Annual Financial Statements
Fiscal year 2014/15.

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Contents

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Management Report.

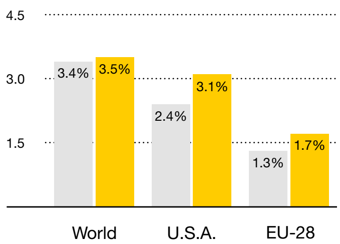
Kapsch TrafficCom AG on the Consolidated Financial Statements as of 31 March 2015.

1 Economic climate.

1.1 General economic situation

Global economy

GDP growth
(in %)



2014 2015e
Source: IMF World Economic Outlook

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

U.S.A.

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

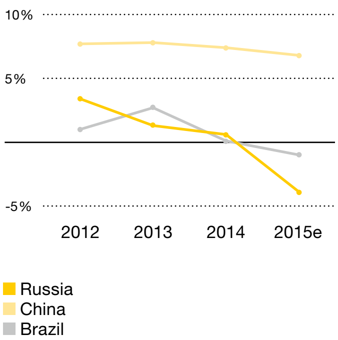
Emerging Markets and Developing Economies

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

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

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

GDP growth 2012-2015
(in %)



Source: IMF World Economic Outlook

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 %.

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

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

Austria recorded GDP growth of only 0.3 % in 2014.

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

1.2 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:

The ITS market comprises 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.

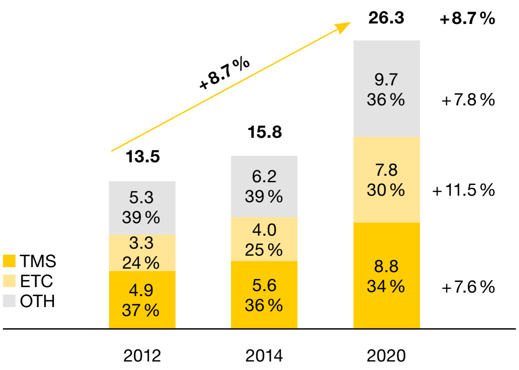
Market volume and growth

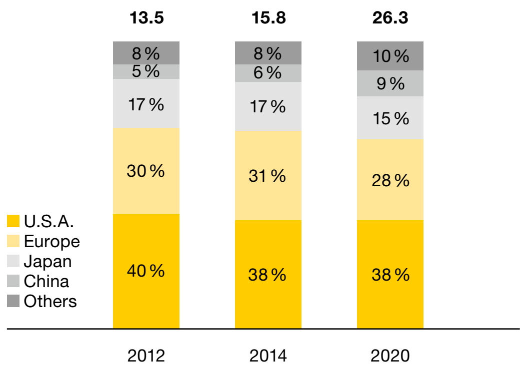
The global volume of the ITS market is estimated at USD 15.8 billion in 2014.

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)



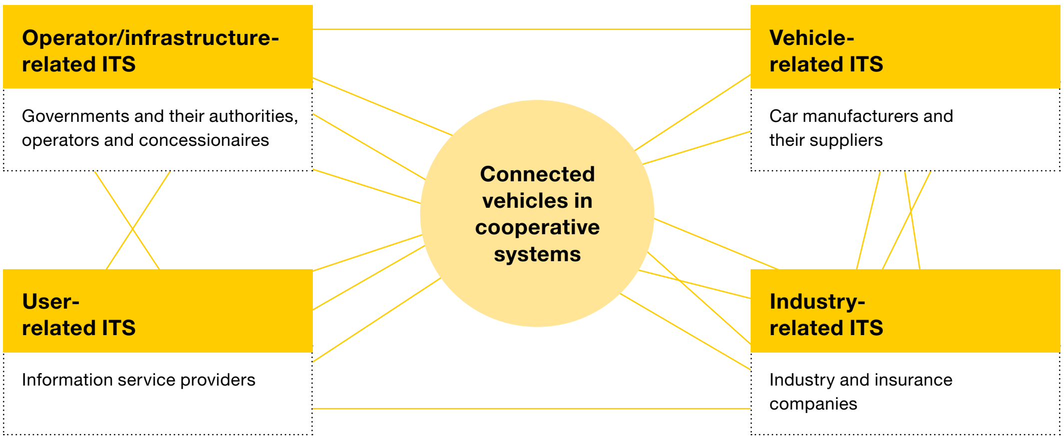


The past three years have shown that trends on the ITS market have arisen – in part due to economic conditions – that significantly influenced the developments. Due to a lack of current studies, it is difficult to estimate how much the actual market volume deviates from these forecasts from the year 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 5.9 GHz 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.

Market positioning

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

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:

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

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 5.8 GHz 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 predominantely based on 5.8 GHz according to the Comité Européen de Normalisation (CEN) standard, electronic toll collection systems in North America are based on proprietary protocols in the 915 MHz band. In addition to the toll application, the communication standard 5.9 GHz 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

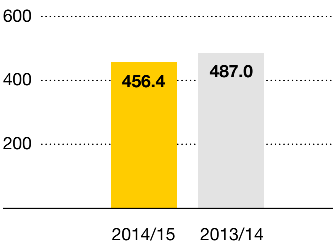
The product and customer segments of the ITS market are increasingly merging with the incremental convergence

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:

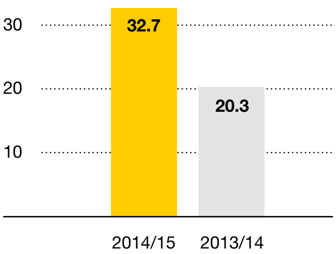
- On 27 August 2014, the new company Kapsch TrafficCom KGZ, Bishkek, Kyrgyzstan, was founded.
- On 10 September 2014, Kapsch TrafficCom Lietuva, Vilnius, Lithuania, was founded jointly with a local partner.
- On 31 March 2015, KTCSL Merger Corp., Delaware, U.S.A., was founded.

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 alloted 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 %).

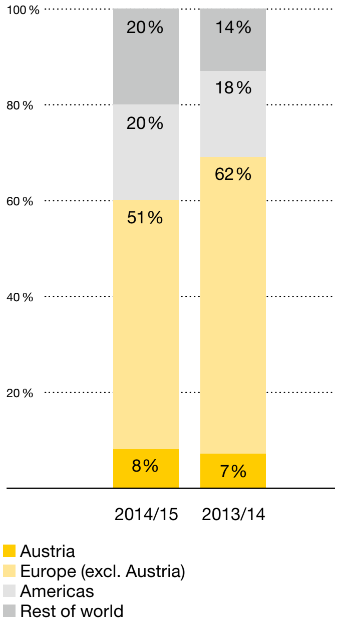
The segment SEC contributed 81.6 % to the total revenue.

