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MORE

ANNUAL REPORT 2014/15 FOR NEW PERSPECTIVES.

always one step ahead

Overview

Fiscal Year 2014/15.

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

Revenue and earnings development

- + ▶ EBIT increased by 62 %
 - ▶ Profit for the period more than tripled
 - ▶ Earnings per share once again positive
- ▶ Revenue decreased by 6 %
 - ▶ On-board unit (OBU) sales declined by 20 %
 - ▶ Road Solution Projects (RSP) revenue fell by half, segment EBIT still clearly negative

Development of assets and financial position

- + ▶ Free cash flow well into positive territory
 - ▶ Cash and cash equivalents reached EUR 96.8 million
 - ▶ Net debt decreased by 62 %
 - ▶ Equity ratio improved by 5 percentage points to 42.5 %

Nationwide electronic toll system in Poland

- + ▶ System went into operation 3.5 years ago
 - ▶ Expansion by another 300km to roughly 2,900km completed
 - ▶ High performance rate secures income for the state
 - ▶ Project profitability is stable

Market presence in North America

- + ▶ First own system integrated in the U.S.A., in Texas
 - ▶ New orders for system deliveries received
 - ▶ First order for delivery of an end-to-end solution for a U.S. customer (Ohio River Bridge) obtained

Electronic toll system in Gauteng province, South Africa

- + ▶ System went into operation 1.5 years ago
 - ▶ Over 1.4 million OBUs already distributed
- ▶ Payment rate still below the planned values
 - ▶ Planned project profitability not yet reached

Market presence in Australia

- + ▶ System started on M5 South Western Motorway in Sydney
 - ▶ New orders for system deliveries received

Nationwide electronic toll system in Belarus

- + ▶ System went into operation 2 years ago
 - ▶ Expansion by another 250km to roughly 1,200km completed
 - ▶ Planned project profitability achieved

New projects and markets

- + ▶ New invitations to tender for nationwide systems detailed
 - ▶ Demand grows for traffic management systems
- ▶ No new major projects at this time
 - ▶ Invitation to tender in Russia canceled
 - ▶ Program in Brazil delayed

Entry into the smart parking business

- + ▶ Majority stake acquired in smart parking provider Streetline after the balance sheet date
- ▶ Positive profit contribution expected in 18 months

Program 2020

- + ▶ Measures developed for reduction of costs and increased earnings
 - ▶ EBIT margin of the core business of about 10 % in the fiscal year 2015/16 should enable innovation and growth
 - ▶ Strategy 2020 defined
-

Kapsch TrafficCom.

Annual Report 2014/15

For New Perspectives.

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

Disclaimer

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

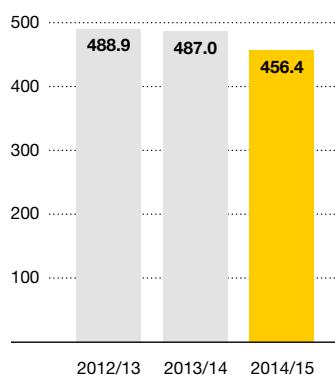
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Select Key Financial Data.

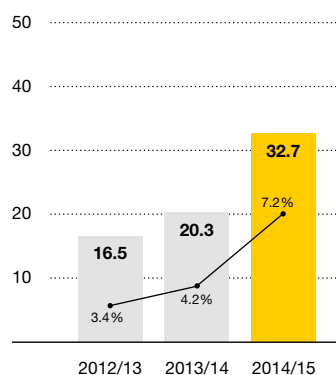
Earnings Data		2012/13		2013/14		+/-	2014/15
Revenues	in million EUR	488.9		487.0		-6 %	456.4
EBITDA	in million EUR	34.2		36.9		67 %	61.5
EBITDA margin	in %	6.7		7.6			13.5
EBIT	in million EUR	16.5		20.3		62 %	32.7
EBIT margin	in %	3.4		4.2			7.2
Profit before tax	in million EUR	17.0		5.5		263 %	19.9
Profit for the period	in million EUR	16.8		2.9		299 %	11.4
Profit for the period attributable to equity holders	in million EUR	9.8		-4.3		—	3.6
Earnings per share ¹	in EUR	0.75		-0.33		—	0.28
Free cash flow ²	in million EUR	48.3		-24.7		—	68.2
Capital expenditure ³	in million EUR	20.2		15.7		-47 %	8.4
Employees ⁴		3,013		3,308		7 %	3,545
On-board units delivered	in million units	9.28		9.22		-20 %	7.42
Business Segments		2012/13		2013/14		+/-	2014/15
Road Solution Projects (RSP)							
Revenues (share on total revenues)	in million EUR	128.3	(26 %)	132.0	(27 %)	-54 %	60.2 (13 %)
EBIT (EBIT margin)	in million EUR	-51.7	(-40.3 %)	-34.6	(-26.2 %)	-47 %	-50.7 (-84.4 %)
Services, System Extensions, Components Sales (SEC)							
Revenues (share on total revenues)	in million EUR	342.3	(70 %)	331.8	(68 %)	12 %	372.6 (82 %)
EBIT (EBIT margin)	in million EUR	67.3	(19.7 %)	53.8	(16.2 %)	53 %	82.2 (22.1 %)
Others (OTH)							
Revenues (share on total revenues)	in million EUR	18.3	(4 %)	23.1	(5 %)	2 %	23.6 (5 %)
EBIT (EBIT margin)	in million EUR	0.9	(5.1 %)	1.1	(4.7 %)	17 %	1.3 (5.4 %)
Regions (share on total revenues)		2012/13		2013/14		+/-	2014/15
Austria ⁵	in million EUR	38.0	(8 %)	32.9	(7 %)	16 %	38.2 (8 %)
Europe ⁵	in million EUR	288.9	(59 %)	300.1	(62 %)	-22 %	234.0 (51 %)
Americas ⁵	in million EUR	74.8	(15 %)	87.0	(18 %)	6 %	92.6 (20 %)
Rest of World ⁵	in million EUR	87.2	(18 %)	67.0	(14 %)	37 %	91.6 (20 %)
Balance Sheet Data		31 March 2013		31 March 2014		+/-	31 March 2015
Total assets	in million EUR	567.2		566.8		-9 %	515.6
Total equity ⁶	in million EUR	236.7		213.1		3 %	219.4
Equity ratio ⁶	in %	41.7		37.6			42.5
Net debt	in million EUR	-40.5		-93.4		-62 %	-35.9
Capital employed	in million EUR	360.7		369.2		-3 %	357.3
Net working capital	in million EUR	243.9		205.4		2 %	209.9
Stock Exchange Data		2012/13		2013/14		+/-	2014/15
Number of shares ⁴	in million	13.0		13.0		0 %	13.0
Free float ⁴	in %	38.1		38.1			36.9
Closing price ⁴	in EUR	37.02		39.99		-40 %	23.85
Market capitalization ⁴	in million EUR	481.3		519.9		-40 %	309.99
Share performance	in %	-41.7		8.0		—	-40.4
Dividend per share	in EUR	0.40		0.00		—	0.50 ⁷

Revenues (in million EUR)



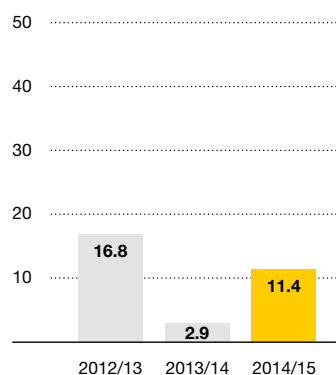
Revenues fell by about EUR 30 million or roughly 6% to EUR 456.4 million.

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



The EBIT increased by 62% to EUR 32.7 million, the EBIT margin reached 7.2%.

Profit for the period (in million EUR)



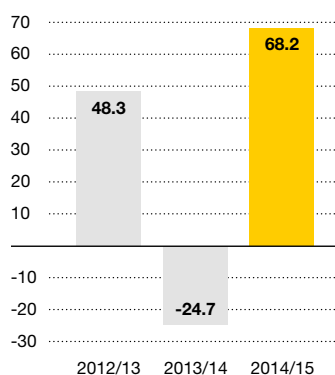
The profit for the period more than tripled to EUR 11.4 million.

Earnings per share¹ (in EUR)



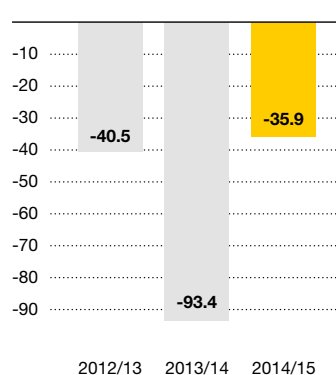
The earnings per share were once again positive at EUR 0.28.

Free cash flow² (in million EUR)



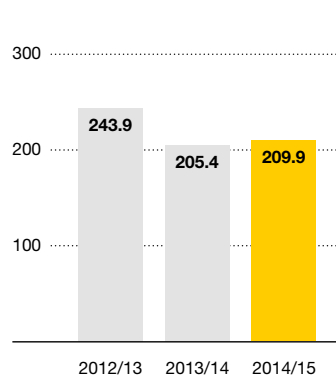
The free cash flow improved from EUR -24.7 million to EUR 68.2 million.

Net debt (in million EUR)



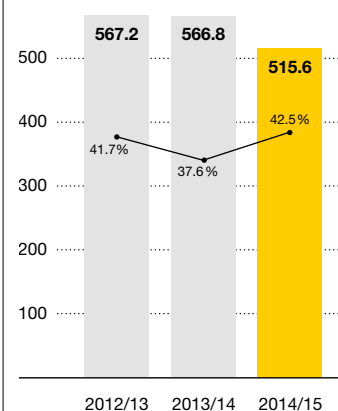
The net debt declined by 62% to EUR -35.9 million

Net working capital (in million EUR)



The net working capital increased by 2% to EUR 209.9 million.

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



The total assets fell by 9%, the equity ratio reached 42.5%.

1 Earnings per share relate to 13.0 million shares; calculated from the profit for the period attributable to the equity holders of the company
2 Operating cash flow minus capital expenditure from operations (excl. payments for acquisition of companies and purchases of securities and investments) plus proceeds from the disposal of property, plant and equipment and intangible assets
3 Capital expenditure from operations (excl. payments for acquisition of companies and purchases of securities and investments)

4 As of 31 March of each year
5 Revenues (share on total revenues in %); Europe excl. Austria
6 Incl. minority interests
7 Proposal of the executive board subject to approval of the annual shareholders' meeting on 9 September 2015

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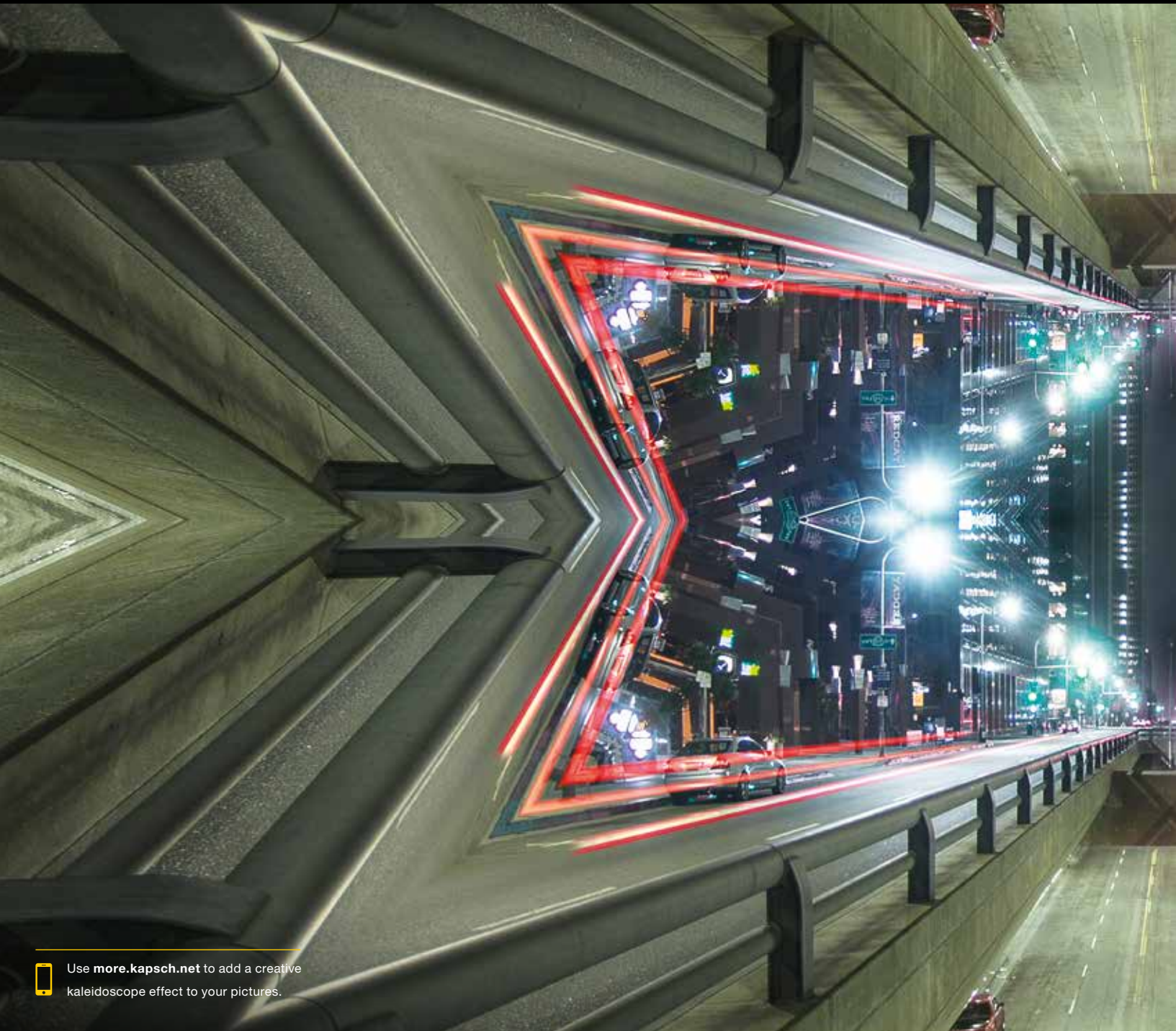
Want to change your point of view?



Simply enter **more.kapsch.net** on your mobile device and choose a filter. Take a picture using our special kaleidoscope effect, save it on your device or share it.

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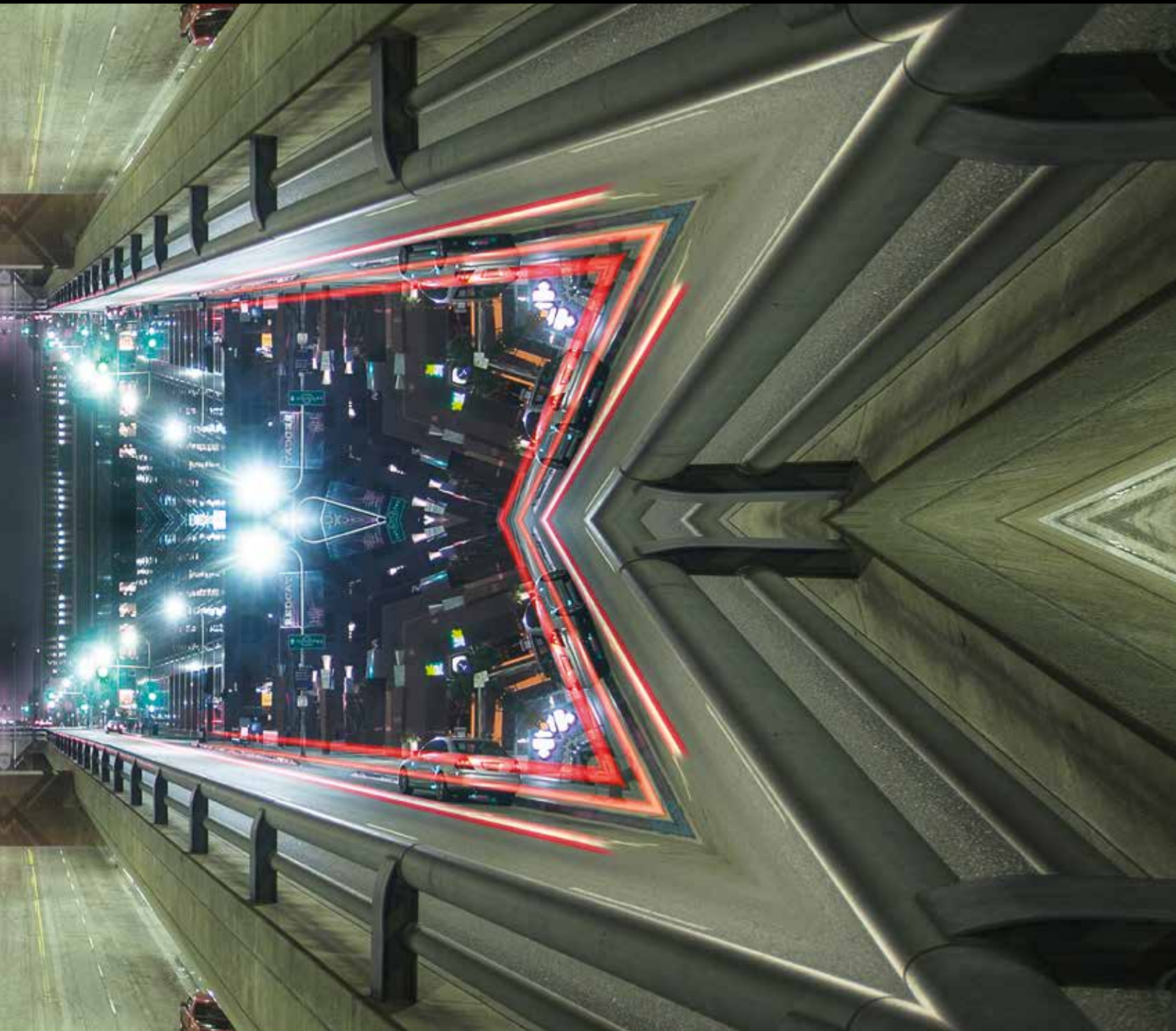
Our Vision Is Dynamic.



Where others see a standstill, we see potential for motion.
By taking different perspectives. Seeing things from many sides.
And so discovering new possibilities.

This annual report is the second in a three-part series. In addition to documenting the results of the fiscal year, we would also like to invite you to change your perspective. Join us in looking through the “kaleidoscope of possibilities” and discover the diversity of Kapsch. After all: behind every solution, behind every project lies more than

is visible at first glance. This dynamic perspective is represented in the directional arrows of our logo. It is even more present in our numerous forward-looking innovations. The very innovations that keep us that decisive step ahead, especially in the area of intelligent urban mobility.



Letter

From the Chief Executive Officer.

“Our future will be characterized by dynamic developments.”

Georg Kapsch, CEO

Dear shareholders,

The fiscal year 2014/15 was extremely intense for the Kapsch TrafficCom Group, and we made significant progress, especially from a strategic perspective. In connection with the market developments of past years, we have implemented a comprehensive program of measures, called Program 2020. On the one hand, this involves short-term cost savings and structural adaptations, which are already visible to an extent in the current earnings and balance sheet figures. On the other hand, we have also occupied ourselves intensively with the future of our business and our corporate group. Thanks to outstanding cooperation between our global business units, we have developed a strategy that should contribute to ensuring that Kapsch TrafficCom not only remains a leading provider but also a pioneer in intelligent mobility solutions.

Our future will therefore be characterized by dynamic developments, but I would like to take a moment first to look back on the past fiscal year and its results.

Projects and markets. We made good progress on our existing installation projects during the reporting period and also acquired new projects in the U.S.A. as well as several projects in Australia. However, new major orders remained elusive due to a lack of invitations to tender.

In North America, the installation of the toll system in Texas was nearly completed during the reporting period. This is the first complete turnkey system integrated by Kapsch TrafficCom in this region. In July, we received our first system order from a toll authority of the E-ZPass Group, a promising development with respect to our future. In March 2015, we won the invitation to tender for our first U.S. order for an end-to-end solution: the installation, back office and operation of the toll system on the Ohio River Bridge. Four years after entering the market, we have herewith achieved our goal of being recognized in North America as an end-to-end solution provider.

Our operation projects continued to supply stable earnings contributions. The reporting period marks the first

full fiscal year of operation for the projects in Gauteng, South Africa, and in Belarus. We also carried out expansions to the toll systems in Belarus and Poland. Continued expansions are already awarded or planned for both systems and will contribute significantly to revenue and earnings in the current fiscal year 2015/16.

Overall, Kapsch TrafficCom was able to considerably expand its regular income sources – the ongoing operation of systems and the global business in on-board units – over the past four years. This foundation serves us well today.

Asset, financial and earnings situation. The absence of new major installation projects has caused the revenue of the Kapsch TrafficCom Group to decline by 6 % from the previous year to EUR 456.4 million. After initial cost savings in the previous year, we developed an intensive set of measures during the reporting period in order to quickly improve the profitability of our business. All required measures have already been initiated, and we expect a cost reduction totaling roughly EUR 30 million by the end of the current fiscal year 2015/16.

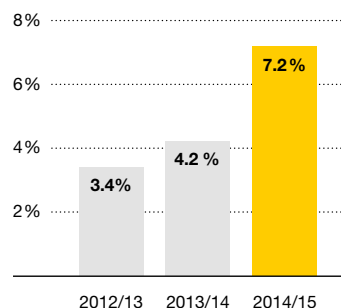
The initial effects of this cost-cutting program can already be seen in the annual profit for the reporting period. The operating result (EBIT) increased over the previous year by 62 %, from EUR 20.3 million to EUR 32.7 million. This development was further boosted by positive one-time effects arising mid-year.

In view of the decline in revenue, however, the cost savings were essential for this improvement. The EBIT margin increased as a result to 7.2 % following 4.2 % in the previous year and 3.4 % in the year before that. This result does not meet our goal yet, but it is a major step in the right direction.

The profit for the period of the Kapsch TrafficCom Group increased from EUR 2.9 million in the previous year to EUR 11.4 million despite a goodwill impairment for our stake in Q-Free ASA. The earnings per share, which only represent the profit share attributable to equity holders, is once again positive at EUR 0.28 on this basis.

Revenue fell by 6 % in the reporting period due to the lack of new large projects.

Improvement of the EBIT margin (in %)





Georg Kapsch,
Chief Executive Officer

The solid balance sheet enables a reduction in debt.

The balance sheet paints an extremely solid picture. The equity ratio increased to 42.5 %, the net debt was significantly reduced and cash and cash equivalents amounted to almost EUR 96.8 million at the end of March 2015. Capital employed and net working capital were below the levels of the previous year. The free cash flow, which was negative in the previous year at EUR -24.7 million, reached EUR 68.2 million in the reporting period. These figures naturally also reflect that we currently have no new large installation projects to finance.

This solid basis made it possible for us to further reduce the debt of the Kapsch TrafficCom Group in May 2015. We submitted to our bond investors an offer for early repurchasing of the bond, which will reach maturity in November 2017. As of the end of May, the volume of the company bond has been reduced as a result from EUR 75.0 million to EUR 70.8 million.

The executive board recommends a dividend of EUR 0.50.

Dividend. The executive board will recommend to the annual shareholders' meeting a dividend payout of EUR 0.50 per share for the fiscal year 2014/15. This is a large amount with respect to the group's annual profit. We made this decision because we have sufficient free cash flow as well as a positive outlook on the future. Even though we elected not to pay a dividend in the previous year as a one-time exception, we still consider the Kapsch TrafficCom shares to be dividend-bearing.

Strategy 2020. The future of the Kapsch TrafficCom Group will be heavily influenced by the developments of the past three years. The economic and political conditions led to delays in new projects, and some expected tenders have been canceled or postponed. The price pressure on the market is rising as a result of the low project volume. Furthermore, the demand for large, nationwide toll systems has declined in favor of regional, interurban and intraurban as well as intermodally designed solutions.

The market developments of the past year call for an adaption of our business model.

In the expectation of a future convergence of the market for intelligent transportation systems (ITS), Kapsch TrafficCom has developed in recent years from a pure provider of toll systems (electronic toll collection, ETC) into a provider of ETC and select ITS applications.

However, this convergence materialized more quickly than expected and will alter the ITS market. For the

future, we speak of intelligent mobility solutions, some elements of which already exist today while others are still to be developed. Technologies and services as well as customer expectations will change. Meeting these challenges requires a comprehensive adaption of the structures and future strategy of the Kapsch TrafficCom Group. We have therefore defined three strategic priorities for the next steps within the framework of our Program 2020:

1. Operational excellence
2. Grow and secure the core business
3. Inaugurate an intelligent mobility solutions (IMS) business

Operational excellence means improving efficiency and profitability. This supports profitable growth even in a difficult environment. Organizational adaptations will also reduce complexity, giving our employees sufficient freedom to achieve outstanding performance.

Growing and securing the core business aims at sustainable and profitable growth in our existing business areas of electronic toll collection (ETC) and traffic management systems (TMS). This is the only way to expand our leading position and our expertise, which are essential for successful future innovations. We accompany our customers in the transition to next-generation ITS solutions and build up a global traffic management business. In addition, we close gaps in our portfolio by also developing solutions for smaller customers and regional systems, allowing us to address additional customer segments and markets. In order to maintain our position as a market leader, we will also consider select acquisitions.

Inaugurating an IMS business is a key future supplement and expansion to our existing core business. This requires the development of new business models and integrated multi-application solutions. In this regard, we approach not only public authorities but also end-users. After all, we expand our offerings from the highway into the city and contribute to the creation of future smart cities. The demand for solutions that offer convenience to end-users is still high. We refer here to smart parking and connected vehicle services but also commercial vehicle enforcement and public transport solutions, and we will cooperate more closely with our sister company Kapsch CarrierCom. In the area of smart parking, we

Our vision: intelligent mobility solutions enable exceptional user experiences.

► Page 10: Strategy 2020

We continue to work concertedly on our existing and new projects. New developments will also strengthen our market position.

took an initial step in April 2015 by acquiring a majority share in the Californian company Streetline. This young company is one of many steps we must take on our path into the future.

It will not be a simple matter to effect this continued transformation of Kapsch TrafficCom Group. We must be open to new fields of business, and – as at the start of our growth phase in electronic toll collection systems – we must find the right business model and the right approach in order to achieve success. But we do have a clear vision: intelligent mobility solutions enable exceptional user experiences.

On the following pages of this annual report, you will find a detailed description of our Strategy 2020. We have also included a folder describing in more depth the motivations and significance in the context of the coming years.

Outlook. The next years will be very challenging for the Kapsch TrafficCom Group but also very exciting, with many new opportunities. The cost savings will fully take effect over the course of the fiscal year 2015/16. The profitability of our core business should then lie at roughly 10 %, as expected, once again leaving us sufficient freedom for future investments. We assume that we can achieve this goal; otherwise, we would be unable to afford the necessary investments in the start-up Streetline. We expect Streetline to bring initial successes in the area of smart parking and want to achieve a positive profit contribution in roughly one-and-a-half years. The reported EBIT margin of the Kapsch TrafficCom Group will therefore remain below 10 % in the fiscal year 2015/16 as a consequence of these investments.

In our core business, we will concertedly continue existing projects and work to further strengthen our market position with new developments and projects. In the years to come, some of our existing contracts for operation projects will be put out to tender again. In 2016, this will be the case with the nationwide electronic truck toll system in the Czech Republic. There is a possibility here that the contract will be initially extended since the time remaining for a new invitation to tender is already short. The contract for the technical operation and maintenance of the nationwide electronic truck toll system in Austria is confirmed to be continued until June 2017. We hope that Kapsch TrafficCom will submit the best offer once

again in these invitations to tender and be contracted to continue operation of these toll systems.

Decisions and/or invitations to tender concerning potential ETC or ITS projects, including nationwide systems, are also pending in the near future in numerous countries. In recent months, renewed attention has been given to the topic of tolling in Europe. This demonstrates the continued existence of the major trend of financing the maintenance and expansion of infrastructure – an important market driver.

We have achieved our current position because our company has always been an enthusiastic innovator. Over the past 15 years, this has allowed Kapsch TrafficCom to grow into a recognized supplier of electronic toll collection systems worldwide. But we have no desire to rest on these laurels. We must continue to develop in order to remain among the best in the future. This is our goal.

I would like to thank the employees of the entire Kapsch TrafficCom Group for traveling this path with us. Only with you, your motivation and your curiosity, we are able to achieve our goal. I would also like to take this opportunity to highlight the dedication of our management team in developing the strategy and planning the cost savings. My thanks go out to my colleague on the executive board, André Laux, as well as the supervisory board for the outstanding and productive cooperation.

I would also like to thank our investors, who recognize Kapsch TrafficCom as a growth prospect and join us in looking to the future. Last, but not least, I would like to thank our customers for their trust in our capabilities. I hope you will continue to accompany us on our future path.



