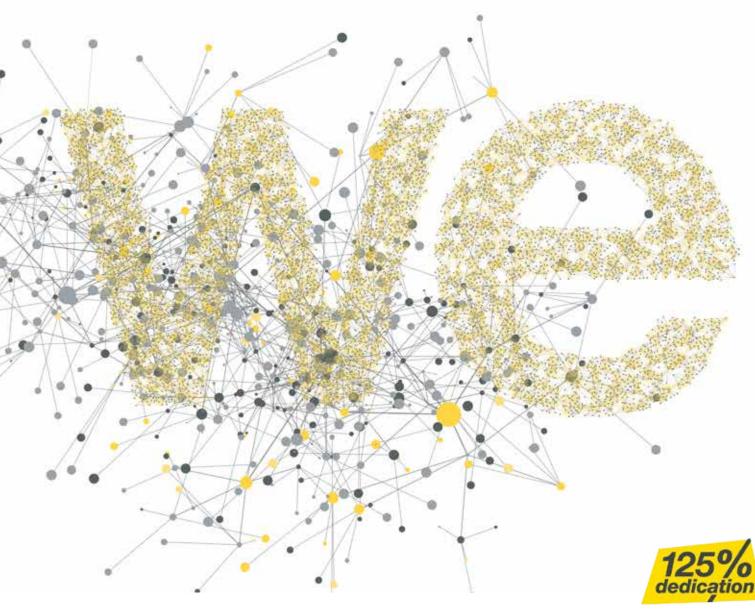


Kapsch TrafficCom

Report on the first half of 2017/18.



125 years of Kapsch

Selected Key Data.

2017/18 and 2016/17: refers to the respective fiscal year (April 1 – March 31)

H1: first half of fiscal year (April 1 – September 30)

Q2: second quarter of fiscal year (July 1 – September 30)

All figures presented in EUR million unless otherwise stated

Earnings Data	2016/17	Q2 2016/17	Q2 2017/18	+/-	H1 2016/17	H1 2017/18	+/-
Revenues ⁸⁾	648.5	153.1	175.6	14.6%	305.4	339.8	11.3%
Share of ETC segment	72.2%	73.5%	78.2%	4.8%p	73.7%	76.7%	3.1%p
Share of IMS segment	27.8%	26.5%	21.8%	-4.8%p	26.3%	23.3%	-3.1%p
EBITDA	77.8	15.6	17.1	9.5%	37.4	32.8	-12.2%
EBITDA margin	12.0%	10.2%	9.7%	-0.5%p	12.2%	9.7%	-2.6%p
EBIT	60.1	11.1	13.5	21.6%	28.7	25.3	-12.1%
EBIT margin	9.3%	7.3%	7.7%	0.4%p	9.4%	7.4%	-2.0%p
Profit before tax	60.6	11.3	9.5	-16.1%	28.7	18.8	-34.5%
Profit for the period	42.7	7.7	7.5	-3.3%	20.1	14.1	-30.1%
Profit for the period attributable to equity holders	43.6	7.9	7.8	-1.9%	20.6	14.6	-29.2%
Earnings per share in EUR	3.35	0.61	0.60	-1.9%	1.58	1.12	-29.2%
Business segments	2016/17	Q2 2016/17	Q2 2017/18	+/-	H1 2016/17	H1 2017/18	+/-
Electronic Toll Collection (ETC) ⁸⁾							
Revenues	468.4	112.5	137.4	22.1%	224.9	260.7	15.9%
EBIT	65.5	16.0	17.4	8.9%	34.2	32.1	-6.1%
EBIT margin	14.0%	14.2%	12.7%	-1.5%p	15.2%	12.3%	-2.9%p
Intelligent Mobility Solutions (IMS)							
Revenues	180.0	40.6	38.2	-6.0%	80.5	79.1	-1.7%
EBIT	-5.4	-4.9	-3.9	20.2%	-5.4	-6.8	-25.7%
EBIT margin	-3.0%	-12.0%	-10.2%	1.8%p	-6.8%	-8.6%	-1.9%p
Revenues by region	2016/17	Q2 2016/17	Q2 2017/18	+/-	H1 2016/17	H1 2017/18	+/-
EMEA	62.9%	62.5%	66.8%	4.4%p	64.2%	65.9%	1.6%p
Americas	30.1%	31.4%	28.3%	-3.1%p	28.7%	28.9%	0.2%p
APAC	7.0%	6.1%	4.8%	-1.3%p	7.0%	5.2%	-1.9%p
Balance sheet data	March 31, 2017					Sep. 30, 2017	+/-
Total assets	648.8					639.1	-1.5%
Total equity 1)	227.3					222.3	-2.2%
Equity ratio 1)	35.0%					34.8%	-0.2%p
Net credit (+)/debt (-) 2)	19.6					-15.7	_
Gearing ³⁾	_					7.1%	_
Capital employed 4)	422.7					416.6	-1.4%
Net working capital 5)	247.9					267.4	7.8%
Cash flow	2016/17	Q2 2016/17	Q2 2017/18	+/-	H1 2016/17	H1 2017/18	+/-
Net investments 6)	12.3	3.9	1.1	-71.0%	10.4	2.4	-76.5%
Free cash flow 7)	42.6	3.1	3.3	_	17.0	-1.0	-105.7%
Other information	2016/17	Q2 2016/17	Q2 2017/18	+/-	H1 2016/17	H1 2017/18	+/-
Employees, end of period	4,823				4,836	5,199	7.5%
On-board units, in million units	11.67				5.64	5.85	3.7%

¹⁾ Incl. non-controlling interests

²⁾ Cash and cash equivalents + other current financial assets - financial liabilities

³⁾ Net debt/equity

⁴⁾ Total equity + financial liabilities

⁵⁾ Inventories + current tax receivables + trade receivables - trade payables - current tax payables

⁶⁾ Investments for purchase and payments from the disposal of property, plant and equipment and intangible assets

7) Net cash flow from operating activities - net investments

⁸⁾ Revenues Q2 2016/17 and H1 2016/17 were adjusted due to the change in presentation

Highlights H1 2017/18.

Revenues H1



EUR 340 million. +11.3% EBIT H1



EUR 25.3 million -12.1% Profit per share H1



EUR 1.12 -29.2%

The second quarter of 2017/18 was positive both sequentially and year-on-year.

- Revenues: +14.6% compared to Q2 2016/17, +6.9% compared to Q1 2017/18.
- > EBIT: +21.6% compared to Q2 2016/17, +15.6% compared to Q1 2017/18.
- > More than 5,000 employees for the first time ever.

Nation-wide concession agreement in Zambia for road safety and traffic management.

- > Duration: 17 years.
- > 50:50 joint venture with local partner.
- > Scope: Expected sales of the joint venture in the first three years totaling between EUR 90 million and EUR 110 million.

Activities for securing the core business.

- > The new tendering process for an eight-year contract in Poland already began at the end of 2016.
- > In the Czech Republic, the new tendering of a ten-year contract was announced before summer.
- On both markets, Kapsch TrafficCom will be striving to be granted a new award.

Large volume new business opportunities are being evaluated or already worked on.

- In addition, there are numerous new business opportunities.
- > Significant event after the end of the reporting period: Winner of the public tender for nation-wide toll system in Bulgaria.

Acquisitions: Increase market share and invest in innovative technologies.

- > Takeover of the remaining shares of Simex, a Mexican intelligent traffic solutions company.
- Minority interest in Traffic Technology Services Inc., U.S.A.

Outlook for the rest of the fiscal year.

- Revenue growth will continue: An increase of 10% is realistic.
- > The challenge is reaching the EBIT of the previous fiscal year.

Letter from the CEO.



First half of 2017/18:

Revenues +11.3%
 EBIT -12.1%

Dear Shareholders,

The second quarter was positive both sequentially and year-on-year. Revenues continued to increase and the operating result (EBIT) rose as well. Furthermore, I am delighted that for the first time Kapsch TrafficCom employed more than 5,000 employees worldwide as of the quarterly reporting date.

Revenues increased by 11.3% to EUR 339.8 million in the first half of 2017/18. This was due to the ETC segment (tolling segment), which grew by 15.9%. In particular, expansion and renewal projects in Poland and Austria led to a significant increase in revenues in the "Design and Build" business. The "Design & Build" revenues also increased in the IMS ("Intelligent Mobility Solutions") segment, but were unable to offset declines in the "Operations" business (non-core business projects were taken over in connection with the acquisition of the transportation business of Schneider Electric in 2016 that have since expired) which led to segment revenues that were 1.7% lower.

The EBIT of EUR 25.3 million was EUR 3.4 million (-12.1%) lower than the previous year due to the low value in the first quarter of this year. The following effects influenced operating profitability in the first six months of the current fiscal year:

- Negative currency effects, mainly from the USD, ZAR and SEK currencies, placed a burden of EUR -5.9 million on the EBIT, i.e., EUR 8.2 million more than during the same of the previous year.
- > The EBIT in H1 2016/17 contained a positive one-time effect in the amount of EUR 3.0 million.
- In the course of extending the tolling project in the Czech Republic in 2016, it was necessary for us to lower prices. This has an impact on profitability this fiscal year. The decline in profits should be offset by profitable new business.
- After the integration of the transportation business acquired from Schneider Electric in 2016 the synergies have not been fully realized in the US. In order to advance this process, a number of measures have been taken and already implemented in some cases. Positive effects should gradually become noticeable in the current fiscal year.

When adjusted by the first two points – i.e., the known one-time effect and the effects of exchange rate fluctuations, which can only be influenced to a limited extent – we achieved significant EBIT growth during the normal course of business.

Strategy is being advanced. During this first half of the year, important foundations for our continued success were laid that are in harmony with our strategy.

Growth.

Securing the core business. In Poland and the Czech Republic, we installed and are currently operating the nation-wide truck tolling system. The new tendering process for an eight-year contract in Poland began already at the end of 2016. In the Czech Republic, the new tendering for a ten-year contract was announced before summer. We are striving to be awarded the new contract in both markets.

