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IMAGINE

REPORT ON THE FIRST THREE QUARTERS OF FISCAL YEAR 2014/15.



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Selected Key Financial Data.

2014/15 Q1-Q3 (first three quarters of fiscal year 2014/15): 1 April–31 December 2014

2014/15 Q3 (third quarter of fiscal year 2014/15): 1 October–31 December 2014

All figures presented in million EUR unless otherwise stated

Earnings Data	2014/15 Q1-Q3	2013/14 Q1-Q3	+/-	2014/15 Q3	2013/14 Q3	+/-	2013/14
Revenues	349.5	355.0	-2 %	112.1	119.1	-6 %	487.0
EBITDA	48.3	20.7	133 %	10.3	4.6	122 %	36.9
EBITDA margin (in %)	13.8	5.8		9.2	3.9		7.6
EBIT	23.7	8.6	178 %	6.2	1.0	>500 %	20.3
EBIT margin (in %)	6.8	2.4		5.5	0.8		4.2
Profit before tax	9.8	-1.7	—	0.3	-0.7	—	5.5
Profit for the period	1.0	-1.3	—	0.0	-0.6	—	2.9
Earnings per share ¹ (in EUR)	-0.36	-0.40	10 %	-0.09	-0.04	-125 %	-0.33
Free cash flow ²	59.4	-31.7	—	34.0	15.1	125 %	-24.7
Capital expenditure ³	6.0	13.5	-55 %	2.0	5.2	-61 %	15.7
Employees ⁴	3,685	3,167	16 %	3,685	3,167	16 %	3,308
On-board unit (in million units)	5.61	6.80	-18 %	2.36	2.34	1 %	9.22
Business Segments	2014/15 Q1-Q3	2013/14 Q1-Q3	+/-	2014/15 Q3	2013/14 Q3	+/-	2013/14
Road Solution Projects (RSP)							
Revenues (share in revenues)	51.3 (14.7 %)	90.2 (25.4 %)	-43 %	13.5 (12.0 %)	26.9 (22.5 %)	-50 %	132.0 (27.1 %)
EBIT (EBIT margin)	-37.4 (-72.9 %)	-26.0 (-28.9 %)	-44 %	-13.7 (-102.0 %)	-12.9 (-48.1 %)	-6 %	-34.6 (-26.2 %)
Services, System Extensions, Components Sales (SEC)							
Revenues (share in revenues)	280.6 (80.3 %)	250.4 (70.5 %)	12 %	93.4 (83.3 %)	86.0 (72.2 %)	9 %	331.8 (68.1 %)
EBIT (EBIT margin)	60.0 (21.4 %)	33.9 (13.5 %)	77 %	19.7 (21.1 %)	13.5 (15.7 %)	47 %	53.8 (16.2 %)
Others (OTH)							
Revenues (share in revenues)	17.6 (5.0 %)	14.4 (4.1 %)	22 %	5.2 (4.7 %)	6.2 (5.2 %)	-16 %	23.1 (4.8 %)
EBIT (EBIT margin)	1.2 (6.8 %)	0.7 (4.8 %)	72 %	0.2 (3.0 %)	0.4 (6.7 %)	-63 %	1.1 (4.7 %)
Regions	2014/15 Q1-Q3	2013/14 Q1-Q3	+/-	2014/15 Q3	2013/14 Q3	+/-	2013/14
Austria ⁵	29.0 (8 %)	28.2 (8 %)	3 %	11.0 (10 %)	13.6 (11 %)	-19 %	32.9 (7 %)
Europe ⁵	183.5 (52 %)	221.3 (62 %)	-17 %	57.8 (52 %)	76.0 (64 %)	-24 %	300.1 (62 %)
Americas ⁵	67.2 (19 %)	52.7 (15 %)	27 %	24.1 (22 %)	21.2 (18 %)	14 %	87.0 (18 %)
Rest of World ⁵	69.9 (20 %)	52.9 (15 %)	32 %	19.2 (17 %)	8.2 (7 %)	133 %	67.0 (14 %)
Balance Sheet Data	31 Dec. 2014	31 Dec. 2013	+/-				31 March 2014
Total assets	509.5	548.4	-7 %				566.8
Total equity ⁶	209.0	210.9	-1 %				213.1
Equity ratio ⁶ (in %)	41.0	38.5					37.6
Net debt	-43.5	-86.9	50 %				-93.4
Capital employed	352.6	361.1	-2 %				369.2
Net working capital	183.0	203.6	-10 %				205.4
Stock Exchange Data	2014/15 Q3	2014/15 Q2	+/-				2013/14
Number of shares ⁷ (in million)	13.0	13.0	0 %				13.0
Free float ⁷ (in %)	37.0	38.1	-3 %				38.1
Ø daily trading volume ⁸ (in shares)	47,578	28,177	69 %				25,812
Closing price ⁷ (in EUR)	17.59	23.07	-24 %				39.99
Market capitalization ⁷	228.61	299.91	-24 %				519.87
Share performance (in %)	-23.8	-31.9					8.0

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 Q3 as of 31 December; 2013/14 as of 31 March 2014

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

6 Incl. non-controlling interests

7 2014/15 Q3 as of 31 December 2014, 2014/15 Q2 as of 30 September 2014; for additional information on the shares see page 5

8 Average daily trading volume (double counting)

Letter

from the Chief Executive Officer.