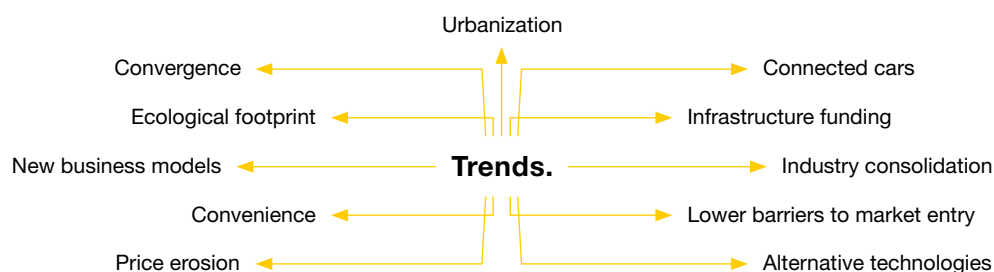
Georg Kapsch, CEO

Our Answer to Future-Defining Trends.



The traffic world is constantly changing, as are the users and their expectations. Kapsch TrafficCom will need to anticipate new technologies, services and customer expectations. As we have done many times in the history of the company, we will adapt our solutions and business models as well as develop new ones, if necessary, in order to steer the Kapsch TrafficCom Group toward a successful future.

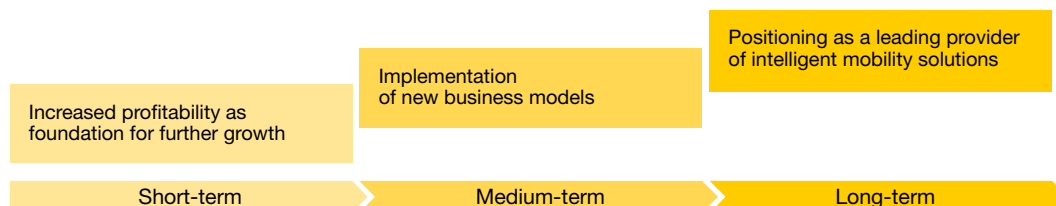
Key trends in our environment



The prevailing trends present significant challenges in some cases. Tight customer budgets produce increasing cost pressure and delays in new projects. New, unconventional technologies and market players intensify competition. The market for our products and services is also changing. In addition to nationwide tolling systems, regional, interurban

and intraurban as well as intermodal designed solutions are increasingly in demand. In addition, the technology-based convergence on the ITS market is progressing. We respond to these new challenges with the Strategy 2020. Its successful implementation will allow Kapsch TrafficCom to further expand the strong position on the market.

Our answer for a successful future



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.

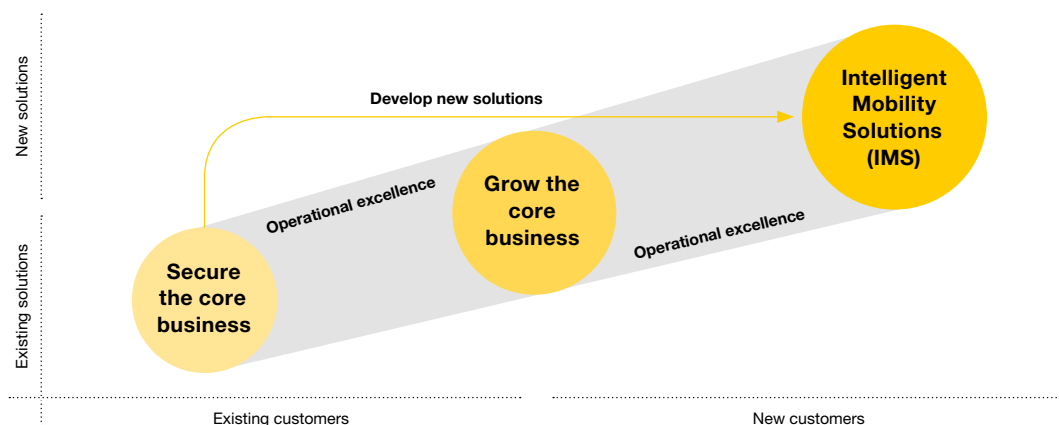
Trends also show a rising demand for intelligent mobility solutions. We will therefore inaugurate an intelligent mobility solutions (IMS) business, for which we will develop new business models and provide integrated multi-application solutions. Kapsch

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 revised 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.

Our Changes and Priorities.

Transformation of our business through operational excellence



Secure the core business. Important contracts are approaching extension or renewal. The Kapsch TrafficCom Group will defend its position in the markets in which the group's system business is already established and protect the strong global on-board units business.

Grow the core business. In our core business areas of ETC and TMS, we strive for sustainable and profitable growth. This will secure our leading position and our expertise. We will further optimize our core portfolio by streamlining and closing of gaps.

Beside inorganic growth, we will take advantage of economies of scale through acquisitions in order to strengthen our market position.

In addition to large systems, we expand existing systems with innovative solutions. We will also offer more solutions for smaller and medium-sized road operators and concessionaires to take greater advantage of regional opportunities in the system business.

Develop new solutions. To secure and strengthen our core business, we develop new innovative products and solutions as well as new business models and competences.

We accompany our customers in the transition to next-generation ITS solutions – new toll concepts, smartphone applications and data solutions.

With a market-specific portfolio, we address additional market potential in selected emerging and developing markets.

Intelligent Mobility Solutions (IMS). We gradually establish an IMS business encompassing mobility applications and services, solutions for connected cars and intermodal transport as well as aggregation, analytics and dissemination of travel and traffic related-data. This will be accomplished by engaging in the areas of smart parking and commercial vehicle enforcement while expanding our public transport offering in cooperation with our sister company Kapsch CarrierCom.

Our strategic priorities



Our Future Portfolio and Success Factors.

Our future portfolio of mobility solutions



The changes to the Kapsch TrafficCom Group will be reflected in its future portfolio. We grow from a pure system provider and operator to become a data and service provider as well. In addition to road operators, we also address business customers and end-users. The changes to the Kapsch TrafficCom Group will be reflected in its future portfolio. We will grow from a pure system provider and operator to also deliver intelligent mobility and data solutions to commercial customers and private road users. Our goal is to offer current and future customers solutions and service support necessary to manage a seamless transition to integrated multi-modal

services and smart mobility solutions. Our future growth will be driven by consistently refining and broadening our core services to create a comprehensive portfolio ensuring Kapsch customers access to state-of-the-art mobility solutions they require. This thorough and future-oriented portfolio defines the direction of Kapsch TrafficCom for the coming years. For some parts, it is still necessary to develop the corresponding solutions.

Kapsch TrafficCom believes that an entrepreneurial spirit and the willingness to explore new paths and take risks are the basis for a successful future.

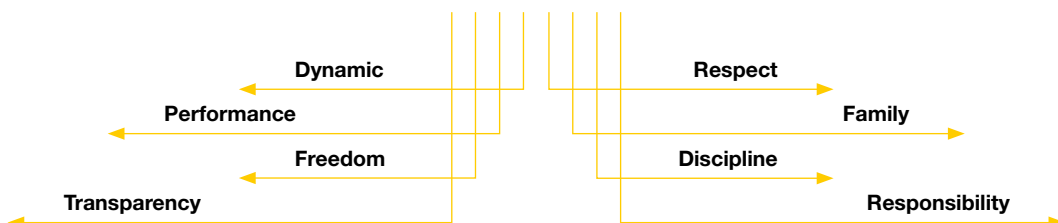
Future success factors

Factors for a successful future

1. Prioritize markets that are already monetized and offer attractive niches
2. Lead customers through convenience and value-driven intelligent mobility offerings
3. Aspire to be top tier player in each geographic market and cluster we choose to operate
4. Drive operational excellence through global initiatives focused on best practices and standardized processes
5. Develop real-time transportation data aggregation, analytics and dissemination business
6. Create interoperable and multi-hub system solution and integration services
7. Pursue managed services opportunities

Our Vision, Mission and Values.

Our values.



Our vision.

We enable exceptional user experiences through intelligent mobility solutions.

Our mission.

We make mobility solutions intelligent to enable users to arrive at their destination comfortably. On time. Safely. Efficiently. With minimal environmental impact.

Why stakeholders will choose Kapsch TrafficCom in the year 2020

We have summarized the arguments for why a stakeholder – customer, supplier, employee or investor – will choose Kapsch TrafficCom in the year 2020.

These arguments are for us a guide for the next five years to help us regularly evaluate the success of the defined transformation of our business.

Arguments for Kapsch TrafficCom

1. Kapsch TrafficCom follows a clear, motivating and actionable vision for a profitable and sustainable future.
2. Kapsch TrafficCom enables exceptional user experiences as a leading provider of ITS, including intelligent mobility solutions.
3. Kapsch TrafficCom businesses are one step ahead of megatrends that will change the lives and experience of road users around the world.
4. Kapsch TrafficCom is a globally recognized employer providing life-long learning and career opportunities embedded in a performance-oriented work environment and incentive culture.
5. Kapsch TrafficCom thrives on growing faster than its competition and is fueled by the entrepreneurial spirit and capability to create new business; all of this is fundamental for innovation, technology leadership and shareholder returns.

Our Company.

Where you see a location at the other end of the world, we see a world full of possibilities.



Because we are constantly adjusting our perspective and mastering global challenges with local solutions from the area of intelligent transportation systems. Whether in San Francisco, Melbourne, South Africa or Vienna: Our dedicated

employees ensure closer proximity to our customers and better local support. Because more local know-how and more local value creation also drive more global growth in all our business segments.



Use more.kapsch.net to add a creative
kaleidoscope effect to your pictures.

Our Profile.

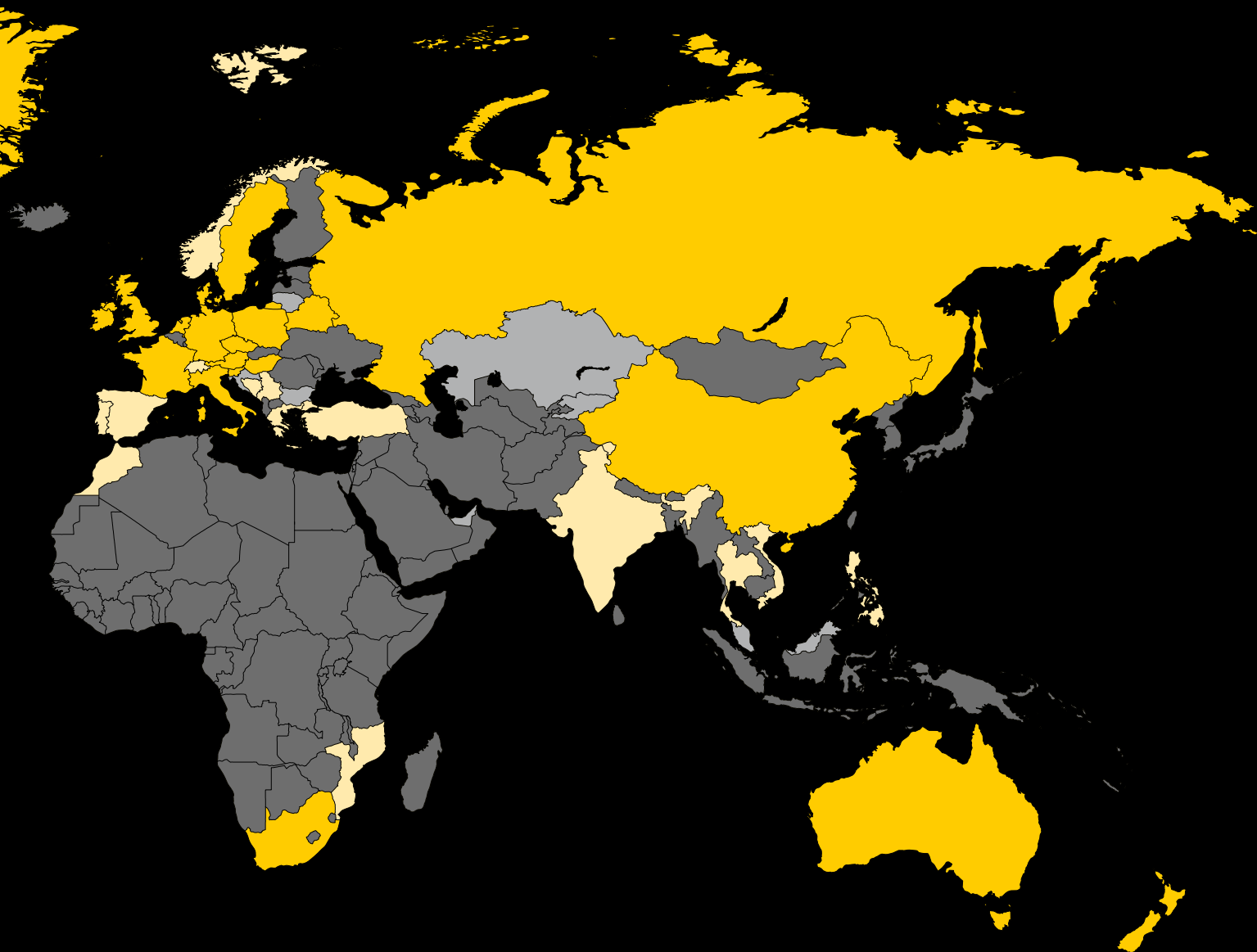
Argentina
Australia
Austria
Belarus
Bosnia-Herzegovina
Brazil
Bulgaria
Canada
Chile
China
Colombia
Costa Rica
Croatia
Czech Republic
Denmark
Ecuador
France
Germany
Greece
Hungary
India
Ireland
Italy
Kazakhstan
Kyrgyzstan
Lithuania
Malaysia
Mexico
Montenegro
Morocco
Mozambique
Netherlands
New Zealand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

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

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.

Our core business is to design, build and operate electronic toll collection and traffic management systems. With our end-to-end solutions we cover the entire value creation chain of our customers as a one-stop shop, from components and design to the installation and operation of systems.





- References and subsidiaries ¹
- References without subsidiaries ¹
- Subsidiaries ¹ without references
- No references or subsidiaries ¹

¹ Including representative offices

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

Headquartered in Vienna, Austria, the Kapsch TrafficCom Group comprises subsidiaries and offices in 33 countries. The over 3,500 employees generated revenues in the fiscal year 2014/15 of EUR 456 million. Roughly 60 % of these were in Europe and roughly 20 % each in the Americas and the rest of the world.

Our Corporate History.

	Company milestones	Business milestones
1991	Founding as part of the Kapsch Group, which dates back to 1892	
1995		<ul style="list-style-type: none"> ▶ Contract for the realization of the Ecopoint System in Austria – the world's first emissions-based traffic management system
1999	Acquisition of toll collection division of Bosch Telecom, Germany	<ul style="list-style-type: none"> ▶ Launch of the world's first electronic toll collection system for multi-lane free-flow traffic on an urban motorway on the Melbourne City Link in Australia ▶ Implementation of the nationwide infrastructure and enforcement systems for the truck system LSVA (<i>Leistungsabhängige Schwerverkehrsabgabe</i>) in Switzerland ▶ Installation of a single-lane electronic toll collection system on the Öresund and Storebælt bridges connecting Sweden and Denmark
2000	Acquisition of Combitech Traffic Systems AB, Sweden	
2002	Demerger of Kapsch TrafficCom AG from Kapsch AG	<ul style="list-style-type: none"> ▶ Installation of the first single-lane electronic toll collection system on the African continent in South Africa
2004		<ul style="list-style-type: none"> ▶ Launch of the nationwide electronic truck toll collection system in Austria ▶ Starting of three electronic toll collection sections in Chile between 2004 and 2006
2005	Founding of Kapsch Telematic Services GmbH, Austria	
2006	Acquisition of DPS Automation S.A., Argentina	
2007	Initial public offering on 26 June 2007	<ul style="list-style-type: none"> ▶ Launch of the nationwide electronic truck toll collection system in the Czech Republic ▶ Contract to implement an electronic toll collection system in New Zealand ▶ Establishment of the largest toll station in Asia in New Delhi, India

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

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

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

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

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

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

global expansion and the further growth of the business.

In 2008, Kapsch TrafficCom successfully entered the U.S.A. market by acquiring the assets of the U.S. TechnoCom Corp. This was later supported by the acquisition of the Mark IV IVHS businesses in

the U.S.A., Canada and Mexico in 2010 and the purchase of a minority stake in the Mexican system integrator Simex in 2012.




In 2009, Kapsch TrafficCom purchased a 20.47 % stake (31 March 2015: 19.48 %) in the Norwegian competitor Q-Free ASA.

In 2010, a 51.43 % stake (31 March 2015: 62.91 %) in the South African TMT Services and Supplies (Proprietary) Limited was acquired.

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

In fiscal year 2014/15, Kapsch TrafficCom defined the Strategy 2020 and shortly after the balance sheet date expanded its portfolio to include smart parking solutions by acquiring an interest in the young Californian company Streetline, Inc.

Our Solutions Portfolio Today.

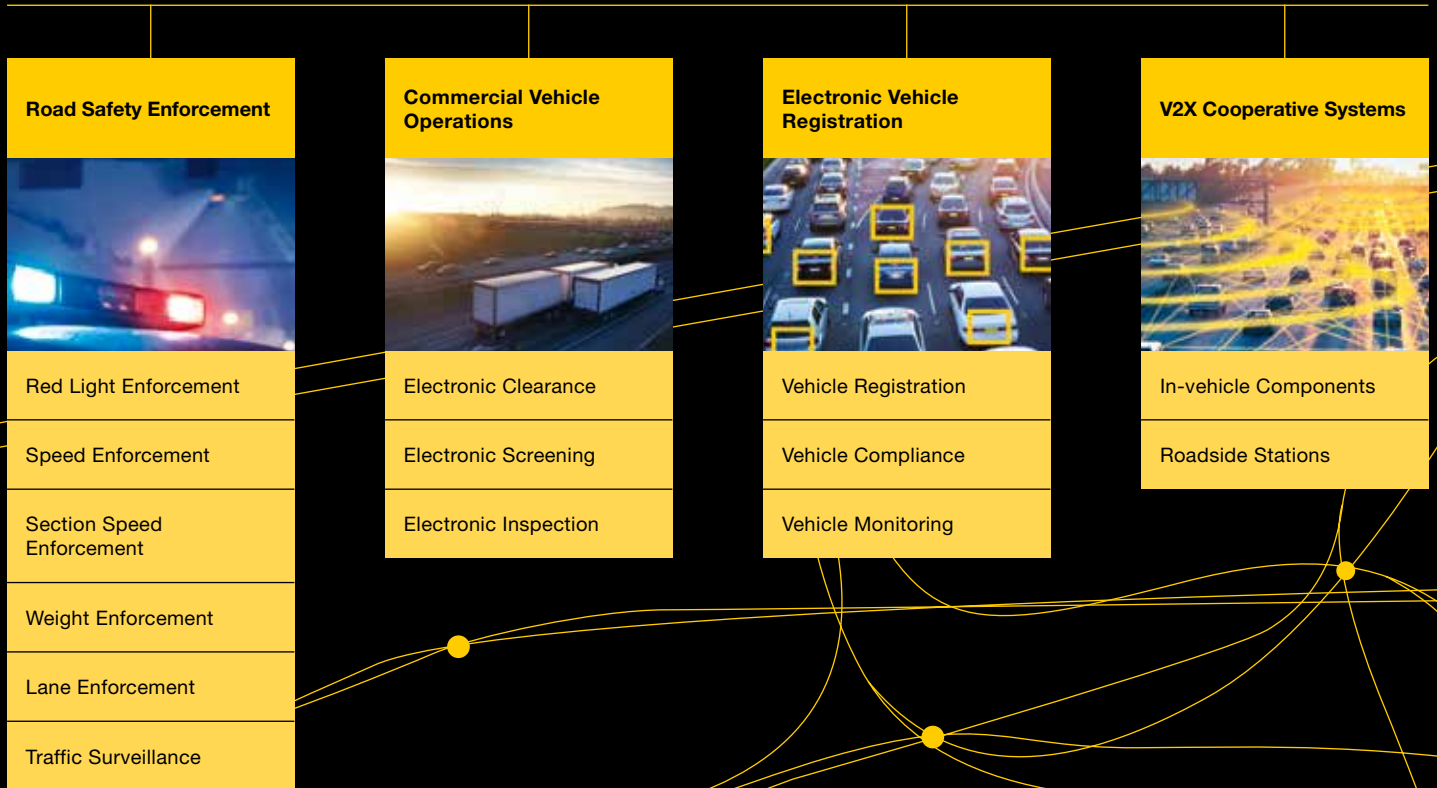
Road User Charging	Urban Access and Parking	Traffic Management
		
Free-Flow Satellite Tolling	Urban Road User Charging	Highway Traffic Management
Free-Flow Terrestrial Tolling	Limited Access Zone	Tunnel Traffic Management
Plaza Tolling	Low Emission Zone	Bridge Traffic Management
	Parking	Managed Lanes

Our solutions. We divide our portfolio into solutions for road user charging, urban access and parking, traffic management, road safety enforcement, commercial vehicle operations, electronic vehicle registration and V2X cooperative systems. We include road user charging and traffic management as part of our core business.

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 free-flow, 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.

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.

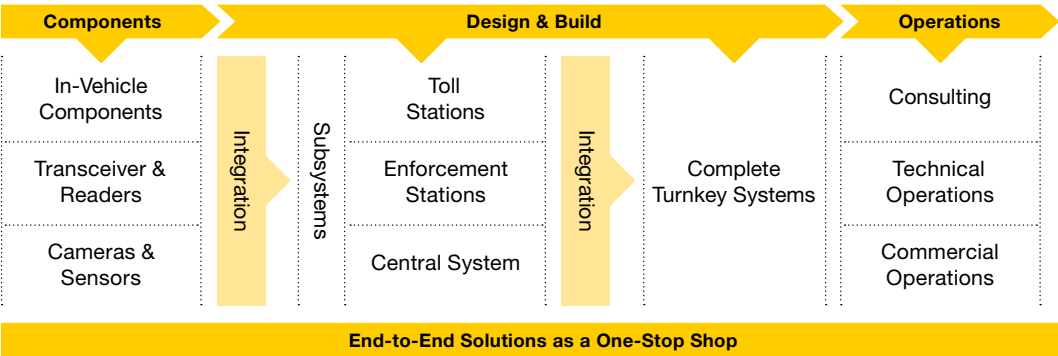
Electronic vehicle registration. Our offering comprises solutions utilizing electronic readable tags to improve vehicle registration rates and reduce registration fraud, thereby increasing safety and improving public security. Our solutions also allow centralized management of vehicle registration data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

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.

Our Business Model Today.

Our end-to-end solutions.

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



Components













Components are developed in-house or 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.

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

In our two manufacturing locations in Austria and Canada, we produce the core components on state-of-the-art manufacturing systems according to ISO standards and we also source from an external production. Maximum flexibility and customer satisfaction as well as environmentally sound production are of particular importance to us.

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

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

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.

Technical operations include the monitoring, maintenance and ongoing optimization of systems.

Commercial operations services may, depending on the actual solution, encompass the planning and implementation of point-of-sale measures, the implementation and operation of call center services, the design of suitable web portals or the establishment of payment systems, including comprehensive services from invoicing to dunning that enable payment by money transfer, cash, credit card or fleet card.

Our target groups.

With our system business, we primarily address road and toll operators as well as concessionaires but also municipalities, police and related authorities, such as road authorities as well as Ministries of the Interior and Ministries of Transport when it comes to nationwide projects.

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

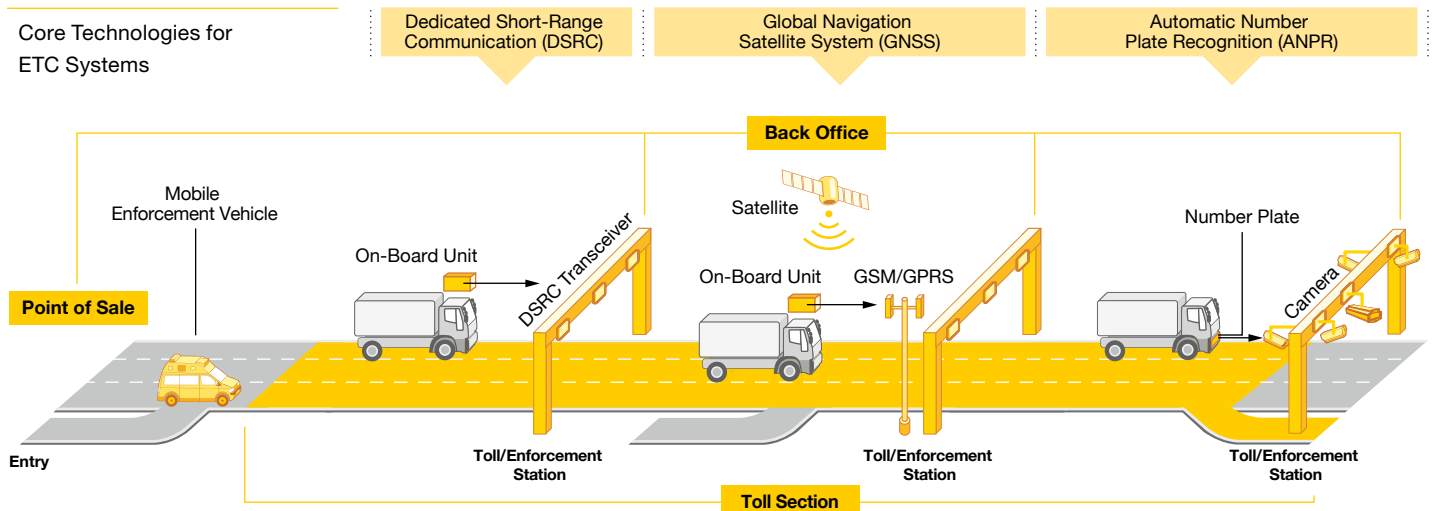
With our operation business, we address end users such as haulers or road users in those cases where we operate a system on behalf of our end customer.

Operations

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

In the consulting area, we analyze the parameters and develop a comprehensive concept. Our portfolio includes the analysis of local conditions, and the consideration of legal and political requirements. We develop technical and commercial concepts and we help optimize the existing organizations that are responsible for the operation of systems.

Core Technologies for ETC Systems



Our Select Projects and References.

Europe

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

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



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



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



In Belarus, we launched in 2013 the first phase of the electronic toll collection system BelToll for all vehicles above 3.5 tons as well as transit passenger cars and have extended the system to roughly 1,200 kilometers.



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



In the Czech Republic, we were responsible for the design and build of the nationwide electronic toll collection system MyTo CZ for all vehicles above 3.5 tons, which now covers roughly 1,400 kilometers. The system was completed in just nine months and started commercial operation in 2007. Since then, we have taken over the technical and commercial operation of the system and added a telematics platform and a traffic management system.



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



In Poland, we launched in 2011 the nationwide electronic toll collection system viaTOLL on the existing road network of 1,565 kilometers for all vehicles above 3.5 tons after an implementation period of only eight months. Since then, we have been responsible for the technical and commercial operation of the system and have extended the system to roughly 2,900 kilometers.



Americas

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



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



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

In 2013, we launched the first section of a managed lane system in North Texas. In the same year, we took over maintenance of the toll software for the Golden Gate Bridge.

Transdyn, Inc., which was acquired in 2014, has installed over 30 traffic management systems in the U.S.A. and other countries.



Rest of World

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



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



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

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



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



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



In Thailand, we implemented toll collection systems for the three largest city highways in Bangkok in 2008.



Our Shares.

Where you see a connection
between parts of a city, we see the
networking of worlds.



Because we constantly change our perspective in order to reevaluate the connections between worlds, technology and people. Only this way is it possible to successfully bridge tradition and innovation.

This can also be seen in the Kapsch TrafficCom shares, which stand for consistency, sustainability and trust. A solid foundation that can always be relied on, even in times of change.



Use more.kapsch.net to add a creative
kaleidoscope effect to your pictures.

Our Shares in Detail.

The values of some international stock indexes reached new record highs in the reporting period.

The price of the Kapsch TrafficCom shares fell by 40 % during the 2014/15 fiscal year.

Stock Markets in the Fiscal Year 2014/15.

International stock markets. In 2014, the international stock exchanges reflected the uneven global economic developments. Central bank decisions as well as political crises influenced the short-term activity. An overall upward trend was observed, but this trend was initially weaker on the European exchanges due to the difficulties in some EU economies as well as the Russia-Ukraine conflict. A noticeable recovery occurred in the first quarter of the year 2015, especially on the European stock exchanges.

The Dow Jones Industrial achieved new historic highs in the reporting period from 1 April 2014 to 31 March 2015 and rose above 18,000 points for the first time in December. At the end of the fiscal year, the U.S. stock exchange index was 8 % above the previous year's value. The Japanese Nikkei 225 also broke the 18,000 point mark for the first time since 2007 and closed up 30 % from the previous year.