Growth in ETC and IMS. In Zambia, our new 50:50 joint venture with a local partner has been granted the nation-wide road safety and traffic management concession. The project will last 17 years. We expect that the joint venture, which we have consolidated according to the equity method, will earn revenues totaling between EUR 90 million and EUR 110 million in the first three years. We were also able to report remarkable success in Bulgaria: After the end of the first half of the year, Kapsch TrafficCom was awarded the contract for the construction, technical equipping, and technical support of the nation-wide, satellite-based toll system for trucks over 3.5 tons and the introduction of the eVignette for passenger cars. The project volume amounts to nearly EUR 75 million

and the duration is 19 months from the signing of the contract (still to be signed). Moreover, there are some new, large-volume business opportunities that our teams are looking at or are already working on intensively.

Strategic acquisitions and investments.

One of the goals of our acquisition policy is to open up new markets through acquisitions and to become stronger in existing markets. In order to do this, Kapsch TrafficCom acquired the remaining shares in Simex, a Mexican company in which we have been a shareholder since 2012. Having had a market presence for over 30 years and employing 255 employees, Simex is one of the important companies involved in intelligent transportation systems in Mexico.

We also want to secure access to innovative technologies and solutions through strategic investments. The acquisition of a EUR 2.5 million minority interest in Traffic Technology Services, U.S.A., is such a step. The company develops and distributes software solutions in the area of connected vehicles. One application, for example, is the personal traffic light assistant which transmits information about traffic light phases and the intersection area to vehicles. Furthermore, we increased our minority interest in ParkJockey Global, Inc., U.S.A. This company provides intelligent parking solutions for parking lots and other, off-street parking spaces.

Sustainability.

In our South African subsidiary TMT, 17.1% of the shares were handed over indirectly to a trust, and – linked to this – an "Employee Participation Scheme Trust" was introduced that enables all group employees in South Africa to voluntarily participate in TMT's company success. The goal of this measure was to increase both the motivation of the local colleagues as well as the competitiveness of the company within the context of the BBBEE assessment (Broad-Based Black Economic Empowerment: a program in South Africa to achieve equal economic opportunities for previously disadvantaged citizens).

Solid balance sheet.

In particular, the development of the results and the strong increase in trade receivable of EUR 13.7 million resulted in a negative free cash flow of EUR -1.0 million in the first half of the year. As a consequence, as well as a result of the dividend payment of EUR 19.5 million and the expenses for investments and acquisitions, the net credit of EUR 19.6 million as of March 31, 2017 decreased to a net debt of EUR -15.7 million as of September 30, 2017. The equity ratio declined slightly from 35.0% to 34.8%, mainly as a result of the dividend payment. Nevertheless, our balance sheet remains extremely solid and offers us support for further growth.

Outlook.

I hope that we will also be able to report encouraging new business successes in the second half of the year. In addition, we are also focusing on a number of large projects that we have put out to tender and which should be awarded in the first half of the next fiscal year.

The corporate bond issued in 2010 was repaid as scheduled at the beginning of November. In 2016, we obtained the funds necessary for this by issuing a promissory note bond. The repayment of the 4.25% bond will discharge the financial result and has a shortening effect on the balance sheet. This has a positive effect on the equity ratio. However, we are currently examining whether we can use the favorable interest rate environment in the medium or long term.

Fiscal year 2017/18:

Increase in revenues of 10%.

Challenge to reach the adjusted EBIT of the previous fiscal year.

A net debt of EUR -15.7 million

corresponds to a gearing

ratio of 7.1%.

I expect an increase in revenues of approximately 10% for the current fiscal year. Nevertheless, it will be a challenge to again reach the EBIT of the previous year, adjusted for the one-off effect (EUR 3.0 million) and for adverse exchange rate fluctuations. The as of yet insufficiently realized synergies in the U.S.A. from the acquisition of Schneider Electric's transportation business are weighing on this year's EBIT. I therefore do not expect that we will achieve a positive EBIT contribution in the IMS segment. However, I am confident that we will be profitable in both segments starting next year.

Sincerely

Georg Kapsch Chief Executive Officer

Management Report H1 2017/18.

Economic conditions impacting the Group.

Kapsch TrafficCom services the market for intelligent transportation systems (ITS), which involves the use of information and communication technologies to support and optimize aspects of transportation activities, including infrastructure, vehicles, users and industry.

Customer segments.

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

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

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

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

Industry-related ITS encompass commercial applications designed to reduce the costs or maximize the yield of vehicle fleet operators, including public transportation companies. 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.

Market positioning.

The current focus of Kapsch TrafficCom aims at the operator/infrastructure-related segment of the ITS market. Vehicle and user-oriented ITS are becoming increasingly important. Kapsch TrafficCom also continuously observes the other developments in industry-related ITS.

Market trends and drivers.

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

- Mobility.
- > Urbanization.
- Climate protection.
- Expansion and financing of transportation networks.

Technology.

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

Kapsch TrafficCom subdivided the ITS market customer segments and the essential addressees.

IMS strives to play a leading

role in Kapsch TrafficCom.

The future will belong to intelligent, holistic mobility solutions.

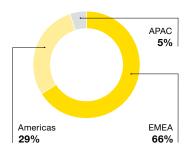
Intelligent mobility solutions.

A process of convergence has been under way in the ITS market during recent years as the individual market segments increasingly merge. In expectation of this convergence, even if not at the same pace, Kapsch TrafficCom is developing from a pure provider of electronic toll collection (ETC) systems to a provider of selected ITS applications. Kapsch TrafficCom expects that the future will belong to intelligent, holistic mobility solutions and strives to play a leading role in this future.

Financial performance indicators.

Revenues and profit.

Revenues by region.



In the first half of the current fiscal year, Kapsch TrafficCom's revenues reached EUR 339.8 million, and are thus 11.3% higher compared with the same period last year. This was adjusted by EUR -6.3 million to EUR 305.4 million due to the change in the presentation of revenues as of year end 2016/17 of agency fees for the group company "tolltickets" in the Electronic Toll Collection (ETC) segment. The "Cost of materials and other production services" was adjusted accordingly. Together, the two measures had no impact on the operating result.

At EUR 25.3 million, operating result (EBIT) was down compared with the previous year's figure of EUR 28.7 million. This corresponds to an EBIT margin of 7.4% (H1 2016/17 adjusted: 9.4%). Negative currency effects, mainly from the USD, ZAR and SEK currencies, reduced the EBIT by EUR -5.9 million (net), compared with EUR +2.3 million during the same period of the previous year. A one-off effect ("badwill") of EUR 3.0 million from the difference between the purchase price for the transportation business acquired from Schneider Electric (Kapsch TrafficCom Transportation, "KTT") and the acquired net assets had a positive effect in the same period during the previous year.

The financial result declined in the first half of the current financial year from EUR -0.1 million to EUR -5.8 million compared with the same period of the previous year. The main reason for this was higher exchange rate losses and lower currency gains of EUR -6.0 million. The exchange rate differences are mainly due to the South African Rand (ZAR) and the US Dollar (USD) compared against the Euro (EUR).

The profit for the period for the first half of 2017/18 was EUR 14.1 million (first half of 2016/17: EUR 20.1 million). The decrease of -30.1% compared to the same period of the previous year is attributable to the lower EBIT and the lower financial earnings.

The segments developed as follows in the first half of the year:

Electronic Toll Collection (ETC).

At EUR 260.7 million, revenues in the ETC segment were 15.9% higher than the adjusted previous year's figure of EUR 224.9 million and thus contributed 76.7% to total sales (H1 2016/17: 73.6%).

The largest contribution to revenues (EUR 181.5 million, H1 2016/17 adjusted: EUR 149.9 million) continued to be generated in the EMEA region with the nation-wide toll projects in the Czech Republic, Poland, Belarus and Austria. The volume of construction projects also increased significantly compared to the same period of the previous year, in particular due to expansion and renovation projects in Poland and Austria.

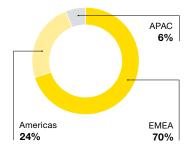
Revenues in the Americas region increased to EUR 64.8 million in the first half of the year (H1 2016/17: EUR 55.2 million). In particular, the volume of operating projects increased in comparison with the same period of the previous year.

In the APAC region, there was a decline in revenues (EUR -5.4 million) compared to the same period of the previous year. This is primarily due to the comparatively high revenue level of the previous year due to construction projects in Australia.

In the first half of the fiscal year, 5.85 million on-board units were sold (H1 2016/17: 5.64 million units). In particular, increases were recorded in the U.S.A., Australia, and Morocco, while sales in Chile, Norway, and Spain declined compared to the same period last year.

ETC revenues: EUR 260.7 million (+15.9%).

ETC revenues by region.



Revenues in this segment are broken down by business type as follows:

in EUR million	H1 2016/17 adjusted	H1 2017/18	+/-
Revenue	224.9	260.7	15.9%
Design & Build	44.9	68.2	51.9%
Operations	131.7	140.3	6.5%
Components	48.3	52.2	8.1%
EBIT	34.2	32.1	-6.1%

EBIT in the ETC segment fell by -6.1% compared to the same period in the previous year and reached EUR 32.1 million. In particular, other operating income decreased by EUR -8.7 million compared to the same period of the previous year, which included a positive one-off effect (badwill from KTT acquisition) of EUR 0.9 million. Cost of materials and other production services, as well as staff costs, increased in the first half of 2017/18 compared to the same period of the previous year in line with the increase in revenues. Other operating expenses increased by EUR 10.6 million, mainly due to the increase in foreign exchange losses (EUR 4.4 million), higher maintenance costs (EUR 2.3 million), and increased communication costs (EUR 1.1 million).

Intelligent Mobility Solutions (IMS).

Revenues in the IMS segment fell slightly from EUR 80.5 million to EUR 79.1 million (-1.7%) in the first half of 2017/18 compared to 2016/17. The IMS segment accounts for 23.3% of total revenues (H1 2016/17: 26.4%).

