77.4 million in the past fiscal year. The EBITDA margin thereby widened from 6.2 % to 8.5 %.

Similarly, the adjusted operating result (EBIT adjusted) was, at EUR 43.5 million, EUR 16.3 million or 60 % above the prior-year level. This translated into an adjusted EBIT margin of 4.8 %, up from 2.9 %. At EUR 6.6 million, the operating result (EBIT) was EUR 18.6 million or 74 % down on the prior year, a fact that is mainly due to impairment charges taken against goodwill in the amount of EUR 36.9 million. The EBIT margin therefore narrowed from 2.7 % to 0.7 %.

Earnings figures		**2014/15**	**2013/14**	**Change**	
EBITDA	in million EUR	77.4	57.5	19.9	35 %
EBITDA margin	in %	8.5	6.2		
EBIT adjusted	in million EUR	43.5	27.2	16.3	60 %
EBIT margin adjusted	in %	4.8	2.9		
EBIT	in million EUR	6.6	25.2	-18.6	-74 %
EBIT margin	in %	0.7	2.7		
Profit before tax	in million EUR	-12.8	8.1	-20.9	-257 %
Profit for the period	in million EUR	-20.8	6.1	-26.9	-440 %

The financial result declined by EUR 2.2 million or 13 % to EUR -19.9 million. This is primarily attributable to an impairment charge taken against shares held in the Norwegian company Q-Free ASA, Norway, in the past fiscal year. For this reason, the Group needed to reclassify losses in the current fiscal year of EUR 9.0 million as well as negative market developments from past periods amounting to a total of EUR 9.5 million from other income to the income statement.

Positive foreign exchange effects of EUR 3.0 million as part of financing activities were reported in the past fiscal year, of which only EUR 1.3 million have been recognized in income so far. These effects were primarily attributable to developments between the euro and the US dollar, the Canadian dollar and the South African rand.

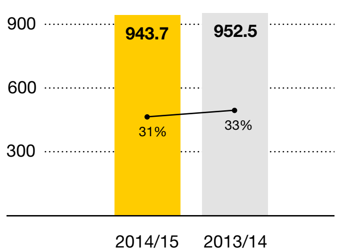
Profit before tax of EUR -12.8 million (EUR -20.9 million or -257 %) and the profit for the period of EUR -20.8 million (EUR -26.9 million or -440 %) were also well below the level of the 2013/14 fiscal year as a result of the one-time effects described above associated with goodwill impairment. Not counting these one-time effects, the Group would, in certain areas, have comfortably exceeded the prior-year results here.

Other income increased by EUR 17.6 million or 129 % to EUR 3.9 million in the past fiscal year. The negative effects from actuarial components for provisions for pensions and severance pay are correspondingly compensated for in the financial result through the previously mentioned reclassification of earnings from the interest in Q-Free ASA, Norway.

Comprehensive income fell by EUR 9.3 million or 123 % to EUR -16.9 million.

2.3 Assets and liabilities

Total assets (in million EUR) and **equity ratio** (in %) remain stable.



Total assets of the Kapsch Group remained stable on the reporting date of 31 March 2015, declining only slightly by EUR -8.8 million or -1 % to EUR 943.7 million.

It is particularly pleasing that it was possible to achieve such stability although there was a significant reduction in non-current assets of EUR 78.0 million or 18 % year-on-year to EUR 345.9 million. This is due, on the one hand, to the fact that intangible assets were substantially reduced (EUR -22.9 million), despite further company acquisitions, as a result of the impairment charges taken against goodwill. On the other hand, the non-current portion of trade receivables was more than halved by a large project in the segment Traffic (EUR -43.8 million). Property, plant and equipment also declined by EUR 3.0 million to EUR 64.2 million.

The company's share in the listed company Kapsch TrafficCom AG was increased to more than 63 % in the past fiscal year through the acquisition of 156,206 shares. Financial assets and participating interests declined from EUR 33.6 million to EUR 28.9 million (EUR -4.7 million), primarily as a result of changes in the fair value of the interest in Q-Free ASA, Norway.

Cash and cash equivalents increased by 31 %.

In contrast, current assets increased by EUR 69.2 million or 13 % to EUR 597.8 million. This is the result of the rise in inventories (EUR +20.4 million), current receivables (EUR +19.8 million) and, above all, an increase in cash and cash equivalents (EUR +28.7 million).

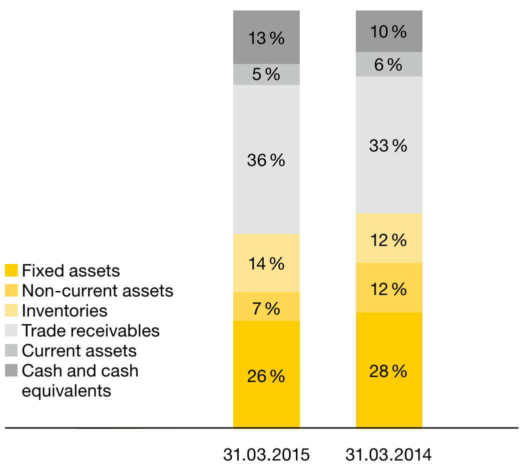
Equity decreased to EUR 290.4 million, which is attributable to the lower overall result as well as dividend payments made to shareholders with non-controlling interests. Consequently, the equity ratio declined slightly to 30.8 %, which reaffirms the stable and satisfactory net asset position of the Group.

At EUR 266.8 million, non-current liabilities increased slightly over the prior year (EUR +17.8 million or +7 %). On the one hand, this is connected with the fact that the Group was able to conclude long-term agreements for a portion of its financial liabilities (EUR +14.0 million). On the other hand, liabilities associated with employee benefits rose by EUR 9.9 million, which is mainly due to the substantial reduction in interest rates used for actuarial calculations (see note 25).

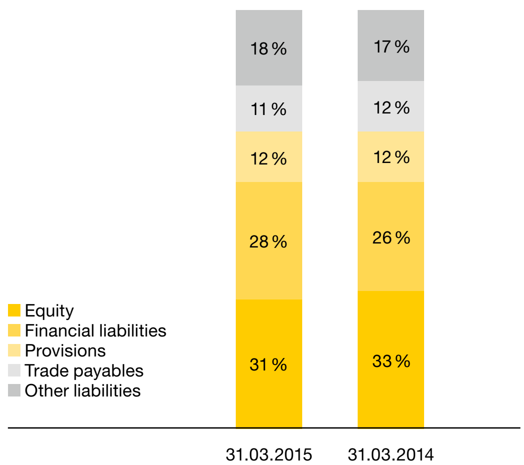
Statement of financial position figures		2014/15	2013/14	Change	
Total assets	in million EUR	943.7	952.5	-8.8	-1 %
Equity	in million EUR	290.4	317.4	-27.0	-9 %
Equity ratio	in %	30.8	33.3		
Net debt	in million EUR	-156.6	-167.7	11.0	7 %
Capital employed	in million EUR	556.8	565.4	-8.5	-2 %
Net working capital	in million EUR	376.1	329.1	47.1	14 %

Structure of the balance sheet.

Assets



Liabilities



At EUR 386.5 million, current assets remained virtually unchanged on the prior year (EUR +0.4 million or 0 %) whereby trade payables (EUR -6.6 million or -6 %) and current provisions (EUR -15.7 million or -31 %) could even be reduced. In contrast, other current liabilities and deferred income increased by EUR 18.2 million.

Net debt decreased by 7 %.

Net debt decreased compared to the prior year by EUR 11.0 million or 7 % to EUR 156.6 million. Capital employed in the past fiscal year was slightly below the level of the prior year at EUR 556.8 million (EUR -8.5 million or -2 %).

The company also succeeded in increasing net working capital by 14 % or EUR 47.1 million to EUR 376.1 million.

2.4 Cash flow

The liquidity position of the Group could be improved again in the past fiscal year.

Cash flow		2014/15	2013/14 (adjusted)	Change	
Cash flow from operating activities	in million EUR	59.3	-4.9	64.2	>500 %
Cash flow from investment activities	in million EUR	-36.9	-40.4	3.5	9 %
Cash flow from financing activities	in million EUR	2.9	21.9	-19.0	-87 %
Total	in million EUR	**25.3**	**-23.4**	**48.7**	**208 %**

Cash flow from operating activities increased significantly from EUR -4.9 million in the prior year to EUR +59.3 million. On the one hand, this is linked to the relatively high level of depreciation, amortization and impairments (the impairment charges relating to goodwill have an effect here too) while, on the other, regular cash inflows from long-term contracts in the segment Traffic contributed to this exceptionally positive situation. Another compounding factor is that there has been no need to arrange significant levels of pre-financing for major projects.

Cash flow from investment activities amounted to EUR -36.9 million, slightly below the level of the previous year, EUR +3.5 million or +9 %, and was largely due to the acquisition of Prodata Mobility Systems NV, Belgium, in the segment Carrier and investments in a new building.

Cash flow from financing activities was EUR 2.9 million and thus well below the level of the prior year (EUR -19.0 million or -87 %). This is attributable to the increase in financial liabilities as a result of acquisitions and dividends paid out to shareholders with non-controlling interests amounting to EUR 6.9 million (EUR -2.0 million or -22 % year on year). No dividends were paid to shareholders in the parent company as in the prior year. By the same token, the purchase of a further 156,206 shares in Kapsch TrafficCom AG had an effect on this position.

Cash and cash equivalents at the end of the fiscal year amounted to EUR 120.7 million, representing a major increase of EUR 28.7 million or 31 % compared to the prior year.

2.5 Investments

Fixed assets increased due to additions resulting from acquisitions by EUR 24.9 million.

Total investment in the past fiscal year amounted to EUR 31.0 million, up EUR 4.9 million or 19 % on the prior-year level. Thus it was possible to significantly reduce fixed assets, which amounted to EUR 242.9 million as at 31 March 2015 (EUR -21.7 million or -8 %).

All amounts in million EUR	Property, plant and equipment	Intangible assets	Investment property	Total
Carrying amount as of 31 March 2014	**67.2**	**197.4**	**0.0**	**264.6**
Addition resulting from company acquisition	1.0	23.9	0.0	24.9
Investments (additions)	18.3	8.3	4.3	31.0
Divestments (disposals)	-7.5	-1.7	0.0	-9.2
Depreciation/amortization	-15.1	-18.7	-0.2	-33.9
Impairment charges	-0.1	-36.8	0.0	-36.9
Currency translation differences	1.3	1.1	0.0	2.4
Reclassifications	-0.9	0.9	0.0	0.0
Carrying amount as of 31 March 2015	**64.2**	**174.5**	**4.2**	**242.9**

When viewed on a segment basis, it can be seen that the majority of investments (47 %) were made in the segment Carrier. This is primarily due to the acquisition of Prodata Mobility Systems NV. The share of investment in the segment Traffic is 27 %, in the segment Enterprise 9 %, and the remaining 17 % in the segment Others, where in the past fiscal year 2014/15 the construction of a car park (EUR 4.3 million) was included.

3 Business segments.

The Kapsch Group operates in the following four main segments:
- Segment Traffic
- Segment Carrier
- Segment Enterprise
- Segment Others

3.1 Segment Traffic

This segment is represented by Kapsch TrafficCom AG as well as all direct and indirect subsidiary companies (subgroup Traffic). KAPSCH-Group Beteiligungs GmbH owns a 63.1 % stake in this company.

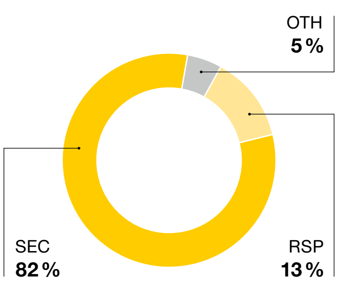
In the segment Traffic, the Group offers worldwide integral technologies, solutions and services for the intelligent transportation systems (ITS) market. This segment is divided into the following three areas:

- **Road solution projects (RSP).** The project business (RSP) includes projects for erecting and installing systems. These are generally projects resulting from invitations to tender by public agencies or private concessionaires. The systems cover either individual road sections or nationwide road networks. Large fluctuations in revenue and costs from period to period are intrinsic to this business.

- **Services, system extensions, components sales (SEC).** The area of services, system extensions, components sales (SEC) consists primarily of recurring revenue. After installation, Kapsch generally takes over the technical operation of the systems, including maintenance. Additional deliveries of components, such as on-board units and transponders, transceivers and readers as well as cameras also frequently take place for the expansion or adaptation of existing systems or for upgrading from manual to automated or electronic toll systems. Since 2005, Kapsch has also offered the commercial operation of systems. All of these activities focused on continuous income are included in the SEC area. This area is therefore characterized by relatively stable revenue over certain periods since the associated services are generally provided on the basis of medium or long-term service and framework agreements.

- **Others (OTH).** This segment comprises non-core business that is handled by the subsidiary Kapsch Components GmbH & Co KG and Kapsch TrafficCom USA Inc., U.S.A., which was acquired in the prior year. This includes engineering solutions, electronic construction and logistics services for affiliated companies and third-party customers, as well as solutions, systems and services for monitoring the operations of public transport and environmental facilities, which are used to operate underground and railway networks as well as wastewater treatment plants.

Significant decline in project-related revenues (RSP)



Segment revenue amounted to EUR 456.4 million in the past fiscal year, a drop of EUR 30.6 million or 6 % below the prior-year level. Viewing revenue by area reveals very different developments and it can be clearly seen that this decrease is due solely to the fact that no nationwide construction project was executed in the past fiscal year.

Segment Traffic revenues by area		2014/15	2013/14	Change	
RSP	in million EUR	60.2	132.0	-71.9	-54 %
SEC	in million EUR	372.6	331.8	40.8	12 %
OTH	in million EUR	23.6	23.1	0.5	2 %
Segment Traffic total	in million EUR	**456.4**	**487.0**	**-30.6**	**-6 %**

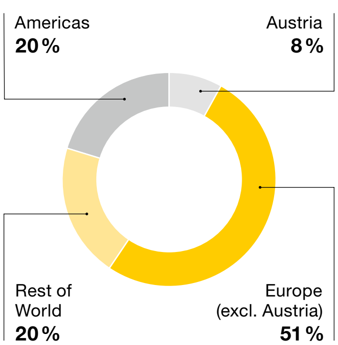
In the RSP area, revenue therefore fell by more than half to EUR 60.2 million (EUR -71.9 million or -54 %). The most important sources of revenue during the reporting period came from the implementation project in Belarus and the managed lane system project in Texas, U.S.A., although the latter's contribution was well below the level seen in the prior year due to the significant progress made towards completing it in the past fiscal year. In the managed lane project in the U.S.A., 22 out of 29 toll stations have successfully entered service and Kapsch has also been commissioned to build an additional ten stations. Phase 2b was launched in Belarus as planned in August 2014, with a length of 256 km. Similarly, the contributions to revenue of the GNSS (global navigation satellite system) project in France and the M5 southwestern motorway project in Sydney, Australia, were lower than in the prior year due to the advanced stages of the projects reached in the prior period. The projects won in New Zealand (Tauranga) and the U.S.A. (New York State Thruway Authority) in the 2014/15 fiscal year, as well as the projects from Kapsch TrafficCom USA Inc., which was acquired in January 2014, also made significant contributions to revenue.

In contrast, revenue in the SEC area increased, reaching a new record of EUR 372.6 million (EUR +40.8 million or +12 %). Key factors driving this increase in revenue were the operation project launched in Gauteng province, South Africa, in the third quarter of the prior year, as well as the technical and commercial operation project started in Belarus in the second quarter of the prior year. The technical and commercial operation of the nationwide system in the Czech Republic, the technical and commercial operation project in Poland, and the technical operation including maintenance of the nationwide system in Austria continued to provide stable revenues. Moreover, an expansion of the Polish toll collection system contributed to revenue in the reporting period.

The number of on-board units sold was below the level of the prior year at 7.4 million units (prior year: 9.2 million units). It should be noted here that initial deliveries for the nationwide toll system in Belarus were made in the same period last year. The number of units sold in North America declined during the reporting period. In contrast, sales of on-board units rose in France, Russia and Australia, with units being sold to Norway for the first time as well.

Revenue in the OTH area was up EUR 0.5 million or 2 % on the prior year at EUR 23.6 million. This increase is primarily attributable to non-ETC and non-ITS-related revenue from KTC USA Inc. In addition, the production company also made further revenue contributions with deliveries to Group companies in other segments.

Revenues by region in the segment Traffic
(in % of total revenues)



The region Europe continued to make up the largest share of total revenue (around 60 %) in the 2014/15 fiscal year, with EUR 272.2 million, despite the fact that it declined by EUR 60.8 million (-18 %), mainly due to lower revenues in Belarus and France. The revenue attributable to Austria increased year-on-year by EUR 5.3 million (+16.2 %) to EUR 38.2 million. In the region Americas, revenue increased by EUR 5.6 million (+6 %) to EUR 92.6 million. This was mainly due to revenue contributions from projects owned by KTC USA Inc., which was acquired in the prior year, as well as the progress made with the implementation of the New York State Thruway Authority project. Expansion projects in Chile also added to revenues. In the region Rest of World, revenue increased by EUR 24.6 million (+37 %) to EUR 91.6 million. Factors influencing this increase were higher revenues in South Africa and the implementation projects in Australia and New Zealand.

Earnings before interest, taxes, depreciation and amortization (EBITDA) rose considerably in the past fiscal year to EUR 61.5 million (EUR +24.7 million or +67 %). This is primarily due to the fact that margins tend to be higher in the SEC area, which now carries more weight in percentage terms, and, compared to the same period last year, positive contributions were made by the operation projects in Belarus and South Africa, while the nationwide technical and commercial operation project in the Czech Republic, the technical and commercial operation project and ongoing expansions in Poland, and the technical operation including maintenance of the nationwide system in Austria continued to provide stable revenues. In the RSP area, the significant drop in revenue also had a negative impact on results, as the assigned expenses for development and preliminary work for potential tenders as well as expenses for ongoing tenders could not be fully covered. In contrast, a provision for losses from pending transactions and rework amounting to EUR 16.1 million was reversed. Furthermore, introduced and partially implemented efficiency improvement measures (2020 program) already started contributing to this earnings improvement in the past fiscal year. Further improvements are expected in the coming fiscal year. At 13.5 %, the EBITDA margin was already well above that of the prior year (7.6 %).

Significant improvement in result of fiscal year 2014/15 in the segment Traffic.

Although a goodwill impairment charge of EUR 12.3 million needed to be taken in the RSP area, the operating result (EBIT) in the segment Traffic increased to EUR 32.7 million (EUR +12.5 million or +62 %). At 7.2 %, the EBIT margin was also above that of the prior year (4.2 %).

The operating result adjusted for the goodwill impairment charge (EBIT adjusted) more than doubled its value in the past fiscal year to EUR 45.1 million (EUR +24.8 million or +122 %). By the same token, the adjusted EBITDA margin was 9.9 % (prior year: 4.2 %), well above the level of the prior year, and provides clear evidence that the company is on the right track with the improvements that have already been introduced and implemented in this area.

Profit before tax increased by EUR 14.4 million or 263 % to EUR 19.9 million (prior year: EUR 5.5 million). The profit for the period also increased by EUR 8.6 million or 299 % to EUR 11.4 million (prior year: EUR 2.9 million).

Segment Traffic earnings figures		**2014/15**	**2013/14**	**Change**	
EBITDA	in million EUR	61.5	36.9	24.7	67 %
EBITDA margin	in %	13.5	7.6		
EBIT adjusted	in million EUR	45.1	20.3	24.8	122 %
EBIT margin adjusted	in %	9.9	4.2		
EBIT	in million EUR	32.7	20.3	12.5	62 %
EBIT margin	in %	7.2	4.2		
Profit before tax	in million EUR	19.9	5.5	14.4	263 %
Profit for the period	in million EUR	11.4	2.9	8.6	299 %

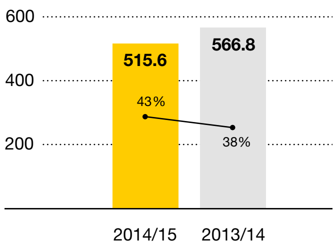
Significant increase in cash and cash equivalents in the segment Traffic.

Total assets in the segment Traffic were reduced significantly in the past fiscal year to EUR 515.6 million. This is due, on the one hand, to the decrease in intangible assets and financial assets, against which impairment charges needed to be taken and, on the other hand, to the considerable decline in customer receivables (primarily as a result of the ongoing repayments from the project in Belarus). Cash and cash equivalents increased substantially from EUR 57.7 million to EUR 96.8 million. Given that a decrease of EUR 18.1 million in financial liabilities was also achieved, net debt was cut considerably to EUR 35.9 million (EUR -57.5 million or -62 %). Net working capital remained largely stable at EUR 209.9 million (EUR +4.5 million or +2 %).

In contrast, equity increased by EUR 6.3 million or 3 % to EUR 219.4 million, and the equity ratio also rose to 42.5 %.

On the liabilities side of the balance sheet, the most significant changes were to be found under non-current financial liabilities. These declined by EUR 20.5 million as a result of the redemption of loans to construct the nationwide electronic truck toll collection system in Belarus. The largest change in current liabilities was due to the decline of EUR 19.2 million in current provisions, primarily as a result of the reversal of the provision for losses from pending transactions and rework amounting to EUR 16.1 million. The decrease in trade payables of EUR 19.0 million resulted from the project business.

Total assets (in million EUR) and **equity ratio** (in %) in the segment Traffic.



In addition to the assets of the subgroup Traffic, there is also goodwill of EUR 48.2 million from KAPSCH-Group Beteiligungs GmbH assigned to the segment Traffic, for which no need for impairment was revealed in the course of the impairment test carried out.

Other key figures for the segment Traffic		**2014/15**	**2013/14**	**Change**	
Total assets	in million EUR	515.6	566.8	-51.2	-9 %
Equity	in million EUR	219.4	213.1	6.3	3 %
Equity ratio	in %	42.5	37.6		
Net debt	in million EUR	-35.9	-93.4	57.5	-62 %
Capital employed	in million EUR	357.3	369.2	-11.8	-3 %
Net working capital	in million EUR	209.9	205.4	4.5	2 %
Free cash flow	in million EUR	68.2	-24.7	92.9	377 %
Investments	in million EUR	8.4	15.7	-7.3	-47 %
R&D expenditure	in million EUR	49.0	57.8	-8.8	-15 %
Employees	Balance sheet date	3,545	3,308	237	7 %

Clearly positive cash flow in the segment Traffic.

Net cash flow from operating activities amounted to EUR 75.2 million (prior year: EUR -10.9 million). This increase is attributable to the decrease in non-current and current receivables and assets, as well as the good result from operating activities. This is offset by the decline in trade payables as well as the reversal of provisions. While cash flow from investment activities improved significantly to EUR -7.4 million (EUR +18.4 million year-on-year), cash flow from financing activities amounted to EUR -31.9 million as a result of dividends paid and, above all, the redemption of financial liabilities. Total cash flow improved from EUR -17.7 million to EUR +35.9 million, which in turn means that free cash flow developed exceptionally well and amounted to EUR 68.2 million (prior year: EUR -24.7 million).

Segment Traffic cash flow		**2014/15**	**2013/14 (adjusted)**	**Change**	
Cash flow from operating activities	in million EUR	75.2	-10.9	86.1	>500 %
Cash flow from investment activities	in million EUR	-7.4	-25.7	18.4	71 %
Cash flow from financing activities	in million EUR	-31.9	18.9	-50.9	-268 %
Total	in million EUR	**35.9**	**-17.7**	**53.6**	**303 %**

At EUR 8.4 million, investments in the segment Traffic were well below the prior-year level of EUR 15.7 million, a fact which is also attributable to the measures introduced to improve efficiency.

EUR 49.0 million was expended for research and development. While this corresponds to a year-on-year decline of EUR -8.8 million, it is still evident that the company is continuing to invest in this key area for the future, despite the absence of a major project. Approximately 11 % (prior year: 12 %) of the revenue is invested in research and development.

The number of people employed in the segment Traffic saw another substantial increase of 237 (or 7 %) to 3,545 employees.

3.2 Segment Carrier

This segment is represented by Kapsch CarrierCom AG as well as all direct and indirect subsidiary companies (subgroup Carrier). There are more than 25 subsidiaries and branches. KAPSCH-Group Beteiligungs GmbH owns a 100 % stake in this company.

In the segment Carrier, Kapsch is a global producer and systems integrator and offers end-to-end telecommunication solutions for mobile and fixed-line network operators, railway operators, public transport companies and companies seeking real-time asset management solutions.

Kapsch positions itself for its customers around the world as a stable, reliable and trustworthy partner with long-lasting customer relationships based on close collaboration. Kapsch covers the areas of consulting, design, product development, installation and integration as well as maintenance and the operation of complete communication networks for its customers. Besides solutions for business-critical telecommunications, customers are offered a complete, end-to-end service portfolio. With the strategic partnerships and strong innovation that is generated by a total of ten research and development centers in Europe and Asia, the Kapsch is a key knowledge holder in the telecoms industry.

In July 2014, the Kapsch acquired Prodata Mobility Systems NV, Belgium, including its subsidiaries, a division of Prodata Technology Group headquartered in Zaventem, Belgium. By integrating these companies into its organization, Kapsch has made a vital leap in this segment towards its goal of providing end-to-end technology solutions for public transport operators. The business field of public transport, which was established in 2012 and which focuses on essential telecommunication networks based on TETRA (Terrestrial Trunked Radio) technology for local public transport, has expanded its offering with this strategic acquisition, now providing its customers with a central point of contact for applications and services with automated fare collection systems (AFC) and intermodal transport control systems (ITCS).

The segment Carrier operates in the field of Carriers, Railways and Public Transport.

This segment is divided into the following three areas:

- **Carriers (CRS) – (formerly Telecom Operators (OPR).** In the field of public network operators, Kapsch continues to work together with its long-standing customers to optimize and further develop their systems and networks. This field also includes the customer segment “distribution network operators”, in which Kapsch participated in a number of tenders in the past year which are currently in the offer and evaluation phase. Hence, no clear technology trends have yet emerged in this field. Early feedback from customers confirms, however, the competitiveness of the solution offered. In the field of “public network operators”, Kapsch especially addresses customers in Austria, Germany, Central and Eastern Europe as well as France and Taiwan. Public network operator customers include companies like the Telekom Austria Group, eircom in Ireland, Chunghwa Telecom in Taiwan and BICS (Belgacome International Carrier Services) in Belgium.

- **Railways (RLW).** In the railways area, more than 75,000 kilometers of railway tracks have already been equipped with GSM-R solutions by Kapsch, making it an internationally renowned specialist and strong partner for railway companies all around the world.

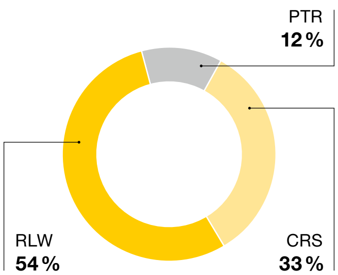
- **Public Transport (PTR).** The investments in the partnership in the TETRA area and the sales activities for establishing the strategically important business field of public transport are now bearing their first fruit. Kapsch acquired Prodata Mobility Systems NV, Belgium in the past fiscal year. Through this acquisition, Kapsch has expanded its portfolio and brought itself closer to the ITS market. While solutions for individual transport are offered in the segment Traffic, Kapsch focuses on solutions for local public transport in the segment Carrier. AFC solutions enable customers in the public transport sector to choose from a perfect mix of sales channels – from integrated and stand-alone POS solutions and ticket machines to online solutions and mobile portals. New ITS solutions enable customers to improve their operational efficiency and performance by being able to locate and track vehicles in real time, provide route information and reports to the dispatcher and by offering a wide range of ITCS functions (intermodal transport control system).