Georg Kapsch,
Chief Executive Officer

Dear shareholders,

For the Kapsch TrafficCom Group, the first three quarters of the 2014/15 fiscal year were marked not only by further development of the operations side of the Group's business but in particular by important organizational and strategic shifts throughout the entire Group. The measures we have initiated in recent months represent the cornerstone for our Program 2020. At the same time, they are focused on our goal for the coming fiscal year of significantly increasing our profitability.

Projects and markets. We made good progress on our installation projects during the reporting period, and the existing operation projects continued to provide stable contributions to revenue and earnings. The volume of on-board units sold also increased again significantly following seasonal delays in the U.S.A. Kapsch TrafficCom additionally obtained several new orders in Australia during the third quarter. These orders, which amount in total to EUR 30 million, will be carried out in the current and following fiscal year. However, new major orders –

upon which our innovation and growth plans are based – remained elusive due to a lack of large invitations to tender.

Asset, financial and earnings situation. As a result of these factors, our revenue in the first three quarters of the current fiscal year was slightly below the same period of the previous year at EUR 349.5 million. The operating result (EBIT) increased to EUR 23.7 million. This is a significant improvement over EUR 8.6 million in the comparison period of the previous year even despite one-time costs from the current measures and the lack of new projects that left our segment Road Solution Projects operating at a loss. In particular, a positive impact was made by the operation projects in Belarus and South Africa, which have now been in operation for over one year. The one-time effects that were recognized on the balance sheet after the first half of the fiscal year can also be seen in this increase in the operating result. Above all, however, the increase reflects the initial successes of our cost reduction efforts.

In the area of finance costs, we were once again forced to record an impairment of our stake in Q-Free ASA in the third quarter, just as in the first two quarters of the fiscal year. The total extent of this impairment during the reporting period was EUR 18.5 million, and as a result, the profit per share remains negative at EUR -0.36.

Overall, the balance sheet of the Kapsch TrafficCom Group reflects a continual improvement in the reporting period. The equity ratio rose to 41.0 %, the net debt has been halved since the start of the current fiscal year and cash and cash equivalents reached EUR 94.8 million at the end of the third quarter. The net working capital declined significantly, and our free cash flow for the period was EUR 59.4 million. These figures naturally also reflect that we currently have no new large installation projects to finance.

Program 2020. In the past months, we have developed an intensive agenda encompassing the entire Kapsch TrafficCom Group that will quickly improve the profitability of our existing business while also setting out a long-term strategy that envisages a growth course for Kapsch TrafficCom. As planned, we have now identified all associated measures and immediately initiated their implementation. One of the key pillars of Program 2020 consists of the cost savings that we are realizing in the areas of staff costs as well as non-personnel-costs. We have also further sharpened our portfolio in the area of intelligent transportation systems (ITS).

The first successes of this group-wide program can already be seen in the operating result. We are therefore confident of achieving our defined goal. For the coming 2015/16 fiscal year, this means generating an EBIT margin of roughly 10 % on the basis of a cost structure corresponding to the current level of revenue. We view this level as a basis for calculation, but we will naturally continue to strive for further growth.

The 2014/15 fiscal year will come to a close in a few weeks. Together with the annual results, we will offer you in June a detailed overview of the measures we have undertaken, the savings we have achieved and our goals for the coming years. We expect that the first effects of the intensive program will be discernible in the results, and we hope to distribute dividends again in contrast to the previous year.

In the coming months, we will continue our existing projects, and we also expect a further expansion of our toll systems as extensions are in planning both

in Belarus and in Poland. In addition, several new ITS systems are approaching their decision phases, including one large project.

While the market for toll systems has been marked in recent years by delays and project cancellations, the topic of tolling is seeing renewed interest in Europe. Among other indications, the discussion in Germany demonstrates the continued existence of the major trend of financing the maintenance and expansion of infrastructure – an important market driver. We also remain engaged in our own active discussions with potential toll system customers and expect these efforts to lead to successes as well.

Sincerely,



Georg Kapsch
Chief Executive Officer

Kapsch TrafficCom

Shares.