While sales in the EMEA region declined (-8.5%), they increased slightly in the Americas region (+3.3%). The APAC region recorded an increase in revenues of EUR 1.5 million (+88.9%).

Revenues in this segment are broken down by business type as follows:

in EUR million	H1 2016/17	H1 2017/18	+/-
Revenue	80.5	79.1	-1.7%
Design & Build	29.7	35.6	19.7%
Operations	45.4	38.2	-15.8%
Components	5.3	5.3	-1.5%
EBIT	-5.4	-6.8	-25.7%

EBIT in the IMS segment amounted to EUR -6.8 million in the first half of the year and was lower compared with the same period of the previous year (H1 2016/17: EUR -5.4 million), which included a positive one-off effect (badwill from KTT acquisition) of EUR 2.1 million. In particular, the negative IMS earnings in South Africa and from the Smart Parking business in the U.S.A. negatively impacted the segment's profitability. Cost of materials and other production services decreased sharply compared with the previous period, while staff costs and other operating expenses increased.

Financial position.

Kapsch TrafficCom's balance sheet totals as of September 30, 2017 amounted to EUR 639.1 million (March 31, 2017: EUR 648.8 million).

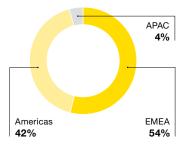
The item "Trade receivable and other current assets" increased by EUR 16.4 million, mainly due to increased receivables from orders in progress in Austria and the Czech Republic. The increase in "Trade receivables" in Poland and South Africa more than compensated for the decline in Belarus. The item "Cash and cash equivalents" decreased (EUR -35.6 million) due to acquisitions of companies and the payment of dividends. The items "Interests in associated companies and joint ventures" as well as "Other non-current financial assets and investments" increased due to acquisitions (EUR +6.8 million).

On the liabilities side of the balance sheet, "Current provisions" decreased by EUR -4.6 million and "Other non-current liabilities" decreased by EUR -3.7 million. "Other liabilities and deferred income" increased slightly (EUR +4.8 million). "Equity" decreased by EUR -5.0 million to EUR 222.3 million, whereby the "Total comprehensive income for the period" increased equity by EUR 14.5 million, but the dividend distribution reduced equity by EUR -19.5 million. The equity ratio remained nearly constant at 34.8% in the first half of 2017/18, compared with 35.0% in the first half of the previous year.

ETC EBIT: EUR 32.1 million (-6.1%).

IMS revenues: EUR79.1 million (-1.7%).

IMS revenues by region.



IMS EBIT: EUR-6.8 million (-25.7%).

Net working capital increased from EUR 247.9 million as of March 31, 2017 to EUR 267.4 million as of September 30, 2017. "Current tax payables" are now included in the calculation of net working capital in the same way as "current tax receivables".

As of September 30, 2017, net debt was reported in the amount of EUR -15.7 million, comprising "cash and cash equivalents" plus "other current financial assets" and minus "financial liabilities". As of March 31, 2017, there was a net credit of EUR 19.6 million (EUR -35.3 million compared to March 31, 2017).

Cash flow.

Net cash flow from operating activities amounted to EUR 1.5 million in the first half of the financial year (first half of 2016/17: EUR 27.3 million). The decrease is attributable to the lower earnings in the reporting period (EUR -6.1 million) and to the increase in "Trade receivables and other current assets" (EUR 13.7 million), as well as to the decrease in "Current provisions" (EUR -4.6 million).

Net cash flow from investing activities amounted to EUR -12.0 million in the first half of 2017/18 and is thus significantly more positive than in the first half of 2016/17. EUR 9.6 million was paid for acquisitions of companies, investments, and long-term assets in the first half of the year. In the same period of the previous year, net cash flow from investing activities amounted to EUR -29.8 million, of which EUR -16.9 million was accounted for by acquisitions. Net investment in property, plant and equipment and intangible assets in the first half of 2016/17 was EUR -10.4 million higher than in the current financial year (EUR -2.4 million) as a result of the acquisition and integration of KTT.

Free cash flow (net cash flow from operating activities minus net investments) of EUR -1.0 million was significantly below the previous year's figure of EUR 17.0 million, mainly due to the development of earnings, the increase in receivables, and the decline in provisions. The lower amount of investments, on the other hand, decreased free cash flow.

The net cash flow from financing activities amounted to EUR -20.7 million as of September 30, 2017, with the paid dividend of EUR -19.5 million negatively affecting the net cash flow. In the previous year, this item was influenced by the issue of the promissory note bond. In the first half of the previous year, the net cash flow from financing activities amounted to EUR 33.6 million. In addition to the issuance of the promissory note bond and the paid dividend, it also included a paid purchase price component for the remaining shares in the Czech Kapsch Telematic Services (EUR -14.0 million).

Cash and cash equivalents as of September 30, 2017 amounted to EUR 175.7 million (March 31, 2017: EUR 211.3 million).

Information on major transactions involving related parties.

No transactions involving related parties and having a significant effect on the Group's financial position or operating results were entered into during the first half of the year.

Acquisitions and legal changes.

On July 18, 2017, Kapsch acquired the remaining shares (60.03%) in Simex, Integración de Sistemas, S. A. P. I. de C. V. in Mexico (hereinafter referred to as Simex), after 33% had already been acquired by the Group in 2012 and which were increased to 39.97% by a capital reduction on July 18, 2017, in which the Group did not participate. Simex is a major supplier of intelligent transport systems (ITS) including hardware and software solutions.

On August 30, 2017, the Group acquired a 50% stake in Intelligent Mobility Solutions Limited in Zambia. The company is responsible for the planning, construction and operation of systems and solutions for traffic monitoring, speed and vehicle control, and the registration of vehicles.

17.1% of the shares were submitted to TMT Services and Supplies (Pty) Ltd., South Africa, indirectly via Mobi-Serve Pty Ltd., South Africa, to an "Employee Participation Scheme Trust", in which all employees of the Group in South Africa can participate on a voluntary basis in the corporate success of TMT. The goal of this measure was to increase both the motivation of the local employees as well as the competitiveness of the company within the context of the BBBEE assessment (Broad-Based Black Economic Empowerment: A program in South Africa to achieve equal economic opportunities for previously disadvantaged citizens). Minority interests in Traffic Technology Services Inc. in the U.S.A. and further minority interests in ParkJockey Global, Inc., also based in the U.S.A., were acquired in the first half of the year.

At the beginning of September 2017, Kapsch TrafficCom S.A.S. was founded in Colombia.

Risk reporting.

The Group has initiated a number of processes with a view to increasing the effectiveness of its risk management activities and upholding best practice standards. Risk management has been designated a discrete function within the finance department of Kapsch TrafficCom AG. Key areas of risk management are project risk management and Enterprise Risk Management (ERM).

The material risks of the Group are:

- Industry-specific risks: Volatility of new orders, risks of project execution, long-term contracts with public agencies.
- > Strategic risks: Ability to innovate, acquisition and integration of companies as part of the Group's growth, country risk.
- > Financial risks: foreign exchange risk, interest rate risk, liquidity risk, credit risk.
- Personnel risk.
- > Legal risk.
- IT risks.

An internal control system (ICS) has been established within the Group to document the existing internal control processes implemented in the accounting context. Responsibility for the implementation, design and monitoring of the ICS with a view to ensuring compliance with group-wide guidelines and regulations is incumbent upon the competent local management bodies in each case. To support the Management of the subsidiaries, an ICS officer has been appointed at Kapsch TrafficCom AG.

No risks which could pose a threat to the continued operation of Kapsch TrafficCom Group can be identified at the present time. Ever greater geographical diversification and the continuous expansion of its portfolio of products and solutions to include selected new IMS solutions have enabled Kapsch TrafficCom to the broaden the scope of its business model while keeping its focus on its core business, thereby reducing the concentration of risks within individual regions or individual major projects.

The major risks faced by the Group are addressed in Section 3.3 of the Group Management Report 2016/17. No material changes were observed in this connection in the first half of 2017/18, nor are any significant new risks or uncertainties expected to emerge over the remainder of the fiscal year 2017/18.

Outlook regarding the second half of the current fiscal year.

The corporate bond issued in 2010 was repaid as scheduled at the beginning of November. In 2016, Kapsch TrafficCom obtained the funds necessary for this by issuing a promissory note bond. The repayment of the 4.25% bond will discharge the interest income and has a shortening effect on the balance sheet, which would have a positive effect on the equity ratio. However, we are currently examining whether we can use the favorable interest rate environment in the medium or long term.

Fiscal year 2017/18:

 Revenue growth of 10%
 Achieving last year's adjusted EBIT will be a challenge. The company expects an increase in revenues of approximately 10% for the current fiscal year. In terms of profitability, intensive work is being done to again reach the EBIT of the previous year, adjusted for the one-off effect (EUR 3.0 million) and for charges from exchange rate fluctuations. In the 2017/18 fiscal year, Kapsch TrafficCom is unlikely to achieve a positive EBIT in the IMS segment.

Events occurring after September 30, 2017.

On October 10, 2017, Kapsch TrafficCom was announced as the winner of the public tender for the construction, technical equipment and technical support of the nation-wide toll collection system for trucks over 3.5 tons and the contract for the introduction of the eVignette for passenger cars in Bulgaria. The project has a volume of approximately EUR 75 million and a term of 19 months from the date of signature of the contract.

At the beginning of November 2017, the corporate bond issued in 2010 was redeemed on schedule.

Vienna, November 28, 2017

The Executive Board

Mag. Georg Kapsch Chief Executive Officer

andré Jana Alexander Lowald

Dipl.-Betriebsw. André Laux Executive Board member

Dr.-Ing. Alexander Lewald Executive Board member

Statement of all Members of the Executive Board

Statement of all Members of the Executive Board pursuant to Section 87 Para. 1 No. 3 BoerseG (Austrian Stock Exchange Act).