The European stock indexes gained value primarily in the first months of 2015, with Euro Stoxx 50 rising by 17 %. The German DAX index rose above the European average over the entire reporting period to reach historic highs and an annual performance of 25 %.

Vienna Stock Exchange. The share price developments on the Vienna Stock Exchange lagged behind the international performance in the reporting period. The losses in the previous quarter were made up in the first quarter of 2015, and the ATX was at 2,509.82 points on 31 March 2015, just 1 % below the value of the previous year. The ATX Prime index exhibited similar development and also closed down 1 %.

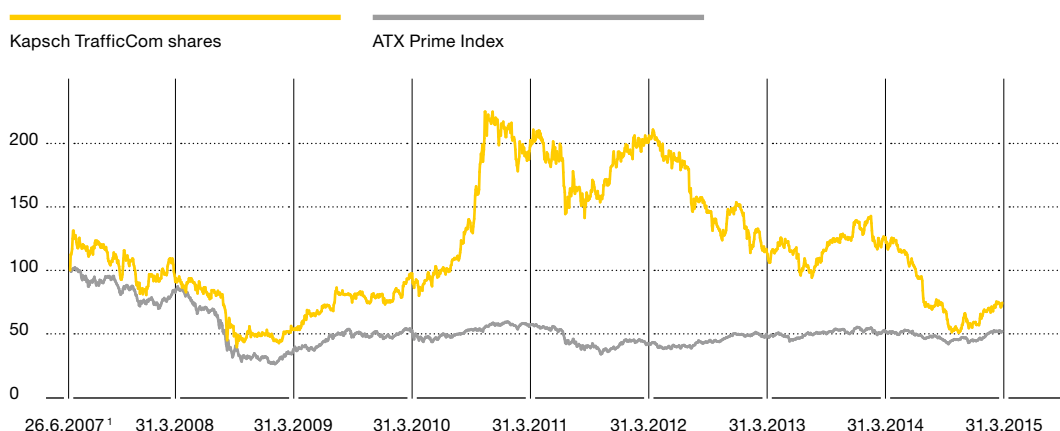
Our Shares in the Fiscal Year 2014/15.

The shares of Kapsch TrafficCom AG have been listed since 26 June 2007 on the Vienna Stock Exchange in the prime market under ISIN AT000KAPSCH9. They are included in the ATX Prime Index, the Austrian sustainability index VÖNIX and, since May 2013, in the ATX Global Players index of the Vienna Stock Exchange as well.

The share capital of Kapsch TrafficCom AG is EUR 13.0 million and is divided among 13 million no-par value ordinary bearer shares. The share price fell heavily during the reporting period. After gaining 8 % in the previous year to reach EUR 39.99 on 31 March 2014, the price gave way again already in the first quarter of the fiscal year. The price fell into a downward slide at the end of July, reaching an annual low of EUR 16.27 on 14 November. A strong uptick at the start of December heralded a continuous upward trend, and the price gained 36 % in value during the last quarter of the fiscal year 2014/15. The performance for the entire year was nevertheless negative at -40 %, in contrast to international stock trends. The closing price on 31 March 2015 was EUR 23.85.

The price history since the flotation of Kapsch TrafficCom in the year 2007 is generally marked by considerable fluctuations. The lowest price of EUR 12.65 on 7 November 2008 is contrasted by a high of EUR 72.00 on 7 and 30 December 2010. At the end of the reporting period, the share price was roughly one-quarter below the initial offer price of EUR 32.00. This puts the Kapsch TrafficCom shares ahead of the Austrian ATX and ATX Prime index, which lost 48 % over this period. The German DAX, however, gained 52 % in this time.

Development of Kapsch TrafficCom shares and the ATX Prime Index from 26 June 2007 to 31 March 2015



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

Due to the low share price, the market capitalization declined to EUR 310.0 million and the trading volume decreased.

Based on the final price of the shares of EUR 23.85 on 31 March 2015, the market capitalization of Kapsch TrafficCom AG was EUR 310.0 million (31 March 2014: EUR 519.9 million). The average daily trading volume of the Kapsch TrafficCom shares on the Vienna Stock Exchange was EUR 0.63 million, which is roughly one-third below the previous year's value of EUR 0.97 million (double count).

Key shares data		2012/13	2013/14	2014/15
Weighted average number of shares	in million	13.00	13.00	13.00
Earnings per share ¹	in EUR	0.75	-0.33	0.28
Dividend per share	in EUR	0.40	0.00	0.50 ⁵
Free cash flow per share	in EUR	3.61	-2.04	5.14
Offer price per share ²	in EUR	32.00	32.00	32.00
Share price ³	in EUR	37.02	39.99	23.85
Price-to-earnings ratio ³		49.17	-120.9	85.42
Market capitalization	in million EUR	481.26	519.87	309.99
Performance of shares	in %	-41.70	8.02	-40.37
Performance of ATX Prime	in %	8.37	10.01	0.47
Average daily trading volume ⁴	in million EUR	1.22	0.97	0.63

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

2 On 26 June 2007

3 As of 31 March

4 Double count

5 Proposal of the executive board for approval at the annual shareholders' meeting on 9 September 2015

The dividend proposal of EUR 0.50 corresponds to an above average payout ratio.

Dividend Policy.

Kapsch TrafficCom follows a dividend policy based on long-term considerations. According to this policy, dividend distribution averaged over the long term should correspond to roughly one-third of the group annual profit. In addition, the option of a continuous, absolute distribution amount remains under consideration when the long-term development of the company permits this. As a one-time exception, no dividend was paid out for the previous fiscal year 2013/14 due to the extraordinarily low profit for the period. For the reporting period, the executive board will propose to the annual shareholders' meeting on 9 September 2015 a dividend payout in the amount of EUR 0.50 per share. This above-average payout ratio is based on the improved profit, the good liquidity and the long-term strategy of the company.

Shareholder Structure.

As of 31 March 2015, roughly 36.9 % of the shares were in free float (31 March 2014: 34.1 %). KAPSCH-Group Beteiligungs GmbH increased its stake to 63.1 % in the third quarter (31 March 2014: 61.9 %). Beyond this, there were no participating interests requiring reporting on the key date (31 March 2014: 4.0 % Schrodgers plc, subsidiaries and affiliated companies).

As core shareholder, KAPSCH-Group Beteiligungs GmbH holds roughly 63.1 % of the shares.

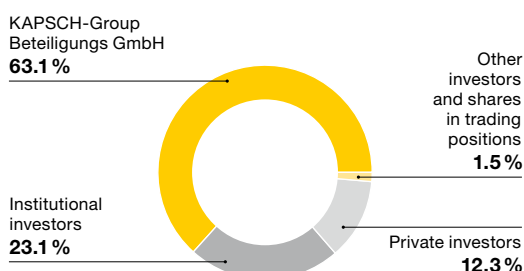
Core shareholder. KAPSCH-Group Beteiligungs GmbH is a wholly-owned subsidiary of DATAX HandelsgmbH, the shares of which are held in equal proportions by Traditio-Privatstiftung, ALUK-Privatstiftung and Children of Elisabeth-Privatstiftung,

each a private trust under the Austrian Law for Private Trusts (*Privatstiftungsgesetz*). Each of these private trusts is managed by a separate executive board (*Stiftungsvorstand*) and no person serves on the executive board of more than one of the three private trusts. The beneficiaries of these private trusts are Georg Kapsch and members of his family (Traditio-Privatstiftung), Kari Kapsch and members of his family (ALUK-Privatstiftung) and Elisabeth Kapsch and members of her family (Children of Elisabeth-Privatstiftung).

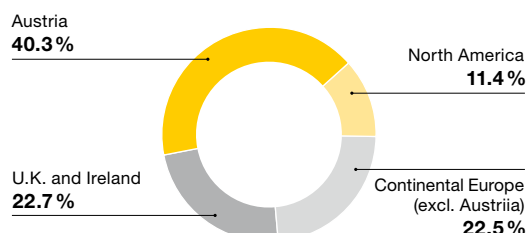
Free float. Kapsch TrafficCom AG has a widely diversified shareholder structure. In addition to the core shareholder KAPSCH-Group Beteiligungs GmbH, institutional investors dominate with 23.1 %, with the top ten investors holding in aggregate 63.7 % of that share. The share of private investors increased again in comparison with the previous year. Based on information available to the company, private investors now hold 12.3 % of the shares. The remaining 1.5 % is held by other investors, including shares in trading positions.

The regional distribution of the institutional investors shifted significantly toward Austria while the share of U.K. and Ireland investments declined. The majority of the institutional investors is now located in Austria (40.3 %), 22.7 % are in the Anglo-Saxon region of U.K. and Ireland, 22.5 % in Continental Europe (excluding Austria). The remaining 11.4 % is held by investors in North America. Classified by investor type, the institutional investors in Kapsch TrafficCom largely pursue a value strategy (50.1 %), while another 20.6 % pursue a GARP strategy (growth at a reasonable price).

Shareholder structure on 31 March 2015



Geographic distribution of institutional investors



Resulting from the early buyback of bond shares, the volume in May 2015 was reduced to EUR 70.8 million.

Corporate Bond.

On 3 November 2010, Kapsch TrafficCom AG issued a 4.25 % corporate bond with a volume of EUR 75 million and a tenor of seven years until November 2017. The bond has a denomination of EUR 1,000. The corporate bond is listed in the regulated market of the Vienna Stock Exchange under ISIN AT0000A0KQ52 and is included in the corporates prime segment for bonds on the Vienna Stock Exchange. Kapsch TrafficCom is hereby obligated to ensure increased transparency by providing additional information to bond investors. The generated capital was used to finance the acquisition of Mark IV IVHS at the end of the year 2010 as well as to cover capital requirements of additional projects. The bond traded at 104.45 %

at the end of the reporting period on 31 March 2015. Based on information available to the company, the majority of the bonds are held by retail investors, while the remainder is held by domestic and international institutional investors.

In the time from 28 April 2015 to 19 May 2015, Kapsch TrafficCom offered its investors a share buyback at a price of 105.75 %. A total of 4,182 shares denominated at EUR 1,000 were purchased and submitted to Oesterreichische Kontrollbank for cancellation on 22 May 2015. Accordingly, the corporate bond had an outstanding value of EUR 70.8 million on 22 May 2015 with an unchanged maturity of November 2017.

Key bond data		2012/13	2013/14	2014/15
Equity	in million EUR	236.7	213.1	219.4
Equity ratio	in %	41.7	37.6	42.5
Net debt	in million EUR	-40.5	-93.4	-35.9
Disencumbrance period (net debt/EBITDA)	in years	1.19	2.53	0.58
Interest expense	in million EUR	7.2	5.5	6.0
Interest coverage ratio 1 (EBIT/interest expense)	in %	2.30	3.70	5.47
Interest coverage ratio 2 (EBITDA/interest expense)	in %	4.77	6.74	10.27
Bond closing price	in %	106.75	105.15	104.45

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

Investor Relations.

The Kapsch TrafficCom shares are currently covered by four institutes.

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

In the fiscal year 2014/15, the CEO and the Investor Relations team held numerous investor conversations and participated in roadshows and investor conferences in Europe and the U.S.A. to actively share information about the company as well as its development and strategy.

Research Reports.

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

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

Kapsch TrafficCom has no rating.

Our Responsibility.

Where you see a city, we see
the responsibility to be sustainable.



Because we are constantly changing our perspective to always keep an eye on the big picture surrounding our individual solutions. We have the responsibility to make an active contribution with our products and innovations to the sustainable

development of our society. For example, by designing low-impact and resource-efficient intelligent transportation systems. Especially in urban areas, where we face many future challenges, we see our potential of remaining that decisive step ahead.



Corporate Governance Report.

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

Corporate Governance Declaration.

Code of Corporate Governance. In June 2007, the executive board (*Vorstand*) and supervisory board (*Aufsichtsrat*) resolved to apply the rules of the Austrian Code of Corporate Governance (the Code) as far as they are consistent with the specific situation of the company. The Code version from July 2012 as well as the current version from January 2015 are available for downloading from www.corporate-governance.at. Compliance with the Code is evaluated by the compliance officer together with internal audit on an annual basis.

In the fiscal year 2014/15 which ended 31 March 2015, Kapsch TrafficCom AG complied with the L-Rules and C-Rules of the Code in the July 2012 version, with the exception of

- C-Rule 53 – the company does not intend to establish independence criteria that differ from the general requirement set forth in the Code as it believes such additional criteria are not required,
- C-Rule 62 – an external evaluation of compliance with the C-Rules has not taken place to date; as well as
- C-Rule 67 – due to the intense competition in the industry in which the company is active, it will not make available or publish all information which is available to financial analysts to its shareholders at the same time.

The exceptions to the Rules C-53 and C-67 have already been established by the executive board at the time of the company's initial public offering in 2007 and are not subject to any time limits.

Management and Oversight Structure.

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

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

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



l. to r.:
Georg Kapsch, Chief Executive Officer
André Laux, Chief Operating Officer

Executive Board.

Name	Area of responsibility	Year of birth	Year first appointed	Year current term expires
Georg Kapsch Chairman/CEO	Finance & Administration, Mergers & Acquisitions, Investor Relations, Compliance, Strategy, Legal Services, International Subsidiaries & Management Systems, Human Resources, Marketing & Communications, Solution Management, Engineering and Sales Region North America	1959	2002	2017
André Laux Member/COO	Sales Region 1 and 2 ¹ , Production & Logistics and Delivery & Operations	1962	2010	2016

¹ The sales regions have developed historically and are addressed in the case of Region 1 by Kapsch TrafficCom AG, Austria, and in the case of Region 2 by Kapsch TrafficCom AB, Sweden

In the fiscal year 2014/15, the executive board consisted of two members.

Georg Kapsch was appointed as CEO of Kapsch TrafficCom AG in December 2002 and he also holds functions in certain of its direct and indirect subsidiaries. Since October 2000, Georg Kapsch has also served as CEO of KAPSCH-Group Beteiligungs GmbH. He has been a member of the executive board of Kapsch AG since July 1989 and was appointed as its CEO in October 2001. Georg Kapsch studied business administration at the Vienna University of Economics and Business Administration (*Wirtschaftsuniversität Wien*) and graduated in 1981.

In addition, Georg Kapsch serves as CEO of DATAX HandelsgmbH, as chairman of the supervisory board of Kapsch CarrierCom AG, as deputy chairman of the supervisory board of Kapsch Business Com AG as well as member of the supervisory board of Teufelberger Holding AG.

Georg Kapsch has been president of the Federation of Austrian Industries (*Industriellenvereinigung Österreich*) since June 2012.

André Laux joined the Kapsch TrafficCom Group in December 2007, has been a member of the executive board of Kapsch TrafficCom AG since 1 April 2010 and he also holds functions in certain of its direct and indirect subsidiaries. He began his professional career in different sales and management positions, both internationally and domestically (1988-1997), after completing a degree in business administration in Germany and England. In 1997, he became director of the German chip maker ODS Landis & Gyr in Munich. In 2000, André Laux transferred within the group to become CEO of Skidata AG in Salzburg. In 2004, he took over as CEO of Winter AG in Munich.

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

Executive board remuneration 2014/15 in TEUR

	Fixed	Variable	Total
Georg Kapsch	601	42	643
André Laux	372	100	472
Total	972	142	1,114

“Regular executive board meetings guarantee that mutual sharing of information is a firmly established practice.”

André Laux, COO

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

Remuneration. In the fiscal year 2014/15, the aggregate fixed and variable remuneration for the members of the executive board, including the cross-charge from Kapsch AG for the services of Georg Kapsch, amounted to EUR 1.11 million (fiscal year 2013/14: EUR 1.40 million).

Georg Kapsch is employed by Kapsch AG. His work is part of the management and consulting services provided by Kapsch AG, which are billed to Kapsch TrafficCom AG and disclosed in the notes to the consolidated financial statements under “Related parties”.

André Laux. The remuneration of André Laux is determined based on a compensation system that, in addition to the fixed compensation, provides for an annual variable compensation of up to 43 % of the fixed compensation. The variable compensation depends primarily on the achievement of certain predefined financial performance indicators. If his executive board contract is terminated at the end of the current term of office, André Laux is required to comply with a non-competition clause for one year following termination of his executive board position (unless he terminates for cause). André Laux has an individually defined pension scheme based on contributions for which Kapsch TrafficCom AG pays approximately TEUR 10 annually to an outside pension fund.

Directors and officers liability insurance. The members of the executive board are insured against financial losses with a directors and officers liability insurance policy. In addition to the executive board, the policy also covers the members of the supervisory board as well as key managers of the Kapsch TrafficCom Group. Due to the payment of a collective premium, it is not possible to allocate a specific amount to individual members of the executive board.

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

Supervisory Board.

The supervisory board is comprised of four members selected at the annual shareholders' meeting and two appointed by the works council.

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

Franz Semmerneegg has been a member of the supervisory board of Kapsch TrafficCom AG since June 2002. Since June 2005, he has been chairman of the supervisory board. Franz Semmerneegg has been the CFO of KAPSCH-Group Beteiligungs GmbH since April 2005. He also serves as the CEO of Kapsch BusinessCom AG and has been a member of the executive board of Kapsch BusinessCom AG since March 2003. In addition, he has also been the CFO of Kapsch AG since October 2001. Franz Semmerneegg graduated with a degree in business administration (1992) and a Ph.D. (1997) from the University of Graz (*Karl-Franzens-Universität*).

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

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

Franz Semmerneegg was a member of the executive board of Schrack BusinessCom AG from 1999 to September 2001. In 1998, he was responsible for the successful management buy-out of Schrack BusinessCom AG from Ericsson Austria AG and was previously involved in management functions at Ericsson Austria AG (1998) and Schrack Seconet AG (1997).

Kari Kapsch has been a member of the supervisory board of Kapsch TrafficCom AG since June 2002 and the deputy chairman since June 2005. He previously served as deputy chairman of the supervisory board from June 2002 to December 2002 and as chairman

of the supervisory board from December 2002 to June 2005. Kari Kapsch has also been the COO of KAPSCH-Group Beteiligungs GmbH since December 2005. In addition, he is also the COO of Kapsch AG and CEO of Kapsch CarrierCom AG. Kari Kapsch graduated with a degree (1988) and a Ph.D. (1992) in physics from the University of Vienna (*Universität Wien*). Kari Kapsch is the brother of Georg Kapsch, the CEO of Kapsch TrafficCom AG.

Kari Kapsch also holds other functions in direct and indirect associated companies of Kapsch CarrierCom AG, Kapsch BusinessCom AG and Kapsch AG. He is a member of the executive management of Kapsch ConnexPlus GmbH, Kapsch Immobilien GmbH, ASIMMOG Verwaltungs- und Verwertungs GmbH and a member of the executive board of ASIMMOG Privatstiftung, member of the executive board of the Austro-Arab Chamber of Commerce, member of the Sectors Conference of the Austrian Chamber of Commerce/Industry Sector, member of the Trade Association for Machines and Metal Goods of the Austrian Chamber of Commerce/Industry Sector and member of the executive board of the Austrian Electrotechnical Association.

Kari Kapsch is active in multiple industry-related associations, has been a member of the executive board of the University of Applied Sciences Technikum Wien since 2012 and is a committee member of the Association of Austrian Electrical and Electronics Industries. Previously, from 1996 to 2002, he was chairman of the management board of the Young Industry Vienna and deputy chairman of the Young Industry Austria.

Sabine Kauper has been the CFO of SKW Stahl-Metallurgie Holding AG, Munich, since 1 January 2014, and also holds functions in certain of its direct and indirect subsidiaries. Previously, she was on the supervisory board of the company since 2009. Since January 2014, she is appointed managing director for restructuring of an international mechanical engineering company. From the year 2000 to December 2011, she worked for Phoenix Solar AG, Germany, and was a member of the executive board

"With supervision and advice, we support the executive board in current developments and in the strategic orientation of the company."

Franz Semmerneegg,
Chairman of the Supervisory Board

Name	Position	Year of birth	Year first appointed	Year current term expires
Franz Semmernegg	Chairman	1968	2002	2016
Kari Kapsch	Deputy chairman	1964	2002	2016
Sabine Kauper	Member ¹	1968	2011	2018
Harald Sommerer	Member ¹	1967	2013	2016
Christian Windisch	Member ²	1963	2002	—
Claudia Rudolf-Misch	Member ^{2,3}	1967	2010	—
Manfred Schmid	Member ^{2,3}	1964	2014	—
Martin Gartler	Member ^{2,3}	1970	2015	—

¹ Member meeting the criteria of C-Rule 54 of the Code

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

³ Claudia Rudolf-Misch was replaced on 20 November 2014 by Manfred Schmid, who was replaced on 11 March 2015 by Martin Gartler

of Phoenix Solar AG as of 2007. As CFO, she was responsible for Finance, Personnel and Organizational Development, International Processes and IT, Internal Audit and Legal. Thereafter, she completed a training program to become a qualified supervisory board member with certification by Deutsche Börse AG. She obtained a master's degree in business administration with electives in tax and auditing. After completion of her degree course, she worked for an auditing company for four years.

Harald Sommerer has been acting on his own initiative to establish an investment portfolio since December 2013. Before that, he was CEO and chairman of the management board of Zumtobel AG from May 2010 to September 2013. He received a Doctorate in Social and Economic Sciences from the University of Economics and Corporate Management in Vienna as well as a Master of Management from the J. L. Kellogg Graduate School of Management at Northwestern University. From 1997 to 2010 Harald Sommerer was a member of

the management board of AT&S Austria Technologie & Systemtechnik AG, where he served as CFO from 1998 to 2005 and CEO from 2005 to January 2010.

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

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

The compensation of the supervisory board members is decided at the annual shareholders' meeting.

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

Remuneration. The members of the supervisory board and its committees receive reimbursement of actual expenses, including reasonable travel expenses. In addition, the annual shareholders' meeting may provide for a remuneration of supervisory board members. On 1 September 2014, the annual shareholders' meeting resolved to grant Sabine Kauper a remuneration of TEUR 4 per meeting and on 12 September 2013, the annual shareholders' meeting resolved to grant Harald Sommerer a remuneration of TEUR 4 per meeting. Remuneration of TEUR 46 including travel expenses was expensed for the past fiscal year of which TEUR 8 were related to the fiscal year 2013/14. TEUR 8 were set aside as a reserve for the remuneration of Harald Sommerer for his attendance of the audit committee meetings subject to the approval of the annual shareholders' meeting (assuming that such amount will be resolved retroactively in the annual shareholders' meeting on 9 September 2015). No other member of the supervisory board receives specific remuneration for such office.

Kapsch AG renders additional, remunerated consulting services in the amount of approximately TEUR 90 to Kapsch TrafficCom AG, which are performed in part by Franz Semmerneegg and/or Kari Kapsch.

Directors and officers liability insurance. The members of the supervisory board are insured against financial losses with a directors and officers liability insurance policy. In addition to the supervisory board, the policy covers the members of the executive board as well as key managers of the Kapsch TrafficCom Group. Because a collective premium is paid, it is not possible to allocate a specific amount to individual members of the supervisory board.

Committees of the Supervisory Board.

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

The committee for executive board matters is responsible for the relationship between the company and the members of the executive board (including remuneration issues), except for the appointment or dismissal of members of the executive board. It consists of two members of the supervisory board elected by the shareholders' meeting, including the chairman of the supervisory board. The current members of the committee for executive board matters are Franz Semmerneegg (chairman) and Harald Sommerer (since 1 September 2014, until then Kari Kapsch).

The audit committee is responsible for the duties set out in section 92 para 4a Stock Corporation Act (*Aktiengesetz*). These responsibilities include the review and preparation of the approval of the financial statements and consolidated financial statements, the audit of the corporate governance report, the report of the risk management according to Rule 83 of the Code, the review of the audit process and the auditor's independence, the preparation of a proposal for the distribution of profit and the preparation of a report to the annual shareholders' meeting. Furthermore, the audit committee prepares the proposal of the supervisory board for the selection of an auditor and reviews the accounting process and the effectiveness of the internal control and risk management systems.

One member of the audit committee must be a financial expert (*Finanzexperte*). Persons who were previously members of the executive board, managing directors or auditors of the company or persons who certified the company's annual or consolidated financial statements within the last three years do not qualify as financial experts and may not serve as chairman of the audit committee. The current members of the audit committee are Franz Semmerneegg (chairman/financial expert), Harald Sommerer (since 1 September 2014, until then Kari Kapsch) and Christian Windisch.

In addition to the members of the audit committee, the audit committee meetings must be attended by the executive board and a representative of the auditor, if requested by the chairman of the audit committee or required by law.

Promotion of Women to the Executive and Supervisory Boards and Senior Positions.

The filling of open positions takes place with no consideration of gender. Women are represented in leadership positions and on the supervisory board.

Kapsch TrafficCom AG has no specific plan for promoting women to the executive board, the supervisory board or senior positions in the company and its subsidiaries. Candidates are always selected with a view to identifying the best person for the job, regardless of gender. Women are employed in various key management positions within Kapsch TrafficCom AG (such as the head of Finance & Administration, the head of Legal and the head of Engineering) and its subsidiaries. In the past fiscal year, two members of the supervisory board were female, Claudia Rudolf-Misch (appointed by the works council) and Sabine Kauper (elected by the annual shareholders' meeting). There were no female members of the executive board.

Women are supported through a flexible working hours scheme that is designed to help combine professional and private life. In addition, Kapsch TrafficCom AG cooperates with schools, universities and colleges in order to increase the proportion of women employed, among other goals.

The company also promotes women in the workforce through participation in specific programs such as *"FIT Frauen in die Technik"* or *"FemTech"*.

In addition, the Kapsch TrafficCom Group has established a committee for non-discrimination.

Report of the Supervisory Board.

Dear Shareholders,

Kapsch TrafficCom AG's supervisory board held a total of four meetings during the fiscal year from 1 April 2014 to 31 March 2015. No member of the supervisory board attended less than half of all meetings.

The supervisory board was informed by the executive board on an ongoing basis in writing and verbally as well as in the meetings held jointly with the executive board on the position, development and strategy of the company. It also monitored and advised the executive board during the period under review.

As the chairman of the supervisory board, I was in regular contact with the chairman of the executive board in order to discuss business development, strategy and risk management.

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

PwC Wirtschaftsprüfung GmbH, Wirtschaftsprüfungs- und Steuerberatungsgesellschaft, Vienna, as independent auditor appointed by the annual shareholders' meeting, has audited and issued an unqualified audit opinion on the annual separate financial statements and the annual consolidated financial statements of Kapsch TrafficCom AG as of 31 March 2015 as well as the management report of the company dated 1 June 2015 and the management report of the group dated 8 June 2015, each as prepared by the executive board.

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

The supervisory board reviewed such documents in accordance with section 96 of the Austrian Stock Corporation Act (*Aktiengesetz*) and approved the annual separate financial statements in line with section 96 para. 4 of the Austrian Stock Corporation Act (*Aktiengesetz*). The supervisory board concurs with the executive board's proposal for the distribution of profits. Accordingly, the executive board will propose to the annual shareholders' meeting on 9 September 2015 payment of a dividend in the amount of EUR 0.50 per share for fiscal year 2014/15.

The audit committee held a total of four meetings during the fiscal year from 1 April 2014 to 31 March 2015 and met the responsibilities as set out in section 92 para 4a of the Austrian Stock Corporation Act (*Aktiengesetz*). In addition to the review and preparation of the approval of the financial statements and consolidated financial statements as well as the audit of the corporate governance report, these responsibilities included the review of the audit process and the auditor's independence, the preparation of a proposal for the distribution of profit, of a report to the annual shareholders' meeting and of the proposal for the selection of an auditor, as well as the review of the accounting process, of the effectiveness of the internal control and of the risk management systems. No member of the audit committee attended less than half of all meetings.

The committee for executive board matters held one meeting in the past fiscal year.

The supervisory board extends its thanks to the members of the executive board and all employees of Kapsch TrafficCom AG for their work in fiscal year 2014/15.

Vienna, 15 June, 2015



Franz Semmerneegg
Chairman of the supervisory board



Franz Semmerneegg, Chairman of the supervisory board

Our Business Progress.

Where you see a calm night,
we see the networking of the future.



Because we constantly seek out new vantage points and view the challenges of the future as opportunities. The advancing trend of urbanization marks another turning point in the history of humanity. And V2X solutions will play an important role. Our diverse applications for urban areas offer more time savings,

more mobility and more convenience. Communicating vehicles, communicating infrastructure, communicating solutions: Only the networking of individual systems can transform our cities into true smart cities. We actively participate in designing such networks in order to remain always one step ahead.



Use more.kapsch.net to add a creative
kaleidoscope effect to your pictures.

Management Report.

Kapsch TrafficCom AG on the Consolidated Financial Statements as of 31 March 2015.

