

Report on the **first three quarters** **of fiscal year 2013/14.**

Kapsch TrafficCom Group – Key figures.

2013/14 Q1-Q3 (first three quarters of fiscal year 2013/14): 1 April–31 December 2013

2013/14 Q3 (third quarter of fiscal year 2013/14): 1 October–31 December 2013

All figures presented in million EUR unless otherwise stated

Earnings Data	2013/14 Q1-Q3	2012/13 Q1-Q3 (adjusted)	+/-	2013/14 Q3	2012/13 Q3 (adjusted)	+/-	2012/13 (adjusted)
Revenues	355.0	310.9	14 %	119.1	107.6	11 %	488.9
EBITDA	20.7	3.7	461 %	4.6	0.9	391 %	34.2
EBITDA margin (in %)	5.8	1.2		3.9	0.9		7.0
EBIT	8.6	-8.7	–	1.0	-3.1	–	16.5
EBIT margin (in %)	2.4	-2.8		0.8	-2.9		3.4
Profit before tax	-1.7	-8.4	80 %	-0.7	-0.2	-253 %	17.0
Profit for the period	-1.3	-5.7	78 %	-0.6	1.2	–	16.8
Earnings per share ¹ (in EUR)	-0.40	-1.09	63 %	-0.04	-0.24	84 %	0.75
Free cash flow ²	-31.7	89.7	–	15.1	11.0	38 %	48.3
Capital expenditure ³	13.5	12.3	9 %	5.2	7.1	-27 %	20.2
Employees ⁴	3,167	2,792	13 %	3,167	2,792	13 %	3,013
On-board units (in million units)	6.80	6.73	1 %	2.34	2.74	-14 %	9.28
Business Segments	2013/14 Q1-Q3	2012/13 Q1-Q3 (adjusted)	+/-	2013/14 Q3	2012/13 Q3 (adjusted)	+/-	2012/13 (adjusted)
Road Solution Projects (RSP):							
Revenues (% of Revenues)	90.2 (25.4 %)	64.0 (20.6 %)	41 %	26.9 (22.5 %)	13.9 (12.9 %)	94 %	128.3 (26.2 %)
EBIT (EBIT margin)	-26.0 (-28.9 %)	-30.1 (-47.0 %)	13 %	-12.9 (-48.1 %)	-14.3 (-103.4 %)	10 %	-51.7 (-40.3 %)
Services, System Extensions, Components Sales (SEC):							
Revenues (% of Revenues)	250.4 (70.5 %)	234.3 (75.3 %)	7 %	86.0 (72.2 %)	89.6 (83.3 %)	-4 %	342.3 (70.0 %)
EBIT (EBIT margin)	33.9 (13.5 %)	21.0 (9.0 %)	61 %	13.5 (15.7 %)	11.3 (12.6 %)	19 %	67.3 (19.7 %)
Others (OTH):							
Revenues (% of Revenues)	14.4 (4.1 %)	12.6 (4.1 %)	14 %	6.2 (5.2 %)	4.1 (3.9 %)	50 %	18.3 (3.7 %)
EBIT (EBIT margin)	0.7 (4.8 %)	0.4 (2.9 %)	91 %	0.4 (6.7 %)	-0.1 (-3.0 %)	–	0.9 (5.1 %)
Regions	2013/14 Q1-Q3	2012/13 Q1-Q3	+/-	2013/14 Q3	2012/13 Q3	+/-	2012/13
Austria ⁵	28.2 (7.9 %)	27.2 (8.7 %)	4 %	13.6 (11.4 %)	12.3 (11.5 %)	10 %	38.0 (7.8 %)
Europe ⁵	221.3 (62.3 %)	175.3 (56.4 %)	26 %	76.0 (63.8 %)	59.7 (55.5 %)	27 %	288.9 (59.1 %)
Americas ⁵	52.7 (14.8 %)	50.1 (16.1 %)	5 %	21.2 (17.8 %)	22.2 (20.6 %)	-4 %	74.8 (15.3 %)
Rest of World ⁵	52.9 (14.9 %)	58.4 (18.8 %)	-9 %	8.2 (6.9 %)	13.4 (12.5 %)	-39 %	87.2 (17.8 %)
Balance Sheet Data	31 Dec. 2013	31 Dec. 2012 (adjusted)	+/-				31 March 2013 (adjusted)
Total assets	548.4	470.2	17 %				567.2
Total equity ⁶	210.9	220.6	-4 %				236.7
Equity ratio ⁶ (in %)	38.5	46.9					41.7
Net assets (+) / debt (-)	-86.9	1.0	–				-40.5
Capital employed	361.1	312.2	16 %				360.7
Net working capital	203.6	167.0	22 %				243.9
Stock Exchange Data	2013/14 Q3	2013/14 Q2	+/-		2013/14 Q3	2013/14 Q2	+/-
Number of shares ⁷ (in million)	13.0	13.0	0 %	Closing price ⁷ (in EUR)	40.50	36.60	11 %
Free float ⁷ (in %)	38.1	38.1	0 %	Market capitalization ⁷ (in million EUR)	526.50	475.80	11 %
Ø trading volume ⁸ (in shares)	19,600	32,851	-42 %	Share performance (in %)	10.66	-1.03	

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

¹ earnings per share (EPS) relate to 13.0 million shares, calculated from the profit for the period attributable to the equity holders of the company

² operating cash flow minus capital expenditure from operations (excl. payments for acquisition of companies and purchases of securities and investments) plus proceeds from the disposal of property, plant and equipment and intangible assets

³ capital expenditure from operations (excl. payments for acquisition of companies and purchases of securities and investments)

⁴ Q3 as of 31 December, 2012/13 as of 31 March 2013

⁵ Revenues (share of total revenues in %); Europe excl. Austria

⁶ incl. minority interests

⁷ 2013/14 Q3 as of 31 December 2013, 2013/14 Q2 as of 30 September 2013; for additional information on the shares see page 5

⁸ average daily trading volume (double counting)

Disclaimer. Certain statements contained in this report constitute “forward-looking statements”. These statements, which contain the words “believe”, “intend”, “expect” and words of similar meaning, reflect management’s beliefs and expectations and are subject to risks and uncertainties that may cause actual results to differ materially. As a result, readers are cautioned not to place undue reliance on such forward-looking statements. The company disclaims any obligation to publicly announce the result of any revisions to the forward-looking statements made herein, except where it would be required to do so under applicable law. Slight differences in calculations may arise due to the rounding of individual items and percentages. The English translation is for convenience; only the German text is binding.