Significant revenue increase in the fiscal year 2014/15 in the sector of railways and public transport.

Segment revenue increased in the past fiscal year by EUR 20.4 million or 12 % to EUR 190.6 million. Breaking revenue down by area shows that revenues in the trendsetting fields of railways and public transport were more than able to compensate for the anticipated decline in revenue in the field of telecom operators for the first time.

Segment Carrier revenues by area		2014/15	2013/14	Change	
CRS	in million EUR	63.6	73.7	-10.0	-14 %
RLW	in million EUR	103.8	96.4	7.3	8 %
PTR	in million EUR	23.3	0.1	23.2	>500 %
Segment Carrier total	in million EUR	**190.6**	**170.2**	**20.4**	**12 %**

Segment Carrier revenue 2014/15

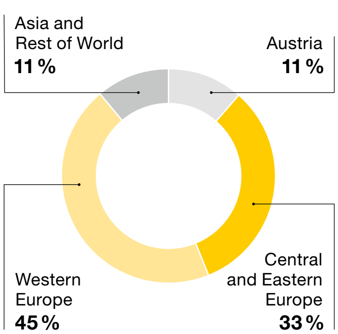


In the Carriers (CRS) area, revenue declined as expected by EUR 10.0 million or 14 % to EUR 63.6 million. However, Kapsch enjoys a deep-rooted position in this field, particularly in the services business, a fact which is due in no small part to value placed by customers in the company's expertise and reliable support. By way of example, service contracts with the Telekom Austria Group and Bouygues Telecom were extended in the past year. Another positive factor to highlight here is the business performance of Kapsch Carrier Solutions GmbH (Germany), which was acquired in the past fiscal year. The main markets for public network operators comprise Austria, France, Central and Eastern Europe, and Taiwan.

In the railways (RLW) area, revenue rose to EUR 103.8 million and exceeded the EUR 100 million mark with an increase of EUR 7.3 million or 8 %, expanding the role of this high-revenue sector in this segment. Among other things, key projects were acquired and realized or are currently in the implementation phase in Czech Republic, Slovakia, Poland, Slovenia, the United Kingdom, Algeria (through a joint venture with Algerian Railways), Saudi Arabia, Romania, Hungary, China, Turkey, France and Germany. The order intake and order backlog have also developed very satisfactorily in this area, which means that further, sometimes significant, increases in revenue can be expected here. The focus of the coming years will continue to be on markets in Central and Eastern Europe, North Africa (via the joint venture mentioned above) and in the Arabian and Asian regions. A further expansion of existing Kapsch GSM-R networks is also expected in many Western European countries.

For the first time in the field of public transport (PTR), significant levels of revenue were generated in the past fiscal year, amounting to EUR 23.3 million (prior year: EUR 0.1 million). This increase is mainly due to the acquisition of Prodata Mobility Systems NV, Belgium, which has contributed around EUR 17.5 million to segment revenue in the nine months since its acquisition. However, existing operations in the field were able to generate revenue contributions of almost EUR 6 million for the first time.

Revenues by region in the segment Carrier
(in % of total revenues)



From a regional perspective, segment revenues can be broken down as follows: EUR 21.8 million in Austria (EUR -4.8 million or -18 %), EUR 62.2 million in Central and Eastern Europe (EUR +15.2 million or +32 %), EUR 85.8 million in Western Europe (EUR +10.8 million or +14 %), and EUR 20.9 million in Rest of World (EUR -0.7 million or -3 %). The countries with the highest levels of revenue are France, Austria, Germany, the United Kingdom, Poland, Czech Republic, Taiwan and Slovenia.

Earnings before interest, taxes, depreciation and amortization (EBITDA) in the past fiscal year amounted to EUR 7.2 million (EUR -3.8 million or -35 %), in line with expectations. This is primarily due to the fact that Kapsch is continuing to invest heavily in research and development, thereby creating solid foundations in this segment in order to win future projects and market share. Additionally, the negative earnings contribution from the Prodata Mobility Systems NV acquisition led to this negative impact on earnings. The EBITDA margin shrank to 3.8 %.

Consequently, the operating result adjusted for goodwill impairment (EBIT adjusted) fell to EUR -5.2 million (prior year: EUR 2.3 million) and the EBIT of the subgroup fell to EUR -7.3 million (prior year: EUR 0.4 million). The EBT margins were thus also negative. Not taking the acquisition and the goodwill impairment into account, the operating result would have been EUR 1.0 million as forecast.

The result of the fiscal year 2014/15 in the segment Carrier is burdened by impairment charges of goodwill as well as by the company acquisition.

Similarly, profit before tax of EUR -11.2 million and the profit for the period of EUR -10.8 million were well below the prior-year results.

Segment Carrier earnings figures		2014/15	2013/14	Change	
EBITDA	in million EUR	7.2	11.0	-3.8	-35 %
EBITDA margin	in %	3.8	6.4		
EBIT adjusted	in million EUR	-5.2	2.3	-7.5	-326 %
EBIT margin (adjusted)	in %	-2.7	1.4		
EBIT	in million EUR	-7.3	0.4	-7.6	<-500 %
EBIT margin	in %	-3.8	0.2		
Profit before tax	in million EUR	-11.2	-0.7	-10.5	<-500 %
Profit for the period	in million EUR	-10.8	-0.5	-10.3	<-500 %

Nevertheless, very positive earnings developments are expected for the coming fiscal year, not least in view of the satisfactory order backlog.

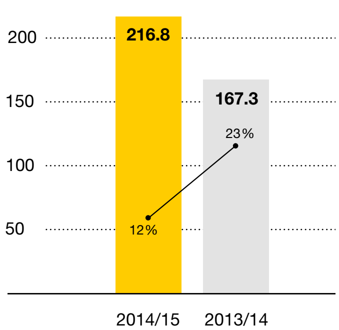
Significant increase in total assets in the segment Carrier due to the expansion of our business activities.

The total assets of the Carrier Group swelled to EUR 216.8 million (EUR +49.5 million or +30 %) in the past fiscal year. This rise is due, on the one hand, to the increase in intangible assets (particularly as a result of the Prodata Mobility Systems NV, Belgium, acquisition) and, on the other hand, to the considerable growth in inventories and customer receivables. Cash on hand and at banks declined from EUR 20.7 million to EUR 9.2 million.

On the liabilities side, financial liabilities increased to EUR 63.3 million, primarily as a result of the acquisition. In addition, trade payables rose to EUR 35.5 million because of the rising volume of business, as did other current liabilities and deferred income to EUR 46.1 million.

Other key figures for the segment Carrier		2014/15	2013/14	Change	
Total assets	in million EUR	216.8	167.3	49.5	30 %
Equity	in million EUR	26.9	38.0	-11.0	-29 %
Equity ratio	in %	12.4	22.7		
Net debt	in million EUR	-54.1	-13.9	-40.2	289 %
Capital employed	in million EUR	90.2	72.6	17.6	24 %
Net working capital	in million EUR	108.3	71.6	36.6	51 %
Free cash flow	in million EUR	-25.5	8.1	-33.6	-415 %
Investments	in million EUR	14.7	2.1	12.6	>500 %
Research and development	in million EUR	38.6	36.9	1.7	5 %
Employees	Balance sheet date	805	740	65	9 %

Total assets (in million EUR) and **equity ratio** (in %) in the segment Carrier



This means that net debt jumped to EUR -54.1 million (EUR -40.2 million). Net working capital also increased considerably by EUR 36.6 million to EUR 108.3 million.

Equity fell as a result of the loss by EUR 11.0 million to EUR 26.9 million, and the equity ratio therefore fell to 12.4 %.

In addition to the assets in the subgroup Kapsch CarrierCom Group, there was also goodwill from KAPSCH-Group Beteiligungs GmbH amounting to EUR 22.5 million attributable to the segment Carrier and the cash-generating unit public operators, which had to be fully written down in the past fiscal year. This means that there is no longer any goodwill in the Group for the cash-generating unit public operators.

Net cash flow from operating activities amounted to EUR -14.4 million (prior year: EUR 12.1 million). This decline is primarily attributable to developments in net working capital. While cash flow from investment activities rose significantly to EUR -26.1 million (EUR -10.4 million year on year) as a result of acquisition-related costs, cash flow from financing activities amounted to EUR 28.6 million (prior year: EUR -5.3 million) on the back of an increase in financial liabilities. Total cash flow deteriorated from EUR -3.6 million to EUR -11.8 million. Therefore, at EUR -25.5 million, free cash flow was well below the prior-year level of EUR 8.1 million.

Segment Carrier cash flow		**2014/15**	**2013/14**	**Change**	
Cash flow from operating activities	in million EUR	-14.4	12.1	-26.5	-219 %
Cash flow from investment activities	in million EUR	-26.0	-10.4	-15.6	149 %
Cash flow from financing activities	in million EUR	28.6	-5.3	33.9	<-500 %
Total	in million EUR	**-11.8**	**-3.6**	**-8.3**	**230 %**

Investments in the segment Carrier amounted to EUR 14.7 million, far exceeding the EUR 4.2 million invested in the prior year. This is due, on the one hand, to the relocation of the subgroup's headquarters in Vienna and, on the other hand, to the capitalized development costs in the public transport sector.

In the segment Carrier, impressive 20 % of the total revenue are invested in research and development.

EUR 38.6 million was expended for research and development. This represents an increase of EUR 1.7 million or 5 % and is evidence of the fact that this is seen as essential in this segment for the medium and long-term success of the company. Thus, investment in research in development continues to exceed 20 % of revenue.

The number of people employed in the segment Carrier increased by 65 employees or 9 % to 805 employees as at the balance sheet date mainly due to the acquisition of Prodata Mobility Systems NV, Belgium.

3.3 Segment Enterprise

This segment is represented by Kapsch BusinessCom AG as well as all direct and indirect subsidiary companies (subgroup Enterprise). KAPSCH-Group Beteiligungs GmbH owns a 94.9 % stake in this company.

With 1,273 employees and revenue of more than EUR 300 million in this segment, Kapsch is a leading service partner for ICT solutions. This success is built on the foundation of the current ICT challenges of Kapsch's customers.

The overall solution portfolio is divided into the segments of ICT Facility Solutions and ICT Infrastructure & Applications Solutions, which provide companies with stable ICT equipment, including the required IT security, powerful Cloud-based services as well as efficient collaboration and communication with a diverse range of devices and from any location. Compliance management also helps to identify the appropriate level of information security.

Kapsch is a trusted advisor to its customers in all fields of communication and information technology and takes on long-term responsibility for the partial or full operation of the customer solution. In accordance with this strategic orientation, Kapsch further expanded its position as a sought-after service partner in Austria as well as Central and Eastern Europe, obtaining many new successful operating projects in the reporting year.

With six branch locations in Austria and its subsidiaries in the Czech Republic, Slovakia, Hungary, Romania and Poland, Kapsch is always where its customers are. In accordance with the follow-the-customer strategy, Kapsch accompanies the customers' expansion activities, thereby expanding the business, both in terms of content and geographical reach, on an ongoing basis.

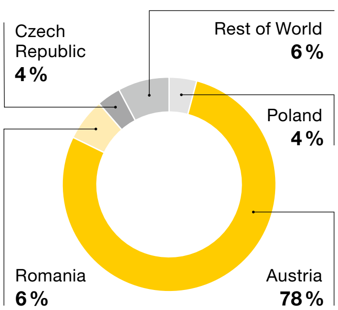
In addition to system integration and continuous optimization measures, Kapsch is increasingly assuming responsibility for the complete operation of ICT solutions. Independent of manufacturers but with close relations with leading technology partners such as Mitel, Apple, Avaya, Cisco, EMC, Google, Hitachi, HP and Microsoft, Kapsch acts as an advisor, system supplier and service provider, seeing itself as a reliable, trustworthy and long-term partner for roughly 17,000 customers in a rapidly changing technological environment.

All service technicians are Kapsch-certified. In other words, they are certified according to clear and transparent quality standards and work according to the globally recognized ITIL® standard for IT service management.

The Kapsch service catalog was developed during the past fiscal year in order to ensure optimum support for both Kapsch customers and the solutions implemented and operated by Kapsch. This catalog clearly and transparently lists all standardized, recurring Kapsch services. From managed services, such as maintenance and troubleshooting, to functional services, such as provisioning variable storage space: all services have a modular structure and can be assembled according to specific customer requirements. Service level agreements clearly regulate what is included in the respective service and what the customer can expect from Kapsch. As a result, customers are offered an even better overview and higher service quality starting in the 2014/15 fiscal year.

Although segment revenue declined by EUR 7.6 million or 2 % to EUR 301.9 million in the past fiscal year, it was still possible to exceed the EUR 300 million mark as in the prior year.

Revenues in Eastern Europe decreased. Other regions increased.



Breaking revenue down by region reveals very different developments. While the company was actually able to expand its market position in Austria and increase revenue by EUR 3.5 million or 2 % year-on-year, negative trends were recorded in some countries in Central and Eastern Europe (in particular Poland, Czech Republic and Hungary).

Revenues by region		2014/15	2013/14	Change	
Austria	in million EUR	236.5	232.9	3.5	2 %
Eastern Europe	in million EUR	54.2	68.8	-14.5	-21 %
Other	in million EUR	11.2	7.8	3.4	43 %
Total	in million EUR	**301.9**	**309.5**	**-7.6**	**2 %**

In a detailed analysis of business areas, it is pleasing to note that revenue in the area of service, maintenance and operation increased by EUR 5.0 million or 4 %, and that the decline is solely attributable to the project business. After portfolios, it primarily relates to the field of ICT infrastructure solutions (EUR -3.2 million or -2 %), which is attributable in particular to delays in customer investments as a result of the slowdown in economic growth. Revenue in the ICT area also dropped significantly in a year-on-year comparison (EUR -6.2 million or -39 %) since a major project was concluded in the prior year. On the contrary, the revenues of ICT outsourcing increased by EUR +3.6 million or +12 %.

Stable business in service, maintenance and operation.

Revenue by business area		2014/15	2013/14	Change	
Project business	in million EUR	184.6	197.1	-12.6	-6 %
Service, maintenance and operation	in million EUR	117.4	112.4	4.9	4 %
Total	in million EUR	**301.9**	**309.5**	**-7.6**	**2 %**

Margins in the segment Enterprise remained at a very low level in the past fiscal year. Both EBITDA, at EUR 7.8 million, and EBIT, at EUR 1.9 million, were slightly below the level of the prior year and in line with revenue development. At EUR 0.3 million, profit before tax was below the prior-year level, which is related in particular to lower interest income and foreign exchange losses. The profit for the period was also EUR 0.3 million.

Earning figures Segment Enterprise		2014/15	2013/14	Change	
EBITDA	in million EUR	7.8	8.5	-0.7	-8 %
EBITDA margin	in %	2.6	2.7		
EBIT	in million EUR	1.9	2.5	-0.5	-22 %
EBIT margin	in %	0.6	0.8		
Profit before tax	in million EUR	0.3	1.4	-1.1	-81 %
Profit for the period	in million EUR	0.3	0.9	-0.6	-68 %

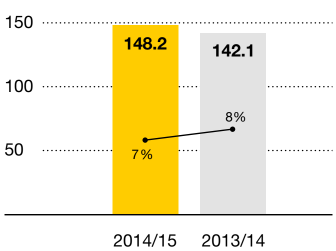
Total assets in the segment Enterprise increased in the past financial year to EUR 148.2 million, which corresponds to a rise of 4 %.

Cash and cash equivalents remain stable in the segment Enterprise.

While non-current assets were reduced through scheduled depreciation by EUR 3.8 million to EUR 45.7 million, current assets rose by EUR 9.9 million to EUR 102.5 million. The increase was particularly noticeable in the level of inventories (EUR +3.8 million), as well as in receivables and other current assets (EUR +6.1 million). Cash on hand and at banks remained virtually unchanged at EUR 7.1 million in a year-on-year comparison.

The rise in non-current assets to EUR 48.4 million (EUR +5.9 million or +14 %) is due, on the one hand, to the increase of EUR 4.4 million in non-current financial liabilities – current financial liabilities were reduced by EUR 3.1 million in return – and, on the other hand, to liabilities associated with employee benefits which rose by EUR 2.2 million. In total, current liabilities remained on a par with the prior year at EUR 89.7 million.

Total assets (in million EUR) and **equity ratio** (in %) in the segment Enterprise.



Equity fell as a consequence of the result and, above all, of other comprehensive income, by EUR 0.9 million to EUR 10.1 million, and the equity ratio therefore shrank to 6.8 % from 7.7 %.

Other figures for the segment Enterprise		2014/15	2013/14	Change	
Total assets	in million EUR	148.2	142.1	6.1	4 %
Equity	in million EUR	10.1	11.0	-0.9	-8 %
Equity ratio	in %	6.8	7.7		
Net debt	in million EUR	-24.0	-22.7	-1.3	6 %
Capital employed	in million EUR	41.2	40.8	0.5	1 %
Net working capital	in million EUR	68.1	61.9	6.2	10 %
Free cash flow	in million EUR	-1.2	0.8	-1.9	-251 %
Investments	in million EUR	2.7	4.4	-1.7	-38 %
Research and development	in million EUR	0.1	0.1	0.0	-39 %
Employees	Balance sheet date	1,273	1,322	-49	-4 %

Net debt increased by EUR 1.3 million to EUR 24.0 million and net working capital rose by EUR 6.2 million to EUR 68.1 million. Capital employed remained virtually unchanged at EUR 41.2 million.

In addition to the assets of the subgroup Enterprise, there was also goodwill of EUR 17.6 million from KAPSCH-Group Beteiligungs GmbH assigned to the segment Enterprise, for which no need for impairment was revealed in the course of the impairment test carried out.

At EUR 0.5 million, net cash flow from operating activities was below the prior-year level of EUR 3.8 million. This development is due in particular to the increase in inventories and current receivables and other current assets, and was offset by the increase in trade payables. While cash flow from investment activities improved on the prior year to EUR -1.2 million (prior year: EUR -3.1 million), cash flow from financing activities rose to EUR 0.8 million (prior year: EUR -3.1 million) on the back of an increase in financial liabilities. Total cash flow improved from EUR -2.5 million to EUR 0.0 million, meaning that free cash flow was also below the prior-year level of EUR +0.8 million at EUR -1.2 million.

Segment Enterprise cash flow		2014/15	2013/14	Change	
Cash flow from operating activities	in million EUR	0.5	3.8	-3.3	-88 %
Cash flow from investment activities	in million EUR	-1.2	-3.1	1.9	61 %
Cash flow from financing activities	in million EUR	0.8	-3.1	3.9	125 %
Total	in million EUR	**0.0**	**-2.5**	**2.5**	**101 %**

At EUR 2.7 million, investments in the segment Enterprise were well below the prior-year level of EUR 4.4 million.

The number of people employed in the segment Enterprise declined by 49 (or 4 %) to 1,273 employees as at the balance sheet date.

3.4 Segment Others

This segment mainly comprises the companies involved in managing the Group, i.e. KAPSCH-Group Beteiligungs GmbH, Kapsch Aktiengesellschaft and Kapsch Partner Solutions GmbH, as well as the activities of Kapsch ConnexPlus GmbH, FIPOFIX GmbH and Kapsch Smart Energy GmbH.

Figures for the segment Others		2014/15	2013/14	Change	
Revenues	in million EUR	17.4	16.2	1.2	7 %
EBITDA	in million EUR	2.1	2.5	-0.3	-14 %
EBIT	in million EUR	1.6	2.1	-0.5	-22 %
R&D expenditure	in million EUR	0.5	0.7	-0.2	-26 %
Employees	Balance sheet date	111	114	-3	-3 %

Centralized functions.

These central companies handle the strategic and operational management of the Group companies, Group marketing, Group legal services, Group accounting and controlling as well as central financial planning and financing. They also provide all personnel-related services such as personnel administration, recruiting and personnel development, as well as travel management services for the entire Group. Personnel training is additionally offered to both internal and external customers.

A car park was completed by Kapsch ConnexPlus GmbH in the past fiscal year. Since July 2014, the parking available here has been let to interested long-term customers and the company provides all of the operational services required.

Kapsch Smart Energy.

Through Kapsch Smart Energy GmbH, the Group offers intelligent energy management, smart metering and smart grid solutions to energy grid operators. These areas represent important factors in achieving the goals of the European directive on energy efficiency and energy services. The company combines the extensive know-how of the Kapsch Group in intelligent transportation systems (ITS) and information and communication technology (ICT) with the competence of highly specialized providers of components such as smart meters. The core of the solutions, for which Kapsch Smart Energy can handle the entire planning, implementation and operation, is the internally developed, flexible and meter-independent meter data management software SEM. In addition to extensive analysis, reporting and alarm management functions, this software also offers expansion options for optimized meter network operation and smart grids.

4 Other corporate disclosures.

4.1 Research and development

Research and development activities are a high priority for the Group in pursuing its strategic goals. Successful research is the foundation for the ongoing improvement of existing products and systems as well as the continuous reduction of production, installation, operating and maintenance costs, and for the early identification of new trends. Knowledge and the use of entirely new technologies, based on national and international standards, form the basis for successful business development and enable Kapsch to enter new markets.

To ensure the continued innovative strength of the company, all the strategic business areas of the Kapsch Group have development departments that focus specifically on solutions for the needs of customers. The research and development activities are complemented in some areas by joint projects and close cooperation with universities, public and private institutes as well as technology and research companies.

Research and development costs remain on a high level.

Kapsch has faced these challenges for many years and, despite stagnating revenues, continued to invest in research and development in the 2014/15 fiscal year in order to ensure the long-term growth of the Group.

Development activities are particularly dynamic in the segments Traffic and Carrier:

In the **segment Traffic,** the Kapsch Group has a global network of research and development centers in Vienna and Klagenfurt (Austria), Jönköping (Sweden), Bologna (Italy), Buenos Aires (Argentina), Mississauga (Canada), Kingston and Duluth (U.S.A.) and Cape Town (South Africa). As at 31 March 2015, Kapsch employed roughly 400 engineers (previous year: roughly 470) for its R&D activities in this segment.

The focus of R&D in the past fiscal year was on the following areas: Completing the development of standardized platforms was top priority in the back office area. Additional functionalities were implemented and successfully tested for the use of video tolling. An impact study demonstrated the effectiveness of this solution, which can handle up to 90 million transactions every month.

Investment continues to improve vehicle recognition and classification sensors, which can be integrated into the cost-effective single gantry roadside system. The new generation of sensors and infra-red lighting increases the accuracy of measurements, taking a step towards meeting rising market requirements.

Regarding the requirements of the Italian market, Kapsch initiated an evaluation and prototype development for a DSRC on-board unit which is also able to communicate with the special Italian radio standard ETSI-HDR.

Kapsch reached a milestone with the completion of the first satellite-based toll system with ITS functionality in France, thereby adding a major element to the company’s portfolio. The conditions for this success were both the collaboration between the development sites in Sweden and Austria, as well as the close coordination with the customer.

In order to safeguard the existing 5.8 GHz portfolio, it is essential to equip the business field with other technologies. The new RFID platform, which meets the ISO 18000-6C standard, addresses new markets where RFID sticker tags are already established or explicitly in demand. Kapsch can therefore select the technology that is best suited to the needs of the customer. The RFID-MLFF platform expands the portfolio of solutions for toll and registration applications to include standard RFID components from third-party suppliers that have already implemented ISO 18000-6C/63 (transmission protocols with significantly higher capture rates).

The continuous improvements to and the use of our 915 MHz multi-protocol components were supported by the development of an even more flexible and efficient architecture for the MPR2 reader.

Kapsch was able to significantly improve the user experience for traffic management systems. In particular, the controlling of reversible lanes was optimized by means of an innovation. The new auto-sweep function enables the fully automated recognition of free lanes. Other architectural adjustments increased the performance, scalability and user-friendliness of the solution.

In order to meet the growing interest in V2X solutions (vehicle-to-vehicle and vehicle-to-infrastructure communication), Kapsch is working together with other companies and institutions in Europe on a number of projects. Aside from developing application scenarios for V2X communication, along with its implementation and evaluation, Kapsch is also actively participating in the necessary standardization process in Europe and the U.S.A. The aim here is to establish an end-to-end solution from the traffic center to the vehicle, which was already successfully presented during the 2014 ITS World Congress in Detroit, U.S.A. Similarly, the work in the field of in-vehicle equipment focuses on solutions for networked vehicles associated with V2X technology. Participation in a number of research projects in cooperation with the automotive industry led to close contacts with leading original equipment manufacturers (OEMs) and Tier 1 automotive suppliers.

In the **segment Carrier,** the Kapsch Group has a network of research and development centers in Vienna (Austria), Paris (France), Friedrichshafen (Germany), Zagreb (Croatia), Aveiro (Portugal) and, since July 2014, also in Zaventem (Belgium). Moreover, there has also been collaboration with outsourcing partners in Bangalore and Mumbai (India), Nizhny Novgorod (Russia) and Istanbul (Turkey). Thus, it is possible to offer customers a broader product portfolio and maintain the customer base in the long term. In the segment Carrier, the individual research and development centers are also organized as competence centers and coordinated centrally by the product management.

In addition to technologically leading developments in the GSM-R area that have led to new patents, other development activities take place in close cooperation with customers. This does not only mean responding directly to customer wishes, it also involves developing innovations that can be used with a broader range of customers in the medium term.

As at 31 March 2015, Kapsch employed in this segment more than 300 experts in its own research and development centers, including project management, quality assurance and testing, documentation and certification. If necessary, another 150 developers employed by partners in Russia, India and Turkey are available to work on Kapsch research and development projects. In addition, the research and development capacity of the segment Carriers was increased significantly through the acquisition of Prodata Mobility Systems NV, particularly in the public transport sector.

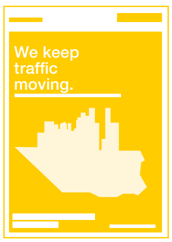
Besides classic development services, 2nd and 3rd level support services are also provided to customers in the **Carrier as well as Enterprise segments,** and a training center is operated for intensive know-how transfer. In these segments group-internal developments are increasingly part of application solutions.

Research costs are generally recognized as expenses. The same applies to development costs, unless the IFRS criteria for recognition as intangible assets are satisfied. Since the total-cost method is used, the research and development costs are reported within various items of the statement of comprehensive income, in particular in the costs of material and other production services, staff costs and other operating expenses. The advance payments made to date for the external development of another central system in the segment Traffic have been capitalized.

In the 2014/15 fiscal year, the Kapsch Group invested EUR 88.2 million (2013/14: EUR 95.5 million) in research and development, leaving the share of research and development activities on a par with the high level of the previous year at 10 % of consolidated revenue.

4.2 Non-financial performance indicators

Sustainable management



Sustainability Report 2013/14

Kapsch sees itself as particularly committed to the central aspects of sustainability, not least due to the business model of the company. Securing the long-term stability of the company in consideration of all economic, environmental and social perspectives is an overarching goal in this area, and Kapsch is committed to a consistent focus on sustainability. The focus here is on the conservative and sparing use of all types of resources, safeguarding profitability and innovative thinking, as well as ensuring equal opportunities and fairness towards all the relevant stakeholders.

