Keolis Danmark A/S

Naverland 20, DK-2600 Glostrup

Annual Report for 1 January - 31 December 2015

CVR No 13 39 94 33

The Annual Report was presented and adopted at the Annual General Meeting of the Company on 8 /6 2016

Christian von Staufeldt
Chairman

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Management's Statement

The Executive Board and Board of Directorss have today considered and adopted the Annual Report of Keolis Danmark A/S for the financial year 1 January - 31 December 2015.

The Annual Report is prepared in accordance with the Danish Financial Statements Act.

In our opinion the Financial Statements give a true and fair view of the financial position at 31 December 2015 of the Company and of the results of the Company operations for 2015.

In our opinion, Management's Review includes a true and fair account of the matters addressed in the Review.

We recommend that the Annual Report be adopted at the Annual General Meeting.

Glostrup, 8 June 2016

Executive Board

Peter Lanng Nielsen

Board of Directors

Marc Emilie Willy Renouprez Chairman	Nicolas Daniel Luc Vandevyver	Arne Veggeland
Preben Ingemann Jensen Staff Representative	Almir Crneta Staff Representative	

Independent Auditor's Report on the Financial Statements

To the Shareholders of Keolis Danmark A/S

Report on the Financial Statements

We have audited the Financial Statements of Keolis Danmark A/S for the financial year 1 January - 31 December 2015, which comprise income statement, balance sheet, notes and summary of significant accounting policies. The Financial Statements are prepared in accordance with the Danish Financial Statements Act.

Management's Responsibility for the Financial Statements
Management is responsible for the preparation of Financial Statements that give a true and fair view in accordance with the Danish Financial Statements Act, and for such internal control as Management determines is necessary to enable the preparation of Financial Statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility
Our responsibility is to express an opinion on the Financial Statements based on our audit. We conducted our audit in accordance with International Standards on Auditing and additional requirements under Danish audit regulation. This requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the Financial Statements are free from material misstatement.

An audit involves performing audit procedures to obtain audit evidence about the amounts and disclosures in the Financial Statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Financial Statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation of Financial Statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Management, as well as evaluating the overall presentation of the Financial Statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Our audit has not resulted in any qualification.

Opinion
In our opinion, the Financial Statements give a true and fair view of the financial position of the Company at 31 December 2015 and of the results of the Company operations for the financial year 1 January - 31 December 2015 in accordance with the Danish Financial Statements Act.

Independent Auditor's Report on the Financial Statements

Statement on Management's Review

We have read Management's Review in accordance with the Danish Financial Statements Act. We have not performed any procedures additional to the audit of the Financial Statements. On this basis, in our opinion, the information provided in Management's Review is in accordance with the Financial Statements.

Hellerup, 8 June 2016
PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
CVR No 33 77 12 31

Bo Schou-Jacobsen statsautoriseret revisor	Kristian Pedersen statsautoriseret revisor

Company Information

The Company	Keolis Danmark A/S Naverland 20 DK-2600 Glostrup CVR No: 13 39 94 33 Financial period: 1 January - 31 December Financial year: 26th financial year Municipality of reg. office: Albertslund
Board of Directors	Marc Emilie Willy Renouprez, Chairman Nicolas Daniel Luc Vandevyver Arne Veggeland Preben Ingemann Jensen Almir Crneta
Executive Board	Peter Lanng Nielsen
Auditors	PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab Strandvejen 44 DK-2900 Hellerup

Financial Highlights

Seen over a five-year period, the development of the Company is described by the following financial highlights:

	2015 TDKK	2014 TDKK	2013 TDKK	2012 TDKK	2011 TDKK
Key figures					
Profit/loss					
Revenue	820.471	588.353	491.578	533.495	667.673
Gross profit/loss	113.245	78.804	48.749	42.944	55.502
Profit/loss before financial income and expenses	22.865	-17.867	8.438	8.044	21.338
Net profit/loss for the year	22.386	-8.017	6.653	10.883	13.732
Balance sheet					
Balance sheet total	1.095.279	910.861	403.978	360.227	341.120
Equity	159.197	136.811	149.530	142.877	131.994
Ratios					
Gross margin	13,8%	13,4%	9,9%	8,0%	8,3%
Profit margin	2,8%	-3,0%	1,7%	1,5%	3,2%
Return on assets	2,1%	-2,0%	2,1%	2,2%	6,3%
Solvency ratio	14,5%	15,0%	37,0%	39,7%	38,7%
Return on equity	15,1%	-5,6%	4,6%	7,9%	11,0%

The ratios have been prepared in accordance with the recommendations and guidelines issued by the Danish Society of Financial Analysts. For definitions, see under accounting policies.

