

A close-up photograph of a young girl with light brown hair, looking out of a window. She is resting her chin on the window frame and has a thoughtful expression. The background is a bright, out-of-focus outdoor scene with greenery and a building.

**Sensys
Gatso
Group**

ANNUAL REPORT

›2015

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Vision

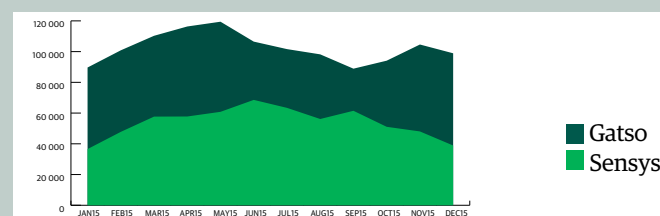
"Our vision is to be an innovator in traffic management by providing software and services for a safer and more sustainable environment."

Mission

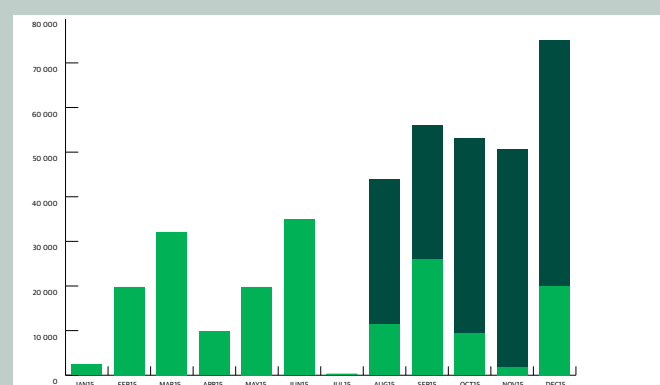
Sensys Gatso - making traffic safer

EBITDA

12 month rolling EBITDA in SEK (proforma)



Revenue (SEK K)



Annual Report 2015

Sensys Gatso Group AB is a Swedish company that is subject to Swedish legislation. All amounts are expressed in Swedish kronor. Millions of kronor are abbreviated to SEK million and thousands to SEK '000. Numerical data within parentheses refer to 2014, unless otherwise stated. Data on market and competition conditions are Sensys Gatso Group's own estimates. These estimates are based on the best and most up-to-date available information from published sources.

Financial information, both in Swedish and English, is available at www.sensysgatso.com under Investera/Investor Relations, where a printed copy of the Annual Report may also be ordered. A copy of the Annual Report can also be obtained by calling +46 (0)36-34 29 80, or faxing +46 (0)36-12 56 99 or by e-mailing info@sensys.se.

2015 in brief

- » Net sales amounted to SEK 397.8 million (160.6)
- » Order intake amounted to SEK 292.4 million (166.2)
- » EBITDA amounted to SEK 75.7 million (35.4)
- » The operating profit totalled SEK 48.7 million (34.6)
- » The operating margin was 12.2 per cent (21.5)
- » The profit after taxation totalled SEK 40.9 million (27.3)
- » Earnings per share, before and after dilution, totalled SEK 0.07 (0.05)
- » Cash flow from operating activities amounted to SEK 37.7 million (33.5)

Significant events

Q1

Sensys received orders for traffic safety systems from three customers in the Middle East for a total of SEK 31.2m.

Q2

On 23 June, Sensys' plans to acquire Gatso Beheer were presented. Sensys Traffic AB received orders to a value of SEK 18.2 million for system deliveries to the Middle East.

Q3

During the third quarter we finalised the acquisition of Gatso Beheer BV and formed Sensys Gatso Group effective as of August 1st, 2015.

Q4

Sensys Gatso received orders totalling SEK 186.4 million:

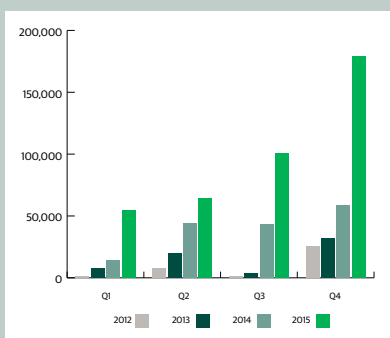
- » Order from Sweden of SEK 55 million.
- » Order from of Australia of SEK 51 million.

Key figures

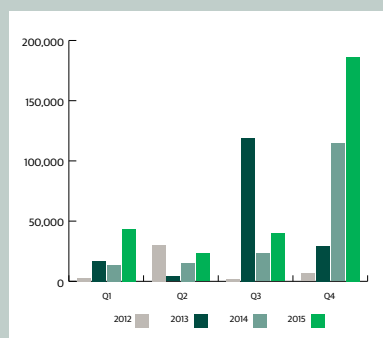
Individual orders are often of such a size that they perceptibly affect sales and operating results.

SEK K	Oct-Dec 2015	Oct-Dec 2014	Jan-Dec 2015	Jan-Dec 2014
Net sales	178,687	58,743	397,825	160,580
Order intake	186,434	114,502	292,410	166,243
Operating profit/loss	21,447	20,470	48,703	34,553
Operating margin (%)	12.0	34.8	12.2	21.5
Gross margin (%)	37.00	59.5	41.7	49.4
Profit/loss for the period	19,873	16,265	40,929	27,294
Earnings per share (SEK)	0.03	0.03	0.07	0.05
Cash flow	7,376	17,400	37,744	33,514

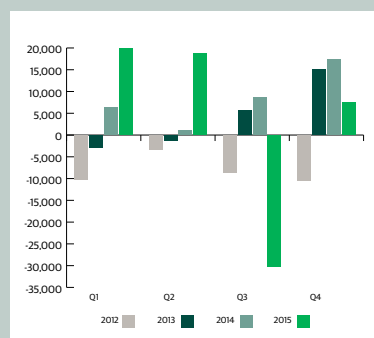
Net sales



Order intake



Cash flow



Comments from the CEO: A game changing merger

The highlight of 2015 was the merger with Gatso Beheer BV, effective from August 1st, positioning us as a global leader in traffic management solutions with a unique software and service offering for nations, cities and fleet owners.



Sensys Gatso is clearly changing the face of the traffic safety and enforcement industry.

Integration progressing at high pace

The benefits of the merger are manifold. It has extended our size, scale and reach. With the merger, we have expanded and strategically diversified our product portfolio and pipeline, and added complementary services and development expertise. It has also resulted in a more stable and predictable business model.

Sensys and Gatso have contributed with complementary capabilities and business models and we believe the combination allows us to deepen client relationships and grow revenue by deploying a broader suite of software and services across our combined client base. The merger has also given us a broader geographic coverage. Our size contributes to improved competitiveness and increases credibility on the global market.

Furthermore, Sensys and Gatso share fundamental values and ethics. The integration of the two companies has progressed at a high pace with focus on product portfolio alignment as well as engineering and supply chain management. As a consequence, we decided to organize our activities and report in two business segments; Systems Sales and Managed Services. This segmentation provides us with a better and more transparent operational model. In Systems Sales the ownership of the equipment is transferred to the customer, while in Managed Services the ownership remains with us.

As a result of the merger, Sensys Gatso has been moved up to the Mid Cap segment on Nasdaq Stockholm based on Nasdaq Nordic's annual review of share value segments. The Mid Cap segment comprises companies with a share value between 150 million EUR and 1 billion EUR.

The market continued to grow in 2015

We are well established through local partners and subsidiaries in Europe, the Middle East, Asia, Australia and the United States. In 2015 the market for traffic safety systems continued to gradually strengthen in all our main regions, especially in the Middle East, and we signed a number of orders with new and existing customers in 2015.

Focus on profitable growth in 2016

2016 will be marked by the continued integration of our two organizations into one. In order to gain further cost efficiencies as well as long-term, stable and profitable growth, we will be implementing a transformation program during the spring. The activities will involve reductions in staff and of duplicate operations. Our strategy with outsourced supply chain has proven to be a key competitive advantage that we aim to implement throughout the Group, leading to reduced in-house production.

Our primary focus in 2016 is to transform our business model with a greater proportion of recurring revenue in the Managed Services segment and to focus our product development on providing traffic management software and services for a safer and more sustainable environment.

Shifting from traffic enforcement to traffic sustainability

Cities are growing in number and in size, causing new challenges for city planners around the globe. Hence, we see opportunities to strive towards a shift from traffic enforcement to traffic sustainability through software and service solutions that contribute to more sustainable and livable cities. As an example, we are exploring how our systems could be used to influence driving behavior to achieve quieter and safer urban environments.

I would like to thank the teams of both organizations for their continuing dedication and look forward to the opportunities ahead for our combined company. Sensys Gatso is clearly changing the face of the traffic safety and enforcement industry.

Jönköping, March 2016

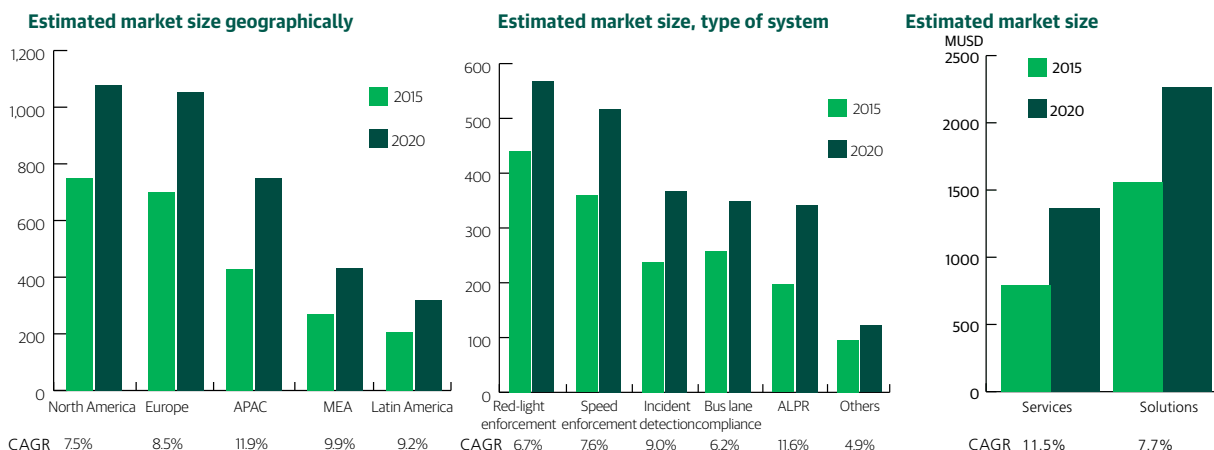
Torbjörn Sandberg

CEO, Sensys Gatso Group

Market summary

The market for traffic enforcement systems is a global niche market with healthy underlying growth. According to the World Health Organization (WHO), some 1.25 million people die in traffic accidents every year and 20-50 million people are injured. Automatic traffic safety, including speed and red-light enforcement, is an effective way of improving traffic safety and saving lives.

Below is the road safety market according to a study by MarketsandMarkets, Road Safety Market - Global Forecast to 2020. The study by MarketsandMarkets referred to covers the traditional road safety market and its projected growth until 2020. CAGR=Compound annual growth rate.



Changing market conditions

In the wake of the strong urbanization trend, traffic in the cities is expected to change dramatically. City planners across the world are looking to increase the attractiveness of their cities by addressing sustainability, availability, walkability and cyclability as the current city transport system is space consuming, uneconomical and unhealthy.

Sustainability of a city puts more focus to the citizens of the city than the car drivers, citizens that are more likely not to own a car, more prone to use cars as a service, selfdriving cars and being pedestrians or cyclists.

The strong urbanization and the trends towards sustainable cities are expected to accelerate the market growth for traffic management solutions and services. It is also expected to drive innovation into a whole new range of traffic management solutions.



Space consuming and uneconomical

- » 60 % of the city's built-up area is infrastructure
- » 25 % of the infrastructure is occupied by parked cars
- » The cars are used 2 % of the time

Unhealthy

- » Pollution and particles
- » Safety and security
- » Noise and barrier effects

Our strategic position

Sensys Gatso Group's overarching aim is to lead the development in the area of traffic management solutions, services and software, based on a solid technology platform and its organizational capabilities as well as innovation focusing on customer needs and objectives.

Safe Rural Roads

Safe Rural Roads are all about road safety and road safety is expected to continue to be the most important effect of the traffic management system. Sensys Gatso Group has a strong track record of delivering solutions to make rural roads safe. Sensys Gatso Group's enforcement solutions deliver high integrity evidence material with high performance and superior image quality enabling effective and efficient enforcement operations.

Managed Highways

In Managed Highways, not only road safety is a concern but also capacity management. Sensys Gatso delivers a range of solutions, including speed enforcement, in-vehicle systems and automatic number plate recognition systems, enabling effective and safe capacity management of highways.

Sustainable Cities

Making cities sustainable from a traffic management point of view, city planners need take control of traffic volume and traffic culture, most importantly speed of the traffic, in the city. Sensys Gatso Group has developed a number of innovative solutions and services to address both

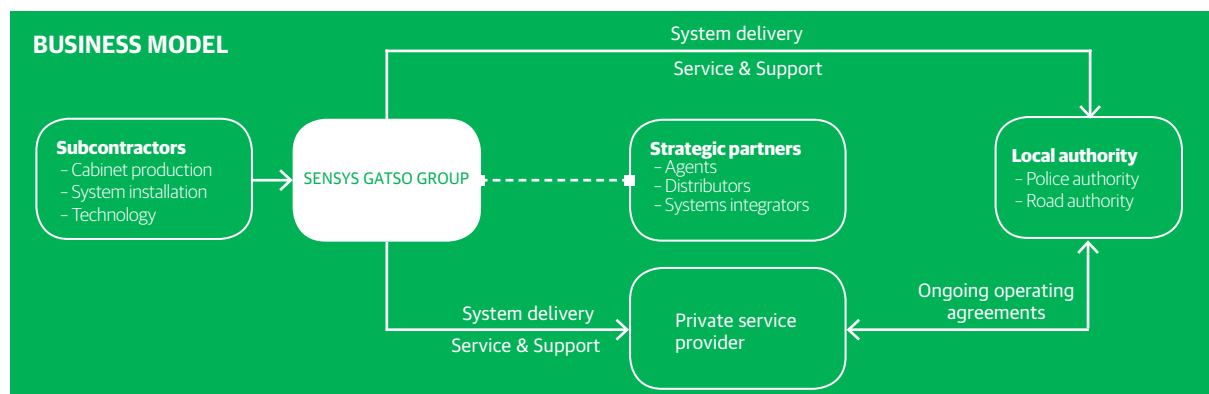
traffic volume and culture. School safety systems that alerts both pedestrians and drivers on inappropriate behavior before enforcing is one example. In-vehicle systems that operate from moving fleets in the city is another innovation from Sensys Gatso Group that is used to address driver behavior in a city.

Versatile enforcement platform

Sensys Gatso Group's traffic management platform is based on state-of-the-art sensor and camera technologies and covers solutions for traffic enforcement, traffic calming, traffic measuring and traffic limitation. The front-end product portfolio covers fixed, semi-mobile and mobile enforcement systems, automatic license plate recognition systems, school or speed zone warning systems, in-vehicle systems operating in moving vehicles. The front-end is complemented by a complete suite of back office software including operations support systems and business support systems.

Complete outsourcing and managed services provider

Implementing a traffic enforcement system requires in-depth knowledge as well as capital expenditure. Both can represent a challenge. We offer complete solutions, which allow our customers to benefit from our expertise and technology - without the normal upfront costs. Customers can outsource a process completely » from installation to issuing tickets » or select modular components that complement their existing resources.



Customer relationships across the world

Sensys Gatso Group develops, markets and sells world-leading system solutions and products to improve traffic safety. Our largest product category includes automatic speed and red-light monitoring systems designed to prevent traffic accidents thereby saving lives and social resources. All products are based on our unique, high precision, target-tracking radars offering high legal certainty. The market for traffic safety systems is a global niche market with healthy underlying growth.

