



kapsch >>>
challenging limits

Kapsch TrafficCom

Report on the first half 2016/17.

Selected Key Data.

2015/16 (fiscal year 2015/16): April 1, 2015 – March 31, 2016

H1 2016/17 (first half of fiscal year 2016/17): April 1 – September 30, 2016

Q2 2016/17 (second quarter of fiscal year 2016/17): July 1 – September 30, 2016

All figures presented in EUR million unless otherwise stated.

Earnings Data	H1 2016/17	+/-	H1 2015/16	Q2 2016/17	+/-	Q2 2015/16	2015/16
Revenues	311.7	27%	245.0	159.4	25%	127.8	526.1
Share of ETC segment	74.2%	-10.2%p	84.3%	74.5%	-10.5%p	85.0%	84.0%
Share of IMS segment	25.8%	10.2%p	15.7%	25.5%	10.5%p	15.0%	16.0%
EBITDA	37.4	5%	35.7	15.6	-17%	18.8	76.9
EBITDA margin	12.0%	-2.6%p	14.6%	9.8%	-5.0%p	14.7%	14.6%
EBIT	28.7	5%	27.4	11.1	-24%	14.6	62.3
EBIT margin	9.2%	-2.0%p	11.2%	7.0%	-4.4%p	11.4%	11.9%
Profit before tax	28.7	16%	24.8	11.3	17%	9.7	54.8
Profit for the period	20.1	5%	19.2	7.7	0%	7.8	36.5
Profit for the period attributable to equity holders	20.6	23%	16.7	7.9	14%	6.9	31.1
Business segments	H1 2016/17	+/-	H1 2015/16	Q2 2016/17	+/-	Q2 2015/16	2015/16
Electronic Toll Collection (ETC)							
Revenues	231.2	12%	206.6	118.8	9%	108.6	442.1
EBIT	34.2	17%	29.1	16.0	3%	15.5	63.7
EBIT margin	14.8%	0.7%p	14.1%	13.5%	-0.8%p	14.3%	14.4%
Intelligent Mobility Solutions (IMS)							
Revenues	80.5	110%	38.3	40.6	112%	19.2	84.0
EBIT	-5.4	-214%	-1.7	-4.9	-449%	-0.9	-1.3
EBIT margin	-6.8%	-2.2%p	-4.5%	-12.0%	-7.4%p	-4.6%	-1.6%
Revenues by region	H1 2016/17	+/-	H1 2015/16	Q2 2016/17	+/-	Q2 2015/16	2015/16
Austria	5.2%	-2.5%p	7.7%	4.8%	-2.9%p	7.7%	7.6%
EMEA (excl. Austria)	59.8%	-4.0%p	63.8%	59.2%	-6.4%p	65.5%	63.1%
Americas	28.1%	6.7%p	21.4%	30.2%	9.6%p	20.6%	22.5%
APAC	6.9%	-0.2%p	7.1%	5.9%	-0.3%p	6.2%	6.8%
Balance sheet data	9/30/2016	+/-					3/31/2016
Total assets	609.5	19%					513.7
Total equity ¹	207.3	-10%					230.7
Equity ratio ¹	34.0%	-10.9%p					44.9%
Net assets (+)/debt (-) ²	-0.5	—					33.8
Gearing ³	0.2%						—
Capital employed ⁴	382.1	13%					337.7
Net working capital ⁵	226.4	23%					183.6
Cash flow	H1 2016/17	+/-	H1 2015/16				2015/16
Net investments ⁶	10.4	283%	2.7				7.2
Free cash flow ⁷	17.0	-44%	30.3				90.7
Other information	H1 2016/17	+/-	H1 2015/16				2015/16
Employees, end of period	4,836	40%	3,447				3,716
On-board units, in million units	5.64	23%	4.60				9.55

1 Incl. non-controlling interests

2 Cash and cash equivalents + other current assets – financial liabilities

3 Net debt/equity

4 Total equity + financial liabilities

5 Inventories + current tax receivables + trade receivables – trade payables

6 Capital expenditure less proceeds from the disposal of property, plant and equipment and intangible assets; see cash flow statement

7 Net cash flow from operating activities – net investments

Highlights of H1 2016/17.

+ Solid results

- ▶ Revenues: EUR 311.7 million (+27%)
- ▶ EBIT: EUR 28.7 million (+5%)
- ▶ Net debt: EUR -0.5 million

+ Distribution of dividend in the amount of EUR 1.50 per share

+ Acquisition of Kapsch TrafficCom Transportation (transportation business of Schneider Electric)

- ▶ Strengthening of our “Intelligent Mobility Solutions” segment
- ▶ EBIT for the first half of the year still negative, plus integration costs
- ▶ Expected share of revenues for 2016/17: approx. EUR 120 million

+ Acquisition of the remaining 48% of the shares of the Czech company Kapsch Telematic Systems

- ▶ Rise in the profit for the period attributable to equity holders

+ Czech Republic: Contract for the operation of the nationwide truck toll collection system extended by up to three years

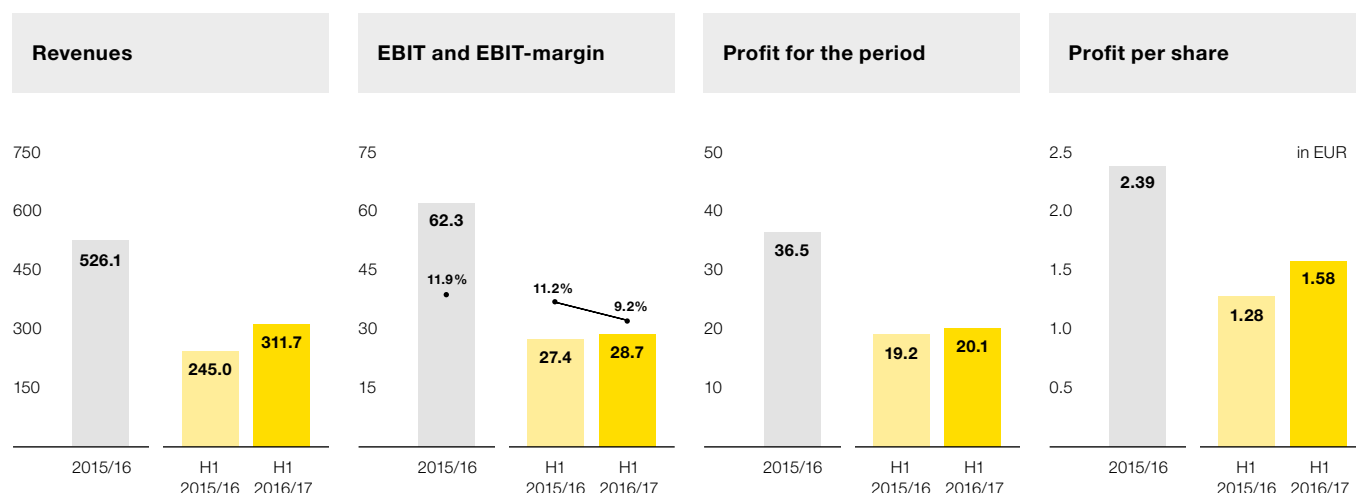
+ Issuance of promissory note bond to refinance the bond falling due in the fall of 2017

Selected Key Financial Data.

2015/16 (fiscal year 2015/16): April 1, 2015 – March 31, 2016

H1 2016/17 (first half of fiscal year 2016/17): April 1 – September 30, 2016

All figures presented in EUR million unless otherwise stated.

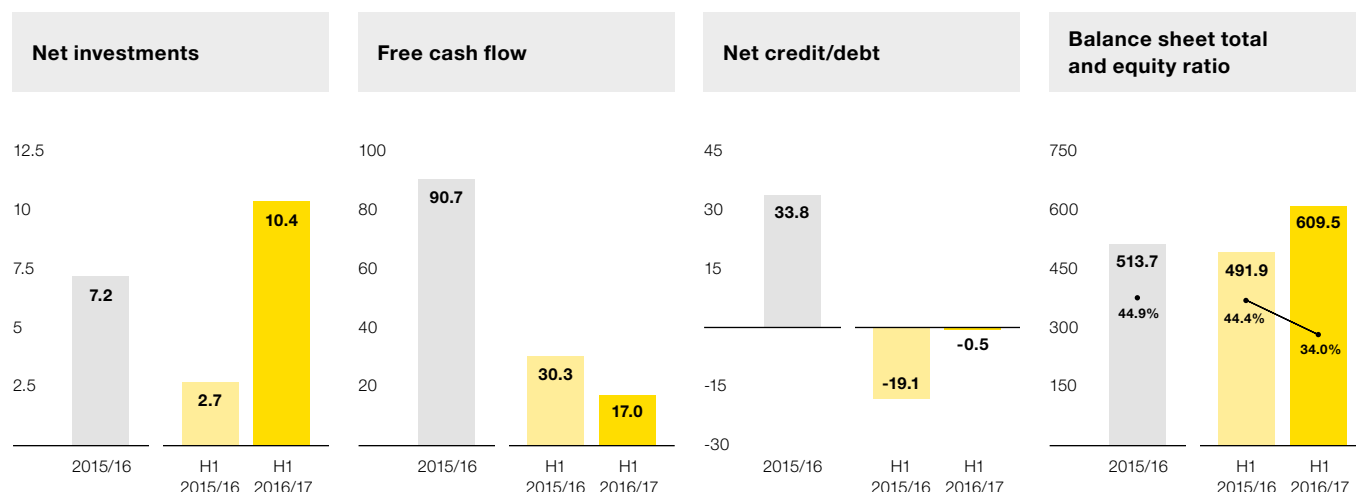


A stronger operational business as well as the initial consolidation of Kapsch TrafficCom Transportation led to a jump in revenues, as compared to the first half of 2015/16, to EUR 311.7 million (+27%).

