SHIFT2RAIL JOINT UNDERTAKING (S2R JU)

Independent Auditor's report on the Annual Accounts as at: DECEMBER 31, 2017
INDEPENDENT AUDITOR'S REPORT ON THE FINAL ANNUAL ACCOUNTS OF
SHIFT2RAIL JOINT UNDERTAKING FOR THE FINANCIAL YEAR FROM
01 JANUARY TO 31 DECEMBER 2017

We have audited the accompanying final annual accounts of Shift2Rail Joint
Undertaking, 'the Agency'. Their annual accounts consist out of the financial
statements and the reports on the implementation of the budget for the financial year
ended December 31, 2017. This report includes our opinion on the true and fair view
of the financial statements, as well as the required additional statements. The financial
statements include the statement of financial position as at December 31, 2017, the
statement of financial performance, the statement of changes in net assets and the
cash flow statement for the year then ended, and the notes to the financial statements.

This opinion on the final annual accounts supersedes our opinion issued by us on any
of the provisional annual accounts previously issued by 'the Agency'.

Report on the audit of the financial statements

Unqualified opinion

We have audited the financial statements of the Shift2Rail Joint Undertaking ("The
Agency") for the year ended December 31, 2017, prepared in accordance with its
Financial Regulation, and, in accordance with the accounting rules adopted by the
Commission's accounting officer, which are derived from the International Public Sector
Accounting Standards, as issued by the International Public Sector Accounting Standards
Board, which show a balance sheet total of K€ 76.477 and a loss for the year of
K€ 66.381.

In our opinion, the financial statements give a true and fair view of the Agency's net
equity and financial position as at December 31, 2017, and of its financial performance
for the year then ended, in accordance with its Financial Regulation and in accordance
with the accounting rules adopted by the Commission's accounting officer, which are
derived from the International Public Sector Accounting Standards, as issued by the
International Public Sector Accounting Standards Board.
Basis for our unqualified opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs") and and the ISSAI (International Standards of Supreme Audit Institutions, as issued by the International Organization of Supreme Audit Institutions (INTOSAI)). Our responsibilities under those standards are further described in the "auditors' responsibility for the audit of the financial statements" section of our report. We have complied with the ethical requirements that are relevant to our audit of the financial statements.

We have obtained from the Agency's management the explanations and information necessary for performing our audit.

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

Responsibilities of the Institution's management for the preparation of the financial statements

The Agency is responsible for the preparation of these financial statements that give a true and fair view in accordance with the accounting rules adopted by the Commission's accounting officer, which are derived from the International Public Sector Accounting Standards, as issued by the International Public Sector Accounting Standards Board, and for such internal control as the Agency determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance as to whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of the users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also perform the following procedures:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
— Obtain an understanding of internal controls relevant to the audit 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 Institution's internal control;

— Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Institution's management;

— Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Agency's management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

**Restriction on use and distribution**

The opinion transmitted is only intended for 'the Agency' and for the European Court of Auditors, for the purpose of forming an opinion on the final annual accounts of 'the Agency' only. It may not be relied upon by you for any other objective or purpose, nor may it be distributed or made available to any other parties, except those who have regulatory rights of access to it. Any review, transmission, dissemination or other use of, or taking of any action in reliance upon this information by any persons or entities other than 'the Agency' is prohibited and we will not assume any duty of care or liability towards these persons or entities.

Melle, June 18, 2018

Baker Tilly Belgium Bedrijfsrevisoren Burg. CVBA
Auditor
Represented by

[Signature]

Jan Smits
Audit Partner