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# MORE

REPORT ON THE FIRST HALF OF FISCAL YEAR 2015/16.

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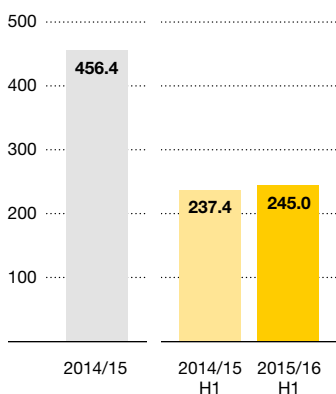
# Selected Key Financial Data.

2014/15 (fiscal year 2014/15): 1 April 2014–31 March 2015

2015/16 H1 (first half of fiscal year 2015/16): 1 April–30 September 2015

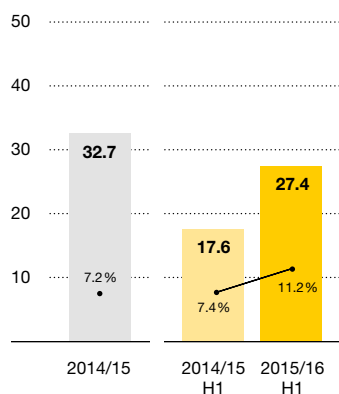
2015/16 Q2 (second quarter of fiscal year 2015/16): 1 July–30 September 2015

## Revenues (in million EUR)



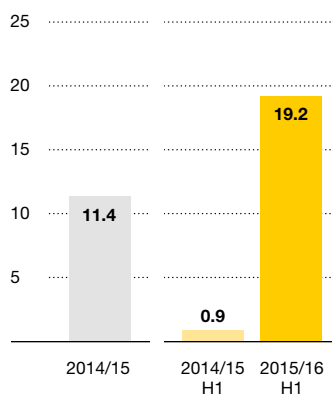
The revenue of EUR 245.0 million was 3% above the previous year.

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



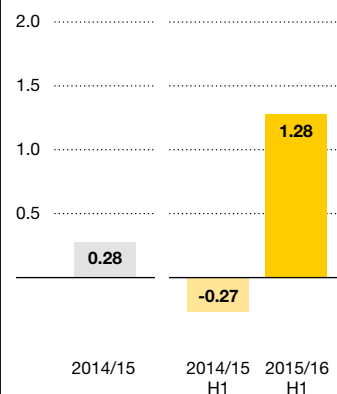
The EBIT increased to EUR 27.4 million. This represents an increase of 56%, although the previous year was positively impacted by one-time effects. The EBIT margin reached 11.2%.

## Profit for the period (in million EUR)



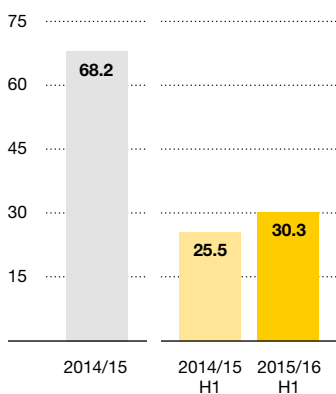
The profit for the period improved from EUR 0.9 million to EUR 19.2 million.

## Earnings per share (in EUR)



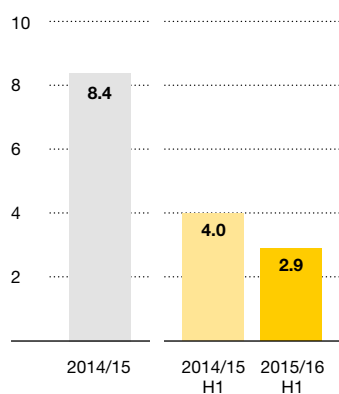
The profit per share was once again significantly positive at EUR 1.28.

## Free cash flow (in million EUR)



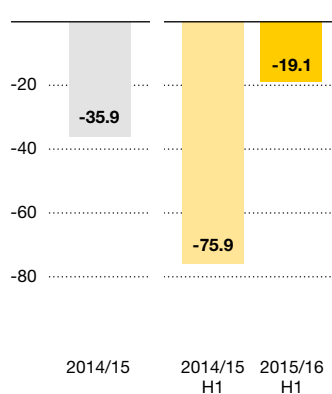
The free cash flow of EUR 30.3 million demonstrates the continued financial strength.

## Capital expenditure (in million EUR)



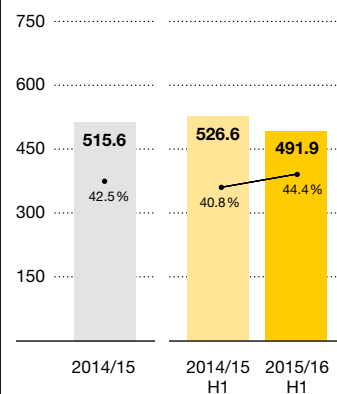
The capital expenditure of EUR 2.9 million was at a low level after EUR 4.0 million in the previous year.

## Net debt (in million EUR)



At EUR -19.1 million, the net debt reached the lowest value in three years.

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



The total assets declined by 7%, while the equity ratio increased to 44.4%.

# Selected Key Financial Data.

## 3

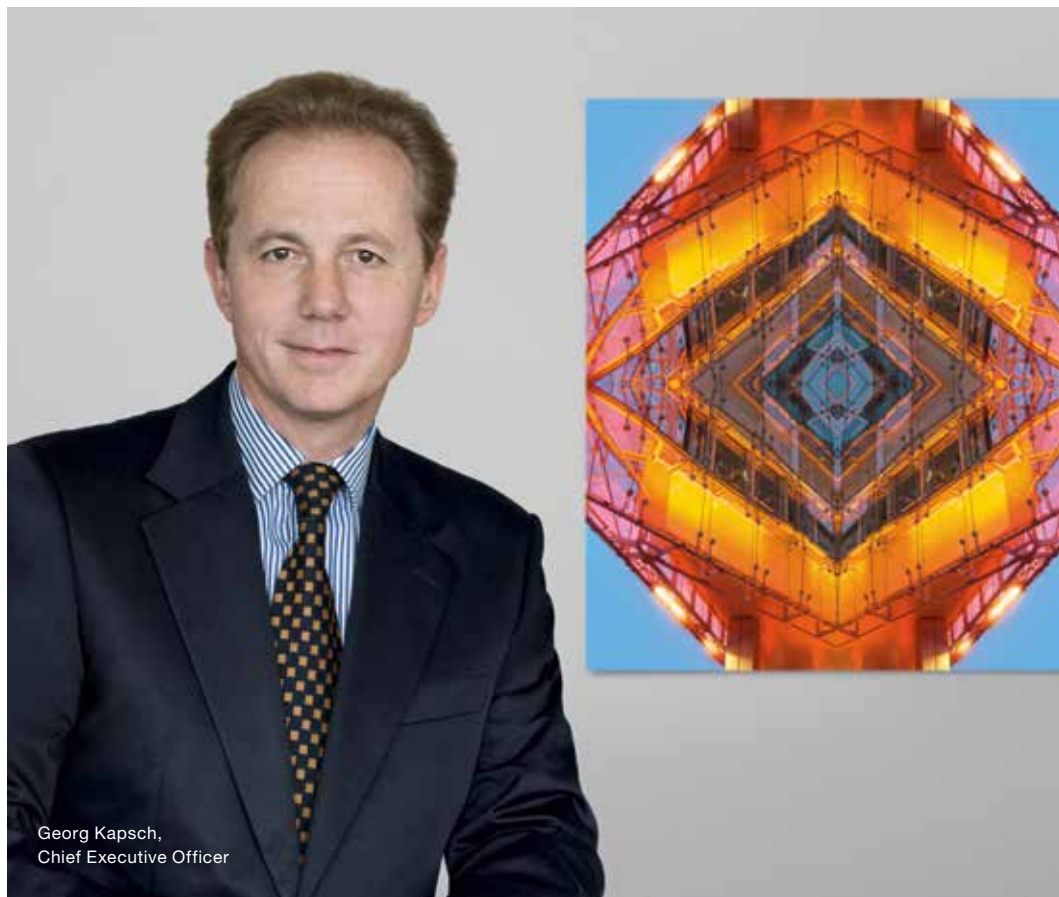
All figures presented in million EUR unless otherwise stated