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

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.

Revenues by region
(in %)



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.

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

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.

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

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.

Innovative products with added value for the environment and society

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

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.

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.

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

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.

Art Calendar 2015

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).

Risk management entails the analysis of risks and opportunities.

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.

Industry-specific risks

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

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).

Technical challenges and tight schedules produce typical project risks.

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

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

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.

Personnel risks

Kapsch TrafficCom addresses personnel risk with attractive offers.

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 continously improve the ICS within the Kapsch TafficCom 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	André Laux
Chief Executive Officer	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	André Laux
Chief Executive Officer	Chief Operating Officer

Additional information pursuant to Section 82 Para. 4 No. 3 BörseG. (Austrian Stock Exchange Act)

Board member	Area of responsibility
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
André Laux Member/COO	Sales Region 1 and 2[1], Production & Logistics and Delivery & Operations

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

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, 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, Kygryzstan, Kapsch TrafficCom Lietuva, Vilnius, Lithuania as well as KTCSL Merger Corp., Delaware, U.S.A., were newly founded.

In the fiscal year 2014/15 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 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:

	Average exchange rate		Exchange rate as at the balance sheet date	
Exchange rates to the euro	**2014/15**	**2013/14**	**2014/15**	**2013/14**
AUD	1.452	1.440	1.415	1.494
CAD	1.440	1.414	1.374	1.523
CZK	27.580	26.421	27.533	27.442
PLN	4.181	4.216	4.085	4.172
SEK	9.213	8.739	9.290	8.948
USD	1.265	1.338	1.076	1.379
ZAR	13.950	13.617	13.132	14.588

In the fiscal year 2011/12, Kapsch Telematic Services IOOO, Minsk, Republic of Belarus, was founded. As at the balance sheet date of 31 March 2015, the Republic of Belarus is still classified as a hyperinflationary economy. The group analyzed if IAS 29 (Financial reporting in hyperinflationary economies) had to be applied to the subsidiary. Since the euro, and not the Belorussian ruble (BYR), is the functional currency, the classification of the Republic of Belarus as a hyperinflationary economy has no impact on the accounting of the Belorussian subsidiary and thus also does not affect the present consolidated financial statements. IAS 29 is therefore not applied.

4.2 Foreign currency transactions

Transactions in foreign currencies are translated into the functional currency at the exchange rate as at the transaction date or, in case of new measurements, as at the time of the measurement. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies are recognized in the statement of comprehensive income. Non-monetary items in the balance sheet are translated at historical exchange rates; non-monetary items which were recognized at their lower net realizable value are translated at the exchange rate prevailing at the time of measurement.

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

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

5 Risk management.

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

5.1 Foreign exchange risk

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

	Austria	Europe (excl. Austria)	America	Rest of World	Consolidated group
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):

	Austria	Europe (excl. Austria)	America	Rest of World	Consolidated group
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**

Other non-current financial assets and investments	**Available-for-sale securities**	**Available-for-sale investments**	**Other non-current financial assets**	**Total**
Carrying amount as of 31 March 2013	**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**

Other current financial assets	**Available-for-sale securities**	**Other**	**Total**
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 Group's share	31 March 2015 Non-controlling interests	31 March 2014 Group's share	31 March 2014 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 %	–	–
Kaspch 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 %
Kapsch TrafficCom Chile S.A., Santiago de Chile, Chile	KTC Chile	100.0 %	0.0 %	100.0 %	0.0 %

Entity, Headquarter of Entity	Internal designation	31 March 2015 Group's share	31 March 2015 Non-controlling interests	31 March 2014 Group's share	31 March 2014 Non-controlling interests
Kapsch TrafficCom 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 intercomany eliminations					
Information on the balance sheet as of 31 March 2015	**Non-current assets**	**Current assets**	**Non-current liabilities**	**Current liabilities**	**Net**	**Carrying amount of non-controlling interests**
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 intercomany eliminations					
Information on the balance sheet as of 31 March 2014	**Non-current assets**	**Current assets**	**Non-current liabilities**	**Current liabilities**	**Net**	**Carrying amount of non-controlling interests**
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:

	Amouts before intercompany eliminations				Amounts after consolidations		
Information on the statement of comprehensive income 2014/15	**Revenues**	**Result for the period**	**Other comprehensive income**	**Total comprehensive income**	**Result for the period**	**Other comprehensive income**	**Total comprehensive 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**

	Amouts before intercompany eliminations				Amounts after consolidations		
Information on the statement of comprehensive income 2013/14	**Revenues**	**Result for the period**	**Other comprehensive income**	**Total comprehensive income**	**Result for the period**	**Other comprehensive income**	**Total comprehensive 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				
Information on the cashflow statement 2014/15	**Operations**	**Investing activities**	**Financing activities**	**Cash Net-Increase/decrease**	**Dividends paid to non-controlling shareholders**
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**

Information on the cashflow statement 2013/14	Cashflow from Operations	Investing activities	Financing activities	Cash Net-Increase/decrease	Dividends paid to non-controlling shareholders
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 softwaretool 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 Semmernegg (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.

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

Kapsch TrafficCom AG, Vienna

always one step ahead

Management Report

Kapsch TrafficCom AG, Vienna as of 31 March 2015

1 Economic climate.

1.1 General economic situation

Global economy

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

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

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

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

Europe

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. The key interest rate has been lowered to a record low of 0.05 % and the selective granting of long-term loans to banks was encouraged. In addition, a comprehensive purchase program of covered bonds and asset-backed securities was initiated. 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). 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, October 2012, 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 ITS) 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

Global Industry Analysts (October 2012) estimated that the global volume of the ITS market amounted to USD 16.8 billion in 2014 and is expected to continue growing. The largest product segment in 2014 was Other Intelligent Transportation Systems, accounting for almost 39 % (USD 6.5 billion). Based on a worldwide volume of about USD 4.4 billion, ETC had an ITS market share of about 26 %. The largest geographic region for ITS in 2014 was the U.S.A. at 40 %, followed by Europe at 29 %.