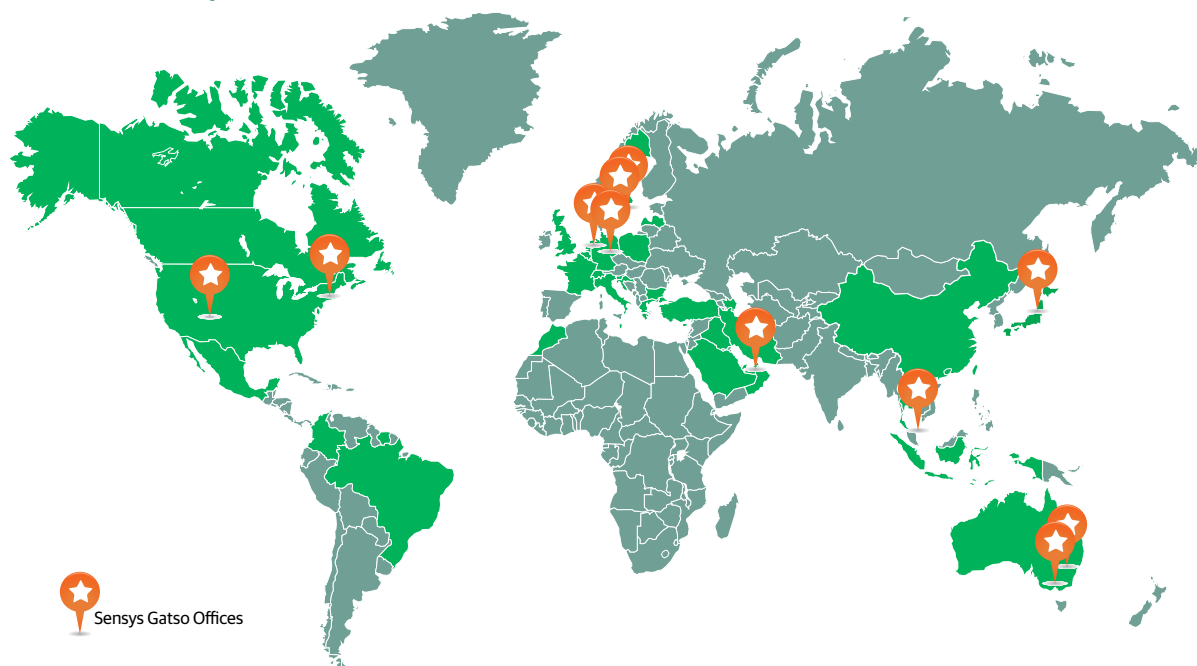
Priority customer groups

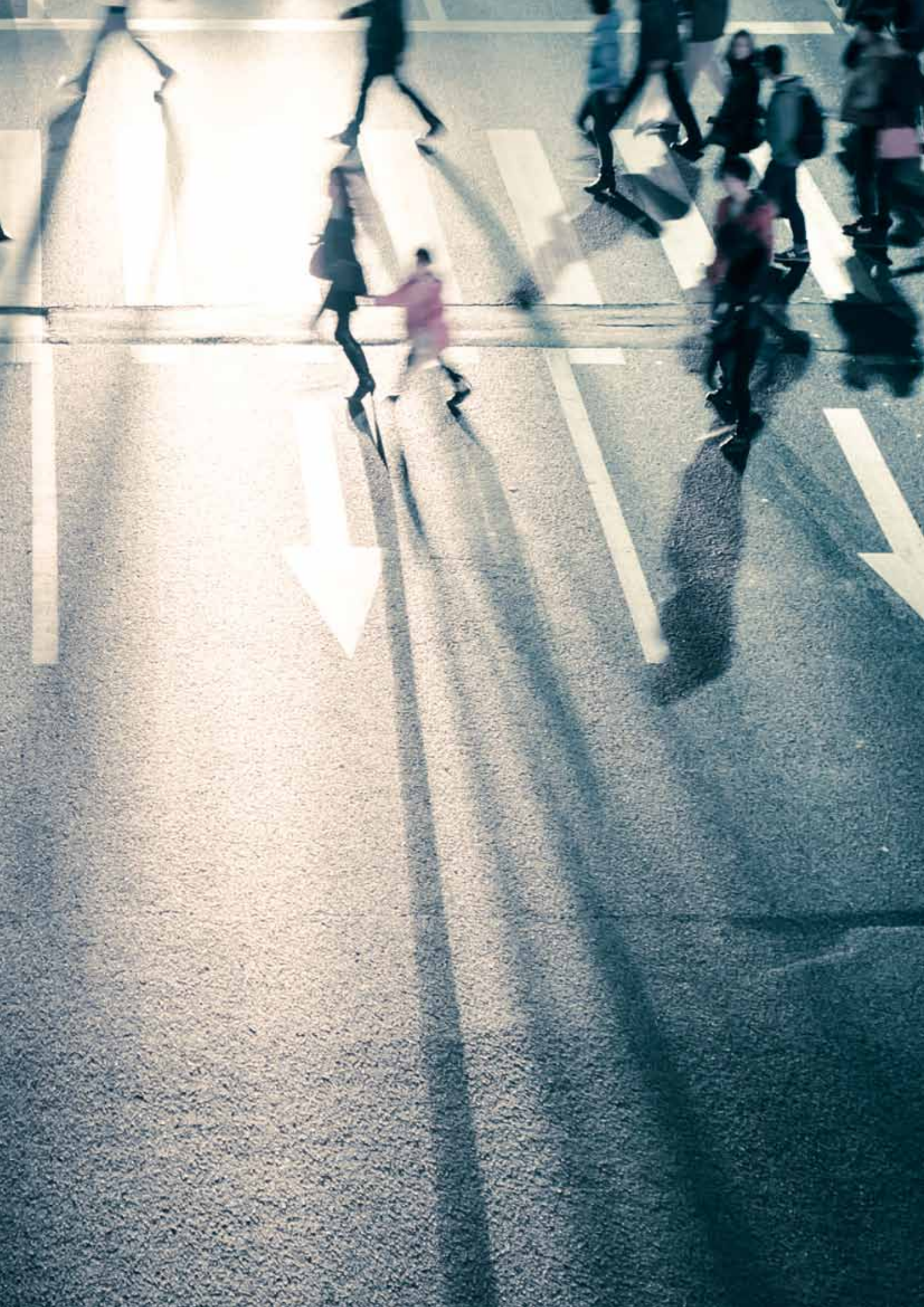
Sensys Gatso Group is a market leader in system solutions and products to improve traffic safety. The company has supplied over 50,000 systems to customers in more than 70 countries and is a market leader in the European traffic enforcement market.

Our customers are primarily comprised of police and road authorities throughout the

world, as well as private operators that are contracted by government agencies. Our customer relationships are characterized by close cooperation as part of a joint endeavor to find customized solutions for local needs and objectives. We have long term customer relationships, which often result in add-on sales over time.

Over 50,000 systems delivered in more than 70 countries





Our most important resources

Sensys Gatso Group aims to be an attractive employer and partner on the global market. We have a focused approach towards securing and developing the right skills to satisfy current and future needs. Talented and motivated employees are the very backbone of our business.



Committed employees with considerable technical expertise

At Sensys Gatso Group we offer a pleasant, dedicated and dynamic work environment. The atmosphere is informal, personal and involved, in every department. Our employees are part of the Sensys Gatso family. We offer an outstanding benefit package and career development opportunities.



“Sensys Gatso Group is reliant on well-educated and motivated individuals with a strong interest in pushing developments forward. The company cultivates an innovative climate. We have a down-to-earth approach, working together towards our common goal to challenge ourselves to go a few steps further than our competitors,” says Bram Mulders, Engineering Director at Sensys Gatso Group in the Netherlands.



Sensys Gatso Group is careful to recruit, develop and retain employees with the right attributes when it comes to expertise and commitment. Each employee should feel involved and responsible for the company's development. Our flexible organization, with delegated responsibility and quick decision-making, means that each employee feels a strong sense of participation.



“Both engineers and sales representatives meet our customers and suppliers worldwide through the projects we carry out. These natural relationships often constitute a key advantage in joint development projects. Another one of our strengths is our diversity - our employees bring different experiences and backgrounds, speak several languages and contribute knowledge of different cultures.”



Niche partners

Sensys Gatso Group has its own production unit in the Netherlands as well as extensive cooperation with a few key manufacturers in Sweden. We have partners for system

installation and manufacturing of cabinets. This secures high delivery capacity and access to the best possible technology for sub-systems and components. These suppliers are certified in accordance with ISO 14001, ensuring that environmental impact is being measured and improved.

We also have strategic collaboration with partners for the development of flash and lighting technology, image processing, number plate recognition and complementary sensor technology. We always ensure that these suppliers are either ISO 14001 certified, or plan to acquire certification.

Conduct

Sensys Gatso Group has strong business ethics and respect for others. The company's Code of Conduct is based on the UN's Universal Declaration of Human Rights. To ensure a common standard of behavior among all Sensys Gatso Group staff, we operate in accordance with a policy covering issues such as bribery and corruption.

Sensys Gatso Group's role in society

Sensys Gatso Group engages in continual consultations and discussions with public bodies on issues of current concern. In Sweden, it is primarily the Swedish Transport Administration and VTI (the National Road and Transport Research Institute) whose remits touch upon the company's activities. As the Vision Zero concept has developed further and has been widely accepted throughout the world, lately also by several cities in the USA, Sensys Gatso Group has engaged in these initiatives in order to support the drive for a safer and sustainable society. Sensys Gatso Group is also engaged in dialogue with SIS (Swedish Standards Institute) on the ISO 39001 management system for traffic safety.

Sensys Gatso Group

share information

Sensys Gatso's share was listed on Nasdaq Stockholm's Small Cap list during 2015. Since the beginning of 2016 Sensys Gatso was moved to Mid Cap. As at 30 December 2015, the share capital amounted to SEK 2,372,329,828 divided into 657,155,077 shares.

Each share gives the right to one vote.

Share performance

The highest price paid for Sensys Gatso shares during the year was SEK 5.55 (26 Oct, 2015) and the lowest price paid was SEK 0.87 (2 Jan, 2015). The last price paid on 30 December 2015 was SEK 3.61 (0.81).

In 2015, a total of 1,640,579,397 (77,876,388) Sensys Gatso shares were traded on the Stockholm Stock Exchange. At the end of the year, the market value amounted to SEK 2.372 million (438).

Dividend policy

The Board of Directors of Sensys Gatso has not established a dividend policy and does not believe that a dividend will be paid in the near future. The profitability of the company has fluctuated and the fundamental principle of the Board is to reinvest any pre-tax profit in the business until a stable level of profitability has been reached. Once sustained profitability has been achieved, however, the ambition of the Board is to establish a long-term and, over time, stable dividend policy. When this occurs, consideration will be given to the company's profit level, financial position and other factors thought to be of relevance by the Board.

Shareholder categories

	Capital %	Votes %
Foreign shareholders	26.7	26.7
Swedish shareholders	73.3	73.3
whereof		
- Legal Entities	22.3	22.3
- Natural Persons	51.0	51.0

Ownership concentration

	Capital %	Votes %
The 10 largest shareholders	37.3	37.3
The 20 largest shareholders	41.8	41.8
The 100 largest shareholders	53.8	53.8

The 20 largest shareholders

The shares in Sensys Gatso Group AB were held as of 31 December 2015 as follows:

	Number of shares	Proportion of share capital/ votes %
Cooperatieve Centrale (Gatso Special Products BV)	115,920,763	17.64 %
Försäkringsaktiebolaget, Avanza Pension	33,162,278	5.05 %
Danske Capital Sverige AB	28,504,532	4.34 %
Bergstrand, Inger	22,563,637	3.43 %
Nordnet Pensionsförsäkring	13,976,155	2.13 %
AMF - Försäkring och fonder	10,550,000	1.61 %
Skandia, Försäkrings	5,959,978	0.91 %
Robur försäkring	5,747,960	0.87 %
Clarence Bergman	4,750,000	0.72 %
Services AB, Arding Language	4,000,000	0.61 %
BNY GCM Client accounts (E) BD	3,953,455	0.60 %
Nordea Investment Funds	3,872,865	0.59 %
Kihlberg, Jan	3,349,629	0.51 %
Mellon omnibus 30%, Agent F ITS Clients	3,310,806	0.50 %
SEB Investment Management	3,283,018	0.50 %
Ivarsson, Benny Holger	3,000,000	0.46 %
Danica Pension	2,811,737	0.43 %
Segenmark, Dan	2,750,000	0.42 %
Hjalmarsson, Per	2,577,777	0.39 %
Gunnar Jardelöv with company	2,225,000	0.39 %
Total, 20 largest shareholders	276,269,590	42.10 %
Total, other shareholders (23,451)	380,885,487	57.90 %
Total	657,155,077	100.0 %

Administration Report

The Board of Directors and Chief Executive Officer of Sensys Gatso Group AB (publ.), corporate registration number 556215-4459, hereby present the Annual Report & Accounts for the financial year ended 31 December 2015.

Sensys Gatso Group's operations

Sensys Gatso develops, produces, markets and sells sensors and systems that are mainly used for speed enforcement and red-light enforcement. The company also provides servicing and maintenance alongside sales of systems. The Group's end customers primarily comprise police and road authorities throughout the world, as well as private operators. Sales are conducted either directly or via partners, agents and distributors.

On 31 July the acquisition of Gatso Beheer was executed and formed Sensys Gatso Group effective as of August 1st. The acquisition positions the Group as a leading traffic safety provider globally with a diversified product portfolio resulting in a more stable and predictable business model. The market for traffic safety systems continued to gradually strengthen in all our main regions.

Legal structure

Sensys Gatso Group consists of Sensys Gatso Group AB (publ) and the wholly-owned subsidiaries Sensys International AB, Gatso Beheer BV and Sensys Traffic KK. The two companies Sensys International AB and Sensys Traffic KK are completely dormant, and has been since they were formed. The purpose of the acquisition was solely to meet the terms of an international procurement. For additional information see note 34.

Sales and earnings

Income for the full year was SEK 397.8 million (160.6), with the single largest projects relating to deliveries of Speed Safety Systems for the Swedish Transport Administration and a project in Africa. The gross margin was 41.7 percent (49.4).

Profit/loss before tax amounted to SEK 47.3 million (35.1). Profit/loss after tax was SEK 40.9 million (27.3). For further details regarding financial performance please see page 14 - 15.

Financial position

The Group's equity at the end of the period totalled SEK 387.4 million (141.3), producing an equity/assets ratio of 49.9 per cent (79.3). Cash and cash equivalents amounted to SEK 76.2 million (80.5) at the end of the year. The Group also has SEK 10 million in a blocked bank deposit as a performance bond regarding the contract with the Swedish Transport Administration. The guarantee expires in July 2016.

Cash flow from operating activities during the year totalled SEK 37.7 million (33.5).

Share data and key ratios

Earnings per share were SEK 0.07 (0.05) and equity per share was SEK 0.59 (0.26). The equity/assets ratio at year-end was 49.9 percent (79).

Employees

The average number of employees were 200 persons (40). The number of employees at the end of the period were 202 (41). For additional information see note 2.

Environmental issues

The environment is a consideration in Sensys Gatso's development of new products, its improvement of existing products and with regard to deliveries and business trips involving employees. Sensys Gatso supplies systems for traffic informatics. The functionality of these systems contributes to lower carbon dioxide emissions as a result of reduced speeds and more even flows of traffic.

Sensys Gatso complies with the applicable WEEE Directive (Waste of Electric and Electronic Equipment), which stipulates how future used electrical equipment will be processed, and the RoHS Directive (Restriction on Hazardous Substances), which aims to remove hazardous substances from products.

The Group is ISO certified according to ISO 9001:2008 - an international standard for quality management, where the Parent Company is certified since June 2012, and the subsidiaries since December 1996 and the Melbourne location since February 2015.

The subsidiary Gatso Beheer is also ISO certified according to ISO 14001:2004 an international standard for environment management.

Furthermore the Parent Company holds an accreditation for compliance to the requirements of the ISO 17020:2012 standard, to perform type C inspections.

Research and development

The Group prioritises research and development in order to maintain and strengthen the company's market position. Remaining at the forefront by offering innovative solutions is fundamental to what we do. Since its inception, Sensys Gatso Group has worked with universities and institutes of higher education, offering students the opportunity to write papers with the assistance of the company.

Policies concerning remuneration and other conditions of employment for Sensys Gatso's senior executives

The Annual General Meeting in 2015 established policies for the remuneration of the company's senior executives. The Group's senior executives include the CEO and five members of the Group's group management. The Group shall offer remuneration that is consistent with market terms and this shall be established by the Board in consultation with the Chief Executive Officer. The criteria shall be based on the importance of the duties performed,

competence and experience, and remuneration shall consist of the following components:

- » Basic salary
- » Variable remuneration
- » Pension benefits
- » Other benefits and severance terms

The variable remuneration shall depend on each individual's fulfillment of quantitative and qualitative goals, and is subject to an upper limit of 50 percent of the basic salary.

As previously, the Chief Executive Officer shall benefit from a supplementary pension scheme with a premium that represents approximately 34 percent of the current annual salary. Other members of the company's management team shall have the right to retirement pensions as per the Swedish ITP plan or equivalent. The retirement age is 65 years.

Salaries and remuneration of the CEO and other senior executives for 2015 are listed under note 2.

These guidelines are also proposed for the coming year.

Risks

A description of potential risks and how these are managed is provided under note 25.

Sensys Gatso share information

There are no limitations on the right to assign shares of Sensys Gatso Group (first refusal), nor are there any limitations on how many votes each shareholder may cast at general shareholders' meetings. The company is not aware of any agreements between shareholders which could entail a limitation on the right to assign shares. In July, in connection with the acquisition of Gatso Beheer, Sensys issued 115,920,763 new shares and Gatso Special Products BV became the single largest shareholder with 17.6% of total shares. For more information, see page 11, Sensys Gatso Group share information and ownership structure.

The extraordinary general meeting in July also authorized the board to repurchase a maximum of five per cent of the total number of issued shares. This authorization has not been used during 2015.

Appointment and dismissal of Board members

The Articles of Association contain no specific provisions on the appointment or dismissal of Board members.

Significant events after the end of the financial year

After the year end the board has decided to launch a transformation program that will have significant financial impact during 2016.

In addition to this the group has started negotiations with regards to decrease the number of employees. For more information please see note 24.

Besides this no significant events have taken place further to the end of the financial year that could have an effect on this Annual Report.

Parent company

The Sensys Gatso Group AB operation consists of development, marketing and sale of systems that are mainly used for speed and red-light enforcement. The company also provides service and maintenance.

Net sales for the period amounted to SEK 190.3 million (160.6) and profit before taxation amounted to SEK 38.5 million (35.1).

Outlook for 2016

Uncertainty regarding lead times and the extent of such orders means that SENSYS Gatso Group does not submit a sales forecast.

Proposed appropriation of profit or loss

The following profits are at the disposal of the Annual General Meeting:

Share premium reserve	291,684,826
Retained earnings	233,687
Profit for the year	32,195,472
Total SEK	324,113,985

The Board of Directors proposes that no dividend will be paid for 2015 and the profits to be carried forward.

Five-year summary

INCOME STATEMENT	2015	2014	2013	2012	2011
Sales	397,825	160,580	62,467	41,000	43,371
Operating expenses	-349,122	-126,027	-73,123	-82,492	-95,300
Operating profit/loss	48,703	34,553	-10,656	-41,492	-51,929
Financial items	-1,422	517	133	121	109
Profit/loss before tax	47,281	35,070	-10,523	-41,371	-51,820
Income tax	-6,352	-7,776	0	-1,776	13,532
Profit/loss for the year/Total profit/loss	40,929	27,294	-10,523	-43,147	-38,288

BALANCE SHEET	2015	2014	2013	2012	2011
Non-current assets	462,413	42,798	49,265	39,394	58,006
Current assets	313,144	135,323	95,347	69,723	70,843
Total assets	775,557	178,121	144,612	109,117	128,849
Shareholders' equity	387,352	141,264	113,970	97,452	113,503
Non-current liabilities	147,366	2,221	0	0	0
Current liabilities	240,839	34,636	30,642	11,665	15,346
Total equity and liabilities	775,557	178,121	144,612	109,117	128,849

DATA PER SHARE	2015	2014	2013	2012	2011
Earnings per share 30 Dec, SEK	0.07	0.05	-0.02	-0.09	-0.13
Equity per share, SEK	0.59	0.26	0.20	0.20	0.39
Dividend per share, SEK	0	0	0	0	0
Share price 30 Dec, SEK	3.61	0.81	1.06	0.49	0.45
P/E ratio	51.6	16.2	Neg	Neg	Neg
Number of shares at end of period before full conversion ¹⁾ , thousands	657,155	541,234	541,234	479,837	287,903
Number of shares at end of period after full conversion ¹⁾ , thousands	657,155	541,234	541,234	543,816	287,903
Average number of shares during the period before full conversion ¹⁾ , thousands	589,826	541,234	505,680	400,434	287,903

¹⁾ In order to facilitate comparison over the years, the number of shares at the end of each period has been adjusted to take into consideration the split and bonus issues.

KEY FIGURES AND RATIOS	2015	2014	2013	2012	2011
Adjusted equity (SEK)	387,352	141,264	113,970	97,452	113,503
Capital employed	602,017	141,264	113,970	97,452	113,503
Interest-bearing liabilities	214,665	0	0	0	0
Return on equity, %	15.5	21.3	Neg	Neg	Neg
Return on capital employed, %	14.3	24.80	Neg	Neg	Neg
Operating margin, %	12.2	21.60	Neg	Neg	Neg
Net margin, %	10.3	21.50	Neg	Neg	Neg
Rate of asset turnover, multiple	1.07	1.10	0.59	0.39	0.32
Equity/assets ratio, %	49.9	79	79	89	88
Proportion of risk-bearing capital, %	49.9	79	79	89	88
Cash flow for the year	-4,324	31,290	36,767	-5,391	-35,157
Net dept, (SEK)	312,016	N/A	N/A	N/A	N/A
Investments in property, plant and equipment	10,798	1,674	21	30	0
Investments in intangible assets	0	550	0	0	0
Average number of employees	202	40	32	32	36

DEFINITIONS OF KEY FIGURES AND RATIOS

Equity and capital

Adjusted equity: Reported shareholders' equity + untaxed reserves after deduction for deferred tax at the current rate of tax.

Capital employed: Total assets less non interest-bearing liabilities including deferred tax liabilities in untaxed reserves.

Profitability

Return on equity: Net profit as a percentage of average adjusted equity.

Return on capital employed: Profit after net financial items + financial costs as a percentage of average capital employed.