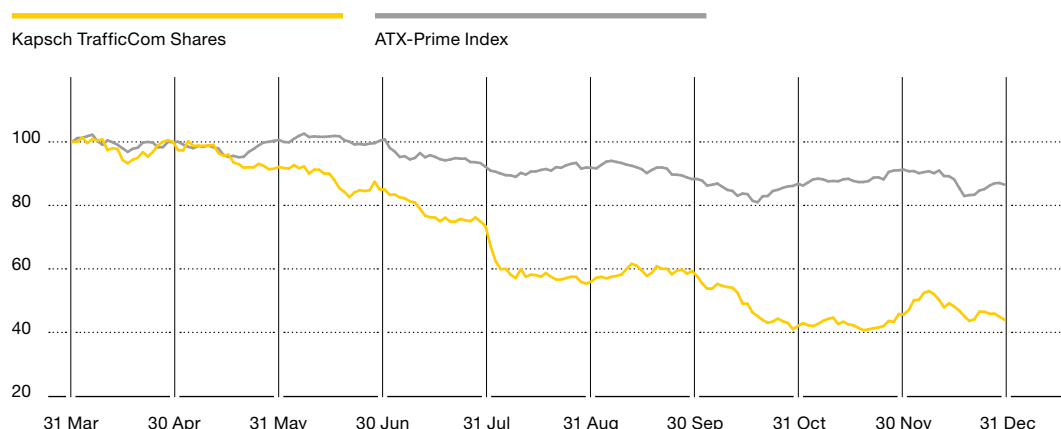
The Kapsch TrafficCom shares are listed on the Vienna Stock Exchange and included in the ATX Prime Index, the Austrian sustainability index VÖNIX and, since May 2013, in the new ATX Global Players index as well.

In the first three quarters of the fiscal year, the share price fell 56 % in value. A significant decline occurred as of the end of July, and on 14 November, the price of Kapsch TrafficCom shares hit a low of EUR 16.27. After a slight upward trend at the end of November, the shares reached EUR 17.59 at the end of the quarter on 31 December 2014. With these developments, the performance during the reporting period lagged

significantly behind the rest of the market. The Austrian ATX Prime Index lost 15 % during this period, while international comparison indexes gained slightly in value.

The number of shares is 13 million. KAPSCH-Group Beteiligungs GmbH increased its stake in the third quarter from a previous 61.9 % to roughly 63.0 %, thereby strengthening its commitment to Kapsch TrafficCom. The remaining 37.0 % of shares are in free float. Based on the final price of the shares of EUR 17.59 on 31 December 2014, the market capitalization was EUR 228.6 million.

Share price development in the first three quarters of fiscal year 2014/15 (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 2014, 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

16 June 2015	Results of fiscal year (FY) 2014/15
19 August 2015	Interim report for FY 2015/16 Q1
09 September 2015	Annual General Meeting for FY 2014/15
16 September 2015	Ex date for dividends for FY 2014/15
23 September 2015	1st payment date for dividends for FY 2014/15
19 November 2015	Interim report for FY 2015/16 Q2
24 February 2016	Interim report for FY 2015/16 Q3
16 June 2016	Results of FY 2015/16
07 September 2016	Annual General Meeting for FY 2015/16

Analysis

of the Results and Balance Sheet.

Revenue and earnings.

The revenues of the Kapsch TrafficCom Group were EUR 349.5 million in the first three quarters of the current fiscal year 2014/15 (2014/15 Q1-Q3), down by 1.6 % from the same period of the previous fiscal year (2013/14 Q1-Q3: EUR 355.0 million). Revenues increased in the Services, System Extensions, Components Sales (SEC) segment as well as in the Others (OTH) segment but fell significantly short of the same period of the previous year in the Road Solution Projects (RSP) segment.

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

- The segment RSP (Road Solution Projects) recorded revenues of EUR 51.3 million after EUR 90.2 million in the same period of the previous fiscal year, a decrease of 43.1 %. The largest revenue contribution in the reporting period came from the installation project in Belarus, although this was significantly below the comparison amount in the previous year due to the high level of project completion. The same is also true of the GNSS (Global Navigation Satellite System) project in France, the M5 South Western Motorway project in Sydney, Australia, and the managed lane system project in Texas, U.S.A.
- In the segment SEC (Services, System Extensions and Components Sales), revenues increased by 12.1 % from EUR 250.4 million in the previous fiscal year to EUR 280.6 million this year. The operation project in Gauteng province, South Africa, that was started in the third quarter of the previous year, as well as the technical and commercial operation project in Belarus, which went into operation in the second quarter of the previous year, contributed significantly to the increase in revenues. The technical and commercial operation of the nationwide system in the Czech Republic, the technical operation including maintenance of the nationwide system in Austria and the operation project in Poland continued to provide stable revenue. An expansion to the toll system in Poland also contributed to revenue during the reporting period.

The number of on-board units sold amounted to 5.6 million (2013/14 Q1-Q3: 6.8 million). It should be noted here that the initial delivery for the nationwide toll project in Belarus took place in the comparison period of the previous year. The lower sales figures during the first two quarters of the reporting period due to delays in North America were compensated in parts in the third quarter. The volume sold in France and Russia increased, and on-board units were also sold to Norway for the first time.

- In the segment Others (OTH), revenue amounted in the first three quarters of 2014/15 to EUR 17.6 million (2013/14 Q1-Q3: EUR 14.4 million). This increase resulted from the production and deliveries for the GSM-R project of Kapsch CarrierCom and the revenues of Transdyn, Inc., which was acquired in the previous year and now bears the name KTC USA Inc., U.S.A.