As a consequence of the legal restructuring of the Danish group entities, comparative figures for 2014 have been adjusted. Thus, key figures for the years 2011-2013 are from the former Keolis Bus Danmark A/S' official financial statements.

Management's Review

Main activity

The Company's main activity is passenger transport, primarily public bus transportation for the Danish public transport authorities based on licensing contracts. In 2015, the Company won the operational contract for the first light rail in Denmark and thus expanded its activities during the year.

Development in the year

The income statement of the Company for 2015 shows a profit of TDKK 22,386, and at 31 December 2015 the balance sheet of the Company shows equity of TDKK 159,197.

The Company has been through a transformation process whereby the two legal operations from the original business combination in 2014 have been merged with effect from 1 January 2015 and the organization restructured thus reducing the number of entities and simplifying processes. The year was affected by onetime cost in connection with the transformation process.

In May 2015, the Company won the first contract for operating light rail in Denmark. The rail lines are under construction at the moment and operations will start in 2017. Preparatory work is carried out at the moment by the subsidiary Keolis Aarhus Letbane A/S.

In December, the Company started the operations on the contract for Public bus transportation in Odense. The contract included significant investment in buses.

Also in December, the Company ended its operation of line 5A in Copenhagen after operating the line for 8 years. Keolis had success in operating the line and in 2015 it won Movia's price for the best line in Copenhagen. The transfer of activities and buses to the new operator went well and did not impact the result in a material way.

Further, the result is affected by an additional expense of TDKK 1,101 regarding the GEFA case, cf. below.

In view of the above, the result is considered satisfactory.

Expected development

The objective of Keolis is to increase its activity in the Danish market and continue to improve earnings. The Company believes it is well positioned to do so after the completion of the combination of activities.

Research and development

The Company has no special research and development activities.

Management's Review

Corporate social responsibility

Keolis Danmark A/S strives to conduct its business in a responsible way and do its utmost to comply with legislation in areas where activity is exercised. Keolis Danmark A/S pursues specific objectives in several relevant areas, but has not adopted an actual policy for corporate social responsibility, as defined in the Danish Financial Statements Act.

Keolis Danmark A/S's statement of corporate social responsibility therefore only mentions selected focus areas.

Environmental issues

Keolis Danmark A/S carries out its bus operations with the lowest possible environmental impact. The Company seeks to minimize any adverse environmental impact in connection with its activities. Buses are replaced currently with buses of the highest possible environmental standards and the Company operates one of the largest fleet of hybrid buses in Denmark.

Also in respect of the external environment, Keolis Danmark A/S works actively with substitution of substances and materials by those which involve minimum environmental impact. This especially applies when choosing cleaning materials for the cleaning of the fleet of buses.

Intellectual capital resources

Keolis Danmark A/S has always worked actively to attract and retain well-qualified manpower at all levels of the organization. As part of these efforts, the qualifications of the employees are continuously upgraded through in-house, but also to a high degree external, training.

Share of the underrepresented gender

Target figures for the Board of Directors

Keolis Danmark A/S in 2015 had a target of having representation by both genders among the four members (25%) of the Board of Directors elected by the general meeting. It has not been possible to achieve in 2015 and there are no female members of the Board of Directors. Keolis Danmark A/S will strive to achieve this goal in 2016.

Equal opportunities at other management levels of Keolis Danmark A/S

Company Management has prepared an equal opportunities policy comprising all other management levels of the Company. The policy is part of Keolis Danmark A/S's staff and diversity policy and includes requirement for inviting female candidates to job interviews in connection with filling vacant executive positions as well as active encouragement of female employees to stand as candidates for the Board of Directors and other cooperation fora.

Management's Review

Subsequent events

No events have occurred which are considered to have a material effect on the assessment of the Financial Statements apart from the judgment relating to the GEFA case.