Despite a still negative EBIT contribution from KTT, expenses relating to its integration and the ongoing losses incurred by Streetline, EBIT increased by 5% to EUR 28.7 million.

The profit for the period rose by 5% to EUR 20.1 million. The value for the equivalent period of the previous year comprised a positive one-time effect on the financial result. The income tax expenses for this year also increased as a result of the higher pre-tax result.

The profit per share amounted to EUR 1.58 (+23%), which was largely attributable to the lower value of the „non-controlling interests“.



The increase in net investments to EUR 10.4 million was due to the acquisition of Kapsch TrafficCom Transportation, and primarily related to intangible assets.

Free cash flow decreased to EUR 17.0 million (-44%), mainly as a result of the higher amount of net investments in the wake of the KTT acquisition.

Despite the acquisition of KTT, the purchase of the remaining 48% of the shares of Kapsch Telematic Systems and the payment of the dividend, the net debt amounted to only EUR 0.5 million.

The assumption of a promissory note bond (increase in balance sheet total), an acquisition (effect in equity) and the dividend payment resulted in a reduction of the equity ratio to 34%.



Letter from the CEO.

Dear shareholders,

in the first six months of 2016/17, Kapsch TrafficCom increased its revenues by 27% to EUR 311.7 million. The operating result (EBIT) rose by 5% to EUR 28.7 million, commensurate with an EBIT margin of 9.2%. The profit for the period increased by 5% to EUR 20.1 million, with the portion thereof attributable to equity holders being, at EUR 20.6 million, 23% higher than in the equivalent period of the previous year.

**KTT revenues: EUR 53 million
EBIT: EUR -0.9 million.**

One of our main focal points in the current fiscal year is the integration of KTT (Kapsch TrafficCom Transportation), the global transportation division of Schneider Electric acquired on April 1, 2016, which generated EUR 53.0 million in revenues in the first half of the year, while recording a low negative EBIT of EUR -0.9 million. This amount comprises a positive one-time effect in the amount of EUR 3 million as a result of the purchase price for KTT being lower than the value of the acquired net assets (on the basis of a preliminary purchase price allocation). KTT's share of the EBIT generated by the Intelligent Mobility Solutions segment amounted EUR 1.9 million, but its EBIT contribution with regard to the toll collection business was in a negative amount of EUR -2.8 million.

**Focus on integration
of KTT.**

Although KTT's performance in the second quarter was already considerably better than in the first three months of this fiscal year, much still needs to be done to ensure its successful integration within the Group. I expect that this process will be completed by no later than the fall of 2017, with the resultant synergies then being reflected in our results. In the current fiscal year, the results of KTT as well as the integration costs will weigh on the profitability of Kapsch TrafficCom Group.

The acquisition of Kapsch TrafficCom Transportation, together with its approximately 900 employees, represents a broadening of the Group's portfolio and a significant strengthening of our competitive position, above all in growth markets such as Spain, Latin America, North America and the Middle East. We are now within the top segment of toll solution providers in the US. In addition, this acquisition has finally enabled us to make the leap forward from the highway into the city itself: Where previously our product offering comprised solutions for highways and individual applications for urban areas, we are now a leading, globally active, full service provider.

**Smart parking as a
core element of modern
systems of mobility
management.**

As Streetline has continued to incur losses, I would like to take the opportunity here to briefly elaborate on this US subsidiary. More than 30% of traffic volume in cities can be attributed to vehicles searching for a parking space. Reducing this traffic not only makes life easier for drivers, it also lowers the risk of accidents, the traffic-related costs faced by city administrations, and the amount of exhaust gas emissions, which is why we consider the provision of intelligent parking solutions to be a core element of modern systems of mobility management. This is precisely where Streetline comes into play, using its own specially developed data analysis tools to process large quantities of data from various sources to locate the nearest available on-street parking space. Although the company has already generated revenues, these currently continue to be exceeded by expenses for sales and the further development of technology. Our shareholding in the US company Parkjockey rounds off our portfolio of intelligent parking solutions for parking garages and other off-street parking spaces.

New projects in Australia.

In addition, we were able to acquire a number of new projects in the first six months of the current fiscal year, such as two projects in the state of Queensland, Australia. The first of these comprises both the delivery and operation of the toll collection system for a bypass, has been concluded for a ten-year term and has a value of EUR 6.1 million, while the other involves the replacement of an outdated toll collection system with the most modern Kapsch technology, and has a project volume of EUR 9.5 million.

North America, the most important growth market.

In the US, we have been contracted to undertake the modernization of the Integrated Transportation Management System of the Highway Operations Center of the Massachusetts Department of Transportation. This four-year contract has a value of EUR 10.3 million. In addition, we have been awarded a contract for the renewal of the toll collection system for all the bridges and tunnels of the Port Authority of New York and New Jersey (PANYNJ). Following the completion of this project, which is scheduled for the end of our fiscal year 2020/21, Kapsch TrafficCom will undertake the ongoing maintenance work on the new toll collection system over a period of six years – with the option of extending this contract for up to a further six years. North America certainly represents the most important growth market for Kapsch TrafficCom Group, and we expect to acquire a growing number of smaller contracts as well as several larger projects in this region.

Extension of contract in the Czech Republic.

In the Czech Republic, the existing contract for the operation of the nationwide toll collection system for road haulage was to have expired at the end of this year; however, it has now been extended by up to three years pending the launch of the tender procedure for a new system. Assuming we remain contracted for the full three-year period, the volume of this project could amount to as much as EUR 196.2 million.

In Austria, we are awaiting a decision regarding the installation and technical operation of a nationwide toll collection system for vehicles weighing 3.5 or more tons. Kapsch TrafficCom's Austria operations accounted for approximately 5% of its worldwide revenues in the first half of 2016/17.

Dividend: EUR 1.50/share.

A further highlight of the first six months of this year was no doubt our Shareholders' Meeting, at which the mandates of three members of the Supervisory Board up for re-election, including its Chairman, were extended. In addition, the Shareholders' Meeting adopted the proposal put forward by the Executive Board in favor of the payment of a dividend of EUR 1.50 per share.

Net debt: EUR -0.5 million.

A distribution in such an amount (EUR 19.5 million in total) will only be possible where there are sufficient capital resources in place. Despite the acquisition of KTT (EUR 16.6 million) and the remaining 48% of the shares of the Czech company Kapsch Telematic Services (EUR 14.0 million), our net debt as of the end of the first six months of the year was just EUR -0.5 million.

Bond refinanced.

With a view to optimizing our financing structure and refinancing the bond falling due in November 2017 (EUR 70.8 million are outstanding), we issued our first ever promissory note bond in the amount of EUR 62 million plus USD 14.5 million in the first quarter of 2016/17. This loan bears interest in a partially fixed and a partially variable amount, and it comprises three tranches with terms of five, seven and ten years, respectively. One advantage of promissory note bonds as compared to bonds is that the former may, where necessary, be repaid prior to their maturity, making them a considerably more flexible source of financing.

However, this course of action does have one downside, in terms of increasing the balance sheet total as a result of our having temporarily invested the funds generated. In addition, the acquisition of the remaining 48% of the shares of the Czech company Kapsch Telematic Services spol. s r.o. has resulted in a reduction of our equity. Both measures together are the primary reason for the fall in the equity ratio to 34%.

I consider Kapsch TrafficCom's position to be a strong one, and we will continue to work on developing our business and our internal structures in order to ensure that this remains the case and that we are able to exploit our resources to the fullest possible extent.

Sincerely,



Georg Kapsch
Chief Executive Officer

The Kapsch TrafficCom Shares.