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

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

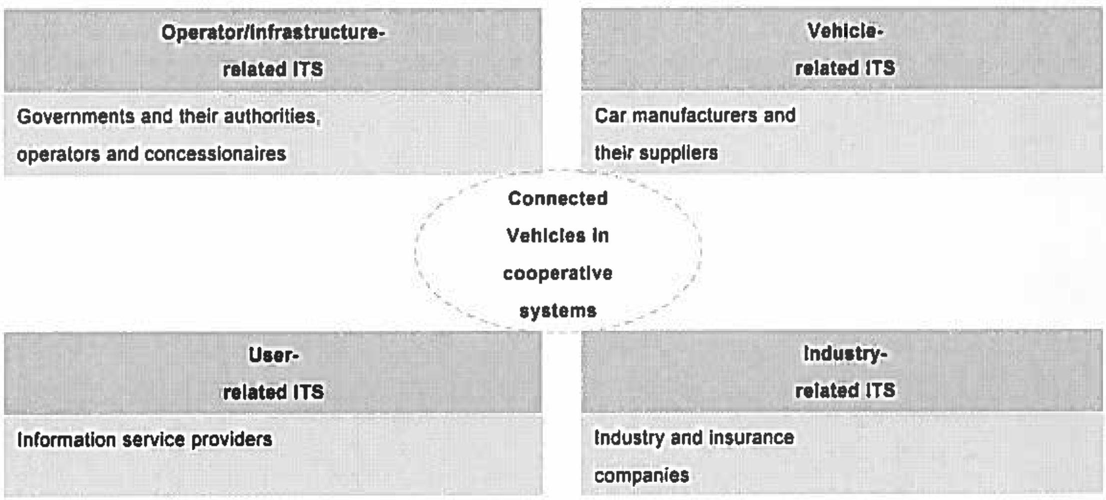
2009	2014	2018
TMS: 4.2 (39%)	TMS: 5.9 (35%)	TMS: 7.5 (33%)
ETC: 2.5 (23%)	ETC: 4.4 (26%)	ETC: 6.8 (30%)
OTH: 4.1 (38%)	OTH: 6.5 (39%)	OTH: 8.5 (37%)
10.7	16.8	22.8

2009	2014	2018
U.S.A.: 42%	U.S.A.: 40%	U.S.A.: 44%
Europe: 28%	Europe: 29%	Europe: 27%
Japan: 16%	Japan: 16%	Japan: 11%
China: 5%	China: 6%	China: 10%
Other: 9%	Other: 9%	Other: 8%
10.7	16.8	22.8

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 current market volume deviates from these forecasts from the year 2012.

Customer segments

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.



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 5.9 GHz 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.

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. As communication platform, the 5.9 GHz technology will allow to make use of several applications within the „connected vehicle".

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 5.8 GHz according to the Comité Européen de Normalisation (CEN) standard, electronic toll collection systems in North America are based on proprietary protocols in the 915 MHz band. In addition to the toll application, the communication standard 5.9 GHz 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

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), collectively abbreviated "V2X" in English. The driving forces in this convergence are governments and the automotive industry.

2. Economic situation of Kapsch TrafficCom AG

2.1 General situation

In fiscal year 2014/15, Kapsch TrafficCom AG generated net sales in the amount of EUR 144.7 million, meaning a decline of 18.4 % year on year. The segment Services, System Extensions, Components Sales (SEC) contributed 72.5 % to the generated net sales and thus represents the recurring part of business. At 27.5 %, the segment Road Solution Projects (RSP), representing the project business, contributed less to net sales compared to the previous fiscal year.

In Austria, about 2,200 km of highways and expressways are equipped with fully electronic toll systems for trucks above a maximum authorized vehicle weight of 3.5 tons, with Kapsch TrafficCom AG delivering the complete central and roadside infrastructure for almost 490 toll stations and now about 1 million on-board units (GO boxes) since 2004. As in the previous year, the average toll transaction rate generated in Austria remained at the high prior-year percentage of 99.8 %. On 27 September 2011, the company reached a basic agreement with ASFINAG Maut Service GmbH to renew the current operation and maintenance agreement for the nationwide electronic truck toll collection system in Austria until the end of 2018, with the renewal until June 2017 having already been ultimately confirmed by ASFINAG Maut Service GmbH.

The following changes and events subject to Austrian corporate law occurred in fiscal year 2014/15:

- On 27 August 2014, Kapsch TrafficCom KGZ, Bishkek, Kyrgyzstan, was re-established.
- On 10 September 2014, Kapsch TrafficCom Lietuva, Vilnius, Lithuania, was established in cooperation with a local partner.

2.2 Financial performance indicators

a. Earnings situation

Net sales of Kapsch TrafficCom AG reached EUR 144.7 million in fiscal year 2014/15, thus down by 18.4 % on the previous year (EUR 177.3 million). The segment Services, System Extensions, Components Sales (SEC) exhibited a growth in net sales from EUR 94.4 million in the previous year to EUR 104.9 million. The segment Road Solution Projects (RSP) generated net sales in the amount of EUR 39.8 million (previous year EUR 82.9 million).

In comparison with the previous year, personnel expenses remained almost unchanged at EUR 43.4 million (previous year EUR 43.2 million), although the average number of staff rose by 6 persons from 546 to 552 in the fiscal year under review.

Other operating expenses fell by EUR 7.0 million from EUR 47.9 million to EUR 40.9 million in fiscal year 2014/15.

The operating result (EBIT) of Kapsch TrafficCom AG fell to EUR 17.8 million in the reporting year compared to EUR 20.6 million in the previous year.

The financial result of EUR 8.0 million (previous year: EUR 8.4 million) is mainly attributable to the income from investments.

b. Assets and liabilities

The balance sheet total of EUR 378.4 million at the balance sheet date 31 March 2015 fell by EUR 6.5 million compared to the end of fiscal year 2013/14 (31 March 2014: EUR 384.9 million).

At EUR 221.1 million, equity exceeded the amount of EUR 200.3 million as of 31 March 2014. Kapsch TrafficCom AG's equity ratio thus increased from 52.0% as of 31 March 2014 to 58.4 % as of 31 March 2015.

On the assets side, inventories decreased from EUR 32.3 million to EUR 7.5 million.

The group receivables (incl. borrowings) fell from EUR 233.5 million in the previous year to EUR 224.5 million in the reporting year, thus affecting liquid funds that rose from EUR 7.4 million to EUR 30.0 million.

On the liabilities side of the balance sheet, long-term liabilities in particular fell from EUR 109.8 million in the previous year to EUR 89.5 million as of the balance sheet date 31 March 2015.

The short-term liabilities decreased from EUR 69.4 million in the previous year to EUR 62.0 million as of the balance sheet date 31 March 2015. The group liabilities showed a decline from EUR 19.8 million in the previous year to EUR 18.5 million as of 31 March 2015. At EUR 21.8 million in the reporting year, the short-term bank loans and overdrafts remained almost unchanged compared to the previous year.

c. Financial position

The net cash flow from operating activities amounted to EUR 34.6 million after EUR -5.9 million in the comparative prior-year period. This development was particularly attributable to the decrease in inventories and trade receivables.