<b>Earnings Data</b>	<b>2015/16 H1</b>	<b>2014/15 H1</b>	<b>+/-</b>	<b>2015/16 Q2</b>	<b>2014/15 Q2</b>	<b>+/-</b>	<b>2014/15</b>
Revenues	245.0	237.4	3 %	127.8	119.5	7 %	456.4
EBITDA	35.7	38.0	-6 %	18.8	33.3	-43 %	61.5
EBITDA margin (in %)	14.6	16.0		14.7	27.9		13.5
EBIT	27.4	17.6	56 %	14.6	16.9	-14 %	32.7
EBIT margin (in %)	11.2	7.4		11.4	14.2		7.2
Profit before tax	24.8	9.5	161 %	9.7	6.8	43 %	19.9
Profit for the period	19.2	0.9	>500 %	7.8	0.6	>500 %	11.4
Profit for the period attributable to equity holders	16.7	-3.5	—	6.9	-2.8	—	3.6
Earnings per share <sup>1</sup> (in EUR)	1.28	-0.27	—	0.53	-0.21	—	0.28
Free cash flow <sup>2</sup>	30.3	25.5	19 %	15.6	-7.4	—	68.2
Capital expenditure <sup>3</sup>	2.9	4.0	-26 %	1.4	2.9	-53 %	8.4
Employees <sup>4</sup>	3,447	3,533	-2 %	3,447	3,533	-2 %	3,545
On-board units delivered (in million units)	4.60	3.25	42 %	2.27	1.68	35 %	7.42
<b>Business Segments</b>	<b>2015/16 H1</b>	<b>2014/15 H1</b>	<b>+/-</b>	<b>2015/16 Q2</b>	<b>2014/15 Q2</b>	<b>+/-</b>	<b>2014/15</b>
<b>Road Solution Projects (RSP)</b>							
Revenues (share in revenues)	38.2 (15.6 %)	37.9 (16.0 %)	1 %	23.3 (18.2 %)	13.5 (11.3 %)	73 %	60.2 (13.2 %)
EBIT (EBIT margin)	-9.2 (-23.9 %)	-23.7 (-62.6 %)	61 %	-2.0 (-8.6 %)	-11.3 (-83.7 %)	82 %	-50.7 (-84.4 %)
<b>Services, System Extensions, Components Sales (SEC)</b>							
Revenues (share in revenues)	194.2 (79.3 %)	187.2 (78.8 %)	4 %	97.7 (76.4 %)	100.2 (83.9 %)	-2 %	372.6 (81.6 %)
EBIT (EBIT margin)	35.6 (18.3 %)	40.2 (21.5 %)	-12 %	16.1 (16.5 %)	27.3 (27.2 %)	-41 %	82.2 (22.1 %)
<b>Others (OTH)</b>							
Revenues (share in revenues)	12.5 (5.1 %)	12.3 (5.2 %)	2 %	6.8 (5.3 %)	5.7 (4.8 %)	19 %	23.6 (5.2 %)
EBIT (EBIT margin)	1.0 (8.0 %)	1.0 (8.4 %)	-4 %	0.5 (7.9 %)	0.9 (16.4 %)	-43 %	1.3 (5.4 %)
<b>Regions</b>	<b>2015/16 H1</b>	<b>2014/15 H1</b>	<b>+/-</b>	<b>2015/16 Q2</b>	<b>2014/15 Q2</b>	<b>+/-</b>	<b>2014/15</b>
Austria <sup>5</sup>	18.8 (8 %)	18.0 (8 %)	5 %	9.8 (8 %)	9.3 (8 %)	6 %	38.2 (8 %)
Europe <sup>5</sup>	128.3 (52 %)	125.7 (53 %)	2 %	68.9 (54 %)	63.3 (53 %)	9 %	234.0 (51 %)
Americas <sup>5</sup>	52.4 (21 %)	43.0 (18 %)	22 %	26.3 (21 %)	19.7 (17 %)	33 %	92.6 (20 %)
Rest of World <sup>5</sup>	45.4 (19 %)	50.7 (21 %)	-10 %	22.8 (18 %)	27.2 (23 %)	-16 %	91.6 (20 %)
<b>Balance Sheet Data</b>	<b>30 Sep. 2015</b>	<b>30 Sep. 2014</b>	<b>+/-</b>				<b>31 March 2015</b>
Total assets	491.9	526.6	-7 %				515.6
Total equity <sup>6</sup>	218.6	214.8	2 %				219.4
Equity ratio <sup>6</sup> (in %)	44.4	40.8					42.5
Net debt	-19.1	-75.9	75 %				-35.9
Capital employed	340.0	361.5	-6 %				357.3
Net working capital	202.4	204.7	-1 %				209.9
<b>Stock Exchange Data</b>	<b>2015/16 H1</b>	<b>2015/16 Q1</b>	<b>+/-</b>				<b>2014/15</b>
Number of shares <sup>7</sup> (in million)	13.0	13.0	0 %				13.0
Free float <sup>7</sup> (in %)	36.7	36.9					36.9
Ø daily trading volume <sup>8</sup> (in shares)	23,832	23,917	0 %				27,574
Closing price <sup>7</sup> (in EUR)	29.29	22.20	32 %				23.85
Market capitalization <sup>7</sup>	380.77	288.54	32 %				309.99
Share performance (in %)	22.8	-6.9					-40.4

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

4 H1 and Q2 as of 30 September; 2014/15 as of 31 March 2015  
5 Revenues (share on total revenues in %); Europe excl. Austria  
6 Incl. non-controlling interests  
7 H1 as of 30 September 2015, Q1 as of 30 June 2015; for additional information on the share see page 6  
8 Average daily trading volume (double counting)

# Letter from the Chief Executive Officer.



Georg Kapsch,  
Chief Executive Officer

## Dear shareholders,

In the first half of the 2015/16 fiscal year, the Kapsch TrafficCom Group achieved a great deal both operationally and strategically. The Program 2020, or more precisely the project “Top Fit” for increasing earning power and adapting our strategy, represented significant steps toward strengthening our earning basis and preparing for future growth. The project successes in recent months reflect our strategy, and the interim results show that the project “Top Fit” is also already a success.

**Projects and markets.** Even as we continued working on existing installation projects, we were also able to obtain important new projects during the reporting period. One particularly pleasing development is the award for the cross-border tender of the program “CHARM”, which we received in August from the road authority of the Netherlands and in October from the corresponding agency in England. For both countries, we will deliver and install an advanced traffic management system of the newest generation. This

will enable the integration of existing infrastructure as well as future applications and technologies. With this system, the Kapsch TrafficCom Group attains a globally recognized position in traffic management systems (TMS) just as we already have in the area of electronic toll collection (ETC).

In Belarus, we also received an order in August for an expansion of the existing nationwide toll system. In Chile, Kapsch TrafficCom obtained multiple orders in the first half of the year, and one of the new toll sections on the famous Panamericana will also be equipped with an intelligent transportation system (ITS).

After commissioning an access system in the Italian city of Prato in July, we received an order at the end of October for a traffic management system in the Czech capital city Prague. Both systems reflect the demand for city solutions and confirm our strategy of expanding the current core business from highways to include cities as well.

During the first quarter of this year, Kapsch TrafficCom received its first order for an end-to-end solution in the U.S.A. for the Ohio River Bridges. With this order, we have succeeded in establishing ourselves as a complete provider in this market. This reference will open up new potential for us on the U.S. market.

The operation projects supplied a stable revenue contribution during the reporting period. The system in Poland, already our largest toll system, will be expanded once again. The sale of on-board units also developed well during the first half of the year. After delays in the previous year, a significant upward trend was apparent, and the sales figures once again reached the high level of two years ago.

**Assets, financial and earnings situation.** The revenue of the Kapsch TrafficCom Group amounted to EUR 245.0 million in the first half of the fiscal year, which is 3% above the previous year's value. The EBIT, which was very high in the previous year due to one-time effects, rose again disproportionately in the reporting period. With an EBIT growth of 56% to EUR 27.4 million, we therefore are very satisfied. We attribute this on one hand to the revenue mix with a strong on-board unit business and, on the other hand, to the successes achieved already with our cost-cutting measures. The EBIT margin for the first half of the fiscal year is 11.2%, which places us at the targeted level of profitability.

The balance sheet figures show the potential of the Kapsch TrafficCom Group for future projects and endeavors. The equity ratio rose to 44.4%, while the net debt was further reduced and cash and cash equivalents increased. The free cash flow for the first half year is EUR 30.3 million.

**Program 2020 and strategy.** A significant element of Program 2020, which we initiated in the previous year, was the adaptation of the Kapsch TrafficCom strategy, which we were able to present in April of this year. This strategy initially sets three priorities: The first is operational excellence, the second is the strengthening and securing of the core business and the third is the establishment of an intelligent mobility solutions (IMS) business.

In terms of both projects and results, the developments in the first half of the 2015/16 fiscal year confirm that we are on the right path.