Included in the
VÖNIX Sustainability
Index since 2009.

ISIN: AT000KAPSCH9

Ticker symbol: KTCG

Reuters: KTCG.VI

Bloomberg: KTCG AV

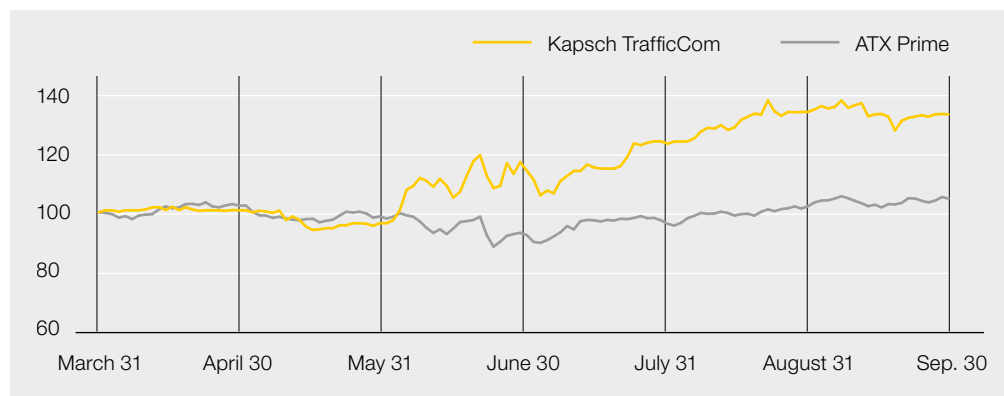
The shares of Kapsch TrafficCom have been listed in the prime market segment of the Vienna Stock Exchange since the company's initial public offering on June 26, 2007. The major shareholder of the company, with a shareholding of 63.3%, is KAPSCH-Group Beteiligungs GmbH. The shares in free float (36.7%) are held by institutional investors (~23%), private investors (~11%) and other investors (~3%). The weighted average number of shares amounts to 13 million.

Share performance in H1 2016/17.

The share's performance in the first half of the year was very positive, even as compared to the benchmark, the ATX Prime Index: The share price opened at EUR 30.01 on April 1, 2016 and – similar to the benchmark – underwent fluctuations of a mostly lateral nature until May 11. While the ATX Prime remained relatively stable, the Kapsch TrafficCom share fell to an (intraday) low of EUR 27.20 on May 23, thereafter recovering on a continuous basis and outperforming the Index from June 7 until the end of the period. The share price continued to rise consistently from its closing value of EUR 31.51 on July 6, exceeding EUR 39.00 for the first time on August 18 and then EUR 41.00 on August 24, when it reached an (intraday) high for the first half of the year of EUR 41.20. The share price then once more experienced lateral fluctuations until the end of H1 2016/17, undergoing an adjustment on September 14 (ex-dividend date) to reflect the dividend payment of EUR 1.50 per share. The Kapsch TrafficCom share closed at EUR 39.75 at the end of the first half of the year, having outperformed the ATX Prime by 28.7 percentage points.

Kapsch TrafficCom share and ATX Prime.

Share clearly out-
performed the ATX Prime.



Closing price on March 31, 2016, indexed to 100 in each case.

Key share data, all amounts in EUR	H1 2016/17	H1 2015/16
Profit/share	1.58	1.28
Dividend for the previous year	1.50	0.50
Closing price on March 31	29.8	23.85
Closing price on September 30	39.75	29.29
Market capitalization (in EUR million)	516.8	380.8
High (intraday)	41.2	30.85
Low (intraday)	27.2	20.01
Ø trading volume (share, double counting)	11,937	23,832

Selected dates

February 22, 2017	Interim report Q1-Q3 2016/17
June 20, 2017	Profit for the fiscal year 2016/17
September 6, 2017	Ordinary Shareholders' Meeting for the fiscal year 2016/17

Investor Relations
Officer: Hans Lang

Shareholders'
telephone line:
+43 50 811 1122

ir.kapschtraffic@
kapsch.net

www.kapschtraffic.com

Corporate Governance.

Update.

Supervisory Board members re-elected.

Supervisory Board.

At the ordinary Shareholders' Meeting held on September 7, 2016, Dr. Franz Semmerneegg, Dr. Kari Kapsch and Dr. Harald Sommerer were re-elected to the Supervisory Board. Their terms of office will expire upon the end of the Shareholders' Meeting resolving upon the formal approval of the actions of the Supervisory Board with regard to the fiscal year 2018/19. Each of these individuals has issued a declaration in accordance with Section 87(2) of the Austrian Stock Corporation Act (Aktiengesetz – AktG).

At the subsequent meeting of the Supervisory Board, Dr. Franz Semmerneegg was re-elected Chairman, and Dr. Kari Kapsch Vice Chairman, of the Supervisory Board. Dr. Semmerneegg and Dr. Harald Sommerer were re-elected to the Audit Committee and the Committee for Executive Board Matters. Mr Christian Windisch (Ing.) was once more delegated to the Audit Committee by the Works Council.

The Supervisory Board of Kapsch TrafficCom AG is thus composed of the following members:

Name	Position	Year of birth	Initial appointment	Appointed until
Dr. Franz Semmerneegg	Chairman	1968	2002	2019
Dr. Kari Kapsch	Vice Chairman	1964	2002	2019
Dipl.-BW(FH) Sabine Kauper		1968	2011	2018
Dr. Harald Sommerer		1967	2013	2019
Ing. Christian Windisch ¹⁾		1963	2002	—
Martin Gartler ¹⁾		1970	2015	—

1) Delegated by the Works Council.

Auditor.

Auditor re-elected.

The Shareholders' Meeting once more appointed PwC Wirtschaftsprüfung GmbH, Wirtschaftsprüfungs- und Steuerberatungsgesellschaft, Vienna, as auditor of the financial statements and the consolidated financial statements for the fiscal year 2016/17.

Managers' transactions.

Since the coming into force of Article 19 of Regulation (EU) No 596/2014 (the "Market Abuse Regulation" – MAR), transactions previously referred to as "directors' dealings" are now referred to as "managers' transactions".

One such transaction occurred in H1 2016/17: On September 6, 2016, KAPSCH-Group Beteiligungs GmbH acquired 228 shares of Kapsch TrafficCom AG at a price of EUR 36.83 per share. As a result, KAPSCH-Group Beteiligungs GmbH now holds a total of 8,226,527 shares (63.3%) in that company.

Management Report H1 2016/17.

Economic conditions impacting the Group.

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

Electronic toll collection (ETC): enables drivers to pay toll fees without stopping at toll stations.

Traffic management systems (TMS): monitor traffic, optimize signal timing and regulate the flow of traffic.

Other intelligent transportation systems (OTH): comprise in particular:

- > *Commercial vehicle operations (CVO):* encompassing systems for operating commercial vehicles in order to enhance freight carrier productivity and safety,
- > *Public vehicle transportation management systems (PVTMS):* facilitating management of both local and long distance public transportation, and
- > *Advanced vehicle information systems (AVIS):* transmitting traffic-related vehicle information to travelers before or during the trip or provide navigation services.

Market grows by 8.9% p.a.

According to a study entitled “Intelligent Transportation Systems – A global strategic business report” carried out by Global Industry Analysts (April 2014), the ITS market is set to grow at a rate of 8.9% per year between 2014 and 2020, attaining a worldwide volume of USD 26.3 billion by 2020. Of this amount, USD 7.8 billion, or a share of 29.5%, will be attributable to the ETC segment, which is expected to experience the highest rate of growth per year, at 11.8%. The following developments in particular are giving rise to business opportunities in this context:

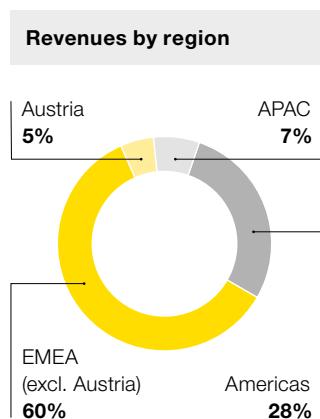
- > The financing requirements for infrastructure projects are increasing, and there is a call for measures to relieve the pressure on national budgets. This enables both the exploitation of new markets, particularly in so-called emerging markets and developing countries, and the expansion of activities in established markets.
- > Global urbanization, traffic levels, the associated adverse effects on the environment and people, and the need for safety on the roads – all of these are on the rise. Traffic management – for example, by means of toll collection or the establishment of environmental zones or access restrictions – is increasingly employed as a regulatory tool in the context of environmental and traffic policy.
- > In addition, the desire for greater productivity regarding vehicles and vehicle operation as well as greater comfort for passengers is driving forward efforts to expand the functionality of existing systems.