The net cash flow from investing activities in the amount of EUR 8.8 million (previous year: EUR -28.7 million) mainly results from the financing of subsidiaries.

The net cash flow from financing activities in the amount of EUR -20.7 million (previous year: EUR 18.4 million) resulted from the repayment of financial liabilities. In total, cash and cash equivalents increased from EUR 7.4 million as of 31 March 2014 to EUR 30.0 million as of 31 March 2015.

3. Additional company information.

3.1 Research and development

Kapsch TrafficCom AG has a global network of research and development centers in Vienna and Klagenfurt (Austria), Jönköping (Sweden), Bologna (Italy), Buenos Aires (Argentina), Mississauga (Canada), Kingston (U.S.A.), Duluth (U.S.A.) and Cape Town (South Africa). Kapsch TrafficCom AG coordinates the development activities in the field of R&D on a worldwide basis.

Research and development (R&D) are a high priority for Kapsch TrafficCom AG with respect to achieving its strategic goals. To ensure the inventiveness of the company, development departments exist for all strategic business fields of Kapsch TrafficCom AG 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 AG 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 AG 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 18000-6C/63 (transmission protocols with significantly higher acquisition rates).

To meet the increasing interest in "V2X" solutions (vehicle-to-vehicle and vehicle-to-infrastructure communication), Kapsch TrafficCom AG 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 2014/15 fiscal year, Kapsch TrafficCom AG invested roughly EUR 33.7 million in research and development (previous year: roughly EUR 42.1 million).

3.2. Non-financial performance indicators

Sustainability management

Kapsch TrafficCom AG 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.

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.

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 AG invests heavily in research and development.

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 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 AG 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 %.

Staff

The average number of employees of Kapsch TrafficCom AG in fiscal year 2014/2015 was 552 (previous year: 546). As at 31 March 2015, the company employed 512 (previous year: 584).

Kapsch TrafficCom AG 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.

Kapsch TrafficCom AG 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.

Kapsch TrafficCom AG 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.

Kapsch TrafficCom AG 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 Kapsch TrafficCom AG.

The department departments Finance & Administration, Law and Engineering are headed by women.

Social responsibility

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 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, Kapsch TrafficCom AG 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.

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.

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.

The strategy of Kapsch TrafficCom AG 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 AG 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 AG 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

Capacity for innovation. The strong market position of Kapsch TrafficCom AG is, to a large extent, based on its ability to develop state-of-the-art, efficient and reliable systems, components and products. Kapsch TrafficCom AG is committed to a permanent and integrated innovation process. In order to maintain its already strong position in technology, Kapsch TrafficCom AG invests a considerable portion of its revenues in research and development activities. However, if the company 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. Kapsch TrafficCom AG 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.

Acquisition and integration of companies as a part of the group's growth. One of the strategic objectives of Kapsch TrafficCom AG 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 Kapsch TrafficCom AG 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 Kapsch TrafficCom AG or complications regarding business practices and activities.

Financial risks

Foreign exchange risk. Kapsch TrafficCom AG 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. Fluctuations in exchange rates may also result in a change in the competitive position of Kapsch TrafficCom AG.

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 Kapsch TrafficCom AG to interest rate risks. Kapsch TrafficCom AG 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 Kapsch TrafficCom AG 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, Kapsch TrafficCom AG 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 Kapsch TrafficCom AG 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 Kapsch TrafficCom AG 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. Kapsch TrafficCom AG 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 Kapsch TrafficCom AG are public authorities, especially in connection with implementing and/or operating nationwide or regional toll collection systems. Kapsch TrafficCom AG also increasingly acts as a subcontractor to third parties (concessionaires, general contractors, etc.) in public sector projects.

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 Kapsch TrafficCom AG and the results of operations.

Personnel risks

The success of Kapsch TrafficCom AG 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 AG 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 AG 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, Kapsch TrafficCom AG 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). Kapsch TrafficCom AG 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 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.

Other opportunities. Constant innovation and technical advancements create opportunities for Kapsch TrafficCom AG 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 Kapsch TrafficCom AG. 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

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.

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 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.

Within the finance department of Kapsch TrafficCom AG the function of an ICS manager was established. The duty of this function is to standardize and continously improve the ICS not only for Kapsch TrafficCom AG but also for the entire Kapsch TafficCom 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.

In fiscal year 2013/14 all control processes were documented in order to achieve material control objectives. The collection of data allows an improved control of measures to increase the ICS's efficiency and serves as a basis for future performance assessments of local ICS. In fiscal year 2014/15, this documentation was further improved; and Internal Audit performed the first audit with regard to the local ICS's efficiency.

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

The registered share capital of Kapsch TrafficCom AG amounts to EUR 13.0 million and is fully paid in. It is divided into 13.0 million no-par value ordinary bearer shares.

There are no restrictions relating to the exercise of voting rights or the transfer of shares.

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.

None of the shares convey special control rights.

There are no restrictions regarding the execution of voting rights by employees with a share in the company.

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.

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.

There are no agreements that become effective when a public takeover offer for shares is launched.

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.

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 4,182,000.00. 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 70,818,000.00 million with maturity on 3 November 2017.

5. Outlook and targets.

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

The next years will therefore be challenging for Kapsch TrafficCom AG but will also offer many new opportunities. The initiated cost savings will fully take effect over the course of 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.

Kapsch TrafficCom AG 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 contract for the technical operation and maintenance of the nationwide electronic truck toll system in Austria, although the latter is confirmed to be continued until June 2017. Kapsch TrafficCom AG will strive to win these tenders again with the best service offer.

The goal of Kapsch TrafficCom AG 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, 1 June 2015

André Laux

signed	signed
Georg Kapsch	André Laux
Chairman of the Executive Board	Member of the Executive Board

Statement of all Members of the Management Board.