I would like to present to you our new Chief Technology Officer, Alexander Lewald, who joined the executive board of Kapsch TrafficCom AG on 1 November 2015.

Among other qualifications, Mr. Lewald brings with him considerable technical expertise, including in the IMS area. We are very pleased to be able to welcome him to the company.

**Outlook.** In the second half of the current fiscal year, we will pursue the concerted development of existing and newly acquired projects. The system expansions in Belarus and Poland will make an important contribution to revenue and profit. In Slovenia, we have submitted our offer and we are waiting for the decision. In addition, we expect additional invitations to tender and decisions on the awarding of orders: In Austria, the new invitation to tender for the toll system is currently under way, and an invitation to tender is also in preparation in the Czech Republic. Another major project is in the offer phase in the U.S.A. We are also in concrete talks regarding a nationwide project with a structure similar to the one we have already completed successfully in Belarus.

An emphasis will be placed on the continued implementation of our strategy, with associated organizational adjustments and specific next steps. The cost savings of the project "Top Fit" will be fully apparent by the end of the fiscal year.

On the basis of the promising results for the first half of the year, we anticipate that the Kapsch TrafficCom Group will achieve an EBIT margin of 10% in the core business, as expected, assuming a stable revenue level over the current fiscal year. This allows us sufficient leeway for additional investments in the future, such as the development of the smart parking business with Streetline.

Sincerely,



Georg Kapsch  
Chief Executive Officer

# Kapsch TrafficCom

## Shares.

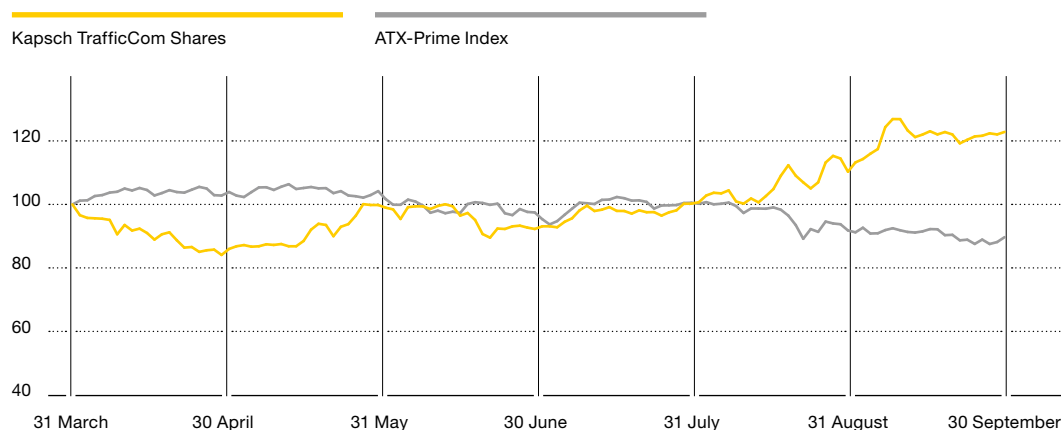
The Kapsch TrafficCom shares are listed on the Vienna Stock Exchange and are included in the Austrian indexes ATX Prime, ATX Global Players and the sustainability index VÖNIX.

After the severe share price decline in the previous fiscal year, the shares were able to regain significant ground and value in the first half of the 2015/16 fiscal year. A volatile first quarter was followed by a disproportional upward trend in the second quarter. At the end of the first half of the year, on 30 September 2015, the shares closed at EUR 29.29, 23 % higher than at the start of the fiscal year. The developments on the international stock markets over the previous

six months were considerably weaker. The ATX Prime index, like other comparison indexes outside of Europe, fell by roughly 10%, other European indexes lost even more value in some cases.

The number of shares is 13 million. KAPSCH-Group Beteiligungs GmbH holds 63.1 % of the shares. The remaining 36.7 % are in free float, of which approximately 5.4 % have been held according to the company's information by The Bank of New York Mellon Corporation as well as its affiliated companies since the start of July 2015. The market capitalization with respect to the closing share price of EUR 29.29 was EUR 380.8 million at the end of the first half of the year.

Share price development in the first half of fiscal year 2015/16 (Kapsch TrafficCom and ATX Prime Index)



The final price of the Kapsch TrafficCom shares and final value of the ATX Prime Index on 31 March 2015, both indexed to 100

### Information on the Shares

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

### Financial Calendar

24 February 2016	Interim report for fiscal year (FY) 2015/16 Q3
16 June 2016	Preliminary results of FY 2015/16
07 September 2016	Annual General Meeting for FY 2015/16

# Interim Management Report.

## Economic background for the Group.

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

- ▶ Electronic toll collection (ETC) for the payment of tolls without stopping at toll stations
- ▶ Traffic management systems (TMS) for traffic monitoring, the optimization of information transmission and the regulation of traffic flows
- ▶ Other intelligent transportation systems such as commercial vehicle operations (CVO), public vehicle transportation management systems (PVTMS) and advanced vehicle information systems (AVIS).

According to the study "Intelligent Transportation Systems – A global strategic business report" from Global Industry Analysts (April 2014), the ITS market will grow between 2012 and 2020 by an average of 8.7% per year and should reach a global volume of USD 26.3 billion by 2020, of which ETC will make up USD 7.8 billion or 29.5%. The strongest growth in all product segments is expected for ETC with annual growth of 11.5%. Business opportunities arise here in particular due to the following developments:

- ▶ The need for financing for infrastructure projects is growing, and state budgets must be relieved. This opens up the opportunity to serve new markets, especially in emerging and developing countries, as well as to expand our activities in already served markets.
- ▶ Global urbanization, high traffic volumes and the associated burdens on the environment and on people as well as the need for traffic safety are all exhibiting increasing trends. Traffic management, especially with toll collection or the establishment of environmental zones or access restrictions, are increasingly being employed as controlling instruments of environmental and traffic policy and can also contribute to lowering accident rates.
- ▶ The wish for higher productivity of vehicles and vehicle operations as well as the wish for greater traveler comfort also speaks in favor of expanding the functionality of existing systems.

## Financial performance indicators.

### Revenue and earnings.

The revenues of the Kapsch TrafficCom Group were EUR 245.0 million in the first half of the current 2015/16 fiscal year (2015/16 H1), slightly above the value of EUR 237.4 million in the same period of the previous fiscal year (2014/15 H1). Revenues increased over the previous year in all three segments – Road Solution Projects (RSP) as well as Services, System Extensions, Components Sales (SEC) and Others (OTH).

Revenues by segment in the first half of the current fiscal year were as follows:

- ▶ The segment RSP (Road Solution Projects) recorded revenues of EUR 38.2 million after EUR 37.9 million in the same period of the previous fiscal year, an increase of 0.9%. Significant revenue contributions came during the half year under report from the newly acquired projects since the previous year, especially the expansion project in Belarus as well as the projects in Australia (WestConnex M4 motorway, Sydney), New Zealand (Tauranga) and the U.S.A. (New York State Thruway, Ohio River Bridges, Puerto Rico).
- ▶ In the segment SEC (Services, System Extensions and Components Sales), revenues increased by 3.7% from EUR 187.2 million in the previous fiscal year to EUR 194.2 million this year. Significant contributors to this increase in revenue were the component sales as well as the ongoing expansion of the Polish toll system. The contributions from the South African operation project were lower by comparison since a one-time effect

was included in the previous year for compensation of the costs incurred during the time for which it was necessary to maintain operational readiness of the system. The technical and commercial operation of the nationwide system in the Czech Republic, the operation project in Poland, the technical operation including maintenance of the nationwide system in Austria and the technical and commercial operation project in Belarus continued to provide stable revenue contributions.

The number of on-board units sold amounted to 4.60 million (2014/15 H1: 3.25 million), an increase of 1.35 million units. Increases were observed in particular in North America, France and Thailand, while the sales figures in Chile lagged behind those of the comparison period.

- The segment Others (OTH) saw EUR 12.5 million in revenue during the first half of 2015/16 (2014/15 H1: EUR 12.3 million). A positive contribution to segment revenue was made by the non-ITS-related business of KTC USA Inc., largely due to the operational monitoring of environmental facilities in the U.S.A. and Australia. The production and supply for the GSM-R project of Kapsch CarrierCom were below that of the same period in the previous year.

