GROUPE KEOLIS S.A.S.
FINANCIAL REPORT
2017

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1. MANAGEMENT REPORT

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A MANAGEMENT REPORT FROM THE PRESIDENT OF THE BOARD OF DIRECTORS' ON THE CONSOLIDATED AND STATUTORY ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2017 *Ordinary Annual General Meeting of 3 May 2018*

Ladies and Gentlemen,

In accordance with legal, regulatory and statutory requirements, we submit for your approval the consolidated and annual financial statements for the financial year ended 31st December 2017 and report to you on the activities of our Company and its subsidiaries during the year.

Your auditors will also read their reports to you.

This report reviews the various items of information as required by applicable regulations and information on corporate governance.

1 ■ ACTIVITY

Business activity and development

France

- The group recorded solid commercial results, with the full-year revenue of contracts won amounting to €761 million. In the Major networks, the Lille and Rennes contracts were renewed in profitable conditions. Among its Large City networks, the Group had its contract renewed in Caen and Amiens, and also won a new contract in Besançon. Keolis however lost the Lorient and Montbéliard networks. In the French Regions and Greater Paris branches (Greater Paris), contract renewal was generally satisfactory.
- Measured by value, the offensive bids won by the Group compensated for the defensive contracts that were lost.
- Passenger revenue on city contracts held up well, with 4.6% growth across Keolis' 14 largest city transport networks compared to their 2016 figure.

EFFIA

- EFFIA Stationnement had a very positive commercial year in terms of tender activity, winning 37 new contracts, most notably relating to changes to French law regarding penalties for street parking. Turnover rose by 8.9% compared with 2016. Excluding the scope effect, car park revenue rose by 4.7%.
- Kisio experienced some growth, thanks in particular to the development of Plan-Book-Ticket (Kisio Digital) and the Customer Contact Centre services provided to SNCF Voyages (Kisio Services). The firm recorded a good order intake.

International

- Outside France, the Group's business grew significantly, with the launch of a number of new operations: tram networks in Manchester (United Kingdom) and Aarhus (Denmark), the TWN rail network (Germany), train and bus networks in Zwenzwoka and Almere (Netherlands), the Foothill bus network (United States), the multimodal network in Newcastle (Australia), the extension of the Gold Coast tram network (Australia), the launch of the Hyderabad metro (India) and the wins of the Doha metro and tram network (Qatar) and the Pudong metro (China). The Group lost the London Midland rail franchise in the United Kingdom.
- The year was also marked by the turnaround of the Boston and Las Vegas contracts, while in Continental Europe, results failed to improve.

New Mobility Solutions

- Keolis continued to support the development of LeCab and launched the shared transport service PLUS in partnership with VIA.
- The Group also continued the development of autonomous shuttles in association with NAVYA through operations in Lyon-Confluence and La Défense, also winning the ADP (Paris Airports) project and putting on an array of demonstrations all over the world (United States, Canada, United Kingdom, Denmark, Australia, etc.).
- In the digital field, Keolis developed a strategic partnership with Famoco to accelerate the digitalisation of travel tickets (first introduced in Orleans and Montargis) and deployed the HelloGo platform in the Netherlands (a digital app combining transport modes). The Group also signed a partnership with Wordline on the use of EMV cards in public transport (open payment) and launched the project in Dijon (service to be inaugurated in March 2018).
- In on-demand transport (ODT), Keolis was selected to conduct the first pilot project in the Sydney area in Australia. In France, the Group was reselected to operate Europe's largest on-demand transport service, Filéo (Paris-CDG airport platform). Three studies are also underway in Tours, Orleans and Bordeaux.

Acquisitions and investments

In France, the Group acquired the companies Les Coccinelles and Les Kangourous 2 (Paris region) which provide transport services to people with reduced mobility (PRM).

EFFIA bought the firms Alfa Park and Parkeren Roeselare, thus marking the first steps of the Keolis subsidiary abroad (15,000 parking spaces in Belgium).

Also outside France, the Group acquired Compagnie des Autobus Liégeois in Belgium and the company Goolwa (school buses) in Australia.