We declare to the best of our knowledge that the condensed interim 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, November 28, 2017

The Executive Board

Mag. Georg Kapsch Chief Executive Officer

andré Jana Alexandes Lowald

Dipl.-Betriebsw. André Laux Executive Board member

Dr.-Ing. Alexander Lewald Executive Board member

Condensed Consolidated Interim Financial Information

as of September 30, 2017.*)

Kapsch TrafficCom – Consolidated statement of comprehensive income.

All amounts in TEUR Note	Q2 2016/17	Q2 2017/18	H1 2016/17	H1 2017/18
Revenues ¹⁾ (6)	153,145	175,572	305,404	339,832
Other operating income	4,638	1,402	13,857	2,695
Changes in finished and unfinished goods and work in progress	1,379	1,295	2,432	1,621
Other own work capitalized	952	-36	1,391	105
Cost of materials and other production services ¹⁾	-66,766	-72,146	-126,368	-130,610
Staff costs	-51,818	-55,342	-105,349	-115,264
Amortization and depreciation	-4,439	-3,515	-8,618	-7,540
Other operating expenses (7)	-25,957	-33,686	-54,011	-65,579
Operating result	11,134	13,544	28,738	25,261
Finance income	2,126	1,067	4,732	2,110
Finance costs	-1,883	-4,527	-4,813	-7,904
Financial result	243	-3,460	-81	-5,794
Results from associates and joint ventures including revaluation of shares ² (11)	-28	-563	29	-687
Result before income taxes	11,349	9,521	28,685	18,779
Income taxes (8)	-3,632	-2,058	-8,550	-4,701
Result for the period	7,716	7,463	20,135	14,078
Result attributable to:				
Equity holders of the company	7,906	7,755	20,569	14,570
Non-controlling interests	-190	-292	-434	-492
	7.716	7.463	20.135	14,078
	,	,	,	,
Earnings per share from the result for the period attributable to the equity holders of the company (in EUR)				-
•••	0.61	0.60	1.58	
equity holders of the company (in EUR)	0.61	0.60		1.12
equity holders of the company (in EUR) diluted undiluted			1.58	1.12
equity holders of the company (in EUR) diluted undiluted Other comprehensive income			1.58	1.12
equity holders of the company (in EUR) diluted undiluted Other comprehensive income			1.58	1.12
equity holders of the company (in EUR) diluted undiluted Other comprehensive income Items subsequently be reclassified to the result for the period:	0.61	0.60	1.58	1.12 1.12 2,812
equity holders of the company (in EUR) diluted undiluted Other comprehensive income Items subsequently be reclassified to the result for the period: Currency translation differences	-1,485	2,014	1.58 1.58 2,011	1.12 1.12 2,812
equity holders of the company (in EUR) diluted undiluted Other comprehensive income Items subsequently be reclassified to the result for the period: Currency translation differences Currency translation differences from net investments in foreign operations	-1,485	2,014	1.58 1.58 2,011	1.12 1.12 2,812 -4,254
equity holders of the company (in EUR) diluted undiluted Other comprehensive income Items subsequently be reclassified to the result for the period: Currency translation differences Currency translation differences from net investments in foreign operations Available-for-sale financial assets:	-1,485 -219	0.60 2,014 -1,421	1.58 1.58 -2,011 825	1.12 1.12 2,812 -4,254 750
equity holders of the company (in EUR) diluted undiluted Other comprehensive income Items subsequently be reclassified to the result for the period: Currency translation differences Currency translation differences from net investments in foreign operations Available-for-sale financial assets: Fair value gains/losses recognized in other comprehensive income	0.61 -1,485 -219 -811	0.60 2,014 -1,421 769	1.58 1.58 -2,011 825 -2,390	1.12 1.12 2,812 -4,254 750
equity holders of the company (in EUR) diluted undiluted Other comprehensive income Items subsequently be reclassified to the result for the period: Currency translation differences Currency translation differences from net investments in foreign operations Available-for-sale financial assets: Fair value gains/losses recognized in other comprehensive income Reclassification of cumulated net losses to the result for the period (impairment)	-1,485 -219 -811 824	0.60 2,014 -1,421 769 0	1.58 1.58 2,011 825 -2,390 1,597	1.12 1.12 2,812 -4,254 750 0 37
equity holders of the company (in EUR) diluted undiluted Other comprehensive income Items subsequently be reclassified to the result for the period: Currency translation differences Currency translation differences from net investments in foreign operations Available-for-sale financial assets: Fair value gains/losses recognized in other comprehensive income Reclassification of cumulated net losses to the result for the period (impairment) Fair value adjustments of cash flow hedges	0.61 -1,485 -219 -811 824 0	0.60 2,014 -1,421 769 0 -13	1.58 1.58 -2,011 825 -2,390 1,597 0	1.12 1.12 2,812 -4,254 750 0 37 1,072
equity holders of the company (in EUR) diluted undiluted Other comprehensive income Items subsequently be reclassified to the result for the period: Currency translation differences Currency translation differences from net investments in foreign operations Available-for-sale financial assets: Fair value gains/losses recognized in other comprehensive income Reclassification of cumulated net losses to the result for the period (impairment) Fair value adjustments of cash flow hedges Income tax relating to items subsequently reclassified to the result for the period	0.61 -1,485 -219 -811 824 0 52	0.60 2,014 -1,421 769 0 -13 358	1.58 1.58 -2,011 825 -2,390 1,597 0 -224	1.12 1.12 2,812 -4,254 750 0 37 1,072 417
equity holders of the company (in EUR) diluted undiluted Other comprehensive income Items subsequently be reclassified to the result for the period: Currency translation differences Currency translation differences from net investments in foreign operations Available-for-sale financial assets: Fair value gains/losses recognized in other comprehensive income Reclassification of cumulated net losses to the result for the period (impairment) Fair value adjustments of cash flow hedges Income tax relating to items subsequently reclassified to the result for the period Items subsequently not be reclassified to the result for the period	0.61 -1,485 -219 -811 824 0 52 -1,640 0	0.60 2,014 -1,421 769 0 -13 358 1,708	1.58 1.58 -2,011 825 -2,390 1,597 0 -224 -2,204	1.12 1.12 2,812 -4,254 750 0 37 1,072 417 0
equity holders of the company (in EUR) diluted undiluted Other comprehensive income Items subsequently be reclassified to the result for the period: Currency translation differences Currency translation differences from net investments in foreign operations Available-for-sale financial assets: Fair value gains/losses recognized in other comprehensive income Reclassification of cumulated net losses to the result for the period (impairment) Fair value adjustments of cash flow hedges Income tax relating to items subsequently reclassified to the result for the period Items subsequently not be reclassified to the result for the period	0.61 -1,485 -219 -811 824 0 52 -1,640 0	0.60 2,014 -1,421 769 0 -13 358 1,708 0	1.58 1.58 -2,011 825 -2,390 1,597 0 -224 -2,204 0	1.12 1.12 2,812 -4,254 750 0 37 1,072 417 0
equity holders of the company (in EUR) diluted undiluted Other comprehensive income Items subsequently be reclassified to the result for the period: Currency translation differences Currency translation differences from net investments in foreign operations Available-for-sale financial assets: Fair value gains/losses recognized in other comprehensive income Reclassification of cumulated net losses to the result for the period (impairment) Fair value adjustments of cash flow hedges Income tax relating to items subsequently reclassified to the result for the period Items subsequently not be reclassified to the result for the period Other comprehensive income for the period net of tax (9) Total comprehensive income for the period	0.61 -1,485 -219 -811 824 0 52 -1,640 0 -1,640	0.60 2,014 -1,421 769 0 -13 358 1,708 0 1,708	1.58 1.58 -2,011 825 -2,390 1,597 0 -224 -2,204 0 -2,204	1.12 1.12 2,812 -4,254 750 0 0 37 1,072 417 0 417
equity holders of the company (in EUR) diluted undiluted Other comprehensive income Items subsequently be reclassified to the result for the period: Currency translation differences Currency translation differences from net investments in foreign operations Available-for-sale financial assets: Fair value gains/losses recognized in other comprehensive income Reclassification of cumulated net losses to the result for the period (impairment) Fair value adjustments of cash flow hedges Income tax relating to items subsequently reclassified to the result for the period Total items subsequently be reclassified to the result for the period Other comprehensive income for the period net of tax	0.61 -1,485 -219 -811 824 0 52 -1,640 0 -1,640	0.60 2,014 -1,421 769 0 -13 358 1,708 0 1,708	1.58 1.58 -2,011 825 -2,390 1,597 0 -224 -2,204 0 -2,204	1.12 1.12 2,812 -4,254 750 0 0 37 1,072 417 0 417 14,495
equity holders of the company (in EUR) diluted undiluted Other comprehensive income Items subsequently be reclassified to the result for the period: Currency translation differences Currency translation differences from net investments in foreign operations Available-for-sale financial assets: Fair value gains/losses recognized in other comprehensive income Reclassification of cumulated net losses to the result for the period (impairment) Fair value adjustments of cash flow hedges Income tax relating to items subsequently reclassified to the result for the period Total items subsequently be reclassified to the result for the period Other comprehensive income for the period net of tax (9) Total comprehensive income attributable to:	0.61 -1,485 -219 -811 824 0 52 -1,640 0 -1,640 6,077	0.60 2,014 -1,421 769 0 -13 358 1,708 0 1,708 9,171	1.58 1.58 -2,011 825 -2,390 1,597 0 -224 -2,204 0 -2,204 17,932	1.12 1.12 2,812 -4,254 750 0 37 1,072 417 14,495 14,876 -381

Earnings per share relate to 13.0 million shares.

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

*) The condensed consolidated interim report has neither been audited nor been reviewed by an auditor.

1) In Q2 2016/17 and H1 2016/17, revenues were adjusted by TEUR -6,267 and expenses for materials and other services by TEUR 6,267 due to the change in the

presentation as of year end 2016/17 of agency fees for the group company "tolltickets". The EBIT is unchanged.

2) Income from associates and joint ventures also includes losses from the revaluation of investments in the amount of TEUR -563.

Kapsch TrafficCom – Consolidated balance sheet.