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

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

Vienna, 1 June 2015

Mag. Georg Kapsch	André Laux
Chief Executive Officer	Chief Operating Officer

Additional information
pursuant to Section 82 Para. 4 No. 3 BörseG. (Austrian Stock Exchange Act)

Board member	Area of responsibility
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
André Laux Member/COO	Sales Region 1 and 2[1], Production & Logistics and Delivery & Operations

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

Balance Sheet as of 31 March 2015

Assets

	31/3/2015 EUR	31/3/2014 EUR '000
A. Fixed assets		
I. Intangible assets		
1. Industrial property and similar rights and assets, and licenses in such rights and assets	2,370,667.96	2,727
2. Prepayments and construction in process	6,885,442.94	6,387
	9,256,110.90	9,114
II. Tangible assets		
1. Investments in leasehold buildings	2,217,659.91	2,647
2. Technical equipment and machinery	402,587.52	611
3. Other equipment, factory and office equipment	1,919,496.42	2,137
4. Prepayments and construction in process	0.00	119
	4,539,743.85	5,514
III. Financial assets		
1. Shares in affiliated companies	62,851,908.45	61,462
2. Loans to affiliated companies	44,191,722.17	38,731
3. Participating interests	17,549,659.73	17,188
4. Securities	5,004,419.99	4,929
	129,597,710.34	122,310
	143,393,565.09	136,938
B. Current asets		
I. Inventories		
1. Merchandise	6,322,627.12	11,826
2. Services not yet invoiced	841,919.20	15,435
3. Prepayments	314,827.30	5,020
	7,479,373.62	32,281
II. Receivables and other assets		
1. Trade receivables	7,373,314.82	3,813
2. Receivables from affiliated companies	180,313,783.97	194,771
3. Other assets	7,293,882.00	6,950
	194,980,980.79	205,534
III. Cash, bank balances	30,047,303.19	7,386
	232,507,657.60	245,201
C. Prepaid expenses and deferred charges	2,448,286.15	2,729
	378,349,508.84	384,868

Shareholder's Equity and Liabilities

	31/3/2015 EUR	31/3/2014 EUR '000
A. Shareholder's equity		
I. Share capital	13,000,000.00	13,000
II. Capital reserves Appropriated	117,400,000.00	117,400
III. Unappropriated retained earnings, thereof prior period unappropriated retained earnings brought forward EUR 69,878,414.51 (prior year: EUR 46,097k)	90,712,695.41	69,878
	221,112,695.41	200,278
B. Investment grants	288,025.22	365
C. Accruals		
1. Accruals for severance payments	4,768,466.00	4,369
2. Other accruals	15,775,662.53	19,283
	20,544,128.53	23,652
D. Accounts payable		
1. Bonds	75,000,000.00	75,000
2. Bank loans and overdrafts	36,258,795.96	56,592
3. Customer advances	76,573.00	158
4. Trade payables	2,115,985.13	3,361
5. Payables to affiliated companies	18,488,046.95	19,761
6. Other liabilities, of which taxes EUR 899,982.22 (prior year: EUR 1,924k), of which social security payables EUR 774,634.56 (prior year: EUR 888k)	4,465,258.64	5,701
	136,404,659.68	160,573
	378,349,508.84	384,868
Contingent liabilities	198,134,006.11	120,638

Income Statement for the Fiscal Year 2014/15

	2014/15	2013/14
	EUR	EUR '000
1. Net sales	144,671,160.77	177,255
2. Change in services not yet invoiced	-14,592,486.45	-9,811
3. Other operating income		
a) Income from the retirement of fixed assets excluding financial assets	1,159.75	0
b) Income from the reversal of accruals	814,771.49	2,100
c) Other	21,117,746.26	10,915
	21,933,677.50	13,015
4. Cost of materials and purchased services		
a) Cost of materials	-14,098,200.88	-20,617
b) Cost of purchased services	-34,102,387.18	-45,944
	-48,200,588.06	-66,561
5. Personnel expenses		
a) Wages	-205,325.27	-137
b) Salaries	-32,554,492.91	-33,319
c) Expenses for severance payments and contributions to staff provision funds	-1,587,822.20	-776
d) Expenses for pensions	-66,000.00	-84
e) Expenses for statutory social security, payroll-relates taxes and mandatory contributions	-8,678,578.60	-8,632
f) Other social benefits	-284,655.18	-254
	-43,376,874.16	-43,202
6. Depreciation and amortization of fixed intangible and tangible assets	-1,803,335.69	-2,190
7. Other operating expenses		
a) Taxes not included in line 17	-917,815.96	-1,120
b) Other	-39,949,559.56	-46,754
	-40,867,375.52	-47,874
8. Subtotal of lines 1 to 7 (Operating result)	17,764,178.39	20,632
9. Income from participating interests, of which from affiliated companies EUR 7,308,030.55 (prior year: EUR 6,980k)	7,308,030.55	6,980
10. Income from other long-term securities	0.00	5
11. Other interest and similar income, of which from affiliated companies EUR 5,626,963.73 (prior yerar: EUR 5,155k)	5,643,211.69	5,248
12. Income from the retirement and write-up of fixed financial assets	75,933.64	419
13. Expenses on fixed financial assets, of which	-893,493.79	0
a) Amounts written off EUR 893,493.79 (prior year: EUR 0k)		
b) Relating to affiliated companies EUR 893,493.79 (prior year: EUR 0k)		
14. Interest and similar expenses, of which relating to affiliated companies EUR 72,639.33 (prior year: EUR 46k)	-4,092,954.33	-4,221
15. Subtotal of lines 9 to 14 (Financial result)	8,040,727.76	8,431
16. Net operating income	25,804,906.15	29,063
17. Taxes on income, thereof recharged to group parent EUR 4,689,241.73 (prior year: EUR 5,280k)	-4,970,625.25	-5,282
18. Net income for the year	20,834,280.90	23,781
19. Prior period unappropriated retained earnings brought forward	69,878,414.51	46,097
20. Unappropriated retained earnings	90,712,695.41	69,878

Notes to the financial statements for fiscal year 2014/15

A. Accounting and valuation methods

1. General principles

The financial statements as of 31 March 2015 have been prepared in accordance with the financial reporting requirements of the Austrian Commercial Code (UGB) as amended.

The financial statements, prepared under Austrian generally accepted accounting principles, present a true and fair view of the assets and liabilities, the financial situation of the Company, as well as its results of operations.

Accounting and valuation methods are based on generally accepted accounting principles. Section 201 (2) UGB was adhered to, as were the provisions on classification and valuation of balance sheet and income statement items under Sections 195 to 211 and 222 to 235 UGB. The income statement was prepared in accordance with the total expenditure format.

2. Fixed assets

Purchased **intangible assets** and **tangible assets** are valued at acquisition or production cost less scheduled straight-line amortization/depreciation charged according to the estimated useful life of the assets.

Low-value fixed assets with individual acquisition costs of less than EUR 400 were fully written off in the year of acquisition or production.

Intangible assets

Acquired IT software is amortized based on a useful life of between four to eight years.

Tangible assets

Tangible assets were depreciated on a straight-line basis over the following useful lives:

	Years
Investments in leasehold buildings	2 - 12
Technical equipment and machinery	2 - 5
Other equipment, factory and office equipment	2 - 15

No unscheduled depreciation was charged in the fiscal year.

Additions to fixed assets are depreciated according to the date of their initial use.