Kapsch makes an important contribution to the development of society and to improving environmental and climate protection by means of innovative products and services. Correspondingly high is the value placed on research and development activities that are intended to ensure future company successes and which serve to drive development in the current business segments.

Environmental Issues

The various subsidiaries of the Kapsch Group have certified environmental management systems according to ISO 14001, the aim of which is to minimize environmental impacts and resource use on a continual basis, among others. In addition, these companies comply with legal obligations relating to waste disposal and there also exist memberships of Altstoff Recycling Austria AG and UFH (Umweltforum Haushalt).

The commercial activities of the Kapsch Group are associated with the consumption of raw materials and climate-relevant emissions. Kapsch works hard to minimize such factors and their effects by implementing targeted measures to improve both environmental and climate protection. The majority of the climate-relevant effects result from the operations of the subsidiary Kapsch Components GmbH & Co KG, which is responsible for production, as well as from the vehicle fleet of the entire Group. By means of effective measures to increase energy efficiency and as a result of a lower production volume, it was possible for Kapsch Components GmbH & Co KG to reduce its energy consumption in the 2013/14 fiscal year by 0.7 %, after having achieved a reduction of 5 % in the prior year. The share of waste per ton of products manufactured was reduced by 13.5 % to 135 kg and of nitrogen used per ton of products by 5.1 %.

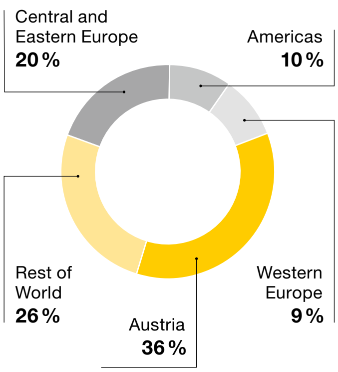
Employees

Additions resulting from acquisitions in the Traffic and Carrier segments.

On the reporting date of 31 March 2015, the Kapsch Group had 5,734 employees. This represents an increase of 250 employees or 5 % compared to the prior year. This is mostly attributable to the further expansion of resources in the segment Traffic by 237, or 7 %, to 3,545 employees and in the segment Carrier by 65 employees, or 9 %, to 805. The headcount in the segment Enterprise was reduced by 49, or 4 %, to 1,273, while in the segment Others it remained largely unchanged.

Employees by segment	2014/15		2013/14		Change	
Traffic	3,545	62 %	3,308	60 %	237	7 %
Carrier	805	14 %	740	13 %	65	9 %
Enterprise	1,273	22 %	1,322	24 %	-49	-4 %
Others	111	2 %	114	2 %	-3	-3 %
Group	**5,734**	**100 %**	**5,484**	**100 %**	**250**	**5 %**

Employees per region



Taking a regional perspective, the headcount increased to a greater or lesser extent in countries such as South Africa (+206 or +17 %), Poland (+146 or +46 %), Belgium (+80 or +100 %), Belarus (+35 or +19 %) and Sweden (+7 or +5 %), largely as a result of project work or acquisitions, while a slight decline took place in other countries such as Romania (-26 or -28 %) and Argentina (-34 or -18 %). Austria also saw a decrease of 4 % although, with 2,042 employees, Austria continues to have the largest workforce (more than 35 % of all employees).

The Kapsch Group believes that the qualification, above-average dedication and the ability of its employees to find solutions are important factors for success. This means that the Kapsch Group places particularly high value on the measures in place to ensure continuous professional development. For example, the Kapsch University offers an individualized training plan which is composed of professional and personality-based courses and seminars. A job rotation program has been implemented to encourage multinational employee exchanges, and a trainee management program prepares selected employees for their future duties. Furthermore, a two-year internal trainee program is also offered, during which the trainees can familiarize themselves with various companies and departments within the Kapsch Group.

The personnel management of the Kapsch Group also concentrates on encouraging a focus on performance by means of performance-based remuneration systems, by making ongoing improvements to occupational health and safety, and by ensuring equal opportunities.

In order to underscore its reputation as an attractive and responsible employer, Kapsch has enabled its employees to participate in the success of the company for many years. In addition to this, contributions are paid into an external pension fund according to a defined contribution scheme for employees of Group companies in Austria.

Promoting opportunities for women is an active goal within the Kapsch Group.

Kapsch has a strong commitment to promoting women, who are supported at Kapsch in particular with flexible working hours so they can combine a professional and family life. Kapsch also cooperates with schools, universities of applied sciences and universities, which aim to increase the proportion of women employed in all areas of the company. The company is also involved in special programs to promote women in the workplace, such as “Frauen in die Technik (FIT)” or “FemTech”. The Kapsch Group has also established a committee for equal opportunities.

Quality management

Ensuring high standards for quality, safety and robust processes is a top priority in every business unit of the Kapsch Group. Kapsch defines its processes in an integrated management system for health and safety, security, environment and quality (HSSEQ). 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 has integrated the necessary actions into its internal processes and monitors them continuously. The certificate pursuant to ISO 27001 ensures the necessary level of information security management. A high service quality is ensured in the area of technical operation with ISO 20000 for IT service management. The so-called HSSEQ Circle meets once per quarter in order to discuss the status of the objectives and actions in the areas of health & safety, quality, environment and information security, and in order to optimize business processes and the exchange of information. These aspects are documented in a quarterly report to the Executive Board.

Cultural and social responsibility

Page 27: More information on our cultural and social responsibility.

The Kapsch Group acknowledges its social responsibility, supporting selected cultural and social institutions and projects around the world. For instance, a general partnership with the Vienna Concert House has existed since 1992 and the contemporary music festival "Wien Modern" has been a recipient of support since 1989.

The Kapsch Group also has a strong awareness of its social responsibility, which is reflected in its support for numerous organizations and institutions. These include 'Doctors without Borders', Caritas Socialis, the St. Anna Children's Cancer Research Institute and the Institute for Cooperation in Development Projects (ICEP).

Risk management

Risk management entails the analysis of risks and opportunities.

As a technology corporation, the Kapsch Group operates in a very dynamic environment. Risks are therefore an integral part of everyday business. For the company, risk means the possibility of deviating from company targets, meaning that the definition of risk encompasses both positive (opportunities) as well as negative (risks) deviations from planned objectives.

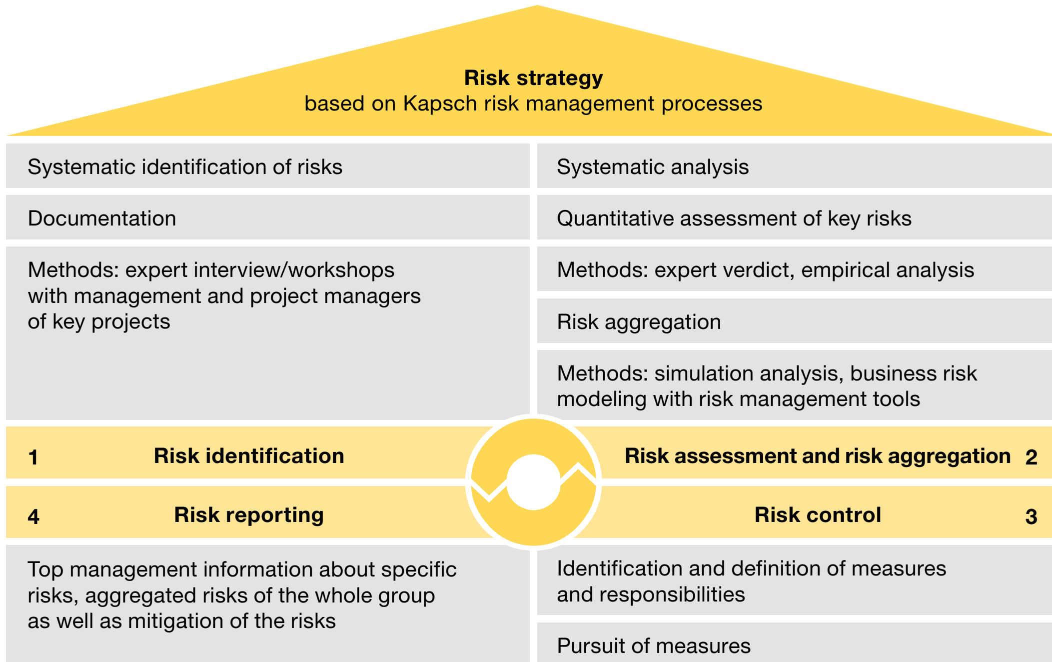
Risk management system

The Kapsch Group has initiated numerous processes to make its risk management more effective and establish best practice standards. The position of risk manager has been established in the three main companies and the defined processes are based on the COSO ERM – Enterprise Risk Management Framework of the Committee of Sponsoring Organizations of the Treadway Commission and ONR 49000/ISO 31000 Risk Management Systems, a set of rules laid down by the Austrian Standards Institute.

The main focus of risk management is on project risk management and enterprise risk management (ERM).

Project risk management makes use of institutionalized processes to evaluate all relevant opportunities and risks inherent in customer and development projects starting in the offer or initiation phase in order to lay the foundation for good decisions and the timely planning and implementation of control measures.

Enterprise risk management (ERM) involves the analysis of risks inherent in the Group's major customer projects as well as strategic, technological, organizational, financial, legal and IT risks, and reports are submitted to the Executive Board and the audit committee of the Supervisory Board on a semi-annual basis. The ERM approach is aimed at the early identification, assessment and mitigation 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 identify and realize opportunities as they arise over time in order to make a valuable contribution to the management of the company.



Work continued to further develop the company's risk management in the 2014/15 fiscal year. In addition to the regular incorporation of lessons learned from the project business, project managers were given intensive training in the field of risk management, and a new interface between IT risk management and enterprise risk management was created. The functionality of risk management in the segment Traffic is also evaluated on a yearly basis in accordance with rule 83 ÖCGK by the Group's auditors, PriceWaterhouseCoopers (PwC).

An overview of the major risks faced by the Group, together with the respective risk management measures, can be found below:

Industry-specific risks
Volatility of new orders. A major portion of the revenues of the Kapsch Group is generated from project business and is therefore subject to high volatility. In connection with large projects in the segment Traffic in particular, the Kapsch Group regularly participates in tenders for the implementation and operation of large electronic toll collection systems. On the one hand, there is a risk that tenders in which the Kapsch Group participates or plans to participate could be delayed or withdrawn, for instance as a result of political changes, appeals or legal actions by unsuccessful bidders. On the other hand, there is a risk that the Kapsch Group may not win with its bids for new projects due to technological, financial, formal or other reasons. Continuing revenues from maintenance agreements and from technical operations also depend on the successful participation in tenders for systems.

The approach of Kapsch aims to reduce revenue volatility.

In addition, the strategy of the Kapsch Group aims at adequately counteracting volatility in incoming orders and therefore also in the sales performance, respectively, in the cash flow from operating activities. This is achieved, on the one hand, through activities in three different business segments and, on the other hand, by increasing geographical diversification, broadening the customer base and product portfolio and by constantly increasing the share of revenue from technical operation, including maintenance of systems as well as the general increase in the share of revenues from services. Furthermore, becoming involved in the commercial operation of toll systems, the significant growth in the components business in the segment Traffic and the increase in the services part of other segments have also contributed to increasing the share of regular and recurring revenues and cash flows.

Technical challenges and tight schedules give rise to typical project risks.

Project execution risks. In connection with the execution of the projects outlined above, which are very often sophisticated and complex technical systems, product and system defects can occur due to the limited time available for implementation and testing. Unexpected project modifications, a shortage of skilled workers, quality problems, unexpected technical issues and performance problems with suppliers or consortium partners may have a negative effect on the adherence to delivery dates. If the contractual services are not fulfilled or if deadlines are exceeded, penalties usually have to be paid, often also damages, in some cases even damages for lost profits of the customer. Deadlines that are missed are often covered by contract clauses that allow the customer to terminate the contract prematurely. A significant delay in a project, a clear failure to meet the contractually agreed performance criteria or even failure in the implementation of a project would also reduce the chances of success for future tenders for systems. There is also the risk that Kapsch projects cannot be realized at the previously calculated costs. Additionally, the Group is often contractually obliged to provide performance and deadline guarantees when implementing systems.

The Kapsch Group employs project management methods and project risk management procedures based on the IPMA (International Project Management Association) standards in order to guard against risks associated with projects. Moreover, during internal project controlling, ongoing projects are subject to constant planning and analysis to minimize project risk.

Additionally, given the variety of projects undertaken in the segment Enterprise, the following standards must be applied to minimize risks when executing projects:

- In the bidding phase, a comprehensive risk evaluation is carried out according to defined standards as part of the opportunity qualification process. The project execution is carried out by project managers certified according to IPMA standards.
- The creditworthiness of the customer must be checked as part of the contract acquisition process. In case of credit rating risk, the customer is asked to provide additional collateral.

Long-term contracts with public authorities. In many cases, contracts are awarded by public agencies or government-related companies. Framework agreements and service contracts especially in connection with toll projects may include terms and conditions that are not negotiable in a tender process and that may be disadvantageous for the Kapsch Group. Some multi-year contracts contain demanding requirements regarding the targeted performance of the implemented systems, components and processes. If these requirements are not met, this may result in substantial penalties, liability for damages or termination of contract. Then again, under some contracts substantial bonus payments may be earned in the case of over-performance. Moreover, in the case of long-term contracts, the margins earned can also differ from the original calculations due to changes in costs.

Liabilities arising from contracts may include liabilities regarding customers' loss of profit, product liabilities and other liabilities. While the Kapsch 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.

Customer dependency risk. Although this risk has already been reduced significantly in the past years, in particular by means of regional diversification and continued growth via new customers, the sizes of the projects in the segments Traffic and Carrier result in a certain dependency on individual customers. However, since these customers are often closely associated with public authorities, there is generally also a high degree of stability and security. The Kapsch Group will continue striving to keep this risk at a minimum by increasing the number of customers.

Strategic risks

Innovative power. The strong market position of the Kapsch Group is based to a large extent on its ability to develop state-of-the-art, efficient and reliable systems, components and products. In this context, the Kapsch Group is committed to an ongoing and consistent innovation process. In order to maintain its high technological standards, the Kapsch 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, this can be disadvantageous to the competitive position of the Kapsch Group. Since 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 effects on the Kapsch Group.

In addition, any failures in protecting these technologies may have a negative impact on the competitive position of the Kapsch Group. However, it is possible that systems, components, products or services could infringe upon the intellectual property rights of third parties. The Kapsch Group places great emphasis on protecting technologies and the company's internal know-how, such as patents and non-disclosure agreements with contractual parties. In order to avoid legal action and court proceedings, the Kapsch Group constantly monitors potential infringements of intellectual property rights. However, the time-to-market principle always lies at the heart of all considerations.

International growth is opening up new opportunities but also poses risks.

Acquisition and integration of companies as part of the Group's growth. One of the strategic objectives of the Kapsch Group is to expand internationally both through organic growth and via selected acquisitions and joint ventures. In implementing this strategy, the Kapsch Group has acquired companies around the world and integrated them into the Group. However, a number of challenges remain in connection with this growth strategy in achieving the desired synergies and objectives in full through all of the future acquisitions and joint ventures.

Country risk. Following the strong expansion of business activities in Eastern European countries (outside of the EU) and states outside of Europe, the Kapsch Group is exposed to a heightened degree of political risk. 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 and/or withdraw them again. Infringements upon the intellectual property rights of the Kapsch Group or problems with business practices and activities may also arise.

Financial risks arise from exchange rate fluctuations, interest rate and credit risks. Sufficient liquidity increases flexibility in order to act at short notice.

Financial risks

The main instruments used to monitor and minimize risks are standardized planning and controlling processes, company-wide guidelines and regular reports.

Foreign exchange risk. The Kapsch Group maintains branches, offices and subsidiaries in many countries outside the euro zone. A considerable portion of revenues and costs are denominated in the currencies of the respective foreign companies or a third currency, rather than in euros. Although the Kapsch Group aims to hedge the net currency position of the individual contracts as required, currency fluctuations may result in exchange rate losses that appear on the consolidated financial statements (transaction risk). In addition, risks arise from the translation of separate financial statements of international companies into the Group currency, the euro (translation risk). Fluctuations in exchange rates may also affect the competitive position of the Kapsch Group. In principle, only operational risks are hedged, speculative transactions are not permitted within the Group.

Interest rate risk. Within the framework of project financing, the Group regularly agrees to floating interest rates that are tied to market interest rates (EURIBOR, PRIBOR, etc.). This exposes the Kapsch Group to interest rate risks. The Kapsch 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 Group to meet its payment obligations at all times. Medium and long-term financing must be available in order to carry out major projects (such as implementing a national toll collection system under 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 collaterize bid obligations (bid bonds) or possible warranty claims (performance bonds).

In financing agreements, the Kapsch Group is subject to the usual limitations of its business policy, such as, for instance, with regard to taking on additional borrowings, the use of assets as collateral or the provision of guarantees/sureties in favor of third parties. The availability of financing and bank guarantees depends on market conditions as well as the net assets and financial position of the Kapsch Group and the results of operations. A lack of liquid assets (even if the Group is otherwise essentially solvent), of financing or of bank guarantees can have an extremely adverse impact on the net assets and financial position of the Kapsch Group and the results of operations.

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 Group is exposed to the risk of default by customers. The credit ratings of new and existing customers are checked on a regular basis. Many of the key customers of the Kapsch Group are public authorities. There is also a risk that counterparties (including financial institutions assumed to have good credit ratings) of both original and derivative financial instruments cannot meet their payment obligations when due. A payment default or the need to impair receivables can have an extremely adverse impact on the net assets and financial position of the Kapsch Group and the results of operations.

Since the main customers are large public or formerly public network operators, the bad debt risk is considered to be very low. Nevertheless, the creditworthiness of new and existing customers is checked regularly. For some project-specific default risks and damages, insurance is taken out.

Personnel risk

Kapsch addresses personnel risk through attractive offers for employees.

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

The Kapsch Group has implemented a number of measures to deal with personnel risks, such as incentive schemes, training and further education opportunities, etc. in order to mitigate that risk.

Legal risks

In connection with participating in the tenders of public authorities, the construction of infrastructure for ITS solutions (such as toll stations) and the operation of toll collection systems, but also the increasingly complex requirements in the other segments, a number of regulations and legal requirements have to be observed.

As a result of the increased expansion of the business activity into new regions and into selected new fields, the risk of patent infringements or violations of intellectual property rights tends to increase. The Kapsch Group has implemented active intellectual property (IP) management as a separate function. In order to avoid claims and lawsuits, the Kapsch Group regularly monitors potential violations of intellectual property rights prior to entering into new markets or regions.

The various markets of the Kapsch Group are impacted by numerous legal provisions on an international and national level. In this context, the Kapsch Group is exposed to the risk that certain regulations, such as data protection laws or environmental and safety requirements, might have negative implications. Assessing and adhering to applicable legal regulations and requirements can result in considerable administrative and technical expenses. 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.

IT risks

As a technology company, the Kapsch Group is exposed to common IT risks in terms of security, confidentiality and availability of data. To this end, Kapsch has introduced an IT risk management system based on CRISAM®, the Corporate Risk Application Method, and is also certified according to ISO 27001 (Information Security Management). With regard to the operation of toll collection systems, the Kapsch Group has certified IT service management according to ISO 20000 (cf. ITIL).

Additionally, the introduction of a risk management system according to the Corporate Risk Application Method (CRISAM®) has improved the management system for information security.

In this context, Kapsch not only prioritizes greater IT security but also takes a holistic view of this crucial area. For example, building and infrastructure security were also increased, and regular training courses are held to raise employee awareness of security issues.

Opportunities

The early identification of opportunities opens up new potentials.

The enterprise risk management approach of the Kapsch Group not only deals with risks but also with the regular identification, measurement and management of opportunities in its markets. The aim of these efforts is to manage the strategic orientation of the product portfolio and market activities through the early identification and exploitation of suitable opportunities.

Particularly in the segment Traffic, market opportunities exist in geographic diversification as well as in increasing expansion of the customer and product portfolio, 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 the activities in 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 employed as controlling instruments of environmental and traffic policy. This is creating opportunities in both the ETC and ITS segments 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. Opportunities also exist to win new customers outside the public sector, such as in the area of fleet management.

In addition, numerous market opportunities arise in all segments as a result of the geographic diversification, the broadening of the customer and product portfolio and from strategic partnerships. Constant innovation and technical advancements also create opportunities for Kapsch 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 systems offered.

Overall assessment of the Kapsch Group's risk position

From today's perspective, no risks have been identified that could endanger the continued operations of the Kapsch Group. Increasing geographic and technological diversification, the constant broadening of the product portfolio, combined with an increased share of recurring revenues (operation of and component supplies for toll collection systems and growing services in other segments) are planned to further reduce the concentration of risks in the future. By the same token, constantly striving to maintain its strong technology position, offering high-standard products and innovative solutions should ensure that our customers in all segments feel that Kapsch is a partner that will continue to provide reliable long-term support and optimal solutions in the future.

Internal control system (ICS)

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

The Kapsch Group began back in the 2009/10 fiscal year to analyze and document accounting-related internal control processes in the segment Traffic. The results to date were presented to the Supervisory Board for evaluation and discussion in the quarterly meetings of the Audit Committee. During the regular field reviews carried out by Internal Audit, one of the focal points is checking the reliability and functionality of the internal control system. In this way, the Internal Audit department makes an important contribution to ensureing that every company implements a reliable and functional control system.

The processes for Group accounting and reporting are based on an accounting manual that is issued and regularly updated by KAPSCH-Group Beteiligungs GmbH. This manual sets forth the main accounting and reporting requirements for the Group based on IFRS. Group guidelines, working instructions and defined procedures constitute another important cornerstone of ICS.

The central elements of the ICS process include regular compliance checks according to the principle of dual control, the segregation of duties and defined actions for monitoring the effectiveness and efficiency of operating activities, the reliability of financial reporting, compliance with relevant legal regulations and safeguarding the company's assets.

The ICS guidelines follow the basic structures of the internationally recognized standards for internal control systems (COSO – Internal Control Framework of the Committee of Sponsoring Organizations of the Treadway Commission).

Internal control systems are locally implemented and centrally monitored.

The accounting of all Group transactions is managed by means of 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. Companies submit reporting packages to the head office on a quarterly basis containing all accounting data pertaining to the statement of comprehensive income, the statement of financial position, the cash flow statement and cost accounting reports in the form of a contribution margin analysis directly through the central consolidation and reporting system (Hyperion Financial Management). The financial information is verified on a Group-wide basis by the subsidiary and participation controlling department and subsequently forms the basis for the group reports issued 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 and 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.

In line with the decentralized structure of the Kapsch Group, local management is responsible for implementing and monitoring the internal control system. The general managers 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 this respect.

In order to provide better support to the management teams of the individual Group companies, an ICS officer was established in the parent companies of the three key companies. This person is responsible for standardizing and constantly developing ICS throughout the individual company, monitoring the compliance and effectiveness of controls as well as the improvement of weaknesses identified, and reporting periodically to the Audit Committee of the Supervisory Board. To exploit synergies here throughout the entire Group and share experiences, regular meetings are held by the Group Governance Committee, in which the ICS officers of the individual companies and Internal Audit regularly coordinate and promote relevant topics and developments.

5 Material events after the balance sheet date.

The Group acquired controlling ownership of California-based Streetline, Inc. by merging with newly established KTCSL Merger Corp., Delaware, U.S.A., on 14 April 2015. Streetline is a leading provider of smart parking solutions that offers intelligent data and modern analytics to solve parking problems for end users.

On 28 April 2015, Kapsch TrafficCom AG offered to repurchase notes at a price of 105.75 %, an offer which was valid until 19 May 2015. Notes with a nominal value of EUR 4.2 million were consequently repurchased. These were redeemed at the Oesterreichische Kontrollbank (OeKB) on 22 May 2015, meaning that the corporate bond now has a value of EUR 70.8 million and will run until 3 November 2017.

On 26 June 2015, the remaining 20 % interest in FIPOFIX GmbH, Vienna, was acquired. The Group thus owns all the shares in this entity.

6 Outlook.

In the coming 2015/16 fiscal year, the Kapsch Group is still optimistic regarding trends and developments in its markets and expects to continue the current growth course into another successful year thanks to its strategies pursued in the individual areas and its sound balance sheet structure. This should be reflected in an increase in revenue as well as an improvement in the profit situation.

In the **segment Traffic** and as part of the comprehensive 2020 program, Kapsch defined a strategy for the future in the 2014/15 fiscal year, which sets out how the business will be developed and transformed. In addition to this, three strategic priorities were defined for the coming years: operational excellence, strengthening core business divisions and developing the intelligent mobility solutions (IMS) business. The coming years will therefore be challenging but will also bring many new opportunities. The cost-saving measures implemented will take full effect in the course of the 2015/16 fiscal year. The earning power of the core business should then be around 10 % as expected and offer sufficient opportunity for future investments again. The first step towards this future was taken in April 2015 through the acquisition of a controlling stake in the California-based smart parking provider, Streetline.

Kapsch will continue with existing projects in a targeted manner, working to boost its market position by means of new developments and projects. In the years to come, a number of existing contracts for operation projects will be put out for tender again. In 2016, this will relate to the nationwide electronic truck toll system in the Czech Republic as well as the contract for the technical operation and maintenance of the nationwide electronic truck toll system in Austria, which will run until 2018. Kapsch is working hard to once again offer the best range of services in these tenders in order to win them. It is the long-term objective of Kapsch to further develop the group of companies, solutions, products and services so as to remain one of the leading providers in the market.

Revenue in the **segment Carrier** is expected to experience strong growth overall, being driven by new projects with railway customers and working through the high order backlog in this and the public transport sectors – a process being supported by the acquisition of Prodata Mobility Systems NV, Belgium. Revenue in the area of network operators is also expected to increase slightly, supported by the strategy of concentrating on a defined core portfolio and the focused development of defined core markets. The focus for the coming year will be on the integration and leverage of Prodata Mobility Systems NV, Belgium. Kapsch would like to grow further through a continued focus on end-to-end communication solutions for railway operators, a specific solution and service portfolio for distribution grid operators in connection with the legislatively regulated smart meter rollout and additional investments in R&D as well as strategic partnerships in the area of new technologies. With its leading market position in the area of GSM-R and the broad customer base of public network operators, many promising opportunities exist for the company. Kapsch has identified major synergies between its competence in the carrier market and rapidly growing demand in the machine network segment. There are also possibilities to combine with machine networks in the field of public transport as a result of the acquisition of Prodata Mobility Systems NV. By the same token, developing existing railway competencies towards local public transport seems to be an obvious and promising step. In the coming fiscal year, Kapsch would also like to place early proofs of concept for future railway mobile communication systems (FRMCS) on the agenda. The roadmap in the field of public transport will be further developed, based on the core portfolio of Prodata Mobility Systems NV, in the direction of the thematic focal points “Mobility as a service”, “Micropayment”, “Hands-free traveling” and “Generic mode of transportation integration”.