On 27 April 2016, the Eastern High Court delivered a judgment in the GEFA case. The case concerned refund to a German leasing partner of the part of Danish VAT relating to fuel supply. As part of the leasing arrangement Keolis Danmark A/S assumed the risk of VAT on fuel.

The judgment was in favor of the Danish Ministry of Taxation and called for the settlement of principal claim and interest. The claim including interest was settled on 9 May 2016 and totally amounted to TDKK 41,101.

A provision of TDKK 40,000 was made in 2014 relating to the GEFA case.

Income Statement 1 January - 31 December

	Note	2015	2014
		TDKK	TDKK
Revenue		**820.471**	**588.353**
Other operating income		8.687	12.204
Bushoursdepending costs		-187.600	-150.611
Driver wages etc.	1	-495.789	-344.335
Other external expenses		-32.524	-26.807
Gross profit/loss		**113.245**	**78.804**
Staff expenses	1	-30.812	-19.797
Depreciation, amortisation and impairment of intangible assets and property, plant and equipment	2	-57.980	-36.874
Other operating expenses		-1.588	-40.000
Profit/loss before financial income and expenses		**22.865**	**-17.867**
Income from investments in subsidiaries	8	3.223	6.181
Financial income	3	10.058	3.341
Financial expenses	4	-15.200	-6.592
Profit/loss before tax		**20.946**	**-14.937**
Tax on profit/loss for the year	5	1.440	6.920
Net profit/loss for the year		**22.386**	**-8.017**

Distribution of profit

	2015	2014
	TDKK	TDKK
Proposed distribution of profit		
Retained earnings	22.386	-8.017
	22.386	**-8.017**

Balance Sheet 31 December

Assets

	Note	2015	2014
		TDKK	TDKK
Software licenses		1.683	0
Driving contracts		20.871	24.771
Intangible assets	6	**22.554**	**24.771**
Other fixtures and fittings, tools and equipment		11.796	10.935
Buses		496.997	416.090
Leasehold improvements		715	734
Property, plant and equipment	7	**509.508**	**427.759**
Investments in subsidiaries	8	45.524	39.770
Other investments	9	1.478	900
Deposits	9	498	476
Financial assets		**47.500**	**41.146**
Fixed assets		**579.562**	**493.676**
Inventories		9.817	6.668
Inventories		**9.817**	**6.668**
Trade receivables		63.937	70.067
Receivables from group enterprises		392.846	321.306
Other receivables		793	0
Deferred tax asset	10	29.960	6.202
Prepayments	11	2.739	3.833
Receivables		**490.275**	**401.408**
Cash at bank and in hand		**15.625**	**9.109**
Currents assets		**515.717**	**417.185**
Assets		**1.095.279**	**910.861**

Balance Sheet 31 December

Liabilities and equity

	Note	2015	2014
		TDKK	TDKK
Share capital		1.800	1.800
Retained earnings		157.397	135.011
Equity	12	**159.197**	**136.811**
Other provisions	13	68.001	75.232
Provisions		**68.001**	**75.232**
Lease obligations		254	1.620
Lease obligations to group enterprises, etc.		298.199	260.433
Payables to group enterprises		336.693	153.848
Other payables		0	35.295
Long-term debt	14	**635.146**	**451.196**
Credit institutions		0	7.172
Lease obligations	14	121	48.925
Trade payables		33.379	24.639
Payables to group enterprises	14	46.233	35.636
Corporation tax		22.246	1.054
Other payables		130.956	130.196
Short-term debt		**232.935**	**247.622**
Debt		**868.081**	**698.818**
Liabilities and equity		**1.095.279**	**910.861**

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Notes to the Financial Statements

		2015	2014
		TDKK	TDKK

1 Staff expenses

	2015	2014
Wages and salaries	445.946	307.833
Pensions	41.640	29.181
Other social security expenses	10.904	7.337
Other staff expenses	28.111	19.781
	526.601	**364.132**
Average number of employees	**1.274**	**1.275**

Remuneration to the Executive Board has not been disclosed in accordance with section 98 B(3) of the Danish Financial Statements Act.