Operating margin: Profit after depreciation and amortisation as a percentage of the year's invoicing.

Net margin: Operating profit as a percentage of the year's invoicing.

Sundry

Rate of asset turnover: The year's invoicing divided by average capital employed.

Equity/assets ratio: Adjusted equity as a percentage of total assets.

Risk-bearing capital: Adjusted equity + deferred tax liabilities in untaxed reserves as a percentage of total assets.

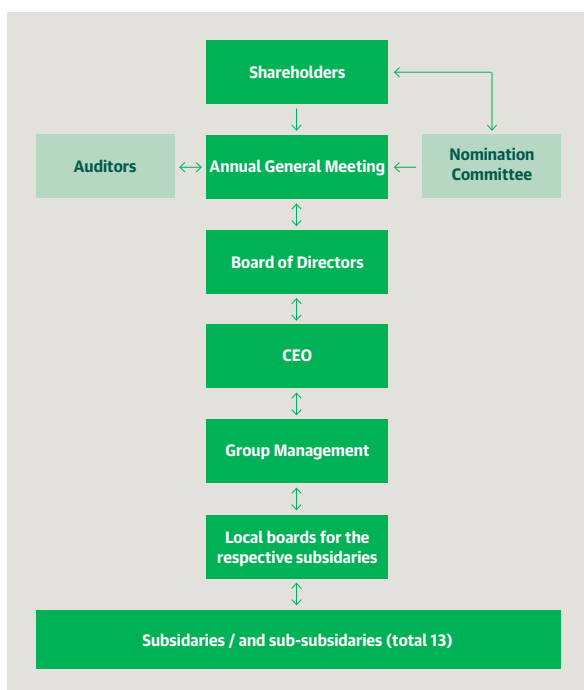
Net dept: Short term dept + long term dept - cash and cash equivalents

FIVE YEAR SUMMARY PARENT COMPANY	2015	2014	2013	2012	2011
Sales	190,284	160,580	62,467	41,000	43,371
Profit/loss before tax	38,543	35,070	-10,523	-41,371	-51,820
Total assets	569,848	178,121	144,612	109,117	128,849
Average number of employees	40	40	32	32	36

Corporate Governance

Report 2015

Sensys Gatso Group AB is a Swedish public limited liability company with its headquarter in Jönköping. The governance of the company is based on external as well as internal governing documents. The objective of corporate governance is to ensure that this is conducted in a clear, effective, reliable and business-oriented manner. Corporate governance is designed to support the company's long-term strategies, market presence and competitiveness. At the same time, it should help maintain confidence in Sensys Gatsos among shareholders, customers, suppliers, capital market, society and employees.



Shareholders and General Meetings of shareholders

The shareholder's rights to decide on Sensys's affairs are exercised at the Annual General Meeting (AGM), or when applicable extraordinary general meeting, which is the company's highest decision-making body. The AGM is to be held no later than six months after the end of the financial year and is usually held in April / May. At the AGM, the shareholders elect the company's Board of Directors, appoint external auditors, and decide on their fees. Furthermore, the AGM resolves on whether to adopt the income statements and balance sheets, to approve the appropriation of the company's profit and to discharge the Board and CEO from its liabilities. The AGM also resolves on the composition of the Nomination Committee and its work, and makes decisions on principles for remuneration and other terms of employment for the CEO and other group management.

The number of shareholders at year end was 23,471. The largest individual shareholder is Cooperative Centrale (Gatso Special Products BV) with a total of 17.6 per cent. For more information on the ownership structure, share capital, share price, etc, please notice the Sensys Gatso share on page 11.

2015 Annual Meeting

The 2015 AGM was held on April 22nd in Jönköping. A total of 17 (19) shareholders were presented at the meeting, representing 17.7 per cent of the votes. The CEO informed about the position of the company and commented on the results for 2014, and the first quarter of 2015. During the AGM, the shareholders were given the opportunity to ask questions. Minutes from the AGM can be found on Sensys Gatso's website. All resolutions were passed with the required majority. Below is a selection of the resolutions passed at the meeting;

- » It was resolved that no dividend for 2014 was to be made.
- » Ingemar Skogö, Claes Ödman, Gunnar Jardelöv, Karin Ahl and Helena Nordman-Knutson were re-elected to the Board of Directors.
- » Gunnar Jardelöv was re-elected Chairman.
- » Claes Ödman was elected vice Chairman.
- » It was resolved that the nomination committee shall be constituted by offering the four largest shareholders the possibility to each appoint their representative.

Extra General meeting

In 24 July, Sensys held an extra general meeting in order to seek the approval of shareholders for the acquisition of Gatso Beheer. A total of 14 shareholders were present at the meeting, representing 24.3 per cent of the votes. Minutes from the GM can be found on Sensys website. All proposals were passed unanimously.

Below is a selection of the resolutions passed at the meeting;

- » to authorize the Board, on one or more occasions during the period until the next Annual General Meeting, with or without deviation from the shareholders' preferential

rights, to decide on the new issue of shares corresponding to no more than ten (10) per cent of the total number of shares outstanding in the company. This authorization has not been used during 2015.

- » it was resolved to approve the Board's proposal to rename the company to Sensys Gatso Group AB.
- » it was resolved, in accordance with the proposal of the Board and Gatso Beheer B.V, to (a) expand the Board by one member, (b) elect Jochem Garritsen as a new member, (c) with a pro rata Board fee for the period until the next Annual General Meeting based on an annual Board fee of SEK 130,000.

The acquisition of Gatso Beheer was executed on 31 July.

Nomination Committee

A nomination committee is formed each year at the initiative of the Chairman of the Board. According to the AGM, the nomination committee shall represent the four largest shareholders of the company. The work of the nomination committee takes place during the end- and the beginning of the financial year. The Nomination Committee is to observe the guidelines that apply to independent Board members under the Swedish Corporate Governance Code when making nominations to the AGM. The nomination committee's proposals, with regard to the election and remuneration of Board members, are presented in the notice of the Annual General Meeting as well as on the company's website.

During 2015, the nomination committee has consisted of Tomas Klevbo (DDB, Chairman), Gunilla Nyström (AMF Fonder), Jan Johansson (Midway Holding etc.), Timo Gatsonides (for own and others' holdings) and Gunnar Jardelev (in his capacity as chairman of the company). No remuneration has been paid for the work of the nomination committee.

All shareholders are entitled to approach the nomination committee with proposals for the AGM. No such proposals were received before the AGM in 2015.

External auditors

The company's auditor, elected at the AGM, examines Sensys Gatso's annual report and consolidated accounts, the CEO's and Board of Directors's administration of the company, the annual accounts of subsidiaries and submits an audit report. The audit is conducted in accordance with the Swedish Companies Act, International Standards on Auditing (ISA) and generally accepted accounting principles in Sweden. At the AGM 2015, Öhrlings PricewaterhouseCoopers was appointed as auditor with Magnus Brändström and Martin Odqvist (as the auditor in charge). Martin

Odqvist personally presented his report to the Board regarding the auditing assignment and the Company's internal controls for 2014 at the Board meeting in January 2015.

From August 2015 auditing of the Group's subsidiaries has been coordinated by Öhrlings Pricewaterhouse Coopers. All of the activities in companies with a significant scope of operations has been audited by BDO in the respective country.

Remuneration to the auditors in 2015, was paid in accordance with the table in note 22.

THE BOARD OF DIRECTORS

The Board of Directors (BoD) currently consists of six members elected by the general meeting and extra general meeting. Company employees participate in Board meetings in a reporting capacity. For further information concerning the Board of Directors, please notice pages 22 of this annual report.

The work of the Board

The work of the Board is regulated by the Swedish Companies Act, the Articles of Association and the formal work plan adopted by the Board. The BoD determines issues concerning the Group's strategic focus, finances, investments, acquisitions, sales and organisational issues and rules and policies. The BoD is informed of the company's operations partly through monthly reports provided by the CEO, and partly through their own work. Informal contact is also maintained among the members of the Board. Normally, six board meetings are held each year whereof one statutory board meeting in conjunction with the AGM. Four of the board meetings are held prior to the publication of interim reports and one board meeting per year is assigned additional time, and at this meeting a specific focus is placed on strategic issues. The auditor of the company is present at board meetings whenever needed, normally once a year. Notices and supporting documents are sent to the Board one week in advance of the Board meetings.

The work of the Board 2015

The Board held twelve minuted meetings during the financial year (9). In conjunction with the Annual General Meeting, a statutory Board meeting was held at which decisions were made regarding company signatories, the Board's rules of procedure, CEO instructions and scheduled Board meetings throughout the year. Four of the Board meetings were held prior to the publication of interim reports. The Board has also held three minuted strategy meetings with the company's management.

The Nomination Committee ahead of 2015 AGM comprises:

Member of the Nomination Committee	Representing	Participation/votes	Member of the Nomination Committees since
Pehr-Olof Malmström, (Chairman)	DDB	28,504,532/4.34	2015
Gunilla Nyström	AMF fonder	10,550,000/1.61	2014
Jan Johansson	Midway etc.	22,563,637/3.43	2014
Timo Gatsonides	for own holdings	115,920,763/17.64	2015
Gunnar Jardelev	chairman of the board	2,225,000/0.34	2014

CEO took part in all the Board meetings to present the reports. During 2015, Sensys Gatso Group AB's financial manager served as the board's secretary, and the Group's CFO reported of the finances. For information on the CEO, see page 23 of the Annual Report. Important matters dealt with during the year included, amongst other things:

- » Long-term operational goals
 - Major investments
 - Policies and instructions
 - Review of the Group's risk management
- » The strategic focus of the operations
 - Interim reports and annual accounts
- » Business plans, financial plans and forecasts
 - Follow up on the external audit
 - Minimum Control Requirements (MCR)

Board of Directors' independence

According to the Swedish Corporate Governance Code, the majority of the elected Board members must be independent in relation to the company and management team. At least two of these must also be independent in relation to the company's largest shareholders. All members of the Sensys Gatso's Board are independent in relation to the company and in relation to the company's largest shareholders.

No member of the Board is employed by the Group. The nomination committee's assessment regarding whether each proposed member meets the independence requirements is announced in connection with the Committee's proposal. For further information please see page 11 and 22.

Evaluation of the work of the Board

The work of the Board is evaluated through a systematic and structured process. This evaluation is initiated by the Chairman of the Board. Among other things, the process includes a questionnaire in which Board members have the opportunity to express their opinion of the Board's work and to propose ways to improve it. The results of the evaluation are disclosed to the Board, followed by discussions and decisions regarding changes in working methods. The Board continuously evaluates the work of the CEO.

Special committees

The Board does not include any special committees. The Chairman of the Board takes responsibility for, and makes decisions concerning the salaries and incentive programs of the CEO and the company's management on the basis of policies determined by the Annual General Meeting.

All members of the Board of Directors assume responsibility for ensuring that audit activities are conducted in an effective manner and that the company has appropriate internal control procedures in place and produces high-quality financial reports. The Board fulfils this duty by maintaining regular contact with the auditor and by examining their plan for the audit activities and the remuneration for this work.

CEO and Group Management

The CEO of Sensys Gatso Group is responsible for leading and developing operating activities according to the guidelines and instructions issued by the Board. The framework is provided by the terms of reference issued to the CEO, which are determined annually by the Board.

The CEO is assisted by group management consisting of the Heads of business areas. In consultation with the Chairman, the CEO compiles the necessary information and documentation which provides the basis for the Board's work and for the Board to make informed decisions. The CEO is responsible for bringing matters to the attention of the Board and for motivating proposed decisions. Also the CEO leads the work of the group management and makes decisions in consultation with other members of management. Group management has at least 12 meetings per year during which it follows up operations, discusses matters affecting the Group and drafts proposals for strategic plans and budgets, which the CEO presents to the Board for decision.

At year-end the management team for the Group consisted of Torbjörn Sandberg (CEO), Johan Frilund, Göran Löfqvist, Niki Gatsonides, Timo Gatsonides and Edmar van der Weijden.

Management of subsidiaries

Sensys Gatso Group's operations comprise four active subsidiaries. The operations of the respective subsidiaries are controlled by their management teams. Sensys has a decentralised structure, with a strong focus on responsibility and performance.

Board of Directors

Board of Directors elected by the AGM	Attendance	Born	Elected	Fee	Number of shares/ votes	Nationality	Function	Independent*
Gunnar Jardelöv	12/12	1947	2012	225,000	2,225,000	swedish	chairman of the board	independent
Karin Ahl	10/12	1978	2014	130,000	0	swedish	board member	independent
Helena Nordman-Knutson	11/12	1964	2014	130,000	1,000	finnish	board member	independent
Ingemar Skogö	10/12	1949	2011	130,000	75,552	swedish	board member	independent
Claes Ödman	12/12	1965	2011	175,000	50,000	swedish	vice chairman of the board	independent
Torbjörn Sandberg	6/6	1966	2012	130,000	50,000	swedish	board member	independent
Jochem Garritsen	6/6	1972	2015	130,000	25,000	dutch	board member	independent

*Independent in relation to the company and/or the owners.

Code of Conduct

Our global presence requires that our employees and business partners take responsibility for themselves and for each other. Therefore, we have a regulatory framework, our Code of Conduct.

The Code of Conduct is to be followed by everyone in our Group, employees as well as the Board and management. We also communicate our Code of Conduct to our business partners, with the expectation that they are to comply with it.

Our Code of Conduct states amongst other things, that we will act as a reliable and honest partner, who lives up to its commitments. We believe in long-term business relationships in which we, together with our business partners, create a basis for strong financial results, concern for the environment and social commitment.

The Code clarifies our position on issues related to human rights, labour conditions, the environment, business ethics and communication. The Code applies to all Sensys Gatso employees regardless of their position.

REMUNERATION TO THE MANAGEMENT AND THE BOARD

Guidelines for remuneration

Remuneration to the CEO and other group management consists of basic salary, variable remuneration, other benefits and pensions. The balance between basic salary and variable remuneration is to be in proportion to the employee's responsibilities and authority. For the CEO, annual variable remuneration is capped at six months' salary. For other group management, annual variable remuneration is capped at one to six month's salary. Variable remuneration is typically based on improvement, compared to the previous year, in terms of each individual's respective responsibility for turnover, operating profit and the outcome of individual activity plans. These guidelines are also proposed for the coming year.

Remuneration to the Board

Fees payable to Board members are determined annually by the AGM. No separate fees are payable for work on the committees. In 2015, remuneration was paid in accordance with note 2.

Remuneration to the Auditors

In 2015 remuneration to the auditors was paid in accordance with note 22.

INTERNAL CONTROL AND FINANCIAL REPORTING

The purpose of internal control is to create an effective decision-making process in which requirements, goals and frameworks are clearly defined. Ultimately, internal control is aimed at protecting the company's assets and thereby the shareholders' investment. The company also has a set of internal instructions, procedures, systems and responsibilities in place to improve internal control.

Financial reporting to the Board

The CEO is responsible for ensuring that the Board of Directors receives the reports required to enable the Board to continually assess the company's financial position. The company's results and development are followed up on a monthly and quarterly basis and reported with analyses and comments to the Board. The company's business plan and reviews of the business plan constitute an important means of ensuring internal control. The company's financial reporting complies with the laws and regulations applicable to companies listed on the Stockholm Stock Exchange. The Company does not have a separate review function (internal audit).

Risk assessment

The financial risk assessment is mainly related to the potential for material misstatement in the reporting of the company's financial position and performance. To minimize these risks, governing documents have been established for accounting, procedures for annual reporting and follow-up of reported annual accounts. The financial reporting is managed through the Group's control structure. In addition, the management works continuously to identify and manage significant risks affecting the financial reporting. Further details about the company's risk management are provided under note 25.

Control activities and follow-up

Control activities involve all levels of the organisation. To ensure completeness and accuracy in the financial reporting, instructions and guidelines are being put into place and communicated to the relevant personnel. Control activities also include follow-up and comparisons of earnings and order intake, account reconciliations and balance as well as accounting and valuation principles.

Activities in 2015

During the year, focus has been on integrating the recently acquired company Gatso Beheer BV in the Group's internal control and on quarterly follow-up's along with the implementation of Minimum Control Requirement (MCR) in the subsidiaries.

Information and communication

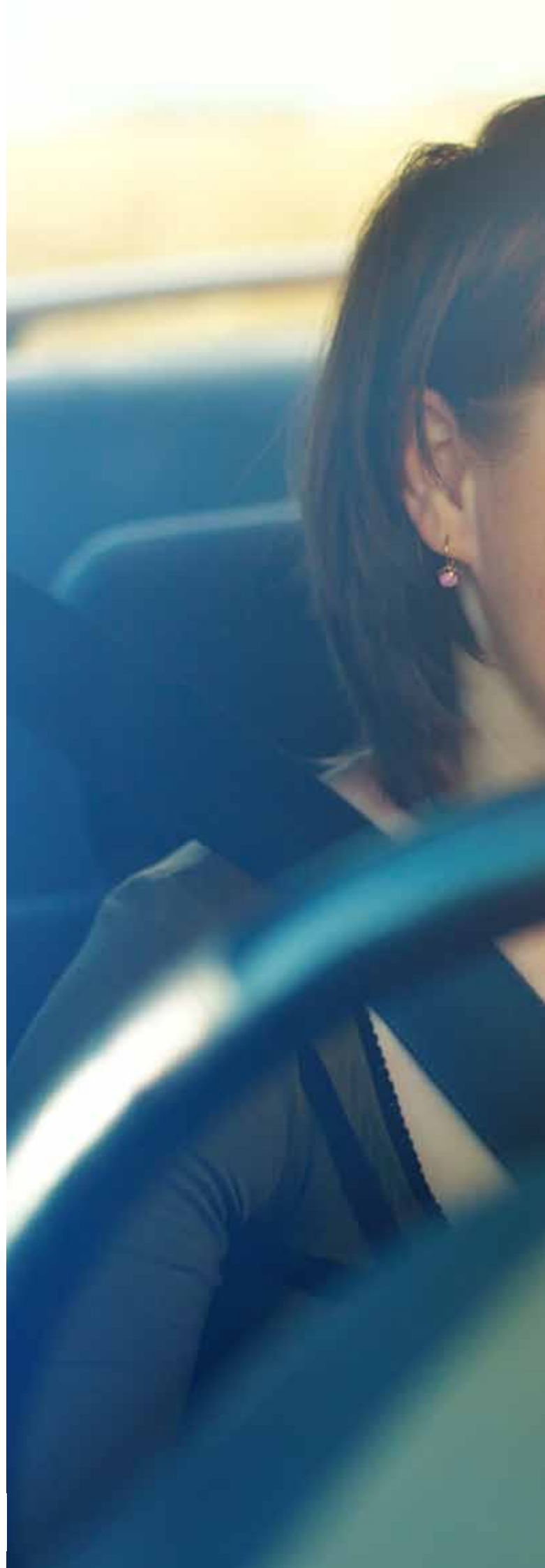
Sensys Gatso continuously provides information about the Group's performance and financial position to the market. The CEO is responsible for the accuracy and high quality of all information provided, for example, financial press-releases and presentation materials for various meetings with the media, shareholders and investors. An information policy applies for external communication that provides guidelines to the presentation of such information. The policy is intended to ensure that Sensys Gatso's information requirements are met in an accurate and complete manner. The most important governing documents, in the form of policies and instructions, are kept up-to-date and are communicated via the appropriate channels, mainly electronically. Internal information and communication is about creating awareness among the Group's employees about external and internal governing instruments, including authorities and responsibilities. Sensys Gatso's whistleblower policy means that each employee has the right to report suspected breaches of laws or regulations without fear of reprisal.