In New Mobility Solutions, Keolis Santé was founded following the acquisitions of the companies Douillard and Intégral (France) and subsequently formed an alliance with JUSSIEU Secours France, making Keolis the leading operator of medical transport in France.

The Group also took part in a share capital increase at Navya and made investments in VIA and Masabi.

Finally, Keolis invested alongside the insurer MAIF in Wheeliz, the first social platform in France specialising in the hire of cars specifically adapted for the disabled and wheelchair users.

The company's financial position

At 31 December 2017, the Group had net financial debt of €1,010 million, chiefly made up of a €900-million syndicated loan maturing on 2022 of which €600 million had been drawn, together with other external financing facilities arranged in France and other countries with maturity dates running to 2025.

To manage its liquidity risk, the Group uses bank overdrafts, short term financing facilities and daily liquid investments.

The Group manages its counterparty risk by only borrowing from banks falling within the "Authorised" bank category. This category is defined according the banks' ratings and their participation towards the financing of the Group.

As a result of its operational, financial and investment activities, the Group is exposed to the following financial market risks:

- Interest rate risk;
- Foreign exchange risk;
- Commodities risk.

To manage this exposure, the Group uses standard, liquid and market-available derivative financial instruments:

- forward and futures sales and purchases;
- swaps;
- call options;
- put options used in combination with call options to provide symmetric or asymmetric collars.

The Group's interest rate risk exposure results from its financial debt, part of which is subject to variable interest rates. It is therefore exposed to rate rises. The objective of risk management is to protect the Group's financial income/expense from an increase in interest rates, while taking advantage of any decrease in rates to the greatest possible extent.

The Group also makes investments in foreign entities. To cover the foreign exchange risks engendered by these investments, the Group uses derivative financial instruments to maintain a reference exchange rate defined for the year.

The Group is exposed to the risk of the fluctuation of the price of diesel. This risk is partially hedged in the concession contracts signed with public transport authorities. For the remaining exposure, the Group implements a hedging policy using derivative financial instruments whose objective is to minimise the volatility of Group profits.

Main risks and uncertainties

The Group conducts its business in a constantly-evolving economic, competitive and technical environment. Identifying and anticipating risks and finding ways of controlling them lie at the heart of the Group's concerns.

The Group's geographical footprint, its status as a market leader and key player on different modes of transport, and the nature of the passenger transportation business all entail both intrinsic and external risks for the Group.

- Continuity risks are caused by sudden and serious events which affect business continuity and potentially harm its image and credibility. This could be the case, for example, with a major passenger accident, a terrorist attack or a widespread data hack.
- Performance risks are a threat to the company's results. They arise from operational management issues, such as an inability to win key contracts, a lack of necessary expertise in the complexity of railway operations, an inadequacy of skills to match needs, and non-compliance with regulatory requirements.
- Transformational risks threaten the future of the company and necessitate deep and rapid corrective action. This type of risk can be illustrated by poor capitalisation of data, the arrival of new unlicensed market players and a partly non-mature matrix organisation.

In the perspective of managing these risks rigorously, the Group has introduced a risk monitoring and control system sponsored by the members of the Executive Committee.

The Group's financial results

The Group's recurring turnover for 2017 amounts to €5,399.2 million, an increase of €324.2 million, or +6.4%, on 2016.

The foreign exchange impact is negative at €(24.9) million in particular against the sterling, the Swedish krona and the American dollar.
There is a negative technical effect of €(6.8) million due to the effects of IFRIC 12.
The consolidation scope effect is positive at +€50.3 million, including +€3.7 million in France (Les Coccinelles and Les Kangourous 2), +€3.2 million at EFFIA (L2O, Alfa Park and Parkeren Roeselare), +€9.3 million abroad (Skyport in Canada, Autobus Liégeois and Cars Gembloutois in Belgium, Goolwa in Australia) and +€34.1 million in New Mobility Solutions (Keolis Santé).