In the first half of the current fiscal year, the Kapsch TrafficCom Group reported an operating result (EBIT) of EUR 27.4 million, which was significantly higher than the comparison period of the previous year (2014/15 H1: EUR 17.6 million). This placed the EBIT margin at 11.2 % (2014/15 H1: 7.4 %). Operating results by segment in the first half of the year were as follows:

- The segment RSP recorded an EBIT of EUR -9.2 million during the reporting period after EUR -23.7 million in the first half of the previous year. The new projects obtained since the previous year contributed to this improvement, and the initial successes of the project "Top Fit", which contains measures for cost reduction and improved earnings, were also apparent here. In the comparison period of the previous year, two mutually opposing one-time effects were taken into account: While a goodwill impairment in the cash-generating unit "Road Solution Projects, Electronic Toll Collection" in the amount of EUR 12.3 million weighed down the EBIT of the segment, the release of a provision for losses from pending transactions and follow-up work in the amount of EUR 16.2 had a positive effect on earnings. Despite the improvement, it was not possible during the reporting period to fully cover the expenditures for development and preparatory work for potential tenders as well as expenditures for ongoing tenders attributed to this segment.
- The segment SEC achieved an EBIT of EUR 35.6 million (2014/15 H1: EUR 40.2 million). The decline in comparison to the same period of the previous year results from the one-time revenue effect in the previous year from the South African project. In addition, the costs of Streetline, Inc., U.S.A., which was acquired in April, negatively impact the result in this segment during the current fiscal year. On the other hand, growth in the component business had a positive impact.
- The segment OTH exhibited an EBIT of EUR 1.0 million during the reporting period (2014/15 H1: EUR 1.0 million). The most significant influence here came from KTC USA Inc.

The financial result improved from EUR -8.2 million in the comparison period of the previous year to EUR -2.7 million. The finance income increased from EUR 5.9 million to EUR 8.0 million, largely due to the profit from the sale of securities in the amount of EUR 3.4 million (2014/15 H1: EUR 0.0 million). The finance costs declined from EUR -14.2 million to EUR -10.7 million, although the as yet unrealized foreign currency losses increased to EUR -6.1 million (2014/15 H1: EUR 0.0 million). A goodwill impairment of Q-Free ASA in the amount of EUR 12.2 million was recorded under finance costs in the comparison period of the previous year in connection with the continued poor share price performance.

The profit for the period increased significantly from EUR 0.9 million to EUR 19.2 million. In particular, the share attributable to the equity holders of the company increased to EUR 16.7 million (2014/15 H1: EUR -3.5 million). This resulted in a significantly positive profit per share for the Kapsch TrafficCom Group of EUR 1.28 (2014/15 H1: EUR -0.27).



### **Financial position and cash flows.**

The total assets on 30 September 2015 of EUR 491.9 million was lower than at the end of the 2014/15 fiscal year (31 March 2015: EUR 515.6 million). The total equity of EUR 218.6 million was only slightly below the comparison value on 31 March 2015 of EUR 219.4 million. The equity ratio of the Kapsch TrafficCom Group improved as a result from 42.5% on 31 March 2015 to 44.4% on 30 September 2015.

The most significant changes in assets involved the non-current assets. The other non-current assets decreased by EUR 15.3 million due to the contractually agreed repayments from the Belorussian installation project, of which 25 out of 36 monthly installments have been paid by the customer in compliance with the contract. The largest change in the current assets was a decrease in the other current financial assets by EUR 5.3 million due to the sale of securities.

The largest change on the liabilities side of the balance sheet occurred in the non-current financial liabilities, which declined by EUR 13.9 million. This is related to the buyback of corporate bonds in the amount of EUR 4.2 million as well as the repayment of the financing for the installation of the nationwide electronic truck toll system in Belarus. Under current liabilities, the other liabilities and deferred income declined due to the decrease in tax payables as on the key date by EUR 6.3 million.

The net cash flow from operating activities amounted to EUR 33.1 million after EUR 29.2 million in the comparison period of the previous year and can be attributed to the positive profit from operating activities as well as the decline in the non-current receivables. In addition, the net cash flow from operating activities was affected in the previous year by the release of a provision with an impact on earnings in the amount of EUR 16.2 million as well as a goodwill impairment in the amount of EUR 12.3 million.

The cash flow from investing activities was positive at EUR 5.2 million in the first half of the year due to the sale of securities as well as the cash inflow from the purchase of the shares in Streetline, Inc., U.S.A.

The free cash flow was also positive at EUR 30.3 million (2014/15 H1: EUR 25.5 million). The decrease in the current and non-current financial liabilities due to the buyback of corporate bonds, the repayment of project financing and the dividends paid out for the previous fiscal year in the amount of EUR 13.2 million resulted in a negative net cash flow from financing activities of EUR -28.7 million. Cash and cash equivalents increased from EUR 96.8 million on 31 March 2015 to EUR 102.3 million on 30 September 2015. The decrease in non-current financial liabilities and the increase in cash and cash equivalents led to a decline in net debt from EUR -35.9 million on 31 March 2015 to EUR -19.1 million on 30 September 2015. This is the lowest level since the third quarter of 2012/13.

### **Details of major transactions with related parties.**

No major transactions with related parties having a considerable impact on the financial position or the operative result took place during the first half of the current fiscal year. Details of transactions with related parties are discussed under note 17 to the condensed consolidated interim report as of 30 September 2015.

### **Acquisitions and legal changes.**

On 14 April 2015, a controlling interest in the Californian company Streetline, Inc., U.S.A., was acquired through a merger with the newly founded KTC SL 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.

## **Risk reporting.**

The primary risk elements of the company are industry-specific risks, such as high volatility in revenue from projects, risks in project execution and long-term contracts with public agencies, strategic risks, financial risks, personnel risks, legal risks and IT risks. The central risk management system is focused in particular on project risk management in order to identify and control the risks in project execution as well as enterprise risk management (ERM).

In the past, the revenues of the Kapsch TrafficCom Group have been heavily influenced by whether the given fiscal year had any implementation projects in the RSP segment. In this segment, the company regularly participates in tenders for the implementation and operation of large electronic toll collection and traffic management systems. In this regard, there is a risk that invitations to tender may be postponed or withdrawn or that the Kapsch TrafficCom Group may not successfully win bids for new projects. Continuing revenues from technical and commercial operations also depend on the successful participation in tenders for systems.

In the area of project execution, deadlines may be missed and/or system and product defects may arise. If the contractual services are not fulfilled or if deadlines are exceeded, penalties and damages usually have to be paid, in some cases even damages for lost toll revenue. There is also the risk that projects of the Kapsch TrafficCom Group cannot be realized at the previously calculated costs. In many cases, contracts are awarded by public agencies. Some multi-year contracts contain demanding requirements regarding the targeted performance of the implemented systems, components and processes. Failure to meet these requirements can result in considerable contractual penalties, obligations to pay damages or termination of the contract. On the other hand, in some contracts substantial bonus payments may be earned in the case of over-performance.

One of the strategic objectives of the Kapsch TrafficCom Group is to expand internationally both through organic growth and via selected acquisitions and joint ventures. In implementing this strategy, the Kapsch TrafficCom Group acquires companies around the world and integrates them into the group. However, a number of challenges remain in connection with this growth strategy in achieving the desired synergies and objectives. Impairments to the goodwill recorded on the balance sheet can also occur on the basis of impairment tests according to IAS 36.

As the Kapsch TrafficCom Group becomes more internationally active, the importance of currency exchange risks increases. A considerable portion of revenues and costs are denominated in the currency of the respective foreign companies such as CZK, PLN, SEK, USD and ZAR rather than in euros. Although the Group aims to hedge the foreign currency risks of the individual contracts, currency fluctuations may result in exchange rate losses that appear on the consolidated financial statements (transaction risk). The foreign currency risk is lower in operation projects than in installation projects since the operational revenues of the local company are typically counterbalanced by expenditures in the same currency in the case of operation projects. In addition, fluctuations arise from the conversion of separate financial statements of international companies into the group currency, the euro (translation risk).

## Outlook on the second half of the current fiscal year.

In the second half of the current fiscal year, the Kapsch TrafficCom Group will pursue the concerted development of existing and newly acquired projects. The system expansions in Belarus and Poland will make an important contribution to revenue and profit. In Slovenia, the offer was submitted and the decision is awaited. In addition, the company expects further invitations to tender and decisions on the awarding of orders: In Austria, the new invitation to tender for the existing toll system is currently under way, and an invitation to tender is also in preparation in the Czech Republic. Another major project is in the offer phase in the U.S.A. Kapsch TrafficCom is also in concrete talks regarding a nationwide project with a structure similar to the one completed successfully in Belarus.

An emphasis will be placed on the continued implementation of the strategy, with associated organizational adjustments and specific next steps. The cost savings of the project "Top Fit" will be fully apparent by the end of the fiscal year.

On the basis of the promising results for the first half of the year, the management anticipates that the Kapsch TrafficCom Group will achieve an EBIT margin of 10% in the core business, as expected, assuming a stable revenue level over the current fiscal year. This allows sufficient leeway for additional investments in the future, such as the development of the smart parking business with Streetline.

