

SNC-Lavalin Rail & Transit A/S

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2900 Hellerup

CVR no. 29 40 58 75

Annual report 2016

The annual report was presented and approved at the
Company's annual general meeting

on 31/05 2017

Philip
chairman of the annual general meeting

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SNC-Lavalin Rail & Transit A/S
Annual report 2016
CVR no. 29 40 58 75

Statement by the Board of Directors and the Executive Board

The Board of Directors and the Executive Board have today discussed and approved the annual report of SNC-Lavalin Rail & Transit A/S for the financial year 1 January – 31 December 2016.

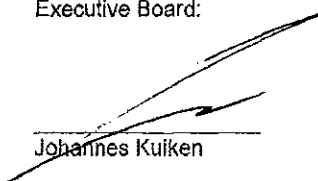
The annual report has been prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Company's assets, liabilities and financial position at 31 December 2016 and of the results of the Company's operations for the financial year 1 January – 31 December 2016.

Further, in our opinion, the Management's review gives a fair review of the matters discussed in the Management's review.

We recommend that the annual report be approved at the annual general meeting.

Hellerup, 31 May 2017
Executive Board:

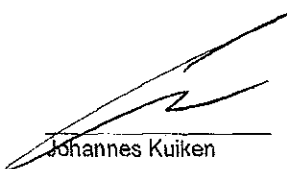


Johannes Kuiken

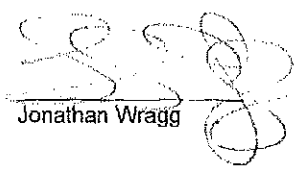
Board of Directors:



Richard George
Chairman



Johannes Kuiken



Jonathan Wragg



Independent auditor's report on compilation of financial statements

To the shareholders of SNC-Lavalin Rail & Transit A/S

We have compiled the financial statements of SNC-Lavalin Rail & Transit A/S for the financial year 1 January – 31 December 2016 based on the Company's bookkeeping records and other information provided by you.

The financial statements comprise accounting policies, income statement, balance sheet and notes.

We performed our work in accordance with ISRS 4410 Engagements to Compile Financial Statements.

We have applied our expertise to assist you in preparing and presenting the financial statements in accordance with the Danish Financial Statements Act. We have complied with relevant provisions of the Danish Auditors Act and FSR – Danish auditors' ethical rules, including principles of integrity, objectivity, professional competence and due care.

The financial statements and the accuracy and completeness of the information used to compile the financial statements are your responsibility.

As an engagement to compile financial information is not an assurance engagement, we are not required to verify the accuracy or completeness of the information provided by you for the compilation of the financial statements. Consequently, we do not express an audit opinion or a review conclusion as to whether the financial statements have been prepared in accordance with the Danish Financial Statements Act.

Copenhagen, 31 May 2017

KPMG

Statsautoriseret Revisionspartnerselskab
CVR no. 25 57 81 98

A handwritten signature in blue ink, appearing to read 'Per Ejsing', is written over a faint, light blue grid background.

Per Ejsing
State Authorised
Public Accountant

Management's review

Operating review

Principal activities

The Company has been part of the SNC-Lavalin Group since October 2011. Founded in 1911, SNC-Lavalin is one of the leading engineering and construction groups in the world and a major player in the ownership of infrastructure.

From offices in over 50 countries, SNC-Lavalin's employees are proud to build what matters. Our teams provide engineering, construction, procurement completions and commissioning services together with a range of sustaining capital services to clients in our four industry sectors, oil and gas, mining and metallurgy, infrastructure and power.

SNC-Lavalin can also combine its services with financing and operations and maintenance capabilities to provide complete end-to-end project solutions.

Development in the Company's activities and financial position

In 2016, the Company had no actual activities.

For the year 2017, the Company expects to continue with no activities and therefor minor losses are expected.

The Company's equity at 31 December 2016 shows a negative amount of DKK 3.1 million. Up till now, the Company has been financed by means of loans from group entities. The Company has received a commitment from the parent company concerning continued financial support so that SNC-Lavalin Rail & Transit A/S will be able to meet its financial liabilities. This commitment applies as a minimum until the publication of the annual report for the coming year.

Events after the balance sheet date

No events have occurred after the balance sheet date which may materially affect the Company's financial position.