The portfolio impact of contracts won and lost stands at +€102.2 million, comprising €(29.7) million in France (losses of the Tadao

contract in Lens/Béthune, Keolis Alençon and the Caen PRM transport service, which were partly compensated by the T11 Transkeo tram-train with Transilien and the wins of Côte Basque-Adour and PAM 94), +€1.0 million at EFFIA (win of Nice Mozart) and +€130.9 million abroad (in particular, the wins of Manchester in the United Kingdom, Utrecht in the Netherlands, Newcastle in Australia and Foothill in the USA.).
Organic growth within existing contracts stands at +€203.6 or +4.0%, comprising +€63.8 million in France (Major networks +€29.6 million, Large City networks +€13.6 million, French Regions +€16.1 million, Greater Paris +€0.8 million and Other +€3.7 million), +€7.3 million at EFFIA (Parking and Other +€8.5 million and Kisio €(1.2) million) +€127.0 million for international activities (United Kingdom +€4.3 million, Continental Europe +€32.2 million, North America +€58.5 million, Australia +€30.7 million, New Regions for Development Territories +€1.4 million), +€6.5 million in New Mobility Solutions (LeCab) and €(1.1) million in the corporate holding company.
Organic growth of turnover including portfolio growth amounts to +€305.8 million or 6%.

Consolidated recurring EBITDA stands at €341.8 million, up by €29.3 million, or 9.4%, on 2016.
The foreign exchange impact is stable at €(0.1) million.
The technical impact is slightly negative at €(1.0) million.
The consolidation scope effect improves recurring EBITDA by €7.4 million, including €0.6 million in France, (Les Coccinelles and Les Kangourous 2), +€0.7 million at EFFIA (L2O and Alfa Park), +€2.0 million internationally (Skyport in Canada, Autobus Liégeois and Cars Gembloutois in Belgium) and +€4.0 million in New Mobility Solutions (Keolis Santé).
The portfolio impact of contracts won and lost amounts to +€4.1 million, of which €(2.8) million in France (notably the loss of Tadao, partly compensated by win of Côte Basque-Adour), +€0.1 million at EFFIA and +€6.9 million outside France (in particular Manchester in the United Kingdom, Utrecht and Almere in the Netherlands).
Organic growth within existing contracts amounts to +€18.9 million or 6.1%, comprising €18.3 million in France (Major networks +€11.5 million, Large City networks +€1.4 million, French Regions +€1.4 million, Greater Paris €(3.7) million and Other +€7.8 million), +€4.3 million at EFFIA (Parking and Other +€4.7 million and Kisio €(0.3) million), €(0.6) million for international activities (United Kingdom +€1.1 million, Continental Europe €(17.7 million), North America +€12.7 million, Australia +€1.8 million, New Regions for Development Territories +€1.5 million), €(0.4) million in New Mobility Solutions (LeCab) and €(2.8) million in the corporate holding company.
Organic growth of recurring EBITDA including portfolio growth is +€23.0 million or 7.4%.

Recurring operating profit amounts to €129.3 million, an improvement of 31.2% in relation to 2016.

Net income (Group share) for 2016 amounts to €50.9 million as against €45.0 million in 2016.

Free cash flow generation amounts to €(61.5) million in 2017, which is down by €(86.7) million compared with the +€25.2 million recorded in in 2016. Excluding acquisitions, it stands at €28.4 million, which is down by €(92.8) million compared to the ex-acquisition free cash flow of €121.2 million in 2016. This can be mainly attributed to the change in the variation of working capital requirement.

Net debt amounts to €1,010.5 million at the end of 2017 compared with €870.1 million at the end of 2016. The increase is essentially a consequence of the Group's active external growth policy.

2 ■ NOTES ON FINANCIAL STATEMENTS AND RESULTS

2.1. Consolidated financial statements

The consolidated financial statements are prepared in accordance with IFRS as adopted by the European Union.

Revenues from ordinary activities amount to €5,399.2 million.

After taking into account all operating costs, operating profit after income from investments under the equity method amounts to €95.2 million.

Net profit (group share) amounts to €50.9 million for the financial year ended 31 December 2017.

2.2. Annual financial statements

The operating loss amounts to €(1,261) thousand.

Financial expense amounts to €(6,996) thousand.

After posting an exceptional profit of €94 thousand and a corporate income tax credit of €25,739 thousand related to tax consolidation gains, the financial statements of GROUPE KEOLIS S.A.S. show a profit of €17,576 thousand.