Financial performance indicators.

Revenues and profit.

In the first half of the current fiscal year 2016/17, the revenues of Kapsch TrafficCom Group amounted to EUR 311.7 million and as such were 27.2% higher than in the equivalent period of the previous year (H1 2015/16: EUR 245.0 million). Fortunately, both the Electronic Toll Collection (ETC) and the Intelligent Mobility Solutions (IMS) segments recorded an increase in revenues, with the major driver of this growth being the first-time consolidation of Kapsch TrafficCom Transportation (KTT), the global transportation division of Schneider Electric acquired on April 1, 2016. KTT contributed revenues in the amount of EUR 53.0 million (ETC: EUR 11.4 million; IMS: EUR 41.6 million), with its performance in the second quarter being stronger than in the first three months of the fiscal year.

The operating result (EBIT) increased by 4.9% to EUR 28.7 million (H1 2015/16: EUR 27.4 million), commensurate with an EBIT margin of 9.2% (H1 2015/16: 11.2%). The fall in the margin was due to the strong contribution made by KTT towards overall revenues while generating EBIT in a low negative amount (EUR -0.9 million). Integration expenses also had an adverse impact on the overall profit, in contrast to the positive effect of a one-time effect (“bad will”) in the amount



of EUR 3 million due to the purchase price for KTT being lower than the value of the acquired net assets (on the basis of a preliminary purchase price allocation). The persistently negative results of the smart parking subsidiary, Streetline Inc., USA, also had an adverse impact on the Group's results.

The financial result improved to EUR -0.1 million, as compared to EUR -2.7 million in the equivalent period of the previous year, the primary reason for this development being a fall in the expenses due to exchange rate losses. Finance costs thus decreased from EUR -10.7 million to EUR -4.8 million – despite an increase in financial liabilities in the wake of the issuance of the promissory note bond. Finance income was EUR 3.3 million lower than the figure for the equivalent period of the previous year, which comprised gains from the sale of securities in the amount of EUR 3.4 million.

The profit for the period increased by 4.7% as compared to the equivalent period of the previous year. As a result of the acquisition of the remaining non-controlling 48% interest in Kapsch Telematic Services spol. s r.o., Czech Republic, the profit for the period attributable to equity holders rose to EUR 20.6 million (H1 2015/16: EUR 16.7 million), which corresponds to a profit per share in the amount of EUR 1.58 (H1 2015/16: EUR 1.28).

The segments' performance in the first half of the year was as follows:

Electronic Toll Collection (ETC)

The largest share of the revenues (EUR 156.2 million) was once more attributable to the EMEA region (Europe, the Middle East and Africa), specifically the nationwide toll collection projects in the Czech Republic, Poland, Belarus and Austria. The scheduled replacement of the IT structure in South Africa resulted in a considerable rise in the revenues generated there. The performance of the newly acquired tolltickets GmbH, Germany, also had a positive impact on revenues. The volume of design & build projects was lower than in the equivalent period of the previous year due to the slower progress, in line with expectations, of the expansion of the existing systems in Belarus and Poland. Components-related revenues in the EMEA region fell by -11.8% as a result of lower sales of on-board units in France and the Czech Republic.

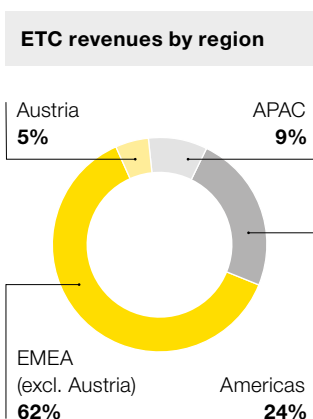
In the Americas region (North America and Latin America), the projects in the US and Chile acquired over the course of the KTT acquisition contributed greatly towards the positive performance in terms of revenues. The components business grew slightly, by 3.3%.

In the APAC region (Asia Pacific), the increase in revenues was primarily attributable to the design & build projects newly acquired this year, such as the contract awarded to Kapsch TrafficCom for the renewal of the existing toll collection system for the Sydney Harbor Bridge and the Sydney Harbor Tunnel. Component sales decreased as compared to the previous year.

The number of on-board units sold in the first half of the year amounted to 5.6 million (H1 2015/16: 4.6 million units). Increases were recorded above all in North America, Russia and Chile, while the sales figures for Thailand, France and the Czech Republic fell as compared to the equivalent period of the previous year.

In the ETC segment, Kapsch TrafficCom realized EBIT in the amount of EUR 34.2 million in the reporting period, as compared to EUR 29.1 million in the first half of the previous year. This improvement in the result was largely due to the positive developments regarding the operation projects in the EMEA region in particular, which were able to counterbalance the negative performance of KTT. The provisional bad will arising out of the KTT acquisition had a positive effect in the amount of EUR 0.9 million.

ETC revenues:
EUR 231.2 million (+11.9%).

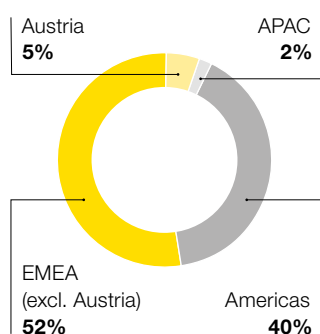


ETC-EBIT:
EUR 34.2 million (+17.3%).

in EUR million	H1 2016/17	H1 2015/16	+/-
Revenues	231.2	206.6	11.9%
Design & Build	44.9	38.1	18.0%
Operations	138.0	119.8	15.1%
Components	48.3	48.7	0.8%
EBIT	34.2	29.1	17.3%

**IMS revenues:
EUR 80.5 million (+109.8%).**

IMS revenues by region



IMS-EBIT: EUR -5.4 million.

Intelligent Mobility Solutions (IMS)

In the EMEA region, the operation projects in Spain newly acquired together with KTT and design & build projects in Spain and Saudi Arabia contributed towards this jump in revenues. In addition, the cross-border program “CHARM”, for which the advanced traffic management System DYNAC is being implemented both in England and in the Netherlands, contributed significantly towards the improved revenues situation.

The revenues generated in the Americas region were also considerably higher than in the equivalent period of the previous year, largely as a result of the assumption of the projects of KTT in the US and Brazil.

In the APAC region, a slight increase in revenues was recorded regarding the design & build projects in New Zealand and Vietnam, while the revenues generated by the operation projects in Australia remained largely unchanged.

The IMS segment realized EBIT in the amount of EUR -5.4 million, as compared to EUR -1.7 million in the first half of the previous year. While KTT's overall EBIT contribution was a positive one in the amount of EUR 1.9 million, the negative results of Streetline Inc., USA, in particular, and the lower contributions of the North American operation projects adversely impacted the profitability of the Kapsch TrafficCom Group in this segment. The provisional bad will arising from the KTT acquisition had a positive effect on the segment in the amount of EUR 2.1 million.

in EUR million	H1 2016/17	H1 2015/16	+/-
Revenues	80.5	38.3	109.8%
Design & Build	29.7	13.8	114.7%
Operations	45.4	16.2	179.8%
Components	5.3	8.3	-35.6%
EBIT	-5.4	-1.7	-213.6%

Financial position.

The total assets of the KapschTrafficCom Group increased to EUR 609.5 million as of the cut-off date, September 30, 2016 (March 31, 2016: EUR 513.7 million).

The greatest change in the assets reported on the balance sheet related to “trade receivables and other current assets”, which increased by EUR 55.7 million to EUR 251.9 million in the period from March 31, 2016 onwards. This increase was primarily due to the assumption, in the context of the KTT acquisition, of outstanding receivables amounting to EUR 62.2 million as of September 30, 2016. Cash and cash equivalents also increased significantly by EUR 32.5 million to EUR 173.3 million as of September 30, 2016, largely as a result of the issuance of the promissory note bond.

The issuance of the promissory note bond caused the most significant change on the liabilities side of the balance sheet. Non-current financial liabilities increased by EUR 62.5 million in the period from March 31, 2016 onwards and amounted to EUR 148.2 million as of September 30, 2016. Other liabilities increased by EUR 20.3 million to EUR 99.7 million, and trade payables by EUR 15.6 million to EUR 67.7 million, over the same period. These developments were also largely attributable to the acquisition of KTT. As of September 30, 2016, KTT had other liabilities in the amount of EUR 26.6 million and trade payables in the amount of EUR 15.4 million.

The net working capital thus rose significantly from EUR 183.6 million as of March 31, 2016 to EUR 226.4 million as of the end of H1 2016/17.