Financial statements 1 January – 31 December

Income statement

DKK'000	Note	2016	2015
Other operating costs		<u>-45</u>	<u>-32</u>
Operating loss		-45	-32
Other financial expenses	2	<u>-47</u>	<u>0</u>
Loss before tax		-92	-32
Tax on loss for the year		<u>0</u>	<u>0</u>
Loss for the year		<u>-92</u>	<u>-32</u>
Proposed distribution of loss			
Retained earnings		<u>-92</u>	<u>-32</u>
		<u>-92</u>	<u>-32</u>

Financial statements 1 January – 31 December

Balance sheet

DKK'000	Note	2016	2015
ASSETS			
Current assets			
Receivables			
Other receivables		21	19
		<u>21</u>	<u>19</u>
Cash at bank and in hand		7	8
Total current assets		<u>28</u>	<u>27</u>
TOTAL ASSETS		<u>28</u>	<u>27</u>
EQUITY AND LIABILITIES			
Equity			
Share capital		500	500
Retained earnings		-3.676	-3.584
Total equity	4	<u>-3.176</u>	<u>-3.084</u>
Current liabilities other than provisions			
Trade payables		26	40
Payables to group entities		3.178	3.071
		<u>3.204</u>	<u>3.111</u>
Total liabilities other than provisions		<u>3.204</u>	<u>3.111</u>
TOTAL EQUITY AND LIABILITIES		<u>28</u>	<u>27</u>
Contingencies etc.	5		
Capital structure and financial terms	6		

Financial statements 1 January – 31 December

Notes

1 Accounting policies

The annual report of SNC-Lavalin Rail & Transit A/S for 2016 has been prepared in accordance with the provisions applying to reporting class B entities under the Danish Financial Statements Act.

As from 1 January 2016, the Company has implemented Act no. 738 of 1 June 2015. This has entailed the following changes to recognition and measurement:

- Going forward, the residual value of intangible assets and property, plant and equipment must be reassessed on an ongoing basis. Pursuant to the transition provisions of the Act, any adjustments to residual values must be made prospectively as an accounting estimate without restatement of comparative figures and without effect on equity.

Income statement

Other external costs

Other external costs comprise costs for administrative expenses, costs of premises, bad debts, operating leases, etc.

Financial income and expenses

Financial income and expenses comprise interest income and expense, gains and losses on payables and transactions denominated in foreign currencies, amortisation of financial assets and liabilities as well as surcharges and refunds under the on-account tax scheme, etc.

Tax on profit/loss for the year

Tax for the year comprises current tax for the year and changes in deferred tax, including changes in tax rates. The tax expense relating to the profit/loss for the year is recognised in the income statement at the amount attributable to the profit/loss for the year and directly in equity at the amount attributable to entries directly in equity.

Balance sheet

Receivables

Receivables are measured at amortised cost.

Write-down is made for bad debt losses where there is an objective indication that a receivable or a portfolio of receivables has been impaired. If there is an objective indication that an individual receivable has been impaired, write-down is made on an individual basis.

Financial statements 1 January – 31 December

Notes

1 Accounting policies (continued)

Receivables with no objective indication of individual impairment are assessed for objective indication of impairment on a portfolio basis. The portfolios are primarily based on the debtors' registered offices and credit rating in accordance with the Company's credit risk management policy. The objective indicators used in relation to portfolios are determined on the basis of historical loss experience.

Write-downs are calculated as the difference between the carrying amount of receivables and the present value of forecast cash flows, including the realisable value of any collateral received. The effective interest rate for the individual receivable or portfolio is used as discount rate.

Equity

Dividends

Proposed dividends are recognised as a liability at the date when they are adopted at the annual general meeting (declaration date). The expected dividend payment for the year is disclosed as a separate item under equity.

Liabilities other than provisions

Financial liabilities are recognised at the date of borrowing at cost, corresponding to the proceeds received less transaction costs paid. In subsequent periods, the financial liabilities are measured at amortised cost, corresponding to the capitalised value using the effective interest rate. Accordingly, the difference between cost and the nominal value is recognised in the income statement over the term of the loan together with interest expenses.

Other liabilities are measured at amortised cost, which usually corresponds to nominal value.

Financial statements 1 January – 31 December

Notes

DKK'000	Note	2016	2015
2 Financial expenses			
Interest expense to group entities		47	0
		<u>47</u>	<u>0</u>

3 Tax on loss from ordinary activities

The Company has an unrecognised deferred tax asset of DKK 1.807 thousand.

4 Equity

DKK'000	Share capital	Retained earnings	Proposed dividend	Total
Balance at 1 January 2016	0	0	0	0
Transferred over the distribution of loss	0	-92	0	-92
Balance at 31 December 2016	<u>0</u>	<u>-92</u>	<u>0</u>	<u>-92</u>

5 Contingencies etc.

The Company has no contingent assets and contingent liabilities.

6 Capital structure and financial terms

The Company's equity at 31 December 2016 shows a negative amount of DKK 3.1 million. Up till now, the Company has been financed by means of loans from group entities. The Company has received a commitment from the parent company concerning continued financial support so that SNC-Lavalin Rail & Transit A/S will be able to meet its financial liabilities. This commitment applies as a minimum until the publication of the annual report for the coming year.