All amounts in TEUR	Note	March 31, 2017	Sep. 30, 2017
ASSETS			
Non-current assets			
Property, plant and equipment	(10)	23,141	20,367
Intangible assets	(10)	71,985	73,458
Interests in associates and joint ventures	(11)	2,131	4,040
Other non-current financial assets and investments	(12)	18,364	23,214
Other non-current assets		611	1,059
Deferred tax assets		11,938	13,333
		128,169	135,470
Current assets			
Inventories		39,255	41,395
Current tax receivables		4,490	5,299
Trade receivables and other current assets		261,935	278,363
Other current financial assets	(12)	3,638	2,939
Cash and cash equivalents		211,299	175,676
		520,616	503,673
Total assets		648,785	639,143
EQUITY			
Capital and reserves attributable to equity holders of the company			
Share capital	(13)	13,000	13,000
Capital reserve		117,509	117,509
Retained earnings and other reserves		97,849	93,597
		228,358	224,106
Non-controlling interests		-1,052	-1,805
Total equity		227,306	222,301
LIABILITIES			
Non-current liabilities			
Non-current financial liabilities	(14)	97,482	94,560
Liabilities from post-employment benefits to employees	(15)	23,946	23,593
Non-current provisions	(16)	9,993	9,779
Other non-current liabilities		10,536	6,843
Deferred tax liabilities		2,745	3,324
		144,702	138,098
Current liabilities			
Current financial liabilities	(14)	97,902	99,739
Trade payables		55,950	54,698
Current provisions	(16)	17,640	13,069
Current tax payables		1,807	2,979
Other liabilities and deferred income		103,478	108,260
		276,778	278,745
Total liabilities		421,479	416,843
Total equity and liabilities		648,785	639,143

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

Kapsch TrafficCom – Consolidated statement of changes in equity.

All amounts in TEUR	Attribut	able to equity h	equity holder of the company cont int			Total equity
	Share capital	Capital reserve	Other reserves	Consolidated retained earnings		
Carrying amount as of March 31, 2016	13,000	117,509	-21,887	114,225	7,811	230,658
Effects from increase in shares of subsidiaries			-13,062		-8,692	-21,754
Dividend				-19,500	-8	-19,508
Effects from changes in shares of subsidiaries			-137		137	0
Result for the period				20,569	-434	20,135
Other comprehensive income for the period:						
Currency translation differences			-1,387		-5	-1,392
Fair value gains/losses on available-for-sale financial assets			-811			-811
Carrying amount as of September 30, 2016	13,000	117,509	-37,286	115,294	-1,189	207,328
Carrying amount as of March 31, 2017	13,000	117,509	-40,486	138,335	-1,052	227,306
Effects from changes in shares of subsidiaries				372	-372	0
Dividend				-19,500		-19,500
Result for the period				14,570	-492	14,078
Other comprehensive income for the period:						
Currency translation differences			-489		111	-378
Fair value gains/losses on available-for-sale financial assets			758			758
Fair value adjustments of cash flow hedges			37			37
Carrying amount as of September 30, 2017	13,000	117,509	-40,180	133,778	-1.805	222,301

The effects from changes in the shares of subsidiaries in the first half of the 2017/18 fiscal year mainly relate to TMT Services and Supplies (Pty) Ltd., South Africa, MobiServe Pty Ltd., South Africa, and Electronic Toll Collection (PTY) Ltd., South Africa. Further information can be found in note 17 "Business Combinations and Other Changes in the Scope of Consolidation".

The effects from increase in shares of subsidiaries in the first half of the fiscal year 2016/17 result from the acquisition of the remaining 48% in Kapsch Telematic Services spol. s r.o., Czech Republic.

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

Kapsch TrafficCom – Consolidated cash flow statement.

All amounts in TEUR	Note	Q2 2016/17	Q2 2017/18	H1 2016/17	H1 2017/18
Cash flow from operating activities					
Operating result		11,134	13,544	28,738	25,261
Adjustments for non-cash items and other reconciliations:					
Scheduled depreciation and amortization		4,439	3,515	8,618	7,540
Increase/decrease in obligations for post-employment benefits		-412	-104	-336	-353
Increase/decrease in other non-current liabilities and provisions		152	-580	-4,670	-1,649
Increase/decrease in other non-current receivables and assets		-1,746	-232	-4,080	-532
Increase/decrease in trade receivables (non-current)		547	311	10,025	629
Increase/decrease in trade payables (non-current)		-110	143	-209	43
Other (net)		-1,015	-375	-192	-1,260
		12,989	16,222	37,893	29,678
Changes in net current assets:					
Increase/decrease in trade receivables and other assets		8,255	-9,806	3,548	-13,726
Increase/decrease in inventories		320	1,266	-1,237	1,026
Increase/decrease in trade payables and other current payables		-1,703	1,034	719	2,342
Increase/decrease in current provisions		-936	-659	-169	-4,645
		5,937	-8,164	2,861	-15,002
Cash flow from operations		18,925	8,058	40,754	14,676
Interest received		-32	419	791	628
Interest payments		-1,515	-1,470	-2,638	-3,047
Net payments of income taxes		-10,392	-2,580	-11,567	-10,789
Net cash flow from operating activities		6,986	4,428	27,340	1,468
Cash flow from investing activities					
Purchase of property, plant and equipment	(10)	-3,264	-1,100	-4,310	-2,202
Purchase of intangible assets	(10)	-751	-208	-6,977	-456
Purchase of securities, investments and other non-current financial assets	(12)	-132	-4,520	-2,551	-4,559
Payments for the acquisition of entities (less cash and cash equivalents of these entities)	(17)	-322	-1,017	-16,876	-1,017
Payments for the acquisition of shares in at-equity-consolidated entities	(11)	0	-4,039	0	-4,039
Proceeds from the disposal of property, plant and equipment and intangible assets		106	173	909	219
Proceeds from the disposal of securities and other financial assets		0	70	0	70
Net cash flow from investing activities		-4,364	-10,641	-29,806	-11,984
Cash flow from financing activities					
Dividends paid to parent company's shareholders		-19,500	-19,500	-19,500	-19,500
Dividends paid to non-controlling interests		-8	0	-8	0
Payments for the acquisition of non-controlling interests		0	-750	-14,000	-1,500
Increase in non-current financial liabilities	(14)	1,910	11	77,285	19
Increase in current financial liabilities	(14)	1,610	1,051	1,816	3,142
Decrease in current financial liabilities	(14)	-5,910	-1,945	-11,963	-2,907
Net cash flow from financing activities		-21,897	-21,134	33,630	-20,746
Net increase/decrease in cash and cash equivalents		-19,275	-27,347	31,165	-31,262
Change in cash and cash equivalents					
Cash and cash equivalents at beginning of year		191,531	204,788	140,782	211,299
Net increase/decrease in cash and cash equivalents		-19,275	-27,347	31,165	-31,262
Exchange gains/losses on cash and cash equivalents		1,055	-1,765	1,364	-4,360
Cash and cash equivalents at the end of the period		173,310	175,676	173,310	175,676

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

Selected Notes to the Condensed Consolidated Interim Financial Information.

1 General information.

Kapsch TrafficCom, headquartered in Vienna, Austria, is a global supplier of superior Intelligent Transportation Systems (ITS).

The Group operates in 2 segments:

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

The **ETC** segment comprises activities relating to the installation and the technical and commercial operation of toll collection systems. Projects are generally awarded by public agencies or private concessionaires in the context of tender procedures. Toll collection systems may comprise both individual road sections and nationwide road networks. The manufacture and procurement of components both for the expansion and adaptation of the systems installed by Kapsch TrafficCom and on behalf of third parties complete the portfolio of ETC services offered by Kapsch TrafficCom.

The **IMS** segment comprises activities relating to the installation and the technical and commercial operation of systems for traffic monitoring, traffic control and traffic safety. Projects for the monitoring of utility vehicles and for electronic vehicle registration, as well as intelligent parking solutions and systems for intermodal mobility (networked modes of transport), are also allocated to this segment, as are systems and services for operational surveillance of public transportation and environmental installations. Components-related business also rounds off the range of IMS services offered by Kapsch TrafficCom.

2 Basis of preparation.

This condensed interim financial information for the half year ended September 30, 2017 has been prepared in accordance with the International Financial Reporting Standards (IFRS) issued by the IASB, as adopted by the EU, according to IAS 34 Interim Financial Statements, and should only be read in conjunction with the annual financial statements for the year ended March 31, 2017.

The interim report was neither subject to an audit nor to a review by an auditor.

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

3 Accounting policies.

The accounting policies adopted are consistent with those of the annual financial statements for the year ended March 31, 2017, and described therein.

In the condensed interim financial information for the first half of the current fiscal year 2017/18 the following new or amended IFRS and IFRIC have been adopted:

	New/adopted IFRS	Published by the IASB and adopted by the EU	Applicable to financial years beginning on or after	Material impact on group's consolidated financial statement
IAS 12	Income Tax (Amended by Recognition of Deferred Tax Assets for Unrealised Losses)	January 2016	January 1, 2017	none
IAS 7	Cash Flow (Amendment)	January 2016	January 1, 2017	none
IFRS 12	Annual improvement to IFRS (Cycle 2014-2016): Disclosure of Interests in Other Entities (clarified the scope of the standard)	December 2016	January 1, 2017	none

The application of the new/amended standards has had no effect on the condensed consolidated interim financial statements.

IFRS 15 Revenue from Contracts with Customers restates revenue recognition and replaces the previously applicable IAS 18 and IAS 11. The new regulations are effective from the fiscal year 2018/19. Due to the analysis carried out in the first half of 2017/18 as part of the implementation project for this new standard, the Group continues to expect that, with the exception of the additional notes, no material effects on the consolidated financial statements will result implementing the new rules. However, a final assessment of the impact can only be made after the completion of the ongoing implementation project.

IFRS 9 Financial Instruments leads to amendments and innovations in the area of financial instruments and will replace the rules of IAS 39 in the future. IFRS 9 is to be applied for the first time from the financial year 2018/19. Currently, there is an analysis of future recognition and measurement. In the course of this, consideration is also given to the systematic determination of an expected loss (expected credit losses). A final assessment of the impact can only be made after the finalization of the current contract analysis.