## Events occurring after 30 September 2015.

Since 1 November 2015, Dr.-Ing. Alexander Lewald has joined the executive board of Kapsch TrafficCom AG as Chief Technology Officer (CTO). Mr. Lewald has been appointed to this position for four years.

Vienna, 19 November 2015

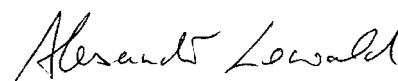
The Executive Board



Georg Kapsch  
Chief Executive Officer



André Laux  
Executive board member



Alexander Lewald  
Executive board member

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# Statement

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## of all Members of the Executive Board.

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

We confirm to the best of our knowledge that the condensed interim statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the group as required by the applicable accounting standards and that the group management report gives a true and fair view of important events that have occurred during the first six months of the financial year and their impact on the condensed interim financial statements, of the principal risks and uncertainties for the remaining six months of the financial year and of the major related party transactions to be disclosed.

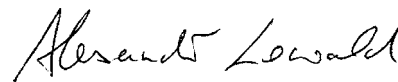
Vienna, 19 November 2015



Georg Kapsch  
Chief Executive Officer



André Laux  
Executive board member



Alexander Lewald  
Executive board member

# Condensed Consolidated Interim Financial Information as of 30 September 2015.\*)

## Kapsch TrafficCom Group – Consolidated statement of comprehensive income.

All amounts in TEUR	Notes	2015/16 Q2	2014/15 Q2	2015/16 H1	2014/15 H1
<b>Revenues</b>	(5)	<b>127,839</b>	<b>119,451</b>	<b>244,964</b>	<b>237,420</b>
Other operating income		3,175	3,230	6,481	6,298
Changes in finished and unfinished goods and work in progress		2,990	-1,351	-371	867
Own work capitalized		187	0	408	0
Cost of materials and other production services		-54,867	-32,054	-93,458	-90,648
Staff costs		-35,612	-33,887	-74,620	-70,442
Amortization and depreciation		-4,210	-4,009	-8,339	-8,117
Impairment charge		0	-12,342	0	-12,342
Other operating expenses		-24,893	-22,103	-47,665	-45,461
<b>Operating result</b>	(5)	<b>14,609</b>	<b>16,934</b>	<b>27,400</b>	<b>17,577</b>
Finance income		2,620	2,507	8,011	5,948
Finance costs		-7,572	-12,629	-10,698	-14,164
<b>Financial result</b>		<b>-4,951</b>	<b>-10,122</b>	<b>-2,687</b>	<b>-8,216</b>
Result from associates		83	2	45	140
<b>Result before income taxes</b>		<b>9,741</b>	<b>6,815</b>	<b>24,758</b>	<b>9,501</b>
Income taxes	(13)	-1,987	-6,175	-5,532	-8,579
<b>Result for the period</b>		<b>7,754</b>	<b>640</b>	<b>19,226</b>	<b>922</b>
Result attributable to:					
Equity holders of the company		6,918	-2,758	16,675	-3,513
Non-controlling interests		837	3,398	2,551	4,435
		<b>7,754</b>	<b>640</b>	<b>19,226</b>	<b>922</b>
<b>Earnings per share from the result for the period attributable to the equity holders of the company (in EUR)</b>		<b>0.53</b>	<b>-0.21</b>	<b>1.28</b>	<b>-0.27</b>
<b>Other comprehensive income for the period</b>					
<b>Items subsequently reclassified to the result for the period:</b>					
Currency translation differences		-1,121	-4,146	-1,335	-4,408
Currency translation differences from net investments in foreign operations		51	2,741	1,653	3,039
Available-for-sale financial assets:					
Fair value gains/losses recognized in other comprehensive income		-5,085	-1,379	-4,474	-2,268
Reclassification of cumulated net losses to the result for the period (impairment)		192	12,185	192	12,185
Reclassification of cumulated net gains to the result for the period (sale of available-for-sale financial assets)		0	0	-3,318	0
Income tax relating to items subsequently reclassified to the result for the period		-23	-744	438	-862
<b>Total items subsequently reclassified to the result for the period</b>		<b>-5,986</b>	<b>8,658</b>	<b>-6,844</b>	<b>7,685</b>
<b>Items subsequently not reclassified to the result for the period:</b>					
Remeasurements of liabilities from post-employment benefits		0	0	0	0
Income tax relating to items subsequently not reclassified to the result for the period		0	0	0	0
<b>Total items subsequently not reclassified to the result for the period</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Other comprehensive income for the period net of tax</b>	(14)	<b>-5,986</b>	<b>8,658</b>	<b>-6,844</b>	<b>7,685</b>
<b>Total comprehensive income for the period</b>		<b>1,768</b>	<b>9,297</b>	<b>12,382</b>	<b>8,607</b>
Total comprehensive income attributable to:					
Equity holders of the company		1,098	5,890	9,970	4,149
Non-controlling interests		669	3,408	2,412	4,457
		<b>1,768</b>	<b>9,297</b>	<b>12,382</b>	<b>8,607</b>

Earnings per share relate to 13.0 million shares.

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

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

**Kapsch TrafficCom Group – Consolidated balance sheet.**

All amounts in TEUR	Notes	30 Sep. 2015	31 March 2015
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	(6)	21,198	22,393
Intangible assets	(6)	66,880	71,250
Interests in associates	(7)	1,882	2,014
Other non-current financial assets and investments	(8)	18,675	23,099
Other non-current assets		12,881	28,138
Deferred tax assets		14,188	13,590
		<b>135,704</b>	<b>160,485</b>
<b>Current assets</b>			
Inventories		47,389	47,670
Trade receivables and other current assets		206,437	205,387
Other current financial assets	(8)	0	5,291
Cash and cash equivalents		102,339	96,765
		<b>356,165</b>	<b>355,113</b>
<b>Total assets</b>		<b>491,869</b>	<b>515,597</b>
<b>EQUITY</b>			
<b>Capital and reserves attributable to equity holders of the company</b>			
Share capital	(9)	13,000	13,000
Capital reserve		117,509	117,509
Retained earnings and other reserves		80,901	77,449
		<b>211,410</b>	<b>207,958</b>
<b>Non-controlling interests</b>		<b>7,157</b>	<b>11,403</b>
<b>Total equity</b>		<b>218,567</b>	<b>219,361</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Non-current financial liabilities	(10)	75,131	88,985
Liabilities from post-employment benefits to employees	(11)	24,788	25,210
Non-current provisions	(12)	1,360	1,661
Other non-current liabilities		4,156	4,657
Deferred income tax liabilities		644	2,380
		<b>106,079</b>	<b>122,892</b>
<b>Current liabilities</b>			
Trade payables		51,378	48,441
Other liabilities and deferred income		59,285	65,535
Current tax payables		1,846	1,174
Current financial liabilities	(10)	46,290	48,969
Current provisions	(12)	8,424	9,225
		<b>167,222</b>	<b>173,344</b>
<b>Total liabilities</b>		<b>273,302</b>	<b>296,236</b>
<b>Total equity and liabilities</b>		<b>491,869</b>	<b>515,597</b>

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

**Kapsch TrafficCom Group – Consolidated statement of changes in equity.**

All amounts in TEUR

	Attributable to equity holders of the company				Non-controlling interests	Total equity
	Consolidated					
	Share capital	Capital reserve	Other reserves	retained earnings		
<b>Carrying amount as of 31 March 2014</b>	<b>13,000</b>	<b>117,509</b>	<b>-13,713</b>	<b>86,004</b>	<b>10,310</b>	<b>213,110</b>
Dividend				0	-6,935	-6,935
Non-controlling interests arising on foundation of a subsidiary					5	5
Result for the period				-3,513	4,435	922
Other comprehensive income for the period:						
Currency translation differences			-2,152		22	-2,129
Fair value gains/losses on available-for-sale financial assets			9,814		0	9,814
<b>Carrying amount as of 30 September 2014</b>	<b>13,000</b>	<b>117,509</b>	<b>-6,050</b>	<b>82,491</b>	<b>7,837</b>	<b>214,786</b>
<b>Carrying amount as of 31 March 2015</b>	<b>13,000</b>	<b>117,509</b>	<b>-12,184</b>	<b>89,634</b>	<b>11,403</b>	<b>219,361</b>
Dividend				-6,500	-6,697	-13,197
Effects from acquisition of shares in subsidiaries				0	21	21
Effects from the acquisition and sale of non-controlling interests				-19	19	0
Result for the period				16,675	2,551	19,226
Other comprehensive income for the period:						
Currency translation differences			44		-139	-95
Fair value gains/losses on available-for-sale financial assets			-6,749		0	-6,749
<b>Carrying amount as of 30 September 2015</b>	<b>13,000</b>	<b>117,509</b>	<b>-18,889</b>	<b>99,791</b>	<b>7,157</b>	<b>218,567</b>

The effects from the acquisition of shares in subsidiaries in the first half of the fiscal year 2015/16 result from the acquisition of shares in Streetline, Inc., California (see note 15). The notes on the following pages form an integral part of this interim financial information.