In the first three quarters of the current fiscal year, the Kapsch TrafficCom Group reported an operating result (EBIT) of EUR 23.7 million, which was significantly higher than the comparison period of the previous year (2013/14 Q1-Q3: EUR 8.6 million). The operating results by segment were as follows:

- The segment RSP recorded an EBIT of EUR -37.4 million during the reporting period after EUR -26.0 million in the first three quarters of the previous year. The decline in the EBIT associated with this segment is due to the lower revenue contributions. In consequence, it was also not possible to sufficiently cover the expenditures for development and preparatory work for potential tenders as well as expenditures for ongoing tenders attributed to this segment. In addition, the EBIT of the segment was weighed down in the second quarter by a goodwill impairment to the cash-generating unit "Road Solution Projects, Electronic Toll Collection" in the amount of EUR 12.3 million. The results were improved by the release of a provision for losses from pending transactions and follow-up work in the amount of EUR 16.1 million already on 30 September 2014 due to changed circumstances.

►The segment SEC achieved an EBIT of EUR 60.0 million (2013/14 Q1-Q3: EUR 33.9 million). This positive development compared with the same period of the previous year was due in part to the fact that the operation projects in Belarus and South Africa contributed for the entire reporting period. In addition, a solution for compensation of the costs arising from maintaining the operational readiness of the system was reached with the customer of the South African project in the second quarter. This one-time effect amounts to EUR 5.5 million.

►The segment OTH exhibited an EBIT of EUR 1.2 million (2013/14 Q1-Q3: EUR 0.7 million).

The financial result decreased from EUR -10.4 million in the comparison period of the previous year to EUR -14.1 million. The finance income increased due to compounding of the receivables from the installation of the Belorussian toll system (EUR 4.5 million) as well as not yet realized foreign exchange gains (EUR 2.1 million).

Due to the continued negative share price developments for the interest in Q-Free ASA, an impairment of EUR 18.5 million was recognized under finance costs as a loss. This amount comprises net losses from share price fluctuations in previous periods (up to 30 June 2014) already recorded previously in equity under other comprehensive income in the amount of EUR 10.6 million as well as the further share price losses incurred in the second and third quarters of the 2014/15 fiscal year in the amount of EUR 7.9 million. The reclassification of these cumulative net losses in the profit for the period led to a significant improvement in other comprehensive income. This weighed down the profit for the period, which nevertheless remains positive at EUR 1.0 million (2013/14 Q1-Q3: EUR -1.3 million). In this context, the profit per share remains negative but did improve from EUR -0.40 in the comparison period to EUR -0.36.

Financial position and cash flows.

The balance sheet total on 31 December 2014 of EUR 509.5 million was lower than at the end of the 2013/14 fiscal year (31 March 2014: EUR 566.8 million). The total equity of EUR 209.0 million was slightly below the comparison value on 31 March 2014 of EUR 213.1 million. Due to the lower balance sheet total, the equity ratio of the Kapsch TrafficCom Group improved from 37.6 % on 31 March 2014 to 41.0 % on 31 December 2014.

The most significant changes in assets involved the non-current assets. Other non-current assets also decreased by EUR 24.5 million due primarily to the reclassification of a portion of the non-current receivables from the Belorussian installation project as current trade receivables. The intangible assets declined by EUR 16.9 million, largely due to the goodwill impairment in the amount of EUR 12.3 million. Under current assets, the trade receivables fell by EUR 28.1 million and the inventories by EUR 7.7 million, largely as a result of the project business.

The largest changes in the liabilities resulted from the decrease in current provisions by EUR 19.7 million, primarily due to the release of the provision for losses from pending transactions and follow-up work in the amount of EUR 16.1 million. The decline in trade payables by EUR 13.0 million arose from the project business. The repayment of the financing for construction of the nationwide electronic truck toll system in Belarus lowered the non-current financial liabilities by EUR 15.5 million.

Net cash flow from operating activities was EUR 64.6 million, compared to EUR -19.9 million in the same period of the previous fiscal year. This increase can be attributed to the decrease in current and non-current receivables and assets as well as the good operating result; the decline in trade liabilities and the release of the provision exerted an opposing influence here. The cash flow from investing activities was impacted during the first three quarters of the 2014/15 fiscal year by further investments in the expansion of IT hardware. The free cash flow developed extraordinarily well and was positive at EUR 59.4 million. In the comparison period of the previous year, the free cash flow was negative at EUR -31.7 million. The decrease in the current and non-current financial liabilities primarily from project financing led to a negative net cash flow from financing activities of EUR -21.7 million.

Cash and cash equivalents increased from EUR 57.7 million on 31 March 2014 to EUR 94.8 million on 31 December 2014. The decrease in non-current financial liabilities and the increase in cash and cash equivalents led to a decline in net debt from EUR -93.4 million on 31 March 2014 to EUR -43.5 million on 31 December 2014.

Events occurring after 31 December 2014.

No significant events have occurred since 31 December 2014.

Vienna, 25 February 2014

The Managing Board



Georg Kapsch
Chief Executive Officer



André Laux
Executive board member

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Condensed consolidated interim financial information as of 31 December 2014.^{*)}

Kapsch TrafficCom Group – Consolidated statement of comprehensive income.