Shareholders

Sensys Gatso's shares have been listed on the Stockholm Stock Exchange since 2001. Sensys Gatso has a share capital of SEK 32.9 million. The number of outstanding shares in Sensys Gatso at year-end was 657 155 077 (541,234,314) and the number of shareholders totaled 23,471 (10,446). All shares carry the same voting rights and entitle the holder to the same share of the company's earnings and capital. As detailed on page 11, the company has one shareholder (Coöperatieve Centrale (Gatso Special Products BV)) with number of shares that exceeds 10 percent of the company's total number of shares. For 2014 was Danske Capital Sverige AB the largest shareholder with 17.7% of the total shares. For further information about the ownership structure, trading and share price movements, see page 11. The Articles of Association do not contain any conditions concerning voting right restrictions. There is no authorisation for repurchase of treasury shares.

Articles of association

The Articles of Association of Sensys Gatso Group AB state that the company's business is to develop and market traffic enforcement and traffic informatics products. During the extra general meeting in July 2015 it was resolved to change the company name in the article of association to Sensys Gatso Group AB. The Board of Directors shall consist of at least three and no more than seven Board members with no more than three Deputy Board members. The Board of Directors shall have its registered office in Jönköping in the Municipality of Jönköping. The company's accounts shall be examined by one or two auditors with up to two deputy auditors or a registered auditing firm. The Board is responsible for ensuring that there is an effective system for internal control and risk management. Responsibility for creating a good environment for working on these issues has been delegated to the CEO.





Board of Directors



GUNNAR JARDELÖF
CHAIRMAN OF THE BOARD

Born: 1947

Chairman of the Board since 2014. Board member since 2012.

Background: Has held several positions within major Swedish groups. Previously Chairman of Seamless Distribution AB (small cap). Has worked and lived abroad for a number of years. His work related mostly to the shipping and transport industry and associated activities. Other directorships: Co-owner and Board member/CEO of SSS AB and Chairman of the Board of InProdicon Int. AB.

Education: MBA.

Shareholding: 2,225,000 shares.



KARIN AHL
BOARD MEMBER

Born: 1978

Board member since 2014.

Background: Head of Sales and Marketing at Rala Infratech. Has worked in the telecommunications industry in Sweden and abroad for over 12 years. Several different directorships in trade organisations in Sweden and Europe.

Education: Master's Degree in Political Science, Linköping University.

Shareholding: 0 shares.



HELENA NORDMAN-KNUTSON
BOARD MEMBER

Born: 1964

Board member since 2014.

Background: Director Hallvarsson&Halvarsson. Previously a financial analyst at SEB Enskilda, Öhman FK, Pareto Securities. Other directorships: Board member of Transmode Systems, Rejlers.

Education: Master's in Political Science majoring in international politics at Helsinki University and Master Econ. Sciences major in international marketing, Hanken School of Economics in Helsinki.

Shareholding: 1,000 shares.



INGEMAR SKOGÖ
BOARD MEMBER

Born: 1949

Board member since 2011.

Background: Previously county governor of Västmanland and Director General of the Swedish Aviation Administration and Swedish Road Administration.

Other directorships: Fordonsforskning För Innovation, VINNOVA, Swedavia, Teologiska Högskolan i Stockholm AB.

Education: MBA.

Shareholding: 75,552 shares.



CLAES ÖDMAN
BOARD MEMBER

Born: 1965

Board member since 2011.

Background: Head of Division and CEO of Ascom Wireless Solutions, and member of Group management of Swiss company Ascom. Has previously held various managerial positions at Ericsson AB, including in Singapore and Taiwan.

Education: Degree in Engineering Physics and an MBA, both from Chalmers in Gothenburg.

Shareholding: 50,000 shares.



JOCHEM GARRITSEN
BOARD MEMBER

Born: 1972

Board member since 2015.

Background: Head of Services Sales, Nokia. Has worked in the telecommunication industry in The Netherlands and abroad for over 16 years. Is a strong international leader and has held senior sales and business line head positions for professional services.

Education: Master of Science degree in Systems Engineering, Policy Analysis and Management, University of Delft. Jochem is from the Netherlands.

Shareholding: 25,000 shares.

Senior executives



TORBJÖRN SANDBERG

CEO

Born: 1966

Employed since 2015.

Background: Board member since 2012. Has previously worked as CEO of Netadmin Systems AB. Former Group CEO of Birdstep Technology ASA (publ).

Education: MSc in Engineering.

Shareholding: 50,000 shares.



NIKI GATSONIDES

CFO

Born: 1974

Employed since 2015.

Background: Has previously worked as CFO of GATSO.

Education: MSc in Accounting & Auditing.

Shareholding: 115,920,763 shares*.

* indirect shareholding via a family holding company



GÖRAN LÖFQVIST

EVP SYSTEMS

Born: 1967

Employed since 2000.

Background: Has previously worked as R&D Director on Sensys Traffic, with electronics development at Saab Instruments, systems development consultant and project manager at Combitech Systems.

Education: MSc.

Shareholding: 53,259 shares.



EDMAR VAN DER WEIJDEN

EVP MANAGED SERVICES

Born: 1963

Employed since 2008.

Background: Has held several positions for multinationals in the Netherlands and abroad, gained extensive experience in restructuring and new business development. Prior to the merger Edmar has served as Sales Director at Gatso since 2008.

Education: BSc in Automotive Engineering.

Shareholding: 0 shares.



TIMO GATSONIDES

CTO

Born: 1973

Employed since 2015.

Background: Started working at Gatso in 1995. Has previously worked as CEO of GATSO.

Education: Computer Science.

Shareholding: 115,920,763 shares*.

* indirect shareholding via a family holding company



JOHAN FRILUND

EVP CORPORATE DEVELOPMENT

Born: 1963

Employed since 2008.

Background: Has previously worked as Head of Europe at Flextronics Infrastructure, Poland, CEO and Factory Manager at Sanmina-SCI Enclosure Systems AB, has previously worked as CEO of Sensys Traffic.

Education: MSc in Engineering, MBA.

Shareholding: 1,190,698 shares, of which 918,212 in a unit-linked insurance plan.

Up-to-date information on the members of the Board of Directors and Senior executives and their securities holdings is available on our website:

www.sensysgatso.com

Group

Statement of income and other comprehensive income

(Numbers prior 1 August 2015 are for Sensys Traffic AB stand alone)

TSEK	Note	2015	2014
Net sales	1, 3	397,825	160,580
Cost of goods sold		-231,997	-81,241
Gross profit		165,828	79,339
Selling costs	4, 5, 6, 7	-62,622	-20,524
Administrative costs	4, 5, 6, 7	-27,110	-6,224
Development costs	4, 5, 6, 7	-25,515	-17,848
Other operating costs		-1,878	-190
Operating profit	8,22	48,703	34,553
Profit/loss from financial investments	11		
Interest income/foreign exchange gains		4,371	562
Interest expense/foreign exchange loss		-5,793	-45
Profit before income tax		47,281	35,070
Income tax for the year	15	-6,352	-7,776
PROFIT FOR THE PERIOD	2	40,929	27,294
Other comprehensive income:			
Items that may be reclassified to profit or loss			
Translation differences		-11,523	0
Total other comprehensive income for the period, net after taxes		-11,523	0
Total comprehensive income for the period		29,406	27,294
Profit attributable to owners of Sensys Gatso Group AB		41,405	27,294
Profit attributable to non-controlling interest		-476	0
Total comprehensive income attributable to owners of Sensys Gatso Group AB		29,882	27,294
Total comprehensive income attributable to non-controlling interest		-476	0
Earnings per share before dilution		0.07	0.05
Earnings per share after dilution		0.07	0.05
Proposed dividend per share		0	0
Average number of outstanding shares before dilution, thousands		589,826	541,234
Average number of outstanding shares after dilution, thousands		589,826	541,234
Number of outstanding shares, thousands		657,155	541,234

Group

Balance sheet

(Numbers prior 1 August 2015 are for Sensys Traffic AB stand alone)

TSEK	Note	31 Dec 2015	31 Dec 2014
ASSETS			
Goodwill	5	237,203	0
Product and Software development	5	48,104	0
Brand	5	19,393	0
Customer Contracts	5	92,821	0
Other intangible assets	5	27	275
		397,548	275
Improvement expenses leasehold	6	2,069	0
Fixed assets in operation	6	32,420	640
Furnitures, fixtures, etc	6	3,930	581
		38,419	1,221
Deferred tax assets	16	26,070	31,302
Performance bond to customer	18	0	10,000
Other non-current assets		376	0
		26,446	41,302
TOTAL NON-CURRENT ASSETS		462,413	42,798
INVENTORIES	9		
Raw materials and consumables		44,687	15,013
Production in progress		9,394	0
Finished products and goods for resale		21,353	2,890
		75,434	17,903
Trade receivables	10, 14	132,501	34,357
Current tax assets		646	837
Other receivables	18	14,419	83
Prepaid expenses and accrued income	17	13,955	1,630
		161,521	36,907
Cash and cash equivalents			
Cash and bank balances	14	76,189	80,513
		76,189	80,513
TOTAL CURRENT ASSETS		313,144	135,323
TOTAL ASSETS		775,557	178,121

Group

Balance sheet

(Numbers prior 1 August 2015 are for Sensys Traffic AB stand alone)

TSEK	Note	31 Dec 2015	31 Dec 2014
EQUITY			
CAPITAL AND RESERVES ATTRIBUTABLE TO SHAREHOLDERS OF THE GROUP	31		
Share capital		32,858	27,062
Other contributed capital		316,900	113,969
Other reserves		-11,523	0
Retained earnings incl net profit for the year		41,638	233
		379,873	141,264
Non controlling interest		7,479	0
TOTAL SHAREHOLDERS' EQUITY		387,352	141,264
LIABILITIES			
NON CURRENCT LIABILITIES	36, 45		
Borrowings	13, 14	18,750	0
Other provisions	20	7,577	2,221
Deferred tax liabilities	16	44,293	0
Liabilities to shareholders	12	76,746	0
		147,366	2,221
CURRENT LIABILITIES			
Borrowings	13, 14	78,034	0
Liabilities to shareholders	12	41,135	0
Liabilities to customers		9,783	2,333
Other provisions	20	6,539	2,856
Trade payables	14	56,401	11,207
Other liabilities		3,652	4,593
Current tax liabilities		9,839	0
Accrued expenses and deferred income	19	35,456	13,647
		240,839	34,636
Total liabilities		388,205	36,857
TOTAL EQUITY AND LIABILITIES		775,557	178,121
Pledged assets and Contingent liabilities see note 23			

Group

Statement of changes in equity

(Numbers prior 1 August 2015 are for Sensys Traffic AB stand alone)

	Share capital	Other contributed capital	Translation differences	Retained earnings	Non-controlling interest	Total equity
Shareholders' equity 1 Jan 2014	27,062	113,969	0	-27,061	0	113,970
Profit/loss for the year/Total profit/loss	0	0	0	27,294	0	27,294
Shareholders' equity 31 Dec 2014	27,062	113,969	0	233	0	141,264
New share issue, net	5,796	202,931	0	0	0	208,727
Other comprehensive income	0	0	-11,523	0	0	-11,523
Non controlling interest on acquisition of subsidiary	0	0	0		7,955	7,955
Net profit for the year	0	0	0	41,405	-476	40,929
Shareholders' equity 31 Dec 2015	32,858	316,900	-11,523	41,638	7,479	387,352

Group

Cash flow

(Numbers prior 1 August 2015 are for Sensys Traffic AB stand alone)

TSEK		31 Dec 2015	31 Dec 2014
Operating activities			
Operating profit/loss		48,703	34,553
Adjustments for non-cash items			
Depreciation and amortisation	5, 6	26,948	867
Change in accrued income		0	-10,314
Warranty provision	20	4,351	3,610
		80,002	28,716
Interest received		388	405
Interest paid		-1,810	0
Exchange rate effects		-2,441	112
Income taxes paid		-4,822	0
Cash flow from operating activities before changes in working capital		71,317	29,233
Cash flow from changes in working capital			
Trade receivables	10	-64,783	-6,469
Inventories	9	7,032	-1,778
Trade payables		17,033	6,570
Liabilities to customers		7,450	2,333
Other changes in working capital		-2,746	3,625
Cash flow from operating activities		35,303	33,514
Investing activities			
Payment for acquisition of subsidiary, net of cash acquired		-68,378	0
Acquisition of intangible assets		0	-550
Investment in tangible assets	6	-10,798	-1,674
Changes in financial assets	11	-376	0
Cash flow from investing activities		-79,552	-2,224
Financing activities			
Loans received	13	50,000	0
Repayment of Loans		-6,250	0
Increase of liabilities to shareholders	13	-3,825	0
Cash flow from financing activities		39,925	0
Cash flow for the year		-4,324	31,290
Cash and cash equivalents at beginning of the year		80,513	49,223
Cash and cash equivalents at end of the year		76,189	80,513

Parent Company

Income statement

TSEK	Note	2015	2014
Net sales	26	190,284	160,580
Cost of goods sold		-96,077	-81,241
Gross profit		94,207	79,339
Selling costs	29, 30, 31	-27,057	-20,524
Administrative costs	29, 30, 31	-12,624	-6,225
Development costs	29, 30, 31	-16,445	-17,847
Other operating costs		-1,897	-190
Operating profit/loss	2, 3, 28, 43	36,184	34,553
Profit/loss from financial investments	37		
Interest income/foreign exchange gains		4,034	562
Interest expense/foreign exchange loss		-1,675	-45
Profit/loss after financial items		38,543	35,070
Income tax for the year	39	-6,348	-7,776
PROFIT FOR THE YEAR	2, 32	32,195	27,294
Comprehensive income for the Parent company is equivalent to net profit for the year.			

Parent Company

Balance sheet

TSEK	Note	31 Dec 2015	31 Dec 2014
ASSETS			
Distributor agreements		0	275
	30	0	275
Improvement expenses Leasehold		871	0
Fixed assets in operation		480	640
Furnitures, fixtures, etc		359	581
	31	1,710	1,221
Deferred tax recoverable	39	24,954	31,302
Investments in Group companies	21, 34	395,912	50
Performance bond to customer		0	10,000
Borrowing subsidiaries	28	2,500	
		423,366	41,352
TOTAL NON-CURRENT ASSETS		425,076	42,848
Inventories	33		
Raw materials and consumables		15,939	15,013
Finished products and goods for resale		5,248	2,890
		21,187	17,903
Trade receivables	36	36,585	34,357
Receivables subsidiaries	28	2,725	0
Current tax assets		646	837
Other receivables	18	10,012	33
Prepaid expenses and accrued income	40	2,893	1,630
		52,861	36,857
Cash and cash equivalents			
Cash and bank balances	38	70,724	80,514
		70,724	80,514
Total current assets		144,772	135,274
TOTAL ASSETS		569,848	178,122

Parent Company

Balance sheet

TSEK	Note	31 Dec 2015	31 Dec 2014
EQUITY AND LIABILITIES			
Capital and reserves attributable to shareholders of the parent Company	35		
Restricted equity			
Share capital		32,858	27,062
Statutory reserve		25,215	25,215
		58,073	52,277
Non-restricted equity			
Share premium reserve		291,685	88,754
Retained earnings incl net profit for the year		32,428	233
		324,113	88,987
Total shareholders' equity		382,186	141,264
LIABILITIES			
Non Current liabilities			
Borrowings	38	18,750	0
Other provisions	42	2,029	2,221
Liabilities to shareholders	27, 38	58,466	0
		79,245	2,221
Current liabilities			
Borrowings	38	25,000	0
Liabilities to shareholders	27, 38	36,560	0
Liabilities to subsidiaries	28	865	0
Other provisions	42	5,115	2,856
Liabilities to customers		9,783	2,333
Trade payables		14,207	11,207
Other liabilities		2,203	4,593
Accrued expenses and deferred income	41	14,684	13,647
Total liabilities		108,417	34,636
TOTAL EQUITY AND LIABILITIES		569,848	178,121
PLEGDED ASSETS AND CONTINGENT LIABILITIES			
Pledged assets	44	40,000	28,500
Contingent liabilities		None	None

Parent Company

Cash flow

TSEK		31 Dec 2015	31 Dec 2014
Operating activities			
Operating profit/loss		36,184	34,553
Adjustments for non-cash items			
Depreciation and amortisation	30, 31	811	866
Change in accrued income		0	-10,315
Warranty provision	42	2,067	3,610
		39,062	28,714
Interest received		51	405
Interest paid		-661	0
Exchange rate effects		2,970	113
Cash flow from operating activities before changes in working capital		41,422	29,232
Cash flow from changes in working capital			
Trade receivables	36	-4,953	-6,468
Inventories	33	-3,284	-1,778
Trade payables		3,865	6,570
Liabilities to customers		7,450	2,333
Other changes in working capital		-2,439	3,626
Cash flow from operating activities		42,061	33,515
INVESTING ACTIVITIES			
Investment in subsidiaries and associated companies		-395,828	0
Acquisition of intangible assets		0	-550
Investment in property, plant and equipment		-1,026	-1,674
Cash flow from investing activities		-396,854	-2,224
FINANCING ACTIVITIES			
New share issue		208,727	0
New loans		50,000	0
Repayment of loans		-6,250	0
Liabilities to related parties		95,026	0
Receivables to subsidiaries		-2,500	0
Cash flow from financing activities		345,003	0
Cash flow for the year		-9,790	31,291
Cash and cash equivalents at beginning of the year		80,514	49,223
Cash and cash equivalents at end of the year		70,724	80,514

Parent Company

Statement of changes in equity

	Share capital	Statutory reserve	Share premium reserve	Retained earnings incl. profit/loss for the year	Total equity
Shareholders' equity 1 Jan 2014	27,062	25,215	88,754	-27,061	113,970
Profit/loss for the year/Total profit/loss	0	0		27,294	27,294
Shareholders' equity 31 Dec 2014	27,062	25,215	88,754	233	141,264
New share issue	5,796	0	208,657	0	214,453
Share issue costs	0	0	-5,726	0	-5,726
Profit/loss for the year/Total profit/loss	0	0		32,195	32,195
Shareholders' equity 31 Dec 2015	32,858	25,215	291,685	32,428	382,186



Accounting and valuation principles

Sensys Gatso Group applies International Financial Reporting Standards (IFRS) as endorsed by the EU, the Swedish Annual Accounts Act and the Swedish Financial Reporting Board's recommendation RFR1.

The Parent Company annual report is prepared in accordance with the Swedish Annual Accounts Act and the Swedish Financial Reporting Board's recommendation RFR 2 - Accounting for Legal Entities and the accounting policies adopted are consistent with those of the previous financial year as presented in the annual report 2014. Until the end of 2014, Sensys prepared its annual report in accordance with RFR2 and in connection with the company becoming a corporate group in 2015, IFRS are now applied for the Group.

All amounts are reported in thousands of Swedish kronor (TSEK), unless stated otherwise. The financial statements have been prepared on a historical cost basis, except for certain financial instruments that are valued at fair value. Assets and liabilities are valued at cost, unless stated otherwise below.