In the **segment Enterprise,** Kapsch will also continue to build on its position as an ICT service partner with an increased focus on outsourcing and operating. By focusing on the current ICT challenges of cloud computing and virtualization, mobility and consumerization, collaboration, and security, the Group enjoys extensive market potential that will be addressed in a targeted manner via the portfolio segments. In a new consulting approach, comprehensive ICT solutions are being developed and executed together with the customer to meet their future needs. The know-how of staff and a network of international partners provide the ability to design, implement and operate solutions that meet the demands of customers. Given this focus on services and the expected market consolidation among suppliers, Kapsch sees great opportunities to generate market share in this difficult environment and to strengthen revenue flows in the medium term.

In all segments, Kapsch will continue to implement the strategy of expanding its market position through targeted acquisitions in existing and future areas of business.

Selective measures to optimize individual companies and enhance synergies will also be taken throughout the entire Kapsch Group.

Vienna, 30 June 2015

Georg Kapsch
Managing Director

Kari Kapsch
Managing Director

Franz Semmernegg
Managing Director

Consolidated Financial Statements as of 31 March 2015.

Consolidated statement of comprehensive income.

All amounts in EUR	Note	2014/15	2013/14
Revenues	(1)	**908,801,798**	**923,309,795**
Other operating income	(2)	36,015,763	20,254,199
Changes in finished and unfinished goods and work in progress	(3)	21,206,013	-993,639
Other own work capitalized		5,679,097	141,383
Cost of materials and other production services	(4)	-449,576,816	-461,355,505
Staff costs	(5)	-305,110,528	-291,217,808
Amortization and depreciation	(6)	-33,920,269	-30,301,304
Impairment charge	(6)	-36,874,448	-1,926,947
Other operating expenses	(7)	-139,627,619	-132,671,201
Operating result		**6,592,990**	**25,238,974**
Finance income	(8)	16,270,181	9,024,086
Finance costs	(8)	-36,123,134	-26,658,229
Financial result		**-19,852,953**	**-17,634,143**
Results from associates	(15)	498,342	537,308
Result before income taxes		**-12,761,621**	**8,142,139**
Income taxes	(9)	-8,041,835	-2,030,285
Result for the period		**-20,803,456**	**6,111,854**
Profit attributable to:			
Equity holders of the company		-29,080,960	1,190,034
Non-controlling interests		8,277,503	4,921,820
		-20,803,456	**6,111,854**
Other comprehensive income for the period:			
Items subsequently reclassified to the result for the period:			
Currency translation differences		-10,956,587	-5,032,167
Currency translation differences from net investments in foreign operations		9,045,070	-643,594
Available-for-sale financial assets:			
Fair value gains/losses recognized in other comprehensive income		2,557,706	-7,548,148
Reclassification of cumulated net losses to the result for the period (impairment)		12,185,425	0
Income tax relating to items subsequently reclassified to the result for the period		-2,521,722	-14,410
Total items subsequently reclassified to the result for the period		**10,309,892**	**-13,238,319**
Items subsequently not reclassified to the result for the period:			
Remeasurements of liabilities from post-employment benefits		-8,234,253	-517,684
Income tax relating to items that will not be reclassified to the result for the period		1,854,862	79,654
Total items subsequently not reclassified to the result for the period		**-6,379,392**	**-438,030**
Other comprehensive income for the period net of tax	(10)	**3,930,500**	**-13,676,349**
Total comprehensive income for the period		**-16,872,957**	**-7,564,495**
Total comprehensive income attributable to:			
Equity holders of the company		-27,381,258	-7,104,074
Non-controlling interests		10,508,302	-460,421
		-16,872,957	**-7,564,495**

The consolidated financial statements of KAPSCH-Group Beteiligungs GmbH as of 31 March 2015 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 2015	31 March 2014
ASSETS			
Non-current assets			
Property, plant and equipment	(12)	64,206,025	67,165,076
Intangible assets	(13)	174,508,518	197,429,116
Investment properties	(14)	4,154,868	0
Interests in associates	(15)	3,612,946	3,354,661
Other non-current financial assets and investments	(16)	28,903,984	33,601,838
Other non-current assets	(17)	29,064,518	72,834,493
Deferred tax assets	(24)	41,472,456	49,558,716
		345,923,315	**423,943,900**
Current assets			
Inventories	(18)	133,792,131	113,395,005
Trade receivables and other current assets	(19)	337,538,974	317,711,754
Other current financial assets	(16)	5,767,975	5,528,765
Cash and cash equivalents	(20)	120,662,814	91,933,442
		597,761,894	**528,568,967**
Total assets		**943,685,209**	**952,512,867**
EQUITY			
Capital and reserves attributable to equity holders of the company			
Share capital	(21)	726,728	726,728
Capital reserve		66,222,590	66,222,590
Retained earnings and other reserves		132,789,999	160,802,533
		199,739,317	**227,751,851**
Non-controlling interests		**90,672,632**	**89,654,207**
Total equity		**290,411,949**	**317,406,058**
LIABILITIES			
Non-current liabilities			
Non-current financial liabilities	(22)	164,738,153	150,752,405
Non-current liabilities from finance lease	(23)	16,113,450	16,650,777
Liabilities from post-employment benefits to employees	(25)	68,594,013	58,701,130
Non-current provisions	(28)	5,796,302	4,104,363
Other non-current liabilities	(26)	4,794,636	6,041,537
Deferred income tax liabilities	(24)	6,738,903	12,749,802
		266,775,457	**249,000,014**
Current liabilities			
Trade payables		100,956,168	107,551,758
Current liabilities from finance lease	(23)	536,301	527,858
Other liabilities and deferred income	(27)	146,718,018	128,521,302
Current tax payables		2,462,796	2,471,638
Current financial liabilities	(22)	101,686,237	97,213,717
Current provisions	(28)	34,138,285	49,820,522
		386,497,806	**386,106,795**
Total liabilities		**653,273,263**	**635,106,809**
Total equity and liabilities		**943,685,209**	**952,512,867**

The consolidated financial statements of KAPSCH-Group Beteiligungs GmbH as of 31 March 2015 prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the EU and with section 245a (1) of the Austrian Commercial Code (UGB) have been translated into English. In case of different interpretations the German original is valid.

Consolidated statement of changes in equity.

All amounts in EUR	Attributable to equity holders of the company				Non-controlling interests	Total equity
	Share capital	Capital reserve	Other reserves	Consolida-ted retained earnings		
Carrying amount as of 31 March 2013	**726,728**	**66,222,590**	**29,360,704**	**139,708,411**	**101,819,456**	**337,837,890**
Effects from increase in shares of subsidiaries			-1,162,509		-408,331	-1,570,840
Effects from acquisition and sale of non-controlling interests			0		-2,418,257	-2,418,257
Dividends				0	-8,878,241	-8,878,241
Result for the period				1,190,034	4,921,820	6,111,854
Other comprehensive income for the period:						
Currency translation differences			-3,330,058		-2,184,805	-5,514,863
Fair value gains/losses on available-for-sale financial assets			-4,709,028		-3,014,428	-7,723,455
Remeasurements of liabilities from post-employment benefits			-255,021		-183,009	-438,030
Carrying amount as of 31 March 2014	**726,728**	**66,222,590**	**19,904,088**	**140,898,444**	**89,654,207**	**317,406,058**
Effects from increase in shares of subsidiaries			-1,050,506		-2,154,599	-3,205,105
Effects from initial consolidation of subsidiaries					4,900	4,900
Dividends				0	-6,920,948	-6,920,948
Result for the period				-29,080,960	8,277,503	-20,803,456
Reversal of historical negative non-controlling interests				419,231	-419,231	0
Other comprehensive income for the period:						
Currency translation differences			-2,209,078		-1,963,707	-4,172,785
Fair value gains/losses on available-for-sale financial assets			9,289,764		5,192,913	14,482,677
Remeasurements of liabilities from post-employment benefits			-5,380,984		-998,408	-6,379,392
Carrying amount as of 31 March 2015	**726,728**	**66,222,590**	**20,553,284**	**112,236,715**	**90,672,632**	**290,411,949**

Share capital. The registered share capital of the parent company amounts to EUR 726,728. The share capital is fully paid in.

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, effects from the acquisition and sale of non-controlling interests 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 profit 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.

In the fiscal year 2014/15 the effects from the increase in shares result from the acquisition of further shares in Kapsch Kapsch TrafficCom AG, Vienna. The effects from the increase in shares in the fiscal year 2013/14 result from the acquisition of further shares in TMT Services and Supplies (Pty) Ltd., Capetown, South Africa.

The effects from the acquisition and sale of non-controlling interests in the fiscal year 2013/14 mainly result from the acquisition of Transdyn Inc., Duluth, U.S.A., as of 15 January 2014.

Consolidated cash flow statement.

All amounts in EUR	**Note**	**2014/15**	**2013/14 (adjusted)**
Cash flow from operating activities			
Operating result		6,592,990	25,238,974
Adjustments for non-cash items and other reconciliations:			
Depreciation and amortization	(6)	33,920,269	30,301,304
Impairment charge	(6, 12, 13)	36,874,448	1,926,947
Increase/decrease in obligations for post-employment benefits	(25)	1,393,393	-155,194
Increase/decrease in other non-current liabilities and provisions	(26, 28)	1,084,409	-141,614
Increase/decrease in trade receivables (non-current)	(17)	46,377,824	-64,919,991
Increase/decrease in other non-current receivables	(17)	4,342,933	-262,095
Increase/decrease in trade payables (non-current)	(26)	-913,975	-422,561
Other (net)		-3,004,160	-12,058,463
		126,668,132	**-20,492,693**
Changes in net current assets:			
Increase/decrease in trade receivables and other assets	(19)	11,716,095	52,078,963
Increase/decrease in inventories	(18)	-14,563,827	5,811,330
Increase/decrease in trade payables and other current payables	(27)	-27,771,339	-13,504,632
Increase/decrease in current provisions	(28)	-16,333,821	-11,895,619
		-46,952,891	**32,490,041**
Cash flow from operations		**79,715,240**	**11,997,348**
Interest received	(8)	3,186,945	2,998,114
Interest payments	(8)	-10,206,547	-8,932,068
Net payments of income taxes		-13,377,910	-10,952,815
Net cash flow from operating activities		**59,317,729**	**-4,889,420**
Balance brought forward		59,317,729	-4,889,420

All amounts in EUR	Note	2014/15	2013/14 (adjusted)
Balance brought forward		59,317,729	-4,889,420
Cash flow from investing activities			
Purchase of property, plant and equipment	(12)	-18,326,730	-19,382,794
Purchase of intangible assets	(13)	-8,331,091	-6,656,081
Purchase of securities, investments and other non-current financial assets	(16)	-441,961	-676,058
Payments for investment properties	(14)	-4,316,319	0
Payments for the acquisition of companies (net of cash acquired) and for asset deals	(30)	-15,000,000	-18,943,187
Proceeds from the disposal of property, plant and equipment and intangible assets		8,948,407	3,269,712
Proceeds from the sale of securities and other financial assets		130,144	1,597,495
Dividends received from associates	(15)	424,083	363,709
Net cash flow from investing activities		**-36,913,466**	**-40,427,204**
Cash flow from financing activities			
Contributions from shareholders		4,900	0
Dividends paid to non-controlling shareholders		-6,920,948	-8,878,241
Payments for the acquisition of non-controlling shares		-3,205,106	-1,570,840
Increase in non-current financial liabilities	(22)	51,118,943	33,638,883
Decrease in non-current financial liabilities	(22)	-27,688,759	-7,316,724
Increase in current financial liabilities	(22)	35,181,590	32,157,539
Decrease in current financial liabilities	(22)	-45,065,506	-25,566,334
Decrease in liabilities from finance lease	(23)	-528,883	-523,204
Net cash flow from financing activities		**2,896,233**	**21,941,078**
Net increase/decrease in cash and cash equivalents		**25,300,496**	**-23,375,546**
Change in cash and cash equivalents			
Cash and cash equivalents at beginning of year	(20)	91,933,442	119,536,109
Net increase/decrease in cash and cash equivalents		25,300,496	-23,375,546
Currency translation differences on cash and cash equivalents		3,428,876	-4,227,120
Cash and cash equivalents at end of year	(20)	**120,662,814**	**91,933,442**

Notes to the Consolidated Financial Statements.

General information.

The Kapsch Group operates mainly in the areas of telecommunications and traffic-control systems and related areas. It holds shares in domestic and foreign companies. The group's main markets include Austria and Europe, as well as in the segment Carrier also Asia and North Africa. In the segment Traffic Kapsch operates worldwide and serves customers on all other continents, especially in North and South America. The parent company is headquartered in Vienna.

The business activities of the Kapsch Group are subdivided into the following four segments:
- ▸Traffic (Intelligent Transportation Systems – ITS solutions)
- ▸Carrier (communication solutions for mobile and fixed network operators and railway operators)
- ▸Enterprise (speech, data and IT solutions for business customers including public authorities)
- ▸Others

The segment Traffic relates to the worldwide development, installation and operation of Intelligent Transportation Systems solutions. Furthermore, services for maintenance and operation and components in the area of ITS solutions are provided.

The segment Carrier relates to operators of public communications networks and also provides communication solutions for railway operators (GSM-R) in Europe, Asia and North Africa. The range covers the complete area of modern communication networks based on our own products and integrated solutions of partners.

The segment Enterprise relates to the system-integration business of corporate IT and communication solutions in Central and Eastern Europe.

The segment Others relates to all tasks for managing the group as well as to solutions for intelligent energy management.

Group structure.

The parent company (reporting entity) of this group is KAPSCH-Group Beteiligungs GmbH, Vienna. Immediate parent company of the reporting entity is DATAX HandelsgmbH, Vienna, which is the sole shareholder of KAPSCH-Group Beteiligungs GmbH, Vienna. DATAX HandelsgmbH, Vienna, is the controlling entity of the reporting entity and the ultimate parent of Kapsch Group.

The group currently holds 63.13 % of shares in Kapsch TrafficCom AG, Vienna (31 March 2014: 61.92 %). Since 26 June 2007, the free float shares of Kapsch TrafficCom AG, Vienna, have been listed in the Prime Market segment of the Vienna Stock Exchange.

Consolidated group.

The parent company, KAPSCH-Group Beteiligungs GmbH (internal designation KGB), is a public limited company incorporated and domiciled in Vienna, Austria. The address of its registered office is 1120 Vienna, Am Europlatz 2.

As of 31 March 2015, the consolidated group consists of 94 entities (31 March 2014: 88 entities). The consolidated group changed as follows:

	2014/15	2013/14
Amount of entities at the beginning of the fiscal year	**88**	**92**
Initial consolidation	10	5
Mergers	-3	-4
Deconsolidation	-1	-5
Amount of entities in the consolidated group	**94**	**88**

In the fiscal year 2014/15, Kapsch BusinessCom Turkey Bilgi ve İletişim Teknolojileri Hizmetleri Limited Şirketi, Istanbul, Turkey , Kapsch TrafficCom KGZ, Bischkek, Kygryzstan, Kapsch TrafficCom Lietuva, Vilnius, Lithuania, as well as KTCSL Merger Corp., Delaware, U.S.A. were newly founded.

In the fiscal year 2014/15, Prodata Mobility Systems NV, Zaventem, Belgium, together with its subsidiaries Transvision NV, Zaventem, Belgium, AP Trans NV, Zaventem, Belgium, AP Trans Scandinavia AB, Mölndal, Sweden, AP Trans Romania S.R.L, Bucharest, Romania, and Prodata Systems & Solutions SAS, Sophia Antipolis, France, was acquired (see note 30).

In the fiscal year 2014/15, the Kapsch TrafficCom IVHS Technologies Holding Corp., McLean, U.S.A., Kapsch TrafficCom IVHS Holding Corp., McLean, U.S.A., Kapsch TrafficCom U.S. Corp., McLean, U.S.A., were merged into Kapsch TrafficCom Holding Corp., McLean, U.S.A.

In the fiscal year 2014/15, the VTI Industrial Electronics (Proprietary Limited ZA) (South Africa), Germiston, South Africa was deconsolidated.

The regional distribution of our subsidiaries is as follows:

	2014/15	2013/14
Austria	19	19
Central and Eastern Europe (excl. Austria)	29	26
Western Europe	18	13
Rest of world	28	30
Total	**94**	**88**

Further information on interests in subsidiaries see note 31.

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 2015 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 2015 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 2014/15

IFRS 10, “Consolidated financial statements” builds on existing principles. IFRS 10, “Consolidated financial statements”, builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements of the parent company. Furthermore, the standard provides additional guidance to assist in the determination of control where this is difficult to assess. Here it is stipulated that control will be deemed to exist when a parent company can exercise its power over a subsidiary due to voting rights or other legal empowerment, the parent company is exposed to the positive as well as negative returns of the subsidiary, and the parent company is able to influence the amount of such returns given its position of power. IFRS 10 replaces the consolidated financial statements rules that had been in place until now under IAS 27 Consolidated and separate financial statements and SIC 12 Consolidation – special purpose vehicles. The group will apply IFRS 10 no later than the accounting period beginning on 1 April 2014. At present, the group does not expect IFRS 10 to have a material impact on the assets and liabilities, the financial position and operating results of the group as well as on the group’s presentation.

IFRS 11, “Joint arrangements”, changes the definition of joint ventures. A joint arrangement is hereafter defined as an arrangement where two or more parties have a joint leading role. According to IFRS 11, there are only two types of joint arrangement: (i) joint operations and (ii) joint ventures. The classification of a joint arrangement depends on the rights and obligations arising in connection with the respective contracting parties. A joint arrangement is deemed to exist when the jointly dominating parties have direct rights to the assets and obligations for the liabilities. Each party to this joint arrangement reports its own assets, liabilities, revenues and expenditures. In a joint venture, the parties that have joint control of the arrangement have rights to the net assets of the arrangement. Accounting adheres to the equity method. The previously applicable proportionate consolidation method will no longer be permitted for joint ventures. The group has looked at the classification of the group's participation in joint ventures and concluded that IFRS 11 had no material impact on the assets and liabilities, the financial position and operating results of the group as well as on the group's presentation, the reason for this being that there are currently no joint operations or joint ventures.

IFRS 12, "Disclosure of interests in other entities", summarizes the revised disclosures with regard to IAS 27 and IFRS 10, IAS 31 and IFRS 11 as well as IAS 28 in one standard. The group has correspondingly extended its disclosures in the notes pursuant to IFRS 12.

Changes to IAS 27, "Separate financial statements", residually regulate following the adoption of IFRS 10 "Consolidated financial statements" the provisions for the accounting of subsidiaries, joint ventures and associated companies in individual IFRS financial statements. The rules on consolidated financial statements have been revised and are now defined in IFRS 10 "Consolidated financial statements". There is no significant impact on the assets and liabilities, the financial position and operating results of the group as well as on the group's presentation arising due to the new rule.

Changes to IAS 28, "Interests in associates and joint ventures", require the application of the equity method on joint ventures as well. The adoption of IFRS 11 "Joint Arrangements" led to the extending of the scope, so that alongside investments in associates and joint ventures could also be accounted for using the equity method. There is no material impact on the assets and liabilities, the financial position and operating results of the group as well as on the group's presentation as there are currently no joint ventures in the group.

Amendments to IFRS 10, IFRS 12 and IAS 27 regarding "investment entities", lead to an exception to the consolidation obligation for subsidiaries pursuant to IFRS 10 "Consolidated Financial Statements", applicable to entities which meet the definition of an investment entity. Here investment entities are recognized at their fair value pursuant to IFRS 9 and IAS 39 "Financial instruments: recognition and measurement". There are no material impacts on the assets and liabilities, the financial position and operating results of the group as well as on the group's presentation as the group does not have any investment entities.

Amendments to IAS 32, "Financial instruments: presentation" complements the principles for setting off financial assets and financial liabilities. Setting off financial assets and financial liabilities will still only be possible if an entity currently has a legally enforceable right to set off the recognized amounts; it intends either to settle on a net basis or to realize the asset and settle the liability simultaneously. Amendments to this standard complement and clarify the application guidance with regard to the terms 'present times' and 'simultaneousness'. At present, the group does not expect IAS 32 to have a material impact on the assets and liabilities, the financial position and operating results of the group as well as on the group's presentation.

IAS 36, "Impairment of assets" includes corrections of disclosure requirements. This concerns disclosures on the recoverable amount of impaired non-financial assets where the recoverable amount is valued at the corresponding fair value less costs to sell. Previously, the recoverable amount was to be stated irrespective of any impairment. The amendment restricts the disclosure requirements to cases of actual impairment, with the required disclosures being extended at the same time. At present, the group does not expect IAS 36 to have a material impact on the assets and liabilities, the financial position and operating results of the group as well as on the group's presentation.

IAS 39, “Financial instruments: recognition and measurement” was supplemented by a relief provision. The amendment aims at preventing a hedging relation from being triggered as a result of a hedging instrument being novated (novation meaning the contractual replacement of an existing obligation by creating a new one) with a central counterparty. The continuation of the hedging relationship is permissible provided that the novation takes place due to new or existing statutory or regulatory obligations and the contractual conditions of the derivative only change to the extent that is necessary for the purpose of such novation. The amendment does not have any bearing on the group.

IFRIC 21, “Levies”, defines the triggering point of provisions for taxes levied by government agencies in accordance with IAS 37 whose payment time or amount are still uncertain. It also defines how to account for corresponding liabilities, i.e. in instances in which both payment time and amount are already known. Income taxes within the meaning of IAS 12, however, are excluded from the scope of application. IFRIC 21 addresses the question as to what may be deemed an “obligating event” that leads to the recognition of a liability for the payment of a levy. The application of this interpretation may result in a levy payment obligation being recognized at a different time than previously – specifically in instances in which the payment obligation arises only if certain conditions apply at a certain point in time. There are no material impacts on the assets and liabilities, the financial position and operating results of the group as well as on the group’s presentation.

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

Annual improvement to IFRS, 2010-2012 cycle covers the improvements made to the following standards: IFRS 2 “Share-based payment”, IFRS 3 “Business combinations”, IFRS 8 “Operating segments”, IFRS 13 “Fair value measurement”, IAS 16 “Property, plant and equipment”, IAS 24 “Related party disclosures” and IAS 38 “Intangible assets”. The adjustments to the wording should serve to clarify existing rules, with disclosures to the notes also being affected. The group will adopt the amendments no later than the accounting period starting on 1 April 2015. At present, the group does not expect any material impacts on the assets and liabilities, the financial position and operating results of the group as well as the group’s presentation.

Annual improvement to IFRS, 2011-2013 cycle covers amendments to the following standards: IFRS 1 “First-time adoption of International Financial Reporting Standards”, IFRS 3 “Business combinations”, IFRS 13 "Fair value measurement” and IAS 40 “Investment property”. The existing wording was adjusted for clarification purposes. The group will adopt the amendments no later than the accounting period starting on 1 April 2015. At present, the group does not expect any material impacts on the assets and liabilities, the financial position and operating results of the group as well as the group’s presentation.

Amendments to IAS 19, “Employee benefits” – the amendment to IAS 19.93 now clarifies how the contributions of employees or third parties covered by the formal conditions of pension plans are to be accounted when such pension plans are linked to the number of years of service. The group will adopt the amendments no later than the accounting period starting on 1 April 2015. At present, the group does not expect any material impacts on the assets and liabilities, the financial position and operating results of the group as well as the group’s presentation.

IFRS 14, “Regulatory deferral accounts” makes it possible for companies using IFRS for the first time to carry on recognizing regulatory deferred accounts which it had compiled in accordance with its previously applicable statutory national accounting guidelines. As the group is not using IFRS for the first time and the rules are explicitly for the purpose of first time IFRS users, this means that the regulations are not applicable.

Annual improvement to IFRS, 2012-2014 cycle cover amendments to the following standards: IFRS 5 "Non-current assets held for sale and discontinued operations", IFRS 7 "Financial instruments: disclosures", IAS 19 "Employee benefits" and IAS 34 "Interim financial reporting". Existing wording was adjusted for clarification purposes. The group will adopt the amendments no later than the accounting period starting on 1 April 2016. At present, the group does not expect any material impacts on the assets and liabilities, the financial position and operating results of the group as well as the group's presentation.

Amendments to IAS 1 "Presentation of financial statements" serves to ensure that those compiling financial statements are able to use their discretion. The reason for such amendments was that previous wording in connection with certain rules in IAS 1 was sometimes seen as a hindrance to the exercising of discretion. With regard to the definition of materiality the amendments clarify that (1) information should not be obscured by aggregating or by providing immaterial information, (2) materiality considerations apply to the all parts of the financial statements, and (3) even when a standard requires a specific disclosure, materiality considerations do apply. The IASB furthermore (1) introduces a clarification that the list of line items to be presented in these statements can be disaggregated and aggregated as relevant and issues additional guidance on subtotals in these statements and (2) clarifies that an entity's share of other comprehensive income of equity-accounted associates and joint ventures should be presented in aggregate as single line items based on whether or not it will subsequently be reclassified to profit or loss. Additional examples of possible ways of ordering the notes to clarify that understandability and comparability should be considered when determining the order of the notes are added. The group will adopt the amendments no later than the accounting period starting on 1 April 2016. At present, the group does not expect any material impacts on the assets and liabilities, the financial position and operating results of the group as well as the group's presentation.

Amendment to IAS 16, "Property, plant and equipment" **and IAS 38,** "Intangible assets" – this amendment sees further regulations being specified for the use of acceptable methods for the depreciation of property, plant and equipment and the amortization of intangible assets. The group will adopt the amendments no later than the accounting period starting on 1 April 2016. At present, the group does not expect any material impacts on the assets and liabilities, the financial position and operating results of the group as well as the group's presentation.

Amendments to IAS 16, "Property, plant and equipment" **and IAS 41,** "Agriculture" deal with changes in relation to fruit-bearing plants. The group will adopt the amendments no later than the accounting period starting on 1 April 2016. In view of the fact that the group does not have any fruit-bearing plants, these amendments will not have any impact on the on the assets and liabilities, the financial position and operating results of the group as well as the group's presentation.

Amendments to IFRS 11, "Joint ventures" – the amendments comprise additional guidelines which set out that the acquisition of a share in a joint operation which is a business operation within the meaning of IFRS 3 "Business combinations" is to be recognized under the acquisition method pursuant to IFRS 3 and other relevant standards. It further defines that when there is a purpose of further shares in a joint activity, no new valuation of the previously held shares will be necessary. However, the amendments do not apply if the jointly operating companies both come under the control of the parent company. The group will adopt the amendments no later than the accounting period starting on 1 April 2016. At present, the group does not expect any material impacts on the assets and liabilities, the financial position and operating results of the group as well as the group's presentation.

IFRS 15, “Revenue from contracts with customers" covers a comprehensive range of principles for the determination of the nature, the amount and the timing of the recognition of revenues and the resulting payment flows arising from a client contract. Here revenues are to be realized if the power of disposition of an asset is transferred to the client and the client can make the most of its advantages. The revenues are valued at the amount of consideration which a company can anticipate to receive from the client for the transfer of the goods or the provision of services. The new standard comprises a five level model to determine the realization of turnover which is to be used in the case of all contracts with clients. The contract with the client as well as independent performance obligations are to be identified. The transaction price is also to be determined and allocated according to the performance obligations under the contract. Finally, income is to be recognized subject to the company fulfilling its performance obligations. This standard contains further rules on whether revenues are to be recognized at a particular time or over a period of time. The rules under IFRS 15 will in future replace IAS 18 “Revenue”, IAS 11 “Construction contracts” as well as a series of revenue related interpretations. The standard contains new comprehensive rules in relation to revenue specifications. The group will adopt IFRS 15 no later than the accounting period starting on 1 April 2018. The group is presently assessing the impact that the application of IFRS 15 can have on the consolidated financial statements.