2 Depreciation, amortisation and impairment of intangible assets and property, plant and equipment

	2015	2014
Amortisation of intangible assets	3.929	975
Depreciation of property, plant and equipment	57.547	34.759
Gain and loss on disposal	-3.496	1.140
	57.980	**36.874**
Which is specified as follows:		
Driving contracts	3.900	975
Software licenses	29	0
Other fixtures and fittings, tools and equipment	4.068	2.298
Buses	53.350	32.342
Leasehold improvements	129	119
Loss/(profit) on sale of property, plant and equipment	-3.496	1.140
	57.980	**36.874**

3 Financial income

	2015	2014
Interest received from group enterprises	10.036	3.306
Other financial income	22	35
	10.058	**3.341**

Notes to the Financial Statements

		2015	2014
		TDKK	TDKK

4 Financial expenses

	2015 TDKK	2014 TDKK
Interest paid to group enterprises	13.674	4.737
Other financial expenses	1.526	1.855
	15.200	**6.592**

5 Tax on profit/loss for the year

	2015 TDKK	2014 TDKK
Current tax for the year	-5.773	2.224
Deferred tax for the year	-23.758	-9.144
Tax incurred by taxable merger 1 January 2015	28.091	0
	-1.440	**-6.920**

6 Intangible assets

	Software licenses	Driving contracts	Total
	TDKK	TDKK	TDKK
Cost at 1 January	0	0	0
Net effect from merger	0	25.746	25.746
Additions for the year	1.712	0	1.712
Cost at 31 December	1.712	25.746	27.458
Amortisation at 1 January	0	0	0
Net effect from merger	0	975	975
Amortisation for the year	29	3.900	3.929
Amortisation at 31 December	29	4.875	4.904
Carrying amount at 31 December	**1.683**	**20.871**	**22.554**
Depreciated over	5 years	4-12 years	

Notes to the Financial Statements

7 Property, plant and equipment

	Other fixtures and fittings, tools and equipment	Buses	Leasehold improvements	Total
	TDKK	TDKK	TDKK	TDKK
Cost at 1 January	7.509	316.273	281	324.063
Adjustments	-1.573	22.071	0	20.498
Net effect from merger	40.243	245.315	9.035	294.593
Additions for the year	5.176	167.421	110	172.707
Disposals for the year	-1.692	-123.533	0	-125.225
Cost at 31 December	49.663	627.547	9.426	686.636
Depreciation at 1 January	5.200	121.905	126	127.231
Adjustments	-1.573	22.071	0	20.498
Net effect from merger	31.618	23.593	8.457	63.668
Depreciation for the year	4.068	53.350	128	57.546
Reversal of depreciation of sold assets	-1.446	-90.369	0	-91.815
Depreciation at 31 December	37.867	130.550	8.711	177.128
Carrying amount at 31 December	**11.796**	**496.997**	**715**	**509.508**
Depreciated over	5-12 years	4-12 years	5 years	
Including assets under finance leases amounting to	0	329.310	0	

8 Investments in subsidiaries

	2015	2014
	TDKK	TDKK
Cost at 1 January	48.430	21.536
Net effect from merger	0	26.764
Additions for the year	50	130
Cost at 31 December	48.480	48.430
Value adjustments at 1 January	-9.925	-4.983
Net effect from merger	0	-11.123
Net profit/loss for the year	3.223	6.181
Value adjustments at 31 December	-6.702	-9.925
Equity investments with negative net asset value amortised over receivables	3.746	1.265
Carrying amount at 31 December	**45.524**	**39.770**

Notes to the Financial Statements

8 Investments in subsidiaries (continued)

Investments in subsidiaries are specified as follows:

Name	Place of registered office	Share capital (TDKK)	Votes and ownership
Keolis Aarhus Letbane A/S	Albertslund	500	100%
City-Leasing 91/92 A/S (1)	Albertslund	500	100%
NB Værksted ApS (1)	Albertslund	600	100%
Keolis Ejendomme ApS (Tidligere			
Keolis Anlæg Naverland ApS)	Albertslund	500	100%
Keolis Anlæg Slagelse ApS (2)	Albertslund	500	100%
Keolis Anlæg Aalborg ApS (2)	Albertslund	200	100%
Keolis Anlæg Industriholmen ApS (2)	Albertslund	125	100%
Keolis Anlæg Tønder ApS (2)	Albertslund	125	100%
Keolis Anlæg Helsinge ApS (2)	Albertslund	125	100%
Keolis Anlæg Skibby 18 ApS (2)	Albertslund	125	100%
Keolis Anlæg Skibby 22 ApS (2)	Albertslund	125	100%
Keolis Leasing 2012 ApS (1)	Albertslund	80	100%
Keolis Leasing 2013 ApS	Albertslund	80	100%
Keolis Leasing 2014 ApS	Albertslund	50	100%
Keolis Leasing 2015 ApS	Albertslund	50	100%
NB Leasing 2013 ApS (1)	Albertslund	80	100%
NB Leasing 2014 ApS (3)	Albertslund	80	100%
Keolis 1 ApS	Albertslund	125	100%
Keolis 2 ApS	Albertslund	125	100%