CONSOLIDATED ACCOUNTS

Subsidiaries

Subsidiaries are all entities over which the group has control. The group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group. The acquisition method of accounting is used to account for business combinations by the group. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred and the equity issued by the group. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Acquisition related costs are expensed as incurred. Contingent considerations are recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration are recognised in profit or loss. Inter-company transactions, balances and unrealised gains or losses on transactions between group companies are eliminated. When necessary, amounts reported by subsidiaries are adjusted to conform to the group's accounting principles.

Non-controlling interest in the results and equity of subsidiaries are shown separately in the consolidated statement of profit or loss, statement of comprehensive income, statement of changes in equity and balance sheet respectively.

The group recognises non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets.

TRANSLATION OF FOREIGN CURRENCIES

Functional currency and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the functional currency).

The consolidated accounts are presented in SEK, which is the Parent Company's functional and presentation currency.

Transactions and balance-sheet items

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the transaction dates. Foreign exchange-rate differences attributable to operating activities are recognised in operating profit, while exchange-rate differences attributable to the Group's financing are recognised under financial income and expenses.

Subsidiaries

The results and financial position of all subsidiaries that have a functional currency different from the presentation currency are translated into the Group's presentation currency as follows:

- assets and liabilities for each balance sheet are translated at the closing rate of exchange,
- income and expenses for each income statement are translated at the respective average exchange rate, and
- all resulting exchange-rate differences are recognised as a separate component of equity.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and are translated at the closing rate.

INCOME TAXES

Reported income tax includes tax which is to be paid or received for the current year and adjustments pertaining to previous years' current taxes and changes in deferred tax. The measurement of all income tax liabilities and as-

sets is performed at nominal amounts, applying the tax rates and provisions that have been enacted, or substantially enacted, and which are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled. In the case of items recognised in profit or loss, related tax effects are also recognised in profit or loss. The tax effects of items that are recognised directly in equity are also recognised directly in equity. Deferred income tax is calculated using the balance-sheet method on all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts. These temporary differences have primarily arisen through consolidation adjustments.

Deferred tax assets pertaining to future tax deductions are recognised to the extent that it is probable that such deductions can be netted against surpluses in future taxation. Deferred tax liabilities pertaining to temporary differences attributable to investments in subsidiaries are not recognised in the consolidated accounts as the Parent Company can, in all cases, control the date for a reversal of the temporary differences and it is not assessed as probable that a reversal will take place within the foreseeable future. The reporting of deferred tax is based on effective tax rates.

In previous years, Sensys Gatso Group has reported negative results and has consequently accumulated unutilised tax losses. The future utilisation of these tax losses depends upon taxable profits. At 31 December 2015 Sensys Gatso Group had total estimated unutilised tax losses of SEK 128,827 thousand (147,862), which require future profits of equivalent value within a reasonable time to fully consume the tax losses. For further information, see note 16.

INVENTORIES

Inventories are reported using the first-in, first-out method at the lower of cost and net realisable value on the closing date. The valuation of work in progress and finished products includes design costs, direct labour costs and other direct costs with a reasonable mark-up for indirect costs (based on normal production capacity). This item excludes borrowing costs. Net realisable value is the estimated selling price in the ongoing course of business, less any applicable variable selling expenses.

REVENUE RECOGNITION

Goods

Income consists almost exclusively of sales of goods. Income from the sale of goods is recognised upon delivery to and acceptance by the customer, in accordance with the terms and conditions of sale. Income comprises the fair value of goods sold, exclusive of VAT and any discounts.

For specific customer contracts, the company applies the percentage of completion method to determine the amount to be recognised in each period. The degree of completion is defined as project costs paid for work performed by the end of the reporting period as a percentage of estimated total project costs for each project. Expenditure which has been incurred during the year but which relates to future work is not included in project costs paid at the time of determining the degree of completion. At year-end, the Group had two ongoing projects that are recognised in accordance with the percentage of completion method.

Inter-company sales are eliminated in the consolidated accounts.

Services

The Group's service organisation installs, commissions and maintains traffic enforcement systems in Europe and conducts services and provides support to our customers abroad. Revenue from these services is recognised on an ongoing basis as the services are carried out.

Other operating income

Revenue from activities outside the Group's primary operations has been recognised as Other operating income.

Interest income

Interest income is recognised on a time-proportion basis using the effective interest method.

Dividend income

Income from dividends is recognised when the right to receive payment has been determined. No dividend has been allocated for 2015.

INTERNAL TRANSFER PRICING

The pricing of transactions, such as purchases and sales of goods and services between Group companies, takes place on the basis of market conditions.

LEASES

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under the lease term (net of any incentives received from the lessor) are expensed in profit or loss on a straight-line basis.

BORROWING COSTS

The Group capitalises borrowing costs which are directly attributable to the purchase, construction or production of an asset, and where a considerable amount of time is required to prepare the asset for use or sale, as a portion of the asset's cost. Other borrowing costs are recognised as expenses in the period in which they arise.

STATEMENT AND CASH AND CASH EQUIVALENTS

The cash-flow statement has been prepared using the indirect method. The recognized cash flow includes only those transactions that have resulted in receipts or payments.

Cash and cash equivalents include cash and bank balances as well as short-term financial investments with maturities of less than three months. In both 2015 and 2014, cash and cash equivalents were comprised solely of cash and bank balances.

FINANCIAL GUARANTEES/ FROZEN ASSETS

The company's financial guarantees refer to guarantees in individual customer projects such as guarantees against advances, tenders, fulfilment and warranties. Under a financial guarantee the company undertakes to compensate the holder of the guarantee for any losses incurred by the same in consequence of the company's failure to fulfil its contractual obligations. The company recognises the limitation of liquidity imposed by the guarantee as frozen assets under Cash and bank balances, provided that the guarantee has a remaining term of less than three months. The amount is limited by the corresponding value of the guarantee.

PROPERTY, PLANT AND EQUIPMENT

Land and buildings comprise, primarily, factories and

offices. All property, plant and equipment (PPEs) are measured at cost less accumulated depreciation. Cost includes expenditure that is directly attributable to the acquisition of the items. Subsequent expenses are included in the asset's carrying amount, or recognised as a separate asset, as appropriate, only when it is likely that future economic benefits associated with the asset will accrue to the Group, and when the asset's cost can be measured reliably. All other repairs and maintenance are recognised as expenses in profit or loss during the period in which they arise.

DEPRECIATION AND AMORTISATION

Intangible assets and property, plant and equipment are amortised/depreciated on a straight-line basis over the length of their useful life as of the moment they are ready to be taken into use as follows:

» Improvement expenses leasehold	10 years
» Customer contracts	2-7 years
» Brand	10 years
» Product and software development	3-4 years
» Machines	2-5 years
» Other equipment	5 years

INTANGIBLE ASSETS

Goodwill

Goodwill consists of the amount by which the consideration, any non-controlling interest and fair value at the acquisition dates of previous shareholdings exceeds the fair value of the Group's share of identifiable net assets acquired. Goodwill on the acquisition of subsidiaries is recognised as an intangible asset. Goodwill is tested annually to identify any need for impairment and is recognised at cost less accumulated impairment. The gain or loss on the sale of an entity includes the remaining carrying amount for goodwill pertaining to the entity sold. Goodwill is allocated to cash-generating units when testing for any impairment requirement. This allocation is made to the cash-generating units that are expected to benefit from the business combination giving rise to the goodwill item. The Group allocates goodwill to all lines of business.

Brands

This item mainly includes assets in the form of brands, which have arisen in conjunction with the acquisition of subsidiaries. These are valued at the fair value on the acquisition date and, thereafter, less amortisation and impairment. Brands are amortised over 10 years.

Research and development

The Group's technology is based on internally developed radar sensors, which is the core component of the Group's products. Costs closely associated with the development of technology which is controlled by Sensys Gatso Group and is likely to yield economic benefits are recognised as intangible assets. The related projects have been valued as the total of direct costs plus reasonable amounts for indirect costs. Development costs incurred in connection with product adaptations for an existing project are recognised in the income statement. Product and software development is amortised over 3-4 years.

Impairment of non financial assets

Assets which have an indefinite useful life are not subject to amortisation and, instead, are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may

not be recoverable. In those cases in which the carrying amount exceeds the estimated recoverable amount, the carrying amount is immediately impaired down to the recoverable amount. The recoverable amount is the greater of an asset's fair value, less selling expenses and the asset's value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separate, identifiable cash flows (cash-generating units).

FINANCIAL INSTRUMENTS

Financial assets reported in the balance sheet include trade receivables, other receivables and cash and cash equivalents. These are accounted for as current assets with the exception of items maturing later than 12 months from the balance sheet date, which are classified as non-current assets. The fair value of financial assets and liabilities is the carrying amount, unless otherwise specified.

Receivables and other receivables

Trade and other receivables are recognised at cost, less any provision for impairment. A provision for impairment of trade receivables is made when there is objective evidence that the Group will not be able to receive all amounts due according to the original terms of the receivables. Significant financial difficulties on the part of the debtor, the probability that the debtor will enter into receivership or undergo financial reconstruction and default or late payments are considered indicators that an impairment provision for trade receivables may be required. The amount of the provision is the difference between the carrying amount of the asset and the present value of estimated future cash flows. The carrying amount of the asset is reduced using an impairment allowance account and the loss is recognised in profit or loss under Sales expenses. Recoveries of amounts previously written off are credited against Sales expenses in profit or loss.

Trade and other payables

Financial liabilities are initially recognised at fair value, net of transaction costs, and subsequently at amortised cost. The financial liabilities category comprises the items borrowing, trade payables and other liabilities. Trade payables with a short expected maturity are stated at their nominal value and are not discounted. Liabilities in foreign currencies are translated at the balance sheet date.

Purchase and sales of financial instruments are recognised at the transaction date, i.e. the date when the company undertakes to buy or sell the asset.

Financial instruments are removed from the balance sheet when the right to receive cash flows from the instrument has expired or been assigned to another party and the company has transferred essentially all risks and benefits associated with ownership.

EQUITY

Transaction costs which are directly applicable to the issue of new shares or share options are recognised, net after tax, in equity, as a deduction from the proceeds of the issue. In the case of a repurchase of shares, retained earnings are reduced by the amount paid for the shares. When treasury shares are sold, retained earnings increase by the amount received.

PROVISIONS

Provisions for guarantee expenses and legal demands are recognised when the company has a legal, contractual or

in- formal obligation as a consequence of past events, it is more probable than not that a payment will be required in order to fulfil the obligation and the amount can be reliably estimated. If the company has several similar obligations the probability that a payment will be required upon settlement is assessed jointly for this group of obligations. The balance sheet contains provisions related to warranties. Provisions are reviewed at each financial year-end.

EMPLOYEE BENEFITS

Pension commitments

Within the Group, there are defined-contribution plans.

A defined-contribution plan is a pension plan according to which the Group pays a fixed amount to a separate legal entity and, therewith, has no obligation to pay additional premiums. Costs for employees' service during current or previous periods impact the Group's earnings.

In defined-benefit plans, benefits to employees and former employees are based on the employee's salary at the retirement date and on the number of years of service. The Group is liable for payment of the benefits.

Retirement benefit obligations

Defined-contribution pension plans exist for all employees, for which the company pays ongoing established charges to a separate legal entity, such as an insurance company, and consequently does not have any legal or informal obligation to pay further charges. The company's costs for these are reported as a cost during the period when the employees concerned have performed the services related to such cost.

Share-based payments

The company has no agreements on share-based payments.

Severance pay

Severance pay is paid when an employee's employment has been terminated before the normal retirement age or when an employee accepts voluntary redundancy in exchange for such payment. The company recognises severance pay when it is demonstrably obliged to either terminate the employment of employees under a detailed formal plan with no possibility of withdrawal or to pay compensation upon termination as a result of an offer to encourage voluntary.

EARNINGS PER SHARE

Earnings per share are calculated as net profit/loss for the year in accordance with the income statement in relation to the average number of shares outstanding before and after dilution.

DIVIDENDS

Dividends to Sensys Gatso Group's shareholders are recognised as liabilities in the Group's annual accounts in the period in which the dividends were adopted by the Parent Company's shareholders. No dividend has been allocated for 2015.

SIGNIFICANT ESTIMATES AND ASSUMPTIONS

The preparation of the annual accounts requires that qualified estimates and assessments be made for accounting

purposes. Furthermore, company management exercises its judgement in the application of the Group's accounting policies. Estimates and assessments can affect the income statement and the balance sheet, as well as any additional information which has been reported in the annual accounts. Consequently, changes in valuations and assessments can lead to changes in the annual accounts.

Estimated impairment of goodwill

The group tests annually whether goodwill has suffered any impairment, in accordance with the accounting policy stated above. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of estimates (note 5).

Revenue recognition

The group uses the percentage-of-completion method in accounting for its fixed-price contracts to deliver design services. Use of the percentage-of-completion method requires the group to estimate the services performed to date as a proportion of the total services to be performed.

Provision

Provisions for product warranties are based on current volumes of products sold still under warranty and on historical rates of warranty claims for mature products as well as estimates and assumptions regarding quality and future warranty claims for new estimates and estimated cost to remedy the various warranty claims that may occur. For information about warranty provision see note 20.

If warranty claims would increase by 10% in relation to estimate, the cost for warranty would increase by 1,412 Tkr in 2015.

Inventory

Inventory are valued at the lower of cost and net realizable value. Estimates are required in relation to forecasted sales volumes and inventory balances. In situations where excess inventory balances are identified, estimates of net realizable values for the excess volumes are made.

RISKS AND UNCERTAINTIES

Significant risks and uncertainties faced by the company include commercial risks associated with customers and suppliers, as well as other external factors. Sensys Gatso Group's overall goal is as far as possible to avoid taking financial risks that may arise through changes in foreign currency rates, interest levels and market prices, as well as liquidity, financing and credit risks. A description of material financial and commercial risks faced by the company is given in note 25.

PARENT COMPANY'S ACCOUNTING POLICIES

The Parent Company's annual accounts have been prepared in accordance with the Swedish Annual Accounts Act and the Swedish Financial Reporting Board's recommendation RFR 2. RFR 2 stipulates that, in its annual accounts, the Parent Company is to apply International Financial Reporting Standards (IFRS) as endorsed by the EU, where this is possible within the framework of the Swedish Annual Accounts Act, and with regard to the connection between accounting and taxation. RFR 2 specifies the exceptions and supplements to be applied in relation to IFRS. Identified differences between accounting poli-

cies of the Group and the Parent Company mainly refer to IAS 12 Income taxes.

Shares in subsidiaries

Shares in subsidiaries are recognised at acquisition cost less any impairment. The acquisition cost includes acquisition-related costs and any contingent consideration. When there is an indication that shares in subsidiaries have decreased in value, an estimate of the recoverable amount is made. If this amount is lower than the carrying amount, impairment is made. Impairment losses are recognised in the items "Income from participations in Group companies".

Research and development

Costs closely associated with the development of technology which is controlled by the Parent Company and is likely to yield economic benefits are recognised as intangible assets. The related projects have been valued as the total of direct costs plus reasonable amounts for indirect costs. Development costs incurred in connection with product adaptations for an existing project are recognised in the income statement.

APPLICATION OF NEW OR AMENDED STANDARDS

Changes in accounting policies and disclosures.

New standards, amendments and interpretations adopted by the group

No new or amended standards which are effective for the financial year beginning on 1 January 2015 have had an impact on the group.

New standards, amendments and interpretations not yet adopted

A number of new standards and amendments to standards and interpretations are effective for annual periods beginning after 1 January 2015, and have not been applied in preparing these consolidated financial statement.

IFRS 9, 'Financial instruments', addresses the classification, measurement and recognition of financial assets and financial liabilities. IFRS 9 replaces the guidance in IAS 39 that relates to the classification and measurement of financial instruments. IFRS 9 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortised cost, fair value through OCI and fair value through P&L. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. There is now a new expected credit losses model that replaces the incurred loss impairment model used in IAS 39. For financial liabilities there is no significant change to classification and measurement. Hedge accounting rules are modified. The standard is effective for accounting periods beginning on or after 1 January 2018. Early adoption is permitted. The group is yet to assess IFRS 9's full impact. The group assesses that it will not be materially affected by the changes.

IFRS 15, 'Revenue from contracts with customers' deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. Revenue is recognised when a cus-

tomers obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service. The standard replaces IAS 18 'Revenue' and IAS 11 'Construction contracts' and related interpretations. The standard is effective for annual periods beginning on or after 1 January 2018 and earlier application is permitted. The group is assessing the impact of IFRS 15.

In January 2016, IASB issued a new lease standard that will replace IAS 17 Leases and the related interpretations IFRIC 4, SIC-15 and SIC-27. The standard requires assets and liabilities arising from all leases, with some exceptions, to be recognized on the balance sheet. This model reflects that, at the start of a lease, the lessee obtains the right to use an asset for a period of time and has an obligation to pay for that right. The accounting for lessors will in all material aspects be unchanged. The standard is effective for annual periods beginning on or after 1 January 2019. Early adoption is permitted. EU has not yet adopted the standard. The group has not yet assessed the impact of IFRS 16.

Notes on the accounts, Group

All amounts are expressed in SEK '000 unless otherwise stated.

(Numbers prior 1 August 2015 are for Sensys Traffic AB stand alone)

Note 1 Segment

Sensys Gatso offers system solutions and products for increased traffic safety to police authorities, highway authorities and private concessionaires worldwide. The Group's proprietary radars are the core component of all products. The systems register and document digital images, including driver identification, as well as date, time, location and speed information. The systems can also be adapted to some extent to local laws and regulations and technical standards. According to the IFRS 8 definition of operating segments, the company's entire operations has constituted a single operating segment. In view of the fact that the information for this single segment has been synonymous with the company's overall accounts, no separate accounts for this segment have been provided.

From January 1, 2016 the Group will start reporting in two business segment, Systems Sales and Managed Services. This segmentation will provide us and the shareholders with a better and more transparent operational model. In Systems Sales the ownership of the equipment is transferred to the customer, while in Managed Services the ownership remains with us.

Note 2 Salaries, other remuneration and social security contributions

Average number of employees	2015	2014	Men 2015
Holland	85	0	92%
Australia	21	0	90%
Germany	5	0	100%
USA	48	0	44%
Sweden	43	41	95%
Group Total	202	41	

Board members and group management, Group	2015	2014	Men 2015
Board members	6	5	67%
CEO and other group management	6	6	100%

	Salaries and other remunerations		Social securities and contributions		(of which pension expenses)	
	2015	2014	2015	2014	2015	2014
Parent Company	29,042	27,030	15,855	14,187	4,750	9,320
Subsidiaries	28,795	0	5,364	0	2,490	0
Group	57,837	27,030	21,219	14,187	7,240	9,320

Remuneration of the Board of Directors, the CEO and other senior executives

	Basic Salary Board Fee		Variable Remuneration		Other benefits		Pension Expenses		Total	
	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
Parent Company										
Chairman of the Board, Gunnar Järdelöv	225	150	0	0	0	0	0	0	225	150
Vice chairman of the Board, Claes Ödman	175	100	0	0	0	0	0	0	175	100
Board member, Karin Ahl	130	100	0	0	0	0	0	0	130	100
Board member, Helena Nordman-Knutsson	130	100	0	0	0	0	0	0	130	100
Board member, Jochem Garritsen	65	n/a	0	n/a	0	n/a	0	n/a	65	n/a
Board member, Ingemar Skogö	130	100	0	0	0	0	0	0	130	100
Board member, Torbjörn Sandberg	n/a	100	0	0	n/a	0	n/a	0	n/a	100
Managing Director and CEO, Johan Frilund (Jan-May)	801	1 960	0	651	39	114	182	436	1 022	3 161
Managing Director and CEO, Torbjörn Sandberg (Jun-Dec)	1 120	n/a	503	n/a	52	n/a	381	n/a	2 056	n/a
Other senior executives (5 individuals, Jan-Jul)	3 049	4 835	773	1 330	81	234	550	1 191	4 453	7 590
Other senior executives (5 individuals, Aug-Dec)	3 617	n/a	2 430	n/a	115	n/a	350	n/a	6 512	n/a

Other senior executives

In 2015 during the period of January-July, other senior executives included Göran Löfqvist, Helena Claesson, Per Ekholm, Kjell Lundgren and Jörgen Andersson. During the period of August-December 2015, other senior executives included Niki Gatsonides, Timo Gatsonides, Edmar van der Weijden, Göran Löfqvist and Johan Frilund.