IFRS 9, “Financial instruments” deals with the classification, the recognition and the measurement of financial assets and financial liabilities, the accounting of impairments of financial assets as well as hedge accounting. The final version of IFRS 9 was published in July 2014. It replaces the parts of IAS 39, “Financial Instruments: recognition and measurement” which deal with the classification and measurement of financial instruments. IFRS 9 requires financial assets to be classified into two measurement categories: those measured at fair value and those measured at amortized cost. For financial liabilities, the standard retains most of the IAS 39 requirements. The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity’s own credit risk is recorded in other comprehensive income rather than in the statement of comprehensive income, unless this creates an accounting mismatch. With regard to impairments, in future not only losses incurred but also expected losses are to be recognized whilst taking into consideration whether a deterioration of the default risk has come about. IFRS 9 eases the rules on the measuring of hedge effectiveness given that the quantitative effectiveness assessment is principally dropped. It requires a business connection between the hedged underlying transaction and the hedging instrument. Additionally the hedging relationship must be related to what the management actually uses for risk management purposes. Simultaneous documentation is still required, although it does differentiate itself from the documentation currently compiled pursuant to IAS 39. The group will adopt IFRS 9 no later than the accounting period starting on 1 April 2018. The group is presently assessing the impact that the application of IFRS 9 can have on the consolidated financial statements.

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 of balance sheet date 31 March 2015 no joint arrangements exist within the group.

The group differentiates according to the contractual arrangements concerning rights and obligations of the controlling parties between joint ventures and joint operations. Parties belonging to a joint venture enjoy rights to net assets. In the consolidated financial statements the result, assets and liabilities are included subject to the equity method. If a contractual agreement creates rights to assets and obligations for debts, then such joint arrangement will be deemed to be a joint operation. Any decisions made must be unanimous in order to be effective. Inclusion within the consolidated financial statements occurs through the proportionate recognition of assets, debts, revenues and expenses.

In the case of the equity method, the interests in joint ventures are initially recognized at acquisition costs. After this the carrying value of the interests goes up or down according to the share of the group in profit or loss as well as in any changes in the other comprehensive income of the joint venture. If the share in the losses of a joint venture exceeds the carrying value of the joint venture (including all long term interests which are to be allocated to the commercial substance after the net investment of the group in the joint venture), then the group is not to recognize the excessive loss share unless it has entered into legal or constructive obligations for the joint venture or has made payments for the joint venture.

Unrealized gains or losses from transactions between group companies and joint ventures are to be eliminated in the consolidated financial statements in the amount of the share of the group in the joint venture. Unrealized losses are not eliminated if the transaction gives any indication that there may be an impairment of the asset transferred.

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 on acquisition of associates is included in the investment in associates, net of any impairment losses.

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.

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 *(Österreichische 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 shareholders’ equity 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	
Exchange rates to the euro	**2014/15**	**2013/14**	**2014/15**	**2013/14**
AUD	1.452	1.440	1.415	1.494
CAD	1.440	1.414	1.374	1.523
CZK	27.580	26.421	27.533	27.442
PLN	4.181	4.216	4.085	4.172
SEK	9.213	8.739	9.290	8.948
USD	1.265	1.338	1.076	1.379
ZAR	13.950	13.617	13.132	14.588

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 2015, 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.

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 group (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 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, will major orders denominated in foreign currencies 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 2015 (31 March 2014) 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:

	Volatility	Effect on the equity in TEUR	
Currency		**2014/15**	**2013/14**
AUD	10 %	167	274
CAD	10 %	1,872	1,680
CZK	10 %	227	71
EUR	10 %	-4,509	-2,708
PLN	10 %	364	207
SEK	10 %	456	567
USD	10 %	4,140	3,085
ZAR	10 %	1,065	1,334

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.

	Volatility	Effect on the equity in TEUR	
Currency		**2014/15**	**2013/14**
NOK	+10 %	-1,754	-2,159
NOK	-10 %	2,143	2,639

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 20 % of interest-bearing financial liabilities. If the market interest rate had been 100 basis points higher (lower) as of 31 March 2015, this, as in the prior year, would not have had any material impact on the result of the group.

Derivative instruments in the form of interest rate swaps exist in the group to minimize interest rate risk of financial liabilities as well as finance lease contracts which are based on a variable interest rate (see note 23).

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 the Czech Republic, South Africa, Poland and the Republic of Belarus (see note 19), 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	**2014/15**	**2013/14**
Other non-current financial assets and investments	28,904	33,602
Other non-current assets	29,065	72,834
Current securities	5,768	5,529
Trade receivables and other current assets	337,539	317,712
Cash and cash equivalents	120,663	91,933
	521,938	**521,610**

5.4 Liquidity risk

The Kapsch 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 individual sub-groups and then aggregated 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 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 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 group.

The Kapsch 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).

Kapsch 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 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), 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 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	
		2014/15	**2013/14**
NO0003103103	+10 %	1,929	2,375
NO0003103103	-10 %	-1,929	- 2,375

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. Due to these circumstances the gearing ratio on 31 March 2015 was outside the target range. In the medium term, management assumes that the gearing ratio can once again be proportionally lowered.

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 as well as from financing on the level of KAPSCH-Group Beteiligungs GmbH 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	**2014/15**	**2013/14**
Non-current financial liabilities	164,738	150,752
Current financial liabilities	101,686	97,214
Liabilities from finance lease	16,650	17,179
Total financial liabilities	**283,074**	**265,145**
Cash on hand and at banks	120,663	91,933
Current securities	5,768	5,529
Net assets/Net debt	**-156,643**	**-167,683**
Equity	290,412	317,406
Net gearing	**54 %**	**53 %**

7 Fair value measurement.

Historical costs are 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 2014/15, 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 doing so, 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 Investment property.

An investment property is a property held to earn rentals or for capital appreciation. This includes property that is under construction and intended to serve such purposes.

Investment property is recognized at acquisition and production costs, including transaction costs, upon addition. The group applies the cost model according to IAS 40.56 to investment property. Depreciation is charged on a straight-line basis over the expected useful lives of the assets in accordance with group policies. With respect to a multi-story car park built using solid construction methods, the normal useful life for investment property is 40 years. 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 as at the reporting date. The fair value is determined internally in accordance with generally accepted valuation principles.

Investment property is derecognized upon disposal or whenever it is no longer to be used continuously or a future economic benefit is no longer expected to be achieved through the disposal. The difference between the proceeds from the disposal of investment property and the carrying amount is recognized as profit or loss in the result from operating activities.

12 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 other than goodwill that suffered impairment 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.

13 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.

13.1 Securities

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

Available-for-sale securities (AFS)

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

13.2 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 objective evidence that a financial asset or a group of financial assets is impaired. If such evidence exists, the amount of the loss is measured as the 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.

13.3 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.

13.4 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 that a financial asset or a group of financial assets is impaired. 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.

14 Leases.

14.1 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 deferred interest expense. The interest component is spread over the agreed term of the lease using the effective interest rate method.

14.2 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.

15 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 where there is reasonable assurance 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.

16 Inventories.

Inventories are stated at cost or, if lower, the 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.

17 Construction contracts.

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

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.

18 Trade receivables.

Trade receivables are amounts due from customers for merchandise sold or services performed in the ordinary course of business. Trade receivables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method, less allowance for bad debts. Receivables with a remaining term of up to one year are recognized as current receivables; all others are recognized as non-current receivables. An allowance for bad debts is established when there is objective evidence that the group will not be able to collect all amounts due according to the original terms of receivables. The amount of the allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The amount of the allowance is recognized in the statement of comprehensive income. If, in a subsequent period, the amount of the impairment loss decreases and the decrease is related to an event occurring after the impairment was initially recognized, the reversal of the previously recognized impairment loss is recognized through profit or loss.

19 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.

20 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.

21 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 as 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.

22 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.

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 assets/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.

23 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.

24 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.

25 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.

26 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.

26.1 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 2015, the amounts due from customers for contract work amounted to TEUR 121,634 (2013/14: TEUR 92,102) and the amounts due to customers for contract work amounted to TEUR 17,786 (2013/14: TEUR 14,756). 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 management of the KAPSCH-Group Beteiligungs GmbH indicate that the operating result would fluctuate by TEUR 11,614 (2013/14: TEUR 8,923) and the total comprehensive income for the period would fluctuate by TEUR 8,710 (2013/14: TEUR 6,692) 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.

26.2 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.

26.3 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 the 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 25.

27 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 16. 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”.

28 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.

Notes to the Consolidated Financial Statements.

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

1 Segment information.

As of 31 March 2015, the group has four operating segments (see section "General information"):

- ▸Traffic (intelligent transportation systems – ITS solutions)
- ▸Carrier (communication solutions for mobile and fixed network operators and railway operators)
- ▸Enterprise (speech, data and IT solutions for business customers including public authorities)
- ▸Others

The segment 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 2015 are as follows (in million EUR):

	Traffic	Carrier	Enterprise	Others	Group
Total segment revenues	456.4	190.6	301.9	17.4	966.3
Inter-segment revenues	-15.0	-2.2	-27.2	-13.1	-57.5
Revenue from external customers	441.4	188.4	274.7	4.3	908.8
Operating result	32.7	-29.7	1.9	1.6	6.6
Operating result adjusted [1]	45.1	-5.2	1.9	1.6	43.5

1 Complies with the operating result excluding impairment

The segment results for the fiscal year ended 31 March 2014 are as follows (in million EUR):

	Traffic	Carrier	Enterprise	Others	Group
Total segment revenues	487.0	170.2	309.5	16.2	982.9
Inter-segment revenues	-18.3	-2.2	-26.9	-12.2	-59.6
Revenue from external customers	468.7	168.1	282.6	4.0	923.3
Operating result	20.3	0.4	2.5	2.1	25.2
Operating result adjusted [1]	20.3	2.3	2.5	2.1	27.2

1 Complies with the operating result excluding impairment

Transfers and transactions between segments are recorded at the same conditions offered to third parties.

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

	Traffic	Carrier	Enterprise	Others	Elimination	Group
Segment assets	551.2	216.8	158.6	273.4	-259.9	940.1
Investments in associates	2.0	0.0	1.6	0.0	0.0	3.6
Total segment assets	**553.2**	**216.8**	**160.2**	**273.4**	**-259.9**	**943.7**
Total segment liabilities	**296.2**	**189.9**	**138.1**	**79.1**	**-50.0**	**653.3**
Capital expenditure	8.4	14.7	2.7	4.6	0.5	31.0
Depreciation, amortization and impairment charge	28.8	36.9	5.9	0.5	-1.3	70.8
Other non-cash-effective positions	1.2	-0.1	0.4	1.4	0.0	3.0

The segment assets include property, plant and equipment, intangible assets, investment properties, other non-current financial assets and investments, other non-current assets, deferred tax assets, inventories, trade receivables and other current assets, other current financial assets as well as cash and cash equivalents.

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

The segment assets and liabilities as of 31 March 2014 as well as capital expenditure, depreciation, amortization and impairment charge and other non-cash-effective positions for the period then ended are as follows (in million EUR):

	Traffic	Carrier	Enterprise	Others	Elimination	Group
Segment assets (adjusted)	602.9	189.7	152.3	274.0	-269.8	949.2
Investments in associates	1.6	0.0	1.8	0.0	0.0	3.4
Total segment assets	**604.5**	**189.7**	**154.1**	**274.0**	**-269.8**	**952.5**
Total segment liabilities	**353.7**	**129.3**	**131.1**	**78.6**	**-57.6**	**635.1**
Capital expenditure	15.7	2.1	4.4	3.4	0.4	26.0
Depreciation, amortization and impairment charge	16.6	10.6	6.0	0.4	-1.3	32.2
Other non-cash-effective positions	0.4	0.8	0.9	1.3	0.0	3.4

The eliminations result from consolidation effects (mainly from capital consolidation and the consolidation of receivables and payables between the segments).

In the fiscal year 2014/15 as well as in the fiscal year 2013/14 no customer contributed more than 10 % of the group revenue.

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 2015 are as follows (in million EUR):

	Austria	Central and Eastern Europa	Western Europe	Rest of World	Group
Revenues	276.4	299.5	127.7	205.2	908.8
Non-current non-financial assets	131.9	9.9	72.1	28.4	242.3

The figures for the fiscal year ended 31 March 2014 are as follows (in million EUR):

	Austria	Central and Eastern Europa	Western Europe	Rest of World	Group
Revenues	274.1	343.7	129.9	175.6	923.3
Non-current non-financial assets	159.1	13.5	56.6	38.8	267.9

Revenues per category

Revenues are classified into the following categories (in million EUR):

	2014/15	2013/14
Sales of goods	364	408
Sales of services	481	404
Sales of maintenance	130	135
Accrued/deferred sales, license sales and discounts on invoiced sales	-66	-24
	909	**923**

2 Other operating income.

	2014/15	2013/14 (adjusted)
Exchange rate gains on operative activities	14,297	7,620
Income from research tax credits	7,928	4,383
Income from the sale of non-current assets	2,109	87
Sundry operating income	11,682	8,163
	36,016	**20,254**

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.

	2014/15	2013/14
Change in unfinished goods and work in progress	24,141	9,681
Change in finished goods	-2,935	-10,674
	21,206	**-994**

4 Cost of materials and other production services.

	2014/15	2013/14
Cost of materials	267,239	249,748
Cost of purchased services	182,338	211,608
	449,577	**461,356**

5 Staff costs.

	2014/15	2013/14
Wages, salaries and other remunerations	240,468	229,021
Expenses for social security and payroll-related taxes and contributions	55,116	55,125
Expenses for termination benefits (see note 25)	1,013	1,104
Expenses for pensions (see note 25)	777	533
Contributions to pension funds and other external funds (see note 25)	1,395	905
Fringe benefits	6,343	4,530
	305,111	**291,218**

As of 31 March 2015, the number of staff amounted to 5,734 persons (31 March 2014: 5,484 persons) and averaged 5,693 persons in the fiscal year 2014/15 (2013/14: 5,406 persons).

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

	2014/15	2013/14
Depreciation of property, plant and equipment	15,084	14,915
Amortization of intangible assets	18,675	15,386
Depreciation of investment properties	161	0
Impairment charge (see note 12, 13)	36,874	1,927
	70,795	**32,228**

7 Other operating expenses.

	2014/15	2013/14 (adjusted)
Rental expenses	21,550	21,064
Communication and IT expenses	18,752	9,396
Legal and consulting fees	16,700	15,102
Automobile expenses	14,089	14,758
Exchange rate losses on operative activities	11,208	10,403
Travel expenses	10,667	11,824
Marketing and advertising expenses	10,229	12,966
Maintenance	5,503	5,462
Insurance costs	4,697	4,555
Office expenses	3,712	3,041
Taxes and charges	3,187	3,396
License and patent expenses	2,444	4,725
Allowance and write-off of receivables	2,111	3,262
Transport costs	1,802	2,061
Warranty costs and project financing	1,796	2,195
Restructuring costs	1,760	263
Damages	1,716	22
Training costs	1,667	1,856
Commissions and other fees	1,108	1,239
Adjustment of provision for warranties	-1,012	-2,202
Losses on disposal of non-current assets	896	147
Other	5,046	7,137
	139,628	**132,671**

The increase in communication and IT expenses by TEUR 9,539 can be attributed mainly to a change in disclosure in the South African entity ETC Pty.

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

8 Financial result.

	2014/15	2013/14
Finance income:		
Interest income	3,042	2,865
Income from securities	145	133
Income from interest accretion of non-current receivables	5,956	2,696
Gains from the disposal of financial assets and investments	2	478
Gains from changes of the fair value of derivative financial instruments	98	269
Exchange rate gains from financing activities	7,027	2,583
	16,270	**9,024**
Finance costs:		
Interest expense	-10,171	-8,932
Expense from interest accretion of non-current payables	-275	-852
Losses from changes of the fair value of derivative financial instruments	-525	-1
Impairment of other investments	-18,525	0
Expenses from the disposal of financial assets and investments	-563	-627
Exchange rate losses from financing activities	-3,972	-14,223
Interest expense from liabilities from post-employment benefits to employees (see note 25)	-2,093	-2,024
	-36,123	**-26,658**
	-19,853	**-17,634**

The impairment of other investments in fiscal year 2014/15 concern the impairment, recognized as impairment in the result for the period as of 30 September 2014, 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 recovered again and the increase in value was recognized in the other comprehensive income.

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.

9 Income taxes.

	2014/15	2013/14
Current taxes	-9,909	-9,191
Deferred taxes (see note 24)	1,868	7,161
	-8,042	**-2,030**

For the fiscal year 2014/15, the Austrian corporate income tax rate is at 25 % (2013/14: 25 %).

In March 2005, KAPSCH-Group Beteiligungs GmbH, Vienna, formed a tax group according to section 9 of the Austrian Corporate Income Tax Act. KAPSCH-Group Beteiligungs GmbH, Vienna, acts as the group leader and the subsidiaries in Austria act as group members. The group taxation regime applies to the respective entities effective from the tax year 2005 (i. e. fiscal year 2004/05). Within the tax group, the taxable incomes of the group members are generally taxed at the level of the tax group leader. Therefore tax losses incurred by a member of the tax group can be set off by taxable earnings of other group members.

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:

	2014/15	**2013/14**
Profit before income taxes	-12,762	8,142
Arithmetic tax expense based on a tax rate of 25 % (2013/14: 25 %)	3,190	-2,036
Unrecognized deferred tax assets on current losses	-14	-3,225
De-recognition of deferred tax assets recognized on prior-year losses	0	-1,471
Utilization of previously unrecognized tax losses	3,784	653
Different foreign tax rates	-2,933	2,925
Tax allowances claimed and other permanent tax differences	-11,610	-286
Income and expenses not subject to tax and other differences	-1,082	1,819
Adjustment in respect to prior year	623	-410
Recognized tax expense	**-8,042**	**-2,030**

In the fiscal year 2014/15 a disproportionate high tax rate arise due to the non-tax effective impairment of the investment in Q-Free ASA, Norway and the impairment charge in the CGU “Carriers” (effects from tax allowances claimed and other permanent tax differences in the amount of TEUR 10,598).

For further information on deferred tax assets and liabilities, see note 24.

10 Other comprehensive income.

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	2,558	-260	2,297
Gains/losses recognized in the result for the period	12,185		12,185
Remeasurements of liabilities from post-employment benefits	-8,234	1,855	-6,379
Currency translation differences	-10,957		-10,957
Currency translation differences from net investments in foreign business	9,045	-2,261	6,784
Fair value changes recognized in equity	**4,597**	**-667**	**3,930**

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 of the period, see note 10) due to ongoing unfavorable development of the share price.

2013/14	Before taxes	Tax expense/ income	After taxes
Fair value gains/losses on available-for-sale financial assets:			
Unrealized gains/losses in the current period	-7,548	-175	-7,723
Remeasurements of liabilities from post-employment benefits	-518	80	-438
Currency translation differences	-5,032		-5,032
Currency translation differences from net investments in foreign business	-644	161	-483
Fair value changes recognized in equity	**-13,742**	**65**	**-13,676**

11 Additional disclosures on financial instruments by category.

11.1 Assets

	Note	2014/15	2013/14
At fair value through profit or loss			
Derivative financial instruments, Level 1	(16)	98	0
Shares (Kapsch TrafficCom AG) – Held-for-sale, Level 1	(16)	0	102
		98	**102**
Financial instruments held-to-maturity			
Securities held-to-maturity	–	0	0
		0	**0**
Receivables (financial assets recognized at (amortized) cost)			
Non-current receivables	(17)	2,077	3,897
Loans (other non-current assets)	(16)	0	1,093
Blocked cash (other current assets)	(16)	477	502
Trade receivables	(19)	157,544	226,266
Cash and cash equivalents	(20)	120,663	91,933
		280,762	**323,691**
Available-for-sale financial assets			
Available-for-sale securities (non-current), Level 1	(16)	8,444	7,654
Available-for-sale securities (non-current), Level 2	(16)	718	749
Available-for-sale investments, Level 1	(16)	19,291	23,753
Available-for-sale securities (current), Level 1	(16)	5,291	4,924
Other investments (at cost)	(16)	352	352
		34,097	**37,433**
Total		**314,956**	**361,227**

11.2 Liabilities

	Note	2014/15	2013/14
At fair value through profit or loss			
Derivative financial instruments	(26, 27)	1,624	1,234
		1,624	**1,234**
Loans (financial liabilities recognized at (amortized) cost)			
Corporate bond	(22)	84,425	74,301
Other financial liabilities (excl. financial leases)	(22)	182,000	173,665
Financial leases	(23)	16,650	17,179
Trade payables	—	100,956	107,552
Other non-current liabilities	(26)	3,264	4,988
		387,294	**377,684**
Total		**388,918**	**378,918**

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

	2014/15	2013/14 (adjusted)
Available-for-sale financial assets	-18,941	-16
Loans and receivables	6,322	-8,631
Financial liabilities recognized at (amortized) cost	-10,445	-9,787
At fair value through profit or loss	-426	271
	-23,490	**-18,162**

12 Property, plant and equipment.

	Land and buildings	Technical equipment and machinery	Other equipment, factory and office equipment	Construction in progress	Prepayments	Total
Carrying amount as of 31 March 2013	**28,433**	**12,316**	**22,345**	**2,323**	**0**	**65,417**
Currency translation differences	-36	-754	-713	-155	0	-1,658
Reclassification	0	999	72	-1,071	0	0
Addition resulting from company acquisition	1,585	1	181	0	0	1,766
Additions	1,387	4,527	7,371	6,027	71	19,383
Disposals	-16	-42	-406	-2,365	0	-2,828
Scheduled depreciation	-2,292	-4,917	-7,705	0	0	-14,915
Carrying amount as of 31 March 2014	**29,062**	**12,130**	**21,143**	**4,760**	**71**	**67,165**
Acquisition/production costs	44,188	55,233	65,705	4,760	71	169,957
Accumulated depreciation	-15,126	-43,103	-44,562	0	0	-102,792
Carrying amount as of 31 March 2014	**29,062**	**12,130**	**21,143**	**4,760**	**71**	**67,165**
Carrying amount as of 31 March 2014	**29,062**	**12,130**	**21,143**	**4,760**	**71**	**67,165**
Currency translation differences	104	521	352	316	0	1,293
Reclassification	1,106	23	-842	-1,179	0	-893
Addition resulting from company acquisition	43	792	164	0	0	999
Additions	3,267	2,892	7,628	4,352	188	18,327
Disposals	-19	-132	-1,450	-5,858	-71	-7,528
Scheduled depreciation	-2,534	-5,186	-7,363	0	0	-15,084
Impairment charge	0	-72	0	0	0	-72
Carrying amount as of 31 March 2015	**31,028**	**10,968**	**19,631**	**2,391**	**188**	**64,206**
Acquisition/production costs	48,659	59,484	64,414	2,391	188	175,136
Accumulated depreciation	-17,631	-48,515	-44,783	0	0	-110,930
Carrying amount as of 31 March 2015	**31,028**	**10,968**	**19,631**	**2,391**	**188**	**64,206**

The carrying amount of capitalized leases (land and buildings) as of 31 March 2015 amounts to TEUR 16,242 (31 March 2014: TEUR 16,701). With regard to the additions resulting from company acquisition, see note 30.

13 Intangible assets.

	Capitalized development costs	Concessions and rights	Goodwill	Intangible assets on completion	Prepayments	Total
Carrying amount as of 31 March 2013	**3**	**42,113**	**143,966**	**0**	**3,264**	**189,345**
Currency translation differences	0	-133	-870	-1	0	-1,003
Addition resulting from company acquisition	0	16,046	4,200	0	0	20,246
Additions	0	2,542	443	1,158	2,514	6,656
Disposals	0	-78	0	-424	0	-501
Impairment charge	0	0	-1,927	0	0	-1,927
Scheduled amortization	-3	-15,384	0	0	0	-15,386
Carrying amount as of 31 March 2014	**0**	**45,106**	**145,812**	**734**	**5,778**	**197,429**
Acquisition/production costs	8,586	125,160	145,812	734	5,778	286,069
Accumulated amortization	-8,586	-80,054	0	0	0	-88,640
Carrying amount as of 31 March 2014	**0**	**45,106**	**145,812**	**734**	**5,778**	**197,429**
Carrying amount as of 31 March 2014	**0**	**45,106**	**145,812**	**734**	**5,778**	**197,429**
Currency translation differences	0	69	1,067	0	0	1,136
Reclassification	0	893	0	0	0	893
Addition resulting from company acquisition	9,638	14,248	0	0	0	23,886
Additions	6,254	1,529	0	329	219	8,331
Disposals	-1,315	-219	0	-156	0	-1,690
Impairment charge	0	0	-36,802	0	0	-36,802
Scheduled amortization	-499	-18,176	0	0	0	-18,675
Carrying amount as of 31 March 2015	**14,078**	**43,451**	**110,077**	**907**	**5,997**	**174,509**
Acquisition/production costs	30,550	140,726	110,077	907	5,997	288,256
Accumulated amortization	-16,472	-97,275	0	0	0	-113,748
Carrying amount as of 31 March 2015	**14,078**	**43,451**	**110,077**	**907**	**5,997**	**174,509**

Capitalized development costs

Development costs relate to expenses, which are in accordance with IAS 38 capitalized and amortized over three to five years once the assets are available for commercial use and relate mainly to two large projects for software solutions from Prodata Mobility Systems NV.

In the fiscal year 2014/15, additional research and development costs of the group amounted to EUR 88.2 million (2013/14: EUR 95.5 million). In the fiscal year 2014/15, EUR 32.5 million thereof (2013/14: EUR 40.2 million) related to project-specific development costs charged to the customer. The remaining amount of EUR 55.7 million (2013/14: EUR 55.3 million) was recognized as an expense.

Goodwill

The impairment charge in the fiscal year 2014/15 relates on the one hand to the cash-generating unit (CGU) Road Solution Projects (RSP) and on the other hand to the cash-generating unit Carriers (CRS) (former: Public Operators (OPR)).

In the CGU RSP, the adverse market development of the preceding months required an adjustment of the multi-year planning and an impairment test as of 30 September 2014. Due to the result of the impairment test according to IAS 36, an impairment of the goodwill was recognized in the second quarter of the fiscal year 2014/15 amounting to TEUR 12,342 based on the internal value in use.

The persistent price competition between the network providers led to a decline of the European market for the public network providers. Market studies envisage this trend to continue until the end of the year 2016. Kapsch has therefore made necessary adaptations in the corresponding planning of the CGU CRS (formerly Public Operators). As a consequence, the results of the impairment test according to IAS 36 led to an impairment of the goodwill amounting to TEUR 24,460 based on the value in use.