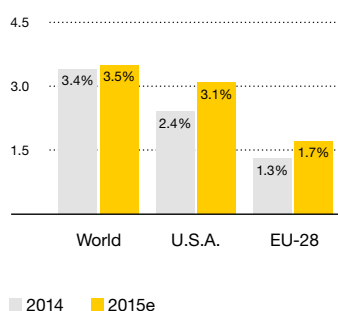
1 Economic climate.

1.1 General economic situation

Global economy

GDP growth

(in %)



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

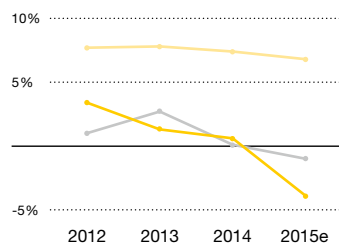
The economies of this group of countries have gradually lost some momentum over recent years. Economic growth declined in 2014 to 4.6 %, down from a 5.0 % rate of expansion in 2013 and 7.5 % in 2010.

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.

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

GDP growth 2012-2015

(in %)



■ Russia
■ China
■ Brazil

Source: IMF World Economic Outlook

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

Austria recorded GDP growth of only 0.3 % in 2014.

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

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.

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

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 Development of the market for intelligent transportation systems (ITS)

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

Kapsch TrafficCom addresses the market for intelligent transportation systems (ITS). ITS 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, April 2014, describes the ITS market as a diversifying market with widely differing application and product segments. Thus, the market comprises the following three product segments:

- Electronic toll collection (ETC)** enables drivers to pay toll fees without stopping at toll stations.
Traffic management systems (TMS) monitor traffic, optimize signal timing and regulate the flow of traffic.
Other intelligent transportation systems (OTH) comprise in particular
- Commercial vehicle operations (CVO) encompassing systems for operating commercial vehicles in order to enhance freight carrier productivity and safety,
 - Public vehicle transportation management systems (PVTMS) facilitating management of both local and long-distance public transportation, and
 - Advanced vehicle information systems (AVIS) transmitting traffic-related vehicle information to travelers before or during the trip or provide navigation services.

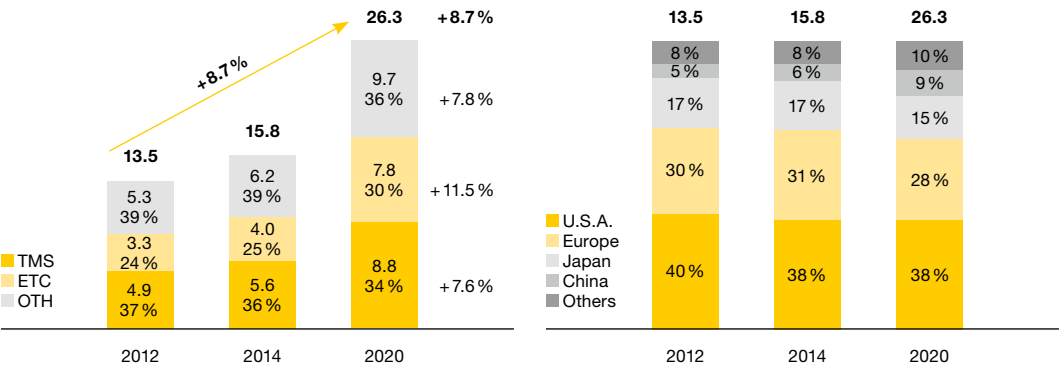
Market volume and growth

The global volume of the ITS market is estimated at USD 15.8 billion in 2014.

Global Industry Analysts (April 2014) estimated that the global volume of the ITS market amounted to USD 15.8 billion in 2014 and is expected to continue growing. The largest product segment in 2014 was OTH, accounting for 39.2 % (USD 6.2 billion). Based on a worldwide volume of about USD 4.0 billion, ETC had an ITS market share of 25.3 %. The largest geographic region for ITS in 2014 was the U.S.A. at 38.3 %, followed by Europe at 30.6 %.

The ITS market is expected to grow at an average annual rate of 8.7 % between 2012 and 2020 to reach a global volume of USD 26.3 billion in 2020, of which ETC will account for USD 7.8 billion, equaling a share of 29.5 % and thereby exhibiting the fastest growth of all product segments at an average annual rate of 11.5 %.

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

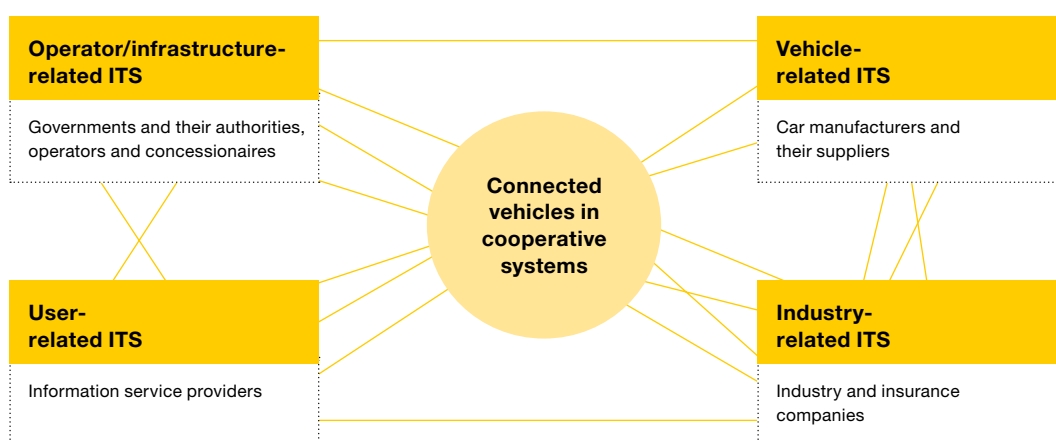


The past three years have shown that trends on the ITS market have arisen – in part due to economic conditions – that significantly influenced the developments. Due to a lack of current studies, it is difficult to estimate how much the actual market volume deviates from these forecasts from the year 2012.

Customer segments

Kapsch TrafficCom divides the ITS market into customer segments and the primary addressees

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



The current focus aims at the operator/ infrastructure-related segment of the ITS market.

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

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

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

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

Kapsch TrafficCom intends to be a leading provider in the future area of "V2X" as well.

The market is influenced by economic as well as environmental and social aspects.

Market positioning

The current focus of Kapsch TrafficCom aims at the operator/infrastructure-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 (V2V) and vehicle-to-infrastructure (V2I) communication – V2X". With 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 select applications. The future focus will therefore also be on vehicle-related and user-related ITS, and the ongoing developments in industry-related ITS will be monitored as well.

Market situation and market drivers

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

Funding for infrastructure projects. The worldwide increase in number of cars and the growing road traffic as a consequence 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 to provide the necessary funding for infrastructure projects. Efficient toll collection systems, especially electronic ones, offer a significant, constant and sustainable source of additional funds for governments and their authorities, road and toll operators as well as concessionaires that can be used for the expansion and maintenance of road infrastructure.

Urbanization. The urbanization is the second megatrend next to the global population growth driving the ITS market in the view of Metalan Research. 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 to monitor compliance with traffic regulations are another field of ITS applications in cities. 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 decrease environmental pollution and carbon dioxide emissions by reducing congestion at toll plazas without interfering with the traffic flow.

Increasing traffic safety and security. Governments and their authorities, road and toll operators as well as concessionaires, are particularly 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 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 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 5.8GHz technology will enable as a communication platform multiple future applications in the connected car.

Technology

Depending on the requirements of the specific application, systems are used for toll collection which are based on microwave technology (dedicated short-range communication; DSRC), satellite navigation (global navigation satellite system; GNSS), or video technology using automatic number plate recognition (ANPR). While in Europe the DSRC technology is predominantly based on 5.8GHz according to the Comité Européen de Normalisation (CEN) standard, electronic toll collection systems in North America are based on proprietary protocols in the 915MHz band. In addition to the toll application, the communication standard 5.9GHz WAVE (Wireless Access in the Vehicular Environment) is intended for real-time vehicle-to-vehicle (V2V) and vehicle-to-infrastructure (V2I) communication.

Convergence on the ITS market

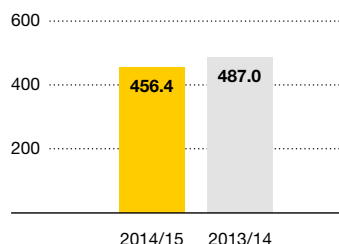
The product and customer segments of the ITS market are increasingly merging with the incremental convergence

A common thread among all these market drivers and technologies is a convergence on the ITS market. Kapsch TrafficCom has realized that product and customer segments are becoming increasingly interconnected in view of future solutions and is convinced that applications, platforms and technologies will finally converge. In the view of Kapsch TrafficCom, the future lies in the interaction between vehicles (vehicle-to-vehicle; V2V) and vehicle to infrastructure (vehicle-to-infrastructure; V2I). The driving forces in this convergence are governments and the automotive industry.

2 Economic situation of the Kapsch TrafficCom Group.

2.1 Business development

Revenue decline of 6.3 %
(in million EUR)



In the 2014/15 fiscal year, the Kapsch TrafficCom Group achieved a revenue of EUR 456.4 million, a 6.3 % decline compared to the previous year. The segment of Services, System Extensions, Component Sales (SEC) accounted for 81.6 % (previous year: 68.1 %) of the revenue as the recurring portion of the business. The segment Road Solution Projects (RSP), which represents the project business, contributed a lower share of revenue than in the previous year at 13.2 % (previous year: 27.1 %). The revenue in the segment Others (OTH) amounted to 5.2 % of total revenue in the 2014/15 fiscal year (previous year: 4.8 %). In addition to existing major projects in Belarus, France and the U.S.A. that shaped the 2014/15 fiscal year, the following new projects were acquired as well as project progress made and partnerships formed:

- ▶ On 1 April 2014, Kapsch TrafficCom and Autofind Industrial signed an agreement for a strategic partnership for joint sale of end-to-end solutions for the SINIAV system (Sistema de Identificação Automática de Veículos) in Brazil.
- ▶ In April 2014, Kapsch TrafficCom concluded framework agreements for the delivery of on-board units for electronic toll collection to Chile, Denmark, France and Spain. These framework agreements cover the delivery of roughly three million on-board units of the newest generations within the next four years.
- ▶ Since 1 July 2014, the manual toll processing has been handled by the local Kapsch TrafficCom company in Poland. This led to an increase of overall profitability.
- ▶ On 21 July 2014, Kapsch TrafficCom was awarded an order by the New York State Thruway Authority for the development, installation and technical support of an all-electronic tolling (AET) system. Because the toll collection will take place without a reduction in speed, the AET system will contribute to the unobstructed flow of traffic and help minimize traffic jams on the multi-lane roadways. The resulting vehicle emissions reduction has a direct positive impact on the environment. The order value amounts to USD 18.6 million (roughly EUR 13.7 million), and the system is expected to go into operation in the first quarter of 2016.
- ▶ On 9 December 2014, Kapsch TrafficCom was contracted to deliver a toll system to the WestConnex Delivery Authority (WDA). The order encompasses an electronic toll system with 14 tolling points on 41 lanes with a total of 14 toll bridges in Sydney, Australia.

The following official changes and events took place in the fiscal year 2014/15:

- ▶ On 27 August 2014, the new company Kapsch TrafficCom KGZ, Bishkek, Kyrgyzstan, was founded.
- ▶ On 10 September 2014, Kapsch TrafficCom Lietuva, Vilnius, Lithuania, was founded jointly with a local partner.
- ▶ On 31 March 2015, KTCSL Merger Corp., Delaware, U.S.A., was founded.

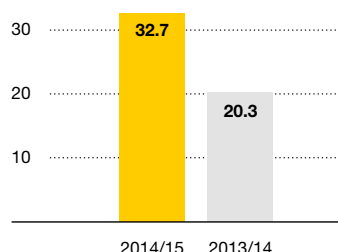
2.2 Earnings situation

The revenue of the Kapsch TrafficCom Group reached EUR 456.4 million in the fiscal year 2014/15, which is 6.3 % below the previous year's value of EUR 487.0 million.

The operating result (EBIT) of the Kapsch TrafficCom Group was EUR 32.7 million, which exceeds the previous year's EBIT by 61.5 % (EUR 20.3 million). The EBIT margin was 7.2 % (previous year: 4.2 %).

EBIT increase of 61.5 %

(in million EUR)



The postponement of new large projects had a negative impact on the segment RSP.

Revenue and operating result (EBIT) by segment

The segment reporting of the Kapsch TrafficCom Group is split between the three segments of Road Solution Projects (RSP), Services, System Extensions, Components Sales (SEC) and Others (OTH).

Road Solution Projects (RSP). Projects for the installation of toll systems are included in this segment. These are generally projects awarded based on invitations to tender by public agencies or private concessionaires. The systems cover either individual road sections or nationwide road networks.

The segment RSP contains the one-time effects from the realization of projects. The project nature of this segment results in fluctuations in revenue, material costs and production expenses, staff costs and other operating expenses. Some projects also include project financing costs. Revenue and operating results differ greatly from period to period, depending on whether individual projects are in the preparation, starting or implementation phase.

In fiscal year 2014/15, revenue decreased by 54.4 % to EUR 60.2 million (previous year: EUR 132.0 million). The largest revenue contributions during the reporting period came from the implementation project in Belarus and the managed lane system project in Texas, U.S.A.; however, these were significantly below the comparison value of the previous year due to the advanced stages of completion. In the managed lane system project in the U.S.A., 22 out of a total of 29 toll stations have been successfully put into operation, and Kapsch TrafficCom has been commissioned with an expansion by 10 additional stations. In Belarus, phase 2b with a length of 256 km was put into operation on schedule in August 2014. The revenue contributions of the GNSS (Global Navigation Satellite System) project in France and the M5 South Western Motorway project in Sydney, Australia, were also below those of the previous year due to the high level of completion already in the previous year. The projects obtained in fiscal year 2014/15 in New Zealand (Tauranga) and the U.S.A. (New York State Thruway Authority) as well as the projects of the company KTC USA Inc., U.S.A., acquired in January 2014 (formerly Transdyn, Inc., U.S.A.), also supplied significant revenue contributions.

The EBIT of the segment RSP was EUR -50.7 (previous year: EUR -34.6 million). The decline in the EBIT associated with this segment is due to the lower revenue contributions. In consequence, it was also not possible to sufficiently cover the expenditures for development and preparatory work for potential tenders as well as expenditures for ongoing tenders attributed to this segment. In addition, the EBIT of the segment was weighed down in the second quarter by a goodwill impairment to the cash-generating unit "Road Solution Projects, Electronic Toll Collection" in the amount of EUR 12.3 million. The results were improved by the release of a provision in the amount of EUR 16.1 million on 30 September 2014 due to changed circumstances.

Services, System Extensions, Components Sales (SEC). After installation, Kapsch TrafficCom generally also 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 TrafficCom has also offered the commercial operation of systems. All of these activities focused on continuous income are allotted to the SEC segment.

The segment SEC encompasses the recurring portion of the business. It is 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.

The revenue and EBIT of the segment SEC profited from the contributions of the operation projects in South Africa and Belarus.

In fiscal year 2014/15, revenue increased by 12.3 % to EUR 372.6 million (previous year: EUR 331.8 million). The operation project in the Gauteng province, South Africa, that was started in the third quarter of the previous year as well as the technical and commercial operation project in Belarus, which went into operation in the second quarter of the previous year, contributed significantly to the increase in revenues. 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 revenue. An expansion to the toll system in Poland also enhanced revenue during the reporting period.

The number of on-board units sold was below the level of the previous year at 7.4 million units (previous year: 9.2 million units). It should be noted here that the initial delivery for the nationwide toll project in Belarus took place in the comparison period of the previous year. Lower sales volumes were observed in North America during the reporting period. In contrast, the volume sold in France, Russia and Australia increased, and on-board units were also sold to Norway for the first time.

The EBIT of the segment SEC was EUR 82.2 million (previous year: EUR 53.8 million), which put the EBIT margin at 22.1 % (previous year: 16.2 %). This positive development compared with the same period of the previous year was due in part to the fact that the operation projects in Belarus and South Africa contributed for the entire reporting period of twelve months. In addition, a solution for compensation of a portion of the costs arising from maintaining the operational readiness of the system was reached with the customer of the South African project in the second quarter. This one-time effect amounts to EUR 5.6 million. 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 project including maintenance of the nationwide system in Austria continued to supply stable profit contributions.

Others (OTH). The segment Others contains the non-core business, which is handled by the subsidiary Kapsch Components GmbH & Co KG as well as the company KTC USA Inc., U.S.A., which was acquired in the previous year. This business includes engineering solutions, electronic manufacturing and logistics services for affiliated companies and outside customers as well as solutions, systems and services for operational monitoring of public transportation and environmental systems used for the operation of subway and railroad networks as well as waste water treatment plants.

In the segment OTH, revenue and EBIT increased.

In fiscal year 2014/15, revenue increased by EUR 2.1 % to EUR 23.6 million (previous year: EUR 23.1 million). This increase can be largely attributed to the non-ETC- and non-ITS-related revenue of KTC USA Inc., U.S.A. The production and deliveries for the GSM-R projects of Kapsch CarrierCom also supplied additional revenue contributions.

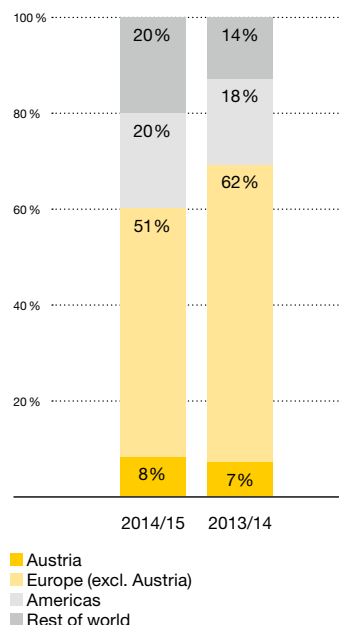
The EBIT of the segment OTH was EUR 1.3 million (previous year: EUR 1.1 million). This placed the EBIT margin at 5.4 % (previous year: 4.7 %).

The segment SEC contributed 81.6 % to the total revenue.

Revenues by segment		2012/13	2013/14	+/-	2014/15
Road Solution Projects (RSP)					
Revenues (share of total revenues)	in million EUR	128.3 (26 %)	132.0 (27 %)	-54 %	60.2 (13 %)
EBIT	in million EUR	-51.7 (-40.3 %)	-34.6 (-26.2 %)	-47 %	-50.7 (-84.4 %)
Services, System Extensions, Components Sales (SEC)					
Revenues (share of total revenues)	in million EUR	342.3 (70 %)	331.8 (68 %)	12 %	372.6 (82 %)
EBIT	in million EUR	67.3 (19.7 %)	53.8 (16.2 %)	53 %	82.2 (22.1 %)
Others (OTH)					
Revenues (share of total revenues)	in million EUR	18.3 (4 %)	23.1 (5 %)	2 %	23.6 (5 %)
EBIT	in million EUR	0.9 (5.1 %)	1.1 (4.7 %)	17 %	1.3 (5.4 %)

Revenues by region

(in %)



A goodwill impairment of EUR 12.3 million was recognized under depreciation and amortization expenses.

An impairment of EUR 18.5 million was recognized under finance costs as a loss.

Revenues by region

The largest share of the total revenue came once again in the 2014/15 fiscal year from the region of Europe at 51.3 %, although it declined by EUR 66.1 million EUR (-22.0 %), primarily due to lower revenue in Belarus and France. Sales in the Americas increased by EUR 5.6 million (+6.4 %). This can be attributed largely to revenue contributions from projects of KTC USA Inc., U.S.A., which was acquired in the previous year, and the project progress in implementation of the New York State Thruway Authority project. Expansion projects in Chile further contributed to increased revenue. Sales in the rest of the world increased by EUR 24.6 million (+36.6 %). Higher revenue in South Africa and implementation projects in Australia and New Zealand factored into this rise. In Austria, revenue increased over the previous year by EUR 5.3 million (+16.2 %) on the strength of deliveries for the GSM-R projects of Kapsch CarrierCom.

Main positions of the consolidated statement of comprehensive income

The cost of material and other production services declined by EUR 60.0 million to EUR 168.0 million (previous year: EUR 228.0 million). Compared with the previous year, the share of costs for materials and other production services with respect to sales revenue therefore fell from 46.8 % to 36.8 %. The release of the provision for losses from pending transactions and rework in the amount of EUR 16.1 million was included in this item.

Staff costs increased by EUR 8.9 million to EUR 148.1 million (previous year: EUR 139.2 million). At the same time, the average number of employees grew by 338 persons, changing from 3,172 to 3,510 in the reporting period. Compared with the previous year, the staff cost ratio (staff costs in relation to total revenue) increased from 28.6 % to 32.5 %.

The implementation of the measures for improving profitability (Program 2020) resulted in the planned savings at the parent companies. In contrast, the year-round staff costs of the previous year acquired KTC USA Inc., U.S.A., the assumption of external temporary staff at the South African company ETC Pty and the further expansion of the operation companies in Poland and Belarus combined to produce an overall increase in staff costs.

Depreciation and amortization expenses remains stable amounting to EUR 16.4 million (previous year: EUR 16.6 million).

The impairment charge is directly associated with the goodwill impairment in the cash-generating unit "Road Solution Projects, Electronic Toll Collection" in the amount of EUR 12.3 million.

Other operating expenses rose by EUR 2.5 million to EUR 94.8 million (previous year: EUR 92.3 million). Higher IT and communication expenditures were also recorded, while savings were achieved in marketing and advertising costs as well as licensing and patent fees.

The financial result improved from EUR -14.9 million in the previous year to EUR -13.1 million. The finance income increased due to compounding of the receivables from the installation of the Belorussian toll system as well as not yet realized foreign exchange gains.

Due to the continued negative share price developments for the interest in Q-Free ASA, an impairment of EUR 18.5 million was recognized under finance costs as a loss. This amount comprises net losses from exchange rate fluctuations in previous periods (up to 31 March 2014) already recorded previously in equity under other comprehensive income in the amount of EUR 9.5 million and exchange rate losses incurred in fiscal year 2014/15 in the amount of EUR 9.0 million. Foreign currency gains and foreign currency losses resulting from the conversion of the group-internal financing of the subsidiaries in North America and South Africa by the parent company burdened financial result to a lower extent than in previous financial year.

The profit from joint ventures and associated companies was almost unchanged from the previous year at EUR 0.2 million (previous year: EUR 0.2 million) and resulted from the share in Simex, Integración de Sistemas, S.A.P.I. de C.V., Mexico.

The profit before taxes increased by EUR 14.4 million to EUR 19.9 million (previous year: EUR 5.5 million).

The profit per share was positive at EUR 0.28.

The profit for the period improved by EUR 8.6 million to EUR 11.4 million EUR (previous year: EUR 2.9 million), of which EUR 3.6 million (previous year: EUR -4.3 million) is attributable to the equity holders of the company. The profit per share was therefore positive again at EUR 0.28 (previous year: EUR -0.33).

2.3 Assets and liabilities

The balance sheet total decreased by EUR 51.2 million to EUR 515.6 million at the close of the period on 31 March 2015 (31 March 2014: EUR 566.8 million).

The equity ratio improved by 5 percentage points.

The equity increased by EUR 6.3 million to EUR 219.4 million (previous year: EUR 213.1 million). As a result, the equity ratio of the Kapsch TrafficCom Group improved from 37.6% on 31 March 2014 to 42.5% on 31 March 2015.

The largest change in assets concerns the non-current assets. Other non-current assets decreased by EUR 43.0 million. This is mainly due to the contractually agreed repayment from the Belorussian installation project over a period of 36 months, beginning in August 2013 and the resulting shift from non-current to current trade receivables. The intangible assets declined by EUR 18.3 million, largely due to the goodwill impairment in the amount of EUR 12.3 million. Under current assets, the trade receivables and other current assets fell by EUR 4.3 million and the inventories by EUR 10.4 million, largely as a result of the project business.

The largest changes in the liabilities occurred in the area of non-current financial liabilities, which decreased by EUR 20.5 million due to repayment of the financing for construction of the nationwide electronic truck toll system in Belarus. The largest changes in the current liabilities resulted from the decrease in current provisions by EUR 19.2 million, primarily due to the release of the provision for losses from pending transactions and follow-up work in the amount of EUR 16.1 million. The decline in trade payables by EUR 18.9 million arose directly from the project business.

2.4 Financial position

The net cash flow from operating activities amounted to EUR 75.2 million (previous year: EUR -10.9 million). This increase can be attributed to the decrease in current and non-current receivables and assets as well as the good operating result; the decline in trade liabilities and the release of the provision exerted an opposing influence here.

Net cash flow from investment activities amounted to EUR -7.4 million and relates largely to investments in the expansion of IT hardware, investments in modernization of the office building and replacement investments. The improvement in net cash flow from investment activities by EUR 18.4 million resulted from the previous year's acquisition of KTC USA Inc., U.S.A., and the associated intangible assets.

The free cash flow developed extraordinarily well and was positive at EUR 68.2 million (previous year: EUR -24.7 million).

The net cash flow from financing activities was EUR -31.9 million (previous year: EUR 18.9 million) due to the decline in non-current financial liabilities.

Cash and cash equivalents reached a record level of EUR 96.8 million on 31 March 2015 (31 March 2014: EUR 57.7 million). The decrease in non-current financial liabilities and the increase in cash and cash equivalents led to a decline in net debt from EUR -93.4 million on 31 March 2014 to EUR -35.9 million on 31 March 2015.

3 Additional company information.

3.1 Research and development

The Kapsch TrafficCom Group has a global network of research and development centers in Vienna and Klagenfurt (Austria), Jonkoping (Sweden), Bologna (Italy), Buenos Aires (Argentina), Mississauga (Canada), Kingston (U.S.A.), Duluth (U.S.A.) and Cape Town (South Africa). On 31 March 2015, Kapsch TrafficCom employed roughly 400 engineers (previous year: roughly 470) for its research and development activities.

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

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

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

In the back office area, completion of the development of standardized platforms has the highest priority. Additional functionality has been implemented and successfully tested for the use of video tolling in a load scenario.

Investments continue to be made in improving vehicle identification and classification sensors, which are integrated into the inexpensive single-gantry roadside system. The new generation of sensors and infrared lighting increase the measurement accuracy to meet the constantly rising expectations of the market.

In connection with the requirements of the Italian market, Kapsch TrafficCom started an evaluation and prototype development project for DSRC components (on-board unit and transceiver) to enable the communication also with the special Italian radio standard ETSI-HDR.

The completion of the first satellite-based toll system with ITS functionality in France is a milestone for Kapsch TrafficCom that adds an important component to the portfolio. This success is based on cooperation between the development locations in Sweden and Austria as well as intensive collaboration with the customer, who is also offering its customers a new feature with this GNSS-based (Global Navigation Satellite System) toll system.

In order to safeguard the existing 5.8 GHz portfolio, it is essential to cover this business field also with other technologies. With the new RFID (Radio Frequency Identification) platform according to ISO 18000-6C, Kapsch TrafficCom can also address markets in which RFID sticker tags have already become established or are explicitly in demand. This allows Kapsch TrafficCom to select the specific technology that is best suited to the requirements of the customer. The RFID-MLFF platform expands the solution portfolio for tolling and registration applications to include RFID standard components from third-party providers that already implement ISO

For the traffic management solutions, the Kapsch TrafficCom Group made significant improvements to the user experience. In particular, an innovative feature set for the management of reversible lanes has been implemented. The operation of this life-safety critical roadway function is now enhanced by an “auto-sweep” feature that automatically verifies a clear roadway as part of the overall process for reversing lane direction. With architectural upgrades the performance, scalability and usability of the product are improved.

To meet the increasing interest in V2X solutions, the Kapsch TrafficCom is cooperating in multiple projects with other companies and institutions in Europe. In addition to defining application scenarios for V2X communication as well as their implementation and evaluation, Kapsch TrafficCom is also taking an active part in the required standardization process in the U.S.A. and in Europe. The focus lies on building an end-to-end solution from the traffic control center to the vehicle, as was already successfully presented at the ITS World Congress 2014 in Detroit, U.S.A. The efforts in the area of in-vehicle equipment are concentrated on solutions for connected vehicles in connection with V2X technology. Participation in some research projects in cooperation with the automotive industry led to close contact with leading original equipment manufacturers (OEM) and first tier automotive suppliers.

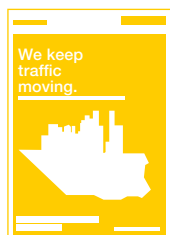
In the fiscal year 2014/15, the Kapsch TrafficCom Group invested roughly EUR 49.0 million in research and development (previous year: roughly EUR 57.8 million), which corresponds to about 11 % (previous year: about 12 %) of total revenues.