Agreements regarding severance pay

The Company does not have any signed agreements regarding severance pay or similar benefits to Members of the Board, the CEO or other senior executives.

VARIABLE REMUNERATION PARENT COMPANY

Sensys Gatso Group has three separate agreements for its employees.

Variable remuneration for the CEO

The agreement for the CEO applies since 2010. The variable remuneration is based on performance of integration within the Group, Net sales and EBITDA, and is subject to an upper limit of SEK 960 thousand.

A provision of SEK 503 thousand (651) has been made for the 2015 financial year.

Variable remuneration for group executives and management

The agreement for the senior executives and management team applies since 2010. The variable remuneration is based on the net sales, EBITDA and integrational efforts and is subject to an upper limit of 1 - 6 months salaries.

Remuneration of 2,146 thousand has been paid out during 2015, and a provision of SEK 1,057 thousand (1,330) was made for the 2015 financial year.

Variable remuneration for employees

The current agreement for employees (excluding the CEO, group executives and management team) has been in force since 2009, and entitles employees to a bonus defined as the lower of:

- 5 percent of net earnings for the current year, subject to a limit of SEK 3 million
- An amount corresponding to two months' pay for bonus-entitled staff at the end of the bonus year.

Variable remuneration is paid in the year after the financial year. Variable remuneration in 2015 totalled SEK 1,585 Tkr (1,356).

VARIABLE REMUNERATION IN SUBSIDIARIES

There are separate agreements for variable remuneration in the different subsidiaries.

Variable remuneration for management teams

The agreement for management is based on each entities performance of the year, and is subject to an upper limit of 1% of the net result (after taxation).

For Gatso USA, Australia and Germany no variable remuneration is applicable for 2015.

Variable remuneration for employees

The agreement for employees is based on each entities performance of the year, and is subject to an upper limit of 1% of the net result and the insight of directors at the year end. For Gatso USA, Australia and Germany no variable remuneration is applicable for 2015.

For Gatso Holland a variable remuneration of one extra months salary was applied during 2015.

Breakdown between men and women on Sensys Gatsos's Board of Directors:	2015	2014
Women	33%	33%
Men	67%	67%

Breakdown by gender of the senior executives, Group	2015	2014
Women	0%	20%
Men	100%	80%

Note 3 Total sales

Net sales by region	2015	2014
Netherlands	9,781	0
Australia	35,668	0
Sweden	114,616	121,349
Rest of Europe	47,816	8,399
USA	29,350	6,719
Middle East	59,973	20,241
Africa	89,787	0
Rest of the world	10,834	3,872
Total	397,825	160,580

In 2015, the Group had two customer whose share of the company's total net sales exceeded 10 percent. These two customer are the Swedish Transport Administration, with SEK 114,6 million and Ministre de la Defense National with 87.8 Mkr. In 2014, this customer was the Swedish Transport Administration (SEK 121,0 million).

Nature of services	2015	2014
System sales	347,164	148,529
Service and support	50,661	12,051
Total	397,825	160,580

Note 4 Expenses by nature of expense

	2015	2014
Cost of goods sold	190,175	62,628
Cost of remuneration to employees (Note 2)	80,145	42,264
Depreciation, amortisation and impairment	26,948	866
Facilities	5,671	2,779
Sales expenses	14,614	5,783
Transportation costs	3,041	2,087
External services	6,365	2,413
Office expenses	6,693	965
Research & Development costs	1,384	649
Other Costs	14,086	5,593
Total	349,122	126,027



Note 5 Intangible fixed assets

Consolidated Intangible fixed assets	Goodwill		Product & software development		Brand		Customer contract		Other	
	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
Opening cost	0	0	0	0	0	0	0	0	1,012	462
Acquisitions of subsidiaries	242,927	0	58,786	0	20,730	0	110,975	0	29	550
Closing accumulated costs	242,927	0	58,786	0	20,730	0	110,975	0	1,041	1,012
Opening amortisation	0	0	-6,175	0	-	0	0	0	-737	-370
Amortisation	0	0	-3,745	0	-858	0	-15,791	0	-276	-367
Closing accumulated amortisation	0	0	-9,920	0	-858	0	-15,791	0	-1,014	-737
Currency effect	-5,724	0	-762	0	-479	0	-2,363	0	0	0
Carrying amount	237,203	0	48,104	0	19,393	0	92,821	0	27	275

Goodwill is not subject to amortisation and is tested annually for impairment or more frequently if events or changes in circumstances indicate that they might be impaired. For the purpose of assessing impairment, goodwill is allocated to cash-generating units or group of cash-generating units that are expected to benefit from the business combination in which the goodwill arose.

The Group has performed a test for each cost generating unit (CGU), as well as on a combined Group level, to assess whether any need for impairment exists for goodwill in line with the applied accounting policies. The recoverable amount for each CGU is determined by value-in-use calculations, which comprise the present value of estimated future payments expected to arise from the CGU during its useful life, including capital expenditures and investment in working capital, to arrive at free cash flow forecasts for each unit.

The model includes actual financial figures for 2015 as a reference and uses 2016 budget for each unit as a starting point. The calculations assume estimated future cash flows based on financial forecasts for the coming five-year period, as approved by the CFO. To extrapolate cash flows beyond this period, a growth rate of 1 per cent has been applied, which is deemed to be a conservative estimate. The direct method of reporting cash flows has been applied.

Management has designated a budgeted operating margin based on the previous results and on expectations of future market development. The discount rate after tax which has been applied is between 9,8 and 12,5 per cent (0) for the units and 11,2 per cent for the Group, as the circumstances for the units, at the moment, are slightly different due to market risks where a specific premium of 3 per cent has been added to Holland and Australia.

Significant assumptions

Market share and growth

The current market share has been applied to future periods. Forecasts are based on previous experience and on external sources of information. The estimated growth rate used to extrapolate cash flows beyond the budget period was 2 per cent (0).

Expenses

The forecast of personnel costs is based on the expected inflation rate, increases in real salary, and the effects of the up-started streamlining of the company's assembly/production. The forecast is in line with previous experience and external sources of information.

Exchange rates

Exchange-rate forecasts are based on the current rate Eur 9.50. The forecast is in line with external sources of information.

Variables complied

Discount rates after tax are 9,8 to 12,5 per cent.

Sensitivity analysis

The recoverable amount exceeds the carrying amounts for goodwill by a margin. This also applies to each individual assumption provided that:

- the discount rate before taxes was between 10,5 and 13,5 per cent.

- the estimated growth rate applied to extrapolate cash flows beyond the budgeted period was 2 per cent (0).

Goodwill are distributed among the Group's cash-generating units (CGUs) and identified as follows:

Group	2015	2014
Holland	80,384	0
USA	76,767	0
Australia	8,696	0
Other	71,356	0
Total	237,203	0

Note 6 Fixed Assets

	Improvement expenses leasehold		Furnitures, fixtures, etc		Fixed Assets in operation	
	2015	2014	2015	2014	2015	2014
Opening accumulated acquisition value	0	0	3,208	2,333	3,146	2,346
Acquisition per July 31st 2015	14,730	0	16,304	0	97,562	0
Currency effect	-377	0	-417	0	-2,496	0
Acquisitions	871	0	225	875	9,702	800
Disposals	0	0	-185	0	0	0
Closing accumulated acquisition value	15,224	0	19,135	3,208	107,914	3,146
Opening accumulated depreciation	0	0	-1,357	-1,030	-1,933	-1,761
Acquisition per July 31st 2015	-13,490	0	-12,978	0	-65,521	0
Disposals	0	0	79	0	0	0
Depreciation for the period	-20	0	-790	-327	-5,445	-172
Currency effect	345	0	341	0	1,789	0
Closing accumulated depreciation	-13,165	0	-14,705	-1,357	-71,110	-1,933
Opening accumulated impairment	0	0	-1,270	-1,270	-3,742	-573
Currency effect	0	0	0	0	80	0
Closing accumulated impairment	0	0	-1,270	-1,270	-3,662	-573
Currency effect	10	0	770	0	-722	0
Carrying amount	2,069	0	3,930	581	32,420	640

There are no individually pledged assets as security for liabilities (please see note 23).

Note 7 Depreciation/amortisation

Amortisation of intangible assets in the Group was MSEK 20.7 (0.6) and depreciation of tangible assets totalled MSEK 6.3 (0.2). Impairment amounted to MSEK 0.0 (0.0). Depreciation/amortisation and impairment are specified per function in the income statements as follows:

	Cost of goods sold		Selling costs		Administrative costs		Development costs		Total	
	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
Customer contracts	0	0	15,791	0	0	0	0	0	15,791	0
Brand	0	0	858	0	0	0	0	0	858	0
Other intangible assets	0	634	0	0	0	0	4,021	0	4,021	634
Improvement expenses lease-hold	0	0	0	0	20	0	0	0	20	0
Furniture, Fixtures, Fittings and vehicles	618	0	11	52	20	15	141	165	790	232
Fixed Assets in operation	4,882	0	11	0	524	0	28	0	5,445	0

Note 8 Operational leasing arrangements

The Group has entered into the following operating leases:

	Machines, plant and equipment		Premises	
	2015	2014	2015	2014
Lease payments for the year	2,252	989	3,826	2,498
Minimum lease payments falling due within 1 year	3,164	794	5,605	2,566
Minimum lease payments falling due within 1-5 years	5,367	1,355	12,405	10,172
Minimum lease payments falling due later than 5 years	0	0	12,000	14,400

For Sweden one of the facility has been given a notice of termination on the current rental agreement, effective 28/02/2017. A new rental agreement has been signed with a new landlord, continuing for ten years with the possibility of extension.

Leases for machines, plant and equipment concern photocopy machines and motor vehicles. There are no variable charges.

Note 9 Inventories

	2015	2014
Acquisition value	92,933	41,664
Adjustment of value of inventories	-17,499	-23,761
Carrying amount	75,434	17,903

Note 10 Trade receivables

	2015	2014
Age structure of outstanding trade receivables		
Trade receivables not yet due	113,194	33,146
Trade receivables past due but not impaired:		
< 3 months	9,462	741
3-12 months	7,731	470
>12 months	2,114	0
	132,501	34,357

The group's customers mainly comprise of companies within the public sector with good credit worthiness.

	2015	2014
Trade receivables past due and impaired		
< 3 months	3,349	0
3-12 months	18,683	0
>12 months	0	0
Provision for doubtful trade receivables	-22,033	0
Carrying amount	132,501	34,357

	2015	2014
Change in provision for doubtful trade receivables		
Opening provision	0	7
Acquisitions	19,203	0
Confirmed losses	0	-7
Provision for the year	2,830	0
Closing provision	22,023	0

Note 11 Profit/loss from financial investments

Interest and similar profit/loss items	2015	2014
Interest income on bank deposits	369	399
Exchange rate effects	3,997	157
Other financial income	5	6
Total financial income	4,371	562
Interest expense on financial liabilities	2015	2014
Interest expense	-1,741	0
Exchange rate effects	-3,487	-45
Other fin expenses	-565	0
Total financial costs	-5,793	-45

Note 12 Liabilities to shareholders

Current liabilities	2015	2014
Opening liabilities	0	0
Change during the year	41,135	0
Closing liabilities	41,135	0
Non-current liabilities	2015	2014
Opening	0	0
Change during the year	76,746	0
Closing non-current liabilities	76,746	0

Out of the closing current liabilities 36.5 Mkr is contingent liabilities related to the acquisition to Gatso Beheer, please see note 20 and 25.

The seller has given a promissory note to the order of SEK 64.8 million (EUR 6.84 million based on Riksbanken's EUR/SEK exchange rate of 30 July 2015). The promissory note has a term of seven years and is repaid in five instalments, SEK 28.4 million (3 EUR million) as of 31/07/2018, SEK 9.5 million (EUR 1 million) in years four, five and six after execution of the transaction, and SEK 7.9 million (0.8 EUR million) seven years after execution of the transaction. In addition to this, the sellers have the right, under certain conditions, to receive an additional purchase price of a maximum of SEK 37.9 million (EUR 4 million), which may fall due for payment at the earliest during 2016.

Note 13 Bank overdraft facilities and other borrowing

Agreed bank overdraft facilities at year end amounted to 78.7 Mkr for the group whereof 25.0 Mkr for the Parent Company.

	2015	2014
The Group's interest-bearing borrowings		
Maturities for long-term loans:		
Within one year		
Short-term borrowings, SEK	25,000	0
Short-term borrowings, EUR	61,253	0
Short-term borrowings, USD	32,916	0
Short-term borrowings, AUD	0	0
Total	119,169	0
Between one and five years		
Long-term borrowings, SEK	18,750	0
Long-term borrowings, EUR	60,312	0
Long-term borrowings, USD	0	0
Long-term borrowings, AUD	0	0
Total	79,062	0
More than five years		
Long-term borrowings, EUR	16,434	0
Total	16,434	0

Note 14 Financial instruments

	Loans and receivables		Total	
	2015	2014	2015	2014
Assets as per balance sheet				
Trade receivables	132,501	34,357	132,501	34,357
Accrued income	9,783	2,333	9,783	2,333
Other receivables	14,419	83	14,419	83
Cash and bank balances	76,189	80,513	76,189	80,513
Total	232,892	117,286	232,892	117,286

	Other financial liabilities at amortised cost		Liabilities at fair value through profit and loss		Total	
	2015	2014	2015	2014	2015	2014
Liabilities as per balance sheet						
Borrowings	96,784	0		0	96,784	0
Liabilities to shareholders ¹⁾	81,321	0	36,560	0	117,881	0
Trade payables	56,401	11,207		0	56,401	11,207
Other liabilities	3,652	4,593		0	3,652	4,593
Total	238,158	15,800	36,560	0	274,718	15,800

¹⁾ Included in this item is a contingent consideration of 36,5 MSEK valued at fair value. The contingent consideration is related to the acquisition of Gatso Beheer BV, see note 21. The liability is classified as a fair value hierarchy level 3 instrument as the inputs used in the valuation is not based on observable market data. The contingent consideration is valued based on estimates of expected performance in terms of gross profit for certain projects and is based on the terms of the sale contracts and the entity's knowledge of the business and how the current economic environment is likely to impact it. Changes in the fair value are analysed at the end of each reporting period. There has been no change in the fair value since the business acquisition date.

Note 15 Tax on profit for the year

	2015	2014
Current tax	8,839	0
Deferred tax	-2,506	-7,776
Total	-6,352	-7,776
Difference between tax expense and tax expense based on applicable tax rate		
Recognised profit/loss before tax	47,281	35,070
Tax at 22% (22)	-10,402	-7,715
Tax effect of non-deductible expenses	103	-62
Tax effect of non-deductible income	4,988	1
Effects of foreign tax rates	-1,042	0
Tax on profit/loss for the year in accordance with income statement	-6,352	-7,776

Note 16 Deferred tax

Deferred tax recoverable	2015	2014
Intangible assets relating to acquisition	44,293	
Total deferred tax liabilities	44,293	
Deferred tax assets		
Deferred tax carry forward	22,220	26,075
Inventories	3,850	5,227
Total deferred tax assets	26,070	31,302

Temporary differences

Temporary differences referring to the following items have resulted in deferred tax liabilities and deferred tax assets. These items have indefinite useful lives.

Temporary differences relating to investments in subsidiaries for which deferred tax liabilities have not been recognised, as a sale would not result in taxation.

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available, against which the temporary differences can be utilised. In cases where the company has reported losses in recent years, deferred tax recoverable relating to previous losses is only recognised to the extent that there are compelling circumstances indicating that it will be used to offset future taxable profits.

The parent company has an extensive budget process which has proved highly accurate. Furthermore, there are verifiable circumstances in the form of the current order backlog and agreements with customers.

At 31 Dec 2015 Sensys Gatso Group AB had total estimated unutilised tax losses of SEK 125,214 thousand (147,862).

For the subsidiary in Australia a tax asset of 1,116 Tkr has been recognised, which can be used against taxable future profits.

For the subsidiary in USA the company has unrecognised tax losses that can be used against taxable profit in the next coming 13-20 years.

Note 17 Prepaid expenses and accrued income

	2015	2014
Prepaid lease payments	235	247
Prepaid rent	933	621
Prepaid insurance	838	
Accrued income	6,540	
Other items	5,409	762
Total	13,955	1,630

Note 18 Cash, bank balances and other receivables

In 2013 the company deposited SEK 10 million with a bank, which will be frozen under a performance bond in the contract with the Swedish Transport Administration. The guarantee expires in July 2016.

Note 19 Accrued expenses and deferred income

	2015	2014
Accrued salaries	5,932	3,701
Holiday pay liability	9,379	3,969
Social charges	3,459	3,114
Deferred income	6,840	
Other liabilities	9,846	2,863
Total	35,456	13,647

Note 20 Warranty provision

	2015	2014
Guarantee provision 0-360 days	6,539	2,856
Guarantee provision > 360 days	7,577	2,221
Total	14,116	5,077

Note 21 Changes in the group 's composition - Acquisitions

On July 31st, after regulatory approvals, Sensys became the owner to 100 percent of Gatso Beheer BV. The Gatso Beheer BV based in Holland, is a supplier of traffic safety equipment and service with a managed service business in the US.

The consideration consists of the following components; (SEK Million)	
Cash paid	75.0
New Shares	214.5
Loan to the seller (present value)	60.6
Contingent consideration	37.9
Total consideration	388.0
Fair Value of net assets acquired	141.5
Goodwill	246.5
The assets and liabilities arising from the acquisition (SEK Million)	
	Fair Value
Cash and cash equivalents	6.7
Property, plant and equipment	33.9
Customer contracts	111.5
Brand	20.9
Financial assets	0.9
Intangible assets	53.4
Inventory	65.4
Receivables	46.5
Liabilities	-138.4
Non controlling interest	-8.2
Deferred tax liabilities	-51.1
Net assets	141.5
Cash purchase consideration	75.0
Cash and cash equivalents in the acquired company	-6.7
Transaction costs	7.9
Change in consolidated cash and cash equivalents on acquisition	76.2

Purchase price for Gatso Beheer

Payment for the acquisition took the form of a cash payment of SEK 75 million, an equity share issue in which 115,920,763 new shares were issued at a subscription price of SEK 1.2077 per share and a promissory note to the seller to the order of SEK 64.8 million (EUR 6.84 million based on Riksbanken's EUR/SEK exchange rate of 30 July 2015). The transaction expense for the acquisition of Gatso Beheer amounted to SEK 7.6 million and is recognised as an administrative expense in the consolidated income statement.