1) Merged as of 1 January 2016 with Keolis Danmark A/S

2) Merged as of 1 January 2016 with Keolis Ejendomme ApS

3) Merged as of 1 January 2016 with Keolis Leasing 2015 ApS

Notes to the Financial Statements

9 Other financial assets

	Other investments	Deposits
	TDKK	TDKK
Cost at 1 January	74	498
Net effect from merger	175	5.445
Disposals for the year	0	-5.445
Cost at 31 December	249	498
Revaluations at 1 January	652	0
Revaluations for the year	577	0
Revaluations at 31 December	1.229	0
Carrying amount at 31 December	**1.478**	**498**

10 Deferred tax asset

Deferred tax assets primarily relates to temporary differences on property, plant and equipments, tax goodwill from merger, lease obligations, provisions as well as tax loss carry-forwards.

The Company has a non-recognised deferred tax asset of DKK 9 million (2014: DKK 30 million).

11 Prepayments

Prepayments consists of prepaid expenses including rent and insurance.

Notes to the Financial Statements

12 Equity

	Share capital	Retained earnings	Total
	TDKK	TDKK	TDKK
Equity at 1 January	1.800	95.476	97.276
Net effect from merger	0	39.535	39.535
Adjusted equity at 1 January	1.800	135.011	136.811
Net profit/loss for the year	0	22.386	22.386
Equity at 31 December	**1.800**	**157.397**	**159.197**

The share capital consists of 1,800,000 shares of a nominal value of DKK 1. No shares carry any special rights.

The share capital has developed as follows:

	2015	2014	2013	2012	2011
	TDKK	TDKK	TDKK	TDKK	TDKK
Share capital at 1 January	1.800	1.700	1.700	1.700	1.700
Capital increase	0	100	0	0	0
Capital decrease	0	0	0	0	0
Share capital at 31 December	**1.800**	**1.800**	**1.700**	**1.700**	**1.700**

13 Other provisions

	2015	2014
	TDKK	TDKK
Onerous contracts	26.900	35.232
Other provisions	41.101	40.000
	68.001	**75.232**

On 27 April 2016, the Eastern High Court delivered a judgment in the GEFA case. The case concerned refund to a German leasing partner of the part of Danish VAT relating to fuel supply. As part of the leasing arrangement Keolis Danmark A/S assumed the risk of VAT on fuel.

The judgment was in favor of the Danish Ministry of Taxation and called for the settlement of principal claim and interest. The claim including interest was settled on 9 May 2016 and totally amounted to TDKK 41,101.

A provision of TDKK 40,000 was made in 2014 relating to the GEFA case.

Notes to the Financial Statements

14 Long-term debt

Payments due within 1 year are recognised in short-term debt. Other debt is recognised in long-term debt.

The debt falls due for payment as specified below:

	2015	2014
	TDKK	TDKK
Lease obligations		
After 5 years	0	0
Between 1 and 5 years	254	1.620
Long-term part	254	1.620
Within 1 year	121	48.925
	375	**50.545**
Lease obligations to group enterprises, etc.		
After 5 years	171.944	147.855
Between 1 and 5 years	126.255	112.578
Long-term part	298.199	260.433
Within 1 year	30.766	25.105
Other short-term debt to group enterprises	15.467	10.531
Short-term part	46.233	35.636
	344.432	**296.069**
Payables to group enterprises		
Between 1 and 5 years	336.693	153.848
Long-term part	336.693	153.848
Within 1 year	0	0
	336.693	**153.848**
Other payables		
Between 1 and 5 years	0	35.295
Long-term part	0	35.295
Within 1 year	35.295	35.295
Other short-term payables	95.670	94.901
Short-term part	130.965	130.196
	130.965	**165.491**

Notes to the Financial Statements

15 Contingent liabilities and other financial obligations

	2015	2014
	TDKK	TDKK
Rental agreements and leases		
Lease obligations, period of non-terminability over 3 months	43.000	36.647
Security		
None		
Contractual obligations		
The Company has entered into binding purchase agreement with trading partner, regarding aquisition of new buses of	0	8.250

Contingent liabilities

The Company is liable for bank guarantees totalling DKK 34m provided to local Public Transport Authorities.