All amounts in TEUR	Notes	2014/15 Q3	2013/14 Q3	2014/15 Q1-Q3	2013/14 Q1-Q3
Revenues	(5)	112,106	119,107	349,526	355,046
Other operating income		5,080	9,215	11,378	18,603
Changes in finished and unfinished goods and work in progress		-2,400	-7,381	-1,533	-6,435
Cost of materials and other production services		-40,792	-52,188	-131,440	-167,678
Staff costs		-39,772	-35,536	-110,214	-104,778
Amortization, depreciation and impairment charge		-4,093	-3,656	-24,553	-12,140
Other operating expenses		-23,955	-28,594	-69,415	-74,061
Operating result	(5)	6,173	967	23,750	8,557
Finance income		2,848	1,752	8,796	4,654
Finance costs		-8,728	-3,537	-22,892	-15,075
Financial result		-5,880	-1,785	-14,096	-10,421
Results from associates		2	155	141	172
Result before income tax		295	-663	9,795	-1,691
Income taxes	(13)	-251	46	-8,830	423
Result for the period		44	-617	966	-1,268
Result attributable to:					
Equity holders of the company		-1,122	-503	-4,635	-5,190
Non-controlling interests		1,166	-114	5,600	3,921
		44	-617	966	-1,268
Earnings per share from the result for the period attributable to the equity holders of the company (in EUR)		-0,09	-0,04	-0,36	-0,40
Other comprehensive income for the period:					
Items subsequently reclassified to the result for the period:					
Currency translation differences		-2,820	-845	-7,228	-2,953
Currency translation differences from net investments in foreign operations		1,282	-652	4,321	-652
Available-for-sale financial assets:					
Fair value gains/losses recognized in other comprehensive income		45	-5,564	-2,224	-9,307
Reclassification of cumulated net losses to the result for the period (impairment)		0	0	12,185	0
Income tax relating to items subsequently reclassified to the result for the period		-332	140	-1,194	110
Total items subsequently reclassified to the result for the period		-1,825	-6,922	5,860	-12,803
Items subsequently not reclassified to the result for the period:					
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
Total items subsequently not reclassified to the result for the period		0	0	0	0
Other comprehensive income for the period net of tax	(14)	-1,825	-6,922	5,860	-12,803
Total comprehensive income for the period		-1,781	-7,539	6,826	-14,071
Total comprehensive income attributable to:					
Equity holders of the company		-2,930	-6,893	1,219	-16,546
Non-controlling interests		1,150	-646	5,607	2,475
		-1,781	-7,539	6,826	-14,071

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	31 Dec. 2014	31 March 2014
ASSETS			
Non-current assets			
Property, plant and equipment	(6)	22,152	23,447
Intangible assets	(6)	72,672	89,567
Interests in associates	(7)	1,874	1,596
Other non-current financial assets and investments	(8)	18,843	28,506
Other non-current assets		46,583	71,113
Deferred tax assets		15,210	22,110
		177,334	236,339
Current assets			
Inventories		50,457	58,108
Trade receivables and other current assets		181,584	209,721
Other current financial assets	(8)	5,293	4,924
Cash and cash equivalents		94,842	57,731
		332,175	330,484
Total assets		509,509	566,823
EQUITY			
Capital and reserves attributable to equity holders of the company			
Share capital	(9)	13,000	13,000
Capital reserve		117,509	117,509
Retained earnings and other reserves		68,690	72,291
		199,198	202,800
Non-controlling interests		9,781	10,310
Total equity		208,979	213,110
LIABILITIES			
Non-current liabilities			
Non-current financial liabilities	(10)	94,032	109,494
Liabilities from post-employment benefits to employees	(11)	21,776	22,153
Non-current provisions	(12)	1,823	1,303
Other non-current liabilities		4,743	3,660
Deferred income tax liabilities		7,766	10,778
		130,140	147,387
Current liabilities			
Trade payables		54,373	67,388
Other liabilities and deferred income		56,651	62,810
Current tax payables		1,048	1,191
Current financial liabilities	(10)	49,619	46,560
Current provisions	(12)	8,698	28,378
		170,390	206,326
Total liabilities		300,529	353,713
Total equity and liabilities		509,509	566,823

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		
Carrying amount as of 31 March 2013	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
Carrying amount as of 31 March 2014	13,000	117,509	-13,713	86,004	10,310	213,110
Dividend for 2013/14				0	-6,935	-6,935
Effects from increase in shares of subsidiaries			-4,821		795	-4,026
Non-controlling interests arising on foundation of a subsidiary					5	5
Result for the period				-4,635	5,600	966
Other comprehensive income for the period:						
Currency translation differences			-3,993		6	-3,988
Fair value gains/losses on available-for-sale financial assets			9,848		0	9,848
Carrying amount as of 31 December 2014	13,000	117,509	-12,679	81,369	9,781	208,979

Effects from increase in shares of subsidiaries amounting to TEUR -4,026 result from the acquisition of the remaining shares in Kapsch Telematic Services GmbH, Vienna, from an affiliated company outside the TrafficCom Group.