**Kapsch TrafficCom Group – Consolidated cash flow statement.**

All amounts in TEUR	2015/16 Q2	2014/15 Q2	2015/16 H1	2014/15 H1
<b>Cash flow from operating activities</b>				
Operating result	14,609	16,934	27,400	17,577
Adjustments for non-cash items and other reconciliations:				
Scheduled amortization and depreciation	4,210	4,009	8,339	8,117
Impairment charge	0	12,342	0	12,342
Increase/decrease in obligations for post-employment benefits	-316	-86	-422	-159
Increase/decrease in other non-current liabilities and provisions	-445	125	-470	-34
Increase/decrease in other non-current receivables and assets	-983	-1,645	-2,005	-3,223
Increase/decrease in trade receivables (non-current)	6,174	10,771	19,179	19,019
Increase/decrease in trade payables (non-current)	-256	-123	-470	-451
Other (net)	-2,515	-294	1,707	202
	<b>20,478</b>	<b>42,033</b>	<b>53,259</b>	<b>53,390</b>
Changes in net current assets:				
Increase/decrease in trade receivables and other assets	1,898	-13,625	-1,062	6,120
Increase/decrease in inventories	-880	2,179	281	5,336
Increase/decrease in trade payables and other current payables	3,281	-12,377	-5,324	-10,677
Increase/decrease in current provisions	-318	-15,988	-801	-15,920
	<b>3,981</b>	<b>-39,811</b>	<b>-6,906</b>	<b>-15,141</b>
<b>Cash flow from operations</b>	<b>24,459</b>	<b>2,223</b>	<b>46,353</b>	<b>38,249</b>
Interest received	253	463	567	908
Interest payments	-1,240	-1,219	-2,571	-2,427
Net payments of income taxes	-6,429	-6,028	-11,299	-7,500
<b>Net cash flow from operating activities</b>	<b>17,043</b>	<b>-4,561</b>	<b>33,050</b>	<b>29,230</b>
<b>Cash flow from investing activities</b>				
Purchase of property, plant and equipment	-1,295	-2,480	-2,844	-3,490
Purchase of intangible assets	-79	-436	-98	-493
Purchase of securities and investments	0	-154	0	-362
Increase in cash from the acquisition of entities (less payment for the acquisition of the entity)	0	0	2,543	0
Proceeds from the disposal of property, plant and equipment and intangible assets	-58	107	233	238
Proceeds from the disposal of securities and investments	40	0	5,375	0
<b>Net cash flow from investing activities</b>	<b>-1,392</b>	<b>-2,963</b>	<b>5,210</b>	<b>-4,107</b>
<b>Cash flow from financing activities</b>				
Dividends paid to parent company's shareholders	-6,500	0	-6,500	0
Dividends paid to non-controlling interests	-34	-186	-6,697	-6,935
Increase in non-current financial liabilities	427	45	471	90
Decrease in non-current financial liabilities	-5,083	-5,263	-14,320	-10,527
Increase in current financial liabilities	983	934	1,875	2,233
Decrease in current financial liabilities	-1,080	0	-3,571	-2,600
<b>Net cash flow from financing activities</b>	<b>-11,287</b>	<b>-4,470</b>	<b>-28,741</b>	<b>-17,739</b>
<b>Net increase/decrease in cash and cash equivalents</b>	<b>4,364</b>	<b>-11,994</b>	<b>9,518</b>	<b>7,384</b>
<b>Change in cash and cash equivalents</b>				
Cash and cash equivalents at beginning of period	100,415	77,417	96,765	57,731
Net increase/decrease in cash and cash equivalents	4,364	-11,994	9,518	7,384
Exchange gains/losses on cash and cash equivalents	-2,441	169	-3,945	476
<b>Cash and cash equivalents at end of period</b>	<b>102,339</b>	<b>65,592</b>	<b>102,339</b>	<b>65,592</b>

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



# Selected Notes

## to the Condensed Consolidated Interim Financial Information.

### 1 General information.

Kapsch TrafficCom 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.

### 2 Basis of preparation.

This condensed interim financial information for the first half of the current fiscal year 2015/16 ended 30 September 2015 has been prepared in accordance with IAS 34 "Interim financial reporting". The interim condensed financial report should be read in conjunction with the annual financial statements for the year ended 31 March 2015.

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

### 3 Accounting policies.

The accounting policies adopted are consistent with those of the annual financial statements for the year ended 31 March 2015, as described in the annual financial statements for the year ended 31 March 2015.

In the condensed interim financial information for the first half of the current fiscal year 2015/16 the following new or amended IFRS and IFRIC have been adopted.

New/adopted IFRSs		Applicable to financial years beginning on or after
IAS 19	Employee Benefits (Amendment)	1 January 2015
<b>Annual improvement to IFRS, 2010–2012</b>		
IFRS 2	Share-based Payment	1 January 2015
IFRS 3	Business Combinations	1 January 2015
IFRS 8	Operating Segments	1 January 2015
IFRS 13	Fair Value Measurement	1 January 2015
IAS 16	Property, Plant and Equipment	1 January 2015
IAS 24	Related Party Disclosures	1 January 2015
IAS 38	Intangible Assets	1 January 2015

New/adopted IFRSs		Applicable to financial years beginning on or after
Annual improvement to IFRS, 2011–2013		
IFRS 1	First-time Adoption of International Financial Reporting Standards	1 January 2015
IFRS 3	Business Combinations	1 January 2015
IFRS 13	Fair Value Measurement	1 January 2015
IAS 40	Investment Property	1 January 2015

Adoption of the new/amended standards did not result in any significant effects on the condensed consolidated interim financial information.

#### 4 Risk management.

The financial risks to which Kapsch TrafficCom Group is exposed are generally consistent with those of the consolidated financial statements for the year ended 31 March 2015 and are described therein.

#### 5 Segment information.

2015/16 H1 All amounts in TEUR	Road Solution Projects	Services,		Consolidated group
		System Extensions, Components Sales	Others	
Revenues	38,234	194,188	12,542	244,964
Operating result	-9,152	35,555	997	27,400

2014/15 H1 All amounts in TEUR	Road Solution Projects	Services,		Consolidated group
		System Extensions, Components Sales	Others	
Revenues	37,887	187,186	12,347	237,420
Operating result	-23,701	40,238	1,041	17,577

The following table contains all single external customers which contributed more than 10 % to the total revenues of the period and additionally shows the information of the respective operating segment.

All amounts in TEUR	2015/16 H1			2014/15 H1		
	Revenues	Road Solution Projects	Services, System Extensions, Components Sales	Revenues	Road Solution Projects	Services, System Extensions, Components Sales
Customer 1	41,222		x	39,843		x
Customer 2	39,103		x	35,714		x
Customer 3	25,451	x	x	24,513	x	x
Customer 4	21,144	x	x	30,623	x	x

## 6 Capital expenditure.

All amounts in TEUR	30 Sep. 2015	30 Sep. 2014
<b>Carrying amount as of 31 March of prior year</b>	<b>93,644</b>	<b>113,014</b>
Additions	2,941	3,983
Additions from the acquisition	1,297	0
Disposals	-233	-224
Depreciation, amortization, impairments and other movements	-8,339	-20,459
Currency translation differences	-1,231	899
<b>Carrying amount as of 30 September of fiscal year</b>	<b>88,078</b>	<b>97,213</b>

In the first half of the fiscal year 2015/16, the position "Depreciation, amortization, impairments and other movements" includes an impairment of the goodwill of the cash generating unit "Road Solution Projects, Electronic Toll Collection" amounting to TEUR 12,342.

## 7 Interests in associates.

All amounts in TEUR	30 Sep. 2015	30 Sep. 2014
<b>Carrying amount as of 31 March of prior year</b>	<b>2,014</b>	<b>1,596</b>
Currency translation differences	-176	139
Additions from foundations and acquisitions	0	0
Disposals	0	0
Share in result	45	140
<b>Carrying amount as of 30 September of fiscal year</b>	<b>1,882</b>	<b>1,874</b>

On 31 July 2012 the group acquired 33 % of the shares in SIMEX, Integración de Sistemas, S.A.P.I. de C.V., Mexico City, 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.