With regard to the introduction of IFRS 16, which leads to changes in the area of leasing contracts, the phase of survey and analysis of leases held is still ongoing. A final assessment of the effects is therefore not yet possible, but we refer in particular to the comments on the obligations arising from non-terminable operating leases in the consolidated financial statements as of March 31, 2017.

4 Material accounting estimates and assumptions.

In the context of its preparation of the report on the first half of the year, the Group has made judgements, estimates and assumptions in relation to the application of accounting methods and the reported amounts of assets, liabilities, income and expenses. The actual results may differ from these estimates. All estimates and judgments are continually re-evaluated and are based on historical experience and other factors, including expectations as to future events which are believed to be reasonable under the given circumstances.

The estimates made by the Management are in line with those adopted in the consolidated financial statements as of March 31, 2017 and described therein.

Fair value measurement.

The Group bases its fair value measurement of assets and liabilities on observable market data to the greatest extent possible. The fair value can be assigned to one of various levels within a fair value hierarchy using a number of evaluation techniques. Further information on the fair value measurement of assets and liabilities can be found in note 12.

5 Risk management.

The financial risks to which Kapsch TrafficCom is exposed are generally consistent with those of the consolidated financial statements for the year ended March 31, 2017 and are described therein.

6 Segment information.

H1 2017/18 in TEUR	ETC	IMS	Total
Revenues	260,747	79,085	339,832
Operating result	32,086	-6,826	25,261

H1 2016/17 in TEUR	ETC adjusted	IMS	Total adjusted
Revenues	224,937	80,468	305,404
Operating result	34,170	-5,432	28,738

Revenues in the first half of 2016/17 were adjusted by TEUR -6.267 million due to the change in the presentation as of year end 2016/17 of agency fees for the group company "tolltickets" in the ETC segment. A reclassification was made from the cost of materials and other production services, thus the operating result is unchanged.

The following table shows those customers who contributed more than 10% of revenues in the first half of 2017/18 or in the same period of the previous year. The order of these customers is based on the amount of revenues in the current reporting period.

in TEUR		H1 2016/17		H1 2017/18		
	Revenue	ETC	IMS	Revenue	ETC	IMS
Customer 1	31,613	х		47,734	х	
Customer 2	42,031	X	x	40,547	х	х

7 Other operating expenses.

in TEUR	H1 2016/17	H1 2017/18
Legal and consulting fees	10,255	9,216
Rental expenses	8,969	8,998
Communication and IT expenses	7,692	8,959
Exchange rate losses from operating activities	1,936	6,962
Travel expenses	5,847	5,904
Maintenance	2,004	4,490
Marketing and advertising expenses	3,514	3,714
Automobile expenses	2,480	3,405
License and patent expenses	2,384	2,843
Office expenses	2,529	2,518
Insurance costs	1,779	2,334
Taxes and charges	1,295	1,567
Training costs	949	1,394
Allowance and write-off of receivables	-2,101	-954
Transport costs	779	842
Bank charges	801	769
Warranty costs and project financing	555	602
Adjustment of provision for warranties	439	539
Membership fees	278	261
Losses on disposal of non-current assets	125	118
Commissions and other fees	196	95
Damages	21	38
Other	1,284	965
	54,011	65,579

Operating exchange rate losses increased from TEUR 1,936 in the first half of 2016/17 to TEUR 6,962 in the first half of 2017/18, primarily due to exchange rate fluctuations of the currencies USD, ZAR and SEK. Higher maintenance costs and automobile expenses also contributed significantly to the increase in other operating expenses. Allowance and write-off of receivables in the first half of 2016/17 related to higher impairments from companies acquired in the previous year.

8 Income taxes.

Income taxes relate to current taxes and to deferred tax assets and deferred tax liabilities. Applying the Austrian corporate tax rate of 25% to the Group's pre-tax result gives rise to the theoretical value for the tax expense/income. During the year, an effective tax rate of 25% is used. At year end, the effective tax expense/income differs from the above due to, among others, different tax regimes in the various countries, the treatment of tax losses, tax allowances and permanent differences.

9 Other comprehensive income.

H1 2017/18 in TEUR	Before taxes	Tax expense/ income	After taxes
Fair value gains/losses on available-for-sale financial assets:			
Unrealized gains/losses in the current period	750	8	758
Gains/losses recognized in the result for the period	0	0	0
Currency translation differences	2,812	0	2,812
Currency translation differences from net investments in foreign operations	-4,254	1,063	-3,190
Fair value adjustments of cash flow hedges	37	0	37
Fair value changes recognized in equity	-655	1,072	417

The unrealized gains/losses on available-for-sale financial assets recognized in the first half of the fiscal year 2017/18 amounting to TEUR -31 relate to fair value changes of available-for-sale securities, that have been recognized through other comprehensive income in equity. Fluctuations in the fair value of the investment in Q-Free ASA, Norway, in the amount of TEUR 781 are included in other comprehensive income in the first half of 2017/18.

H1 2016/17 in TEUR	Before taxes	Tax expense/ income	After taxes
Fair value gains/losses on available-for-sale financial assets:			
Unrealized gains/losses in the current period	-2,390	-18	-2,408
Gains/losses recognized in the result for the period	1,597	0	1,597
Currency translation differences	-2,011	0	-2,011
Currency translation differences from net investments in foreign operations	825	-206	619
Fair value changes recognized in equity	-1,980	-224	-2,204

The unrealized gains/losses on available-for-sale financial assets recognized in the first half of the fiscal year 2016/17 amounting to TEUR -2,461 relate to fair value changes on the investment in Q-Free ASA, Norway. Due to the ongoing unfavorable development of the share price up to the first half of the fiscal year 2016/17 the contained net gains, together with net losses that have been recognized through other comprehensive income in equity in the amount of TEUR 865 up to September 30, 2016, were recognized as impairment in the result for the period (TEUR -1,597; reclassification from other comprehensive income to the result for the period).

10 Capital expenditure.

in TEUR	H1 2016/17	H1 2017/18
Carrying amount as of March 31 of prior year	85,778	95,126
Additions	11,287	2,657
Additions from business combinations	7,513	5,124
Disposals	-884	-311
Impairment	0	0
Depreciation, amortization and other movements	-8,618	-7,546
Currency translation differences	279	-1,226
Carrying amount as of September 30 of fiscal year	95,356	93,825

11 Interests in associates and joint ventures.

in TEUR	H1 2016/17	H1 2017/18	
Carrying amount as of March 31 of prior year	1,917	2,131	
Additions from business combinations	2	0	
Additions	0	4,039	
Disposal	0	0	
Share in operating result	0	0	
Loss from revaluation of shares due to business combination	0	-563	
Disposal due to acquisition of remaining shares	0	-1,370	
Share in result from financial investments	29	-124	
Currency translation differences	6	-72	
Carrying amount as of September 30 of fiscal year	1,954	4,040	
thereof shares in associates	1,953	0	
thereof interests in joint ventures	1	4,040	

Shares in associates.

LLC National operator of telematic services.

On December 3, 2015, together with a partner, the Group founded the Russian company LLC National operator of telematics services and holds an interest of 49%. The company is classified as an associated company. Therefore the investment is accounted for using the equity method. As of September 30, 2017, the book value of the interest amounts to TEUR 0 (September 30, 2016: TEUR 0).

Simex, Integración de Sistemas, S.A.P.I. de C.V.

On July 31, 2012, the Group acquired 33% of the shares in Simex, Integración de Sistemas, S.A.P.I. de C.V., Mexico (hereinafter referred to as Simex). The investment was accounted for using the equity method.

On July 18, 2017, a capital reduction was approved at Simex, whereby Kapsch TrafficCom did not participate and thus holds 39.97% of Simex as of July 18, 2017, before acquiring the remaining shares. The shares were measured at fair value as of July 18, 2017 based on a company valuation of TEUR 1,370 and have been disposed as associated company with this value. The revaluation of the shares as a result of the business combination resulted in a loss of TEUR -563, which is included in the result from associated companies.

On July 18, 2017, the remaining shares were acquired, so that Kapsch TrafficCom now holds 100% of the shares and the company is fully consolidated as of July 18, 2017 (see note 17).

Proportionate results from associated companies are shown in result before income taxes after the financial result.

Interests in joint ventures.

Consortia.

The position "investments in joint ventures" includes shares in the Italian consortia Consorzio 4trucks and MyConsorzio, which were acquired on July 1, 2016 as part of the acquisition of the shares in tolltickets GmbH, Germany. The investment is accounted for using the equity method. The book value of the shares as of September 30, 2017 amounted to TEUR 1 (September 30, 2016: TEUR 0). Proportional results from these joint ventures are reported in result before income taxes.

Intelligent Mobility Solutions Limited, Zambia.

The addition to the interests in joint ventures relates to the acquisition of 50% of Intelligent Mobility Solutions Limited in Zambia on August 30, 2017. The company is responsible for the planning, construction and operation of traffic monitoring, speed and vehicle control systems and solutions as well as the registration of vehicles. The investment is accounted for using the equity method. As the activities and strategy of this company are part of the core business of Kapsch TrafficCom, the proportional results from this joint venture are reported in the result from operating activities, whereby no result has been generated since the acquisition, yet.