Material deviations in the other comprehensive income are explained in note 14.
The notes on the following pages form an integral part of this interim financial information.

Kapsch TrafficCom Group – Consolidated cash flow statement.

	2014/15 Q3	2013/14 Q3	2014/15 Q1-Q3	2013/14 Q1-Q3
All amounts in TEUR				
Cash flow from operating activities				
Operating result	6,173	967	23,750	8,557
Adjustments for non-cash items and other reconciliations:				
Scheduled amortization and depreciation	4,093	3,656	12,211	12,140
Impairment charge	0	0	12,342	0
Increase/decrease in obligations for post-employment benefits	-218	-272	-377	-462
Increase/decrease in other non-current liabilities and provisions	92	-1	58	-391
Increase/decrease in other non-current receivables and assets	-164	-3,848	-3,387	-1,529
Increase/decrease in trade receivables (non-current)	14,620	-52,145	33,639	-65,595
Increase/decrease in trade payables (non-current)	-211	-632	-662	-356
Other (net)	41	-1,209	243	-6,012
	24,427	-53,483	77,817	-53,648
Changes in net current assets:				
Increase/decrease in trade receivables and other assets	22,905	91,828	29,025	54,249
Increase/decrease in inventories	2,316	1,758	7,651	2,976
Increase/decrease in trade payables and other current payables	-7,870	-20,667	-18,546	-10,306
Increase/decrease in current provisions	-3,759	138	-19,680	-4,136
	13,592	73,057	-1,549	42,782
Cash flow from operations	38,019	19,574	76,267	-10,866
Interest received	491	556	1,399	1,205
Interest payments	-1,900	-1,285	-4,327	-4,745
Net payments of income taxes	-1,214	1,228	-8,714	-5,452
Net cash flow from operating activities	35,395	20,074	64,625	-19,858
Cash flow from investing activities				
Purchase of property, plant and equipment	-1,912	-1,460	-5,403	-8,345
Purchase of intangible assets	-121	-3,748	-614	-5,114
Purchase of securities and investments	0	0	-362	0
Proceeds from the disposal of property, plant and equipment and intangible assets	594	211	832	1,651
Proceeds from the sale of securities and investments	0	6	0	6
Net cash flow from investing activities	-1,439	-4,991	-5,546	-11,802
Cash flow from financing activities				
Contributions from shareholders	5	0	5	0
Dividends paid to company shareholders	0	0	0	-5,200
Dividends paid to non-controlling interests	0	-47	-6,935	-6,568
Increase in non-current financial liabilities	56	120	147	26,207
Decrease in non-current financial liabilities	-5,083	-180	-15,610	-540
Increase in current financial liabilities	4,109	6,443	6,342	9,027
Decrease in current financial liabilities	-3,078	-5,799	-5,678	-8,254
Net cash flow from financing activities	-3,991	538	-21,730	14,673
Net increase/decrease in cash and cash equivalents	29,965	15,621	37,349	-16,987
Change in cash and cash equivalents				
Cash and cash equivalents at beginning of period	65,592	44,824	57,731	79,022
Net increase/decrease in cash and cash equivalents	29,965	15,621	37,349	-16,987
Exchange gains/losses on cash and cash equivalents	-716	-1,915	-239	-3,506
Cash and cash equivalents at end of period	94,842	58,529	94,842	58,529

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 a provider of 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 rendered 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 third quarter of the current fiscal year 2014/15 ended 31 December 2014 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 2014.

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 generally consistent with those of the annual financial statements for the year ended 31 March 2014, as described in the annual financial statements for the year ended 31 March 2014.

In the condensed interim financial information for the third quarter of the current fiscal year 2014/15 the following new or amended IFRS and IFRIC have been adopted.

New/amended IFRSs		Applicable to financial years beginning on or after
IFRS 10	Consolidated Financial Statements	1 January 2014
IFRS 11	Joint Arrangements	1 January 2014
IFRS 12	Disclosure of Interests in other Entities	1 January 2014
IAS 32	Financial Instruments: Presentation	1 January 2014
IAS 27	Separate Financial Statements	1 January 2014
IAS 28	Investments in Associates and Joint Ventures	1 January 2014
IAS 39	Financial Instruments	1 January 2014

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 2014 and are described therein.