The goodwill is allocated to the segments and their cash-generating units (CGU) as follows:

	2014/15	2013/14
Road Solutions Projects (RSP)	41,469	52,804
Services, System Extensions, Components Sales (SEC)	41,511	41,511
Others (OTH)	0	0
Traffic	**82,980**	**94,315**
Carriers (CRS) (former: Public Operators (OPR))	0	24,460
Public Transport (PTR)	0	0
Railways (RLW)	9,467	9,407
Carrier	**9,467**	**33,866**
Enterprise	**17,631**	**17,631**
Total	**110,077**	**145,812**

For the purpose of impairment testing according to IAS 36 goodwill was allocated to the cash-generating units (CGU) mentioned above, therefore following assumption were made:

	2014/15	2013/14
Determination of recoverable amount	Value in use	Value in use
Detailed planning years	4 years	4 years
Discount rate after tax, segment Traffic (CGU RSP, CGU SEC, CGU OTH)	8.27 %	9.08 %
Discount rate after tax, segment Carrier (CGU CRS, CGU PTR, CGU RLW)	8.33 %	9.19 %
Discount rate after tax, segment Enterprise (CGU EN)	9.73 %	10.51 %
Long-term growth rate	2.00 %	2.00 %

13.1 Cash-generating unit “Road Solution Projects” of the segment Traffic (CGU RSP)

Key assumptions for determining expected cash flows of the CGU RSP

Management has based its determination on the assumption that on the one hand after the successful implementation of road toll collection systems and Intelligent Transportation Systems (ITS), in particular in Austria, the Czech Republic, Switzerland, Australia, South America, South Africa, Poland and the Republic of Belarus, demand for toll collection systems will further increase, in particular as a result of tight public budgets and on the other hand after the successful implementation of intelligent transportation systems, in particular in South Africa, in the Czech Republic and North America, demand for intelligent transportation systems will continue to rise. The planning for the CGU “Road Solution Projects” is based on projects in the Republic of Belarus, America, Austria and Australia as well as the fact that tenders in several countries (for example in the Asian region) are already in the pipeline or in progress.

Parameter CGU RSP

	2014/15	2013/14
Carrying amount of goodwill allocated to the CGU	41,469	52,804
Carrying amount of intangible assets with indefinite useful life allocated to the CGU (excl. goodwill)	0	0
Value in use of the CGU	168,768	434,563
Carrying amount of the CGU	145,759	161,015
Discount rate before tax	10.2 %	11.3 %
Break-Even discount rate	11.1 %	21.1 %

Sensitivity analysis with the impact of changes to the value in use of the CGU RSP

	Changes in assumption	Decrease in assumption	Increase in assumption
WACC	±10 BP	36,135	-27,545
Revenue growth	±10 %	-14,013	17,239
EBITDA margin	±10 %	-4,836	4,836
Terminal value growth rate	±0.5 %	-15,754	18,482

13.2 Cash-generating unit "Services, System Extensions, Components Sales" of the segment Traffic (CGU SEC)

Key assumptions for determining expected cash flows of the CGU SEC

The management has based its determination on the assumption that, on the one hand, the group will remain the preferred supplier for operation, maintenance and supply of components for toll collection projects installed in previous years and, on the other hand, after implementation of toll collection and intelligent transportation systems, the group will perform the technical maintenance and commercial operation. Furthermore, expansions of completed nationwide electronic toll collection and ITS systems of Kapsch TrafficCom Group and long-term customer contracts for supply of components, especially to North America, Australia, Spain, Portugal, Denmark, France, Greece, Chile, Thailand, South Africa and Poland are included. The planning for the CGU SEC is based on ongoing maintenance for existing toll collection systems in Austria, Switzerland, the Czech Republic, Australia, South America, South Africa, Poland and the Republic of Belarus and on the commercial operation in the Czech Republic, South Africa, Poland and the Republic of Belarus as well as on road safety and traffic monitoring systems in South Africa, the Czech Republic, and North America.

Parameter CGU SEC

	2014/15	2013/14
Carrying amount of goodwill allocated to the CGU	41,511	41,511
Carrying amount of intangible assets with indefinite useful life allocated to the CGU (excl. goodwill)	6,903	6,512
Value in use of the CGU	852,165	614,664
Carrying amount of the CGU	135,131	162,119
Discount rate before tax	10.0 %	11.6 %
Break-Even discount rate	71.6 %	46.3 %

In the fiscal year 2014/15, intangible assets not yet ready for use amounting to TEUR 6,903 (2013/14: TEUR 6,512) are allocated to the cash-generating unit "SEC".

Sensitivity analysis with the impact of changes to the value in use of the CGU SEC

	Changes in assumption	Decrease in assumption	Increase in assumption
WACC	±10 BP	121,814	-93,490
Revenue growth	±10 %	-10,821	10,863
EBITDA margin	±10 %	-15,819	15,819
Terminal value growth rate	±0.5 %	-51,286	60,167

13.3 Cash-generating unit "Others" of the segment Traffic (CGU OTH)

Key assumptions for determining expected cash flows of the CGU OTH

The management has based its determination on the assumption that the development of the non-core business processed by the subsidiaries Kapsch Components GmbH & Co. KG and KTC USA Inc. will remain stable. The planning of the CGU OTH is based on projects in Austria, including the delivery for the GSM-R technology to the Kapsch CarrierCom as well as on projects in North America.

Parameter CGU OTH

	2014/15	2013/14
Carrying amount of goodwill allocated to the CGU	0	0
Carrying amount of intangible assets with indefinite useful life allocated to the CGU (excl. goodwill)	0	0
Value in use of the CGU	10,982	9,876
Carrying amount of the CGU	8,306	9,109
Discount rate before tax	10.4 %	11.0 %
Break-Even discount rate	16.1 %	11.7 %

Sensitivity analysis with the impact of changes to the value in use of the CGU OTH

	Changes in assumption	Decrease in assumption	Increase in assumption
WACC	±10 BP	940	-736
Revenue growth	±10 %	-467	467
EBITDA margin	±10 %	-232	232
Terminal value growth rate	±0.5 %	-380	446

13.4 Cash-generating unit "Carriers" (former: Public Operator) of the segment Carrier (CGU CRS)

Key assumptions for determining expected cash flows of the CGU CRS

As in the previous fiscal years, the market of the public network providers in Europe – the target market of the CGU CRS – is characterized by the decrease of the entire business of the network providers which influences their willingness to invest. As expected, this trend remained the same in the completed fiscal year and the market studies envisage this trend to continue until the end of the year 2016. The reasons are broad regulations in the area of mobile voice communication and applications on smartphones which substitute the SMS service as well as the voice telephony with "Voice over IP". Additionally the continuous price competition causes a stagnation of the revenues in the area of data communications. In the large conurbations the limits of the established UMTS-network (3G) will be reached in the upcoming years due to the continuously rising data traffic. Therefore the expansion based on LTE (4G) is indispensable. In Europe, this expansion is in progress and it will remain in focus of the network providers. The standardization of the deployed hardware and the generic deployment of the virtual server farms are recognized as a new trend. The known producers are currently working on necessary adaptations of the software. Nevertheless, companies from the IT sector are entering the market of the telecommunications with this new trend as well. All these factors give a reason to expect a strong competition on the operator side as well as on the supplier side. During the preparation of the consolidated financial statements, the goodwill of the CGU CRS has therefore been impaired. Nevertheless Kapsch aims to generate an added value to the customers especially through new solutions and innovations in the area of Professional Services. Besides of the core markets in Austria, France, Taiwan and Russia, Kapsch will focus on the expansion of the markets in Germany, Belgium, Slovenia, Croatia, Serbia, Macedonia, Bulgaria and Belarus.

Parameter CGU CRS

	2014/15	2013/14
Carrying amount of goodwill allocated to the CGU	0	24,460
Carrying amount of intangible assets with indefinite useful life allocated to the CGU (excl. goodwill)	0	0
Value in use of the CGU	18,737	43,345
Carrying amount of the CGU	18,737	42,949
Discount rate before tax	10.6 %	10.2 %
Break-Even discount rate	10.6 %	10.3 %

Sensitivity analysis with the impact of changes to the value in use of the CGU CRS

	Changes in assumption	Decrease in assumption	Increase in assumption
WACC	±10 BP	1,973	-1,533
Revenue growth	±10 %	-951	951
EBITDA margin	±10 %	-777	777
Terminal value growth rate	±0.5 %	-868	1,017

13.5 Cash-generating unit “Public Transport” of the segment Carrier (CGU PTR)

Key assumptions for determining expected cash flows of the CGU PTR

The management has based its determination on the assumption that in the area of Public Transport the Prodata Mobility Systems group acquired in the fiscal year 2014/15 is the material factor for the market entry into this business segment. Furthermore the major part of the business of the segment Carrier will take place in this cash-generating unit after integrating and completing the product and solution portfolio. The Prodata Mobility Systems group brings good references in the domestic market in Belgium, the Netherlands, Sweden, Romania, Germany and South Africa. In future the sales will focus on the markets in Belgium, the Netherlands, South Africa, the U.S.A., Romania, Russia, Sweden and the CEE countries. Another focus is to optimize the costs for the research and development.

Parameter CGU PTR

	2014/15	2013/14
Carrying amount of goodwill allocated to the CGU	0	0
Carrying amount of intangible assets with indefinite useful life allocated to the CGU (excl. goodwill)	12,764	0
Value in use of the CGU	73,231	0
Carrying amount of the CGU	38,986	0
Discount rate before tax	8.8 %	–
Break-Even discount rate	12.6 %	–

In the fiscal year 2014/15, intangible assets not yet ready for use in the amount of TEUR 12,764 (2013/14: TEUR 0) are allocated to the cash-generating unit "PTR".

Sensitivity analysis with the impact of changes to the value in use of the CGU PTR

	Changes in assumption	Decrease in assumption	Increase in assumption
WACC	±10 BP	14,393	-10,974
Revenue growth	±10 %	-5,286	5,464
EBITDA margin	±10 %	-1,146	1,146
Terminal value growth rate	±0.5 %	-6,188	7,250

13.6 Cash-generating unit "Railways" of the segment Carrier (RLW)

Key assumptions for determining expected cash flows of the CGU RLW

Management has based its determination on the assumption that stabilization and further expansion of the market leadership in the railway area is in the foreground. In the past fiscal year the position as a sound partner to existing costumers was consolidated as well as new customer relationships could be established. Important projects in the Czech Republic, Slovakia, Poland, Algeria (via realization of the joint venture with Algerian railway), Romania as well as France and Germany have been acquired and realized, respectively are in the implementation phase. In the coming years, the focus will be on the markets Central and Eastern Europe as well as North Africa, South America as well as the Arabic and the Asian area. Furthermore the existing Kapsch GSM-R networks is expected to further expansion in many Western European countries.

Parameter CGU RLW

	2014/15	2013/14
Carrying amount of goodwill allocated to the CGU	9,467	9,407
Carrying amount of intangible assets with indefinite useful life allocated to the CGU (excl. goodwill)	0	0
Value in use of the CGU	97,146	65,660
Carrying amount of the CGU	41,261	35,948
Discount rate before tax	10.2 %	11.1 %
Break-Even discount rate	28.5 %	18.7 %

Sensitivity analysis with the impact of changes to the value in use of the CGU RLW

	Changes in assumption	Decrease in assumption	Increase in assumption
WACC	±10 BP	12,063	-9,291
Revenue growth	±10 %	-1,480	1,480
EBITDA margin	±10 %	-2,632	2,632
Terminal value growth rate	±0.5 %	-5,224	6,121

13.7 Cash-generating unit “Enterprise” of the segment Enterprise (CGU EN)

Key assumptions for determining expected cash flows of the CGU EN

In the segment “Enterprise”, it is assumed that the company will be able to increase business with existing customers and expand in the segments ICT Facility, ICT Infrastructure and ICT Workspace and Applications. In Austria, the strong market position in ICT Infrastructure was extended, and management assumes to strengthen this position further. Based on its more clearly defined IT strategy, Kapsch’s positioning as an attractive and reliable service partner for ICT solutions. Continuing improvements in the past years are taking effect – Kapsch is beginning to utilize the newly created sales potential in this area. Management assumes that sales in the IT segment will grow further. Target customers are small and medium-sized companies with 50 to 500 users, some of which already belong to the customer base of the “Enterprise” segment. For management, outsourcing and out tasking are potential growth areas. The solutions offered cover all areas of voice and data transmission as well as parts of infrastructure of companies, starting with basic telecommunication, wireless and mobile business solutions and voice over IP including IT solutions, network security, network management, integration of the Internet, call center solutions, communication consulting, IP-TV, video solutions, managed services and much more. Ongoing cost optimizations result in improvements in efficiency but also in under proportional increases in cost (especially staff costs) compared to revenue increases.

Parameter CGU EN

	2014/15	2013/14
Carrying amount of goodwill allocated to the CGU	17,631	17,631
Carrying amount of intangible assets with indefinite useful life allocated to the CGU (excl. goodwill)	0	0
Value in use of the CGU	109,317	93,998
Carrying amount of the CGU	79,558	77,626
Discount rate before tax	12.1 %	13.1 %
Break-Even discount rate	16.2 %	15.0 %

Sensitivity analysis with the impact of changes to the value in use of the CGU EN

	Changes in assumption	Decrease in assumption	Increase in assumption
WACC	±10 BP	14,652	-11,459
Revenue growth	±10 %	-3,000	3,037
EBITDA margin	±10 %	-4,824	4,824
Terminal value growth rate	±0.5 %	-5,181	5,897

14 Investment properties.

	2014/15	2013/14
Carrying amount as of 31 March of prior year	**0**	**0**
Addition	4,316	0
Scheduled amortization	-161	0
Carrying amount as of 31 March of fiscal year	**4,155**	**0**
Acquisition/production cost	4,316	0
Accumulated amortization	-161	0
Carrying amount as of 31 March of fiscal year	**4,155**	**0**

For accounting of investment properties the group use the amortized cost model according to IAS 40.56.

The fair value of investment property is calculated internally using the capitalized earnings method and is classified to Level 3 of the valuation hierarchy under IFRS 7. The fair value of the investment property as of 31 March 2015 amounts to TEUR 6,706 (31 March 2014: TEUR 0).

Parameter of the capitalized earnings method

	2014/15	2013/14
Interest rate for property	6.00 %	—
Useful live in years	40	—
Multiplying factor	15.05	—

The gross income from the rental of investment property as of 31 March 2015 amounted to TEUR 323 (31 March 2014: TEUR 0).

The operating expenses from investment properties are as follows:

	2014/15	2013/14
Direct operating expenses (including repairs and maintenance) arising from investment property that generated rental income during the period	-259	0
Direct operating expenses (including repairs and maintenance) arising from investment property that did not generate rental income during the period	0	0

Contractual commitments

The group has entered into contractual commitments to managing and maintain the rented commercial properties leased to third parties. Annual expenses arising under those contracts amount about to TEUR 84.

15 Interests in associates.

Interests in associates developed as follows:

	2014/15	2013/14
Carrying amount as of 31 March of prior year	**3,355**	**3,438**
Disposal through sale of shares and dividend payments	-424	-364
Proportionate profit (after tax)	498	537
Currency translation differences	184	-257
Carrying amount as of 31 March of fiscal year	**3,613**	**3,355**

SIMEX, Integración de Sistemas, S.A.P.I. de C.V., Mexico

As of 31 July 2012, the group holds 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 carrying amount as of 31 March 2015 amounts to TEUR 2,014 (2013/14: TEUR 1,596).

The financial data of the entity as of the latest balance sheet date (31 December) are as follows:

	31 Dec. 2014	31 Dec. 2013
Non-current assets	10,235	15,365
Current assets	1,340	1,012
Non-current liabilities	-620	-587
Current assets	-6,181	-11,581
Net assets	**4,774**	**4,209**
Revenues	14,816	15,574
Result for the period	527	484
Other comprehensive income	0	0
Total income	**527**	**484**

Kapsch Financial Services GmbH, Vienna

The group holds 26 % of shares in Kapsch Financial Services GmbH, Vienna. The carrying amount as of 31 March 2015 amounts to TEUR 1,599 (2013/14: TEUR 1,759).

The financial data of the entity as of the latest balance sheet date (30 September) are as follows:

	30 Sep. 2014	30 Sep. 2013
Non-current assets	34,038	34,409
Current assets	1,926	1,683
Non-current liabilities	-12,226	-13,459
Current assets	-20,501	-19,628
Net assets	**3,237**	**3,005**
Revenues	41,129	43,391
Result for the period	1,631	1,399
Other comprehensive income	0	0
Total income	**1,631**	**1,399**

The financial information stated above relates to the last audited financial report of the Kapsch Financial Services GmbH, Vienna. Since the balance sheet date of the entity differs from the balance sheet date of the group the net assets are evaluated and recognized based on an interim report.

16 Current and non-current financial assets.

	2014/15	2013/14
Other non-current financial assets and investments	28,904	33,602
Other current financial assets	5,768	5,529
	34,672	**39,131**

Other non-current financial assets and investments	**Available-for-sale securities**	**Available-for-sale investments**	**Other non-current financial assets**	**Total**
Carrying amount as of 31 March 2013	**8,070**	**32,355**	**2,394**	**42,818**
Currency translation differences	0	0	-138	-138
Addition resulting from company acquisition	6	0	0	6
Additions	667	0	1,126	1,792
Disposals	-621	0	-2,289	-2,910
Change in fair value	282	-8,249	0	-7,967
Carrying amount as of 31 March 2014	**8,404**	**24,105**	**1,093**	**33,602**
Currency translation differences	0	0	98	98
Addition resulting from company acquisition	3	0	0	3
Additions	81	362	98	541
Disposals	0	0	-1,190	-1,190
Change in fair value	675	-4,824	0	-4,149
Carrying amount as of 31 March 2015	**9,163**	**19,643**	**98**	**28,904**

Other current financial assets	**Available-for-sale securities**	**Other current financial assets**	**Total**
Carrying amount as of 31 March 2013	**4,505**	**1,173**	**5,678**
Additions	0	2	2
Disposals	0	-578	-578
Change in fair value	419	7	426
Carrying amount as of 31 March 2014	**4,924**	**605**	**5,529**
Additions	0	0	0
Disposals	0	-127	-127
Change in fair value	367	0	367
Carrying amount as of 31 March 2015	**5,291**	**477**	**5,768**

As of 31 March 2015, available-for-sale securities relate to government and bank bonds as well as shares in investment funds. The other investments as of 31 March 2015 classified as available-for-sale mainly relate to a 19.48 % 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).

Other non-current financial assets relate to a loan from SIMEX, Integración de Sistemas, S.A.P.I. de C.V., Mexico to the group in the fiscal year 2013/14 that was repaid in the fiscal year 2014/15.

Other current financial assets mainly relate to a listed money market fund.

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 government and other 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**	**2014/15**
Non-current financial assets				
Available-for-sale securities	8,444	718	0	9,163
Available-for-sale investments	19,291	0	0	19,291
Derivative financial instruments	98	0	0	98
	27,834	**718**	**0**	**28,552**
Current financial assets				
Available-for-sale securities	5,291	0	0	5,291
Shares (Kapsch TrafficCom AG) – Held for Trading	0	0	0	0
	5,291	**0**	**0**	**5,291**
Total	**33,125**	**718**	**0**	**33,843**

In the fiscal year 2014/15, other non-current financial assets amounting to TEUR 830 are recognized at amortized cost.

	Level 1 Quoted prices	Level 2 Observable market data	Level 3 Not based on observable market data	2013/14
Non-current financial assets				
Available-for-sale securities	7,654	749	0	8,404
Available-for-sale investments	23,753	0	0	23,753
	31,408	**749**	**0**	**32,157**
Current financial assets				
Available-for-sale securities	4,924	0	0	4,924
Shares (Kapsch TrafficCom AG) – Held for Trading	102	0	0	102
	5,027	**0**	**0**	**5,027**
Total	**36,435**	**749**	**0**	**37,184**

In the fiscal year 2013/14, other non-current financial assets amounting to TEUR 1,947 are recognized at amortized cost.

17 Other non-current assets.

	2014/15	2013/14
Project in the Republic of Belarus	26,987	68,937
Truck toll collection system Czech Republic	1,148	2,171
Other non-current receivables	930	1,726
	29,065	**72,834**

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.

Sundry other non-current assets mainly relate to an insurance cover for pension commitments (2014/15: TEUR 523, 2013/14: TEUR 523) as well as in the prior year interest receivable from a stock option (2014/15: TEUR 0, 2013/14: TEUR 728).

Non-current receivables were discounted on the basis of cash flows using an interest rate of 2.71 – 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:

	2014/15	2013/14
Up to 2 years	29,905	53,766
Between 2 and 3 years	186	23,320
More than 3 years	798	3,157
	30,889	**80,243**

Amounts due from customers for contract work (non-current) are as follows:

	2014/15	2013/14
Construction costs incurred plus recognized gains	26,987	68,937
Less total amounts invoiced and advance payments received	0	0
	26,987	**68,937**

18 Inventories.

	2014/15	2013/14
Purchased parts and merchandise, at acquisition cost	40,097	40,943
Unfinished goods and work in progress, at production cost	78,424	54,283
Finished goods, at production cost	11,980	14,914
Prepayments on inventory	3,292	3,254
	133,792	**113,395**

Individual inventory items were written down, where necessary, to their net realizable values. The write-downs of inventories amount to TEUR 25,351 (2013/14: TEUR 21,235). In the reporting period TEUR 4,116 were recognized in the statement of comprehensive income (2013/14: TEUR 4,167).

19 Trade receivables and other current assets.

	2014/15	2013/14
Trade receivables	166,791	232,270
Allowance for bad debts	-9,247	-6,004
Trade receivables – net	157,544	226,266
Amounts due from customers for contract work	94,647	23,165
Amounts due from customers for service and maintenance contracts	9,348	8,201
Receivables from tax authorities (other than income tax)	31,931	19,429
Other receivables and prepaid expenses	44,069	40,650
	337,539	**317,712**

Allowances for bad debts developed as follows:

	2014/15	2013/14
Balance as of 31 March of the prior year	**6,004**	**3,969**
Addition	4,249	2,702
Utilization	-833	-327
Disposal	-240	-305
Currency translation differences	67	-35
Balance as of 31 March of the fiscal year	**9,247**	**6,004**

Maturity structure of trade receivables and other current assets:

	2014/15	2013/14 (adjusted)
Not yet due	122,696	186,875
Overdue		
Less than 60 days (not impaired)	24,388	24,450
More than 60 days (not impaired)	9,443	14,206
More than 60 days (impaired)	10,264	6,785
	166,791	**232,270**

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 2,481 (2013/14: TEUR 2,169) and to the operation and maintenance of the system amounting to TEUR 22,044 (2013/14: TEUR 24,748) 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 5,027 (2013/14: TEUR 19,347). Trade receivables (current) relating to the installation of the truck toll collection system of the Republic of Belarus amounting to TEUR 0 (2013/14: TEUR 39,921) and to the operation of the system amounting to TEUR 875 (2013/14: TEUR 1,985) are due from BelToll.

Trade receivables amounting to TEUR 4,989 (2013/14: TEUR 4,472) were pledged as collateral to banks (see note 22).

Amounts due from customers for contract work relate to the segment Traffic and to the segment Carrier and detail as follows:

	2014/15	2013/14
Construction costs incurred plus recognized gains	506,513	324,075
Less amounts billed and prepayments received	-411,866	-300,910
	94,647	**23,165**

As of 31 March 2015, amounts due from customers for contract work primarily relate to toll collection projects in North America amounting to TEUR 21,400 (2013/14: TEUR 8,189), in France amounting to TEUR 2,083 (2013/14: TEUR 8,996), the establishment of the toll collection system in the Republic of Belarus amounting to TEUR 53,499 (2013/14: TEUR 0) as well as public transport-projects in Belgium amounting to TEUR 10,651 (2013/14: TEUR 0).

Revenues from construction contracts amount to TEUR 110,872 in 2014/15 (2013/14: TEUR 136,949).

20 Cash and cash equivalents.

	2014/15	2013/14
Cash on hand	146	138
Deposits held with banks	120,517	91,795
	120,663	**91,933**

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.

21 Share capital.

	2014/15	2013/14
Carrying amount as of 31 March of fiscal year	**727**	**727**

The registered share capital of the company amounts to EUR 726,728. The share capital is fully paid in.

22 Current and non-current financial liabilities.

	2014/15	2013/14
Current		
Loans for acquisitions	375	3,125
Loans for project financing	31,489	20,753
Other current loans	69,822	73,335
	101,686	**97,214**
Non-current		
Loans for acquisitions	4,450	5,425
Loans for project financing	38,336	58,475
Capital expenditure loan	20,000	5,850
Corporate bond	84,425	74,301
Other non-current loans	17,528	6,702
	164,738	**150,752**
Total	**266,424**	**247,966**

In November 2010, Kapsch TrafficCom AG, Vienna, issued a corporate bond 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 %.

Respective to the premature buyback offer of the corporate bond in the amount of TEUR 4,182 of May 2015, we refer to note 34, events after the balance sheet date.

In May 2014, KAPSCH-Group Beteiligungs GmbH, Vienna, issued a corporate bond with a volume of EUR 10 million, a maturity of 3 years and an interest rate of 2.70 %. The effective interest rate amounts to 2.97 %.

All other non-current financial liabilities mature in 1 to 5 years.

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

	2014/15	2013/14
Carrying amount	**266,424**	**247,966**
Fair value	**278,487**	**249,700**
Gross cash flow		
Up to 1 year	106,986	102,403
Between 1 and 3 years	143,178	55,103
Between 3 and 5 years	30,245	100,047
More than 5 years	5,838	7,108
	286,248	**264,660**

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	2014/15
Corporate bond	78,338	10,270	0	88,608
Other financial liabilities	0	189,880	0	189,880
Total	**78,338**	**200,150**	**0**	**278,487**

	Level 1 Quoted prices	Level 2 Observable market data	Level 3 Not based on observable market data	2013/14
Corporate bond	78,863	0	0	78,863
Other financial liabilities	0	170,837	0	170,837
Total	**78,863**	**170,837**	**0**	**249,700**

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:

	2014/15	2013/14
Total financial liabilities:		
Carrying fixed interest rates	203,027	144,867
Carrying variable interest rates	63,397	103,100
	266,424	**247,966**
Average interest rates:		
Current loans	0.80 – 4.23 %	0.80 – 5.97 %
Loans for acquisitions	2.25 – 2.55 %	2.00 – 2.88 %
Loans for project financing	0.33 – 5.46 %	2.29 – 5.46 %
Capital expenditure loan	1.65 – 1.75 %	2.96 %
Corporate bond	2.97 – 4.54 %	4.54 %
Other	0.75 – 2.75 %	1.70 – 3.10 %

Trade receivables (current) amounting to TEUR 4,989 (2013/14: TEUR 4,472) were pledged as collateral for bank guarantees and loans.

For project financing of the Belorussian toll collection system, with an outstanding amount of TEUR 34,833 as of 31 March 2015 (2013/14: TEUR 55,167), 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.

Liabilities to banks in the amount of TEUR 22,000 (2013/14: TEUR 21,000) are pledged with shares in Kapsch Financial Services GmbH, Vienna.

A bill of exchange amounting to TEUR 1,425 (2013/14: TEUR 1,425) was issued for an export promotion credit.

In the prior year, the capital expenditure loan of KAPSCH-Group Beteiligungs GmbH, Vienna, with a total liability of TEUR 0 as of 31 March 2015 (2013/14: TEUR 5,850) was secured by collateral pledges of shares held in Kapsch TrafficCom AG, Vienna.

23 Liabilities from finance lease.

Finance lease mainly concerns to two lease contracts for buildings entered into by Kapsch BusinessCom AG, Vienna. The duration of the contracts are 18 and 20 years and include a purchase option to buy the buildings at their carrying amount at the end of the lease period. For the calculation of the present value, an interest rate of 2.25 % was applied.