## 8 Current and non-current financial assets.

All amounts in TEUR	30 Sep. 2015	31 March 2015	30 Sep. 2014	31 March 2014
Other non-current financial assets and investments	18,675	23,099	26,367	28,506
Other current financial assets	0	5,291	5,261	4,924
	<b>18,675</b>	<b>28,390</b>	<b>31,628</b>	<b>33,430</b>

Other non-current financial assets and investments 2015/16 H1	Available- for-sale securities	Available- for-sale investments	Other non-current financial assets	Total
<b>All amounts in TEUR</b>				
<b>Carrying amount as of 31 March 2015</b>	<b>3,803</b>	<b>19,296</b>	<b>0</b>	<b>23,099</b>
Currency translation differences	0	0	-7	-7
Additions	0	0	97	97
Disposals	-40	0	0	-40
Change in fair value	-88	-4,386	0	-4,474
<b>Carrying amount as of 30 September 2015</b>	<b>3,675</b>	<b>14,910</b>	<b>90</b>	<b>18,675</b>

Other non-current financial assets and investments 2014/15 H1 All amounts in TEUR	Available- for-sale securities	Available- for-sale investments	Other non-current financial assets	Total
<b>Carrying amount as of 31 March 2014</b>	<b>3,655</b>	<b>23,758</b>	<b>1,093</b>	<b>28,506</b>
Currency translation differences	0	0	105	105
Additions	0	362	0	362
Disposals	0	0	0	0
Change in fair value	74	-2,679	0	-2,605
<b>Carrying amount as of 30 September 2014</b>	<b>3,729</b>	<b>21,441</b>	<b>1,197</b>	<b>26,367</b>

Other current financial assets 2015/16 H1 All amounts in TEUR	Available- for-sale securities	Other current financial assets	Total
<b>Carrying amount as of 31 March 2015</b>	<b>5,291</b>	<b>0</b>	<b>5,291</b>
Currency translation differences	0	0	0
Additions	0	0	0
Disposals	-5,291	0	-5,291
Change in fair value	0	0	0
<b>Carrying amount as of 30 September 2015</b>	<b>0</b>	<b>0</b>	<b>0</b>

Other current financial assets 2014/15 H1 All amounts in TEUR	Available- for-sale securities	Other current financial assets	Total
<b>Carrying amount as of 31 March 2014</b>	<b>4,924</b>	<b>0</b>	<b>4,924</b>
Currency translation differences	0	0	0
Additions	0	0	0
Disposals	0	0	0
Change in fair value	337	0	337
<b>Carrying amount as of 30 September 2014</b>	<b>5,261</b>	<b>0</b>	<b>5,261</b>

As of 30 September 2015, available-for-sale securities relate to government and bank bonds as well as shares in investment funds. As of 30 September 2015, investments classified as available-for-sale mainly relate to a 19.48 % investment in the listed company Q-Free ASA, Trondheim, Norway.

In the first half of the fiscal year 2015/16, the disposal of the available-for-sale securities relate to the sale of a mutual fund (ESPA Cash Asset-Backed) and led to a gain amounting to TEUR 3,363 (effect in the result for the period) and TEUR 44 (effect in total comprehensive income for the period).

As of 30 September 2014, other non-current financial assets mainly related to a loan from the group to Simex, Integración de Sistemas, S.A.P.I. de C.V., Mexico, which was repaid in full in the third quarter of 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 government and other bonds, which are quoted, however not regularly traded on a stock market.

Specific valuation techniques used to value financial instruments include:

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

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

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

All amounts in TEUR	Level 1 Quoted prices	Level 2 Observable market data	Level 3 Not based on observable market data	2015/16 H1
<b>Non-current financial assets</b>				
Available-for-sale securities	2,998	677	0	3,675
Available-for-sale investments	14,905	0	0	14,905
	<b>17,903</b>	<b>677</b>	<b>0</b>	<b>18,580</b>
<b>Current financial assets</b>				
Available-for-sale securities	0	0	0	0
	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Total</b>	<b>17,903</b>	<b>677</b>	<b>0</b>	<b>18,580</b>

As of 30 September 2015, other non-current financial assets amounting to TEUR 95 are recognized at amortized cost.

All amounts in TEUR	Level 1 Quoted prices	Level 2 Observable market data	Level 3 Not based on observable market data	2014/15 H1
<b>Non-current financial assets</b>				
Available-for-sale securities	2,995	733	0	3,729
Available-for-sale investments	21,437	0	0	21,437
	<b>24,432</b>	<b>733</b>	<b>0</b>	<b>25,165</b>
<b>Current financial assets</b>				
Available-for-sale securities	5,261	0	0	5,261
	<b>5,261</b>	<b>0</b>	<b>0</b>	<b>5,261</b>
<b>Total</b>	<b>29,693</b>	<b>733</b>	<b>0</b>	<b>30,426</b>

As of 30 September 2014, other non-current financial assets amounting to TEUR 1,202 are recognized at amortized cost.

## 9 Share capital.

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

## 10 Financial liabilities.

All amounts in TEUR	30 Sep. 2015	31 March 2015	30 Sep. 2014	31 March 2014
Non-current financial liabilities	75,131	88,985	99,058	109,494
Current financial liabilities	46,290	48,969	47,660	46,560
<b>Total</b>	<b>121,421</b>	<b>137,954</b>	<b>146,718</b>	<b>156,054</b>

Movements in borrowings are analyzed as follows:

2015/16 H1	Non-current financial liabilities	Current financial liabilities	Total
<b>All amounts in TEUR</b>			
<b>Carrying amount as of 31 March 2015</b>	<b>88,985</b>	<b>48,969</b>	<b>137,954</b>
Additions	471	1,875	2,347
Repayments of borrowings	-14,320	-3,571	-17,891
Reclassification	0	0	0
Currency translation differences	-4	-984	-989
<b>Carrying amount as of 30 September 2015</b>	<b>75,131</b>	<b>46,290</b>	<b>121,421</b>

2014/15 H1	Non-current financial liabilities	Current financial liabilities	Total
<b>All amounts in TEUR</b>			
<b>Carrying amount as of 31 March 2014</b>	<b>109,494</b>	<b>46,560</b>	<b>156,054</b>
Additions	90	2,233	2,323
Repayments of borrowings	-10,527	-2,600	-13,127
Reclassification	0	0	0
Currency translation differences	0	1,468	1,468
<b>Carrying amount as of 30 September 2014</b>	<b>99,058</b>	<b>47,660</b>	<b>146,718</b>

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.

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

All amounts in TEUR	30 Sep. 2015	30 Sep. 2014
<b>Carrying amount</b>	<b>121,421</b>	<b>146,718</b>
<b>Fair value</b>	<b>133,806</b>	<b>151,360</b>
Gross cash flows:		
Up to 1 year	49,563	48,722
Between 1 and 3 years	81,961	25,822
Between 3 and 5 years	0	78,638
	<b>131,525</b>	<b>153,182</b>

The classification of financial liabilities is as follows:

All amounts in TEUR	Level 1	Level 2	Level 3	2015/16 H1
	Quoted prices	Observable market data	Not based on observable market data	
Corporate bond	73,828	0	0	73,828
Other financial liabilities	0	59,979	0	59,979
<b>Total</b>	<b>73,828</b>	<b>59,979</b>	<b>0</b>	<b>133,806</b>

All amounts in TEUR	Level 1	Level 2	Level 3	2014/15 H1
	Quoted prices	Observable market data	Not based on observable market data	
Corporate bond	78,638	0	0	78,638
Other financial liabilities	0	72,723	0	72,723
<b>Total</b>	<b>78,638</b>	<b>72,723</b>	<b>0</b>	<b>151,360</b>

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.

## 11 Liabilities from post-employment benefits to employees.

All amounts in TEUR	30 Sep. 2015	31 March 2015	30 Sep. 2014	31 March 2014
Termination benefits	9,549	9,690	8,687	8,790
Retirement benefits	15,240	15,520	13,306	13,363
<b>Total</b>	<b>24,788</b>	<b>25,210</b>	<b>21,994</b>	<b>22,153</b>

### 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. For retirement benefits the group bears the risk of longevity and inflation due to pension increases.