The Company is jointly and severally liable for VAT and Payroll TAX related to the joint registration with certain subsidiaries.

The Danish group companies are jointly and severally liable for tax related to the joint taxation income.

The Company has issued a "Letter of Financial Support" regarding certain subsidiaries' going concern, hereunder a subordination in favour of the subsidiaries other creditors. The letters apply until 31 May 2017.

A leasing partner has presented a claim of DKK 7 million. The Company and its legal advisor consider the claims unjustifed and do not perceive that the Company will incur any losses as a result.

Notes to the Financial Statements

16 Related parties

	Basis
Controlling interest	
SNCF	Ultimate parent
Keolis SA, France	Controlling shareholder

Transactions

Transactions with the Company's Parent Company, subsidiaries and the Company's Management have been effected at arm's length.

17 Group information

The Company’s direct parent is Keolis S.A., France, who prepares Consolidated Financial Statements, into which the Company is incorporated as a subsidiary. The Company’s ultimate parent is SNCF, France.

Consolidated Financial Statements for Keolis S.A. and SNCF may be obtained at the following addresses:

Keolis S.A.
20 rue Le Peletier
75320 PARIS CEDEX 09
France

SNCF
1-7 place aux Etoiles
93212 LA PLAINE ST DENIS CEDEX
France

18 Fee to auditors appointed at the general meeting

Fee to auditors appointed at the general meeting, has not been disclosed in accordance with section 96 (3) of the Danish Financial Statements Act.

Accounting Policies

Basis of Preparation

The Annual Report of Keolis Danmark A/S for 2015 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to large enterprises of reporting class C.

The accounting policies applied remain unchanged from last year.

Following the business combination in 2014, Keolis Bus Danmark A/S and Keolis Danmark A/S have during 2015 been merged with effect from 1 January 2015 with Keolis Danmark A/S as the continuing company. Further, a number of group internal merger with several subsidiaries have been carried out during the year. The Annual Report reflects the restructurings made. Income statements, balance sheets and equity are combined, as if the merging companies had been combined from the date from which they have been subject to the same controlling party (29 September 2014). Accounts for merged companies have been restated in accordance with the continuing company's accounting policies. There has not been recognized revaluations in connection with the restructurings.

The Company has opted for the new rules of the Danish Financial Statements Act, whereby all revaluations carried out in the former parent company as a result of the acquisition of Keolis Danmark A/S in 2014, are incorporated in Keolis Danmark A/S' Annual Report.

Financial Statements for 2015 are presented in TDKK.

Consolidated financial statements

With reference to section 112 of the Danish Financial Statements Act and to the consolidated financial statements of Keolis SA, France, the Company has not prepared consolidated financial statements.

Recognition and measurement

The Financial Statements have been prepared under the historical cost method.

Revenues are recognised in the income statement as earned. Furthermore, value adjustments of financial assets and liabilities measured at fair value or amortised cost are recognised. Moreover, all expenses incurred to achieve the earnings for the year are recognised in the income statement, including depreciation, amortisation, impairment losses and provisions as well as reversals due to changed accounting estimates of amounts that have previously been recognised in the income statement.

Assets are recognised in the balance sheet when it is probable that future economic benefits attributable to the asset will flow to the Company, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when it is probable that future economic benefits will flow out of the Company, and the value of the liability can be measured reliably.

Assets and liabilities are initially measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

Accounting Policies

Certain financial assets and liabilities are measured at amortised cost, which involves the recognition of a constant effective interest rate over the maturity period. Amortised cost is calculated as original cost less any repayments and with addition/deduction of the cumulative amortisation of any difference between cost and the nominal amount. In this way, capital losses and gains are allocated over the maturity period.

Recognition and measurement take into account predictable losses and risks occurring before the presentation of the Annual Report which confirm or invalidate affairs and conditions existing at the balance sheet date.