5 Segment information.

2014/15 Q1-Q3	Road Solution	Services, System Extensions, Components Sales	Others	Consolidated group
All amounts in TEUR	Projects			
Revenues	51,342	280,621	17,563	349,526
Operating result	-37,443	59,997	1,197	23,750

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

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	2014/15 Q1-Q3			2013/14 Q1-Q3		
	Revenues	Road Solution Projects	Services, System Extensions, Components Sales	Revenues	Road Solution Projects	Services, System Extensions, Components Sales
Customer 1	60,057		x	65,271		x
Customer 2	51,649		x	54,946		x
Customer 3	40,801	x	x	33,676	x	x
Customer 4	32,344	x	x	47,513	x	x

6 Capital expenditure.

All amounts in TEUR	31 Dec. 2014	31 Dec. 2013
Carrying amount as of 31 March of prior year	113,014	103,846
Additions	6,017	13,459
Disposals	-832	-1,642
Depreciation, amortization, impairments and other movements	-24,553	-12,140
Currency translation differences	1,178	-2,289
Carrying amount as of 31 December of fiscal year	94,824	101,233

The adverse market development of the preceding months required an adjustment of the multi-year planning and an impairment test as of 30 September 2014. Due to the result of the impairment test according to IAS 36 an impairment of the goodwill of the cash generating unit "Road Solution Projects, Electronic Toll Collection" was recognized in the second quarter of the fiscal year 2014/15 amounting to TEUR 12,342 based on an internal value in use. The recoverable amount of the cash generating unit was determined with TEUR 160,226. The calculation was based on a discount rate before tax of 11.5 % (31 March 2014: 11.5 %).

7 Interests in associates.

All amounts in TEUR	31 Dec. 2014	31 Dec. 2013
Carrying amount as of 31 March of prior year	1,596	1,694
Currency translation differences	136	-201
Additions from foundations and acquisitions	0	0
Disposals	0	0
Share in result	141	172
Carrying amount as of 31 December of fiscal year	1,874	1,666

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.

	31 Dec. 2014	31 March 2014	31 Dec. 2013	31 March 2013
Other non-current financial assets and investments	18,843	28,506	27,899	38,085
Other current financial assets	5,293	4,924	4,820	4,505
	24,136	33,430	32,719	42,590

Other non-current financial assets and investments 2014/15 Q1-Q3	Available- for-sale securities	Available- for-sale investments	Other non-current financial assets	Total
Carrying amount as of 31 March 2014	3,655	23,758	1,093	28,506
Currency translation differences	0	0	56	56
Additions	0	362	1,148	1,510
Disposals	0	0	-2,296	-2,296
Change in fair value	86	-9,018	0	-8,932
Carrying amount as of 31 December 2014	3,741	15,102	0	18,843

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 current financial assets 2014/15 Q1-Q3	Available- for-sale securities	Other current financial assets	Total
Carrying amount as of 31 March 2014	4,924	0	4,924
Currency translation differences	0	0	0
Additions	0	0	0
Disposals	0	0	0
Change in fair value	369	0	369
Carrying amount as of 31 December 2014	5,293	0	5,293

Other current financial assets 2013/14 Q1-Q3	Available- for-sale securities	Other current financial assets	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

As of 31 December 2014, available-for-sale securities relate to government and bank bonds as well as shares in investment funds. As of 31 December 2014, investments classified as available-for-sale mainly relate to a 19.84 % investment in the listed company Q-Free ASA, Trondheim, Norway.

Other non-current financial assets mainly relate 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.

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

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

	Level 1 Quoted prices	Level 2 Observable market data	Level 3 Not based on observable market data	2014/15 Q1-Q3
Non-current financial assets				
Available-for-sale securities	3,013	728	0	3,741
Available-for-sale investments	15,097	0	0	15,097
	18,110	728	0	18,838
Current financial assets				
Available-for-sale securities	5,293	0	0	5,293
	5,293	0	0	5,293
Total	23,402	728	0	24,131

As of 31 December 2014, other available-for-sale investments amounting to TEUR 5 are recognized at amortized cost.

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

As of 31 December 2013, other non-current financial assets amounting to TEUR 1,834 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	31 Dec. 2014	31 March 2014	31 Dec. 2013	31 March 2013
Non-current financial liabilities	94,032	109,494	114,786	104,372
Current financial liabilities	49,619	46,560	35,451	19,658
Total	143,651	156,054	150,237	124,030

Movements in borrowings are analyzed as follows:

	Non-current financial liabilities	Current financial liabilities	Total
All amounts in TEUR			
Carrying amount as of 31 March 2014	109,494	46,560	156,054
Additions	147	6,342	6,489
Repayments of borrowings	-15,610	-5,678	-21,288
Reclassification	0	0	0
Currency translation differences	1	2,396	2,397
Carrying amount as of 31 December 2014	94,032	49,619	143,651

	Non-current financial liabilities	Current financial liabilities	Total
All amounts in TEUR			
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

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

	31 Dec. 2014	31 Dec. 2013
Carrying amount	143,651	150,237
Fair value	147,963	154,015
Gross cash flows:		
Up to 1 year	50,448	36,648
Between 1 and 3 years	20,406	27,852
Between 3 and 5 years	78,488	93,442
	149,341	157,942

The classification of financial liabilities is as follows:

	Level 1 Quoted prices	Level 2 Observable market data	Level 3 Not based on observ- able market data	31 Dec. 2014
Corporate bond	78,488	0	0	78,488
Other financial liabilities	0	69,475	0	69,475
Total	78,488	69,475	0	147,963