Financial assets

Financial assets are stated at acquisition costs or the lower market values at the balance sheet date. Write-downs / write-ups are made only in case a diminution / increase in value is expected to be permanent.

3. Foreign currency receivables and payables

Foreign currency receivables are stated using the exchange rate at the date of the transaction or the lower bank buying rate at the balance sheet date.

Foreign currency payables are stated using the exchange rate at the date of the transaction or the higher bank selling rate at the balance sheet date.

4. Current assets

Inventories and receivables were stated in accordance with the strict lower of cost or market principle.

Inventories

The stocks of purchased goods, recorded by means of electronic data processing, were stated using the moving average price method. Inventories denominated in foreign currencies were stated using the exchange rate at the date of acquisition. Where required, write-downs were made to the lower replacement costs.

A proportional deduction from acquisition or production cost was made for goods with diminished usability or marketability, which was derived from the respective inventory turnover ratio. In case of long-term contracts, no administrative and selling overheads were capitalized (option provided by Section 206 (3) UGB), directly attributable finance cost was capitalized depending on the project. At the balance sheet date, there are no services not yet invoiced for which finance cost was capitalized.

Receivables

Receivables were stated at nominal values. Identifiable risks were considered in the valuation of the individual receivables by write-offs. No-interest or low-interest receivables were discounted.

5. Accruals

The accruals were set up in accordance with the principle of prudence at the estimated amounts.

The accruals for severance payments and anniversary bonuses were calculated in accordance with IAS 19 using the projected unit credit method.

A discount rate of 2.1% (prior year: 3.6%) was used for the calculation of entitlements, and a percentage of 2.0% (prior year: 2.0%) was assumed for salary increases. Furthermore, the calculation was based on the earliest possible retirement age in accordance with the transitional statutory provisions and the mortality tables Pagler & Pagler AVÖ 2008-P (prior year: AVÖ 2008-P). Staff turnover rates were determined based on the period of service.

6. Accounts payable

In accordance with the principle of prudence, accounts payable were valued at the amount repayable.

B. Comments on balance sheet items

A s s e t s

Fixed assets

Movements in fixed assets:

	Acquisition/Production cost					Accumulated	Net book value		Amortization/	Write-ups
	Balance 1/4/2014	Additions	Disposals	Transfers	Balance 31/3/2015	amortization/ depreciation	Balance 31/3/2015	Balance 31/3/2014	depreciation current year	of current fiscal year
	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR
I. Intangible assets										
1. Industrial property and similar rights and assets, and licenses in such rights and assets	10,834,450.21	138,511.03	169,009.68	106,811.00	10,910,762.56	8,540,094.60	2,370,667.96	2,727,194.64	600,634.51	0.00
2. Prepayments and construction in process	6,386,723.00	498,719.94	0.00	0.00	6,885,442.94	0.00	6,885,442.94	6,386,723.00	0.00	0.00
	17,221,173.21	637,230.97	169,009.68	106,811.00	17,796,205.50	8,540,094.60	9,256,110.90	9,113,917.64	600,634.51	0.00
II. Tangible assets										
1. Investments in leasehold buildings	4,972,919.80	49,219.22	0.00	0.00	5,022,139.02	2,804,479.11	2,217,659.91	2,647,260.31	478,819.62	0.00
2. Technical equipment and machinery	2,221,346.22	14,238.89	863.40	0.00	2,234,721.71	1,832,134.19	402,587.52	610,912.16	222,563.53	0.00
3. Other equipment, factory and office equipment	6,200,019.88	276,786.58	142,393.79	11,889.46	6,346,302.13	4,426,805.71	1,919,496.42	2,137,306.51	501,318.03	0.00
4. Prepayments and construction in process	118,700.46	0.00	0.00	-118,700.46	0.00	0.00	0.00	118,700.46	0.00	0.00
	13,512,986.36	340,244.69	143,257.19	-106,811.00	13,603,162.86	9,063,419.01	4,539,743.85	5,514,179.44	1,202,701.18	0.00
III. Financial assets										
1. Shares in affiliated companies	68,477,482.29	2,283,178.44	0.00	0.00	70,760,660.73	7,908,752.28	62,851,908.45	61,462,223.80	893,493.79	0.00
2. Loans to affiliated companies	38,730,779.60	5,460,942.57	0.00	0.00	44,191,722.17	0.00	44,191,722.17	38,730,779.60	0.00	0.00
3. Participating interests	17,188,008.58	361,651.15	0.00	0.00	17,549,659.73	0.00	17,549,659.73	17,188,008.58	0.00	0.00
4. Securities	5,004,419.99	0.00	0.00	0.00	5,004,419.99	0.00	5,004,419.99	4,928,486.35	0.00	75,933.64
	129,400,690.46	8,105,772.16	0.00	0.00	137,506,462.62	7,908,752.28	129,597,710.34	122,309,498.33	893,493.79	75,933.64
	160,134,850.03	9,083,247.82	312,266.87	0.00	168,905,830.98	25,512,265.89	143,393,565.09	136,937,595.41	2,696,829.48	75,933.64

Financial obligations of the Company from the use of tangible assets not recognized in the balance sheet amount to:

	In the following fiscal year		In the next 5 fiscal years	
	EUR	Prior year EUR '000	EUR	Prior year EUR '000
Obligations from rental and leasing agreements	6,023,543.04	6,949	19,219,464.69	20,067