Danish kroner is used as the measurement currency. All other currencies are regarded as foreign currencies.

Leases

Leases in terms of which the Company assumes substantially all the risks and rewards of ownership (finance leases) are recognised in the balance sheet at the lower of the fair value of the leased asset and the net present value of the lease payments computed by applying the interest rate implicit in the lease or an approximated value as the discount rate. Assets acquired under finance leases are depreciated and written down for impairment under the same policy as determined for the other fixed assets of the Company.

The remaining lease obligation is capitalised and recognised in the balance sheet under debt, and the interest element on the lease payments is charged over the lease term to the income statement.

All other leases are considered operating leases. Payments made under operating leases are recognised in the income statement on a straight-line basis over the lease term.

Translation policies

Transactions in foreign currencies are translated at the exchange rates at the dates of transaction. Gains and losses arising due to differences between the transaction date rates and the rates at the dates of payment are recognised in financial income and expenses in the income statement.

Receivables, payables and other monetary items in foreign currencies that have not been settled at the balance sheet date are translated at the exchange rates at the balance sheet date. Any differences between the exchange rates at the balance sheet date and the transaction date rates are recognised in financial income and expenses in the income statement.

Accounting Policies

Income Statement

Revenue

Revenue comprise passenger transport, which is recognised in the income statement when delivery and transfer of risk have been made before year-end. The sale is considered effected based on the following criteria:

- driving has been made before year-end;
- a binding agreement has been made;
- the sales price has been determined; and
- payment has been received or may with reasonable certainty be expected to be received.

Revenue is measured at the consideration received and is recognised exclusive of VAT and net of discounts relating to sales.

Bushoursdepending costs

Bushoursdepending costs comprise costs for operating lease of busses, fuel, insurance and maintenance of busses, etc.

Other external expenses

Other external expenses comprise expenses for premises, sales and distribution as well as office expenses, etc.

Driver wages and staff expenses

The item comprise wages and salaries as well as payroll expenses.

Amortisation, depreciation and impairment losses

The item comprise amortisation, depreciation and impairment of intangible assets and property, plant and equipment.

Other operating income and expenses

Other operating income and other operating expenses comprise items of a secondary nature to the core activities of the enterprise.

Income from investments in subsidiaries

The item “Income from investments in subsidiaries” in the income statement includes the proportionate share of the profit for the year.

Accounting Policies

Financial income and expenses

Financial income and expenses comprise interest, financial expenses in respect of finance leases, realised and unrealised exchange adjustments as well as extra payments and repayment under the onaccount taxation scheme.

Tax on profit/loss for the year

Tax for the year consists of current tax for the year and deferred tax for the year. The tax attributable to the profit for the year is recognised in the income statement, whereas the tax attributable to equity transactions is recognised directly in equity.

Any changes in deferred tax due to changes to tax rates are recognised in the income statement.

The Company is jointly taxed with wholly owned Danish subsidiaries. The tax effect of the joint taxation with the subsidiaries is allocated to Danish enterprises showing profits or losses in proportion to their taxable incomes (full allocation with credit for tax losses). The jointly taxed enterprises have adopted the on-account taxation scheme.

Balance Sheet

Intangible assets

Driving contracts are measured at cost less accumulated depriciations and less any accumulated impairment losses. Depreciation based on cost is calculated on a straight-line basis contract by contract over the remaining contract period, which are 4-12 years.

Software licenses are measured at cost less accumulated depriciations and less any accumulated impairment losses. Depreciation based on cost reduced by any residual value is calculated on a straight-line basis over the expected useful lives of the assets, which are 5 years.

Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation and less any accumulated impairment losses.

Cost comprises the cost of acquisition and expenses directly related to the acquisition up until the time when the asset is ready for use.

Accounting Policies

Depreciation based on cost reduced by any residual value is calculated on a straight-line basis over the expected useful lives of the assets, which are:

Buses	4-12 years
Other fixtures and fittings, tools and equipment	5-12 years
Leasehold improvements	5 years

Assets costing less than DKK 12,800 are expensed in the year of acquisition.

Impairment of fixed assets

The carrying amounts of property, plant and equipment are reviewed on an annual basis to determine whether there is any indication of impairment other than that expressed by amortisation and depreciation.