	2014/15	2013/14
Up to 1 year	654	693
Between 1 and 5 years	2,145	2,773
More than 5 years	14,472	14,724
Minimum lease payments (purchase option included)	**17,271**	**18,190**
Accrued interest	-621	-1,012
Present value of the lease liabilities	**16,650**	**17,179**
Thereof disclosure as non-current liabilities	16,113	16,651
Thereof disclosure as current liabilities	536	528
	16,650	**17,179**

The fair values approximate the carrying amounts.

The maturity of finance lease liabilities is as follows:

	2014/15	2013/14
Up to 1 year	536	528
Between 1 and 5 years	2,145	2,111
More than 5 years	13,968	14,539
	16,650	**17,179**

Finance lease liabilities are collateralized in the way that in case of delayed payments the ownership of the leased property is transferred back to the lessor.

24 Deferred tax assets/liabilities.

	2014/15	2013/14
Deferred tax assets		
Deferred tax assets to be recovered after more than 12 months	36,691	39,705
Deferred tax assets to be recovered within 12 months	4,781	9,853
	41,472	**49,559**
Deferred tax liabilities		
Deferred tax liabilities to be recovered after more than 12 months	4,200	6,941
Deferred tax liabilities to be recovered within 12 months	2,539	5,809
	6,739	**12,750**
Deferred tax assets (+)/deferred tax liabilities net (-)	**34,734**	**36,809**

Deferred taxes due to tax loss carry-forwards and other temporary differences deductible in the future are recognized only to the extent of their potential realization. In these consolidated financial statements, tax loss carry-forwards in the amount of EUR 29.0 million (2013/14: EUR 32.1 million) 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 2013	Additions resulting from the acquisition of companies	Taken through the profit of the period	Taken through equity	Currency translation differences	31 March 2014
Deferred tax assets						
Tax loss carry-forwards	28,470	0	742	0	-635	28,578
Provisions disallowed for tax purposes	13,273	0	-1,713	80	-83	11,556
Depreciation disallowed for tax purposes	1,966	0	-316	0	-16	1,634
Construction contracts	0	0	804	0	0	804
Other	10,668	0	-3,179	-14	-281	7,193
	54,377	**0**	**-3,662**	**65**	**-1,015**	**49,765**
Deferred tax liabilities						
Special depreciation/amortization of non-current assets	456	0	209	0	-93	572
Construction contracts	6,955	0	-6,955	0	0	0
Gains from recognition at fair value	7,244	5,267	-3,002	0	0	9,509
Other	3,986	0	-1,076	0	-35	2,875
	18,641	**5,267**	**-10,823**	**0**	**-128**	**12,956**
Total change	**35,736**	**-5,267**	**7,161**	**65**	**-887**	**36,809**

	31 March 2014	Additions resulting from the acquisition of companies	Taken through the profit of the period	Taken through equity	Currency translation differences	31 March 2015
Deferred tax assets						
Tax loss carry-forwards	28,578	0	-752	0	193	28,018
Provisions disallowed for tax purposes	11,556	0	-2,457	1,855	52	11,006
Depreciation disallowed for tax purposes	1,634	0	-168	0	10	1,476
Construction contracts	804	0	1,211	0	0	2,014
Other	7,193	0	1,896	-2,522	234	6,802
	49,765	**0**	**-270**	**-667**	**489**	**49,317**
Deferred tax liabilities						
Special depreciation/amortization of non-current assets	572	0	213	0	72	857
Gains from recognition at fair value	9,509	3,556	-3,456	0	0	9,609
Other	2,875	102	1,105	0	35	4,118
	12,956	**3,658**	**-2,138**	**0**	**107**	**14,584**
Total change	**36,809**	**-3,658**	**1,868**	**-667**	**382**	**34,734**

25 Liabilities from post-employment benefits to employees.

Amounts recognized in the balance sheet:

	2014/15	2013/14
Termination benefits	38,780	34,524
Pension benefits	29,814	24,177
	68,594	**58,701**

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 and active employees. All pension agreements are based on the final salary, are granted as fixed monthly pension payments and are partially 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 2.10 % (2013/14: 3.60 %), pension benefit obligations for active employees were valued based on an interest rate of 2.20 % (2013/14: 3.75 %) for the euro area and 3.75 % (2013/14: 4.35 %) for Canada as well as 1.80 % for retirees (2013/14: 3.20 %) and compensation increases based on a rate of 2.0 % (2013/14: 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 (2013/14: AVÖ 2008-P) by Pagler & Pagler. Pension increases were estimated at 2.07 % (2013/14: 1.70 %).

The following amounts are recognized in the balance sheet and the statement of comprehensive income for **termination benefits:**

	2014/15	2013/14
Change in liabilities recognized in the balance sheet:		
Carrying amount as of 31 March of prior year	**34,524**	**34,955**
Addition resulting from company acquisition	0	25
Current service cost	1,013	1,104
Interest expense	1,206	1,359
Remeasurements (actuarial gains/losses)	3,380	0
Payments	-1,456	-2,901
Currency translation differences	113	-18
Carrying amount as of 31 March of fiscal year	**38,780**	**34,524**
Total, included in staff costs (note 5)	1,013	1,104
Total, included in financial result (note 8)	1,206	1,359

Remeasurements are attributable to the following positions:

	2014/15	2013/14
Remeasurements from changes in demographic assumptions	-745	33
Remeasurements from changes in financial assumptions	4,582	408
Remeasurements from other changes (experience adjustments)	-456	-441
Total	**3,380**	**0**

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	1,756	-1,635
Expected annual interest expenses (IC)	± 0.5 BP	-160	146
Expected annual service costs (CSC)	± 0.5 BP	49	-45
Impact of changes in **salary increases**			
Defined benefit obligation (DBO)	± 0.5 BP	-1,557	1,654
Expected annual interest expenses (IC)	± 0.5 BP	-33	35
Expected annual service costs (CSC)	± 0.5 BP	-47	51
Impact of changes in **fluctuation**			
Defined benefit obligation (DBO)	± 5 %	152	-147
Expected annual interest expenses (IC)	± 5 %	3	-3
Expected annual service costs (CSC)	± 5 %	6	-5

The amounts recognized in the balance sheet for **retirement benefits** are determined as follows:

	2014/15	2013/14
Present value of funded obligations	6,412	5,429
Fair value of plan asset	-1,492	-1,279
Deficit of funded plans	**4,920**	**4,150**
Present value of unfunded obligations	24,894	20,027
Liability in the balance sheet	**29,814**	**24,177**

Change in defined benefit obligation:

	2014/15	2013/14
Carrying amount as of 31 March of prior year	**25,456**	**22,516**
Addition resulting from reclassification (from other personnel liabilities)	0	2,361
Addition resulting from company acquisition	0	59
Current service costs	777	533
Interest expense	888	665
Remeasurements (actuarial gains/losses)	4,823	517
Payments	-952	-930
Currency translation differences	315	-265
Carrying amount as of 31 March of fiscal year	**31,306**	**25,456**

Change in fair value of plan assets:

	2014/15	2013/14
Carrying amount as of 31 March of prior year	**1,279**	**1,076**
Remeasurements	31	-5
Expected return on plan assets	39	65
Employer contribution	143	143
Benefits paid	0	0
Carrying amount as of 31 March of fiscal year	**1,492**	**1,279**

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

	2014/15	2013/14
Total, included in staff costs (note 5)	777	533
Total, included in the financial result (note 8)	888	665

Remeasurements are attributable to the following positions:

	2014/15	2013/14
Remeasurements from changes in demographic assumptions	-2,162	-18
Remeasurements from changes in financial assumptions	6,369	440
Remeasurements from other changes (experience adjustments)	647	91
Total	**4,854**	**513**

Plan assets are comprised as follows:

	2014/15	2013/14
Equity instruments	30 %	28 %
Debt instruments	64 %	66 %
Property	0 %	0 %
Other	6 %	6 %
	100 %	**100 %**

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	1,936	-1,698
Expected annual interest expenses (IC)	± 0.5 BP	-80	67
Expected annual service costs (CSC)	± 0.5 BP	64	-54
Impact of changes in **salary/pension increases**			
Defined benefit obligation (DBO)	± 0.5 BP	-792	898
Expected annual interest expenses (IC)	± 0.5 BP	-17	20
Expected annual service costs (CSC)	± 0.5 BP	-38	43

26 Other non-current liabilities.

	2014/15	2013/14
Truck toll collection system Czech Republic	568	1,207
Liabilities resulting from earn-out clauses	288	1,222
Non-current liabilities from derivative financial instruments	1,531	1,054
Other	2,408	2,559
	4,795	**6,042**

Other non-current liabilities relate to trade payables (non-current) amounting to TEUR 568 (2013/14: TEUR 1,207) 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 17). Thus, the fair values approximate the carrying amounts.

Non-current liabilities from derivative financial instruments amounting to TEUR 1,531 (previous year: TEUR 1,054) relate to an interest rate swap with a volume of EUR 10 million and a maturity until 2022 associated with a hedge of the interest rate risk from the variable interest yield from the finance lease.

Other non-current liabilities mainly relate to loans to minority shareholders of TMT Services and Supplies (Pty) Ltd., Cape Town, South Africa, amounting to TEUR 1,483 (2013/14: TEUR 1,481), to the non-current portion of a contingent payment obligation amounting to TEUR 288 (2013/14: TEUR 409) from the acquisition of the "Mobility Solutions" business of TechnoCom Corporation, Encino, U.S.A., as well as liabilities from derivative financial instruments.

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

	2014/15	2013/14
Up to 2 years	1,737	2,670
Between 2 and 3 years	161	1,968
More than 3 years	3,327	1,991
	5,225	**6,629**

27 Other liabilities and deferred income.

	2014/15	2013/14
Amounts due to customers for contract work	17,786	14,756
Prepayments received	21,601	9,399
Non-current employee liabilities	39,674	39,602
Liabilities to tax authorities (other than income tax)	19,135	23,149
Other liabilities and deferred income	48,430	41,436
Current liabilities from derivatives and hedging activities	93	180
	146,718	**128,521**

Amounts due to customers for contract work relate to the segment Traffic and detail as follows:

	2014/15	2013/14
Construction costs incurred plus recognized gains	-76,019	-62,777
Less amounts billed and prepayments received	93,805	77,533
	17,786	**14,756**

As of 31 March 2015, amounts due to customers for contract work mainly relate to toll collection projects in North America (2013/14: toll collection projects in North America).

28 Provisions.

	2014/15	2013/14
Non-current provisions	5,796	4,104
Current provisions	34,138	49,821
	39,935	**53,925**

The provisions changed as follows:

	31 March 2013	Additions from the acquisition of companies	Addition	Utilization	Disposal	Reclassi-fication	Currency translation differences	31 March 2014
Obligations from anniversary bonuses	3,803	0	613	-11	-517	0	-4	3,884
Other	254	0	251	-5	-25	-173	-81	221
Non-current provisions, total	**4,057**	**0**	**864**	**-16**	**-542**	**-173**	**-85**	**4,104**
Warranties	9,286	134	2,050	-1,273	-2,048	173	-139	8,184
Losses from pending transactions and rework	22,479	0	64	-2,747	-1,157	0	13	18,651
Legal fees, costs of litigation and contract risks	12,543	991	4,467	-2,409	-6,117	5	10	9,489
Other	12,419	91	17,982	-14,607	-1,899	-5	-486	13,496
Current provisions, total	**56,727**	**1,216**	**24,563**	**-21,036**	**-11,220**	**173**	**-602**	**49,821**
Total	**60,783**	**1,216**	**25,427**	**-21,052**	**-11,762**	**0**	**-687**	**53,925**

	31 March 2014	Additions from the acquisition of companies	Addition	Utilization	Disposal	Reclassi-fication	Currency translation differences	31 March 2015
Obligations from anniversary bonuses	3,884	0	963	-35	-132	0	2	4,682
Other	221	652	682	-504	0	0	64	1,114
Non-current provisions, total	**4,104**	**652**	**1,645**	**-539**	**-132**	**0**	**66**	**5,796**
Warranties	8,184	0	1,585	-1,522	-1,615	-249	89	6,472
Losses from pending transactions and rework	18,651	0	217	-47	-16,225	1,097	-36	3,656
Legal fees, costs of litigation and contract risks	9,489	0	871	-3,100	-2,053	0	-9	5,198
Other	13,496	0	15,436	-9,056	-714	-847	498	18,813
Current provisions, total	**49,821**	**0**	**18,109**	**-13,725**	**-20,608**	**0**	**542**	**34,138**
Total	**53,925**	**652**	**19,754**	**-14,264**	**-20,740**	**0**	**608**	**39,935**

The provision for anniversary bonuses relates to non-current entitlements by employees based on Collective Agreement. The valuation was based on an interest rate of 2.10 % (2013/14: 3.60 %), the earliest possible statutory retirement age including transitional provisions and using the mortality tables AVÖ 2008-P (2013/14: AVÖ 2008-P) by Pagler & Pagler; increases in salary were considered at 2.0 % (2013/14: 3.0 %). In the position “Addition” interest effects amounting to TEUR 140 (2013/14: TEUR 134) are included.

As a 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.

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.

Other provisions mainly include provisions for rebate in kind, credits receivable and project costs, discounts granted to customers and legal and consulting fees.

29 Contingent liabilities, other commitments and operating lease commitments.

The group’s contingent liabilities primarily result from large-scale projects in the segment Traffic. Other commitments mainly relate to contract and warranty bonds, financial retentions, bank guarantees, performance and bid bonds, sureties and acceptance of guarantees for subsidiaries vis-à-vis third parties.

Details of contingent liabilities and other commitments are as follows:

	2014/15	2013/14
Contract, warranty, performance and bid bonds		
South Africa (toll collection system)	87,578	79,161
North America (toll collection system and traffic management)	79,441	62,284
Spain (GSM-R project)	30,000	30,000
Germany (GSM-R project)	20,593	6,439
Austria (toll collection system)	17,877	16,500
Poland (toll collection system)	8,500	8,500
Australia (toll collection system)	7,236	7,115
Czech Republic (toll collection system)	4,126	1,448
Portugal (toll collection system)	167	573
Other	16,926	11,843
	272,444	**223,863**
Bank guarantees	5,694	9,675
Sureties	7,570	1,883
Acceptance of guarantees for subsidiaries vis-à-vis third parties	26,679	22,141
	39,943	**33,698**
Total	**312,387**	**257,562**

For details of securities for above-mentioned contingent liabilities and other commitments, see note 16 and note 22. Furthermore, assets of Kapsch TrafficCom AB, Jönköping, Sweden, amounting to TEUR 9,688 (2013/14: TEUR 10,146) were pledged in favor of a Swedish bank in order to secure contingent liabilities, as well as assets of Kapsch CarrierCom France SAS, Paris, France, amounting to TEUR 477 (2013/14: TEUR 502) were pledged in favor of a French bank in order to secure contingent liabilities.

Financial obligation from lease contracts:

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

	2014/15	2013/14 (adjusted)
Up to 1 year	22,164	20,956
Between 1 and 5 years	57,341	56,497
Over 5 years	29,889	26,724
	109,395	**104,177**

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:

	2014/15	2013/14
Rent	15,576	15,677
Motor vehicle leases	5,080	5,187
IT leases	4,741	4,327
Other	624	931
	26,021	**26,122**

30 Business combinations.

Prodata Mobility Systems NV, Zaventem, Belgium

On 17 July 2014, the group acquired all shares in Prodata Mobility Systems NV including its subsidiaries, a division of Prodata Technology Group, headquartered in Zaventem near Brussels, Belgium.

The purchase price consists of a fixed component (TEUR 15,000) as well as a variable component (Earn-Out-Payment) which is limited to TEUR 30,000 and depending on the achievement of specific results. Due to the appraisal of the management, no liabilities have been recognized from this agreement as further payments are improbable from a present-day perspective.

The integration of this company is an essential step in the right direction to achieve the group´s goal to offer end-to end-solutions for operators in the short-range transit.

Consideration paid	15,000
Less fair value of net assets acquired (provisionally determined)	-15,000
Goodwill	**0**

Assets and liabilities resulting from the acquisition are shown as follows (provisionally determined):

	Fair value
Property, plant and equipment	999
Intangible assets	23,886
Inventories	5,833
Receivables and other assets	27,964
Cash and cash equivalents	0
Provisions	-652
Liabilities, other liabilities and deferred income	-39,372
Deferred tax liabilities	-3,658
Net assets acquired	**15,000**

The acquired companies contributed revenue of TEUR 17,544 and a net income of TEUR -6,718 to the group’s result for the period from 17 July 2014 to 31 March 2015. If the acquisition had occurred on 1 April 2014, the group’s revenues would have been higher by EUR 4.9 million and the loss of the group would have been lower by EUR 2.1 million.

31 Investments in subsidiaries.

Entity, Headquarters of Entity	Internal designation	31 March 2015 Group's share	31 March 2015 Non-controlling interests	31 March 2014 Group's share	31 March 2014 Non-controlling interests
Segment Traffic					
Kapsch TrafficCom AG, Vienna	KTC	63.1 %	36.9 %	61.9 %	38.1 %
Kapsch TrafficCom Construction & Realization spol. s r.o., Prague, Czech Republic	KTC C&R CZ	63.4 %	36.6 %	62.3 %	37.7 %
Kapsch TrafficCom Ltd., Manchester, United Kingdom	KTC UK	63.1 %	36.9 %	61.9 %	38.1 %
Kapsch Components GmbH & Co KG, Vienna	KCO	63.1 %	36.9 %	61.9 %	38.1 %
Kapsch Components GmbH, Vienna	KCO GmbH	63.1 %	36.9 %	61.9 %	38.1 %
ArtiBrain Software Entwicklungsgesellschaft mbH, Vienna	ArtiBrain	63.1 %	36.9 %	61.9 %	38.1 %
Kapsch TrafficCom S.r.l. a socio unico, Milan, Italy	KTC Italy	63.1 %	36.9 %	61.9 %	38.1 %
Kapsch TrafficCom d.o.o., Ljubljana, Slovenia	KTC Slovenia	63.1 %	36.9 %	61.9 %	38.1 %
Transport Telematic Systems – LLC, Abu Dhabi, United Arab Emirates ****)	TTS, UAE	30.9 % [1]	69.1 %	30.3 % [1]	69.7 %
OOO Kapsch TrafficCom Russia, Moscow, Russia	KTC Russia	63.1 %	36.9 %	61.9 %	38.1 %
Kapsch Telematik Technologies Bulgaria EAD, Sofia, Bulgaria	KTTB, Bulgaria	63.1 %	36.9 %	61.9 %	38.1 %
Kapsch TrafficCom Argentina S.A., Buenos Aires, Argentina	KTC Argentina	63.1 %	36.9 %	61.9 %	38.1 %
Kapsch TrafficCom Kazakhstan LLC, Almaty, Kazakhstan	KTC Kazakhstan	63.1 %	36.9 %	61.9 %	38.1 %
Kapsch Telematic Services IOOO, Minsk, Republic of Belarus	KTS Belarus	63.1 %	36.9 %	61.9 %	38.1 %
Kapsch TrafficCom KGZ, Bischkek, Kyrgyzstan *)	KTC Kyrgyzstan	63.1 %	36.9 %	–	–
Kapsch TrafficCom Lietuva, Vilnius, Lithuania *)	KTC Lithuania	32.2 % [1]	67.8 %	–	–
KTS Beteiligungs GmbH, Vienna (former: Jibesoev GmbH)	Jibesoev, Austria	63.1 %	36.9 %	61.9 %	38.1 %
Kapsch TrafficCom AB, Jönköping, Sweden	KTC Sweden	63.1 %	36.9 %	61.9 %	38.1 %
Kapsch TrafficCom do Brasil, Sao Paulo, Brazil	KTC Brazil	63.1 %	36.9 %	61.9 %	38.1 %
Kapsch TrafficCom Australia Pty Ltd, Melbourne, Australia	KTC Australia	63.1 %	36.9 %	61.9 %	38.1 %
Kapsch TrafficCom Chile S.A., Santiago de Chile, Chile	KTC Chile	63.1 %	36.9 %	61.9 %	38.1 %
Kapsch TrafficCom France SAS, Paris, France	KTC France	63.1 %	36.9 %	61.9 %	38.1 %
Kapsch TrafficCom PTE.LTD., Tripleone Somerset, Singapore	KTC Singapore	63.1 %	36.9 %	61.9 %	38.1 %
Kapsch TrafficCom (M) Sdn Bhd, Kuala Lumpur, Malaysia	KTC Malaysia	63.1 %	36.9 %	61.9 %	38.1 %
Kapsch TrafficCom Limited, Auckland, New Zealand	KTC New Zealand	63.1 %	36.9 %	61.9 %	38.1 %
Kapsch TrafficCom South Africa (Pty) Ltd., Johannesburg, South Africa	KTC SA	63.1 %	36.9 %	61.9 %	38.1 %
Electronic Toll Collection (PTY) Ltd., Centurion, South Africa	ETC	54.9 %	45.1 %	53.9 %	46.1 %
Kapsch TrafficCom South Africa Holding (Pty) Ltd., Cape Town, South Africa	KTC SA Holding	63.1 %	36.9 %	61.9 %	38.1 %
TMT Services and Supplies (Pty) Ltd., Cape Town, South Africa	TMT	39.7 % [1]	60.3 %	39.0 % [1]	61.0 %
Mobiserve Pty. Ltd. (former TMT Services and Supplies (Gauteng) (Pty) Ltd.), Cape Town, South Africa	Mobiserve	39.7 % [1]	60.3 %	39.0 % [1]	61.0 %
Berrydust 51 (Pty) Ltd., Cape Town, South Africa	Berrydust	33.8 % [1]	66.2 %	33.1 % [1]	66.9 %
Kapsch TrafficCom B.V., Amsterdam, Netherlands	KTC BV	63.1 %	36.9 %	61.9 %	38.1 %
Kapsch TrafficCom Canada Inc., Mississauga, Canada	KTC Canada	63.1 %	36.9 %	61.9 %	38.1 %
Kapsch TrafficCom IVHS, S.A. de C.V., Mexico City, Mexico	KTC IVHS Mexico	63.1 %	36.9 %	61.9 %	38.1 %
Kapsch TrafficCom Holding II US Corp., McLean, U.S.A.	KTC Hold. II US Corp.	63.1 %	36.9 %	61.9 %	38.1 %
Kapsch TrafficCom IVHS Technologies Holding Corp., McLean, U.S.A. ***)	KTC IVHS Tech. Hold. Corp	–	–	61.9 %	38.1 %
Kapsch TrafficCom IVHS Holding Corp., McLean, U.S.A. ***)	KTC IVHS Hold. Corp.	–	–	61.9 %	38.1 %

Entity, Headquarters of Entity	Internal designation	31 March 2015 Group's share	31 March 2015 Non-controlling interests	31 March 2014 Group's share	31 March 2014 Non-controlling interests
Kapsch TrafficCom IVHS Inc., McLean, U.S.A.	KTC IVHS Inc., USA	63.1 %	36.9 %	61.9 %	38.1 %
Kapsch TrafficCom USA, Inc., Duluth, U.S.A. (former: Transdyn Inc.)	KTC USA, Inc.	63.1 %	36.9 %	61.9 %	38.1 %
Kapsch TrafficCom Holding Corp., McLean, U.S.A. ***)	KTC Holding Corp., USA	63.1 %	36.9 %	61.9 %	38.1 %
Kapsch TrafficCom U.S. Corp., McLean, U.S.A.	KTC US Corp., USA	–	–	61.9 %	38.1 %
Kapsch TrafficCom Inc., Carlsbad, U.S.A.	KTC Inc., USA	63.1 %	36.9 %	61.9 %	38.1 %
KTCSL Merger Corp., Delaware, U.S.A. *)	KTCSL	63.1 %	36.9 %	–	–
Kapsch Telematic Services GmbH, Vienna	KTS Austria	63.1 %	36.9 %	63.1 %	36.9 %
Kapsch Telematic Services Kft., Budapest, Hungary	KTS Hungary	63.1 %	36.9 %	63.1 %	36.9 %
Kapsch Telematic Services spol. s r.o., Prague, Czech Republic *)	KTS CZ	32.8 % [1]	67.2 %	32.8 % [1]	67.2 %
Kapsch Telematic Services GmbH Deutschland, Berlin, Germany	KTS Germany	63.1 %	36.9 %	63.1 %	36.9 %
Kapsch Telematic Services Solutions A/S, Copenhagen, Denmark	KTSS Denmark	37.9 % [1]	62.1 %	37.8 % [1]	62.2 %
Kapsch Telematic Services sp. z o.o., Warsaw, Poland	KTS Poland	63.1 %	36.9 %	63.1 %	36.9 %
Kapsch Road Services sp. z o.o., Warsaw, Poland	KRS Poland	63.1 %	36.9 %	63.1 %	36.9 %
VTI Industrial Electronics (Proprietary Limited) (South Africa), Germiston, South Africa **)	VTI	–	–	61.9 %	38.1 %
Segment Carrier					
Kapsch CarrierCom AG, Vienna	KCC	100.0 %	0.0 %	100.0 %	0.0 %
Kapsch CarrierCom Kft., Budapest, Hungary	KCC Hungary	100.0 %	0.0 %	100.0 %	0.0 %
Kapsch EOOD, Sofia, Bulgaria	KCC Bulgaria	100.0 %	0.0 %	100.0 %	0.0 %
Kapsch DOOEL, Skopje, Macedonia	KCC Macedonia	100.0 %	0.0 %	100.0 %	0.0 %
Kapsch d.o.o. Beograd, Belgrade, Serbia	KCC Serbia	100.0 %	0.0 %	100.0 %	0.0 %
Kapsch CarrierCom d.o.o., Zagreb, Croatia	KCC Croatia	100.0 %	0.0 %	100.0 %	0.0 %
FUN-AGENT d.o.o., Zagreb, Croatia	Fun-Agent	100.0 %	0.0 %	100.0 %	0.0 %
Kapsch d.o.o., Ljubljana, Slovenia	KCC Slovenia	100.0 %	0.0 %	100.0 %	0.0 %
Kapsch FE, Minsk, Republic of Belarus	KCC Belarus	100.0 %	0.0 %	100.0 %	0.0 %
Kapsch CarrierCom France SAS, Paris, France	KCC France	100.0 %	0.0 %	100.0 %	0.0 %
Kapsch CarrierCom Deutschland GmbH, Frankfurt on Main, Germany	KCC Germany	100.0 %	0.0 %	100.0 %	0.0 %
Kapsch CarrierCom Taiwan Co., Ltd., Taipei, Taiwan	KCC Taiwan	100.0 %	0.0 %	100.0 %	0.0 %
Kapsch CarrierCom UK Ltd., Middlesex, United Kingdom	KCC UK	100.0 %	0.0 %	100.0 %	0.0 %
Kapsch CarrierCom España, S.L.U., Madrid, Spain	KCC Spain	100.0 %	0.0 %	100.0 %	0.0 %
OOO Kapsch CarrierCom Russia, Moscow, Russia	KCC Russia	100.0 %	0.0 %	100.0 %	0.0 %
Kapsch CarrierCom Hong Kong Ltd., Hong Kong, People's Republic of China	KCC Hongkong	100.0 %	0.0 %	100.0 %	0.0 %
Kapsch CarrierCom sp. z o.o., Warsaw, Poland	KCC Poland	100.0 %	0.0 %	100.0 %	0.0 %
Kapsch CarrierCom s.r.o., Prague, Czech Republic	KCC CZ	100.0 %	0.0 %	100.0 %	0.0 %
Kapsch (Beijing) Information and Communication Technology Co., Ltd., Beijing, People's Republic of China	KCC China	100.0 %	0.0 %	100.0 %	0.0 %
Kapsch CarrierCom SARL, Rabat, Morocco	KCC Morocco	100.0 %	0.0 %	100.0 %	0.0 %
Kapsch CarrierCom – Unipessoal LDA, Lisbon, Portugal	KCC Portugal	100.0 %	0.0 %	100.0 %	0.0 %
Kapsch Carrier Solutions GmbH, Neuss, Germany	KCS Germany	100.0 %	0.0 %	100.0 %	0.0 %
Prodata Mobility Systems NV, Zaventem, Belgium	ProData	100.0 %	0.0 %	–	–
Transvision NV, Zaventem, Belgium	Transvision	100.0 %	0.0 %	–	–
AP Trans NV, Zaventem, Belgium	AP Trans Belgium	100.0 %	0.0 %	–	–
AP Trans Scandinavia AB, Mölndal, Sweden	AP Trans Sweden	100.0 %	0.0 %	–	–
AP Trans Romania S.R.L, Bucharest, Romania	AP Trans Romania	100.0 %	0.0 %	–	–
Prodata Systems & Solutions SAS, Sophia Antipolis, France	ProData France	100.0 %	0.0 %	–	–
Austria Telecommunication International GmbH, Vienna	ATI	100.0 %	0.0 %	100.0 %	0.0 %