Letter from the Chief Executive Officer.



Photo: Christian Müller/APA/picturedesk.com

Georg Kapsch, Chief Executive Officer

Dear shareholders,

In the first three quarters of the 2013/14 fiscal year, the Kapsch TrafficCom Group transitioned several implementation projects into operation – including a few major ones – and also expanded a number of existing projects. After putting the first stage of our major project in Belarus into operation during the second quarter, we completed the first part of the second stage already in the third quarter. After a wait of over one-and-a-half years, Kapsch TrafficCom achieved an important milestone in South Africa during the third quarter: on December 3rd, 2013, we were finally able to put the toll collection system in the Gauteng province into operation. Roughly 1 million on-board units have already been registered by users, and more should follow.

In the future, this project will have a positive impact on our revenues and earnings. However, the third quarter also brought with it another temporary setback. Unresolved issues in connection with the agreed reimbursement of costs for maintaining operational readiness of the system until December weighed down the result for the reporting period.

Thanks to the recent accomplishments, revenues in the first three quarters increased by 14% compared with the same period of the previous year to reach EUR 355.0 million. At EUR 8.6 million, the EBIT is again positive after EUR -8.7 million in the corresponding period of the previous year, although this is still far below our target. In addition to the previously mentioned influence from the South African project, the slow growth of the project business is also negatively impacting the operating result. The weak EBIT together with a clear decline in the financial results left the profit for the period of the Kapsch TrafficCom Group for the first three quarters of 2013/14 still negative at EUR -1.3 million.

From an operational standpoint, however, we achieved much in the third quarter. Without doubt, the highlight was the commissioning of our toll collection system in South Africa. Furthermore, the Kapsch TrafficCom toll collection system in Sydney, Australia, and a portion of the toll project in Texas – the most complex project

of its kind existing in the U.S.A. – also went live in December. The nationwide toll collection system in Poland was expanded by roughly 450 km to over 2,600 km during the third quarter thereby exceeding the systems in Austria and the Czech Republic in terms of stretch.

In Belarus, we were able to put a portion of the second stage of the nationwide electronic toll collection system into operation at the start of January 2014, it now encompasses 933 km. Due to the short period of operation, this operation project is hardly reflected at all in the current results. Kapsch TrafficCom is financing each of the individual stages over a term of three years, meaning that the current status is always evident on our balance sheet.

In the U.S.A., Kapsch TrafficCom has made additional progress in terms of strategic growth. With the acquisition of Transdyn, a leading provider of modern traffic management systems on the U.S. market, we have come another step closer to our goal of significantly increasing the share of our revenue from select ITS (Intelligent Transportation System) applications outside of the toll collection systems domain by the year 2016. Our presence in the U.S.A. has also been further strengthened by the purchase.

In the past few months, we have also made adjustments to the organization structure of the entire Kapsch TrafficCom Group that was implemented in 2012 on the basis of initial experience with the new system. Because the market has not grown in line with our previous expectations – as can also be seen in the results of our Road Solution Projects segment – we found it necessary to adjust the existing capacities and structures without, however, reducing the strategically indispensable resources or those required for potential future projects. We have already achieved significant cost reductions in this way. In parallel with these changes, we have further expanded the structures for the existing operation projects in Belarus and South Africa.

In Russia, Kapsch TrafficCom not only obtained four new orders in recent months but is currently also preparing, together with the Russian partner JSC NIS, a bid for the invitation to tender for a nationwide toll collection system for trucks exceeding 12 tons total weight.

Work continues on the expansion of the toll collection system in Texas, a portion of which is already in operation. The second portion of the second stage of the toll collection system in Belarus is expected to go into operation in the summer of 2014. In South Africa, we await with anticipation the continued developments of the operational phase and also expect additional orders for on-board units.

In addition, we expect to receive in the near future new orders from a number of regions in which we are active, especially in the U.S.A. In parallel to this, we continue to actively contact potentially interested parties for toll collection systems, an approach that has already proved successful in Belarus. In consideration of the organizational adjustments and the progress achieved, we take a positive view of the full 2013/14 fiscal year, even if the earnings outlook for the current fiscal year has been clouded somewhat by the developments in the third quarter.