If so, an impairment test is carried out to determine whether the recoverable amount is lower than the carrying amount, and the asset is written down to its lower recoverable amount.

The recoverable amount of the asset is calculated as the higher of net selling price and value in use. Where a recoverable amount cannot be determined for the individual asset, the assets are assessed in the smallest group of assets for which a reliable recoverable amount can be determined based on a total assessment.

Investments in subsidiaries

Investments in subsidiaries are recognised and measured under the equity method.

The item “Investments in subsidiaries” in the balance sheet include the proportionate ownership share of the net asset value of the enterprises calculated on the basis of the fair values of identifiable net assets at the time of acquisition with deduction or addition of unrealised intercompany profits or losses and with addition of any remaining value of positive differences (goodwill) and deduction of any remaining value of negative differences (negative goodwill).

The total net revaluation of investments in subsidiaries is transferred upon distribution of profit to "Reserve for net revaluation under the equity method" under equity. The reserve is reduced by dividend distributed to the Parent Company and adjusted for other equity movements in subsidiaries.

Subsidiaries with a negative net asset value are recognised at DKK 0. Any legal or constructive obligation of the Parent Company to cover the negative balance of the enterprise is recognised as an impairment of receivables from subsidiaries, if any, or in provisions.

Accounting Policies

Other financial assets

Other financial assets, which consist of other investments in unlisted shares etc, are measured at their fair values at the balance sheet date, and deposits measured at amortised cost, which substantially corresponds to nominal value.

Inventories

Inventories are measured at the lower of cost under the FIFO method and net realisable value.

The net realisable value of inventories is calculated at the amount expected to be generated by sale in the process of normal operations with deduction of selling expenses and costs of completion. The net realisable value is determined allowing for marketability, obsolescence and development in expected sales price.

Receivables

Receivables are recognised in the balance sheet at amortised cost, which substantially corresponds to nominal value. Provisions for estimated bad debts are made.

Prepayments

Prepayments comprise prepaid expenses concerning operating leases, insurance premiums, subscriptions and interest.

Equity

Dividend

Dividend distribution proposed by Management for the year is disclosed as a separate equity item.

Provisions

Provisions are recognised when - in consequence of an event occurred before or on the balance sheet date - the Company has a legal or constructive obligation and it is probable that economic benefits must be given up to settle the obligation.

Deferred tax assets and liabilities

Deferred income tax is measured using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes on the basis of the intended use of the asset and settlement of the liability, respectively.

Deferred tax assets, including the tax base of tax loss carry-forwards, are measured at the value at which the asset is expected to be realised, either by elimination in tax on future earnings or by set-off against deferred tax liabilities within the same legal tax entity.

Accounting Policies

Deferred tax is measured on the basis of the tax rules and tax rates that will be effective under the legislation at the balance sheet date when the deferred tax is expected to crystallise as current tax. Any changes in deferred tax due to changes to tax rates are recognised in the income statement.

Current tax receivables and liabilities

Current tax liabilities and receivables are recognised in the balance sheet as the expected taxable income for the year adjusted for tax on taxable incomes for prior years and tax paid on account. Extra payments and repayment under the on-account taxation scheme are recognised in the income statement in financial income and expenses.

Financial debts

Loans, such as mortgage loans and loans from credit institutions, are recognised initially at the proceeds received net of transaction expenses incurred. Subsequently, the loans are measured at amortised cost; the difference between the proceeds and the nominal value is recognised as an interest expense in the income statement over the loan period.

Other debts are measured at amortised cost, substantially corresponding to nominal value.

Cash Flow Statement

In accordance with section 86 in the Danish Financial Statements Act, the Company has not presented a cashflow statement as the cast flow statement is included in the cash flow statement of the Parent Company Keolis S.A.

Financial Highlights

Explanation of financial ratios

Gross margin	$\frac{\text{Gross profit x 100}}{\text{Revenue}}$
Profit margin	$\frac{\text{Profit before financials x 100}}{\text{Revenue}}$
Return on assets	$\frac{\text{Profit before financials x 100}}{\text{Total assets}}$
Solvency ratio	$\frac{\text{Equity at year end x 100}}{\text{Total assets at year end}}$
Return on equity	$\frac{\text{Net profit for the year x 100}}{\text{Average equity}}$