Equity amounted to EUR 207.3 million, and as such was EUR 23.3 million lower than at the end of the previous fiscal year (EUR 230.7 million). The equity ratio fell from 44.9% to 34.0% over this period, the main reasons for this being:

- > The payment of the dividend in the amount of EUR 19.5 million (EUR 1.50 per share).
- > The acquisition, recognized in equity, of the as-yet non-controlling 48% interest in Kapsch Telematic Services spol. s r.o., Czech Republic. The purchase price in the amount of up to EUR 21.8 million comprises a fixed component in the amount of EUR 14.0 million (already paid), and a variable, results-based component in the amount of EUR 7.8 million, to be paid in installments by 2020.
- > The issuance of a promissory note bond in the amount of EUR 62.0 million and USD 14.5 million for the purposes of refinancing the bond falling due in November 2017. Given that the additional funds will largely be invested up until that point in time, the issuance of the promissory note bond has had the effect of increasing the balance sheet total. On the one hand, the issuance of the promissory note bond has resulted in an increase in cash and cash equivalents on the assets side of the balance sheet and, on the other hand, the promissory note bond obligation on the liabilities side of the balance sheet has increased to EUR 74.8 million.

In spite of the payment of the dividend, the acquisition of KTT and the purchase of the non-controlling 48% interest in the Czech Republic, the net debt amounted to only EUR -0.5 million at the end of the reporting period (March 31, 2016: net assets in the amount of EUR 33.8 million).

Cash flow.

Net cash flow from operating activities amounted to EUR 27.3 million in the reporting period. This was primarily due to the good result, as well as due to a decline of current and non-current receivables (EUR 13.6 million).

Net cash flow from investing activities amounted to EUR -29.8 million in H1 2016/17, EUR -16.6 million of which (net, after deduction of the cash and cash equivalents of the acquired companies) related to the acquisition of KTT. In addition, EUR -2.5 million were attributable to the stake in Park Jockey Global, Inc., USA, and EUR -0.3 million (net) to the acquisition of a 65% interest in tolltickets GmbH, Germany. Net investments in property, plant and equipment and intangible assets, at EUR -10.4 million, were significantly higher than in the equivalent period of the previous year (EUR -2.7 million), as a result of the acquisition and integration of KTT. In H1 2015/16, it was above all the sale of securities and an inflow of cash and cash equivalents from the acquisition of the shares of Streetline, Inc., USA, which led to net cash flow from investing activities in the positive amount of EUR 5.2 million.

A positive amount of free cash flow (cash flow from operating activities minus net investments) was recorded, however, at EUR 17.0 million; this was significantly lower than the figure for the equivalent period of the previous year (EUR 30.3 million).

Net cash flow from financing activities amounted to EUR 33.6 million as of September 30, 2016. On the one hand, non-current financial liabilities increased by EUR 77.3 million (which was largely attributable to the issuance of the promissory note bond). On the other hand, the Group distributed a dividend (EUR 19.5 million) and paid the purchase price for the non-controlling interest of 48% of the shares of Kapsch Telematic Services spol. s r.o., Czech Republic (EUR 14.0 million).

Cash and cash equivalents amounted to EUR 173.3 million as of September 30, 2016 (March 31, 2016: EUR 140.8 million).

Information on major transactions involving related parties.

No transactions involving related parties and having a significant effect on the Group's financial position or operating results were entered into during the first half of the year. Details of any transactions involving related parties can be found in Note 19 to the condensed consolidated interim financial information as of September 30, 2016.

Acquisitions and legislative amendments.

On April 1, 2016, Kapsch TrafficCom completed its acquisition of the global transportation business of Schneider Electric S.E. This division, henceforth to be known as Kapsch TrafficCom Transportation (KTT), is a provider of real-time IT solutions and intelligent traffic systems for use in cities, on highways and in tunnels. Its product offering also comprises toll collection and transit solutions.

On April 21, 2016, Kapsch TrafficCom acquired a minority interest in ParkJockey Global, Inc., USA, thereby rounding off the Group's portfolio of intelligent parking solutions with parking garages and other off-street parking spaces.

In the first quarter of 2016, Kapsch TrafficCom acquired the remaining 48% of the shares in Kapsch Telematic Services spol. s r.o., Czech Republic, the company which is responsible for the operation of the nationwide toll collection system in the Czech Republic.

On July 1, 2016, Kapsch TrafficCom acquired 65% of the shares in tolltickets GmbH, Germany, a provider of toll collection services for passenger cars to end customers.

Risk reporting.

The Group has initiated a number of processes with a view to increasing the effectiveness of its risk management activities and upholding best practice standards. Risk management has been designated a discrete function within the finance department of Kapsch TrafficCom AG. An internal control system (ICS) has been established within the Group to document the existing internal control processes implemented in the accounting context. Responsibility for the implementation, design and monitoring of the ICS with a view to ensuring compliance with group-wide guidelines and regulations is incumbent upon the competent local management bodies in each case.

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

The major risks faced by the Group are addressed in Section 3.3 of the Group Management Report 2015/16. No material changes were observed in this connection in the first half of 2016/17, nor are any significant new risks or uncertainties expected to emerge over the remainder of the fiscal year 2016/17.

Outlook regarding the second half of the current fiscal year.

Kapsch TrafficCom Group intends to develop its existing and newly acquired projects in a targeted manner in H2 2016/17. In Austria, the company is awaiting a decision regarding the installation and technical operation of a nationwide toll collection system for vehicles weighing 3.5 or more tons. Kapsch TrafficCom's Austria operations accounted for approximately 5% of its worldwide revenues in the first half of 2016/17.

A primary objective over the remaining course of the current fiscal year will be to drive forward the integration of KTT, with a view to minimizing costs and realizing synergies as quickly as possible, while also helping the approximately 900 new employees to become acquainted with and a part of the corporate culture of the Kapsch TrafficCom Group.

The management is confident, based on the results for the first six months of the year, that Kapsch TrafficCom Group will increase its annual revenues by more than EUR 100 million, in line with expectations. The EBIT margin for the toll collection business is set to significantly exceed 10%, while the margin for the IMS business will be adversely impacted by the integration and the lower EBIT contribution of KTT, as well as the negative EBIT performance of Streetline Inc., USA.

Events occurring after September 30, 2016.

No material events occurred after September 30, 2016.

Statement of all Members of the Executive Board.

Statement of all Members of the Executive Board pursuant to Section 87

Para. 1 No. 3 BoerseG (Austrian Stock Exchange Act).

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

Vienna, November 17, 2016

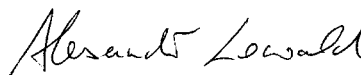
The Managing Board



Mag. Georg Kapsch
Chief Executive Officer



André Laux
Executive Board member



Dr.-Ing. Alexander Lewald
Executive Board member

Condensed Consolidated Interim Financial Information as of September 30, 2016.*)

Kapsch TrafficCom Group – Consolidated statement of comprehensive income.

in TEUR	Note	Q2		H1	
		2016/17	2015/16	2016/17	2015/16
Revenues	(6)	159,412	127,839	311,671	244,964
Other operating income		4,638	3,175	13,857	6,481
Changes in finished and unfinished goods and work in progress		1,379	2,990	2,432	-371
Own work capitalized		952	187	1,391	408
Cost of materials and other production services		-73,033	-54,867	-132,636	-93,458
Staff costs		-51,818	-35,612	-105,349	-74,620
Amortization and depreciation		-4,439	-4,210	-8,618	-8,339
Impairment charge		0	0	0	0
Other operating expenses	(7)	-25,957	-24,893	-54,011	-47,665
Operating result	(6)	11,134	14,609	28,738	27,400
Finance income		2,126	2,620	4,732	8,011
Finance costs		-1,883	-7,572	-4,813	-10,698
Financial result		243	-4,951	-81	-2,687
Result from associates and joint ventures		-28	83	29	45
Result before income taxes		11,349	9,741	28,685	24,758
Income taxes	(15)	-3,632	-1,987	-8,550	-5,532
Result for the period		7,716	7,754	20,135	19,226
Result attributable to:					
Equity holders of the company		7,906	6,918	20,569	16,675
Non-controlling interests		-190	837	-434	2,551
Earnings per share from the result for the period attributable to the equity holders of the company (in EUR)		0.61	0.53	1.58	1.28
Other comprehensive income:					
Items subsequently reclassified to the result for the period:					
Currency translation differences		-1,485	-1,121	-2,011	-1,335
Currency translation differences from net investments in foreign operations		-219	51	825	1,653
Available-for-sale financial assets:					
Fair value gains/losses recognized in other comprehensive income		-811	-5,085	-2,390	-4,474
Reclassification of cumulated net losses to the result for the period (impairment)		824	192	1,597	192
Reclassification of cumulated net gains to the result for the period (sale of available-for-sale financial assets)		0	0	0	-3,318
Income tax relating to items subsequently reclassified to the result for the period		52	-23	-224	438
Total items subsequently reclassified to the result for the period		-1,640	-5,986	-2,204	-6,844
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	(16)	-1,640	-5,986	-2,204	-6,844
Total comprehensive income for the period		6,077	1,768	17,932	12,382
Total comprehensive income attributable to:					
Equity holders of the company		6,188	1,098	18,370	9,970
Non-controlling interests		-112	669	-438	2,412

Earnings per share relate to 13.0 million shares.