Sincerely,



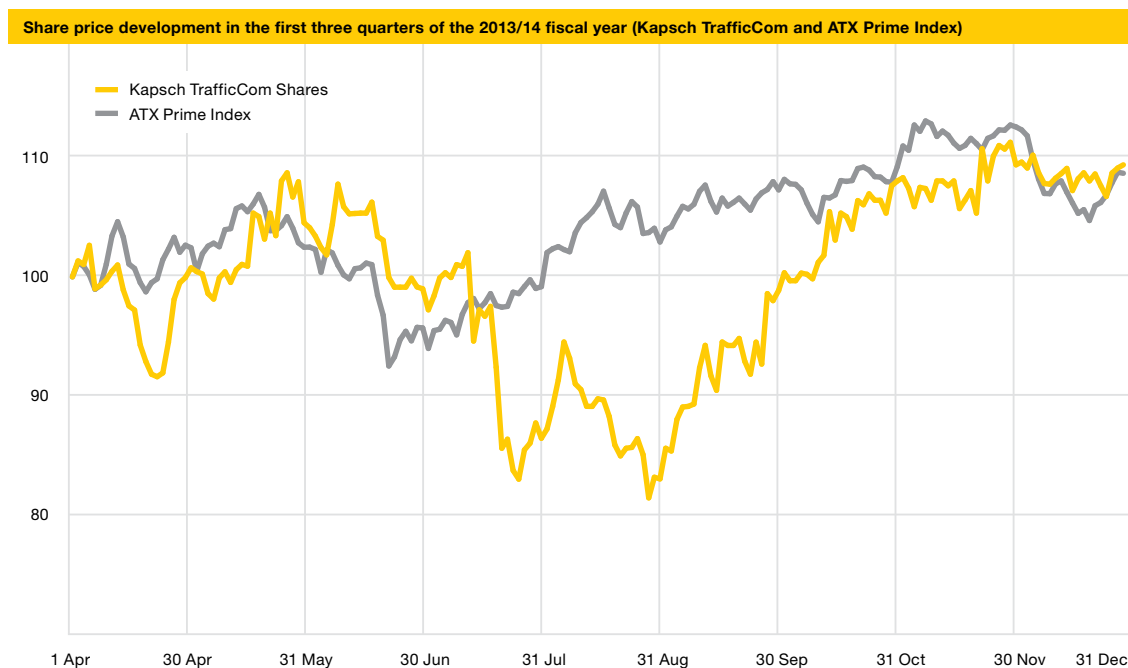
Georg Kapsch
Chief Executive Officer

Kapsch TrafficCom Shares.

The Kapsch TrafficCom shares are listed on the Vienna Stock Exchange and included in the ATX Prime Index as well as the Austrian sustainability index VÖNIX and since 13 May 2013 also the new ATX Global Players index.

After the pronounced decline in share price during the previous 2012/13 fiscal year to EUR 37.02 on 31 March 2013, the share price was marked by heavy volatility during the past three quarters. While the price rose in the first quarter to above EUR 40, it fell back again rapidly as of mid-July, reaching its low for the reporting period on 28 August at EUR 30.16. This was followed by a continuous rise to EUR 40.50 at the end of the third quarter on 31 December 2013. In total, the Kapsch TrafficCom shares thus gained roughly 9 % in value, similar to the general performance of the Austrian market.

The number of shares is 13 million. KAPSCH-Group Beteiligungs GmbH holds 61.9 % of the shares, and the remaining 38.1 % are in free float (including the shares of Erwin Toplak, COO). Based on the final price of the shares of EUR 40.50, the market capitalization of Kapsch TrafficCom was EUR 526.5 million on 31 December 2013.



The final price of the Kapsch TrafficCom shares and final value of the ATX Prime Index on 31 March 2013, both indexed to 100.

Information on the Shares		Financial Calendar	
Investor Relations Officer	Marcus Handl	25 June 2014	Results of fiscal year (FY) 2013/14
Shareholders' Telephone	+43 50811 1120	20 August 2014	Interim report for FY 2014/15 Q1
E-Mail	ir.kapschtraffic@kapsch.net	10 September 2014	Ordinary shareholder's meeting for FY 2013/14
Website	www.kapschtraffic.com	17 September 2014	Ex date for dividends for FY 2013/14
Stock Exchange	Vienna, Prime Market	24 September 2014	1st payment date for FY 2013/14 dividends
ISIN	AT000KAPSCH9	26 November 2014	Interim report for FY 2014/15 Q2
Trading Symbol	KTCG	25 February 2015	Interim report for FY 2014/15 Q3
Reuters	KTCG.VI	24 June 2015	Results of FY 2014/15
Bloomberg	KTCG AV	09 September 2015	Ordinary shareholder's meeting for FY 2014/15

Analysis of results and balance sheet.

Revenues and earnings.

The revenues of the Kapsch TrafficCom Group were EUR 355.0 million in the first three quarters of the current fiscal year 2013/14 (2013/14 Q1-Q3), up by 14.2 % from the same period of the previous fiscal year (2012/13 Q1-Q3: EUR 310.9 million). Revenues increased in the Road Solution Projects (RSP) segment and the Services, System Extensions, Components Sales (SEC) segment.

Revenues by segment in the first three quarters were as follows:

- The segment RSP (Road Solution Projects) recorded revenues of EUR 90.2 million after EUR 64.0 million in the same period of the previous fiscal year, an increase of 40.9 %. The largest single contribution to income in this segment during the period under report came from the implementation project in Belarus. The GNSS (Global Navigation Satellite System) project in France, the “Managed Lane” system project in Texas, U.S.A., and the M5 South West Motorway project in Sydney, Australia, also recorded increased revenues compared with the same period of the previous year.
- In the segment SEC (Services, System Extensions and Components Sales), revenues increased by 6.9 % from EUR 234.3 million in the previous fiscal year to EUR 250.4 million this year. The greatest factor here was the increased revenue from the operation project in Poland and the ongoing expansions to this toll collection system. The technical and commercial operation project in Belarus has also contributed revenue since the second quarter of the current fiscal year. The technical and commercial operation of the nationwide system in the Czech Republic, the technical operation including maintenance of the nationwide system in Austria and the expansions and technical maintenance in Switzerland continued to provide stable revenue.

The number of on-board units sold amounted to 6.8 million (2012/13 Q1-Q3: 6.7 million). The initial delivery of on-board units for the nationwide toll collection project in Belarus took place in the period under report. The sales figures in North America were slightly lower than in the same period in the previous year, while sales were up in Portugal, Chile and France. On-board units were also sold to Russia for the first time during the past quarter.

- In the segment Others (OTH), revenues amounted in the first three quarters of 2013/14 to EUR 14.4 million (2012/13 Q1-Q3: EUR 12.6 million). This increase resulted largely from the production and deliveries for the GSM-R project of Kapsch CarrierCom.