2.3. Subsidiaries and investments

The table attached to the balance sheet provides all the necessary information concerning the company's subsidiaries and investments.

2.4. Notification of major holdings and takeovers

During the financial year 2017, the company GROUPE KEOLIS S.A.S. did not acquire or take over control of any companies.

GROUPE KEOLIS S.A.S. subscribed to

- a share capital increase by Keolis S.A. on 24 October 2017 for the amount of €65,981,400, by acquiring 5,498,450 new shares at nominal value of €12,
- a share capital increase of KEOMOTION on 28 November 2017 for the amount of €22,000,000, acquiring 220,000

new shares at nominal value of €100.

At the same time, **Keolis S.A.**, a subsidiary of GROUPE KEOLIS S.A.S., acquired or took over control of the following companies:

Acquisition of Companies in France /Shareholding investments		
Name	Date	Percentage
Les Coccinelles	31/03/2017	100% Keolis S.A.
Les Kangourous 2	31/03/2017	100% Les Coccinelles

Acquisition of companies abroad / Shareholding investments		
Name	Date	Percentage
Compagnie des Autobus Liégeois	31/01/2017	100% Eurobus Holding
Keolis China Limited (ex PPBT Hong-Kong)	05/01/2017	100% Keolis S.A.
Keolis (Wuhan) Public Transport Operation Management Co Ltd. (ex PPBT Wuhan)	05/01/2017	100% Keolis S.A.

Establishment of companies in France		
Name	Date	Percentage
KLP 19	31/12/2017	100% Keolis S.A.
KLP 20	31/12/2017	100% Keolis S.A.
KLP 21	31/12/2017	100% Keolis S.A.
KLP 22	31/12/2017	100% Keolis S.A.
KLP 23	31/12/2017	100% Keolis S.A.
KLP 24	31/12/2017	100% Keolis S.A.

Establishment of companies abroad		
Name	Date	Percentage
RKH Qitarat LLC	30/07/2017	51% Hamad Trading Group LLC 49% RDK
Keolis Downer S 6 Pty Ltd	10/08/2017	100% Keolis Downer Bus & Coachlines Pty Ltd
Keolis Rail Quebec Inc.	15/08/2017	100% Keolis Canada Inc.
Keolis Asia Pte. Ltd	06/09/2017	100% Keolis SA
Operations REM SEC	20/10/2017	74.99% Autocars Orléans Express Inc. 0.01% Keolis Rail Quebec
Maintenance REM SEC	25/10/2017	19.99% Autocars Orléans Express

At the same time, **EFFIA S.A.S.**, a subsidiary of GROUPE KEOLIS S.A.S., acquired or took control of the following companies:

Acquisitions / Shareholding investments in companies abroad		
Name	Date	Percentage
Alfa Park	28/04/2017	100% EFFIA Belgium
Galiliège	28/04/2017	24.50% Alfa Park
Parkeren Roeselare	16/10/2017	100% EFFIA Belgium
Parkeren Asse	16/10/2017	50% Alfa Park

Establishment of companies in France		
Name	Date	Percentage
EGS Montpellier	22/11/2017	100% EGS
KLP 16	12/12/2017	100% EFFIA Stationnement
KLP 17	12/12/2017	100% EFFIA Stationnement
KLP 18	12/12/2017	100% EFFIA Stationnement

Establishment of companies abroad		
Name	Date	Percentage
EFFIA Belgium	24/04/2017	99.90% EFFIA Concessions 0.10% EFFIA Park

At the same time, **KEOMOTION**, a subsidiary of GROUPE KEOLIS S.A.S., acquired or took control of the following companies:

Acquisitions de sociétés en France / Prises de participations		
Name	Date	Percentage
Keolis Santé	04/07/2017	51% KEOMOTION
NAVYA	14/12/2017	13.04% KEOMOTION

2.5. Research and development activity

The company has no research and development activity.