Shares in affiliated companies and shares in associates

Supplementary disclosures pursuant to Section 238 No. 2 UGB

Figures as of 31 March 2015	Share	Sharehold-ers' equity	Result of fiscal year	FN
	%	EUR '000	EUR '000	
a) Shares in affiliated companies				
Kapsch TrafficCom AB, Jönköping, Sweden	100	15,675	5,405	1)
Kapsch TrafficCom Argentina S.A., Buenos Aires, Argentina	95	3,029	738	1)
Kapsch Components GmbH & Co KG, Vienna	100	6,195	-96	1)
Kapsch Components GmbH, Vienna	100	103	6	1)
Kapsch TrafficCom B.V., Amsterdam, Netherlands	100	46,954	-26	1)
Kapsch Telematic Services GmbH, Vienna	93	10,774	10,723	1)
Kapsch TrafficCom Construction & Realization spol. s r.o., Prague, Czech Republic	99	1,015	391	1)
Kapsch TrafficCom S.r.l., Milan, Italy	100	234	80	1)
Kapsch Telematic Technologies Bulgaria EAD, Sofia, Bulgaria	100	103	11	3)
Kapsch TrafficCom Ltd., Manchester, Great Britain	100	871	276	1)
ArtiBrain Software Entwicklungsgesellschaft mbH, Vienna	100	46	-1	1)
Kapsch TrafficCom Russia OOO, Moscow, Russia	100	1,300	-860	3)
Kapsch TrafficCom d.o.o., Ljubljana, Slovenia	100	45	5	1)
Kapsch TrafficCom France SAS, Paris, France	30.19	129	44	1)
Electronic Toll Collection (PTY) Ltd., Centurion, South Africa	25	-12,733	1,393	1)
Kapsch TrafficCom South Africa Holding (Pty) Ltd., Cape Town, South Africa	100	8,201	136	1)
Kapsch TrafficCom Kazakhstan LLC, Astana, Kazakhstan	100	84	32	3)
KTS Beteiligungs GmbH (formerly Jibesoev GmbH), Vienna	100	598	454	1)
Transport Telematic Systems LLC, Abu Dhabi, United Arab Emirates	-	67	12	2)
Kapsch Telematic Services IOOO, Minsk, Belarus	99	-9,880	-151	3)
Kapsch TrafficCom KGZ, Bischkek, Kyrgyzstan	100	16	6	3)
Kapsch TrafficCom Lietuva, Vilnius, Lithuania	51	11	-3	3)
b) Shares in associates				
Q-Free ASA, Trondheim, Norway	19.48	48,711	-2,321	3)
GLONASS tolling systems OOO, Moscow, Russia	20	0	0	4)

1) Figures as of 31 March 2015
2) The protection-of-interest clause pursuant to Section 241 (2) UGB is used.
3) Figures as of 31 December 2014
4) No financial statements have been prepared since the company was established.

In connection with the acquisition of 3% of the shares in Kapsch Telematic Services GmbH, Vienna, an outstanding variable purchase price component exists 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. This outstanding component amounts to a maximum of EUR 3.5 million (due for payment in July 2018 at the latest).

Loans

Loans to affiliated companies have a residual term of more than one year.

Current assets

Inventories

Prepayments in the amount of EUR 285,891.31 (prior year: EUR 4,950k) relate to prepayments made to affiliated companies.

Maturity of receivables

	31/3/2015		31/3/2014	
	Total	of which with a remaining maturity > 1 year	Total	of which with a remaining maturity > 1 year
	EUR	EUR	EUR	EUR
1. Trade receivables	7,373,314.82	0.00	3,813,619.28	0.00
2. Receivables from affiliated companies	180,313,783.97	81,276,047.71	194,771,041.29	82,160,809.18
3. Other assets	7,293,882.00	0.00	6,949,722.66	0.00
	194,980,980.79	81,276,047.71	205,534,383.23	82,160,809.18

Receivables from affiliated companies pertain to trade receivables in the amount of EUR 103,943,581.90 (prior year: EUR 100,731k), loan receivables in the amount of EUR 70,041,328.50 (prior year: EUR 87,917k) and dividend receivables in the amount of EUR 6,328,873.57 (prior year: EUR 6,123k).

Other assets mainly include research bonuses, receivables from fiscal authorities, accrued receivables and other assets.

Other assets include income in the amount of EUR 7,124,590.00 (prior year: EUR 6,795k) that will affect cash flow only after the balance sheet date.

Shareholders' equity and liabilities

Investment grants

Kapsch TrafficCom AG, Vienna, received an investment grant amounting to EUR 750,000.00 from the lessor for the adaptation of the new location at Euro Plaza. The grant is related to the following items of fixed assets:

	Balance 1/4/2014	Usage	Balance 31/3/2015
	EUR	EUR	EUR
Leasehold improvements	364,705.89	76,680.67	288,025.22

Accruals

Other accruals include the following items:	31/3/2015 EUR	31/3/2014 EUR '000
Invoices not yet received and outstanding project costs	9,371,249.57	11,513
Personnel accruals (including vacation accruals of EUR 2,327,990.43; prior year: EUR 2,867k)	4,307,975.04	5,153
Warranties and liabilities for construction flaws, as well as production and system defects	367,153.92	473
Sundry accruals	1,729,284.00	2,143
	15,775,662.53	19,282

Accounts payable

Maturity of payables

	31/3/2015			31/3/2014		
	Total	remaining maturity < 1 year	remaining maturity > 1 year	Total	remaining maturity < 1 year	remaining maturity > 1 year
	EUR	EUR	EUR	EUR	EUR	EUR
1. Bonds	75,000,000.00	0.00	75,000,000.00	75,000,000.00	0.00	75,000,000.00
2. Bank loans and overdrafts	36,258,795.96	21,758,795.98	14,499,999.98	56,592,129.24	21,758,795.92	34,833,333.32
3. Customer advances	76,573.00	76,573.00	0.00	157,989.84	157,989.84	0.00
4. Trade payables	2,115,985.13	2,115,985.13	0.00	3,360,645.67	3,360,645.67	0.00
5. Payables to affiliated companies	18,488,046.95	18,488,046.95	0.00	19,761,322.42	19,761,322.42	0.00
6. Other liabilities	4,465,258.64	4,465,258.64	0.00	5,700,829.86	5,700,829.86	0.00
	136,404,659.68	46,904,659.70	89,499,999.98	160,572,917.03	50,739,583.71	109,833,333.32

There are no accounts payable with a remaining maturity of more than 5 years.

In November 2010, Kapsch TrafficCom AG issued a corporate bond with a volume of EUR 75,000,000.00, a maturity of 7 years and a fixed coupon of 4.25%. In May 2015, the bond was repaid early in a nominal value of EUR 4,182,000.00.

Payables to affiliated companies pertain to trade payables with the exception of tax compensation in the amount of EUR 5,213,709.03 (prior year: EUR 5,924k) and a loan in the amount of EUR 3,132,444.26 (prior year: EUR 3,534k).

Other liabilities include expenses in the amount of EUR 3,551,352.42 (prior year: EUR 3,722k) that will affect cash flow only after the balance sheet date.

Collateral securities

The export promotion loan recognized in the amount of EUR 1,425,462.56 is secured by bill of exchange.

In connection with the project financing for Belarus with an outstanding loan in the amount of EUR 34.8 million as of 31 March 2015, the Company received a guarantee by aval from Oesterreichische Kontrollbank Aktiengesellschaft (OeKB) as well as a participation guarantee G4 from OeKB. Claims arising from the participation guarantee G4 were assigned as security to the lending banks.