In the first three quarters of the current fiscal year, the Kapsch TrafficCom Group reported an operating result (EBIT) of EUR 8.6 million (2012/13 Q1-Q3: EUR -8.7 million). The operating results by segment were as follows:

- The segment RSP recorded an EBIT of EUR -26.0 million during the reporting period after EUR -30.1 million in the first three quarters of the previous year. The delays in the further stages of the implementation project in Belarus as well as the postponed commissioning of the French GNSS project led to cost increases. In addition, the “Managed Lane” system project in the U.S.A. was impacted negatively by changed customer requirements. Overall, despite effected cost savings it was not possible 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 33.9 million (2012/13 Q1-Q3: EUR 21.0 million). This positive development can be attributed largely to the technical and commercial operation project in Poland, which is now a stable source of income. The earnings contributions from the technical and commercial operation of the nationwide system in the Czech Republic and the technical operation including maintenance of the nationwide system in Austria were below the levels of the previous year. The technical and commercial operation project in Belarus went live during the second quarter of the fiscal year, meaning that it has so far made only a small

contribution. Commercial operation of the project in the South African province of Gauteng was begun in December 2013 and is not yet reflected in the results of the reporting period. In addition, unresolved issues in connection with the reimbursement of costs for maintaining operational readiness of the system until December weighed down the result for the reporting period.

- The segment OTH exhibited an EBIT of EUR 0.7 million (2012/13 Q1-Q3: EUR 0.4 million).

The financial result decreased from EUR 0.2 million in the comparison period of the previous year to EUR -10.4 million. The most important reason for the change in the financial income resulted from the sale of the minority shares in the joint venture LLC "United Toll Systems", Russia, in the same period of the previous year as well as lower foreign currency gains, which remain largely unrealized. The finance costs experienced an increase in the as yet unrealized foreign exchange losses. In the case of both the foreign currency gains and the foreign currency losses, the changes can be attributed to exchange rate fluctuations that negatively impacted primarily the conversion of the group-internal financing measures of the subsidiaries in North America and South Africa as at the key date.

Financial position and cash flows.

The balance sheet total on 31 December 2013 of EUR 548.4 million was slightly lower than at the end of the 2012/13 fiscal year (31 March 2013: EUR 567.2 million). The total equity of EUR 210.9 million was also below the comparison value on 31 March 2013 of EUR 236.7 million. Due to the decreased total equity, the equity ratio of the Kapsch TrafficCom Group declined from 41.7 % on 31 March 2013 to 38.5 % on 31 December 2013.

With regard to the balance sheet assets, the other non-current assets saw an increase of EUR 69.9 million, largely due to the non-current share of the receivables from the Belarus implementation project. On the other hand, the non-current assets were negatively impacted by the decline of EUR 10.2 million in other non-current financial assets and investments due primarily to the change in the fair value of the investment in Q-Free ASA, Norway. Under current assets, the trade receivables fell by EUR 56.7 million, primarily as a result of the project business.

The largest changes on the liabilities side of the balance sheet lie in the area of financial liabilities. Largely due to financing of the construction of the nationwide electronic truck toll collection system in Belarus, the non-current financial liabilities increased by EUR 10.4 million and the current financial liabilities by EUR 15.8 million.

The net cash flow from operating activities amounted to EUR -19.9 million in the first three quarters. The increase in the non-current trade receivables and the decrease in trade payables as well as other current liabilities could not be compensated for by the decrease in trade receivables and other assets and the operating result. The cash flow from investing activities was determined in the first three quarters of fiscal year 2013/14 by the setup of the Belorussian company and ongoing replacement investments in North America and Austria. The increase in the current and non-current financial liabilities primarily from project financing compensated for the dividends paid out and led to a positive net cash flow from financing activities of EUR 14.7 million.

Cash and cash equivalents declined from EUR 79.0 million on 31 March 2013 to EUR 58.5 million on 31 December 2013. The increase in current and non-current financial liabilities and the decline in cash and cash equivalents led to an increase in net debt from EUR 40.5 million on 31 March 2013 to EUR 86.9 million on 31 December 2013.

Condensed consolidated interim financial information as of 31 December 2013.^{*)}

Kapsch TrafficCom Group – Consolidated statement of comprehensive income.

All amounts in TEUR	Note	2013/14 Q3	2012/13 Q3 (adjusted)	2013/14 Q1-Q3	2012/13 Q1-Q3 (adjusted)
Revenues	(4)	119,107	107,583	355,046	310,947
Other operating income		9,215	2,746	18,603	11,087
Changes in finished and unfinished goods and work in progress		-7,381	-1,260	-6,435	10,697
Other own work capitalized		0	236	0	236
Cost of materials and other production services		-52,188	-53,764	-167,678	-170,677
Staff costs		-35,536	-32,509	-104,778	-96,775
Amortization of intangible assets and depreciation of property, plant and equipment		-3,656	-4,074	-12,140	-12,386
Other operating expenses		-28,594	-22,090	-74,061	-61,821
Operating result	(4)	967	-3,132	8,557	-8,693
Finance income		1,752	7,022	4,654	11,073
Finance costs		-3,537	-4,250	-15,075	-10,907
Financial result		-1,785	2,772	-10,421	166
Results from associates and joint ventures		155	172	172	172
Result before income tax		-663	-188	-1,691	-8,355
Income taxes	(11)	46	1,386	423	2,624
Result for the period		-617	1,198	-1,268	-5,731