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

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

Kapsch TrafficCom Group – Consolidated balance sheet.

in TEUR	Note	Sep. 30, 2016	March 31, 2016
ASSETS			
Non-current assets			
Property, plant and equipment	(8)	21,224	20,867
Intangible assets	(8)	74,131	64,911
Interests in associates and joint ventures	(9)	1,954	1,917
Other non-current financial assets and investments	(10)	18,837	18,651
Other non-current assets		13,163	18,877
Deferred tax assets		11,841	11,895
		141,151	137,119
Current assets			
Inventories		37,814	35,757
Current tax receivables		4,334	3,754
Trade receivables and other non current assets		251,905	196,158
Other current financial assets	(10)	956	97
Cash and cash equivalents		173,310	140,782
		468,319	376,549
Total assets		609,470	513,667
EQUITY			
Capital and reserves attributable to equity holders of the company			
Share capital	(11)	13,000	13,000
Capital reserve		117,509	117,509
Retained earnings and other reserves		78,009	92,338
		208,517	222,847
Non-controlling interests		-1,189	7,811
Total equity		207,328	230,658
LIABILITIES			
Non-current liabilities			
Non-current financial liabilities	(12)	148,201	85,734
Liabilities from post-employment benefits to employees	(13)	23,771	24,107
Non-current provisions	(14)	8,868	1,396
Other non-current liabilities		10,480	3,333
Deferred tax liabilities		5,343	3,190
		196,664	117,760
Current liabilities			
Trade payables		67,642	52,041
Other liabilities and deferred income		99,684	79,342
Current tax payables		2,852	3,573
Current financial liabilities	(12)	26,523	21,349
Current provisions	(14)	8,776	8,946
		205,478	165,250
Total liabilities		402,141	283,010
Total equity and liabilities		609,470	513,667

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

Kapsch TrafficCom Group – Consolidated cash flow statement.

in TEUR	Q2		H1	
	2016/17	2015/16	2016/17	2015/16
Cash flow from operating activities				
Operating result	11,134	14,609	28,738	27,400
Adjustments for non-cash items and other reconciliations:				
Scheduled depreciation and amortization	4,439	4,210	8,618	8,339
Impairment charge	0	0	0	0
Increase/decrease in liabilities from post-employment benefits	-412	-316	-336	-422
Increase/decrease in other non-current liabilities and provisions	152	-445	-4,670	-470
Increase/decrease in other non-current receivables	-1,746	-983	-4,080	-2,005
Increase/decrease in trade receivables (non-current)	547	6,174	10,025	19,179
Increase/decrease in trade payables (non-current)	-110	-256	-209	-470
Other (net)	-1,015	-2,515	-192	1,707
	12,989	20,478	37,893	53,259
Changes in net current assets:				
Increase/decrease in trade receivables and other assets	8,255	1,898	3,548	-1,062
Increase/decrease in inventories	320	-880	-1,237	281
Increase/decrease in trade payables and other current payables	-1,703	3,281	719	-5,324
Increase/decrease in current provisions	-936	-318	-169	-801
	5,937	3,981	2,861	-6,906
Cash flow from operations	18,925	24,459	40,754	46,353
Interest received	-32	253	791	567
Interest payments	-1,515	-1,240	-2,638	-2,571
Net payments of income taxes	-10,392	-6,429	-11,567	-11,299
Net cash flow from operating activities	6,986	17,043	27,340	33,050
Cash flow from investing activities				
Purchase of property, plant and equipment	-3,264	-1,295	-4,310	-2,844
Purchase of intangible assets	-751	-79	-6,977	-98
Purchase of securities, investments and other non-current financial assets	-132	0	-2,551	0
Increase/decrease in cash from the acquisition of entities (less cash and cash equivalents of these entities)	-322	0	-16,876	2,543
Proceeds from the disposal of property, plant and equipment and intangible assets	106	-58	909	233
Proceeds from the disposal of securities and investments	0	40	0	5,375
Net cash flow from investing activities	-4,364	-1,392	-29,806	5,210
Cash flow from financing activities				
Contribution from shareholders	0	0	0	0
Dividends paid to parent company's shareholders	-19,500	-6,500	-19,500	-6,500
Dividends paid to non-controlling interests	-8	-34	-8	-6,697
Payments for the acquisition of non-controlling interests	0	0	-14,000	0
Increase in non-current financial liabilities	1,910	427	77,285	471
Decrease in non-current financial liabilities	0	0	0	0
Increase in current financial liabilities	1,610	983	1,816	1,875
Decrease in current financial liabilities	-5,910	-6,164	-11,963	-17,891
Net cash flow from financing activities	-21,897	-11,287	33,630	-28,741
Net increase/decrease in cash and cash equivalents	-19,275	4,364	31,165	9,518
Change in cash and cash equivalents				
Cash and cash equivalents at beginning of period	191,531	100,415	140,782	96,765
Net increase/decrease in cash and cash equivalents	-19,275	4,364	31,165	9,518
Exchange gains/losses on cash and cash equivalents	1,055	-2,441	1,364	-3,945
Cash and cash equivalents at end of period	173,310	102,339	173,310	102,339

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

Kapsch TrafficCom Group – Consolidated statement of changes in equity.

in TEUR	Attributable to equity holders of the company				Non-controlling interests	Total equity
	Share capital	Capital reserve	Other reserves	Consolidated retained earnings		
Carrying amount as of March 31, 2015	13,000	117,509	-12,184	89,634	11,403	219,361
Dividend				-6,500	-6,697	-13,197
Effects from acquisition of shares in subsidiaries				0	21	21
Effects from acquisition and sale of non-controlling interests				-19	19	0
Result for the period				16,675	2,551	19,226
Other comprehensive income for the period:						
Currency translation differences			44		-139	-95
Fair value gains/losses on available-for-sale financial assets			-6,749		0	-6,749
Carrying amount as of September 30, 2015	13,000	117,509	-18,889	99,791	7,157	218,567
Carrying amount as of March 31, 2016	13,000	117,509	-21,887	114,225	7,811	230,658
Dividend				-19,500	-8	-19,508
Effects from acquisition of shares in subsidiaries			-13,062		-8,692	-21,754
Effects of changes in the investment interest held in subsidiaries			-137		137	0
Result for the period				20,569	-434	20,135
Other comprehensive income for the period:						
Currency translation differences			-1,388		-5	-1,392
Fair value gains/losses on available-for-sale financial assets			-811		0	-811
Carrying amount as of September 30, 2016	13,000	117,509	-37,286	115,294	-1,189	207,328

The effects from the acquisition of shares in subsidiaries in the first half year of the fiscal year 2016/17 result from the acquisition of the remaining 48% shares in Kapsch Telematic Services spol. s r.o., Czech Republic – an amount of TEUR 14,000 has already been paid – as well as from the acquisition of tolltickets GmbH, Germany.

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 global supplier of superior Intelligent Transportation Systems (ITS).

The Group operates in 2 segments:

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

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

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

2 Basis of preparation.

This condensed interim financial information for the first half of the current fiscal year 2016/17 ended September 30, 2016 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 March 31, 2016.

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

3 Accounting policies.

The accounting policies adopted are consistent with those of the annual financial statements for the year ended March 31, 2016, as described in the annual financial statements for the year ended March 31, 2016.

In the condensed interim financial information for the first half of the current fiscal year 2016/17 the following new or amended IFRS and IFRIC have been adopted:

New/adopted IFRS		Applicable to financial years beginning on or after
IFRS 14	Regulatory Deferral Accounts	January 1, 2016
IFRS 11	Joint Arrangements (Amendment)	January 1, 2016
IAS 16		
IAS 38	Property, Plant and Equipment and Intangible Assets (Amendment)	January 1, 2016
IAS 16		
IAS 41	Property, Plant and Equipment and Agriculture (Amendment)	January 1, 2016
IAS 27	Separate Financial Statements (Amendment)	January 1, 2016
IAS 1	Presentation of Financial Statements (Amendment)	January 1, 2016

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

4 Discretionary decisions and estimates.

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

The estimates made by the Management are in line with those adopted in the consolidated financial statements as of March 31, 2016 and described therein.