3.2 Non-financial performance indicators

Sustainability management

Kapsch TrafficCom sees itself as particularly committed to the central aspects of sustainability not least due to the business model of the company. The focus lies on achieving the efficient and sparing use of resources of all kinds, securing the profitability and innovative strength and ensuring equal opportunities and fairness with respect to all relevant interest groups. Securing the long-term stability of the company in consideration of all economic, environmental and social perspectives is the overarching goal.

Consistent sustainability orientation. Kapsch TrafficCom understands sustainability as a continuous process. In recent years, the company has begun systematizing all the related agendas. One important milestone was reached with the publishing of the third sustainability report in May 2015, which is available at www.kapsch.net/ktc/investor_relations.



Sustainability
report 2013/14

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

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

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

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

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

Innovative products with added value for the environment and society

The products and solutions for intelligent transportation systems from Kapsch TrafficCom make valuable contributions to climate protection. They allow road users to reach their destinations quickly, efficiently and with low environmental impact. In order that these ambitions can be realized in the future, Kapsch TrafficCom invests heavily in research and development – in fiscal year 2014/15, and spent roughly 11 % (previous year: approximately 12 %) of the total revenue in this area.

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

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

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

The average toll transaction rate of the existing truck toll collection system in Austria was at approximately 99.89 % in 2014 (2013: 99.83 %), the average transaction rate of the nationwide electronic toll collection system in the Czech Republic was approximately 99.6 % 2014 (2013: 99.6 %). The calculation of the average transaction rate is based on methods agreed upon with the respective customer, meaning that comparisons between the average transaction rates achieved in different projects are only possible on a limited basis.

Protecting the environment, conserving resources and actively protecting the climate

The business activities are associated with the consumption of raw materials and the emission of climate-relevant emissions. Kapsch TrafficCom works intensively on minimizing these impacts. The majority of the climate-relevant effects result from the business activities of the subsidiary Kapsch Components, which is responsible for production as well as the fleet of the entire group. Through measures to increase energy efficiency, but also influenced by a lower production volume, Kapsch Components was able to reduce its energy consumption by 0.7 % in fiscal year 2013/14 following a reduction of 5 % in the previous year. The waste volume per ton of product was reduced by 13.5 % to 135 kilograms and the nitrogen consumption by 5.1 %.

Ensuring the necessary team competence

Staff. The average number of employees in the Kapsch TrafficCom Group in fiscal year 2014/15 was 3,510, which is 11 % higher than the average of 3,172 in fiscal year 2013/14. As of 31 March 2015, the group had a workforce of 3,545 (3,349 salaried and 196 non-salaried employees), of which more than half were located outside of Europe – roughly 1,400 employees in South Africa only.

Training and education. Kapsch TrafficCom places great importance on the continued training and education of its employees. This involves not only promoting professional education but also providing seminars and workshops for developing personal and teamwork skills. In addition, training sessions tailored to the particular needs of employees are offered within the framework of the Kapsch Academy. A job rotation program promotes the international exchange of staff between various locations, and selected employees are prepared for their future tasks in a management trainee program.

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

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

Promoting opportunities for women is an active goal both in the company and within the scope of special programs.

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

Social responsibility

Social responsibility begins with ethically, morally and legally correct actions.

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

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

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

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

The success of Kapsch TrafficCom is influenced by economic as well as environmental and social aspects.



**Art Calendar
2015**

Risk management entails the analysis of risks and opportunities.

Development support. One example of the many social projects supported in Austria and abroad is the Institute for Cooperation in Development Projects (ICEP). The goal of this organization is to fight poverty around the world through projects with dependable local partners in many countries. In addition, Kapsch TrafficCom provides funding to projects that promote the integration of marginalized groups through targeted measures, thereby contributing to social justice, positive social development and long-term safety and security.

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

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

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

3.3 Risk Management

Risk management has been positioned as a separate function within the finance department of Kapsch TrafficCom AG, focusing on project risk management and enterprise risk management (ERM).

Project risk management analyzes beginning in the bid phase of customer projects in institutionalized processes all relevant opportunities and risks pertaining to the group’s projects, thereby providing the basis for the timely planning and implementation of risk-mitigating activities.

The enterprise risk management (ERM) analyzes not only the risks of key customer projects but also strategic, technological, organizational, financial, legal and IT risks, and reports them to the executive board and the audit committee of the supervisory board on a quarterly basis. The goal of the ERM approach is early identification, analysis and control of all risks which might influence strategic and operational objectives of the company. The primary objective in this context is not to avoid risks but to deal with risks in a controlled and deliberate manner and to recognize and realize opportunities as they arise over time in order to make a valuable contribution to the management of the company.

The material risks faced by the Kapsch TrafficCom Group and the respective risk management measures are briefly explained below.

The approach of Kapsch TrafficCom aims to reduce the revenue volatility.

Technical challenges and tight schedules produce typical project risks.

Industry-specific risks

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

In the past, the revenues of the Kapsch TrafficCom Group have been heavily influenced by the realization of implementation projects in the segment RSP in the given fiscal year. In particular, significantly higher revenues were recorded in 2003 (implementation of a nationwide electronic truck toll collection system in Austria), 2006/07 (implementation of a nationwide electronic truck toll collection system in the Czech Republic), 2010/11 (implementation of an electronic toll collection system in the South African province of Gauteng) and 2011/12 (implementation of a nationwide electronic truck toll collection system in Poland). In fiscal year 2012/13, 2013/14 as well as 2014/15 sizeable revenues were generated from the implementation of a nationwide electronic truck toll collection system in Belarus. In the past fiscal years, revenue contribution from the implementation of projects with a smaller volume have constantly increased, deriving mainly from the geographical regions U.S.A. and Australia.

The approach of the Kapsch TrafficCom Group is aimed, among other things, at reducing this volatility of revenues through increased geographic diversification and increased diversification of the customer base and product portfolio as well as sustained growth in the share of technical and commercial system operation in total revenues in the interest of strengthening the segment Services, System Extensions, Components Sales (SEC).

Risks of project execution. In connection with the installation of systems, Kapsch TrafficCom Group is usually contractually obligated to provide performance and time-limit guarantees. Since electronic toll collection systems and other intelligent transportation systems are frequently sophisticated and technologically complex systems that must be implemented within a short timeframe, system and product defects or missed deadlines may occur due to the limited time available. Unexpected project modifications, lack of qualified personnel, quality defects, unexpected technical problems as well as performance problems of suppliers or consortium members may also have a negative impact on project schedules. The failure to meet guaranteed performance levels or deadlines in some cases results in penalties and/or compensation for damages, sometimes also compensation for lost toll revenues. Significant deadline overruns also frequently trigger contractual clauses that enable clients to terminate contracts prematurely. A significant delay in a project, failure to achieve guaranteed performance levels or failure to implement a project in time would also reduce the chances of success in future tenders for systems. There is also the risk that Kapsch TrafficCom Group cannot execute projects in line within the set cost budgets. Due to the strong social opposition to toll systems that is sometimes encountered, the risk of a late or limited rollout of the toll systems exists in many projects, which can have further consequences on payment flows and revenue in the operation project.

Kapsch TrafficCom Group employs risk management methods and project risk management procedures based on IPMA (International Project Management Association) standards in order to guard against risks associated with projects.

Long-term contracts with public authorities. In many cases, the system contracts are awarded by public agencies. Framework agreements and service contracts in connection with toll collection projects may include terms and conditions that are not negotiable in a tender process and that may be disadvantageous to the

Kapsch TrafficCom Group. Some long-term contracts include challenging requirements with regard to the performance of the implemented systems, components and processes. These requirements can, if they are not achieved, result in significant penalties, damages or even contract termination. On the other hand, some contracts include substantial bonus payments for over-fulfillment of performance requirements. In the case of long-term contracts, the margins earned can also differ from the original estimates due to changes in costs.

Liabilities arising from contracts concluded by the Kapsch TrafficCom Group may include liabilities regarding customers' loss of profit, product liabilities and other liabilities. While the group aims to include appropriate limitations to its liability in contracts, it is still impossible to guarantee that all contracts contain sufficient limitations to the group's liability or that these limitations can be enforced under applicable law.

Strategic risks

Continuous innovation is essential for maintaining and improving the global market position.

Capacity for innovation. The strong market position of the Kapsch TrafficCom Group is, to a large extent, based on its ability to develop state-of-the-art, efficient and reliable systems, components and products. Kapsch TrafficCom is committed to a permanent and integrated innovation process. In order to maintain its already strong position in technology, the Kapsch TrafficCom Group invests a considerable portion of its revenues in research and development activities. However, if the group does not succeed in developing new systems, components and products, this can be detrimental to its competitive position.

Since its capacity for innovation is based largely on technology, internal know-how and intellectual property, the global increase in product piracy and reverse engineering may have negative effects on the group. In addition, any failures in protecting these technologies may have a negative impact on the group's competitive position. Moreover, it is possible that systems, components, products or services could infringe on the intellectual property rights of third parties. The Kapsch TrafficCom Group places great importance on the protection of technologies and the company's internal know-how, e.g. through patents and non-disclosure agreements with other parties.

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

Acquisition and integration of companies as a part of the group's growth. One of the strategic objectives of the Kapsch TrafficCom Group is to grow internationally both by organic means and through select acquisitions and joint ventures. In the implementation of this strategy, the group has acquired and integrated companies around the world. However, a number of challenges remain in connection with this growth strategy in order to realize the desired synergies and objectives. Opportunities arise from the acquisition of new technologies and market know-how.

Country risk. The strong expansion of business activities in Eastern Europe and non-European countries has exposed the Kapsch TrafficCom Group to heightened political risks. Significant and unforeseeable political changes can exert a major influence on the ability to implement or operate ITS projects in these countries and can also affect the availability and accessibility of funds. There may also be interference with the property rights of the Kapsch TrafficCom Group or complications regarding business practices and activities.

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

Financial risks

Foreign exchange risk. The Kapsch TrafficCom Group maintains branches, offices and subsidiaries in a number of countries outside the euro zone. A considerable portion of revenues and costs are denominated in the currencies of the respective foreign companies rather than in euros. Although the group aims to hedge the net currency position of the individual contracts as necessary, currency fluctuations may result in exchange rate losses that may influence the consolidated financial statements (transaction risk). As a result of the sometimes volatile payment flows in the project business, hedging the associated risks is only possible to a limited extent; the remaining currency rate risk is accepted and taken into account in the company planning. In addition, risks arise from the conversion of the separate financial statements of international companies into the group currency, the euro (translation risk). Fluctuations in exchange rates may also result in a change in the competitive position of the Kapsch TrafficCom Group.

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

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

In financing agreements, the Kapsch TrafficCom Group is subject to the customary restrictions in terms of its business policy, e.g. when drawing additional loans, using assets as collateral or providing guarantees for 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 TrafficCom Group and the results of operations. A lack of liquid assets (even if the group is otherwise solvent), of financing or of bank guarantees can have an extremely adverse impact on the net assets and financial position of the Kapsch TrafficCom Group and the results of operations. Liquidity risk is managed by ongoing, company-wide financial and cash planning. Potential liquidity shortages can thus be identified and mitigated.

Credit risk. The Kapsch TrafficCom Group is exposed to the risk of non-payment by customers. The credit ratings of new and existing customers are checked as needed and secured. Many of the key customers of the Kapsch TrafficCom Group are public authorities, especially in connection with implementing and/or operating nationwide or regional toll collection systems. The Kapsch TrafficCom Group also increasingly acts as a subcontractor to third parties (concessionaires, general contractors, etc.) in public sector projects. Additionally, Kapsch TrafficCom Group makes use of guarantees provided by OeKB (Oesterreichische Kontrollbank AG), EKN (Exportkreditnämnden; Swedish National Export Credits Guarantee Board) and MIGA (Multilateral Investment Guarantee Agency).

There is also a risk that the 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 recognition of impairment charges to receivables can be extremely detrimental to the net assets and financial position of the Kapsch TrafficCom Group and the results of operations.

Kapsch TrafficCom addresses personnel risk with attractive offers.

Personnel risks

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

Kapsch TrafficCom Group has implemented a number of measures to counteract personnel risks, such as incentive schemes and employee development opportunities.

Legal risks

A variety of regulations and legal requirements must be observed in connection with participating in public tenders, implementing infrastructure for ITS solutions (such as toll stations) and the operation of toll collection systems. Identifying and adhering to applicable legal regulations and requirements can result in considerable administrative and technical expense. The failure to meet regulations or official requirements can lead to severe penalties and can also reduce the possibility of (successfully) taking part in tenders or continuing with the given business activity.

With the expansion into new regions and new ITS business areas, the risk of patent infringement or the violation of property rights increases. Kapsch TrafficCom has implemented active intellectual property (IP) management as a separate function. In order to avoid legal actions and court proceedings, the Kapsch TrafficCom Group monitors potential intellectual property rights infringements continuously as well as prior to entry into new markets or regions.

IT risks

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

Opportunities

The early identification of opportunities opens up new potential.

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

Market opportunities exist in geographic diversification as well as increasing expansion of the customer and product 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 our activities into already developed markets.

The global rise in traffic volumes and the associated impact on the environment and society open up opportunities in the area of traffic management because measures such as toll collection, road pricing and the establishment

of environmental zones or access restrictions are increasingly being employed as controlling instruments of environmental and traffic policy. In both the ETC and ITS segments, this is creating opportunities to further develop and market the portfolio according to the 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 obtain new customers outside of the public sector, such as in the area of fleet management or to address public or end customers with new solutions for smart parking.

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

Summary assessment of the risk situation

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

3.4 Internal Control System (ICS) in regard to the finance process

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

Kapsch TrafficCom AG began analyzing and documenting its existing internal processes for financial reporting on an ongoing basis in fiscal year 2009/10. The results obtained so far have been presented at the quarterly meetings of the audit committee for assessment and discussion. The internal audit department ensures by audits of the subsidiaries of Kapsch TrafficCom AG that a reliable and functioning control system is implemented.

A group-wide initiative for uniform documentation of all controlling measures for achieving key controlling goals was undertaken in fiscal year 2013/14. The standardized tracking enables improved controlling of measures to increase the efficiency of the internal control system and serves as the basis for future audits of the performance of local internal control systems.

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

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

The accounting for all group transactions is handled by a variety of software solutions. In a number of countries, the accounting has been outsourced to locally-based tax accountants due to the size of the subsidiaries. Companies submit reporting packages to the head office on a monthly basis which contain all accounting data pertaining to the statement of comprehensive income, balance sheet and cash flow statement. The data is then transferred into the central consolidation system (Hyperion Financial Management) on a quarterly basis. This

financial information is verified on group level in Kapsch TrafficCom AG and subsequently forms the basis for the quarterly reports issued by the Kapsch TrafficCom Group in accordance with IFRS.

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

Internal control systems are locally implemented and centrally monitored.

In keeping with the decentralized structure of the Kapsch TrafficCom Group, local management is responsible for the implementation and monitoring of the internal control system. The managing directors of the individual subsidiaries are 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 groupwide rules and guidelines in this respect. In order to assist the local management of the subsidiaries, the function of an ICS manager was established within the finance department of Kapsch TrafficCom AG. The duty of this function is to standardize and continuously improve the ICS within the Kapsch TrafficCom Group, to monitor the compliance and effectiveness of the controls and the improvement of found weaknesses and to report periodically to the audit committee of the supervisory board.

3.5 Disclosures pursuant to Section 267 UGB in connection with Section 243a Para. 1 UGB

1. The registered share capital of Kapsch TrafficCom AG amounts to EUR 13.0 million and is fully paid in. It is divided into 13 million no-par value ordinary bearer shares.
2. There are no restrictions relating to the exercise of voting rights or the transfer of shares.
3. As of 31 March 2015, approximately 36.9 % of the shares of Kapsch TrafficCom AG were in free float. As of 31 March 2015, KAPSCH-Group Beteiligungs GmbH held approximately 63.1 % of the shares. KAPSCH-Group Beteiligungs GmbH is a wholly-owned subsidiary of DATAX HandelsgmbH, whose shares are equally held by Traditio-Privatstiftung, ALUK-Privatstiftung and Children of Elisabeth-Privatstiftung, each a private foundation under the Austrian Private Foundation Act (*Privatstiftungsgesetz*). These are each attributable to members of the Kapsch family. As of 31 March 2015, no other shareholder held more than 10 % of the voting rights in Kapsch TrafficCom AG.
4. None of the shares convey special control rights.
5. There are no restrictions regarding the execution of voting rights by employees with a share in the company.
6. There are no special provisions on the appointment and removal of members of the executive board and the supervisory board and no special provisions regarding the amendment of the articles of association of the company.
7. Neither authorized capital nor conditional capital currently exists at the company, which empowers the executive board to issue shares with the approval of the supervisory board and without (renewed) consideration by the annual general meeting.
8. There are no agreements which become effective when a public takeover offer for shares is launched.
9. There are no agreements between Kapsch TrafficCom AG and members of the executive board or the supervisory board or employees which become effective when a public takeover offer for shares in the company is launched.

4 Material events after the balance sheet date.

A controlling majority in the California-based Streetline, Inc., U.S.A., was acquired on 14 April 2015 through the merger with the newly incorporated KTCSL Merger Corp., Delaware, U.S.A.. Streetline is a leading smart parking company that offers intelligent data and modern analytics to solve parking space problems for end users.

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 EUR 4,182,000. The purchased debt instruments were submitted to the Oesterreichische Kontrollbank (ÖKB) for redemption on 22 May 2015, leaving the corporate bond with an outstanding volume of EUR 70,8 million with maturity on 3 November 2017.

5 Outlook and targets.

The further development of the company should ensure that Kapsch TrafficCom remains a leading provider in the future.

As part of the comprehensive Program 2020, Kapsch TrafficCom defined a future strategy in fiscal year 2014/15 for developing and transforming the group's business. Three strategic priorities were also defined for the coming years: Operational excellence, secure and grow the core business and inaugurate an intelligent mobility solutions (IMS) business.

The next years will therefore be challenging for the Kapsch TrafficCom Group but will also offer many new opportunities. The initiated cost savings will fully take effect over the course of the fiscal year 2015/16. The profitability of the core business should then lie at roughly 10 %, as expected, once again leaving sufficient freedom for future investments. A first step toward this future was taken with the purchase of a majority interest in the Californian smart parking provider Streetline in April 2015. Due to the additional investments required, the reported EBIT margin of the Kapsch TrafficCom Group will therefore presumably still remain below 10 % in the fiscal year 2015/16.

Kapsch TrafficCom will concertedly continue existing projects and work to further strengthen its market position with new developments and projects. In the years to come, some existing contracts for operation projects will be put out to tender again. This will be the case in 2016 for the nationwide electronic truck toll system in the Czech Republic and the invitation to tender for the technical operation and maintenance of the nationwide electronic truck toll system in Austria, although the current contract for the latter is confirmed to be continued until June 2017. Kapsch TrafficCom will strive to win these tenders again with the best service offer.

The goal of Kapsch TrafficCom is to consistently improve the group as well as its solutions, products and services in order to remain among the top providers on the market in the future.

Vienna, 8 June, 2015



Georg Kapsch
Chief Executive Officer



André Laux
Chief Operating Officer

Statement of all Members of the Executive Board.

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

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

Vienna, 8 June, 2015



Georg Kapsch
Chief Executive Officer



André Laux
Chief Operating Officer

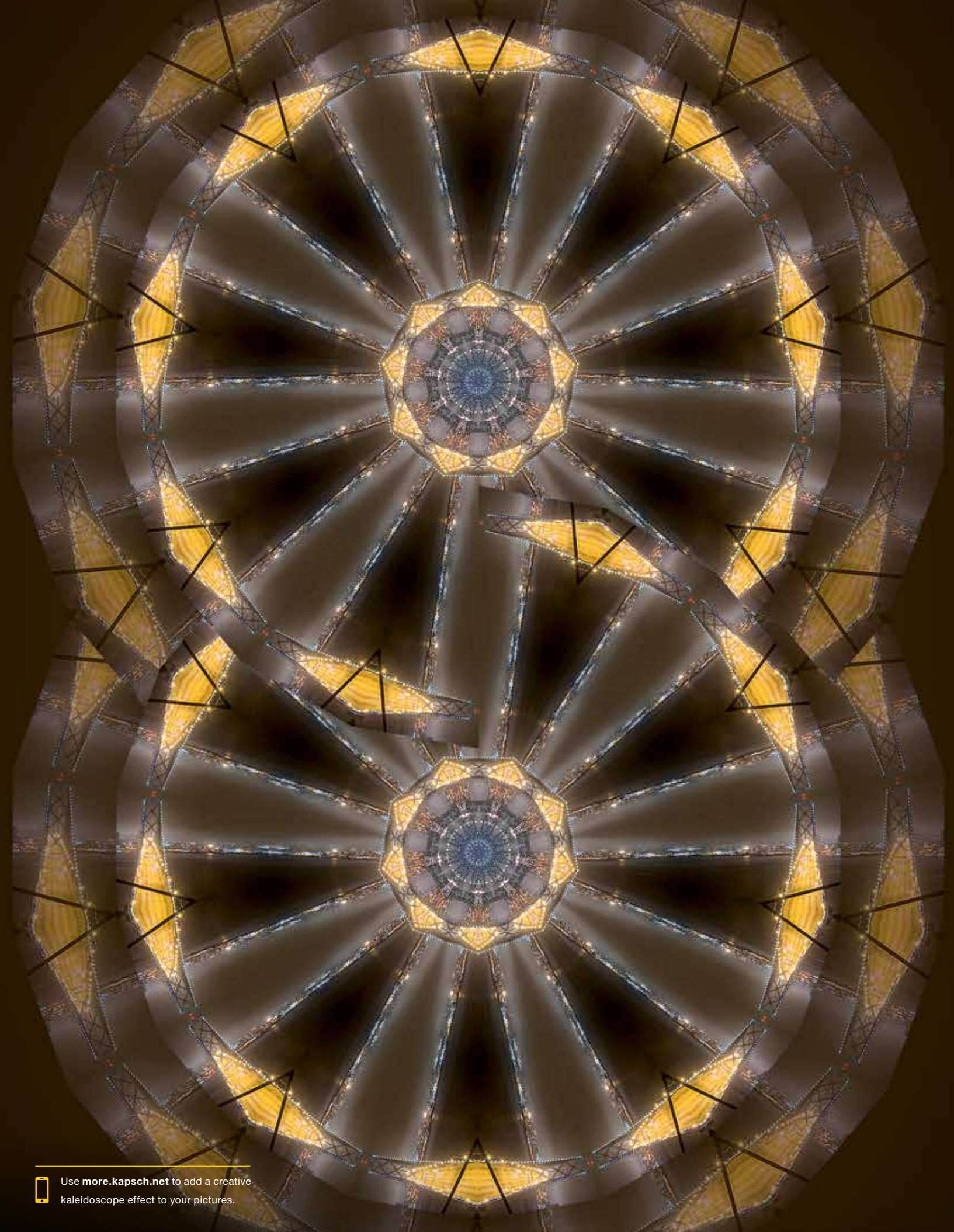
Our Results.

Where you see movement and life,
we see figures and facts.



Because we constantly change our vantage point and always focus on what really matters. And in this annual report, this comes down to figures and facts. This is why we publish our consolidated financial statements describing how

our last fiscal year developed. And the path we have planned for the future. We value transparency, precision and trust – aspects that our investors have always been able to expect of us.



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kaleidoscope effect to your pictures.

Consolidated Financial Statements

as of 31 March 2015.

Consolidated statement of comprehensive income.

All amounts in EUR	Note	2014/15	2013/14
Revenues	(1)	456,377,377	486,966,886
Other operating income	(2)	21,220,911	15,227,104
Changes in finished and unfinished goods and work in progress	(3)	-5,276,194	-5,975,736
Other own work capitalized		104,353	141,383
Cost of materials and other production services	(4)	-168,034,419	-228,043,730
Staff costs	(5)	-148,102,477	-139,192,569
Amortization and depreciation	(6)	-16,434,371	-16,590,897
Impairment charge	(6)	-12,342,000	0
Other operating expenses	(7)	-94,763,384	-92,255,847
Operating result		32,749,796	20,276,594
Finance income	(8)	13,255,371	5,541,619
Finance costs	(8)	-26,306,798	-20,488,627
Financial result		-13,051,426	-14,947,009
Results from associates	(14)	233,819	158,443
Result before income taxes		19,932,188	5,488,028
Income taxes	(9)	-8,524,107	-2,631,956
Result for the period		11,408,081	2,856,072
Result attributable to:			
Equity holders of the company		3,629,908	-4,299,498
Non-controlling interests		7,778,173	7,155,570
		11,408,081	2,856,072
Earnings per share from the result for the period attributable			
to the equity holders of the company (in EUR)	(31)	0.28	-0.33
diluted	(31)	0.28	-0.33
undiluted			
Other comprehensive income for the period:			
Items subsequently reclassified to the result for the period:			
Currency translation differences		-12,558,566	-3,947,156
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		2,030,730	-7,814,018
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		-2,389,978	52,059
Total items subsequently reclassified to the result for the period		8,312,681	-12,352,709
Items subsequently not reclassified to the result for the period:			
Remeasurements of liabilities from post-employment benefits		-3,164,172	-464,660
Income tax relating to items subsequently reclassified to the result for the period		645,608	36,794
Total items subsequently not reclassified to the result for the period		-2,518,564	-427,866
Other comprehensive income for the period net of tax	(10)	5,794,117	-12,780,575
Total comprehensive income for the period		17,202,198	-9,924,503
Total comprehensive income attributable to:			
Equity holders of the company		9,226,306	-15,902,406
Non-controlling interests		7,975,892	5,977,903
		17,202,198	-9,924,503

Consolidated balance sheet.

All amounts in EUR	Note	31 March 2015	31 March 2014
ASSETS			
Non-current assets			
Property, plant and equipment	(12)	22,393,204	23,447,039
Intangible assets	(13)	71,250,401	89,567,390
Interests in associates	(14)	2,013,952	1,596,106
Other non-current financial assets and investments	(15)	23,099,327	28,506,061
Other non-current assets	(16)	28,137,787	71,112,851
Deferred tax assets	(22)	13,590,224	22,109,558
		160,484,896	236,339,005
Current assets			
Inventories	(17)	47,669,688	58,107,757
Trade receivables and other current assets	(18)	205,387,202	209,720,873
Other current financial assets	(15)	5,290,815	4,924,111
Cash and cash equivalents	(19)	96,764,803	57,731,290
		355,112,509	330,484,031
Total assets		515,597,404	566,823,037
EQUITY			
Capital and reserves attributable to equity holders of the company			
Share capital	(20)	13,000,000	13,000,000
Capital reserve		117,508,771	117,508,771
Retained earnings and other reserves		77,449,325	72,291,120
		207,958,096	202,799,891
Non-controlling interests		11,403,134	10,310,208
Total equity		219,361,230	213,110,099
LIABILITIES			
Non-current liabilities			
Non-current financial liabilities	(21)	88,984,654	109,494,268
Liabilities from post-employment benefits to employees	(23)	25,210,018	22,152,563
Non-current provisions	(26)	1,661,173	1,302,519
Other non-current liabilities	(24)	4,656,718	3,659,711
Deferred income tax liabilities	(22)	2,379,882	10,777,965
		122,892,444	147,387,027
Current liabilities			
Trade payables		48,441,473	67,388,050
Other liabilities and deferred income	(25)	65,535,073	62,809,928
Current tax payables		1,173,523	1,190,660
Current financial liabilities	(21)	48,968,988	46,559,523
Current provisions	(26)	9,224,672	28,377,749
		173,343,730	206,325,911
Total liabilities		296,236,174	353,712,938
Total equity and liabilities		515,597,404	566,823,037

Consolidated statement of changes in equity.

All amounts in EUR	Attributable to equity holders of the company				Non-controlling interests	Total equity
	Share capital	Capital reserve	Other reserves	Consolidated retained earnings		
Carrying amount as of 31 March 2013 (adjusted)	13,000,000	117,508,771	-1,423,687	95,503,311	12,114,574	236,702,969
Effects from increase in shares of subsidiaries			-878,482		-692,359	-1,570,840
Effects from deconsolidation of subsidiaries					718	718
Dividend				-5,200,000	-6,898,246	-12,098,246
Result for the period				-4,299,498	7,155,570	2,856,072
Other comprehensive income for the period:						
Currency translation differences			-3,059,801		-1,370,050	-4,429,851
Fair value gains/losses on available-for-sale financial assets			-7,922,858			-7,922,858
Remeasurements of liabilities from post-employment benefits			-427,866			-427,866
Carrying amount as of 31 March 2014	13,000,000	117,508,771	-13,712,693	86,003,813	10,310,208	213,110,099
Effects from increase in shares of subsidiaries			-4,068,101		41,799	-4,026,302
Effects from initial consolidation of subsidiaries					4,900	4,900
Dividend					-6,929,665	-6,929,665
Result for the period				3,629,908	7,778,173	11,408,081
Other comprehensive income for the period:						
Currency translation differences			-5,972,483		197,719	-5,774,764
Fair value gains/losses on available-for-sale financial assets			14,087,445			14,087,445
Remeasurements of liabilities from post-employment benefits			-2,518,564			-2,518,564
Carrying amount as of 31 March 2015	13,000,000	117,508,771	-12,184,396	89,633,721	11,403,134	219,361,230

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

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

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

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

Non-controlling interests. Non-controlling interests represent the third party shares in the equity of consolidated subsidiaries. The effects from the increase in shares in the fiscal year 2014/15 result from the acquisition of the remaining shares in Kapsch Telematic Services GmbH, 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.