Entity, Headquarters of Entity	Internal designation	31 March 2015 Group's share	31 March 2015 Non-controlling interests	31 March 2014 Group's share	31 March 2014 Non-controlling interests
Segment Enterprise					
Kapsch BusinessCom AG, Vienna	KBC	94.9 %	5.1 %	94.9 %	5.1 %
Kapsch s.r.o., Bratislava, Slovakia	KBC Slovakia	94.9 %	5.1 %	94.9 %	5.1 %
Kapsch BusinessCom s.r.o., Prague, Czech Republic	KBC CZ	94.9 %	5.1 %	94.9 %	5.1 %
Kapsch Sp. z o.o., Warsaw, Poland	KBC Poland	94.9 %	5.1 %	94.9 %	5.1 %
Kapsch S.R.L., Bucharest, Romania	KBC Romania	94.9 %	5.1 %	94.9 %	5.1 %
Kapsch BusinessCom Kft., Budapest, Hungary	KBC Hungary	94.9 %	5.1 %	94.9 %	5.1 %
Kapsch IT Services for finance and industries GmbH, Vienna	KITS	88.2 %	11.8 %	88.2 %	11.8 %
Kapsch Cashpooling and Hedging GmbH, Vienna	Kapsch Cashpooling	94.9 %	5.1 %	94.9 %	5.1 %
Kapsch BusinessCom d.o.o., Ljubljana, Slovenia	KBC Slovenia	94.9 %	5.1 %	94.9 %	5.1 %
Kapsch Liegenschaft Management GmbH, Vienna	KLM	94.9 %	5.1 %	94.9 %	5.1 %
ITM Informationstransport und -management Gesellschaft m.b.H., Vienna	ITM Austria	94.9 %	5.1 %	94.9 %	5.1 %
Kapsch BusinessCom Turkey Bilgi ve İletişim Teknolojileri Hizmetleri Limited Şirketi, Istanbul, Turkey *)	KBC Turkey	94.9 %	5.1 %	—	—
Segment Others					
KAPSCH-Group Beteiligungs-GmbH, Vienna	KGB	100.0 %	0.0 %	100.0 %	0.0 %
Kapsch Aktiengesellschaft, Vienna	KAG	100.0 %	0.0 %	100.0 %	0.0 %
FIPOFIX GmbH, Vienna	Fipofix	80.0 %	20.0 %	80.0 %	20.0 %
Kapsch Partner Solutions GmbH, Vienna	KPS	100.0 %	0.0 %	100.0 %	0.0 %
Kapsch ConnexPlus GmbH, Vienna	Kapsch Connex	100.0 %	0.0 %	100.0 %	0.0 %
Kapsch Smart Energy GmbH, Vienna	KSE	100.0 %	0.0 %	100.0 %	0.0 %

*) Foundation and acquisitions in fiscal year 2014/15
**) Deconsolidation in fiscal year 2014/15
***) Merger in fiscal year 2014/15
****) Power over the relevant activities of the entity based on substantive rights

1 These shares are controlled by Kapsch TrafficCom AG, Vienna, as a subsidiary of KAPSCH-Group Beteiligungs GmbH, Vienna. A Group share lower than 50 % from the point of view of KAPSCH-Group Beteiligungs GmbH, Vienna, simply results from the calculation of the participation ratio.

For ease of presentation, the internal designations of the entities are stated in the following tables and explanations.

For all entities mentioned above, the headquarters 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:

- Kapsch TrafficCom Russia OOO, Minsk, Republic of Belarus (31 December)
  Due to legal restrictions the company reports as of 31 December.
- Kapsch Telematik Technologies Bulgaria EAD, Sofia, Bulgaria (31 December)
  Due to legal restrictions the company reports as of 31 December.
- Kapsch TrafficCom Kazakhstan LLC, Almaty, Kazakhstan (31 December)
  Due to legal restrictions the company reports as of 31 December.
- Kapsch Telematic Services IOOO, Minsk, Republic of Belarus (31 December)
  Due to legal restrictions the company reports as of 31 December.

- KTS Beteiligungs GmbH, Vienna, (former: Jibesoev GmbH) (31 December)
  The entity was acquired, the balance sheet date as of 31 December has not been adopted.
- Kapsch TrafficCom KGZ, Bischkek, Kyrgyzstan (31 December)
  Due to legal restrictions the company reports as of 31 December.
- Kapsch TrafficCom Lietuva, Vilnius, Lithuania (31 December)
  The entity was incorporated together with a partner and reports as of 31 December.
- AP Trans Romania S.R.L, Bucharest, Romania (31 December)
  The entity reports the fiscal year at balance sheet date as of 31 December. Subsequently, the company represents an abbreviated fiscal year, ending on 31 March. Therefore the balance sheet date will be changed to 31 March.
- Prodata Systems & Solutions SAS, Sophia Antipolis, France (31 December)
  The entity reports the fiscal year at balance sheet date as of 31 December. Subsequently, the company represents an abbreviated fiscal year, ending on 31 March. Therefore the balance sheet date will be changed to 31 March.
- Kapsch EOOD, Sofia, Bulgaria (31 December)
  Due to legal restrictions the entity reports at balance sheet date as of 31 December.
- Kapsch DOOEL, Skopje, Macedonia (31 December)
  Due to legal restrictions the entity reports at balance sheet date as of 31 December.
- Kapsch d.o.o. Beograd, Belgrade, Serbia (31 December)
  Due to legal restrictions the entity reports at balance sheet date as of 31 December.
- Kapsch FE, Minsk, Republic of Belarus (31 December)
  Due to legal restrictions the entity reports at balance sheet date as of 31 December.
- OOO Kapsch CarrierCom Russia, Moscow, Russia (31 December)
  Due to legal restrictions the entity reports at balance sheet date as of 31 December.
- Kapsch (Beijing) Information and Communication Technology Co., Ltd., Beijing, People's Republic of China (31 December)
  Due to legal restrictions the entity reports at balance sheet date as of 31 December.

32 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 the non-controlling interests are represented below:

	Amounts before intercompany eliminations					
Information on the balance sheet as of 31 March 2015	**Non-current assets**	**Current assets**	**Non-current liabilities**	**Current liabilities**	**Net**	**Carrying amount of non-controlling interests**
KTC	224,352	165,777	98,309	63,349	228,470	59,429
KTS CZ	1,446	34,115	0	17,147	18,414	22,450
KTC Holding Corp., USA	74,413	23	59,067	8,132	7,238	-8,466
KTC BV	47,203	3	0	252	46,954	-6,943
KTC Inc., USA	0	93	15,195	2,820	-17,922	-6,890
KTS Poland	3,582	34,890	1,198	20,699	16,575	6,704

Information on the balance sheet as of 31 March 2015	Amounts before intercompany eliminations Non-current assets	Current assets	Non-current liabilities	Current liabilities	Net	Carrying amount of non-controlling interests
KTC Canada	24,053	25,554	20,482	7,059	22,066	6,369
KTC Sweden	18,200	37,233	7,000	32,807	15,626	5,905
KTC C&R CZ	1,197	4,333	568	4,034	929	5,278
TMT	8,576	7,259	1,483	3,454	10,899	3,391
ETC	3,552	34,412	33,334	17,363	-12,733	-3,258
KCO	8,389	23,604	17,853	6,045	8,094	3,010
KTS Belarus	15,839	80,708	12,806	87,804	-4,062	-2,959
KTC SA Holding	8,410	2,820	765	106	10,359	2,544
KTC SA	564	2,473	7,000	2,931	-6,895	-2,508
KTC IVHS Inc., USA	35,229	31,475	80	58,305	8,320	2,028
KTC Chile	238	3,455	8	1,174	2,512	1,400
KTC Australia	220	4,027	0	2,456	1,790	1,090
KTSS, Denmark	0	145	1,286	39	-1,180	-749
KBC	53,148	76,851	47,048	69,340	13,610	549
Remaining						2,297
Carrying amount as of 31 March 2015						**90,673**

Information on the balance sheet as of 31 March 2014	Amounts before intercompany eliminations Non-current assets	Current assets	Non-current liabilities	Current liabilities	Net	Carrying amount of non-controlling interests
KTC	233,724	159,760	114,485	71,596	207,404	51,839
KTS CZ	1,634	35,590	0	19,349	17,874	19,445
KTC Canada	21,799	22,903	17,859	7,811	19,031	6,026
KTC BV	47,203	9	0	232	46,980	-5,511
KTC C&R CZ	2,227	3,680	1,207	3,340	1,360	5,280
KTC Sweden	20,261	43,234	7,000	45,925	10,571	4,872
KTC IVHS Inc., USA	29,105	17,843	21	36,388	10,539	4,157
ETC	3,769	31,511	31,185	16,811	-12,717	-3,010
KCO	8,361	32,452	16,464	16,731	7,618	2,914
KTC US Corp., USA	27,536	19	25,829	4	1,722	-2,739
TMT	8,017	8,196	1,481	5,047	9,684	2,690
KTC SA Holding	8,410	2,361	644	85	10,042	2,506
KTS Belarus	2,120	121,110	65,557	57,580	94	2,485
KTC SA	41	2,883	7,000	3,068	-7,145	-2,266
KTC USA, Inc.	110	18,192	128	16,539	1,636	-1,952
KTC Inc., USA	11,236	218	12,041	1,903	-2,490	-1,094
KTC Australia	128	2,577	0	1,282	1,424	842
KTC Chile	468	1,898	17	1,430	920	752
KTSS, Denmark	0	145	1,287	39	-1,181	-750
KTS Poland	7,626	40,832	1,705	43,264	3,489	622
KTS Austria	4,986	1,710	0	1	6,695	318
Remaining						2,228
Carrying amount as of 31 March 2014						**89,654**

Information on the statement of comprehensive income

The statement of comprehensive income of the consolidated subsidiaries with material non-controlling interests are represented below:

Information on the statement of comprehensive income 2014/15	Amounts before intercompany eliminations: Revenues	Result for the period	Other comprehensive income	Total comprehensive income	Amounts after consolidation: Result for the period	Other comprehensive income	Total comprehensive income
KTS CZ	75,572	14,595	-43	14,552	9,769	-29	9,740
KTC	145,933	7,458	20,368	27,826	1,706	7,511	9,217
KTS Poland	66,294	16,062	406	16,468	5,933	150	6,083
KTC Inc., USA	26	-12,524	-2,914	-15,438	-4,759	-1,074	-5,833
KTS Belarus	101,531	-4,156	0	-4,156	-5,366	0	-5,366
KTC Holding Corp., USA	0	-4,258	-9,395	-13,653	-1,576	-3,464	-5,040
KTC USA, Inc.	28,636	3,274	1,038	4,313	1,814	383	2,197
KTC IVHS Inc., USA	58,508	-1,521	-697	-2,218	-1,740	-257	-1,997
KTC BV	0	-26	0	-26	-1,606	0	-1,606
KTC Sweden	55,694	5,450	-441	5,009	1,333	-163	1,170
TMT	19,343	164	1,118	1,282	101	674	775
KTC US Corp., USA	0	-1,173	-771	-1,944	-439	-284	-724
KTC Chile	4,628	965	246	1,211	584	91	674
KTC Canada	32,263	1,481	-26	1,455	535	0	536
KTC Argentina	9,737	658	418	1,076	241	154	395
KTC Russia	2,836	-520	-405	-924	-194	-149	-344
ETC	53,567	1,311	-1,313	-2	281	-592	-310
KTC Australia	5,129	625	98	723	237	36	273
KCO	42,740	1,935	-1,458	477	725	-538	188
KTC C&R CZ	5,889	444	-11	434	166	-4	163
KTC UK	1,211	256	91	347	99	34	133
Remaining					433	-248	185
Total					**8,278**	**2,231**	**10,508**

Information on the statement of comprehensive income 2013/14	Amounts before intercompany eliminations: Revenues	Result for the period	Other comprehensive income	Total comprehensive income	Amounts after consolidation: Result for the period	Other comprehensive income	Total comprehensive income
KTS Belarus	79,132	24	0	24	-12,473	0	-12,473
KTS CZ	79,511	14,463	-808	13,655	9,681	-543	9,138
KTC	166,958	19,367	-12,990	6,377	9,215	-3,030	6,184
KTC Sweden	64,930	-4,303	-872	-5,175	-2,443	-332	-2,775
KTC Canada	46,720	5,368	-564	4,804	2,044	-79	1,965
KTS Poland	69,888	4,835	49	4,884	1,786	18	1,804
KTC BV	0	-48	0	-48	-1,635	0	-1,635
TMT	20,736	-1	-2,513	-2,515	-1	-1,534	-1,535
KTC SA	3,672	-3,773	1,099	-2,674	-1,437	418	-1,018
KCO	55,435	3,104	-2,714	390	1,210	-193	1,017
KTC IVHS Inc., USA	62,766	-2,556	-754	-3,310	-562	-287	-849
ETC	21,211	-18,345	212	-18,132	-500	98	-402

Information on the statement of comprehensive income 2013/14	Amounts before intercompany eliminations: Revenues	Result for the period	Other comprehensive income	Total comprehensive income	Amounts after consolidation: Result for the period	Other comprehensive income	Total comprehensive income
KTC US Corp., USA	0	-1,035	1,935	900	-394	737	343
KTC Australia	3,898	747	-229	518	284	-87	197
KTC USA, Inc.	4,852	623	0	623	175	-12	163
KTS Austria	2,557	6,342	52	6,395	96	34	129
KTC C&R CZ	8,655	-214	-96	-310	-81	-36	-117
KTC Inc., USA	162	-440	171	-269	-168	65	-102
KTC SA Holding	0	515	-304	211	31	-116	-85
KTC Chile	3,997	276	-271	5	125	-103	22
KTSS, Denmark	6	-28	2	-27	-18	1	-17
Remaining					-15	-401	-415
Total					**4,922**	**-5,382**	**-460**

Information on the cash flow statement and dividends

The cash flow statement and dividends of the consolidated subsidiaries with material non-controlling interests are represented below:

Information on the cash flow statement 2014/15	Cash flow from: Operations	Investing activities	Financing activities	Cash net-increase/decrease	Dividends paid to non-controlling shareholders
KTC	41,044	-5,646	-12,703	22,694	0
KTS Poland	15,965	-398	-3,505	12,063	0
KTS Belarus	11,901	-720	-20,464	-9,283	0
KTS Austria	12,301	38	-6,099	6,240	-195
ETC	2,000	0	2,148	4,148	0
KTC Sweden	-2,386	-759	-2	-3,147	0
KTC New Zealand	2,160	-4	-210	1,946	0
TMT	-166	-294	-829	-1,288	0
KTC Australia	1,669	-131	-359	1,179	0
KBC CZ	-296	-167	-610	-1,073	0
KBC	2,642	-2,053	437	1,026	0
KTC USA, Inc.	-793	-315	87	-1,021	0
KTC Chile	606	-14	388	980	0
KTC Russia	-689	-10	0	-698	0
KTS CZ	15,062	-433	-14,012	616	-6,726
KBC Hungary	-53	-56	-498	-608	0
KRS Poland	375	-5	136	505	0
KTC Canada	-1,691	-674	1,914	-451	0
KCO	7,091	-523	-6,120	448	0
KTC UK	398	0	0	398	0
KTC Italy	14	-10	325	328	0
Remaining	-17,342	-2,156	20,428	930	0
Total					**-6,921**

Information on the cash flow statement 2013/14	Cash flow from Operations	Investing activities	Financing activities	Cash net-increase/decrease	Dividends paid to non-controlling shareholders
KTC	-4,604	-8,713	-2,955	-16,272	-1,980
KTS Belarus	-23,755	-2,488	19,260	-6,983	0
ETC	-18,532	-34	21,765	3,199	0
KTS CZ	10,211	-114	-13,233	-3,135	-6,352
KTC USA, Inc.	1,670	-121	1,045	2,594	0
KTC Sweden	9,810	-1,192	-7,160	1,458	0
KCO	3,158	-217	-1,520	1,421	0
TMT	11,405	-739	-9,283	1,384	-331
KTS Austria	9,780	-42	-10,725	-988	-216
KTC IVHS Inc., USA	1,826	-12,940	12,094	979	0
KBC Romania	-161	-270	-317	-749	0
ITM Austria	-609	-13	1,272	650	0
KBC Hungary	452	-94	-896	-537	0
KTC Russia	-419	-88	0	-508	0
KTC Chile	-269	-68	-123	-459	0
KTC C&R CZ	-459	0	0	-459	0
KTC Argentina	540	-150	-7	383	0
KBC Slovakia	-463	-1	128	-336	0
KTC SA Holding	-169	0	-98	-268	0
KBC	8,284	-6,421	-2,108	-246	0
KTC Australia	183	-129	-274	-220	0
Remaining	27,775	1,799	-29,472	102	0
Total					**-8,878**

The information mentioned above relate to amounts before intercompany eliminations.

33 Related parties.

The following transactions were performed with related parties:

Kapsch Immobilien GmbH, Vienna

The managing directors of Kapsch Immobilien GmbH are also members of the supervisory board of several subsidiaries. In addition, one managing director is also managing director of KAPSCH-Group Beteiligungs GmbH and member of the executive board of two subsidiaries.

The subsidiaries Kapsch BusinessCom AG, Kapsch Aktiengesellschaft and Kapsch Partner Solutions GmbH entered into lease contracts with Kapsch Immobilien GmbH as lessor regarding buildings in Vienna.

The lease contract regarding the building in Vienna, Johann-Hoffmann-Platz 9, with Kapsch Partner Solutions GmbH was signed on 1 December 2004 and agreed for an indefinite period of time. Thereof rental expenses incurred by the group in the fiscal year 2014/15 amounted to TEUR 429 (2013/14: TEUR 421).

On 19 December 2008, a lease contract regarding the location Wagenseilgasse 14 was signed. Rental expenses incurred by the group in the fiscal year 2014/15 amounted to TEUR 450 (2013/14: TEUR 484).

On 25 November 2013, a building lease contract for the property in Liebenstraße 6, on which Kapsch ConnexPlus GmbH has in the meantime built and put into operation a multi-story car park, was signed with Kapsch ConnexPlus GmbH. The building lease was granted until 30 September 2113 and the yearly charge was fixed at TEUR 55 (subject to adjustment to the CPI).

Furthermore, the company invoiced other deliveries and services in the year 2014/15 in the amount of TEUR 609 (2013/14: TEUR 237) to the group.

Kapsch Financial Services GmbH, Vienna
The company leases equipment for speech, data and IT solutions of Kapsch BusinessCom AG to business customers. Intra-group lease revenues and other revenues of Kapsch Financial Services GmbH, Vienna, amounted to EUR 9.2 million in the fiscal year 2014/15 (2013/14: EUR 8.0 million). Sales of hardware and maintenance services, as well as other deliveries and services of Kapsch BusinessCom AG, Vienna, to Kapsch Financial Services GmbH, Vienna, amounted to EUR 38.4 million in the fiscal year 2014/15 (2013/14: EUR 41.2 million).

The following tables provide 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:

	2014/15	2013/14
Associated companies		
Revenues	38,451	41,175
Expenses	9,189	7,983
Other related parties		
Revenues	546	299
Expenses	1,529	1,155

	2014/15	2013/14
Associated companies		
Trade receivables and other assets	3,698	5,586
Trade payables and other payables	1,124	675
Other related parties		
Trade receivables and other assets	1,703	1,922
Trade payables and other payables	278	331

34 Events after the balance sheet date.

On 14 April 2015, the group acquired a controlling interest in Streetline, Inc., California. Streetline is a leading smart parking company that offers intelligent data and modern analytics to solve parking space problems for end users.

Consideration paid	189
Less fair value of net assets acquired (provisionally determined)	-189
Goodwill	**0**

Assets and liabilities resulting from the acquisition are shown as follows (provisionally determined):

	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 interest (90 %)	189
thereof non-controlling interest (10 %)	21

On 28 April 2015, Kapsch TrafficCom made holders of the corporate bond a buyback offer at a rate of 105.75 %, valid until 19 May 2015. This offer was utilized at a nominal value of TEUR 4,182. The purchased debt instruments were submitted to the Oesterreichische Kontrollbank (OeKB) for redemption on 22 May 2015, leaving the corporate bond with an outstanding volume of TEUR 70,818 with maturity on 3 November 2017.

On 26 June 2015, the remaining 20 % interest in FIPOFIX GmbH, Vienna, was acquired. The group thus owns all the shares in this entity.

35 Supplementary disclosures.

The average number of staff in the fiscal year 2014/15 was 5,693, thereof 5,497 salaried employees and 196 waged workers (2013/14: 5,406 total, thereof 5,207 salaried employees and 199 waged workers).

Expenses for the auditor
The expenses for the auditor amount to TEUR 49 (2013/14: TEUR 53) and are broken down as follows:

	2014/15	2013/14
Audit of the consolidated financial statements	43	43
Other assurance services	5	5
Tax consulting services	0	0
Other services	1	4
	49	**53**

Disclosures on members of the executive board and the supervisory board
Total remuneration of the members of the managing board of KAPSCH-Group Beteiligungs GmbH, Vienna, for their activities in the parent company and in other group companies is as follows:

	2014/15	2013/14
Fixed	2,151	1,742
Variable	288	276
Total	**2,440**	**2,018**

Expenses for termination benefits and pensions for the members of the executive board in the fiscal year 2014/15 amounted to TEUR 1,322 (2013/14: TEUR 38).

Total compensation of the members of the supervisory board amounted to TEUR 55 in total in the fiscal year 2014/15 (2013/14: TEUR 52).

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

In the fiscal year 2014/15, the following persons served on the executive board:
Georg Kapsch
Kari Kapsch
Franz Semmernegg

In the fiscal year 2014/15, the following persons served on the supervisory board:
Veit Schmid-Schmidsfelden (Chairman)
Christian Gassauer-Fleissner (Deputy Chairman)
Elisabeth Kapsch
Karl-Heinz Strauss

Authorized for issue:
Vienna, 30 June 2015

Georg Kapsch Managing Director	Kari Kapsch Managing Director	Franz Semmernegg Managing Director

Auditor's Report.

Report on the Consolidated Financial Statements.

We have audited the accompanying consolidated financial statements of KAPSCH-Group Beteiligungs GmbH, Vienna, for the fiscal year from 1 April 2014 to 31 March 2015. These consolidated financial statements comprise the consolidated balance sheet as of 31 March 2015, the consolidated statement of comprehensive income, the consolidated cash flow statement and the consolidated statement of changes in equity for the fiscal year ended 31 March 2015, and the notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements and for the Accounting System
The Company's management is responsible for the group accounting system and for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU and in accordance with the statutory provisions of Section 245a UGB. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; making accounting estimates that are reasonable in the circumstances.

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

Opinion
Our audit did not give rise to any objections. In our opinion, which is based on the results of our audit, 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 2015 and of its financial performance and its cash flows for the fiscal year from 1 April 2014 to 31 March 2015 in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU.

Comments on the Management Report for the group.

Pursuant to statutory provisions, the management report for the group is to be audited as to whether it is consistent with the consolidated financial statements and as to whether the other disclosures are not misleading with respect to the Company'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.

In our opinion, the management report for the group is consistent with the consolidated financial statements.

Vienna, 30 June 2015

PwC Wirtschaftsprüfung GmbH

signed:
Peter Pessenlehner
Austrian Certified Public Accountant

Glossary.

3GPP 3GPP – 3rd Generation Partnership Project is a global collaboration of standardization bodies aiming to achieve standardization in mobile telephony

Big Data Big data describes corporate data volumes growing exponentially. They must be saved and structured and be trackable at a later date with the help of intelligent searches

ETC Electronic Toll Collection, enabling vehicle drivers to pay for tolls without having to stop at the toll booth

ETCS European Train Control System – one component of the ERTMS. The ETCS is designed to replace and standardize the variety of train safety systems in place throughout the European Union

GPRS General Packet Radio Service – description for packet-based service transmitting data in GSM and UMTS networks

GPS Global Positioning System – a global navigation satellite system used to pinpoint positions and measure time

GSM Global System for Mobile Communication – standard for fully digital mobile telephony networks

GSM-R GSM for Railways – a mobile telephony system built on the leading global radio standard, which was adapted specifically for use in the rail industry

ICT Information and Communication Technology signifies technologies in the field of information and communication

IG GSM-R Industry Group – established to promote GSM-R technology and its successful deployment in projects throughout Europe

ISO International Organization for Standardization

ITIL The IT Infrastructure Library (ITIL) is a collection of best practices describing the possible implementation of IT service management, which is taken as the de facto international standard in this field

ITS IntelligentTransportation Systems – systems employing information and communication technologies, which support and optimize transport, including infrastructure, vehicles and users

OHS Coordinate switchboard – electromagnetic switching equipment for analog switched telephony; was used to connect voice communication in a telephone exchange or in remote equipment

On-board unit An on-board unit (OBU) is an electronic device readable and writeable via wireless communication. An OBU identifies a vehicle and/or serves as a payment means and/or as data memory for vehicle and/or personal data

OSS/BSS Operation Support System/Business Support System – a network management system supporting automated service processes

TETRA Terrestrial Trunked Radio – standard for digital trunked radio, which facilitates the construction of universal networks

UIC Union Internationale des Chemins de Fer – the International Union of Railways acts as a global association for the rail industry and comprises almost 200 members throughout the world

UMTS Universal Mobile Telecommunications System – third-generation mobile telephony standard. Facilitates much faster data transmission rates than previous systems

V2X Vehicle-to-X is the abbreviation for vehicle-to-vehicle (V2V) and vehicle-to-infrastructure (V2I) communication, a core technology for managing and improving future traffic safety and mobility

Voice over IP IP telephony, also known as internet telephony or voice-over-IP, describes the act of telephoning over computer networks constructed in accordance with internet standards

VÖNIX The VBV Austrian Sustainability Index is a stock index comprising listed Austrian companies that play a leading role in terms of their social and environmental performance

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