Fair value measurement

The Group bases its fair value measurement of assets and liabilities on observable market data to the greatest extent possible. The fair value can be assigned to one of various levels within a fair value hierarchy using a number of evaluation techniques. Further information on the fair value measurement of assets and liabilities can be found in note 10.

5 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 March 31, 2016 and are described therein.

6 Segment information.

H1 2016/17 in TEUR	ETC	IMS	Consolidated group
Revenues	231,204	80,468	311,671
Operating result	34,170	-5,432	28,738

H1 2015/16 in TEUR	ETC	IMS	Consolidated group
Revenues	206,616	38,348	244,964
Operating result	29,133	-1,732	27,400

The following table shows the four major customers of Kapsch TrafficCom, whereas each of the first two contributed more than 10% to the total revenues in H1 2016/17.

in TEUR	H1 2016/17			H1 2015/16		
	Revenues	ETC	IMS	Revenues	ETC	IMS
Customer 1	42,031	x	x	41,222	x	x
Customer 2	31,613	x		39,103	x	
Customer 3	22,148	x		21,144	x	
Customer 4	20,596	x		25,451	x	

7 Other operating expenses.

in TEUR	H1 2016/17	H1 2015/16
Legal and consulting fees	-10,255	-4,697
Rental expenses	-8,969	-6,815
Communication and IT expenses	-7,692	-10,044
Travel expenses	-5,847	-3,513
Marketing and advertising expenses	-3,514	-3,399
Office expenses	-2,529	-1,613
Automobile expenses	-2,480	-2,043
License and patent expenses	-2,384	-1,982
Allowance and write-off of receivables	2,101	14
Maintenance	-2,004	-1,610
Exchange rate losses from operating activities	-1,936	-5,759
Insurance costs	-1,779	-1,602
Taxes and charges	-1,295	-901
Training costs	-949	-728
Bank charges	-801	-983
Transport costs	-779	-418
Warranty costs and project financing	-555	-441
Adjustment of provision for warranties	-439	-278
Other operating expenses	-1,905	-853
	-54,011	-47,665

The rise in legal and consulting expenses was due to the increased focus on the US market, where the costs associated with the enforcement of legal rights and legal redress are higher than in other jurisdictions.

The item "Other operating expenses" includes membership fees, commissions and other fees, losses on disposal of non-current assets, remuneration to Supervisory Board and damages.

8 Capital expenditure.

in TEUR	H1 2016/17	H1 2015/16
Carrying amount as of March 31 of prior year	85,778	93,644
Additions	11,287	2,941
Addition resulting from company acquisition	7,513	1,297
Disposals	-884	-233
Impairment	0	0
Depreciation, amortization and other movements	-8,618	-8,339
Currency translation differences	279	-1,231
Carrying amount as of September 30 of fiscal year	95,356	88,078

9 Interests in associates and joint ventures.

in TEUR	H1 2016/17	H1 2015/16
Carrying amount as of March 31 of prior year	1,917	2,014
Currency translation differences	6	-176
Addition resulting from company acquisition	2	0
Addition resulting from foundation	0	0
Disposal	0	0
Share in result	29	45
Carrying amount as of September 30 of fiscal year	1,954	1,882
thereof shares in associates	1,953	1,882
thereof interests in joint ventures	1	0

Interests in associates

> LLC National operator of telematic services

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

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

On July 31, 2012, the Group acquired 33% of the shares in SIMEX, Integración de Sistemas, S.A.P.I. de C.V., Mexico. 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. As of September 30, 2016, the book value of the interest amounts to TEUR 1,953 (September 30, 2015: TEUR 1,882).

Interests in joint ventures

The addition resulting from company acquisition relate to the Italian consortium Consorzio 4trucks and MyConsorzio, each amounting to TEUR 1. They were acquired in the course of the company acquisition of tolltickets GmbH, Germany, on July 1, 2016 (see note 17). Both investments are accounted for using the equity method.

> Consorzio 4trucks

As of September 30, 2016, the book value of the interest amounts to TEUR 1 (September 30, 2015: n/a).

> MyConsorzio

As of September 30, 2016, the book value of the interest amounts to TEUR 0 (September 30, 2015: n/a).

10 Current and non-current financial assets.

in TEUR	Sep. 30, 2016	March 31, 2016	Sep. 30, 2015	March 31, 2015
Other non-current financial assets and investments	18,837	18,651	18,675	23,099
Other current financial assets	956	97	0	5,291
	19,793	18,748	18,675	28,390

Other non-current financial assets and investments

H1 2016/17 in TEUR	Available- for-sale securities	Available- for-sale investments	Other investments	Loans and other non-current financial assets	Total
Carrying amount as of March 31, 2016	3,723	14,825	4	99	18,651
Currency translation differences	0	0	10	1	11
Addition resulting from company acquisition	0	0	0	14	14
Additions	0	0	2,422	130	2,551
Disposals	0	0	0	0	0
Change in fair value	71	-2,461	0	0	-2,390
Carrying amount as of Sep. 30, 2016	3,794	12,363	2,436	243	18,837

H1 2015/16 in TEUR	Available- for-sale securities	Available- for-sale investments	Other investments	Loans and other non-current financial assets	Total
Carrying amount as of March 31, 2015	3,803	19,291	5	0	23,099
Currency translation differences	0	0	0	-7	-7
Additions	0	0	0	97	97
Disposals	-40	0	0	0	-40
Change in fair value	-88	-4,386	0	0	-4,474
Carrying amount as of Sep. 30, 2015	3,675	14,905	5	90	18,675

As of September 30, 2016, as prior year, **available-for-sale securities** relate to government and bank bonds as well as shares in investment funds.

As of September 30, 2016, as prior year, **investments classified as available-for-sale** mainly relate to a 19.26% investment in the listed company Q-Free ASA, Norway.

The addition in **other investments** in the first half year of financial year 2016/17 relates to the acquisition of non-controlling interests in ParkJockey Global, Inc., USA.

Other current financial assets

H1 2016/17 in TEUR	Available- for-sale securities	Current loans	Other current financial assets	Total
Carrying amount as of March 31, 2016	0	97	0	97
Currency translation differences	0	568	0	568
Addition resulting from company acquisition	0	1,270	0	1,270
Additions	0	95	0	95
Disposals	0	-1,075	0	-1,075
Change in fair value	0	0	0	0
Carrying amount as of September 30, 2016	0	956	0	956

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

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

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

Fair value-hierarchies and determination of fair value

Financial assets and liabilities have to be classified in one of the three following fair value-hierarchies:

Level 1: There are quoted prices in active markets for identical assets and liabilities. In the Group, the investment in Q-Free ASA, Norway, as well as listed equity instruments are attributed to Level 1.

Level 2: The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques based on observable direct or indirect market data. This category comprises available-for-sale securities, such as mortgage bonds and government bonds, which are quoted, however not regularly traded on a stock market.

Specific valuation techniques used to value financial instruments include:

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

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

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

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

As of September 30, 2016, other non-current financial assets amounting to TEUR 235, other investments amounting to TEUR 2,447 as well as other current financial assets amounting to TEUR 956 were recognized at amortized cost.

in TEUR	Level 1 Quoted prices	Level 2 Observable market data	Level 3 Not based on observable market data	Sep. 30, 2015
Non-current financial assets				
Available-for-sale securities	2,998	677	0	3,675
Available-for-sale investments	14,905	0	0	14,905
	17,903	677	0	18,580
Current financial assets				
Available-for-sale securities	0	0	0	0
	0	0	0	0
Total	17,903	677	0	18,580

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

11 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.

12 Financial liabilities.

in TEUR	Sep. 30, 2016	March 31, 2016	Sep. 30, 2015	March 31, 2015
Non-current financial liabilities	148,201	85,734	75,131	88,985
Current financial liabilities	26,523	21,349	46,290	48,969
Total	174,724	107,083	121,421	137,954

Movements in borrowings are analyzed as follows:

H1 2016/17 in TEUR	Non-current financial liabilities	Current financial liabilities	Total
Carrying amount as of March 31, 2016	85,734	21,349	107,083
Reclassification	-15,169	15,169	0
Additions	77,285	1,816	79,101
Repayments of borrowings	0	-11,963	-11,963
Currency translation differences	351	153	504
Carrying amount as of September 30, 2016	148,201	26,523	174,724

The addition in non-current financial assets mainly relates to a promissory note bond ("Schuldscheindarlehen"). Details to tranches, maturity periods and interest rates are shown in the table below:

Tranche	Interest rate	Repayment
EUR 26 mn	1.22%	June 16, 2021
EUR 4.5 mn	6M EURIBOR + 120 bps	June 16, 2021
USD 14.5 mn	3M LIBOR + 170 bps	June 16, 2021
EUR 23 mn	6M EURIBOR + 150 bps	June 16, 2023
EUR 8.5 mn	2.26%	June 16, 2026

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

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

in TEUR	Sep. 30, 2016	Sep. 30, 2015
Carrying amount	174,724	121,421
Fair value	177,216	133,806
Gross cash flows:		
Up to 6 months	9,897	15,036
Between 6 months and 1 year	21,171	34,527
Between 1 and 2 years	78,562	7,946
Between 2 and 3 years	1,218	74,015
Between 3 and 4 years	1,218	0
Between 4 and 5 years	44,249	0
More than 5 years	31,036	0
	187,353	131,525

The classification of financial liabilities is as follows:

in TEUR	Level 1 Quoted prices	Level 2 Observable market data	Level 3 Not based on observable market data	Sep. 30, 2016
Corporate bond	73,297	0	0	73,297
Promissory note bond ("Schuldscheindarlehen")	0	70,466	0	70,466
Other financial liabilities	0	33,453	0	33,453
Total	73,297	103,919	0	177,216

in TEUR	Level 1 Quoted prices	Level 2 Observable market data	Level 3 Not based on observable market data	Sep. 30, 2015
Corporate bond	73,828	0	0	73,828
Other financial liabilities	0	59,979	0	59,979
Total	73,828	59,979	0	133,806

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.