All amounts in TEUR	Note	2013/14 Q3	2012/13 Q3 (adjusted)	2013/14 Q1-Q3	2012/13 Q1-Q3 (adjusted)
Other comprehensive income for the period:					
Items that may be reclassified to the result for the period:					
Currency translation differences		-1,498	-768	-3,606	-1,500
Available-for-sale financial assets		-5,564	1,445	-9,307	-5,431
Income tax relating to items that will be reclassified to the result for the period		140	-63	110	-159
Total items that may be reclassified to the result for the period		-6,922	613	-12,803	-7,090
Items that will not be reclassified to the result for the period:					
Actuarial gains/losses according to IAS 19		0	-509	0	-1,526
Income tax relating to items that will not be reclassified to the result for the period		0	128	0	385
Total items that will not be reclassified to the result for the period		0	-380	0	-1,141
Other comprehensive income for the period net of tax	(12)	-6,922	233	-12,803	-8,231
Total comprehensive income for the period		-7,539	1,432	-14,071	-13,963
Result attributable to:					
Equity holders of the company		-503	-3,087	-5,190	-14,112
Minority interests		-114	4,286	3,921	8,380
		-617	1,198	-1,268	-5,731
Total comprehensive income attributable to:					
Equity holders of the company		-6,893	-2,569	-16,546	-21,715
Minority interests		-646	4,000	2,475	7,752
		-7,539	1,432	-14,071	-13,963
Earnings per share from the result for the period attributable to the equity holders of the company (in EUR)		-0.04	-0.24	-0.40	-1.09

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	Note	31 December 2013	31 March 2013 (adjusted)
ASSETS			
Non-current assets			
Property, plant and equipment	(5)	24,082	24,676
Intangible assets	(5)	77,151	79,170
Interests in associates and joint ventures		1,666	1,694
Other non-current financial assets and investments	(6)	27,899	38,085
Other non-current assets		70,805	942
Deferred tax assets		23,510	19,527
		225,112	164,094
Current assets			
Inventories		63,452	66,428
Trade receivables and other current assets		196,440	253,177
Other current financial assets	(6)	4,820	4,505
Cash and cash equivalents		58,529	79,022
		323,241	403,132
Total assets		548,354	567,227
EQUITY			
Capital and reserves attributable to equity holders of the company			
Share capital	(7)	13,000	13,000
Capital reserve		117,509	117,509
Retained earnings and other reserves		72,332	94,080
		202,841	224,588
Minority interests		8,023	12,115
Total equity		210,864	236,703
LIABILITIES			
Non-current liabilities			
Non-current financial liabilities	(8)	114,786	104,372
Liabilities from post-employment benefits to employees	(9)	22,162	22,602
Non-current provisions	(10)	1,171	1,370
Other non-current liabilities		1,986	1,766
Deferred income tax liabilities		14,261	11,752
		154,366	141,861
Current liabilities			
Trade payables		61,095	80,220
Other liabilities and deferred income		61,236	52,520
Current tax payables		1,245	8,031
Current financial liabilities	(8)	35,451	19,658
Current provisions	(10)	24,097	28,233
		183,124	188,663
Total liabilities		337,490	330,524
Total equity and liabilities		548,354	567,227

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				Minority interests	Total equity
	Share capital	Capital reserve	Other reserves	Consolidated retained earnings		
Carrying amount as of 31 March 2012 (adjusted)	13,000	117,509	12,120	97,416	13,640	253,685
Dividend for 2011/12				-11,700	-7,407	-19,107
Result for the period				-14,112	8,380	-5,731
Other comprehensive income for the period:						
Currency translation differences			-872		-628	-1,500
Fair value gains/losses on available-for-sale financial assets			-5,590		0	-5,590
Actuarial gains/losses according to IAS 19			-1,141		0	-1,141
Carrying amount as of 31 December 2012 (adjusted)	13,000	117,509	4,517	71,604	13,985	220,615
Carrying amount as of 31 March 2013 (adjusted)	13,000	117,509	-1,424	95,503	12,115	236,703
Effects from the disposal of subsidiaries				-1	1	0
Dividend for 2012/13				-5,200	-6,568	-11,768
Result for the period				-5,190	3,921	-1,268
Other comprehensive income for the period:						
Currency translation differences			-1,996		-1,446	-3,442
Fair value gains/losses on available-for-sale financial assets			-9,360		0	-9,360
Carrying amount as of 31 December 2013	13,000	117,509	-12,780	85,113	8,023	210,864

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	2013/14 Q3	2012/13 Q3 (adjusted)	2013/14 Q1-Q3	2012/13 Q1-Q3 (adjusted)
Cash flow from operating activities				
Operating result	967	-3,132	8,557	-8,693
Adjustments for non-cash items and other reconciliations:				
Depreciation and amortization	3,656	4,074	12,140	12,386
Increase/decrease in obligations for post-employment benefits	-272	-137	-462	-411
Increase/decrease in other non-current liabilities and provisions	-1	400	-391	185
Increase/decrease in other non-current receivables and assets	-3,848	972	-1,529	803
Increase/decrease in trade receivables (non-current)	-52,145	1,468	-65,595	2,757
Increase/decrease in trade payables (non-current)	-632	-1,135	-356	-1,850
Other (net)	-1,209	-2,256	-6,012	-3,033
	-53,483	255	-53,648	2,142
Changes in net current assets:				
Increase/decrease in trade receivables and other assets	91,828	38,469	54,249	141,199
Increase/decrease in inventories	1,758	-10,305	2,976	-16,964
Increase/decrease in trade payables and other current payables	-20,667	-8,792	-10,306	-15,256
Increase/decrease in current provisions	138	-288	-4,136	1,150
	73,057	19,084	42,782	110,130
Cash flow from operations	19,574	19,339	-10,866	112,272
Interest received	556	1,693	1,205	2,514
Interest payments	-1,285	-3,010	-4,745	-6,079
Net payments of income taxes	1,228	-247	-5,452	-7,038
Net cash flow from operating activities	20,074	17,774	-19,858	101,668
Cash flow from investing activities				
Purchase of property, plant and equipment	-1,460	-4,173	-8,345	-8,503
Purchase of intangible assets	-3,748	-2,960	-5,114	-3,821
Purchase of securities and shares	0	8	0	-1,561
Proceeds from the disposal of property, plant and equipment and intangible assets	211	313	1,651	319
Proceeds from the sale of securities and investments	6	5,997	6	5,997
Net cash flow from investing activities	-4,991	-815	-11,802	-7,570
Cash flow from financing activities				
Dividends paid to company shareholders	0	0	-5,200	-11,700
Dividends paid to minority shareholders of group companies	-47	-45	-6,568	-7,407
Increase in non-current financial liabilities	120	5,350	26,207	5,433
Decrease in non-current financial liabilities	-180	20	-540	0
Increase in current financial liabilities	6,443	-1,936	9,027	5,827
Decrease in current financial liabilities	-5,799	-4,308	-8,254	-47,016
Net cash flow from financing activities	538	-920	14,673	-54,863
Net increase/decrease in cash and cash equivalents	15,621	16,039	-16,987	39,235
Change in cash and cash equivalents				
Cash and cash equivalents at beginning of period	44,824	67,661	79,022	44,929
Net increase/decrease in cash and cash equivalents	15,621	16,039	-16,987	39,235
Exchange gains/losses on cash and cash equivalents	-1,915	32	-3,506	-432
Cash and cash equivalents at end of period	58,529	83,732	58,529	83,732