Consolidated cash flow statement.

All amounts in EUR	Note	2014/15	2013/14 (adjusted)
Cash flow from operating activities			
Operating result		32,749,796	20,276,594
Adjustments for non-cash items and other reconciliations:			
Scheduled depreciation and amortization	(6)	16,434,371	16,590,897
Impairment charge	(6)	12,342,000	0
Increase/decrease in obligations for post-employment benefits	(23)	-245,363	-1,778,223
Increase/decrease in other non-current liabilities and provisions	(24, 26)	-31,271	1,397,031
Increase/decrease in other non-current receivables and assets	(15)	3,646,195	-1,254,172
Increase/decrease in trade receivables (non-current)	(16)	46,367,768	-64,919,991
Increase/decrease in trade payables (non-current)	(24)	-891,853	-384,989
Other (net)		-1,798,344	-10,451,455
		108,573,298	-40,524,306
Changes in net current assets:			
Increase/decrease in trade receivables and other assets	(18)	6,031,721	54,331,561
Increase/decrease in inventories	(17)	10,438,069	8,333,735
Increase/decrease in trade payables and other current payables		-15,462,030	-22,548,447
Increase/decrease in current provisions	(26)	-19,153,077	144,395
		-18,145,317	40,261,244
Cash flow from operations		90,427,981	-263,062
Interest received	(8)	1,773,062	1,450,169
Interest payments	(8)	-5,982,746	-5,504,166
Net payments of income taxes		-11,006,156	-6,582,573
Net cash flow from operating activities		75,212,141	-10,899,634
Cash flow from investing activities			
Purchase of property, plant and equipment	(12)	-7,374,407	-10,571,546
Purchase of intangible assets	(13)	-993,841	-5,111,623
Purchase of securities, investments and other non-current financial assets	(15)	-361,651	-575,700
Payments for the acquisition of entities (less cash and cash equivalents of these entities)		0	-11,957,526
Proceeds from the disposal of property, plant and equipment and intangible assets		1,353,079	1,923,980
Proceeds from the disposal of securities and other financial assets		0	557,154
Net cash flow from investing activities		-7,376,820	-25,735,262
Cash flow from financing activities			
Contributions from shareholders		4,900	0
Dividends paid to parent company's shareholders		0	-5,200,000
Dividends paid to non-controlling interests		-6,929,665	-6,898,246
Payments for the acquisition of non-controlling interests		-2,000,000	-1,570,840
Increase in non-current financial liabilities	(21)	183,719	26,175,745
Decrease in non-current financial liabilities	(21)	-20,693,333	-720,000
Increase in current financial liabilities	(21)	7,053,189	19,398,093
Decrease in current financial liabilities	(21)	-9,526,490	-12,239,851
Net cash flow from financing activities		-31,907,680	18,944,901
Net increase/decrease in cash and cash equivalents		35,927,641	-17,689,995
Change in cash and cash equivalents			
Cash and cash equivalents at beginning of year	(19)	57,731,290	79,022,460
Net increase/decrease in cash and cash equivalents		35,927,641	-17,689,995
Exchange gains/losses on cash and cash equivalents		3,105,873	-3,601,176
Cash and cash equivalents at end of year	(19)	96,764,803	57,731,290

Notes to the Consolidated Financial Statements.

General information.

Kapsch TrafficCom Group is an international supplier of superior intelligent transportation systems (ITS).

The business activities of the Kapsch TrafficCom Group are subdivided into the following three segments:

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

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

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

The segment Others relates to non-core business activities conducted by Kapsch Components GmbH & Co KG. In this segment, Kapsch TrafficCom Group offers engineering solutions, electronic manufacturing and logistics services to affiliated entities and third parties. Furthermore, the non-ITS relevant business of KTC USA Inc. is allocated to this segment, including solutions, systems and services for operational monitoring of public transportation and environmental infrastructure.

Group structure.

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

As of 31 March 2015 KAPSCH-Group Beteiligungs GmbH has a share of 63.13 % (31 March 2014: 61.92 %) in Kapsch TrafficCom AG, Vienna. The shares of Kapsch TrafficCom AG in free float are listed in the Prime Market segment of the Vienna Stock Exchange since 26 June 2007.

Consolidated group.

Die Muttergesellschaft Kapsch TrafficCom AG ist eine Aktiengesellschaft, eingetragen und ansässig in Wien, Austria. The parent company, Kapsch TrafficCom AG, is a joint stock corporation incorporated and domiciled in Vienna, Austria. The address of its registered office is 1120 Vienna, Am Europlatz 2.

As of 31 March 2015 the consolidated group consists of 47 entities (31 March 2014: 48 entities). The consolidated group changed as follows:

	2014/15	2013/14
Amount of entities at the beginning of the fiscal year	48	49
Initial consolidation	3	2
Mergers	-3	-1
Deconsolidations	-1	-2
Amount of entities in the consolidated group	47	48

In the fiscal year 2014/15 Kapsch TrafficCom KGZ, Bischkek, Kyrgyzstan, Kapsch TrafficCom Lietuva, Vilnius, Lithuania as well as KTCSL Merger Corp., Delaware, U.S.A., were newly founded.

In the fiscal year 2014/15 Kapsch TrafficCom IVHS Technologies Holding Corp., McLean, USA, 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 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	6	6
Europe (excl. Austria)	17	16
America	11	13
Rest of the world	13	13
Total	47	48

Further information on interests in subsidiaries see note 28.

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 regulates 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”, requires 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”. 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.

Amendment 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:

Exchange rates to the euro	Average exchange rate		Exchange rate as at the balance sheet date	
	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 respectively subsidiary (hereinafter referred to as "foreign currency").

The group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the Czech crown, the Polish zloty, the 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 equity in TEUR	
Currency		2014/15	2013/14
AUD	10 %	167	274
CAD	10 %	1,872	1,680
CZK	10 %	227	71
EUR	10 %	-4,145	-2,629
PLN	10 %	364	207
SEK	10 %	456	567
USD	10 %	4,241	3,181
ZAR	10 %	1,076	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 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 40 % 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 an insignificant proportion exist in the group to minimize interest rate risk of financial liabilities (see note 21).

5.3 Credit risk

As part of the group's risk management policy, the group only engages in business relationships with third parties deemed to be creditworthy and has implemented policies to ensure that the group sells only to customers with appropriate credit histories. In addition, the group monitors its receivables balances on an ongoing basis in order to limit its exposure to bad debts. There is usually a credit risk in the implementation phase of large toll collection projects. With the exception of the toll collection projects in the Czech Republic, South Africa, Poland and the Republic of Belarus (see note 18), there is no concentration of credit risk relating to trade receivables, since the group generally has a large number of customers worldwide. Based on the group's experiences, the default risk for trade receivables can be considered low.

The maximum credit risk is similar to book values:

All amounts in TEUR	2014/15	2013/14
Other non-current financial assets and investments	23,099	28,506
Other non-current assets	28,138	71,113
Current securities	5,291	4,924
Trade receivables and other current assets	205,387	209,721
Cash and cash equivalents	96,765	57,731
	358,680	371,995

5.4 Liquidity risk

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

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

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

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

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

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

5.5 Equity price risk

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

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

ISIN	Volatility	Effect on equity in TEUR	
		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. In contrast to the previous fiscal year the gearing ratio as of 31 March 2015 reached 16 % (31 March 2014: 44 %), which was even better than the targeted range by the group.

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

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

All amounts in TEUR	2014/15	2013/14
Non-current financial liabilities	88,985	109,494
Current financial liabilities	48,969	46,560
Total financial liabilities	137,954	156,054
Cash on hand and at banks	96,765	57,731
Current securities	5,291	4,924
Net assets /Net debt	-35,898	-93,398
Equity	219,361	213,110
Net gearing	16 %	44 %

7 Fair value measurement.

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

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

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

8 Borrowing costs.

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

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

In the fiscal year 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 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.

12 Financial instruments.

Financial instruments are subdivided as follows:

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

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

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

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

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

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

12.1 Securities and investments

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

Available-for-sale securities and investments (AFS)

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

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

The group assesses at each balance sheet date whether there is objective evidence of impairment of each significant individual financial asset or group of financial assets.

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

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

Financial assets at fair value through profit and loss

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

12.2 Other investments

Other available-for-sale investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are initially carried at cost less transaction costs and are recognized at the reporting date less any impairments made.

At each balance sheet date, the group assesses whether there is 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.

12.3 Derivative financial instruments

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

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

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

12.4 Loans and receivables

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

At each balance sheet date, the group assesses whether there is objective evidence 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.

13 Leases.

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

Leasing agreements in which the group as the lessee bears a substantial part of the risks and rewards associated with the use of an asset are accounted for as finance leases.

The respective assets are capitalized under non-current assets at the net present value of minimum lease payments or the fair value of the leased asset, whichever is lower, and are depreciated over their expected useful lives. A liability with regard to finance leases is recognized in the same amount. The difference between the minimum lease payments and the accrued net present value is recognized as deferred interest expense. The interest component is spread over the agreed term of the lease using the effective interest rate method.

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

Leases in which a substantial part of the risks and rewards associated with the use of an asset are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged as rental expense to the statement of comprehensive income on a straight-line basis over the period of the lease.

14 Government grants.

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

15 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.

16 Construction contracts.

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

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

The carrying amount results from comparing the total of accumulated costs incurred by the balance sheet date plus the profit calculated according to the percentage of completion method (prorated) or loss (in full) on the respective construction contract to the invoiced amounts. Depending on maturity, the balance is recognized either under non-current assets, under current assets (amounts due from customers for contract work) or under current liabilities (amounts due to customers for contract work). Any amounts received prior to the rendering of production services are recognized in the consolidated balance sheet as liabilities under prepayments received.

17 Trade receivables.

Trade receivables are amounts due from customers for merchandise sold or services performed in the ordinary course of business. 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.

18 Cash and cash equivalents.

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

19 Provisions.

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

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

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

20 Employee benefits.

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

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

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

The projected unit credit method is used for the calculation of liabilities arising from pension obligations and termination benefits in accordance with IAS 19. According to this method, post-employment costs for employee benefits are recognized in the statement of comprehensive income in such a way that scheduled costs are spread over the employees' years of service on the basis of an expert opinion by a qualified actuary, who completely re-measures the schemes annually. The obligations for pension payments are calculated 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.

21 Current and deferred income tax.

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

The current income tax charge is calculated on the basis of the tax laws applicable at the balance sheet date in the countries where the subsidiaries and associates operate and generate taxable income.

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.

22 Liabilities.

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

23 Contingent liabilities.

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

The group discloses contingent liabilities unless the possibility of an outflow of resources embodying economic benefits is remote and a liability does not have to be recognized pursuant to IFRS.

24 Revenue recognition.

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

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

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

Revenue for construction contracts (mainly toll collection projects) is recognized in accordance with the percentage-of-completion method provided the conditions under IAS 11 are met.

Other revenue is recognized by the group as follows:

- ▶ Revenue from expenses recharged is recognized on the basis of the accumulated amounts in accordance with the respective agreements.
- ▶ Interest income is recognized on a time-proportion basis using the effective interest method.
- ▶ Dividend income is recognized when the right to receive payment is established.

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

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

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

25.1 Percentage-of-completion method for contract work

The group uses the percentage-of-completion method in accounting for its construction contracts. At the balance sheet date of 31 March 2015, the amounts due from customers for contract work amounted to TEUR 110,983 (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 executive board of Kapsch TrafficCom AG indicate that the operating result would fluctuate by TEUR 10,104 (2013/14: TEUR 8,923) and the total comprehensive income for the period would fluctuate by TEUR 7,578 (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.

25.2 Estimated impairment of goodwill

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

Sensitivities for the acquired goodwill are detailed in note 13.

25.3 Further assumptions and estimates

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

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

26 Critical judgments in the application of accounting policies.

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

27 Segment information.

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

Notes to the Consolidated Financial Statements.

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

1 Segment Information.

Operating segments

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

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

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 EUR million):

	RSP	SEC	OTH	Consolidated group
Revenues	60.2	372.6	23.6	456.4
Operating result	-50.7	82.2	1.3	32.7

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

	RSP	SEC	OTH	Consolidated group
Revenues	132.0	331.8	23.1	487.0
Operating result	-34.6	53.8	1.1	20.3

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

	RSP	SEC	OTH	Consolidated group
Assets	180.9	185.3	8.6	374.8
Investments in associates	0.5	1.5	0.0	2.0
Liabilities	32.8	122.6	0.6	155.9
Capital expenditure	0.8	7.5	0.1	8.4
Depreciation, amortization and impairment	14.4	14.0	0.4	28.8
Other non-cash-effective positions	12.9	0.6	0.0	13.5

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

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

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

	RSP	SEC	OTH	Consolidated group
Assets	209.4	226.0	16.5	452.0
Investments in associates	0.1	1.5	0.0	1.6
Liabilities	60.6	116.8	9.4	186.9
Capital expenditure	3.9	11.8	0.0	15.7
Depreciation, amortization and impairment	2.4	13.8	0.4	16.6
Other non-cash-effective positions	0.2	0.2	0.0	0.4

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

	2014/15			2013/14		
	Revenues	RSP	SEC	Revenues	RSP	SEC
Customer 1	79.2		x	86.1		x
Customer 2	66.4		x	69.8		x
Customer 3	52.5	x	x	55.9	x	x
Customer 4	40.2	x	x	76.1	x	x

Information by region

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

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

	Europe				Consolidated group
	Austria	(excl. Austria)	America	Rest of World	
Revenues	38.2	234.0	92.6	91.6	456.4
Non-current non-financial assets	17.0	22.3	51.3	3.0	93.6

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

	Europe				Consolidated group
	Austria	(excl. Austria)	America	Rest of World	
Revenues	32.9	300.1	87.0	67.0	487.0
Non-current non-financial assets	18.9	29.4	61.7	3.1	113.0

Revenues per category

Revenues are classified into the following categories:

	2014/15	2013/14
Sales of goods	122,072	160,312
Sales of services	367,157	310,125
Sales of maintenance	33,183	35,486
Accrued/deferred sales, license sales and discounts on invoiced sales	-66,035	-18,956
	456,377	486,967

2 Other operating income.

	2014/15	2013/14 (adjusted)
Exchange rate gains from operating activities	10,458	5,410
Research tax credits	2,427	2,807
Income from the sale of non-current assets	293	24
Income from costs recharged	106	199
Sundry operating income	7,937	6,787
	21,221	15,227

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	-759	5,261
Change in finished goods	-4,517	-11,237
	-5,276	-5,976

4 Costs of materials and other production services.

	2014/15	2013/14
Cost of materials	74,766	87,359
Cost of purchased services	93,268	140,685
	168,034	228,044

5 Staff costs.

	2014/15	2013/14
Wages, salaries and other remunerations	121,129	113,162
Expenses for social security and payroll-related taxes and contributions	20,775	21,984
Expenses for termination benefits (see Note 23)	281	230
Expenses for pensions (see Note 23)	11	14
Contributions to pension funds and other external funds (see Note 23)	1,214	772
Fringe benefits	4,693	3,032
	148,102	139,193

As of 31 March 2015, the number of staff amounted to persons 3,545 (31 March 2014: 3,308 persons) and averaged 3,510 persons in the fiscal year 2014/15 (2013/14: 3,172 persons).

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

	2014/15	2013/14
Depreciation of property, plant and equipment	7,676	8,715
Amortization of intangible assets	8,758	7,876
Impairment (see Note 13)	12,342	0
	28,776	16,591

7 Other operating expenses.

	2014/15	2013/14
Communication and IT expenses	18,862	9,323
Rental expenses	13,073	12,228
Legal and consulting fees	10,860	11,733
Exchange rate losses from operating activities	6,974	8,572
Marketing and advertising expenses	6,959	9,505
Travel expenses	6,840	8,030
Automobile expenses	4,524	5,088
License and patent expenses	3,972	6,244
Maintenance	3,347	3,152
Insurance costs	3,242	3,658
Office expenses	3,025	2,724
Warranty costs and project financing	1,796	2,195
Reorganisation costs	1,760	0
Damages	1,720	22
Training costs	1,714	2,282
Taxes and charges	1,524	1,984
Allowance and write-off of receivables	995	322
Transport costs	939	1,241
Commissions and other fees	515	361
Adjustment of provision for warranties	331	-97
Losses on disposal of non-current assets	227	81
Other	1,564	3,606
	94,763	92,256

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
Interest and similar income:		
Interest income	1,690	1,355
Income from securities	84	95
Income from interest accretion of non-current receivables	5,946	2,696
Gains from the disposal of financial assets	0	8
Exchange rate gains from financing activities	5,536	1,388
	13,255	5,542
Interest and similar expenses:		
Interest expense	-5,983	-5,504
Impairment of other investments	-18,525	0
Expense from interest accretion of non-current payables	-252	-814
Exchange rate losses from financing activities	-742	-13,269
Interest expense from liabilities from post-employment benefits to employees	-757	-901
Expense from change in fair value of derivative financial instruments	-47	0
	-26,307	-20,489
	-13,051	-14,947

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

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	-10,421
Deferred taxes (see Note 22)	1,385	7,789
Total	-8,524	-2,632
Thereof income/expense from group taxation	-4,641	-4,976

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
Result before income taxes	19,932	5,488
Arithmetic tax expense based on a tax rate of 25 % (2012/13: 25 %)	-4,983	-1,372
Unrecognized deferred tax assets on current losses	-14	-3,176
De-recognition of deferred tax assets recognized on prior year losses	0	-1,471
Utilization of previously unrecognized tax losses	2,895	0
Different foreign tax rates	-3,310	2,615
Tax allowances claimed and other permanent tax differences	-4,892	-407
Income and expenses not subject to tax and other differences	1,152	1,576
Adjustment in respect to prior year	628	-396
Recognized tax expense	-8,524	-2,632

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

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

10 Other comprehensive income.

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

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

The realized gains/losses on available-for-sale financial assets relate to an impairment in that investment, recognized in the result of the period (TEUR 12,185, reclassification from other comprehensive income to the result of the period, see note 8) 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	-7,814	-109	-7,923
Remeasurements of liabilities from post-employment benefits	-465	37	-428
Currency translation differences	-3,947	0	-3,947
Currency translation differences from net investments in foreign business	-644	161	-483
Fair value changes recognized in equity	-12,869	89	-12,781

11 Additional disclosures on financial instruments by category.

11.1 Assets

	Note	2014/15	2013/14 (adjusted)
At fair value through profit or loss			
Derivative financial instruments	—	0	0
		0	0
Financial instruments held-to-maturity			
Securities held-to-maturity	—	0	0
		0	0
Receivables (financial assets recognized at (amortized) cost)			
Non-current receivables	(16)	1,151	2,175
Loans (other non-current assets)	(15)	0	1,093
Trade receivables	(18)	72,754	137,885
Cash and cash equivalents	(19)	96,765	57,731
		170,670	198,884
Available-for-sale financial assets			
Available-for-sale securities (non-current), Level 1	(15)	3,085	2,906
Available-for-sale securities (non-current), Level 2	(15)	718	749
Available-for-sale investments, Level 1	(15)	19,291	23,753
Available-for-sale securities (current), Level 1	(15)	5,291	4,924
Other investments (at cost)	(15)	5	5
		28,390	32,338
Total		199,060	231,222

11.2 Liabilities

	Note	2014/15	2013/14
At fair value through profit or loss			
Derivative financial instruments	—	47	0
		47	0
Loans (financial liabilities recognized at (amortized) cost)			
Corporate bond	(21)	74,485	74,301
Other financial liabilities	(21)	63,469	81,753
Trade payables	—	48,441	67,388
Other non-current liabilities	(24)	4,657	3,660
		191,052	227,102
Total		191,099	227,102

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	-18,442	103
Loans and receivables	6,700	-10,382
Financial liabilities recognized at (amortized) cost	-6,235	-6,318
At fair value through profit or loss	-47	0
	-18,025	-16,598

12 Property, plant and equipment.

	Land and buildings	Technical equipment and machinery	Construction in progress	Other equipment, factory and office equipment	Prepayments	Total
Carrying amount as of 31 March 2013	3,821	9,419	2,091	9,344	0	24,676
Currency translation differences	-35	-754	-154	-694	0	-1,637
Reclassification	0	1,000	-1,071	71	0	0
Additions from the acquisition of companies	16	1	0	93	0	110
Additions	984	3,821	1,410	4,285	71	10,572
Disposals	-3	-308	-869	-378	0	-1,558
Scheduled depreciation	-823	-4,030	0	-3,862	0	-8,715
Carrying amount as of 31 March 2014	3,961	9,150	1,407	8,859	71	23,447
Acquisition/production costs	8,831	47,411	1,407	25,297	71	83,017
Accumulated depreciation	-4,870	-38,262	0	-16,439	0	-59,570
Carrying amount as of 31 March 2014	3,961	9,150	1,407	8,859	71	23,447
Carrying amount as of 31 March 2014	3,961	9,150	1,407	8,859	71	23,447
Currency translation differences	102	520	316	332	0	1,270
Reclassification	1,106	0	-1,179	-820	0	-893
Additions	290	2,812	2,300	1,785	188	7,374
Disposals	0	-123	-749	-187	-71	-1,130
Scheduled depreciation	-886	-3,449	0	-3,341	0	-7,676
Carrying amount as of 31 March 2015	4,572	8,909	2,096	6,628	188	22,393
Acquisition/production costs	10,350	51,304	2,096	24,873	188	88,811
Accumulated depreciation	-5,778	-42,395	0	-18,245	0	-66,417
Carrying amount as of 31 March 2015	4,572	8,909	2,096	6,628	188	22,393

13 Intangible assets.

	Capitalized development costs	Concessions and rights	Goodwill	Intangible assets on completion	Prepayment	Total
Carrying amount as of 31 March 2013	3	24,646	51,258	0	3,264	79,170
Currency translation differences	0	-71	-863	-1	0	-934
Additions from the acquisition of companies	0	8,967	5,553	0	0	14,520
Additions	0	725	715	1,158	2,514	5,112
Disposals	0	0	0	-424	0	-424
Scheduled amortization	-3	-7,874	0	0	0	-7,876
Carrying amount as of 31 March 2014	0	26,393	56,663	734	5,778	89,567
Acquisition/production costs	8,586	61,775	56,663	734	5,778	133,536
Accumulated amortization	-8,586	-35,383	0	0	0	-43,969
Carrying amount as of 31 March 2014	0	26,393	56,663	734	5,778	89,567
Carrying amount as of 31 March 2014	0	26,393	56,663	734	5,778	89,567
Currency translation differences	0	48	1,007	0	0	1,054
Reclassification	0	893	0	0	0	893
Additions	0	446	0	329	219	994
Disposals	0	-1	0	-156	0	-157
Impairment	0	0	-12,342	0	0	-12,342
Scheduled amortization	0	-8,758	0	0	0	-8,758
Carrying amount as of 31 March 2015	0	19,019	45,328	907	5,997	71,250
Acquisition/production costs	8,302	62,310	45,328	907	5,997	122,844
Accumulated amortization	-8,302	-43,291	0	0	0	-51,593
Carrying amount as of 31 March 2015	0	19,019	45,328	907	5,997	71,250

The impairment result from the cash-generating unit „Road Solution Projects, Electronic Toll Collection“. 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 value in use.

For the purpose of impairment testing, goodwill was allocated to 5 cash-generating units (CGU):

	2014/15	2013/14
CGU RSP-ETC: Road Solutions Projects, Electronic Toll Collection	27,080	38,416
CGU RSP-ITS: Solution Projects, Intelligent Transportation Systems	5,553	5,553
CGU SEC-ETC: Services, System Extensions, Components Sales, Electronic Toll Collection	11,961	11,961
CGU SEC-ITS: Services, System Extensions, Components Sales, Intelligent Transportation Systems	733	733
CGU OTH: Others	0	0
	45,328	56,663

The following key assumptions for all cash-generating units were made:

	2014/15	2013/14
Determination of recoverable amount	Value in use	Value in use
Detailed planning period	4 years	4 years
Discount rate after tax	8.28 %	9.24 %
Long-term growth rate	2.00 %	2.00 %

13.1 Cash-generating unit "Road Solution Projects, Electronic Toll Collection" (CGU RSP-ETC)

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

Management has based its determination on the assumption that after the successful implementation of road toll collection systems, 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 remain stable, in particular as a result of tight public budgets. The planning for the CGU "Road Solution Projects, Electronic Toll Collection" 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-ETC

	2014/15	2013/14
Carrying amount of goodwill allocated to the CGU	27,080	38,416
Carrying amount of intangible assets with indefinite useful life allocated to the CGU (excl. goodwill)	0	0
Value in use of the CGU	154,357	146,724
Carrying amount	127,045	146,468
Discount rate before tax	10.3 %	11.5 %
Break-Even discount rate	11.5 %	11.5 %

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

	Changes in assumption	Decrease in assumption	Increase in assumption
Discount rate	±10 BP	33,162	-25,268
Revenue growth	±10 %	-13,980	19,236
EBITDA margin	±10 %	-4,339	4,339
Long-term growth rate	±0.5 %	-14,456	16,959

13.2 Cash-generating unit "Road Solution Projects, Intelligent Transportation Systems" (CGU RSP-ITS)

Key assumptions for determining expected cash flows of the CGU RSP-ITS

Management has based its determination on the assumption that 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, Intelligent Transportation Systems" is based especially on road safety and traffic monitoring systems in North America, in Europe and in the Asian region.

Parameter CGU RSP-ITS

	2014/15	2013/14
Carrying amount of goodwill allocated to the CGU	5,553	5,553
Carrying amount of intangible assets with indefinite useful life allocated to the CGU (excl. goodwill)	0	0
Value in use of the CGU	15,855	283,738
Carrying amount	10,928	5,711
Discount rate before tax	9.8 %	11.3 %
Break-Even discount rate	12.4 %	213.0 %

Sensitivity analyses with the impact of changes to the value in use of the CGU RSP-ITS

	Changes in assumption	Decrease in assumption	Increase in assumption
Discount rate	±10 BP	3,005	-2,305
Revenue growth	±10 %	-547	1,391
EBITDA margin	±10 %	-497	497
Long-term growth rate	±0.5 %	-1,304	1,529

13.3 Cash-generating unit “Services, System Extensions, Components Sales, Electronic Toll Collection” (CGU SEC-ETC)**Key assumptions for determining expected cash flows of the CGU SEC-ETC**

The Management has based its determination on the assumption that the group will remain the preferred supplier for operation, maintenance and supply of components for toll collection projects installed in previous years. The planning for the CGU “Services, System Extensions, Components Sales, Electronic Toll Collection” 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. Furthermore expansions of completed nationwide electronic toll collection systems of Kapsch TrafficCom 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.

Parameter CGU SEC-ETC

	2014/15	2013/14
Carrying amount of goodwill allocated to the CGU	11,961	11,961
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	813,160	598,338
Carrying amount	109,969	131,063
Discount rate before tax	10.0 %	11.6 %
Break-Even discount rate	94.6 %	58.0 %

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

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

	Changes in assumption	Decrease in assumption	Increase in assumption
Discount rate	±10 BP	113,254	-86,989
Revenue growth	±10 %	-9,843	9,878
EBITDA margin	±10 %	-14,749	14,749
Long-term growth rate	±0.5 %	-47,559	55,794

13.4 Cash-generating unit “Services, System Extensions, Components Sales, Intelligent Transportation Systems” (CGU SEC-ITS)**Key assumptions for determining expected cash flows of the CGU SEC-ITS**

The Management has based its determination on the assumption that Kapsch TrafficCom Group will perform also the technical maintenance and commercial operation after the implementation of nationwide Intelligent Transportation Systems. Expansions of these systems and the supply of specific components are included here. The planning for the CGU “Services, System Extensions, Components Sales, Intelligent Transportation Systems” is based especially on road safety and traffic monitoring systems in South Africa, the Czech Republic, and North America.