Contingent liabilities

	31/3/2015 EUR	31/3/2014 EUR
Assumption of liabilities on behalf of subsidiaries	51,988,284.43	49,707,255.16
Bank guarantees for the performance of contracts relating to major projects	38,747,373.41	37,614,753.20
Payment guarantees	548,342.81	1,235,962.98
Project performance guarantees for subsidiaries	106,243,413.76	31,533,541.02
Other guarantees (security deposits, bid bonds and sureties)	606,591.70	546,094.32
	198,134,006.11	120,637,606.68

In addition, Kapsch TrafficCom AG, Vienna, provided performance bonds for export transactions and projects of Kapsch TrafficCom AB, Jönköping, Sweden, in a contract value of EUR 43.2 million (prior year: EUR 44.8 million).

A letter of subordination exists vis-à-vis KapschTrafficCom AB, Jönköping, Sweden, relating to loan and dividend receivables in the amount of EUR 8,635,064.75.
A letter of subordination exists vis-à-vis Electronic Toll Collection (PTY) Ltd., Centurion, South Africa, relating to loan and trade receivables in the amount of EUR 3,183,307.15.

Derivative financial instruments

At the balance sheet date, the Company has no derivative financial instruments.

C. Comments on income statement items

Breakdown of net sales

By activity:	2014/15 EUR	2013/14 EUR '000
Road Solution Projects	39,787,776.00	82,880
Services, System Extensions, Components Sales	104,883,384.77	94,375
	144,671,160.77	177,255

By region:	2014/15 EUR	2013/14 EUR '000
Domestic	26,940,353.74	30,114
European Union	61,257,739.92	55,359
Foreign	56,473,067.11	91,782
	144,671,160.77	177,255

Expenses for severance payments and contributions to staff provision funds include the following:

	2014/15 EUR	2013/14 EUR '000
Expenses for severance payments	1,188,447.70	374
Contributions to staff provision funds	399,374.50	402
	1,587,822.20	776

Expenses for the auditor

Expenses for the auditor amount to EUR 199,265.00 (prior year: EUR 147k) and are broken down as follows:

	2014/15 EUR	2013/14 EUR '000
Audit of the financial statements	52,650.00	53
Other assurance services	67,926.00	60
Other services	78,689.00	34
	199,265.00	147

Taxes on income

a) The option to capitalize deferred tax assets on temporary differences between the business result and tax result was not used. The capitalizable amount pursuant to Section 198 (10) UGB amounts to EUR 1,430,203.69 (prior year: EUR 1,407k), and EUR 266,923.82 (prior year: EUR 277k) thereof is classified as short-term.

b) The Company is member of a tax group, parent of the tax group is KAPSCH-Group Beteiligungs GmbH, Vienna. In accordance with Section 9 (1) KStG (Austrian Corporate Income Tax Act), the tax result of the respective group member is allocated to the tax result of the holding company or the group parent in the respective fiscal year. Pursuant to Section 7 (2) KStG, the income is determined at the group parent based on the consolidated result of the group and taxed. Tax is allocated using the stand-alone method.

D. Other disclosures

Disclosures on share capital

The registered share capital of the Company amounts to EUR 13,000,000.00. The share capital is fully paid in. The total number of shares issued is 13,000,000. The shares are no-par value bearer shares.

Authorized capital

The authorized capital amounts to EUR 0 as of 31 March 2015 (prior year: EUR 0k).

Group relations

The Company is a 63.13% subsidiary of KAPSCH-Group Beteiligungs GmbH, Vienna, and thus is related to its shareholder and its affiliated companies as a group company.

DATAX HandelsgmbH, Vienna, prepares the consolidated financial statements for the largest group of companies. These consolidated financial statements are deposited at the Commercial Court Vienna.

The Company prepares the consolidated financial statements for the smallest group of companies.

With regard to the disclosure on the legal and economic relations with affiliated companies, the protection-of-interest clause pursuant to Section 241 (3) UGB was used.

Disclosures on board members and staff

The average number of staff during fiscal year 2014/15 was 552, including 525 salaried employees and 27 waged workers (prior year: 523 salaried employees, 23 waged workers).

In fiscal year 2014/15, total remuneration of the management board amounted to EUR 1,114,401.23 (prior year: EUR 1,398k), expenses for severance payments and pensions for managing directors amounted to EUR 24,238.00 (prior year: EUR 84k).

With regard to supervisory board members, remuneration (including travel expenses) in the amount of EUR 46,000.00 (prior year: EUR 20k) was recognized as expenses.

The following persons served on the management and supervisory board:

Management Board

Georg Kapsch (Chairman)
André Laux

Supervisory Board

Franz Semmernegg (Chairman)
Kari Kapsch (Deputy Chairman)
Sabine Kauper
Harald Sommerer

delegated by the Works Council:

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

Vienna, 1 June 2015

The Management Board:

signed:

Georg Kapsch

signed:

André Laux

We draw attention to the fact that the English translation of this auditor's report according to Section 274 of the Austrian Commercial Code (UGB) is presented for the convenience of the reader only and that the German wording is the only legally binding version.

Auditor's Report

Report on the Financial Statements

We have audited the accompanying financial statements, including the accounting system, of Kapsch TrafficCom AG, Vienna, for the fiscal year from 1 April 2014 to 31 March 2015. These financial statements comprise the balance sheet as of 31 March 2015, the income statement for the fiscal year ended 31 March 2015, and the notes.

Management's Responsibility for the Financial Statements and for the Accounting System

The Company's management is responsible for the accounting system and for the preparation and fair presentation of the financial statements in accordance with Austrian Generally Accepted Accounting Principles. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; 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 financial statements based on our audit. We conducted our audit in accordance with laws and regulations applicable in Austria and Austrian Standards on Auditing. Those standards require that we comply with professional guidelines and that we plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the 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 Company'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 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 financial statements comply with legal requirements and give a true and fair view of the financial position of the Company as of 31 March 2015 and of its financial performance for the fiscal year from 1 April 2014 to 31 March 2015 in accordance with Austrian Generally Accepted Accounting Principles.

Comments on the Management Report

Pursuant to statutory provisions, the management report is to be audited as to whether it is consistent with the 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 is consistent with the financial statements and whether the disclosures pursuant to Section 243a UGB (Austrian Commercial Code) are appropriate.

In our opinion, the management report is consistent with the financial statements. The disclosures pursuant to Section 243a UGB (Austrian Commercial Code) are appropriate.

Vienna, 1 June 2015

PwC Wirtschaftsprüfung GmbH

signed:

Peter Pessenlehner
Austrian Certified Public Accountant

Disclosure, publication and duplication of the financial statements together with the auditor's report according to Section 281 (2) UGB in a form not in accordance with statutory requirements and differing from the version audited by us is not permitted. Reference to our audit may not be made without prior written permission from us.

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.

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