The promissory note has a term of seven years and is repaid in five instalments, SEK 28.4 million (3 EUR million) as of 31/07/2018, SEK 9.5 million (EUR 1 million) in years four, five and six after execution of the transaction, and SEK 7.9 million (0.8 EUR million) seven years after execution of the transaction.

The nominal purchase price for Gatso Beheer thus totals SEK 279.8 million, while the purchase price taken to the books totals 387.9 million. Out of the difference of 108.1 million, 37.9 million is the additional purchase price. The remaining difference of 70.2 million represents the difference in value of the shares due to the difference between subscription share price (SEK 1.2077 per share) and the share price at the day of closing of the transaction (SEK 1.8500 per share).

In addition to the nominal purchase price of 279.8 million, there is an additional purchase price of SEK 37.9 million based on performance in certain projects. These conditions are based on actual gross profit in certain projects 12 month after closing of the transaction, the minimum payment is zero and maximum is SEK 37.9 million.

Acquired intangible assets amounted to SEK 432.5 million of which goodwill amounted to SEK 238.3 million comprises expected synergies arising from the acquisition and the assembled workforce, which is not separately recognized. Synergies have primarily been identified to arise by a) combining Sensys and Gatso technologies, and b) increasing Sensys's total market in excess of Gatso's own market.

Additionally, SEK 111.5 million was assigned to customer contract with useful life of 1 to 7 years and SEK 20.9 million was assigned to trademarks that are subject to depreciation in 10 years. The remaining SEK 53.4 million was assigned to capitalized development expenses and other assets with useful lives of 4 to 8 years.

From the date of acquisition, Gatso Beheer has contributed SEK 210.3 million of net sales with an EBIT of 20.4 million in 2015 (five months). If the acquisition had taken place at the beginning of the year, the contribution of net sales would have been SEK 370 million with an EBIT of SEK 2.6 million.

We have evaluated the non controlling interest in Gatso Beheer, where we have used a full goodwill method and the value amounts to SEK -8.2 million.

Note 22 Audit fees and reimbursement of related costs

	2015	2014
PwC		
Audit assignment	1,144	220
Audit advisory	556	25
Tax consulting	436	105
Other assignments	1,656	133
Total	3,792	483

	2015	2014
BDO		
Audit assignment	846	0
Audit advisory	169	0
Tax consulting	180	0
Other assignments	82	0
Total	1,277	0
	5,069	483

Note 23 Pledged assets and contingent liabilities

	2015	2014
Floating charge	30,000	18,500
Guarantees, customer authorities	10,000	10,000
Other pledged assets, subsidiaries	185,629	0
Total pledged contingent liabilities	225,629	28,500

In 2013 the parent company deposited SEK 10 million with a bank, which will be frozen under a performance bond in the contract with the Swedish Transport Administration. The guarantee expires in July 2016.

Other pledged assets, subsidiaries

Pledges and securities Australia

Security Interest and Charge over all of the present and future rights, property and undertakings of Gatso Australia Pty Limited. A standby letter of credit in favour of the National Australia Bank Limited provided by Sensys Gatso Managed Services B.V.

Pledges and securities Netherlands

The company SGG BV is jointly liable for the credit and guarantee facilities provided by Rabobank together with Sensys Gatso Managed Services BV and Gatsometer BV.

The company has an Debt Service Coverage Ratio and absolute EBITDA agreement with the bank which have to be met each financial year under the agreement of the bank facilities.

Pledge on present and future receivables arising from trade and business, stock and inventory including machinery and transport vehicles of Sensys Gatso Group BV, FDFJ BV, Gatso Australia Pty Ltd, Sensys Gatso Managed Services BV, Gatso USA Inc., Gatsometer BV and Gatsometer Europa BV.

Pledge on claims arising from credit insurances of Sensys Gatso Group BV, FDFJ BV, Gatso Australia Pty Ltd, Sensys Gatso Managed Services BV, Gatso USA Inc., Gatsometer BV and Gatsometer Europa BV.

Subordination of loan V.O.F. PTF Groep with a minimum of € 2.0 million.

Commitments in subsidiaries

Purchase obligations

The company has entered into purchase obligations for goods to be delivered.

Note 24 Events after the balance sheet date

After the year-end closing the Board has decided to launch a transformation program covering the Dutch and Swedish operations aimed at reducing costs and improving capital efficiency whilst transforming the organisation into a focused software and services company.

The estimated cost for the program is SEK 30 million. Estimated annual cost savings amounts to SEK 20 million and the net working capital will be reduced by SEK 30 million. The program will be reaching full effect in the first quarter 2017.

The final results of the program depends on the outcome of negotiations with Employee Representatives and Trade Unions.

The Board of Directors proposes that no dividend payment is made for 2015 (0).

During the period from the balance sheet date to the signing of this Annual Report, no significant events have occurred and no information on circumstances on the balance sheet date or thereafter, whether favourable or unfavourable, has required additional disclosures, other than what has been stated above.

Note 25 Risks

Risk management is part of all business operations, and its purpose is to identify, assess, manage and report significant risks. The Group's risk management covers risks associated with individual projects, operational risks and risk of failing to comply with laws and regulations, such as the risks involved in financial reporting. Market risks include the effects of economic conditions, trends, customer development, supplier dependence, political decisions and competition. Risks also include technological risk and production disturbances as well as the capacity to attract and retain key individuals. Financial risks include existing financing, options for future financing and currency- and interest risks. Legal risks consist of legislation, regulations, insurance, public authorities and supervisory bodies, as well as disputes and claims for damages. Risks that are managed well can lead to opportunities and generate value, while risks that are not dealt with correctly can cause damages and unnecessary costs for the company. For this reason, the ability to identify risk factors and manage risks is an important part of the company's operational activities.

FINANCIAL RISKS

Sensys Gatso is exposed to financial risks in its international business due to changes in exchange- and interest rates, as well as liquidity, financing and credit risks. The Group's policy for managing financial risks has been defined by the Board and serves as a framework for risk management.

CURRENCY RISK

Currency risk refers to the fluctuations in exchange rates having a negative impact on Group's income statement, balance sheet and/or cash flow. Currency risk arises when future business transactions, or reported assets or liabilities, are expressed in a currency which is not the Group's functional currency.

Transaction exposure

In the Group's international operations, some customers pay in their own currency which means that the Group is exposed to transactional currency risks. This kind of currency risk also arises in conjunction with the import of raw material and components in a currency that is not the Group's functional currency. Incoming flows or foreign currencies should be used for payment in the same currency.

Translation exposure

Currency risk also arises in conjunction with the translation of foreign net assets and earnings, so-called translation exposure. This currency risk is not hedged and refers, primarily, to the translation of foreign subsidiaries' income statement and balance sheets. Earnings from foreign subsidiaries are translated into Swedish krona based on the average exchange rate for each month. The exposure of the Group's net assets outside of Sweden has increased from previous years due to the acquisition of Gatso Beheer BV.

The Group's risk exposure in foreign currencies at the end of 2015, expressed in thousands of Swedish kronor (SEK 000s) were the following:

	EURO	USD	SEK	AUD
Accounts receivable	18 982	753		901
Intra-Group/Related party loans	581	0		0
Financial receivables	938	63		1 174
	20 501	816		2 075
Bank loans	-1 729	0	-43 750	0
Intra-Group/Related party loans	-72 540	-15 357		0
Accounts payable	-4 311	-145		-906
Other financial liabilities	-227	-123		-187
	-78 807	-15 625	-43 750	-1 093

As indicated by the exposure table above, the Group is primarily exposed to changes in the EUR/SEK exchange rate.

	Impact on profit after tax		Impact on other components in equity	
Tkr	2015	2014	2015	2014
EUR/SEK exchange rates + 10%	-41 545	n/a	14 217	n/a
USD/SEK exchange rates + 10%	-9 648	n/a	8 838	n/a
AUD/SEK exchange rates + 5%	233		558	n/a

The largest exposure to changes is in the EUR/SEK exchange rate, but the USD/SEK exchange rate is also sensitive to changes, which can affect equity, especially since the Company, following the acquisition of Gatso Beheer BV, has goodwill and other intangible assets in local currencies. Earnings are more sensitive to changes in the EUR exchange rate in 2015 compared with 2014 due to an increase in borrowing in EUR. In addition to this, the Company has no forward exchange contracts that can affect equity. The Group's exposure to other exchange rate fluctuations is not material.

INTEREST RISKS

Sensys holds no interest-bearing assets and, accordingly, the Group's income and cash flow from operating activities are, in all material aspects, independent of changes in market interest rates. The Group's interest-rate risk arises in conjunction with long-term borrowing. The aim is to limit the interest risk in the Group's interest-bearing liabilities. At the closing date, the Group had SEK 214.7 million (0) in interest-bearing liabilities and cash and cash equivalents were SEK 76.2 million (80.5). Borrowing on the basis of floating interest rates exposes the Group to interest-rate risks as regards to cash flow. Borrowing on the basis of fixed interest rates implies an interest-rate risk for the Group in terms of fair value. During 2015, the Group's borrowings largely consisted of loans with three months fixed interest rates.

If interest rates on borrowing in Swedish krona as of 31 December 2015 had been 10 points higher/lower, but all other variables had been constant, then gains after tax for the financial year would have been SEK 1.8 million (0.0) higher/lower, primarily as an effect of higher/lower interest expenses for borrowings with floating interest rates. The Group holds no listed financial instruments.

LIQUIDITY AND FINANCIAL RISKS

Financing risk also refers to risks associated with existing and future financing, refinancing of overdue loans, or difficulties in raising external loans. Liquidity risk refers to the risk of being unable to fulfil payment commitments when they fall due as a consequence of insufficient liquidity. Both of these forms of risk are managed by the company preparing regular cash flow forecasts. The Board closely monitors rolling forecasts for the company's liquidity reserve to ensure that the company has sufficient cash funds to meet the requirements of operating activities. For the liabilities the company has conventional covenants towards the banks, such as debt-to equity, levels of EBITDA and certain restriction for new investments. Also, management regularly follows rolling forecasts for the Group's liquidity reserve on the basis of anticipated cash flows. The table below presents an analysis of the Group's financial liabilities to be settled net, specified according to the contractual time to maturity, as of the closing date. The interest amounts stated in the table are the contractual, undiscounted cash flows. Amounts falling due within 12 months correspond with the carrying amounts, as the effect of discounting is negligible.

As of 31 December 2015	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	More than 5 years
Bank loans	80,375	18,750	0	0
Trade payables and other liabilities	56,401	0	0	0
Loan to related parties	43,603	12,663	59,840	19,550
Total	180,379	31,413	59,840	19,550

As of 31 December 2014				
Bank loans	0	0	0	0
Trade payables and other liabilities	11,207	0	0	0
Total	11,207	0	0	0

CREDIT RISK

Credit risks are defined as the risk of loss if the opposite parties with whom the Group has invested cash and cash equivalents, fail to fulfil their obligations. Credit risks are to a large extent avoided through effective creditworthiness analyses/monitoring of existing and potential customers, and in certain cases by obtaining payments in advance or payment against a letter of credit. The Groups' assets are recognised in the balance sheet after deduction for provisions for expected credit losses. The credit risk is limited to the carrying amount of each financial asset. A provision of SEK 22.0 million (0) was made for receivables that are not expected to be paid.

CAPITAL RISK

The Group's objective with regard to the capital structure is to secure the Group's ability to continue operating, so that it can continue to generate returns for shareholders and benefits for other stakeholders, and to maintain an optimal capital structure to keep the cost of capital down. To maintain or adjust the capital structure, the Group may change the dividend paid to shareholders, repay capital to shareholders, issue new shares or sell assets to reduce debt. The debt/equity ratio at 31 December 2015 was 78 per cent (86).

OPERATIONAL RISKS

For Sensys Gatso, a major part of operational risk lies in the management of each individual project. Sensys Gatso works actively to integrate risk management in each customer project, and has developed an in-house tool, Risk Assessment Analysis, for this purpose. The tool enables the company to identify, manage and where necessary, accept and limit the risks involved in each project. The project manager is responsible for implementing Risk Assessment Analysis and subsequently following up and reporting on important matters. In addition to this, for larger projects, a member of the management team will be appointed to act as sponsor for the project and the point of contact for regular reports from the project manager.

Each linear manager is also responsible for driving and developing his/her respective area of responsibility, which includes identifying opportunities and threats as well as continuously following up activities. Finally, the management team's meetings function as a forum for discussions upon which operational decisions are based, thereby consolidating risk management in its entirety.

PRICE RISK

Price risk in the Group's operations primarily arise in conjunction with the purchase of material used in manufacturing.

INSURANCE

The Group has adequate insurance policies covering property, product liability, interruptions and transport, as well as an insurance policy covering the Board of Directors and CEO.

IT SECURITY

As computer-aided technology has assumed an increasingly greater scope within the companies, security requirements have also increased. The functional security of the databases and e-mail servers is checked via daily backups. The internet connection is fixed and completely isolated from other networks via hardware firewalls. Access via public networks is secured via security devices. User access to the system is regulated via Group authorisations and entitlements based on actual assignments and roles within the company.



Notes on the accounts, Parent Company

All amounts are expressed in SEK '000 unless otherwise stated.

Note 26 Total sales

Net sales by region	2015	2014
Sweden	114,616	121,349
Rest of Europe	8,719	8,399
USA	2,223	6,719
Middle East	56,535	20,241
Rest of the world	8,191	3,872
Total	190,284	160,580

In 2015, the company had two customer whose share of the company's total net sales exceeded 10 percent. These two customer are the Swedish Transport Administration, with SEK 114,6 million and Tradeson Limited with 20,6 Mkr. In 2014, this customer was the Swedish Transport Administration (SEK 121,0 million).

Note 27 Transactions with shareholders

Liabilities to related parties	2015	2014
Opening liabilities	0	0
Change during the year	36,560	0
Closing liabilities	36,560	0
Other non-current liabilities	2015	2014
Opening	0	0
Change during the year	58,466	0
Closing non-current liabilities	58,466	0

The seller has given a promissory note to the order of SEK 64.8 million (EUR 6.84 million based on Riksbanken's EUR/SEK exchange rate of 30 July 2015). The promissory note has a term of seven years and is repaid in five instalments, SEK 28.4 million (3 EUR million) as of 31/07/2018, SEK 9.5 million (EUR 1 million) in years four, five and six after execution of the transaction, and SEK 7.9 million (0.8 EUR million) seven years after execution of the transaction. In addition to this, the sellers have the right, under certain conditions, to receive an additional purchase price of a maximum of SEK 37.9 million (EUR 4 million), which may fall due for payment at the earliest during 2016.

Note 28 Purchase and sales between group companies

Of the Parent Company's total income from operations SEK 2.7 million (0) refers to remuneration from subsidiaries for services performed. Of the Parent Company's administrative costs SEK 0.9 million refers to remuneration to subsidiaries for services bought. There has been no other purchases between the Parent Company and the subsidiaries or other related parties. Remuneration to members of the Board, the CEO and other group management is reported in Note 2.

Receivables from subsidiaries	2015	2014
Opening receivables	0	0
Change during the year	2,725	0
Closing receivables	2,725	0
Other non-current assets subsidiaries	2015	2014
Opening participations	0	0
Change during the year	2,500	0
Closing participations	2,500	0

The fair values of the Group's financial assets correspond with their carrying amounts.

Liabilities to subsidiaries	2015	2014
Opening liabilities	0	0
Change during the year	865	0
Closing liabilities	865	0
Other non-current liabilities	2015	2014
Opening participations	0	0
Change during the year	0	0
Closing participations	0	0

The fair values of the Group's financial assets correspond with their carrying amounts. The pricing of transactions, such as purchases and sales of goods and services between Group companies, takes place on the basis of market conditions.

Note 29 Expenses by nature of expense

	2015	2014
Cost of goods sold	78,184	62,628
Cost of remuneration to employees (Note 2)	44,262	42,264
Depreciation, amortisation and impairment	811	866
Facilities	2,860	2,779
Sales expenses	9,567	5,783
Transportation costs	2,007	2,087
External services	6,365	2,413
Office expenses	2,406	965
Research & Development costs	301	649
Other Costs	7,337	5,593
Total	154,100	126,027

Note 30 Intangible assets

Distribution agreements

	2015	2014
Opening cost	1,012	462
Acquisitions	0	550
Closing accumulated cost	1,012	1,012
Opening amortisation	-737	-370
Amortisation for the period	-275	-367
Closing accumulated amortisation	-1,012	-737
Carrying amount	0	275

Note 31 Fixed assets

	Improvement expenses leasehold		Machines and other technical plant		Equipment		Motor vehicles	
	2015	2014	2015	2014	2015	2014	2015	2014
Opening accumulated acquisition value	0	0	3,146	2,346	2,770	2,333	438	0
Acquisitions	871	0	0	800	155	437	0	438
Disposals	0	0	0	0	0	0	0	0
Closing accumulated acquisition value	871	0	3,146	3,146	2,925	2,770	438	438
Opening accumulated depreciation	0	0	-1,933	-1,761	-1,248	-1,030	-109	0
Disposals	0	0	0	0	0	0	0	0
Depreciation for the period	0	0	-160	-172	-230	-218	-147	-109
Closing accumulated depreciation	0	0	-2,093	-1,933	-1,478	-1,248	-256	-109
Opening accumulated impairment	0	0	-573	-573	-1,270	-1,270	0	0
Closing accumulated impairment	0	0	-573	-573	-1,270	-1,270	0	0
Carrying amount	871	0	480	640	177	252	182	329

Note 32 Operational leasing arrangements

The company has entered into the following operating leases:

	Machines and other technical plan		Premises	
	2015	2014	2015	2014
Lease payments for the year	1,172	989	2,636	2,498
Minimum lease payments falling due within 1 year	855	794	2,566	2,566
Minimum lease payments falling due within 1-5 years	650	1,355	10,585	10,172
Minimum lease payments falling due later than 5 years	0	0	12,000	14,400

Notice of termination has been given on the current rental agreement, effective 28/02/2017. A new rental agreement has been signed with a new landlord, continuing for ten years with the possibility of extension.

Leases for machines, plant and equipment concern photocopy machines and motor vehicles. The lease term varies from three to five years, after which the lessee has the possibility to acquire the leased object, which will probably be the case. There are no variable charges.

Note 33 Inventories

	2015	2014
Acquisition value	38,686	41,664
Adjustment of value of inventories	-17,499	-23,761
Carrying amount	21,187	17,903

Note 34 Shares and participation in subsidiaries

	2015	2014
Opening acquisition value	50	50
Acquisitions for the year	395,862	0
Closing accumulated acquisition value	395,862	50
Carrying amount	395,912	50

Details of wholly owned subsidiaries, their corporate identity numbers and registered offices.