Parameter CGU SEC-ITS

	2014/15	2013/14
Carrying amount of goodwill allocated to the CGU	733	733
Carrying amount of intangible assets with indefinite useful life allocated to the CGU (excl. goodwill)	0	0
Value in use of the CGU	56,199	16,922
Carrying amount	4,163	2,239
Discount rate before tax	10.2 %	11.6 %
Break-Even discount rate	221.8 %	233.5 %

Sensitivity analyses with the impact of changes to the value in use of the CGU SEC-ITS

	Changes in assumption	Decrease in assumption	Increase in assumption
Discount rate	±10 BP	8,399	-6,438
Revenue growth	±10 %	-823	1,509
EBITDA margin	±10 %	-1,070	1,070
Long-term growth rate	±0.5 %	-3,545	4,159

13.5 Cash-generating unit “Others” (CGU OTH)**Key assumptions for determining expected cash flows of the CGU OTH**

The Management assumes that the non-core business, operated by the the subsidiary Kapsch Components GmbH & Co KG and by KTC USA Inc. – will develop in a stable manner. The planning of the cash-generating unit “Others” is based on projects in Austria, such as the supply of components for the GSM-R technology for Kapsch CarrierCom, and 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	11,015	9,876
Carrying amount	8,346	9,109
Discount rate before tax	10.4 %	11.0 %
Break-Even discount rate	16.1 %	11.7 %

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

	Changes in assumption	Decrease in assumption	Increase in assumption
Discount rate	±10 BP	940	-736
Revenue growth	±10 %	-467	467
EBITDA margin	±10 %	-232	232
Long-term growth rate	±0.5 %	-380	446

13.6 Capitalized development costs

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

Additional research and development costs of the group in the fiscal year 2014/15 amounted to EUR 49.0 million (2013/14: EUR 57.8 million). In the fiscal year 2014/15, EUR 22.0 million thereof (2013/14: EUR 26.3 million) related to project-specific development costs charged to the customer. The remaining amount of EUR 27.0 million (2013/14: EUR 31.5 million) was recognized as an expense.

14 Interests in associates.

Interests in associates developed as follows:

	2014/15	2013/14
Carrying amount as of 31 March of prior year	1,596	1,694
Currency translation differences	184	-257
Addition from foundation and acquisition	0	0
Disposal	0	0
Share in result	234	158
Carrying amount as of 31 March of fiscal year	2,014	1,596

On 31 July 2012 the group acquired 33 % of the shares in SIMEX, Integración de Sistemas, S.A.P.I. de C.V., Mexico. Taking potential voting rights into account (options for purchase of the remaining shares) the group has the majority of the shares. As the potential voting rights are not assessed to be substantial the presumption of control was rebutted. As significant influence over the financial and business policies exists, the investment is accounted for using the equity method.

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

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

15 Current and non-current financial assets.

	2014/15	2013/14
Other non-current financial assets and investments	23,099	28,506
Other current financial assets	5,291	4,924
	28,390	33,430

	Available- for-sale securities	Available- for-sale investments	Other non-current financial assets	Total
Other non-current financial assets and investments				
Carrying amount as of 31 March 2013	3,684	32,008	2,394	38,085
Currency translation differences	0	0	-138	-138
Additions	576	0	1,126	1,701
Disposals	-621	0	-2,289	-2,910
Change in fair value	16	-8,249	0	-8,233
Carrying amount as of 31 March 2014	3,655	23,758	1,093	28,506
Currency translation differences	0	0	98	98
Additions	0	362	0	362
Disposals	0	0	-1,190	-1,190
Change in fair value	148	-4,824	0	-4,676
Carrying amount as of 31 March 2015	3,803	19,296	0	23,099

	Available- for-sale securities	Other	Total
Other current financial assets			
Carrying amount as of 31 March 2013	4,505	0	4,505
Additions	0	0	0
Disposals	0	0	0
Change in fair value	419	0	419
Carrying amount as of 31 March 2014	4,924	0	4,924
Additions	0	0	0
Disposals	0	0	0
Change in fair value	367	0	367
Carrying amount as of 31 March 2015	5,291	0	5,291

As of 31 March 2015, available-for-sale securities relate to government and bank bonds as well as shares in investment funds. As of 31 March 2015, investments 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.

Fair value-hierarchies and determination of fair value:

Financial assets and liabilities have to be classified in one of the three following fair value-hierarchies:

Level 1: There are quoted prices in active markets for identical assets and liabilities. In the group, the investment in Q-Free ASA, Trondheim, Norway, as well as listed equity instruments are attributed to Level 1.

Level 2: The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques based on observable direct or indirect market data. This category comprises available-for-sale securities, such as mortgage bonds and government bonds, which are quoted, however not regularly traded on a stock market.

Specific valuation techniques used to value financial instruments include:

- ▶ quoted market prices or dealer quotes for similar instruments;
- ▶ the fair value of interest rate swaps is calculated as the present value of the estimated future cash flows based on observable yield curves;
- ▶ the fair value of forward foreign exchange contracts is determined using forward exchange rates at the balance sheet date, with the resulting value discounted back to present value;
- ▶ other techniques, such as discounted cash flow analysis, are used to determine fair value for the remaining financial instruments.

Level 3: Financial instruments are included in level 3 if the valuation information is not based on observable market data.

The classification of current and non-current financial assets is as follows:

	Level 1 Quoted prices	Level 2 Observable market data	Level 3 Not based on observable market data	2014/15
Non-current financial assets				
Available-for-sale securities	3,085	718	0	3,803
Available-for-sale investments	19,291	0	0	19,291
	22,376	718	0	23,094
Current financial assets				
Available-for-sale securities	5,291	0	0	5,291
	5,291	0	0	5,291
Total	27,667	718	0	28,385

In the fiscal year 2014/15, other investments amounting to TEUR 5 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	2,906	749	0	3,655
Available-for-sale investments	23,753	0	0	23,753
	26,659	749	0	27,409
Current financial assets				
Available-for-sale securities	4,924	0	0	4,924
	4,924	0	0	4,924
Total	31,583	749	0	32,333

In the fiscal year 2013/14, other non-current financial assets amounting to TEUR 1,097 are recognized at amortized cost.

16 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	3	5
	28,138	71,113

Other non-current assets include amounts due from customers for contract work for the installation of the truck toll collection system in the Republic of Belarus as well as trade receivables (non-current) that are due from the Czech Ministry of Transport for the installation of the Czech truck toll collection system. As in the prior year, they fall due between 1 and 5 years as of the balance sheet date.

Non-current receivables were discounted on the basis of cash flows using an interest rate of 2.71–5.65 % (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	29,706	52,847
Between 2 and 3 years	171	23,259
More than 3 years	0	2,236
	29,877	78,342

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

17 Inventories.

	2014/15	2013/14
Purchased parts and merchandise, at acquisition cost	25,925	30,997
Unfinished goods and work in progress, at production cost	14,680	15,439
Finished goods, at production cost	7,033	11,550
Prepayments on inventories	33	122
	47,670	58,108

Individual inventory items were written down, where necessary, to their net realizable values. The write-downs of inventories amount to TEUR 21,171 (2013/14: TEUR 16,632). In the reporting period TEUR 4,539 were recognized in the statement of comprehensive income (2013/14: TEUR 2,584).

18 Trade receivables and other current assets.

	2014/15	2013/14
Trade receivables	75,470	138,305
Allowance for bad debts	-2,715	-421
Trade receivables – net	72,754	137,885
Amounts due from customers for contract work	83,995	23,165
Amounts due from customers for service and maintenance contracts	8,502	7,781
Receivables from tax authorities (other than income tax)	16,331	13,217
Other receivables and prepaid expenses	23,805	27,673
	205,387	209,721

Allowance for bad debt developed as follows:

	2014/15	2013/14
Balance as of 31 March of the prior year	-421	-378
Additions from the acquisition of companies	0	0
Addition	-2,422	-239
Utilization	73	106
Disposal	112	87
Currency translation differences	-58	4
Balance as of 31 March of the reporting year	-2,715	-421

Maturity structure of trade receivables and other current assets:

	2014/15	2013/14 (adjusted)
Not yet due	52,350	121,465
Overdue:		
Less than 60 days (not impaired)	11,143	6,923
More than 60 days (not impaired)	8,908	9,454
More than 60 days (impaired)	3,068	463
	75,470	138,305

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 21).

Amounts due from customers for contract work are as follows:

	2014/15	2013/14
Construction costs incurred plus recognized gains	439,282	324,075
Less amounts billed and prepayments received	-355,287	-300,910
	83,995	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) as well as the establishment of the toll collection system in the Republic of Belarus amounting to TEUR 53,499 (2013/14: TEUR 0).

Revenues from construction contracts amount to TEUR 105,879 (2013/14: TEUR 136,949).

19 Cash and cash equivalents.

	2014/15	2013/14
Cash on hand	62	34
Deposits held with banks	96,703	57,697
	96,765	57,731

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

20 Share capital.

	2014/15	2013/14
Carrying amount as of 31 March of fiscal year	13.000	13.000

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

21 Current and non-current financial liabilities.

	2014/15	2013/14
Current		
Loans for project financing	20,333	20,333
Other current loans	28,636	26,226
	48,969	46,560
Non-current		
Corporate bond	74,485	74,301
Loans for project financing	14,500	34,833
Other non-current loans	0	360
	88,985	109,494
Total	137,954	156,054

The corporate bond of Kapsch TrafficCom AG was successfully placed in November 2010 with a volume of EUR 75 million, a maturity of 7 years and an interest rate of 4.25 %. The effective interest rate amounts to 4.54 %.

Respective to the premature buyback offer of the corporate bond in the amount of EUR 4,182,000 of May 2015, we refer to Note 32, events after the balance sheet date.

All other non-current liabilities mature in 1 to 5 years.

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

	2014/15	2013/14
Carrying amount	137,954	156,054
Fair value	151,226	159,981
Gross cash flows:		
Up to 1 year	52,735	50,964
Between 1 and 3 years	96,455	42,840
Between 3 and 5 years	0	75,988
	149,191	169,792

The classification of financial liabilities according to 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	0	0	78,338
Other financial liabilities	0	72,888	0	72,888
Total	78,338	72,888	0	151,226

	Level 1 Quoted prices	Level 2 Observable market data	Level 3 Not based on observable market data	2014/15
Corporate bond	78,863	0	0	78,863
Other financial liabilities	0	81,118	0	81,118
Total	78,863	81,118	0	159,981

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	78,537	78,910
Carrying variable interest rates	59,416	77,144
	137,954	156,054
Average interest rates:		
Current loans	1.00 – 3.10 %	0.97 – 3.31 %
Loans for project financing	5.46 %	5.46 %
Corporate bond	4.54 %	4.54 %
Other	—	2.90 %

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.

A bill of exchange amounting to TEUR 1,425 (2013/14: TEUR 1,425) was issued for an export promotion credit.

22 Deferred tax assets/liabilities.

	2014/15	2013/14
Deferred tax assets		
Deferred tax assets to be recovered after more than 12 months	9,274	12,933
Deferred tax assets to be recovered within 12 months	4,317	9,176
	13,590	22,110
Deferred tax liabilities		
Deferred tax liabilities to be recovered after more than 12 months	1,052	5,699
Deferred tax liabilities to be recovered within 12 months	1,328	5,079
	2,380	10,778
Deferred tax assets net (+) / deferred tax liabilities net (-)	11,210	11,332

Deferred taxes due to tax loss carry-forwards and other temporary differences deductible in the future are recognized only to the extent of their potential realization. In these consolidated financial statements, tax loss carry-forwards amounting to TEUR 28,996 (2013/14: TEUR 26,702) 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 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	5,675	0	2,586	0	-639	7,623
Provisions disallowed for tax purposes	9,065	0	-2,090	37	-36	6,976
Depreciation disallowed for tax purposes	1,512	0	-333	0	-16	1,163
Construction contracts	0	0	804	0	0	804
Other	8,800	0	-3,487	52	-262	5,103
	25,052	0	-2,520	89	-953	21,669
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	6,473	3,497	-2,152	0	0	7,818
Other	3,393	0	-1,412	0	-35	1,946
	17,277	3,497	-10,309	0	-128	10,337
Total change	7,776	-3,497	7,789	89	-825	11,332

	31 March 2014	Additions 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	7,623	0	204	0	184	8,010
Provisions disallowed for tax purposes	6,976	0	-2,907	646	38	4,753
Depreciation disallowed for tax purposes	1,163	0	-123	0	10	1,049
Construction contracts	804	0	1,211	0	0	2,014
Other	5,103	0	1,538	-2,298	113	4,456
	21,669	0	-77	-1,653	345	20,283
Deferred tax liabilities						
Special depreciation/amortization						
of non-current assets	572	0	213	0	72	857
Gains from recognition at fair value	7,818	0	-2,508	0	0	5,310
Other	1,946	0	833	92	34	2,905
	10,337	0	-1,462	92	106	9,073
Total change	11,332	0	1,385	-1,744	238	11,210

23 Liabilities from post-employment benefits to employees.

Amounts recognized in the balance sheet:

	2014/15	2013/14
Termination benefits	9,690	8,790
Pension benefits	15,520	13,363
	25,210	22,153

Termination benefits

Termination benefits include legal and contractual entitlements to one-off payments to employees of the group which result from events such as dismissal by the employer, amicable termination of the employment, retirement or death of the employee. For termination benefits the group bears the risk of inflation due to compensation increases. The obligations from termination benefits mainly result from the Austrian entities of the group.

Retirement benefits

Liabilities for retirement benefits recognized at the balance sheet date relate to retirees only. All pension agreements are based on the final salary, are granted as fixed monthly pension payments and are not covered by external plan assets (funds). In addition, contributions are paid to an external pension fund for employees of the group (see Note 5). For retirement benefits the group bears the risk of longevity and inflation due to pension increases.

Termination benefits obligations were valued based on an interest rate of 2.10 % (2013/14: 3.60 %), pension benefit obligations were valued based on an interest rate of 1.80 % (2013/14: 3.20 %) for the euro area and based on an interest rate of 3.75 % (2013/14: 4.35 %) for Canada 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 1.7 % (2013/14: 1.7 %).

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

	2014/15	2013/14
Change in liabilities recognized in the balance sheet:		
Carrying amount as of 31 March of prior year	8,790	9,064
Remeasurements (actuarial gains/losses)	836	37
Current service cost	281	230
Interest expense	306	403
Payments	-543	-944
Currency translation differences	19	0
Carrying amount as of 31 March of fiscal year	9,690	8,790
Total, included in the staff costs (Note 5)	281	230
Total, included in the financial result (Note 8)	306	403

Remeasurements are attributable to the following positions:

	2014/15	2013/14
Remeasurements from changes in demographic assumptions	-158	0
Remeasurements from changes in financial assumptions	1,046	91
Remeasurements from other changes (experience adjustments)	-53	-54
Total	836	37

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	399	-373
Expected annual interest expenses (IC)	± 0.5 BP	-40	37
Expected annual service costs (CSC)	± 0.5 BP	12	-11
Impact of changes in salary increases			
Defined benefit obligation (DBO)	± 0.5 BP	-354	374
Expected annual interest expenses (IC)	± 0.5 BP	-7	8
Expected annual service costs (CSC)	± 0.5 BP	-11	12
Impact of changes in fluctuation			
Defined benefit obligation (DBO)	± 5 %	18	-17
Expected annual interest expenses (IC)	± 5 %	0	0
Expected annual service costs (CSC)	± 5 %	1	-1

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

	2014/15	2013/14
Change in liabilities recognized in the balance sheet:		
Carrying amount as of 31 March of prior year	13,363	13,537
Remeasurements (actuarial gains/losses)	2,328	428
Current service cost	11	14
Interest expense	452	498
Payments	-862	-850
Currency translation differences	230	-265
Carrying amount as of 31 March of fiscal year	15,520	13,363
Total, included in the staff costs (Note 5)	11	14
Total, included in the financial result (Note 8)	452	498

Remeasurements are attributable to the following positions:

	2014/15	2013/14
Remeasurements from changes in demographic assumptions	0	-18
Remeasurements from changes in financial assumptions	1,984	365
Remeasurements from other changes (experience adjustments)	344	81
Total	2,328	428

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	700	-644
Expected annual interest expenses (IC)	± 0.5 BP	-55	50
Impact of changes in pension increases			
Defined benefit obligation (DBO)	± 0.5 BP	-645	693
Expected annual interest expenses (IC)	± 0.5 BP	-12	12

24 Other non-current liabilities.

	2014/15	2013/14
Truck toll collection system Czech Republic	568	1,207
Other	4,089	2,453
	4,657	3,660

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 16). Thus, the fair values approximate the carrying amounts.

Other non-current liabilities mainly relate to loans from minority shareholders of TMT Services and Supplies (Pty) Ltd., Capetown, South Africa amounting to TEUR 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 to the variable purchase price component (earn-out payment) from the acquisition of shares in Kapsch Telematic Services GmbH, Vienna, amounting to TEUR 2,036 (2013/14: TEUR 0), see note 30.

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

	2014/15	2013/14
Less than 2 year	1,080	1,078
Between 2 and 3 years	2,181	1,934
More than 3 years	1,704	970
	4,966	3,982

25 Other liabilities and deferred income.

	2014/15	2013/14
Amounts due to customers for contract work	17,786	14,756
Prepayments received	349	248
Current portion of other non-current liabilities	162	0
Current liabilities from derivatives and hedging activities	47	0
Non-current employee liabilities	18,984	18,503
Liabilities to tax authorities (other than income tax)	5,241	9,910
Liabilities from tax compensation to the tax group leader	4,298	5,058
Other liabilities and deferred income	18,668	14,335
	65,535	62,810

Amounts due to customers for contract work 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 project in North America).

26 Provisions.

	2014/15	2013/14
Non-current provisions	1,661	1,303
Current provisions	9,225	28,378
	10,886	29,680

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	1,182	0	162	-11	-213	0	0	1,120
Other	188	0	249	0	0	-173	-81	183
Non-current provisions, total	1,370	0	411	-11	-213	-173	-81	1,303
Warranties	1,910	134	327	-573	-225	173	-109	1,637
Losses from pending								
transactions and rework	18,514	0	0	-2,326	0	0	13	16,201
Legal fees, costs of litigation								
and contract risks	2,524	0	2,149	-506	-110	5	10	4,071
Other	5,286	0	13,468	-12,040	-33	-5	-209	6,468
Current provisions, total	28,233	134	15,944	-15,444	-368	173	-295	28,378
Total	29,603	134	16,354	-15,455	-581	0	-376	29,680

	31 March 2014	Additions from the acquisition of companies	Addition	Utilization	Disposal	Reclassi- fication	Currency translation differences	31 March 2015
Obligations from								
anniversary bonuses	1,120	0	72	0	-2	0	0	1,189
Other	183	0	277	-52	0	0	64	472
Non-current provisions, total	1,303	0	349	-52	-2	0	64	1,661
Warranties	1,637	0	209	-18	-245	0	28	1,611
Losses from pending								
transactions and rework	16,201	0	0	-3	-16,162	0	-36	1
Legal fees, costs of litigation								
and contract risks	4,071	0	220	-2,682	-1,198	0	-9	402
Other	6,468	0	5,148	-4,337	-396	0	328	7,211
Current provisions, total	28,378	0	5,577	-7,039	-18,001	0	311	9,225
Total	29,680	0	5,926	-7,091	-18,004	0	375	10,886

The provision for anniversary bonuses relates to non-current entitlements of employees based on Collective Agreements. The valuation was based on an interest rate of 2.10 % (2013/14: 3.60 %), 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, increases in salary were considered at 2.0 % (2013/14: 2.0 %). In the position "Addition" interest effects amounting to TEUR 38 (2013/14: TEUR 42) are included.

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

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

The provision for losses from pending transactions and rework was set up for expected losses from not yet completed construction contracts at the balance sheet date. Due to a change in circumstances as of 30 September 2014 a provision for losses from pending transactions and rework in the amount of TEUR 16,162 had to be reversed in the second quarter of fiscal year 2014/15. The management considers the risk of incurring the pending loss as remote.

Other provisions mainly include provisions for commissions and bonuses, rebate in kind, outstanding credit notes and project costs, discounts granted to customers and legal and consulting fees.

27 Contingent liabilities, other commitments and operating lease commitments.

The group's contingent liabilities primarily result from large-scale projects. Other commitments mainly relate to contract and warranty bonds, bank guarantees, performance and bid bonds as well as sureties.

Details of contingent liabilities and other commitments are as follows:

	2014/15	2013/14
Contract, warranty, performance and bid bonds		
Toll collection system South Africa, Gauteng	87,578	79,161
Toll collection system North America	79,441	62,284
City Highway Sydney and Melbourne	20,593	6,439
Truck toll collection system Austria	8,500	8,500
Toll collection system Poland	7,236	7,115
Truck toll collection system Czech Republic	4,126	1,448
Toll collection system Portugal	167	573
Other	1,647	2,009
	209,288	167,530
Bank guarantees	1,664	1,774
Sureties	61	62
	211,014	169,365

For details of securities for above-mentioned contingent liabilities and other commitments, see Note 15 and Note 21. Furthermore, assets of Kapsch TrafficCom AB, Jönköping, Sweden, amounting to TEUR 9,688 (2013/14: TEUR 10,146) were pledged in favor of a Swedish bank in order to secure contingent liabilities.

Financial obligations from lease contracts:

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

	2014/15	2013/14
Up to 1 year	13,519	13,216
Between 1 and 5 years	31,656	27,565
Over 5 years	15,894	18,063
	61,069	58,844

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	10,833	10,162
Motor vehicle leases	1,621	1,620
IT leases	3,494	3,161
Other	532	856
	16,481	15,798

28 Interests in subsidiaries.

Entity, Headquarter of Entity	Internal designation	31 March 2015		31 March 2014	
		Group's share	Non-controlling interests	Group's share	Non-controlling interests
Kapsch TrafficCom, Vienna	KTC	100.00%	0.0%	100.0%	0.0%
Kapsch TrafficCom Construction & Realization spol. s r.o., Prague, Czech Republic	KTC C&R CZ	99.0%	1.0%	99.0%	1.0%
Kapsch TrafficCom Ltd., Manchester, United Kingdom	KTC UK	100.0%	0.0%	100.0%	0.0%
Kapsch Components GmbH & Co KG, Vienna	KCO	100.0%	0.0%	100.0%	0.0%
Kapsch Components GmbH, Vienna	KCO GmbH	100.0%	0.0%	100.0%	0.0%
ArtiBrain Software Entwicklungsgesellschaft mbH, Vienna	ArtiBrain	100.0%	0.0%	100.0%	0.0%
Kapsch TrafficCom S.r.l. a socio unico, Milan, Italy	KTC Italy	100.0%	0.0%	100.0%	0.0%
Kapsch TrafficCom d.o.o., Ljubljana, Slovenia	KTC Slovenia	100.0%	0.0%	100.0%	0.0%
Transport Telematic Systems – LLC, Abu Dhabi, United Arab Emirates ****)	TTS, UAE	49.0%	51.0%	49.0%	51.0%
OOO Kapsch TrafficCom Russia, Moscow, Russia	KTC Russia	100.0%	0.0%	100.0%	0.0%
Kapsch Telematik Technologies Bulgaria EAD, Sofia, Bulgaria	KTTB, Bulgaria	100.0%	0.0%	100.0%	0.0%
Kapsch TrafficCom Argentina S.A., Buenos Aires, Argentina	KTC Argentina	100.0%	0.0%	100.0%	0.0%
Kapsch TrafficCom Kazakhstan LLC, Almaty, Kazakhstan	KTC Kazakhstan	100.0%	0.0%	100.0%	0.0%
Kapsch Telematic Services IOOO, Minsk, Republic of Belarus	KTS Belarus	100.0%	0.0%	100.0%	0.0%
Kapsch TrafficCom KGZ, Bischkek, Kyrgyzstan *)	KTC Kyrgyzstan	100.0%	0.0%	—	—
Kapsch TrafficCom Lietuva, Vilnius, Lithuania *)	KTC Lithuania	51.0%	49.0%	—	—
KTS Beteiligungs GmbH, Vienna (former: Jibesoev GmbH)	Jibesoev, Austria	100.0%	0.0%	100.0%	0.0%
Kapsch TrafficCom AB, Jönköping, Sweden	KTC Sweden	100.0%	0.0%	100.0%	0.0%
Kapsch TrafficCom do Brasil, Sao Paulo, Brazil	KTC Brazil	100.0%	0.0%	100.0%	0.0%
Kapsch TrafficCom Australia Pty Ltd, Melbourne, Australia	KTC Australia	100.0%	0.0%	100.0%	0.0%

Entity, Headquarter of Entity	Internal designation	31 March 2015		31 March 2014	
		Group's share	Non-controlling interests	Group's share	Non-controlling interests
Kapsch TrafficCom Chile S.A., Santiago de Chile, Chile	KTC Chile	100.0 %	0.0 %	100.0 %	0.0 %
Kapsch TrafficCom France SAS, Paris, France	KTC France	100.0 %	0.0 %	100.0 %	0.0 %
Kapsch TrafficCom PTE.LTD., Tripleone Somerset, Singapore	KTC Singapore	100.0 %	0.0 %	100.0 %	0.0 %
Kapsch TrafficCom (M) Sdn Bhd, Kuala Lumpur, Malaysia	KTC Malaysia	100.0 %	0.0 %	100.0 %	0.0 %
Kapsch TrafficCom Limited, Auckland, New Zealand	KTC New Zealand	100.0 %	0.0 %	100.0 %	0.0 %
Kapsch TrafficCom South Africa (Pty) Ltd., Johannesburg, South Africa	KTC SA	100.0 %	0.0 %	100.0 %	0.0 %
Electronic Toll Collection (PTY) Ltd., Centurion, South Africa	ETC	87.0 %	13.0 %	87.0 %	13.0 %
Kapsch TrafficCom South Africa Holding (Pty) Ltd., Cape Town, South Africa	KTC SA Holding	100.0 %	0.0 %	100.0 %	0.0 %
TMT Services and Supplies (Pty) Ltd., Cape Town, South Africa	TMT	62.9 %	37.1 %	62.9 %	37.1 %
Mobiserve Pty. Ltd. (former TMT Services and Supplies (Gauteng) (Pty) Ltd.), Cape Town, South Africa	Mobiserve	62.9 %	37.1 %	62.9 %	37.1 %
Berrydust 51 (Pty) Ltd., Cape Town, South Africa	Berrydust	53.5 %	46.5 %	53.5 %	46.5 %
Kapsch TrafficCom B.V., Amsterdam, Netherlands	KTC BV	100.0 %	0.0 %	100.0 %	0.0 %
Kapsch TrafficCom Canada Inc., Mississauga, Canada	KTC Canada	100.0 %	0.0 %	100.0 %	0.0 %
Kapsch TrafficCom IVHS, S.A. de C.V., Mexico City, Mexico	KTC IVHS Mexico	100.0 %	0.0 %	100.0 %	0.0 %
Kapsch TrafficCom Holding II US Corp., McLean, USA	KTC Hold. II US Corp.	100.0 %	0.0 %	100.0 %	0.0 %
Kapsch TrafficCom IVHS Technologies Holding Corp., McLean, USA **)	KTC IVHS Tech. Hold. Corp.	—	—	100.0 %	0.0 %
Kapsch TrafficCom IVHS Holding Corp., McLean, USA ***)	KTC IVHS Hold. Corp.	—	—	100.0 %	0.0 %
Kapsch TrafficCom IVHS Inc., McLean, USA	KTC IVHS Inc., USA	100.0 %	0.0 %	100.0 %	0.0 %
KTC USA Inc., Duluth, USA (former: Transdyn Inc.)	KTC USA, Inc.	100.0 %	0.0 %	100.0 %	0.0 %
Kapsch TrafficCom Holding Corp., McLean, USA ***)	KTC Holding Corp., USA	100.0 %	0.0 %	100.0 %	0.0 %
Kapsch TrafficCom U.S. Corp., McLean, USA	KTC US Corp., USA	—	—	100.0 %	0.0 %
Kapsch TrafficCom Inc., Carlsbad, USA	KTC Inc., USA	100.0 %	0.0 %	100.0 %	0.0 %
KTCSL Merger Corp., Delaware, USA *)	KTCSL	100.0 %	0.0 %	—	—
Kapsch Telematic Services GmbH, Vienna	KTS Austria	100.0 %	0.0 %	97.0 %	3.0 %
Kapsch Telematic Services Kft., Budapest, Hungary	KTS Hungary	100.0 %	0.0 %	97.0 %	3.0 %
Kapsch Telematic Services spol. s r.o., Prague, Czech Republic	KTS CZ	52.0 %	48.0 %	50.4 %	49.6 %
Kapsch Telematic Services GmbH Deutschland, Berlin, Germany	KTS Germany	100.0 %	0.0 %	97.0 %	3.0 %
Kapsch Telematic Services Solutions A/S, Copenhagen, Denmark	KTSS Denmark	60.0 %	40.0 %	58.2 %	41.8 %
Kapsch Telematic Services sp. z o.o., Warsaw, Poland	KTS Poland	100.0 %	0.0 %	97.0 %	3.0 %
Kapsch Road Services sp. z o.o., Warsaw, Poland	KRS Poland	100.0 %	0.0 %	97.0 %	3.0 %
VTI Industrial Electronics (Proprietary Limited ZA) (South Africa), Germiston, South Africa **)	VTI	—	—	100.0 %	0.0 %

*) Foundation 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

For ease of presentation, the internal designations of the entities are stated in the following tables and explanations.