12 Current and non-current financial assets.

in TEUR	March 31, 2016	Sep. 30, 2016	March 31, 2017	Sep. 30, 2017
Other non-current financial assets and investments	18,651	18,837	18,364	23,214
Other current financial assets	97	956	3,638	2,939
	18,748	19,793	22,002	26,153

Other non-current financial assets and investments.

in TEUR	Available- for-sale securities	Available- for-sale investments	Other investments	Other non-current financial assets	Total
Carrying amount as of March 31, 2017	3,602	11,683	2,785	293	18,364
Additions	0	0	4,302	258	4,560
Disposals	-70	0	-1	0	-71
Impairment	0	-47	0	0	-47
Change in fair value	-31	781	0	0	750
Currency translation differences	0	0	-327	-15	-342
Carrying amount as of September 30, 2017	3,501	12,417	6,759	536	23,214

in TEUR	Available- for-sale securities	Available- for-sale investments	Other investments	Other non-current financial assets	Total
Carrying amount as of March 31, 2016	3,723	14,825	4	99	18,651
Additions from business combinations	0	0	0	14	14
Additions	0	0	2,422	130	2,551
Disposals	0	0	0	0	0
Change in fair value	71	-2,461	0	0	-2,390
Currency translation differences	0	0	10	1	11
Carrying amount as of September 30, 2016	3,794	12,363	2,436	243	18,837

As of September 30, 2017, as prior year, **available-for-sale securities** relate to government and bank bonds as well as to shares in investment funds.

As of September 30, 2017, **investments classified as available-for-sale** relate to a 15.4% investment in the listed company Q-Free ASA, Norway (September 30, 2016: 19.26%).

Additions in **other investments** in the first half of the financial year 2017/18 include the acquisition of a minority interest in Traffic Technology Services Inc., U.S.A., in the amount of TEUR 2,543 and the acquisition of further minority interests in ParkJockey Global Inc., U.S.A., in the amount of TEUR 1,759. The addition in other investments in the first half of fiscal year 2016/17 relates to the acquisition of non-controlling interests in ParkJockey Global, Inc., U.S.A.

Other current financial assets.

in TEUR	Available-for-sale securities	Current Ioans	Other	Total
Carrying amount as of March 31, 2017	0	1,477	2,161	3,638
Additions	0	22	73	95
Disposals	0	-539	0	-539
Change in fair value	0	0	0	0
Currency translation differences	0	-19	-235	-254
Carrying amount as of September 30, 2017	0	940	1,999	2,939

in TEUR	Available-for-sale securities	Current Ioans	Other	Total
Carrying amount as of March 31, 2016	0	97	0	97
Additions from business combination	0	1,270	0	1,270
Additions	0	95	0	95
Disposals	0	-1,075	0	-1,075
Change in fair value	0	0	0	0
Currency translation differences	0	568	0	568
Carrying amount as of September 30, 2016	0	956	0	956

In the first half of the fiscal year 2017/18, the disposals of the current loans mainly relate to the repayment of current loans in Spain.

In the first quarter of the fiscal year 2016/17, the additions of the current loans mainly relate to the acquisition of the entities of Kapsch TrafficCom Transportation.

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, 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:

in TEUR	Level 1 Quoted prices	Level 2 Observable market data	Level 3 Not based on observable market data	Sep. 30, 2017
Non-current financial assets				
Available-for-sale securities	2,908	593	0	3,501
Available-for-sale investments	12,417	0	0	12,417
	15,326	593	0	15,919
Current financial assets				
Available-for-sale securities	0	0	0	0
	0	0	0	0
Total	15,326	593	0	15,919

As of September 30, 2017, other non-current financial assets amounting to TEUR 536, other investments amounting to TEUR 6,759 as well as other current financial assets amounting to TEUR 2,939 were recognized at amortized cost.

in TEUR	Level 1 Quoted prices	Level 2 Observable market data	Level 3 Not based on observable market data	Sep. 30, 2016
Non-current financial assets				
Available-for-sale securities	3,068	726	0	3,794
Available-for-sale investments	12,363	0	0	12,363
	15,432	726	0	16,158
Current financial assets				
Available-for-sale securities	0	0	0	0
	0	0	0	0
Total	15,432	726	0	16,158

As of September 30, 2016, other non-current financial assets amounting to TEUR 243, other investments amounting to TEUR 2,436 as well as other current financial assets amounting to TEUR 956 were recognized at amortized cost.

Derivative financial instruments.

As of September 30, 2017, trade receivables and other current assets include derivative financial instruments that are measured at fair value through profit or loss amounting to TEUR 93 (September 30, 2016: TEUR 51) and derivative financial instruments designated as cash flow hedges amounting to TEUR 1 (September 30, 2016: TEUR 0).

As of September 30, 2017, other current liabilities and accruals include derivative financial instruments that are measured at fair value through profit or loss amounting to TEUR -151 (September 30, 2016: TEUR -684) and derivative financial instruments designated as cash flow hedges amounting to TEUR -18 (September 30, 2016: TEUR 0).

The change in financial instruments designated as cash flow hedges has been reported in other comprehensive income. The derivative financial instruments are classified under Level 2 in the fair value hierarchy

13 Share capital.

The registered share capital of the company amounts to EUR 13,000,000. The share capital is fully paid in. The total number of ordinary shares issued is 13,000,000. The shares are ordinary bearer shares and have no par value.

14 Financial liabilities.

in TEUR	March 31, 2016	Sep. 30, 2016	March 31, 2017	Sep. 30, 2017
Non-current financial liabilities	85,734	148,201	97,482	94,560
Current financial liabilities	21,349	26,523	97,902	99,739
	107,083	174,724	195,384	194,299

Movements in financial liabilities are analyzed as follows:

in TEUR	Non-current financial liabilities	Current financial liabilities	Total
Carrying amount as of March 31, 2017	97,482	97,902	195,384
Reclassification	-1,807	1,807	0
Additions	19	3,142	3,161
Additions from business combinations	152	1,832	1,984
Repayments	0	-2,907	-2,907
Currency translation differences	-1,286	-2,037	-3,323
Carrying amount as of September 30, 2017	94,560	99,739	194,299

Non-current financial liabilities mainly relate to the promissory note bond ("Schuldscheindarlehen"). Details to tranches, maturity periods and interest rates are shown in the table below:

Tranche	Interest rate	Interest fixing and interest payment	Repayment
EUR 26 mn	1.22%	yearly	June 16, 2021
EUR 4.5 mn	6M EURIBOR + 120 Bp	semi-annual	June 16, 2021
USD 14.5 mn	3M LIBOR + 170 Bp	quarterly	June 16, 2021
EUR 23 mn	6M EURIBOR + 150 Bp	semi-annual	June 16, 2023
EUR 8.5 mn	2.26%	yearly	June 16, 2026

in TEUR	Non-current financial liabilities	Current financial liabilities	Total
Carrying amount as of March 31, 2016	85,734	21,349	107,083
Reclassification	-15,169	15,169	0
Additions	77,285	1,816	79,101
Additions from business combinations	0	0	0
Repayments	0	-11,963	-11,963
Currency translation differences	351	153	504
Carrying amount as of September 30, 2016	148,201	26,523	174,724

Fair values and gross cash flows (including interests) of financial liabilities are as follows:

in TEUR	Sep. 30, 2016	Sep. 30, 2017	
Carrying amount	174,724	194,299	
Fair value	177,216	189,345	
Gross cash flows			
In the next 6 months	9,897	77,815	
In the next 7 to 12 months	21,171	23,945	
Total up to 1 year	31,068	101,760	
Between 1 and 2 years	78,562	5,695	
Between 2 and 3 years	1,218	4,961	
Between 3 and 4 years	1,218	47,313	
Between 4 and 5 years	44,249	4,146	
More than 5 years	31,036	35,587	
	187,353	199,462	

The classification of financial liabilities is as follows:

in TEUR	Level 1 Quoted prices	Level 2 Observable market data	Sep. 30, 2017
Corporate bond	71,137	0	71,137
Promissory note bond	0	71,820	71,820
Other financial liabilities	0	46,388	46,388
Total	71,137	118,208	189,345

in TEUR	Level 1 Quoted prices	Level 2 Observable market data	Sep. 30, 2016
Corporate bond	73,297	0	73,297
Promissory note bond	0	70,466	70,466
Other financial liabilities	0	33,453	33,453
Total	73,297	103,919	177,216

The fair value of the other financial liabilities (Level 2) was derived through discounting the gross cash flows over the contracted term at a riskadjusted interest rate.

15 Liabilities from post-employment benefits to employees.

in TEUR	March 31, 2016	Sep. 30, 2016	March 31, 2017	Sep. 30, 2017
Termination benefits	9,505	9,419	9,858	9,900
Pension benefits	14,603	14,352	14,088	13,693
	24,107	23,771	23,946	23,593

Termination benefits.

This item primarily comprises legal and contractual claims for the payment of one-off termination benefits on the part of employees in Austria or their dependents, with such claims arising, in particular, upon the termination by the employer of an employee's employment, an amicable termination of an employee's employment, or the retirement or death of an employee. Where any such obligations to make such termination payments exist, the Group will bear the risk of inflation associated with salary adjustments resulting in larger amounts of such termination benefits. In the case of employees having entered the employ of Kapsch TrafficCom in Austria after December 31, 2002, contributions are made into an external employee pension fund on a monthly basis, with the result that the Group will not generally be subject to any obligations to make termination payments with regard to such employees.

Pension benefits.

The reported pension obligations relate solely to retired employees. All pension arrangements are based on the final salary, take the form of monthly pension benefits and are not covered by any external plan assets (funds). The Group bears the risk of longevity and rising pensions in this connection. Furthermore, contributions are paid into an external pension fund by way of voluntary social benefits on behalf of active employees of the Group.