13 Liabilities from post-employment benefits to employees.

in TEUR	Sep. 30, 2016	March 31, 2016	Sep. 30, 2015	March 31, 2015
Termination benefits	9,419	9,505	9,549	9,690
Retirement benefits	14,352	14,603	15,240	15,520
Total	23,771	24,107	24,788	25,210

Termination benefits

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

Retirement benefits

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

14 Provisions.

in TEUR	Sep. 30, 2016	March 31, 2016	Sep. 30, 2015	March 31, 2015
Non-current provisions	8,868	1,396	1,360	1,661
Current provisions	8,776	8,946	8,424	9,225
Total	17,644	10,341	9,783	10,886

H1 2016/17 in TEUR	March 31, 2016	Addition re- sulting from company acquisition	Addition	Utilization	Disposal	Reclassi- fication	Currency translation differences	Sep. 30, 2016
Obligations from anniversary bonuses	1,186	0	0	0	0	0	0	1,186
Warranties	0	0	0	0	0	1,632	0	1,632
Projects (excl. impending losses)	0	1,881	0	0	0	46	258	2,185
Legal fees, costs of litigation and contract risks	0	2,551	0	0	0	374	350	3,274
Costs of dismantling, removing and restoring assets	0	0	0	0	0	141	0	141
Other non-current provisions	210	125	90	0	-24	37	11	449
Non-current provisions, total	1,396	4,557	90	0	-24	2,230	619	8,868
Warranties	2,113	0	84	-9	-85	-1,632	-22	449
Losses from pending trans- actions and rework	0	0	0	0	0	0	0	0
Projects (excl. impending losses)	3,196	5,554	152	-590	-1,906	-46	535	6,894
Legal fees, costs of litigation and contract risks	3,349	142	4,006	-6,440	0	-374	61	743
Costs of dismantling, removing and restoring assets	156	0	0	0	0	-141	3	18
Other	132	676	222	-167	-191	-37	37	672
Current provisions, total	8,946	6,372	4,464	-7,206	-2,182	-2,230	613	8,776
Total	10,341	10,928	4,554	-7,206	-2,205	0	1,232	17,644

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

15 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.

16 Other comprehensive income.

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

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

H1 2015/16 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	-4,474	22	-4,452
Gains/losses recognized in the result for the period	-3,126	829	-2,297
Currency translation differences	-1,335	0	-1,335
Currency translation differences from net investments in foreign business	1,653	-413	1,240
Fair value changes recognized in equity	-7,282	438	-6,844

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

In the first half year of the fiscal year 2015/16, the gains/losses recognized in the result for the period related to the disposal of current available-for-sale financial assets (see note 10).

17 Business combinations.

> Kapsch TrafficCom Transportation (Transportation business from Schneider Electric)

On December 14, 2015, Kapsch TrafficCom concluded an agreement with Schneider Electric S.E. concerning an acquisition of its global transportation business. The Closing was on April 1, 2016. The transportation segment, which previously operated under the name Telvent Tráfico y Transporte, is a provider of real-time IT solutions and intelligent traffic systems for use in cities, on highways and in tunnels. The portfolio also includes tolling and transit solutions. The acquisition will enable Kapsch TrafficCom to offer existing and future customers an integrated portfolio of intelligent transportation solutions from the highway into the city.

in TEUR	
Consideration paid	26,096
Conditional adjustment of purchase price (provisionally determined)	1,346
Purchase price total (provisionally determined)	27,441
Less fair value of net assets acquired (provisionally determined)	30,432
Difference between purchase price and net assets acquired (provisionally determined)	-2,991

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

in TEUR	Fair value
Property, plant and equipment	721
Intangible assets	5,170
Other non-current assets	157
Inventories	656
Receivables and other current assets	57,013
Cash and cash equivalents	9,542
Liabilities, other liabilities and deferred income	-42,827
Net assets acquired (provisionally determined)	30,432

The above presentation is based on a preliminary purchase price allocation. The values may change subject to the audit to be performed on the opening balances as well as any contractually stipulated purchase price adjustments.

The acquired company contributed revenue of TEUR 52,971 and a net loss of TEUR -1,315 to the Group's result for the period from April 1, 2016 to September 30, 2016.

> tolltickets

On July 1, 2016 Kapsch TrafficCom AG, Vienna, acquired 65% of shares in tolltickets GmbH, Germany. The purchase price was EUR 1.5 million. Furthermore an option for purchase of another 20% of shares exists.

in TEUR	
Purchase price total	1,524
Less fair value of net assets acquired (provisionally determined)	148
Goodwill (provisionally determined)	1,376
Non-controlling interests (provisionally determined)	80

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

in TEUR	Fair value
Property, plant and equipment	174
Intangible assets	72
Other non-current assets	14
Joint Ventures	2
Inventories	164
Receivables and other current assets	2,100
Cash and cash equivalents	1,202
Liabilities, other liabilities and deferred income	-3,500
Net assets acquired (provisionally determined)	228

The acquired company contributed revenue of TEUR 7,001 and a net profit of TEUR 84 to the Group's result for the period from July 1, 2016 to September 30, 2016.

18 Contingent liabilities and other commitments.

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

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

in TEUR	Sep. 30, 2016	March 31, 2016
Contract, warranty and performance bonds		
South Africa (Toll collection system)	38,650	47,029
Australia (Toll collection systems)	21,045	20,832
Other	150	241
Total	59,846	68,102

Outflows of resources in connection with other liabilities amounting to TEUR 257,126 (previous year: TEUR 178,598), the actual occurrence of which is considered to be unlikely, are not reported on the balance sheet or under contingent liabilities.

19 Related parties.

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

in TEUR	H1 2016/17	H1 2015/16
Affiliated companies outside the Kapsch TrafficCom Group		
Revenues	3,919	6,091
Expenses	14,712	14,776
Other related parties		
Revenues	83	0
Expenses	49	49

in TEUR	Sep. 30, 2016	Sep. 30, 2015
Affiliated companies outside the Kapsch TrafficCom Group		
Trade receivables and other current assets	868	2,990
Trade payables and other liabilities	6,114	8,097
Liabilities from share purchase	2,098	2,057
Other related parties		
Trade receivables and other current assets	33	127
Trade payables and other liabilities incl. retirement obligations	12,578	13,177

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

A comprehensive presentation of the different relationships with related parties are represented in note 31 of the annual financial statements for the year ended March 31, 2016.

20 Events occurring after September 30, 2016.

No material events have occurred after September 30, 2016.

Vienna, November 17, 2016

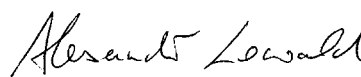
The Managing Board



Georg Kapsch
Chief Executive Officer



André Laux
Executive Board member



Alexander Lewald
Executive Board member

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.

Kapsch TrafficCom

Kapsch TrafficCom is a provider of Intelligent Transportation Systems (ITS) in the segments of toll collection, traffic management, safety and security, smart urban mobility and connected cars.

The end-to-end solutions of Kapsch TrafficCom cover the entire value creation chain of its customers as a one-stop shop, from components and design to the installation and operation of systems. The core business comprises the development, installation and operation of electronic toll collection and traffic management systems.

References in more than 50 countries on all continents have made Kapsch TrafficCom a globally recognized ITS provider. As part of the Kapsch Group, an Austrian family-owned technology group founded in 1892, Kapsch TrafficCom with over 4,600 employees is headquartered in Vienna, Austria, and subsidiaries and branches in 33 countries.

For more information:

>>> www.kapsch.net