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

Kapsch TrafficCom Group – 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, engineering solutions, electronic manufacturing and logistics services are offered to affiliated entities and third parties.

2 Basis of preparation

This condensed interim financial information for the first three quarters of the current fiscal year 2013/14 ended 31 December 2013 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 2013.

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 2013, as described in the annual financial statements for the year ended 31 March 2013.

In the third quarter of 2013/14, two USD loans that have been granted to U.S. subsidiaries have been classified as net investments in a foreign operation in accordance with IAS 21 as the management board has no intention to repay these loans in the foreseeable future and a repayment is not considered probable either. Foreign exchange differences from these loans had to be recognized directly in equity from third quarter of 2013/14 on and amount to TEUR 652.

In this condensed interim financial information for the first three quarters of the current fiscal year 2013/14 the following new or amended IFRSs and IFRICs have been adopted

New/adopted IFRSs		Applicable to financial years beginning on or after
IAS 19R	Employee Benefits	1 January 2013
IFRS 13	Fair Value Measurement	1 January 2013
Amendment to IFRS 7	Financial Instruments: Disclosures	1 January 2013
Amendment to IAS 1	Presentation of items under other comprehensive income	1 July 2012

Due to the revisions to IAS 19 the previously permissible deferral of actuarial gains and losses according to the corridor method, in which the actuarial gains were permitted to be recognized in profit or loss only if they amounted to 10 % of the higher amount of the defined benefit obligation and the fair value of the plan assets, is no longer possible. Actuarial gains and losses are now fully recognized in other comprehensive income in the statement of comprehensive income. In addition, the group has adopted the new disclosure requirements.

In the course of applying IAS 19R the net interest amount is now disclosed within the financial result and no longer included in staff costs. This is the common disclosure method and facilitates comparability with other financial statements.

The adoption of IAS 19R and the change in disclosure of the interest effect were applied retrospectively according to IAS 8 with effect from 1 April 2012 to provide comparable financial information.

The impacts on the first three quarters of the fiscal year 2012/13 are as follows:

Corrections for the items of the total comprehensive income	2012/13 Q1-Q3	IAS 19R	2012/13 Q1-Q3 (adjusted)
Staff costs	-97,702	927	-96,775
Operating result	-9,620	927	-8,693
Finance costs	-10,085	-822	-10,907
Financial result	988	-822	166
Result before income tax	-8,460	104	-8,355
Income taxes	2,650	-26	2,624
Result for the period	-5,810	78	-5,731
Actuarial gains/losses	0	-1,526	-1,526
Income tax relating to items that will not be reclassified to the result for the period	0	385	385
Other comprehensive income for the period net to tax	-7,090	-1,141	-8,231
Total comprehensive income for the period	-12,900	-1,063	-13,963
Result attributable to equity holders of the company	-14,190	78	-14,112
Result attributable to minority interests	8,380	0	8,380
	-5,810	78	-5,731
Total comprehensive income attributable to equity holders of the company	-20,652	-1,063	-21,715
Total comprehensive income attributable to minority interests	7,752	0	7,752
	-12,900	-1,063	-13,963
Earnings per share from the result for the period attributable to the equity holders of the company (in EUR)	-1.09	0.00	-1.09

Corrections for the items of balance sheet	31 Dec. 2012	IAS 19R	31 Dec. 2012 (adjusted)
Consolidated retained earnings and other reserves	79,746	-3,624	76,121
Total equity	224,239	-3,624	220,615
Liabilities from post-employment benefits to employees	16,835	4,839	21,674
Deferred income tax liabilities	14,293	-1,215	13,077
Total non-current liabilities	113,870	3,624	117,494
Total equity and liabilities	470,234	0	470,234

Corrections for the items of balance sheet	31 March 2013	IAS 19R	31 March 2013 (adjusted)
Consolidated retained earnings and other reserves	98,058	-3,979	94,080
Total equity	240,682	-3,979	236,703
Liabilities from post-employment benefits to employees	17,289	5,313	22,602
Deferred income tax liabilities	13,086	-1,335	11,752
Total non-current liabilities	137,882	3,979	141,861
Total equity and liabilities	567,227	0	567,227

4 Segment information

2013/14 Q1-Q3 All amounts in TEUR	Road Solution Projects	Services, System Extensions, Components Sales	Others	Consolidated group
Revenues	90,229	250,390	14,426	355,046
Operating result	-26,031	33,892	696	8,557

2012/13 Q1-Q3 (adjusted) All amounts in TEUR	Road Solution Projects	Services, System Extensions, Components Sales	Others	Consolidated group
Revenues	64,021	234,292	12,634	310,947
Operating result	-30,068	21,011	364	-8,693

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 contributed operating segment.