## 12 Provisions.

All amounts in TEUR	30 Sep. 2015	31 March 2015	30 Sep. 2014	31 March 2014
Non-current provisions	1,360	1,661	1,632	1,303
Current provisions	8,424	9,225	12,457	28,378
<b>Total</b>	<b>9,783</b>	<b>10,886</b>	<b>14,089</b>	<b>29,680</b>

2015/16 H1		Addition re- sulting from company				Currency translation	
All amounts in TEUR	31 March 2015	acquisition	Addition	Utilization	Disposal	differences	30 Sep. 2015
Obligations from anniversary bonuses	1,189	0	13	0	-42	0	1,160
Other	472	0	5	-205	-42	-31	199
<b>Non-current provisions, total</b>	<b>1,661</b>	<b>0</b>	<b>19</b>	<b>-205</b>	<b>-84</b>	<b>-31</b>	<b>1,360</b>
Warranties	1,611	711	3	-1	-137	-79	2,109
Losses from pending transactions and rework	1	0	0	0	0	0	1
Legal fees, costs of litigation and contract risks	402	0	2,279	-30	-1,751	-5	896
Costs of dismantling, removing and restoring assets	0	183	0	0	-7	-10	166
Other	7,211	0	2,372	-2,895	-1,295	-140	5,253
<b>Current provisions, total</b>	<b>9,225</b>	<b>894</b>	<b>4,654</b>	<b>-2,926</b>	<b>-3,191</b>	<b>-233</b>	<b>8,424</b>
<b>Total</b>	<b>10,886</b>	<b>894</b>	<b>4,673</b>	<b>-3,130</b>	<b>-3,275</b>	<b>-264</b>	<b>9,783</b>

2014/15 H1		Addition re- sulting from company				Currency translation	
All amounts in TEUR	31 March 2014	acquisition	Addition	Utilization	Disposal	differences	30 Sep. 2014
Obligations from anniversary bonuses	1,120	0	12	0	-15	0	1,117
Other	183	0	334	0	0	-2	515
<b>Non-current provisions, total</b>	<b>1,303</b>	<b>0</b>	<b>346</b>	<b>0</b>	<b>-15</b>	<b>-2</b>	<b>1,632</b>
Warranties	1,637	0	23	-34	0	12	1,638
Losses from pending transactions and rework	16,201	0	0	0	-16,180	-18	3
Legal fees, costs of litigation and contract risks	4,071	0	0	-50	0	-5	4,015
Other	6,468	0	1,418	-1,127	-33	75	6,801
<b>Current provisions, total</b>	<b>28,378</b>	<b>0</b>	<b>1,441</b>	<b>-1,211</b>	<b>-16,213</b>	<b>63</b>	<b>12,457</b>
<b>Total</b>	<b>29,680</b>	<b>0</b>	<b>1,787</b>	<b>-1,211</b>	<b>-16,228</b>	<b>61</b>	<b>14,089</b>

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 16,180 had to be reversed.

### 13 Income taxes.

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

The disproportionate high tax rate in the first half of the fiscal year 2015/16 is due to the non-tax effective impairments (goodwill impairment and impairment Q-Free ASA).



## 14 Other comprehensive income.

2015/16 H1	Tax expense/		
All amounts in TEUR	Before taxes	income	After taxes
Fair value gains/losses on available-for-sale financial assets:			
Unrealized gains/losses in the current period	-4,474	22	-4,452
Gains/losses recognized in the result for the period	-3,126	829	-2,297
Currency translation differences	-1,335		-1,335
Currency translation differences from net investments in foreign business	1,653	-413	1,240
<b>Fair value changes recognized in equity</b>	<b>-7,282</b>	<b>438</b>	<b>-6,844</b>

In the first half of the fiscal year 2015/16 the unrealized gains/losses on available-for-sale financial assets amounting to TEUR -4,386 relate to fair value changes on the investment in Q-Free ASA, Norway, which are tax neutral.

In the first half of the fiscal year 2015/16, the gains/losses recognized in the result for the period relate to the disposal of current available-for-sale financial assets (see note 8).

2014/15 H1	Tax expense/		
All amounts in TEUR	Before taxes	income	After taxes
Fair value gains/losses on available-for-sale financial assets:			
Unrealized gains/losses in the current period	-2,268	-103	-2,371
Gains/losses recognized in the result for the period	12,185	0	12,185
Currency translation differences	-4,408		-4,408
Currency translation differences from net investments in foreign business	3,039	-760	2,279
<b>Fair value changes recognized in equity</b>	<b>8,547</b>	<b>-862</b>	<b>7,685</b>

The unrealized gains/losses on available-for-sale financial assets recognized in the first half of the fiscal year 2014/15 amounting to TEUR -2.679 relate to fair value changes on the investment in Q-Free ASA, Trondheim, Norway. In the first half of fiscal year 2014/15 these net losses, together with net losses that have been recognized through other comprehensive income in equity in the amount of TEUR 9,506 up to 31 March 2014, were recognized as impairment in the result for the period (TEUR 12,185; reclassification from other comprehensive income to the result of the period).

## 15 Business combinations.

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.

All amounts in TEUR	
Consideration paid	189
Less fair value of net assets acquired (provisionally determined)	-189
<b>Goodwill</b>	<b>0</b>

Assets and liabilities resulting from the acquisition are shown as follows (provisionally determined):

All amounts in TEUR	Fair value
Property, plant and equipment	1,251
Intangible assets	46
Receivables and other assets	580
Cash and cash equivalents	2,732
Provisions	-894
Liabilities, other liabilities and deferred income	-3,504
<b>Net assets acquired</b>	<b>210</b>
thereof controlling interest (90 %)	189
thereof non-controlling interest (10 %)	21

The acquired company contributed revenue of TEUR 1,260 and a net loss of TEUR 1.714 to the group's result for the period from 14 April 2015 to 30 September 2015. If the acquisition had occurred on 1 April 2015, there would not have been a significant change in revenue or profit of the group.

## 16 Contingent liabilities and other 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:

All amounts in TEUR	30 Sep. 2015	31 March 2015
<b>Contract, warranty, performance and bid bonds</b>		
North America (toll collection systems and traffic management)	97,160	79,441
South Africa (toll collection system)	74,602	87,578
Australia (toll collection systems)	26,235	20,593
Austria (toll collection system)	8,500	8,500
Poland (toll collection system)	6,964	7,236
Czech Republic (toll collection system)	4,631	4,126
Portugal (toll collection system)	167	167
Other	2,058	1,647
	<b>220,318</b>	<b>209,288</b>
<b>Bank guarantees</b>	<b>1,685</b>	<b>1,664</b>
<b>Sureties</b>	<b>21</b>	<b>61</b>
<b>Total</b>	<b>222,024</b>	<b>211,014</b>

## 17 Related parties.

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:

All amounts in TEUR	2015/16 H1	2014/15 H1
<b>Affiliated companies outside the Kapsch TrafficCom Group</b>		
Revenues	6,091	8,907
Expenses	14,776	12,729
<b>Other related parties</b>		
Revenues	0	0
Expenses	49	533

All amounts in TEUR	30 Sep. 2015	30 Sep. 2014
<b>Affiliated companies outside the Kapsch TrafficCom Group</b>		
Trade receivables and other current assets	2,990	3,363
Trade payables and other liabilities	8,097	8,126
Liabilities from share purchase	2,057	0
<b>Other related parties</b>		
Trade receivables and other current assets	127	127
Trade payables and other liabilities	13,177	11,749

The members of the executive and supervisory boards have management functions or are members in supervisory boards of other companies of the Kapsch Group.

## 18 Events occurring after 30 September 2015.

Since 1 November 2015, Dr.-Ing. Alexander Lewald has joined the executive board of Kapsch TrafficCom AG as Chief Technology Officer (CTO). Mr. Lewald has been appointed to this position for four years.

Vienna, 19 November 2015

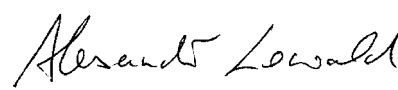
The Executive Board



Georg Kapsch  
Chief Executive Officer



André Laux  
Executive board member



Alexander Lewald  
Executive board member

**Kapsch TrafficCom** is a provider of intelligent transportation systems (ITS) in the segments of toll collection, city access control and parking space management, traffic management, traffic monitoring, utility vehicle monitoring, electronic vehicle registration and V2X cooperative systems. The end-to-end solutions of Kapsch TrafficCom cover the entire value creation chain of its customers, from components and design to the installation and operation of systems, all from a single source. The core business comprises the development, installation and operation of electronic toll collection and traffic management systems. Reference projects in 44 countries on all continents have made Kapsch TrafficCom a globally recognized ITS provider. As part of the Kapsch Group, an Austrian family-owned technology group founded in 1892, Kapsch TrafficCom is headquartered in Vienna, Austria, and has subsidiaries and representational offices in 33 countries. It has also been listed since 2007 on the Vienna Stock Exchange (KTCG) and earned revenues of EUR 456 million in the 2014/15 fiscal year with over 3,500 employees.

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