Subsidiaries	Corporate Identity number	Registered offices	No. of share	Carrying amount	
				2015	2014
SENSYS International AB	556811-3376	Jönköping	50	50	50
Sensys Traffic KK	0110-001-101894	Tokyo	100	34	
Gatso Beheer BV	34065996	Amsterdam	3,598	395,828	
Sub-subsidiaries	Corporate Identity number	Registered offices	No. of share		
Gatsometer B.V.	34065996	Haarlem, NL	500		
Gatsometer Europa B.V.	34077170	Haarlem, NL	400		
Sensys Gatso Managed Services B.V.	34064750	Haarlem, NL	400		
Gatso Australia Pty Ltd.	ABN20086 166494	Sydney, AUS	1,000		
Gatso Deutschland GmbH	HRB 67669	Hilden, DE	25,000		
FDFJ B.V.	34279593	Aerdenhout, NL	50,000		
FDFJ Inc.	4375982	Dover Delaware, USA	100		
Gatso USA Inc.	4375979	Dover Delaware, USA	80		
Gatso Asia Ltd.	1196483	Hong Kong, HK	1		
Gatso Canada	BC1009998	Alberta, CA	10,000		

Note 35 Shareholders' equity

Share capital

The share capital of Sensys Gatso Group AB amounts to SEK 32,857,754 (27,061,716), divided into 657,155,077 (541,243,314) shares. The quota value, previously the nominal value, is SEK 0.05 per share. All shares have an equal right to a portion of the company's assets and profits. Each share entitles the holder to one vote. At shareholders' meetings, each person entitled to vote may vote for the full number of shares owned and represented by him/her without any restriction in the number of votes. The share capital and number of shares has developed as follows since 1 January 1995:

Year	Transaction	Increase in number of shares	Increase in share capital (SEK)	Total share capital (SEK)	Number of shares	Nominal value of shares (SEK)
1995	Opening values			50,000	500	100
1997	Bonus issue	500	50,000	100,000	1,000	100
1998	Split 1000:1	999,000		100,000	1,000,000	0.10
1998	Bonus issue	4,000,000	400,000	500,000	5,000,000	0.10
1998	New share issue	1,025,000	102,500	602,500	6,025,000	0.10
1999	New share issue	4,065,999	406,600	1,009,100	10,090,999	0.10
2000	Bonus issue		1,009,100	2,018,200	10,090,999	0.20
2000	Split 4:1	30,272,997		2,018,200	40,363,996	0.05
2000	Exchange of convertibles	5,888,218	294,411	2,312,611	46,252,214	0.05
2000	New share issue	10,068,556	503,428	2,816,039	56,320,770	0.05
2001	Exchange of convertibles	101,776	5,089	2,821,128	56,422,546	0.05
2002	New share issue	79,787,095	3,989,355	6,810,483	136,209,641	0.05
2003	New share issue	34,781,829	1,739,091	8,549,574	170,991,470	0.05
2004	Redemption of warrants	360,000	18,000	8,567,574	171,351,470	0.05
2004	New share issue	3,171,909	158,595	8,726,169	174,523,379	0.05
2004	New share issue	35,783,672	1,789,184	10,515,353	210,307,051	0.05
2005	Redemption of warrants	3,620,000	181,000	10,696,353	213,927,051	0.05
2006	Redemption of warrants	2,000,000	100,000	10,796,353	215,927,051	0.05
2010	New share issue	71,975,683	3,598,784	14,395,137	287,902,734	0.05
2012	New share issue	191,935,152	9,596,757	23,991,894	479,837,886	0.05
2013	Redemption of warrants	30,909,453	1,545,473	25,537,367	510,747,339	0.05
2013	Redemption of warrants	30,486,975	1,524,349	27,061,716	541,234,314	0.05
2015	Issue for non-cash consideration	115,920,763	5,796,038	32,857,754	657,155,077	0.05

Note 36 Trade receivables

	2015	2014
Age structure of outstanding trade receivables		
Trade receivables not yet due	19,262	33,146
Trade receivables past due but not impaired:		
< 3 months	8,423	741
3-12 months	6,781	470
>12 months	2,119	0
	36,585	34,357

The company's customers chiefly comprise companies within the public sector with good creditworthiness. The company has historically experienced very few losses on trade receivables.

Trade receivables past due and impaired

	2015	2014
< 3 months	0	0
3-12 months	0	0
>12 months	1,241	0
Provision for doubtful trade receivables	-1,241	0
Carrying amount	36,585	34,357

Change in provision for doubtful trade receivables

	2015	2014
Opening provision	0	7
Confirmed losses	0	-7
Provision for the year	1,241	0
Closing provision	1,241	0

Note 37 Profit/loss from financial investments

Interest and similar profit/loss items	2015	2014
Interest income on bank deposits	47	399
Exchange rate effects	3,983	157
Other financial income	4	6
Total financial income	4,034	562
Interest expense on financial liabilities	2015	2014
Interest expense	-661	0
Exchange rate effects	-1,014	-45
Total financial costs	-1,675	-45

Note 38 Bank overdraft facilities and other borrowing

Agreed bank overdraft facilities at year end amounted to 25 Mkr (0) for the Parent Company.

	2015	2014
The Parent company's interest-bearing borrowings		
Maturities for long-term loans:		
Within one year, SEK	25,000	0
Within one year, EURO	36,560	
Between two and five years	77,216	0
Total	138,776	0
Average interest expenses on borrowings;		
Long-term borrowings, SEK	661	0
Long-term borrowings, EUR	0	0
Total	661	0

Note 39 Tax on profit for the year

	2015	2014
Current tax	0	0
Deferred tax	-6,348	-7,776
Total	-6,348	-7,776
Difference between tax expense and tax expense based on applicable tax rate		
Recognised profit/loss before tax	38,543	35,070
Tax at 22% (22)	-8,479	-7,715
Tax effect of non-deductible expenses	-49	-62
Tax effect of non-deductible income	2,180	1
Effect of unrecognised tax asset relating to tax losses	0	0
Tax on profit/loss for the year in accordance with income statement	-6,348	-7,776

At 31 Dec 2015 the company had total estimated unutilised tax losses of SEK 125,114 thousand (147,862).

In the annual accounts, total tax losses from 2005 up until Q1 2012 have been recognised as an asset.

Temporary tax differences

Deferred tax recoverable	2015	2014
Accumulated tax losses	21,104	26,075
Temporary differences relating to inventories	3,850	5,227
	24,954	31,302

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available, against which the temporary differences can be utilised. In cases where the company has reported losses in recent years, deferred tax recoverable relating to previous losses is only recognised to the extent that there are compelling circumstances indicating that it will be used to offset future taxable profits. The company has an extensive budget process which has proved highly accurate. Furthermore, there are verifiable circumstances in the form of the current order backlog and agreements with customers.

Note 40 Prepaid expenses and accrued income

	2015	2014
Prepaid lease payments	234	247
Prepaid rent	933	621
Other items	1,726	762
Total	2,893	1,630

Note 41 Accrued expenses and deferred income

	2015	2014
Accrued salaries	4,949	3,701
Holiday pay liability	4,111	3,969
Social charges	3,459	3,114
Accrued interest expense	228	0
Accrued direct costs	1,129	0
Other liabilities	808	2,863
Total	14,684	13,647

Note 42 Provision for guarantee expenses

	2015	2014
Guarantee provision 0-360 days	5,115	2,856
Guarantee provision > 360 days	2,029	2,221
Total	7,144	5,077

Note 43 Audit fees and reimbursement of related costs

	2015	2014
PwC		
Audit assignment	1,144	220
Audit advisory	556	25
Tax consulting	436	105
Other assignments	1,656	133
Total	3,792	483

Note 44 Pledged assets and contingent liabilities

Pledged assets	2015	2014
Floating charge	30,000	18,500
Total pledged contingent liabilities	30,000	18,500

Contingent liabilities	2015	2014
Guarantees, customer authorities	10,000	10,000
Total contingent liabilities	10,000	10,000

In 2013 the company deposited SEK 10 million with a bank, which will be frozen under a performance bond in the contract with the Swedish Transport Administration. The guarantee expires in July 2016.

Note 45 Parent Company

The Parent Company's business name is Sensys Gatso Group Aktiebolag. The company is a limited liability company, registered with the Swedish Companies Registration Office, with its registered office in the County of Jönköping, the Municipality of Jönköping, and with the Corporate Identity Number 556215-4459. The company's visiting address is Vasavägen 3c, Jönköping, Sweden.

Sensys Gatso Group AB is the Parent Company of the Sensys Gatso Group, one of the world's leading traffic safety supplier. The Group develops, manufactures and markets traffic safety systems that preliminary used for monitoring red-light and speed control. At year end, Sensys Gatso Group AB had 23,471 shareholders. Together, the ten largest shareholders hold 37,3 per cent (41,2) of the shares outstanding.

The Board of Directors and the CEO certify that the consolidated accounts have been prepared in accordance with international financial reporting standards, IFRS, as adopted by the EU, and that they provide a true and fair view of the Group's financial position and the results of its operations.

The annual report has been prepared in accordance with generally accepted accounting principles in Sweden and provides a true and fair view of the Parent Company's financial position and results.

The administration report for the Group and Parent Company provides a true and fair overview of the development of the Group's and the Parent Company's operations, financial position and results, and describes significant risks and uncertainty factors facing the Parent Company and other companies within the Group.

The income statements and balance sheets will be submitted for adoption at the AGM on 19 May 2016.

Jönköping, 25 April 2016

Gunnar Jardelöv
Chairman of the Board

Karin Ahl
Board member

Ingemar Skogö
Board member

Jochem Garritsen
Board member

Helena Nordman-Knutson
Board member

Claes Ödman
Board member

Torbjörn Sandberg
Chief Executive Officer

Our audit report was submitted on 25 April 2016

Martin Odqvist (chief auditor)
Authorised Public Accountant

Magnus Brändström
Authorised Public Accountant

Auditor's report

To the annual meeting of the shareholders of Sensys Gatso Group AB (publ.), corporate identity number 556215-4459

Report on the annual accounts and consolidated accounts

We have audited the annual accounts and consolidated accounts of Sensys Gatso Group AB (publ.) for the year 2015 except for the corporate governance statement on pages 16-21. The annual accounts and consolidated accounts of the company are included in the printed version of this document on pages 12-56.

Responsibilities of the Board of Directors and the Managing Director for the annual accounts and consolidated accounts

The Board of Directors and the Managing Director are responsible for the preparation and fair presentation of these annual accounts in accordance with the Annual Accounts Act and of the consolidated accounts in accordance with International Financial Reporting Standards, as adopted by the EU, and the Annual Accounts Act, and for such internal control as the Board of Directors and the Managing Director determine is necessary to enable the preparation of annual accounts and consolidated accounts that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these annual accounts and consolidated accounts based on our audit. We conducted our audit in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the annual accounts and consolidated accounts are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the annual accounts and consolidated accounts. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the annual accounts and consolidated accounts, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation and fair presentation of the annual accounts and consolidated accounts 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 the Board of Directors and the Managing Director, as well as evaluating the overall presentation of the annual accounts and consolidated accounts.

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

Opinions

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the parent company as of 31 December 2015 and of its financial performance and its cash flows for the year then ended in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the group as of 31 December 2015 and of their financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards, as adopted by the EU, and the Annual Accounts Act. Our opinions do not cover the corporate governance statement on pages 16-21. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

We therefore recommend that the annual meeting of shareholders adopt the income statement and balance sheet for the parent company and the group.

Report on other legal and regulatory requirements

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the proposed appropriations of the company's profit or loss and the administration of the Board of Directors and the Managing Director of Sensys Gatso Group AB (publ.) for the year 2015. We have also conducted a statutory examination of the corporate governance statement.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss, and the Board of Directors and the Managing Director are responsible for administration under the Companies Act and that the corporate governance statement has been prepared in accordance with the Annual Accounts Act.

Auditor's responsibility

Our responsibility is to express an opinion with reasonable assurance on the propo-

sed appropriations of the company's profit or loss and on the administration based on our audit. We conducted the audit in accordance with generally accepted auditing standards in Sweden.

As a basis for our opinion on the Board of Directors' proposed appropriations of the company's profit or loss, we examined whether the proposal is in accordance with the Companies Act.

As a basis for our opinion concerning discharge from liability, in addition to our audit of the annual accounts and consolidated accounts, we examined significant decisions, actions taken and circumstances of the company in order to determine whether any member of the Board of Directors or the Managing Director is liable to the company. We also examined whether any member of the Board of Directors or the Managing Director has, in any other way, acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

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

Furthermore, we have read the corporate governance statement and based on that reading and our knowledge of the company and the group we believe that we have a sufficient basis for our opinions. This means that our statutory examination of the corporate governance statement is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden.

Opinions

We recommend to the annual meeting of shareholders that the profit be appropriated in accordance with the proposal in the statutory administration report and that the members of the Board of Directors and the Managing Director be discharged from liability for the financial year.

A corporate governance statement has been prepared, and its statutory content is consistent with the other parts of the annual accounts and consolidated accounts.

Jönköping 25 April 2016

Öhrlings PricewaterhouseCoopers AB

Martin Odqvist
Authorized Public Account
Auditor-in-Charge

Magnus Brändström
Authorized Public Account

Information to shareholders

Sensys Gatso Group AB (publ) will publish the following financial information:

- » Q1 2016, 19 May
- » Q2 2016, 25 August
- » Q3 2016, 24 November

Annual reports and other reports are available at our website at www.sensysgatso.com and can also be ordered directly from Sensys Gatso.

Annual General Meeting of Shareholders

Sensys Gatso will hold its Annual General Meeting of Shareholders on 19 May 2016 at 3pm at Elite Stora Hotellet, Hotellplan, Jönköping.

Right to participate in the Annual General Meeting

Shareholders wishing to attend the Annual General Meeting of Sensys Gatso must be recorded in the share register maintained by Euroclear Sweden AB no later than 13 May 2016, and have given notice of their intention to attend the Meeting by 13 May 2016.

In order to be entitled to attend the Annual General Meeting and exercise their right to vote, shareholders whose shares are registered under a nominee name must temporarily register the shares in their own name. Such re-registration must be handled by the trustee/bank and shall be completed with Euroclear Sweden AB by 13 May 2016.

Notification of intention to attend

Notice of intention to attend the Annual General Meeting must be made to Sensys Gatso by 12 noon on 13 May, by mail:

Sensys Gatso Group AB
Box 2174

550 02 Jönköping

by telephone: +46 (0)36-34 29 98

by fax: +46 (0)36-12 56 99

or by e-mail: info@sensys.se

Nominating committees Audit committee

Due to the size of the company it has not been deemed necessary to set up a separate audit committee.

Remuneration committee

No separate remuneration committee has been appointed in the company. Issues relating to remuneration for the CEO are handled by the Chairman in consultation with the other Board members.

Decisions on remuneration to other senior executives are made by the CEO in consultation with the Chairman of the Board.

Nominating committee

The nominating committee prepares proposals for the Annual General Meeting with regard to the election and remuneration of Board members and auditors. The nominating committee meets when required, although at least once a year. Since the AGM held on 16 April 2013, the nominating committee of Sensys Gatso Group AB (publ) has been composed of the following members:

Pehr-Olof Malmström, Danske Capital AB (Chairman)

Box 7253

Kungsträdgårdsgatan 16

103 92 Stockholm

T +46 752 48 1954

E-mail: pmail@danskecapital.com

Gunilla Nyström, AMF fonder

T +46 (0)70-281 74 60

E-mail: gunilla.nystrom@amf.se

Jan Johansson, for Midway and others

T +46 (0)8-149502 or +46 (0)706-709047

E-mail: jjfab@telia.com

Timo Gatsonides, for own holdings

T +31 6 22 775 901

E-mail: t.gatsonides@sensysgatso.com

Gunnar Jardelöv, as Chairman of the board

T +46 (0)708-348 148

E-mail: gunnar@contigoab.com

Proposals to the nominating committee must be submitted to the Chairman, Pehr-Olof Malmström.

Contact for financial information

Chief Financial Officer Niki Gatsonides

T +31 6 22 775 900

E-mail: n.gatsonides@sensysgatso.com

Addresses

Sensys Gatso Group AB

Vasavägen 3c, SE-554 54 Jönköping
Box 2174, SE-550 02 Jönköping
Sweden
T +46 36 34 29 80
E-mail: info@sensys.se
Registered No 556215-4459
VAT NO SE556215445901

Development office

C/o Technosite
Smedgränd 3, SE-753 20 Uppsala, Sweden
T +46 (0)18-18 66 67

Sensys Gatso Group AB Middle East

P.O. Box 371127, Dubai
Dubai Airport Freezone, Building 5EA,
Office G03
United Arab Emirates
T +971 50 4549 300
E-mail: s.naziri@sensysgatso.com

Gatsometer BV

Claes Tillyweg 2
2031 CW Haarlem
PO BOX 4959
2003 EZ Haarlem
The Netherlands
T +31 23 5255050
E-mail: info@sensysgatso.com

Gatso Australia Pty Ltd

Melbourne Office
Unit 8 11-12 Phillip Court
Port Melbourne, VIC 3207
Australia
T +61 3 9647 6470
E-mail: sales@gatso.com.au

Sydney Office

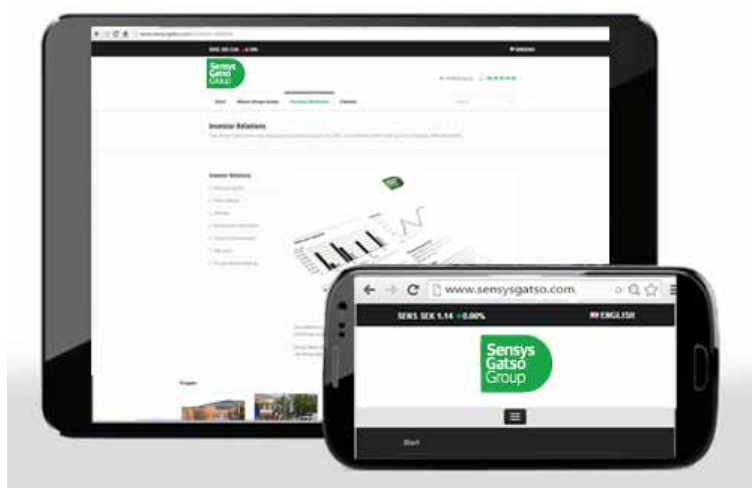
Unit 8
64 Talavera Road
North Ryde, NSW 2113
Australia
T +61 2 9870 7000
E-mail: contact@gatso.com.au

Gatso Deutschland GmbH

Hofstr. 64
40723 Hilden
Germany
T +49 2103 9689 760
E-mail: vertrieb@gatso.com

Gatso USA, inc.

900 Cummings Center
Suite 222-T
Beverly, MA 01915
USA
T +1 978 922 7294
E-mail: ussales@gatso.com



Sensys Gatso's website – www.sensysgatso.com – contains detailed and up-to-date financial information. The website also has a subscriber service for those wishing to subscribe to press releases and reports via e-mail.

Sensys Gatso is a global leader in traffic management solutions for nations, cities and fleet owners. Sensys Gatso has subsidiaries in Australia, Germany, the Netherlands, Sweden, and the USA, and a branch office in the United Arab Emirates. The Sensys Gatso Group's shares are listed at NASDAQ Stockholm. The Group has over 150 employees and is the result of a merger of Sensys Traffic AB and Gatso Beheer B.V. following Sensys Traffic's acquisition of Gatso Beheer.

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