For all entities mentioned above the headquarter of the company complies with the country of incorporation

With exception of the following entities all mentioned subsidiaries report at balance sheet date as of 31 March:

- Kapsch TrafficCom Russia OOO, Minsk, Republic of Belarus (Balance sheet date of 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 (formerly Jibesoev GmbH), Vienna (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.

29 Non-controlling interests.

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

Information on the balance sheet

The balance sheet of the consolidated subsidiaries with material non-controlling interests and the carrying amount of material non-controlling interests are represented below:

Amounts before intercompany eliminations						Carrying amount of non-controlling interests
Information on the balance sheet as of 31 March 2015	Non-current assets	Current assets	Non-current liabilities	Current liabilities	Net	
KTS CZ	1,446	34,115	0	17,147	18,414	8,579
KTS Poland	3,582	34,890	1,198	20,699	16,575	0
TMT	8,576	7,259	1,483	3,454	10,899	4,374
ETC	3,552	34,412	33,334	17,363	-12,733	-1,044
KTS Austria	4,486	6,399	0	23	10,862	0
Remaining						-506
Carrying amount as of 31.03.2015						11,403

Amounts before intercompany eliminations						Carrying amount of non-controlling interests
Information on the balance sheet as of 31 March 2014	Non-current assets	Current assets	Non-current liabilities	Current liabilities	Net	
KTS CZ	1,634	35,590	0	19,349	17,874	8,481
KTS Poland	7,626	40,832	1,705	43,264	3,489	52
ETC	3,769	31,511	31,185	16,811	-12,717	-942
TMT	8,017	8,196	1,481	5,047	9,684	3,924
KTS Austria	4,986	1,710	0	1	6,695	-433
Remaining						-771
Carrying amount as of 31.03.2014						10,310

Information on the statement of comprehensive income

The statement of comprehensive income of the consolidated subsidiaries with material non-controlling interests are represented below:

Amounts before intercompany eliminations					Amounts after consolidations		
Information on the statement		Result for	Other com-	Total com-	Result for	Other com-	Total com-
of comprehensive income 2014/15	Revenues	the period	prehensive income	prehensive income	the period	prehensive income	prehensive income
KTS CZ	75,572	14,595	-37	14,558	7,111	-18	7,093
KTS Poland	66,294	16,062	-3	16,060	535	-2	533
TMT	19,343	164	1,051	1,215	61	390	450
ETC	53,567	1,311	-1,327	-16	71	-172	-102
KTS Austria	0	10,668	0	10,668	-7	0	-7
Remaining					7	1	8
Total					7,778	198	7,976

Amounts before intercompany eliminations					Amounts after consolidations		
Information on the statement		Result for	Other com-	Total com-	Result for	Other com-	Total com-
of comprehensive income 2013/14	Revenues	the period	prehensive income	prehensive income	the period	prehensive income	prehensive income
KTS CZ	79,511	14,463	-807	13,656	7,168	-400	6,768
KTS Poland	69,888	4,835	49	4,884	145	1	147
TMT	20,736	-1	-2,233	-2,235	-1	-828	-829
ETC	21,211	-18,345	324	-18,021	-141	42	-99
KTS Austria	2,557	6,342	-47	6,295	8	0	8
Remaining					-24	7	-17
Total					7,156	-1,178	5,978

Information on the cashflow statement and dividends

The cashflow statement and dividends of the consolidated subsidiaries with material non-controlling interests are represented below:

Cashflow from				Cash Net-Increase/decrease	Dividends paid to non-controlling shareholders
Information on the cashflow statement 2014/15	Operations	Investing activities	Financing activities		
KTS CZ	15,062	-433	-14,012	616	-6,726
KTS Poland	15,965	-398	-3,505	12,063	0
ETC	2,000	0	2,148	4,148	0
TMT	-166	-294	-829	-1,288	0
KTS Austria	12,301	38	-6,099	6,240	-195
KTS Belarus	11,901	-720	-20,464	-9,283	0
Remaining					-9
2014/15					-6,930

Cashflow from				Cash Net- Increase/decrease	Dividends paid to non-controlling shareholders
Information on the cashflow statement 2013/14	Operations	Investing activities	Financing activities		
KTS CZ	10,211	-114	-13,233	-3,135	-6,352
KTS Poland	167	9	0	176	0
ETC	-18,532	-34	21,765	3,199	0
TMT	11,405	-739	-9,283	1,384	-331
KTS Austria	9,780	-42	-10,725	-988	-216
KTS Belarus	-23,755	-2,488	19,260	-6,983	0
Remaining					0
2013/14					-6,898

The information mentioned above relate to amounts before intercompany eliminations.

30 Related parties.

The following transactions were performed with related parties:

KAPSCH-Group Beteiligungs GmbH, Vienna

Since January 2005 the company has provided services to the group in the area of group consolidation and legal advice. Expenses incurred by the group in the fiscal year 2014/15 amounted to TEUR 624 (2013/14: TEUR 511). Furthermore, the company invoices insurance costs (directors & officers liability insurance) to the group amounting to TEUR 22 (2013/14: TEUR 22).

In fiscal year 2014/15 the company sold 3% of its shares in Kapsch Telematic Services GmbH, Vienna, to Kapsch TrafficCom AG. After this transaction, the group is the sole shareholder of Kapsch Telematic Services GmbH, Vienna (see Note 28). The purchase price consists of a fixed purchase price component (TEUR 2,000) and a variable purchase price component (earn-out component, that depends on the earnings before interest and taxes (EBIT) of the KTS Group, net of non-controlling interests, of the financial years 2015-2018) and amounts to TEUR 4,036 as of 31 March 2015 (the fixed purchase price component has been already paid, the earn-Out in the amount of TEUR 2,036 is recorded under other non-current liabilities, see Note 24).

KAPSCH-Group Beteiligungs GmbH acts as the tax group leader in a tax group formed in March 2005, of which Austrian subsidiaries of this group are also members. Accordingly, all tax effects of the group companies that are tax group members are considered to be related party transactions.

Kapsch Aktiengesellschaft, Vienna

In connection with the use of the KAPSCH trademark and logo, the company invoices license fees to the group. The license fee amounts to 0,5 % of all third-party sales of the group. Expenses incurred by the group in the fiscal year 2014/15 amounted to TEUR 2,199 (2013/14: TEUR 2,330).

Activities in the area of corporate development, public relations, sponsoring and other marketing activities are carried out centrally by Kapsch Aktiengesellschaft for all group companies. Cost allocated to the group in the fiscal year 2014/15 amounted to TEUR 1,722 (2013/14: TEUR 2,018).

Furthermore, the company invoices management and consulting services (including costs for the chairman of the executive board of the company, Georg Kapsch, and costs for consulting services of certain supervisory board members of the company amounted to TEUR 90 (2013/14: TEUR 160) to the group. Expenses incurred by the group in the fiscal year 2014/15 amounted to TEUR 1,470 (2013/14: TEUR 1,228).

Kapsch Aktiengesellschaft has entered into various insurance contracts covering all group companies, The cost allocated to the group in the fiscal year 2014/15 amounted to TEUR 611 (2013/14: TEUR 603). In addition Kapsch Aktiengesellschaft maintains a software tool and invoiced TEUR 130 (2013/14: TEUR 70) to the group for this service.

Kapsch Partner Solutions GmbH, Vienna

The company provides human resources services (payroll services, administration, recruiting, advice on labor law and human resources development) to the group and provides apprentices and trainees. Expenses incurred by the group in the fiscal year 2014/15 amounted to TEUR 2,181 (2013/14: TEUR 2,362).

Kapsch Components GmbH & Co KG provides logistic services to the company amounting to TEUR 7 (2013/14: TEUR 8).

Kapsch Financial Services GmbH, Vienna

The company leases telephone and IT equipment (hardware and software) to the group and provides call center services and IT support, Expenses incurred by the group in the fiscal year 2014/15 amounted to TEUR 877 (2013/11: TEUR 1,125).

Kapsch BusinessCom AG, Vienna

The company delivers hardware (IT equipment) on behalf of Kapsch TrafficCom AG, Vienna, and provides maintenance and other services for various customer projects, the four largest of which by far are the "truck toll collection system Austria", the "truck toll collection system Czech Republic", the "truck toll collection system Poland" and the "truck toll collection system of the Republic of Belarus". The deliveries and services performed amounted to TEUR 3,592 in the fiscal year 2014/15 (2013/14: TEUR 4,395).

The company provides IT, data processing and telephone services to the group amounting to TEUR 5,498 (2013/14: TEUR 5,021), as well as other services amounting to TEUR 111 (2013/14: TEUR 354).

The group invoices consulting services in the area of public relations to the company. Income of the group resulting from these services in the fiscal year 2013/14 totaled TEUR 32. The agreement had been dissolved and no such income was recognized in the fiscal year 2014/15.

Kapsch Components GmbH & Co KG provides logistic services to the company amounting to TEUR 76 (2013/14: TEUR 74) and other services amounting to TEUR 185 (2013/14: TEUR 27).

Kapsch CarrierCom AG, Vienna

Kapsch TrafficCom AG provides services in the area of public relations to the company, Income of the group resulting from this service in the fiscal year 2013/14 amounted to TEUR 29. The agreement had been dissolved and no such income was recognized in the fiscal year 2014/15.

Kapsch Components GmbH & Co KG provides logistic services to the company amounting to TEUR 736 (2013/14: TEUR 788), manufacturing services for GSM-R amounting to TEUR 7,433 (2013/14: TEUR 4,659) and provides the company with other deliverables and performances amounting to TEUR 120 (2013/14: TEUR 132).

Kapsch CarrierCom France SAS, Paris

Kapsch Components GmbH & Co KG provides manufacturing services to the company for GSM-R projects amounting to TEUR 6,105 (2013/14: TEUR 12,380) and provides the company with other logistic services amounting to TEUR 169 (2013/14: TEUR 136).

Kapsch CarrierCom s r.o., Prag

The company supplies hardware (IT-equipment) to the group for a customer project and provides other services for the project in in the Czech Republic. The value of goods and services delivered in the fiscal year 2014/15 amounts to TEUR 171 (2013/14: TEUR 0).

Kapsch BusinessCom s r.o., Prague

The company provides technical maintenance services for the Czech truck toll collection system and is responsible for the current IT support for the Czech subsidiaries. Expenses incurred for this in the fiscal year 2014/15 totaled TEUR 3,709 (2013/14: TEUR 3,759). Furthermore, the company provided public relations services amounting to TEUR 90 in the fiscal year 2014/15 (2013/14: TEUR 94) and other services amounting to TEUR 93 (2013/14: TEUR 138).

Kapsch Sp, z o.o., Warsaw

Die Company provides hardware (IT equipment) to the group and renders maintenance and other services for the customer project in Poland. These services amounted to TEUR 2,031 in the fiscal year 2014/15 (2013/14: TEUR 2,181).

Kapsch Immobilien GmbH, Vienna

The company provides services in the area of motor vehicle management and automotive services amounting to TEUR 150 (2013/14: TEUR 140) in the fiscal year 2014/15.

Other related parties transactions

Lease income of the group resulting from the sub-lease to related parties in the fiscal year 2014/15 totaled TEUR 491 (2013/14: TEUR 518). Services are usually negotiated with related parties on a cost-plus basis. Goods are bought and sold at arm's length.

The former member of the Managing Board of Kapsch TrafficCom AG, Vienna, Ing. Erwin Toplak received a dividend for his shareholding in Kapsch Telematic Services GmbH, Vienna in the amount of TEUR 195 in the fiscal year 2014/15 (2013/14: TEUR 216). Ing. Erwin Toplak has sold his shares in the meantime and has no shares in Kapsch Telematic Services GmbH, Vienna as of 31 March 2015.

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

The following tables provides an overview of revenues and expenses in the respective fiscal years as well as receivables from and payables due to related parties at the respective balance sheet dates:

	2014/15	2013/14
Parent company		
Revenues	0	0
Expenses	646	619
Affiliated companies		
Revenues	15,565	18,876
Expenses	23,867	24,738
Other related parties		
Revenues	184	148
Expenses	1,027	1,265

	2014/15	2013/14 (adjusted)
Parent company		
Trade receivables and other assets	0	0
Trade payables and other payables	4,360	5,268
Liabilities from share purchase	2,036	0
Affiliated companies		
Trade receivables and other assets	2,107	3,113
Trade payables and other payables	3,738	4,646
Other related parties		
Trade receivables and other assets	127	1,218
Trade payables and other payables	289	290

31 Earnings per share.

Earnings per share (basic earnings) are calculated by dividing the result for the period attributable to equity holders of the company by the weighted average number of ordinary shares in issue during the year, excluding, if any, ordinary shares purchased by the Company and held as treasury shares. As of 31 March 2014, as in the prior year, no treasury shares were held by the company. There were no dilutive effects.

	2014/15	2013/14
Result for the period attributable to equity holders of the company (in EUR)	3,629,908	-4,299,498
Weighted average number of ordinary shares	13,000,000	13,000,000
Earnings per share (in EUR)	0.28	-0.33

32 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.

33 Supplementary disclosures.

The average number of staff in the fiscal year 2014/15 was 3,313 salaried employees and 196 waged earners (2013/14: 2,973 salaried employees and 199 waged earners).

Expenses for the auditor

The expenses for the auditor amount to TEUR 199 (2013/14: TEUR 147) and are broken down as follows:

	2014/15	2013/14
Audit of the consolidated financial statements	55	55
Other assurance services	65	57
Tax advisory services	0	0
Other services	79	34
	199	147

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

In the fiscal year 2014/15, the following persons served on the executive board:

Mag. Georg Kapsch (Chief Executive Officer)
André Laux

The compensation paid to members of the executive board is shown below:

	Fix 2014/15	Variable 2014/15	Total 2014/15	Total 2013/14
Georg Kapsch	601	42	643	519
Erwin Toplak	0	0	0	451
André Laux	372	100	472	427
Total	972	142	1,114	1,398

Expenses for termination benefits after use of provision for members of the executive board amount to TEUR 59 (2013/14: TEUR 59).

Individual pension agreements are granted to André Laux and Erwin Toplak, TEUR 10 (2012/13: TEUR 24) were paid by Kapsch TrafficCom AG to an external pension fund.

In the fiscal year 2014/15, the following persons served on the supervisory board:

Dr. Franz Semmerneegg (Chairman)
Dr. Kari Kapsch (Deputy-Chairman)
Sabine Kauper
Dr. Harald Sommer

Delegated by the works council:

Ing. Christian Windisch
Claudia Rudolf-Misch (until 19 November 2014)
Manfred Schmid (from 20 November to 10 March 2015)
Martin Gartler (since 11 March 2015)

Remunerations paid to supervisory board members (inclusive travel costs) amounted to TEUR 46 (2013/14: TEUR 20) in total.

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

Authorized for issue:
Vienna, 8 June 2015



Mag. Georg Kapsch
Chief Executive Officer



André Laux
Executive board member

Auditor's Report.

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Report on the Consolidated Financial Statements.

We have audited the accompanying consolidated financial statements of Kapsch TrafficCom AG, Vienna, for the fiscal year from 1 April 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 and whether the disclosures pursuant to Section 243a UGB are appropriate.

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

Vienna, 8 June 2015

PwC Wirtschaftsprüfung GmbH

signed:
Mag. Peter Pessenlehner
Austrian Certified Public Accountant

Our Services.

Where you see an urban jungle,
we see our obligation to lead the way.



Because we are constantly adjusting our perspective and asking ourselves which path is best. Not only with trail-blazing products and innovations in daily life. Also here in our annual report. To live up to the internationality and diversity of Kapsch,

we report clearly on all subsidiaries and locations. This ensures that you have a solid overview of the entire company group and can find your goal quickly and reliably here as well.

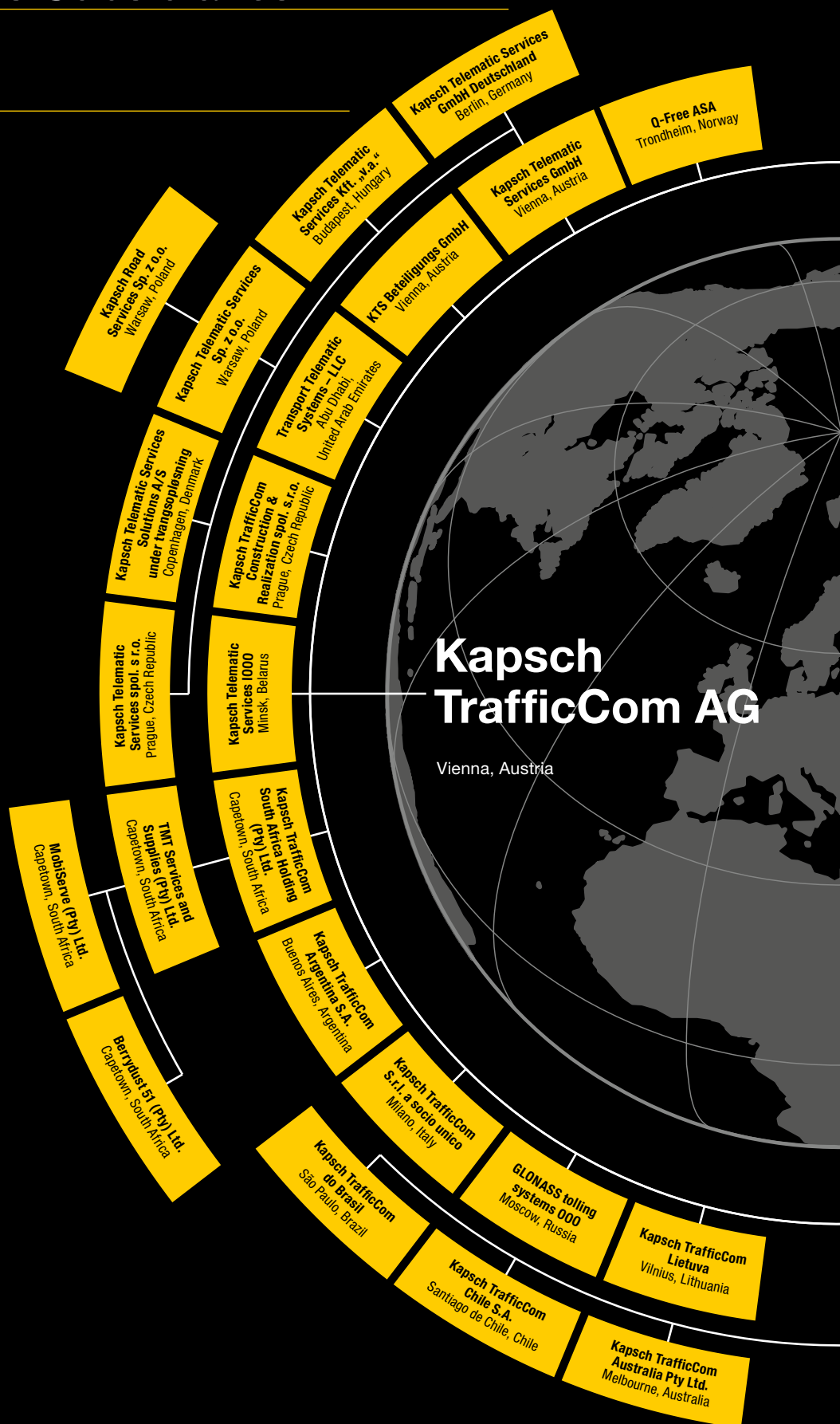


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The shares in the fully consolidated subsidiaries are listed in note 28. The company also has a representative office in Beijing, China, as well as in Zagreb, Croatia.

Kapsch TrafficCom AG

and its Subsidiaries.





Addresses.

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Financial Calendar.

August 19, 2015	Interim report for fiscal year 2015/16 Q1
September 9, 2015	Ordinary Shareholders' Meeting for fiscal year 2014/15
September 16, 2015	Deduction of dividends for fiscal year 2014/15 (ex-day)
September 23, 2015	First day of payment for fiscal year 2014/15 dividends
November 19, 2015	Interim report for fiscal year 2015/16 Q2
February 24, 2016	Interim report for fiscal year 2015/16 Q3
June 16, 2016	Preliminary results of fiscal year 2015/16
September 7, 2016	Ordinary Shareholders' Meeting for fiscal year 2015/16
September 14, 2016	Deduction of dividends for fiscal year 2015/16 (ex-day)
September 15, 2016	Record Date for dividends for fiscal year 2015/16
September 21, 2016	First day of payment for fiscal year 2015/16 dividends

Information on the Kapsch TrafficCom Shares.

Investor Relations Officer	Marcus Handl
Shareholders' Telephone	+43 50 811 1120
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Website	www.kapschtraffic.com
Stock Exchange	Vienna, Prime Market
ISIN	AT000KAPSCH9
Trading Symbol	KTCG
Reuters	KTCG.VI
Bloomberg	KTCG AV



About Kapsch Group.

Kapsch is one of Austria's most successful technology corporations, specialized in the future-oriented market segments of Intelligent Transportation Systems (ITS), Railway and Public Operator Telecommunications as well as Information and Communications Technology (ICT). Kapsch is organized as a group company with the entities Kapsch TrafficCom, Kapsch CarrierCom and Kapsch BusinessCom. As a family-owned company headquartered in Vienna, Kapsch has been dedicated to the continuous development and implementation of new technologies for the benefit of its customers since 1892. With a wide range of innovative solutions and services, Kapsch makes a valuable contribution toward responsible approaches to a mobile and networked world. The companies of the Kapsch Group employ more than 5,500 people at subsidiaries and branch offices around the world.

For additional information: www.kapsch.net | Follow us on Twitter: twitter.com/kapschnet

Ten-Year Review

of Key Data.

Earnings Data ¹		2005/06		2006/07		2007/08		2008/09		2009/10		2010/11		2011/12		2012/13		2013/14		2014/15	
Revenues	in million EUR	116.2		198.6		185.7		200.3		216.0		388.6		549.9		488.9		487.0		456.4	
EBITDA	in million EUR	21.0		30.8		39.0		35.0		32.0		62.5		60.6		34.2		36.9		61.5	
EBITDA margin	in %	18.1		15.5		21.0		17.5		14.8		16.1		11.0		6.7		7.6		13.5	
EBIT	in million EUR	17.3		26.9		34.9		29.0		24.5		48.9		42.2		16.5		20.3		32.7	
EBIT margin	in %	14.9		13.5		18.8		14.5		11.4		12.6		7.7		3.4		4.2		7.2	
Profit before tax	in million EUR	17.8		27.0		42.8		21.9		43.9		41.3		36.3		17.0		5.5		19.9	
Profit for the period	in million EUR	12.3		20.3		32.1		16.4		36.5 (22.5) ⁸		28.4		27.5		16.8		2.9		11.4	
Profit for the period attributable to equity holders	in million EUR	10.2		18.1		30.4		13.0		32.2 (18.2)		22.1		21.0		9.8		-4.3		3.6	
Earnings per share ²	in EUR	1.24		2.04		2.60		1.06		2.64 (1.49) ⁸		1.81		1.62		0.75		-0.33		0.28	
Free cash flow ³	in million EUR	14.8		-40.9		-13.4		21.6		41.8		-19.4		-49.7		48.3		-24.7		68.2	
Capital expenditure ⁴	in million EUR	1.3		2.3		4.0		22.2		4.8		8.3		13.1		20.2		15.7		8.4	
Employees ⁵		569		774		824		946		1,023		2,167		2,705		3,013		3,308		3,545	
Business Segments		2005/06		2006/07		2007/08		2008/09		2009/10		2010/11		2011/12		2012/13		2013/14		2014/15	
Road Solution Projects (RSP):																					
Revenues (% of Revenues)	in million EUR	18.7	16 %	105.0	53 %	47.0	25 %	56.8	28 %	45.8	21 %	158.9	41 %	229.9	42 %	128.3	26 %	132.0	27 %	60.2	(13 %)
EBIT (EBIT margin)	in million EUR	2.7	14.5 %	11.6	11.0 %	6.3	13.4 %	-1.7	-2.9 %	-20.9	-45.6 %	0.1	0.1 %	4.1	1.8 %	-51.7	-40.3 %	-34.6	-26.2 %	-50.7	(-84.4 %)
Services, System Extensions, Components Sales (SEC):																					
Revenues (% of Revenues)	in million EUR	76.2	66 %	80.6	41 %	128.8	69 %	135.6	68 %	161.9	75 %	223.3	57 %	308.1	56 %	342.3	70 %	331.8	68 %	372.6	(82 %)
EBIT (EBIT margin)	in million EUR	13.5	17.7 %	15.8	19.6 %	29.1	22.6 %	31.7	23.4 %	45.3	28.0 %	48.3	21.6 %	37.3	12.1 %	67.3	19.7 %	53.8	16.2 %	82.2	(22.1 %)
Others (OTH):																					
Revenues (% of Revenues)	in million EUR	21.3	18 %	13.0	7 %	10.0	5 %	8.0	4 %	8.3	4 %	6.4	2 %	12.0	2 %	18.3	4 %	23.1	5 %	23.6	(5 %)
EBIT (EBIT margin)	in million EUR	1.1	5.2 %	-0.5	-3.7 %	-0.4	-4.3 %	-1.0	-12.6 %	0.2	1.9 %	0.4	6.7 %	0.8	6.5 %	0.9	5.1 %	1.1	4.7 %	1.3	(5.4 %)
Regions		2005/06		2006/07		2007/08		2008/09		2009/10		2010/11		2011/12		2012/13		2013/14		2014/15	
Austria ⁶	in million EUR	57.9	50 %	47.3	24 %	36.6	20 %	37.8	19 %	42.4	20 %	37.5	10 %	32.8	6 %	38.0	8 %	32.9	7 %	38.2	(8 %)
Europe ⁶	in million EUR	29.4	25 %	122.9	61 %	105.2	57 %	122.8	61 %	117.1	54 %	182.0	47 %	341.4	62 %	288.9	59 %	300.1	62 %	234.0	(51 %)
Americas ⁶	in million EUR	9.4	8 %	15.4	8 %	18.8	10 %	14.0	7 %	12.1	6 %	27.6	7 %	63.6	12 %	74.8	15 %	87.0	18 %	92.6	(20 %)
Rest of World ⁶	in million EUR	19.5	17 %	13.0	7 %	25.2	14 %	25.6	13 %	44.5	21 %	141.5	36 %	112.1	20 %	87.2	18 %	67.0	14 %	91.6	(20 %)
Balance Sheet Data		31 March 2006		31 March 2007		31 March 2008		31 March 2009		31 March 2010		31 March 2011		31 March 2012		31 March 2013		31 March 2014		31 March 2015	
Total assets	in million EUR	131.9		227.2		298.4		324.5		295.1		450.1		557.7		567.2		566.8		515.6	
Total equity ⁷	in million EUR	39.1		45.6		133.4		134.2		168.2		191.5		256.2		236.7		213.1		219.4	
Equity ratio ⁷ (in %)	in %	29.6		20.1		44.7		41.4		57.0		42.5		45.9		41.7		37.6		42.5	
Net assets (+) / debt (-)	in million EUR	37.2		-12.5		28.4		5.0		35.3		-47.2		-74.4		-40.5		-93.4		-35.9	
Capital employed	in million EUR	48.6		78.2		161.3		193.4		187.5		288.7		383.8		360.7		369.2		357.3	
Net working capital	in million EUR	43.2		56.8		131.4		122.3		104.6		175.9		285.7		243.9		205.4		209.9	

The renewed IAS 19 was applied beginning with the fiscal year 2013/14 retrospectively according to IAS 8 with effect from 1 April 2012 to provide comparable financial information.

1 Only continuing operations
2 Earnings per share 2014/15, 2013/14 and 2012/13 relate to 13.0 million shares, 2011/12 relate to a weighted average number of 12.74 million shares, 2010/11, 2009/10 and 2008/09 relate to 12.2 million shares, 2007/08 relate to 11.7 million outstanding shares and in each of 2006/07, 2005/06 and 2004/05 relate to 10.0 million shares
3 Operating cash flow minus capital expenditure from operations (excl. payments for acquisition of companies and purchases of securities and investments) plus proceeds from the disposal of property, plant and equipment and intangible assets
4 Capital expenditure from operations (excl. payments for acquisition of companies and purchases of securities and investments)
5 As of 31 March of each year
6 Revenues (share of total revenues in %); Europe excl. Austria
7 Incl. minority interests
8 Adjusted for the fair value adjustment of the share in Q-Free ASA, Norway

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. References in 44 countries on all continents make Kapsch TrafficCom a recognized ITS provider worldwide. As part of the Kapsch Group, a family-owned Austrian technology group founded in 1892, Kapsch TrafficCom, headquartered in Vienna, Austria, has subsidiaries and offices in 33 countries, has been listed on the Vienna Stock Exchange (KTCG) since 2007, and generated with more than 3,500 employees revenues of EUR 456 million in fiscal year 2014/15.