2013/14 Q1-Q3 All amounts in TEUR	Revenue	Road Solution Projects	Services, System Extensions, Components Sales
Customer 1	65,271		x
Customer 2	54,946		x
Customer 3	47,513	x	x
Customer 4	33,676	x	x

2012/13 Q1-Q3 All amounts in TEUR	Revenue	Road Solution Projects	Services, System Extensions, Components Sales
Customer 1	63,415	x	x
Customer 2	56,775	x	x
Customer 3	17,845	x	
Customer 4	42,027	x	x

5 Capital expenditure

All amounts in TEUR	Tangible and intangible assets
Carrying amount as of 31 March 2013	103,846
Additions	13,459
Disposals	-1,642
Depreciation, amortization, impairments and other movements	-12,140
Currency translation differences	-2,289
Carrying amount as of 31 December 2013	101,233
Carrying amount as of 31 March 2012	102,226
Additions	12,324
Disposals	-408
Depreciation, amortization, impairments and other movements	-12,386
Currency translation differences	81
Carrying amount as of 31 December 2012	101,837

6 Current and non-current financial assets

	31 December 2013	31 March 2013	31 December 2012	31 March 2012
Other non-current financial assets and investments	27,899	38,085	45,908	51,229
Other current financial assets	4,820	4,505	8,826	8,213
	32,719	42,590	54,734	59,442

Other non-current financial assets and investments 2013/14 Q1-Q3	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	-162	-162
Additions	0	0	1,881	1,881
Disposals	0	0	-2,284	-2,284
Change in fair value	-102	-9,520	0	-9,622
Carrying amount as of 31 December 2013	3,582	22,488	1,829	27,899

Other non-current financial assets and investments 2012/13 Q1-Q3	Available-for-sale securities	Available-for-sale investments	Other non-current financial assets	Total
Carrying amount as of 31 March 2012	3,619	40,981	6,629	51,229
Currency translation differences	0	-35	151	115
Additions	0	1,561	47	1,608
Disposals	0	0	-1,001	-1,001
Change in fair value	24	-6,068	0	-6,044
Carrying amount as of 31 December 2012	3,642	36,439	5,826	45,908

Other current financial assets 2013/14 Q1-Q3	Available-for-sale securities	Other	Total
Carrying amount as of 31 March 2013	4,505	0	4,505
Currency translation differences	0	0	0
Additions	0	0	0
Disposals	0	0	0
Change in fair value	315	0	315
Carrying amount as of 31 December 2013	4,820	0	4,820

Other current financial assets 2012/13 Q1-Q3	Available-for-sale securities	Other	Total
Carrying amount as of 31 March 2012	8,213	0	8,213
Currency translation differences	0	0	0
Additions	0	0	0
Disposals	0	0	0
Change in fair value	613	0	613
Carrying amount as of 31 December 2012	8,826	0	8,826

As of 31 December 2013, available-for-sale securities relate to government and bank bonds as well as shares in investment funds. As of 31 December 2013, investments classified as available-for-sale mainly relate to a 19.76 % investment in the listed company Q-Free ASA, Trondheim, Norway.

Unrealized gains and losses are recognized in the other comprehensive income of the period (see Note 12).

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 according to IFRS 7.27 A:

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.

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

Fair value-hierarchies according to IFRS 7.27 A	2013/14 Q1-Q3	Level 1 Quoted prices	Level 2 Observable market data	Level 3 Not based on observable market data
Non-current financial assets				
Available-for-sale securities	3,582	2,848	734	0
Available-for-sale investments	22,483	22,483	0	0
	26,065	25,331	734	0
Current financial assets				
Available-for-sale securities	4,820	4,820	0	0
	4,820	4,820	0	0
Total	30,885	30,151	734	0

As of 31 December 2013, other non-current financial assets amounting to TEUR 1,834 are recognized at amortized cost.

Fair value-hierarchies according to IFRS 7.27 A	2012/13 Q1-Q3	Level 1 Quoted prices	Level 2 Observable market data	Level 3 Not based on observable market data
Non-current financial assets				
Available-for-sale securities	3,642	2,954	688	0
Available-for-sale investments	34,909	34,909	0	0
	38,551	37,863	688	0
Current financial assets				
Available-for-sale securities	8,826	8,826	0	0
	8,826	8,826	0	0
Total	47,377	46,689	688	0

As of 31 December 2012, other non-current financial assets amounting to TEUR 7,356 are recognized at amortized cost.

7 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.

8 Financial liabilities

All amounts in TEUR	31 December 2013	31 March 2013	31 December 2012	31 March 2012
Non-current financial liabilities	114,786	104,372	79,687	74,256
Current financial liabilities	35,451	19,658	11,916	53,249
Total	150,237	124,030	91,603	127,505

Movements in borrowings is analyzed as follows:

All amounts in TEUR	Non-current financial liabilities	Current financial liabilities	Total
Carrying amount as of 31 March 2013	104,372	19,658	124,030
Additions	26,207	9,027	35,234
Repayments of borrowings	-540	-8,254	-8,794
Reclassification	-15,250	15,250	0
Currency translation differences	-3	-231	-233
Carrying amount as of 31 December 2013	114,786	35,451	150,237

All amounts in TEUR	Non-current financial liabilities	Current financial liabilities	Total
Carrying amount as of 31 March 2012	74,256	53,249	127,505
Additions	5,433	5,827	11,260
Repayments of borrowings	0	-47,016	-47,016
Currency translation differences	-1	-145	-146
Carrying amount as of 31 December 2012	79,687	11,916	91,603

9 Liabilities from post-employment benefits to employees

All amounts in TEUR	31 December 2013	31 March 2013 (adjusted)	31 December 2012 (adjusted)	31 March 2012 (adjusted)
Termination benefits	9,153	9,064	8,557	8,220
Pension benefits	13,010	13,537	13,117	11,902
Total	22,162	22,602	21,674	20,122

Termination benefits

The obligation to set up a provision for termination benefits is based on the respective labor law.

Pension benefits

Liabilities for pension benefits recognized at the balance sheet date relate to retirees only. All pension agreements are based on past service cost and are not covered by external plan assets (funds). In addition, contributions are paid to an external pension fund for employees of the group.