	Level 1 Quoted prices	Level 2 Observable market data	Level 3 Not based on observ- able market data	31 Dec. 2013
Corporate bond	78,750	0	0	78,750
Other financial liabilities	0	75,265	0	75,265
Total	78,750	75,265	0	154,015

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	31 Dec. 2014	31 March 2014	31 Dec. 2013	31 March 2013
Termination benefits	8,578	8,790	9,153	9,064
Retirement benefits	13,197	13,363	13,010	13,537
Total	21,776	22,153	22,162	22,602

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	31 Dec. 2014	31 March 2014	31 Dec. 2013	31 March 2013
Non-current provisions	1,823	1,303	1,171	1,370
Current provisions	8,698	28,378	24,097	28,233
Total	10,521	29,680	25,268	29,603

2014/15 Q1-Q3							Currency translation differences	31 Dec. 2014
All amounts in TEUR	31 March 2014	Addition	Utilization	Disposal	Reclassification			
Obligations from anniversary bonuses	1,120	17	0	-22	0	0	0	1,115
Other	183	497	0	0	0	28	28	708
Non-current provisions, total	1,303	515	0	-22	0	28	28	1,823
Warranties	1,637	29	-17	-18	0	-18	-18	1,614
Losses from pending transactions and rework	16,201	0	0	-16,124	0	-74	-74	3
Legal fees, costs of litigation and contract risks	4,071	0	-2,621	-167	0	-38	-38	1,244
Other	6,468	2,555	-3,215	-22	0	50	50	5,837
Current provisions, total	28,378	2,584	-5,853	-16,331	0	-80	-80	8,698
Total	29,680	3,099	-5,853	-16,353	0	-52	-52	10,521

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 16,124 had to be reversed in the second quarter of fiscal year 2014/15.

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

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 third quarter of the fiscal year 2014/15 is due to the non-tax effective impairments (goodwill impairment and impairment Q-Free ASA).

14 Other comprehensive income.

2014/15 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	-2,224	-114	-2,337
Gains/losses recognized in the profit for the period	12,185	0	12,185
Currency translation differences	-7,228		-7,228
Currency translation differences from net investments in foreign operations	4,321	-1,080	3,241
Fair value changes recognized in equity	7,054	-1,194	5,860

The unrealized gains/losses on available-for-sale financial assets recognized in the third quarter 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. Due to the ongoing unfavorable development of the share price 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). Further net losses occurring after the recognition of the impairment as of 30 September 2014 were recognized immediately in the result for the period (TEUR 6,339).

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
Currency translation differences	-2,953		-2,953
Currency translation differences from net investments in foreign operations	-652	163	-489
Fair value changes recognized in equity	-12,913	110	-12,803

In the third quarter of the fiscal year 2013/14 the unrealized gains/losses on available-for-sale financial assets amounting to TEUR -9,520 relate to fair value changes on the investment in Q-Free ASA, Norway.

15 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 for contingent liabilities and other commitments are as follows:

All amounts in TEUR	31 Dec. 2014	31 March 2014
Contract, warranty, performance and bid bonds		
South Africa (toll collection system)	81,943	79,161
North America (toll collection systems and traffic management)	71,749	62,284
Australia (toll collection systems)	20,236	6,439
Austria (toll collection system)	8,500	8,500
Poland (toll collection system)	6,918	7,115
Czech Republic (toll collection system)	4,018	1,448
Portugal (toll collection system)	167	573
Other	1,523	2,009
	195,055	167,530
Bank guarantees	1,636	1,774
Sureties	61	62
Total	196,752	169,365

16 Related parties.

The following transactions were performed with related parties:

All amounts in TEUR	2014/15 Q1-Q3	2013/14 Q1-Q3
Affiliated companies outside the Kapsch TrafficCom Group		
Revenues	12,502	12,505
Expenses	19,539	19,650
Other related parties		
Revenues	113	213
Expenses	111	1,251

All amounts in TEUR	31 Dec. 2014	31 Dec. 2013
Affiliated companies outside the Kapsch TrafficCom Group		
Trade receivables and other current assets	2,800	8,327
Trade payables and other liabilities	10,679	9,604
Other related parties		
Trade receivables and other current assets	127	111
Trade payables and other liabilities	11,785	11,487

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

17 Events occurring after 31 December 2014.

No material events have occurred after the balance sheet date.

Vienna, 25 February 2015

The Managing Board



Georg Kapsch
Chief Executive Officer



André Laux
Executive board member

Kapsch TrafficCom is a provider of intelligent transportation systems (ITS) in the areas of toll collection, city access control and parking space management, traffic monitoring, utility vehicle monitoring, electronic vehicle registration, traffic management 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 solutions of Kapsch TrafficCom help finance traffic infrastructure, improve traffic safety, optimize traffic flows and reduce traffic-related environmental impact. The core business comprises the development, installation and operation of electronic toll systems for multi-lane free-flow traffic. Reference projects in 44 countries on all continents have made Kapsch TrafficCom a global leader in the area of electronic toll collection. 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 487 million in the 2013/14 fiscal year with over 3,300 employees. For more information: www.kapsch.net and www.kapschtraffic.com

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