16 Provisions.

in TEUR	March 31, 2016	Sep. 30, 2016	March 31, 2017	Sep. 30, 2017
Non-current provisions	1,396	8,868	9,993	9,779
Current provisions	8,946	8,776	17,640	13,069
	10,341	17,644	27,633	22,848

in TEUR	March 31, 2017	Addition from business combina- tions	Addition from accu- mulation	Addition	Utilization	Disposal	Reclassi- fication	Currency translation differences	Sep. 30, 2017
Obligations from									
anniversary bonuses	1,249	139	7	4	0	-7	0	-9	1,385
Warranties	1,516	0	0	0	0	0	-443	0	1,072
Projects									
(excl. impending losses)	872	0	0	0	0	0	-131	0	741
Legal fees, costs of litigation									
and contract risks	61	0	0	0	0	0	110	0	170
Costs of dismantling,									
removing and restoring assets	137	0	0	0	0	0	-30	0	107
Other non-current provisions	6,158	599	0	185	0	-6	68	-702	6,303
Non-current provisions,									
total	9,993	738	7	190	0	-13	-426	-710	9,779
Warranties	1,371	0	0	177	-23	-40	443	-71	1,857
Projects									
(excl. impending losses)	10,430	0	0	9	-4,006	-59	131	-231	6,274
Legal fees, costs of litigation									
and contract risks	4,645	0	0	6	-95	-3	-110	-417	4,027
Costs of dismantling,									
removing and restoring assets	19	0	0	0	0	0	30	-15	34
Other current provisions	1,176	73	0	118	-229	-48	-68	-144	877
Current provisions, total	17,640	73	0	309	-4,353	-149	426	-878	13,069
Total	27,633	811	7	499	-4,353	-162	0	-1,588	22,848

in TEUR	March 31, 2016	Addition from business combina- tions	Addition from accu- mulation	Addition	Utilization	Disposal	Reclassi- fication	Currency translation differences	Sep. 30, 2016
Obligations from									
anniversary bonuses	1,186	0	0	0	0	0	0	0	1,186
Warranties	0	0	0	0	0	0	1,632	0	1,632
Projects (excl. impending losses)	0	1,881	0	0	0	0	46	258	2,185
Legal fees, costs of litigation and contract risks	0	2,551	0	0	0	0	374	350	3,274
Costs of dismantling, removing and restoring assets	0	0	0	0	0	0	141	0	141
Other non-current provisions	210	125	0	90	0	-24	37	11	449
Non-current provisions,									
total	1,396	4,557	0	90	0	-24	2,230	619	8,868
Warranties	2,113	0	0	84	-9	-85	-1,632	-22	449
Projects (excl. impending losses)	3,196	5,554	0	152	-590	-1,906	-46	535	6,894
Legal fees, costs of litigation and contract risks	3,349	142	0	4,006	-6,440	0	-374	61	743
Costs of dismantling,									
removing and restoring assets	156	0	0	0	0	0	-141	3	18
Other current provisions	132	676	0	222	-167	-191	-37	37	672
Current provisions, total	8,946	6,372	0	4,464	-7,206	-2,182	-2,230	613	8,776
Total	10,341	10,928	0	4,554	-7,206	-2,205	0	1,232	17,644

17 Business combinations and other changes in the scope of consolidation.

Simex, Integración de Sistemas, S.A.P.I. de C.V.

On July 18, 2017, Kapsch TrafficCom AG purchased the remaining 60.03% of the Mexican company Simex, Integración de Sistemas S.A.P.I. de C.V., Mexico (hereinafter referred to as Simex). Simex is a major provider of intelligent transport systems (ITS), including hardware and software solutions. In 2012, 33% of Simex have already been acquired by the Group. These shares were increased by a capital reduction on July 18, 2017 to 39.97%, in which the Group did not participate. Up to now, Simex has been included in the result from associates (see note 11).

The fair value of the acquired identifiable assets and liabilities assumed by Simex at the acquisition date are shown as follows (provisionally determined):

	Fair value
Property, plant and equipment	48
Intangible assets	5,000
Inventories	3,166
Receivables and other current assets	2,057
Cash and cash equivalents	49
Non-current financial liabilities	-152
Non-current provisions	-738
Deferred tax liabilities	-1,040
Current financial liabilities	-1,832
Trade payables	-1,505
Other liabilities and deferred income	-1,615
Current provisions	-73
Net assets acquired	3,365

The difference between the purchase price, the fair value of the shares previously held and the fair value of the net assets acquired is calculated as follows (provisionally determined):

Consideration	
Consideration paid	1,066
Consideration not yet due	1,005
Fair value of the previously held shares	1,370
Less fair value of net assets acquired	-3,365
Goodwill	76

The above description is based on a preliminary purchase price allocation. The values may change due to the ongoing assessment.

The purchase price consists of a payment in July in the amount of TEUR 1,066 and a payment due on March 29, 2019 in the amount of TEUR 1,045, which was discounted. The cash and cash equivalents acquired in the context of the acquisition amounted to TEUR 49, the preliminary net cash outflow in the first half of the fiscal year 2017/18 from the acquisition amounted to TEUR 1,017. The transaction costs directly attributable to the acquisition amounted to TEUR 141 and were recognized in the income statement and in cash flow from operating activities.

The goodwill amounting to TEUR 76 was allocated to the cash-generating unit ETC-Americas.

The acquired company contributed revenue of TEUR 1,324 and a net loss of TEUR -610 to the result of the Group for the period from July 18, 2017 to September 30, 2017.

Other changes in the scope of consolidation.

In the first half year of 2017/18, a total of 17.1% of the shares of TMT Services and Supplies (Pty) Ltd., South Africa, was distributed indirectly via MobiServe Pty Ltd., South Africa, to an "Employee Participation Scheme Trust", in which all group employees in South Africa on a voluntary basis can participate in the company success of the TMT. This measure aimed at increasing the motivation of the employees as well as the competitiveness of the company within the framework of the BBBEE evaluation in South Africa. This indirectly also reduced the share of Electronic Toll Collection (PTY) Ltd, South Africa. The effects of the change in the shares as well as the assessment of the changed control rights are provisional and may be adjusted after final assessment.

At the beginning of September 2017, Kapsch TrafficCom S.A.S. in Colombia was founded.

At the end of September 2017, the remaining share (1%) of Kapsch TrafficCom Construction & Realization spol. s.r.o. was acquired from the Kapsch Group.

18 Contingent liabilities and other commitments.

Most of the contingent liabilities of Kapsch TrafficCom result from largescale projects, with the remainder relating to both performance guarantees and warranty obligations, sureties and performance bonds issued by Kapsch TrafficCom, as well as guarantees and bid bonds issued by third parties (usually banks or loan insurance companies). Where contractual obligations are not complied with, there will be a risk of corresponding claims being brought by the customer in question, and the bank or insurance company will have a right of recourse against the Group in such a case.

The contingent and other liabilities, in line with standard industry practice, solely comprise obligations owed to third parties as follows:

in TEUR March 31, 2017	Sep. 30, 2017
Contract, warranty, performance and bid bonds	
South Africa (toll collection systems) 42,134	37,632
Australia (toll collection systems) 22,428	20,663
Other 416	3,194
Total 64,978	61,489

Outflows of resources in connection with other liabilities amounting to TEUR 358,211 (March 31, 2017: TEUR 369,605), the actual occurrence of which is considered to be unlikely, are not reported on the balance sheet or under contingent liabilities.

19 Related parties.

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

in TEUR	H1 2016/17	H1 2017/18
Affiliated companies outside the Kapsch TrafficCom		
Revenues	3,919	3,291
Expenses	14,713	14,347
Other related parties		
Revenues	83	86
Expenses	49	42

in TEUR	March 31, 2017	Sep. 30, 2017
Affiliated companies outside the Kapsch TrafficCom		
Trade receivables and other assets	1,926	3,760
Trade payables and other payables	12,398	8,991
Liabilities from share purchase	3,465	3,473
Other related parties		
Trade receivables and other assets	15	0
Trade payables and other payables including pension benefits	12,765	11,695

At the end of September 2017, the remaining share (1%) of Kapsch TrafficCom Construction & Realization spol. s.r.o. was acquired from the Kapsch Group (see note 17).

The members of the Executive and Supervisory Boards have management functions or are members in Supervisory Boards of other companies of Kapsch Group.

A comprehensive presentation of the different relationships with related parties is represented in note 34 of the annual financial statements for 2016/17.

20 Events occurring after September 30, 2017.

On October 10, 2017, Kapsch TrafficCom was announced as the winner of the public tender for the construction, technical equipment and technical support of the nation-wide toll collection system for trucks over 3.5 tons and the contract for the introduction of the eVignette for passenger cars in Bulgaria. The project has a volume of approximately EUR 75 million and a term of 19 months from the date of signature of the contract.

At the beginning of November 2017, the corporate bond issued in 2010 was redeemed on schedule.

No further materials events have occurred after September 30, 2017.

Vienna, November 28, 2017

The Executive Board

Mag. Georg Kapsch Chief Executive Officer

Dipl.-Betriebsw. André Laux Executive Board member

andré Jana Alexande Lowald

Dr.-Ing. Alexander Lewald Executive Board member

Financial calendar.

February 28, 2018	Results Q1-Q3 2017/18
June 18, 2018	Results FY 2017/18
August 23, 2018	Results Q1 2018/19
August 27, 2018	Record date: Annual General Meeting
September 6, 2018	Annual General Meeting
September 10, 2018	Dividend ex date
September 11, 2018	Record date: dividend
September 13, 2018	Dividend payment date
November 21, 2018	Results H1 2018/19
February 21, 2019	Results Q1-Q3 2018/19

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Website	www.kapschtraffic.com

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Kapsch TrafficCom

Kapsch TrafficCom is a provider of intelligent transportation systems in the fields of tolling, traffic management, smart urban mobility, traffic safety and security, and connected vehicles. As a one-stop solutions provider, Kapsch TrafficCom offers end-to-end solutions covering the entire value creation chain of its customers, from components and design to the implementation and operation of systems. The mobility solutions supplied by Kapsch TrafficCom help make road traffic safer and more reliable, efficient, and comfortable in urban areas and on highways alike while helping to reduce pollution.

Kapsch TrafficCom is an internationally renowned provider of intelligent transportation systems thanks to the many projects it has brought to successful fruition in more than 50 countries around the globe. The family-owned company is headquartered in Vienna, Austria and in 2017 celebrated 125 years of successfully developing and implementing new technologies for the benefit of its customers. As part of the Kapsch Group, Kapsch TrafficCom has subsidiaries and branches in more than 30 countries. It has been listed in the Prime Market of the Vienna Stock Exchange since 2007 (ticker symbol: KTCG). Kapsch TrafficCom has more than 4,800 employees, and generated revenue of EUR 648.5 million in fiscal year 2016/17.

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