10 Provisions

All amounts in TEUR	31 December 2013	31 March 2013	31 December 2012	31 March 2012
Non-current provisions	1,171	1,370	1,132	1,098
Current provisions	24,097	28,233	19,681	18,531
Total	25,268	29,603	20,813	19,628

2013/14 Q1-Q3 All amounts in TEUR	31 March 2013	Addition	Utilization	Disposal	Currency translation differences	Reclassifi- cation	31 Dec. 2013
Obligations from anniversary bonuses	1,182	162	-11	-162	0	0	1,171
Other	188	0	0	0	-11	-177	0
Non-current provisions, total	1,370	162	-11	-162	-11	-177	1,171
Warranties	1,910	30	0	-3	-112	177	2,002
Losses from pending transactions and rework	18,514	0	-1,148	0	97	0	17,463
Legal fees, costs of litigation and contract risks	2,524	159	-128	0	-1	5	2,558
Other	5,286	691	-3,701	-57	-140	-5	2,074
Current provisions, total	28,233	879	-4,977	-60	-156	177	24,097
Total	29,603	1,041	-4,988	-222	-166	0	25,268

2012/13 Q1-Q3 All amounts in TEUR	31 March 2012	Addition	Utilization	Disposal	Currency translation differences	Reclassifi- cation	31 Dec. 2012
Obligations from anniversary bonuses	868	126	0	-94	0	0	899
Other	230	0	0	0	3	0	233
Non-current provisions, total	1,098	126	0	-94	3	0	1,132
Warranties	1,229	1,388	-5	-9	-9	0	2,594
Losses from pending transactions and rework	12,382	0	-273	0	229	0	12,339
Legal fees, costs of litigation and contract risks	1,022	228	-737	-119	6	0	401
Other	3,897	7,227	-5,305	-1,511	40	0	4,348
Current provisions, total	18,531	8,844	-6,320	-1,640	267	0	19,681
Total	19,628	8,969	-6,320	-1,734	270	0	20,813

11 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.

In the first three quarters of 2013/14, the effective tax rate is 25 % (2012/13 Q1-Q3: 31 %). For the full year 2013/14, management expects an effective tax rate of approximately 25 %.

12 Other comprehensive income

2013/14 Q1-Q3 All amounts in TEUR	Before taxes	Tax expense/ income	After taxes
Fair value gains/losses on available-for-sale financial assets:			
Unrealized gains/losses in the current period	-9,307	-53	-9,360
Actuarial gains/losses according to IAS 19	0	0	0
Currency translation differences from net investments in a foreign operation	-652	163	-489
Currency translation differences	-2,953		-2,953
Fair value changes recognized in equity	-12,913	110	-12,803

The fair value gains/losses on available-for-sale financial assets not realized amounting to TEUR -9,520 relate to the investment in Q-Free ASA, Norway (2012/13 Q1-Q3: TEUR -6,068).

2012/13 Q1-Q3 (adjusted) All amounts in TEUR	Before taxes	Tax expense/ income	After taxes
Fair value gains/losses on available-for-sale financial assets:			
Unrealized gains/losses in the current period	-5,431	-159	-5,590
Actuarial gains/losses according to IAS 19	-1,526	385	-1,141
Currency translation differences	-1,500		-1,500
Fair value changes recognized in equity	-8,457	225	-8,231

13 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 and sureties.

Details of contingent liabilities and other commitments are as follows:

All amounts in TEUR	31 December 2013	31 March 2013
Contract, warranty, performance and bid bonds:		
Toll collection system South Africa, Gauteng	80,025	98,202
Toll collection system North America	19,707	21,225
Truck toll collection system Austria	8,500	8,500
Toll collection system Poland	7,145	9,194
City Highway Sydney and Melbourne	5,359	2,775
Truck toll collection system Czech Republic	1,739	2,494
Toll collection system Portugal	573	1,820
Tender Slovenia	0	2,000
Other	1,884	2,842
	124,932	149,052
Bank guarantees	1,674	1,780
Sureties	62	64
Total	126,668	150,896

14 Related parties

All amounts in TEUR		Sales to related parties Q1-Q3	Sales from related parties Q1-Q3	Amounts owed by related parties 31 December	Amounts owed to related parties 31 December (adjusted)
Affiliated companies outside the Kapsch TrafficCom Group	2013/14	12,505	19,650	8,327	9,604
	2012/13	10,204	16,373	4,459	4,969
Others	2013/14	213	1,251	111	11,487
	2012/13	1,389	2,294	293	12,009

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

15 Events occurring after 31 December 2013

On January 15, 2014 Kapsch TrafficCom AG has acquired through its subsidiary Kapsch TrafficCom IVHS Inc. all of the shares of Transdyn Inc., Duluth, U.S.A.

Vienna, 26 February 2014

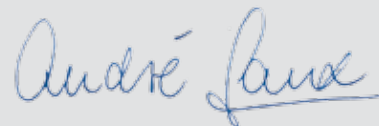
The Executive Board



Georg Kapsch
Chief Executive Officer



Erwin Toplak
Executive board member



André Laux
Executive board member

Kapsch TrafficCom is a provider of intelligent transportation systems (ITS) in the application fields of road user charging, urban access and parking, road safety enforcement, commercial vehicle operations, electronic vehicle registration, traffic management and V2X cooperative systems. Kapsch TrafficCom covers with end-to-end solutions the entire value creation chain of its customers as a one-stop shop, from components and subsystems to their integration and operation. The solutions of Kapsch TrafficCom help to provide funding for infrastructure projects, to increase traffic safety, to optimize traffic flow, and to reduce environmental pollution from traffic. The core business is to design, build and operate electronic toll collection systems for multi-lane free-flow traffic. References in 44 countries on all continents make Kapsch TrafficCom a recognized supplier of electronic toll collection 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 representative offices in 33 countries, has been listed on the Vienna Stock Exchange (KTCG) since 2007, and generated with more than 3,000 employees revenues of EUR 488.9 million in fiscal year 2012/13. For additional information: www.kapsch.net and www.kapschtraffic.com

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