2.6. Information on supplier and customer payment settlement

In accordance with articles L 441-6-1 and D 441-4 of the Commercial Code, we analyse the year- end balance of amounts due to our suppliers and customers by due date:

Invoices received and not paid at year end	0 days (indicative)	1 - 30 days	31 - 60 days	61 - 90 days	91 days and more	Total (1 day and more)
(A) Overdue payment brackets						
Number of invoices	5	-	-	-	-	1
Total value of invoices (incl. VAT)	980	-	-	-	10	10
Percentage of total value of purchases (excl. VAT) for the year	14.9%	-	-	-	0.2%	0.2%
Percentage of total turnover (excl. VAT) for the year	-	-	-	-	-	-
(B) Invoices not included in (A) relating to disputed or non-booked liabilities						
Number of invoices not included						
Value of invoices not included (excl. VAT)						
(C) Reference payment due date used (contractual or legal)						
Due date used to calculate overdue payments	☑ Contractual due date ❑ Legal due date					

Invoices issued and not settled at year end	0 days (indicative)	1 - 30 days	31 - 60 days	61 - 90 days	91 days and more	Total (1 day and more)
(A) Overdue payment brackets						
Number of invoices	1	-	-	-	-	2
Total value of invoices (incl. VAT)	14	-	-	-	6	6
Percentage of total value of purchases (excl. VAT) for the year	-	-	-	-	-	-
Percentage of total turnover (excl. VAT) for the year	0.11%	0.00%	0.00%	0.00%	0.05%	0.05%
(B) Invoices not included in (A) relating to disputed or non-booked receivables						
Number of invoices not included						
Value of invoices not included (excl. VAT)						
(C) Reference payment due date used (contractual or legal)						
Due date used to calculate overdue payments	☑ Contractual due date ❑ Legal due date					

2.7. Information on secondary establishments

In accordance with the requirements of article L. 232-1 II of the Commercial Code, we can confirm that the Company does not have any secondary establishments.

2.8. Information on loans made to other companies (article l. 511-6 3 bis of the French Monetary and Financial Code)

Article L. 511-6 of the French Monetary and Financial Code requires the disclosure of any loans granted to economically-related companies under the meaning of article R. 511-2-1-1 of the Monetary and Financial Code. We specify that our company has not granted any loan entering into the scope of the provisions of article L. 511.6 3 bis of the French Monetary and Financial Code.

3 ■ FORESEEABLE TRENDS AND FUTURE PROSPECTS

In France, 2018 will be a busy year for the Group, with six contracts up for renewal among its Large City networks (Tours, Orleans, Nimes, Brest, Angers and Aix-en-Provence).
The main avenues for growth in France, in the medium term, are targeted acquisitions in the increasingly concentrated suburban market and ongoing preparations in light of the Île-de-France market opening up to competition.

EFFIA will continue to pursue its development in France, in particular in street parking, and will consolidate its position in Belgium.

Outside France, the Group will continue to pursue its profit recovery in Boston and at KTA, implement turnaround plans in Germany, Sweden and at GTR (UK) and continue to seek productivity gains in all areas and all countries.
The group will additionally mobilise for the MR4 contract at Yarra Trams (Australia) and the Doha contract in Qatar, and will monitor the performance of the many contracts it won in 2017.

With regard to New Mobility Solutions, the Group's plans for 2018 include the development of Keolis Santé through new acquisitions, the continuation of partnerships to test autonomous shuttles, and the deployment of real-time ODT and digital solutions.

4 ■ SIGNIFICANT EVENTS SINCE THE END OF THE YEAR

There are no significant post-balance sheet events to report.

5 ■ CORPORATE GOVERNANCE

The Company is a *société par actions simplifiée* whose President is Mr Jean-Pierre Farandou, President of the Company and sole member of the Executive Board, confirmed in this position on 29 July 2015.

The company also has a Supervisory Board whose role, in accordance with legal and statutory requirements, is to supervise the management of the Executive Board, made up of one member in the person of Mr Farandou, and to decide on the Important Resolutions under the meaning of the Articles of Association.

5.1. Members of the Supervisory Board

At 31 December 2017, the Supervisory Board was composed of 9 members:

- Monsieur Joël Lebreton, member and President of the Supervisory Board,
- Monsieur Patrick Bastien, member of the Board,
- Monsieur Patrick Coté, member of the Board,
- Monsieur Alain Krakovitch, member of the Board,
- Monsieur Jean-Yves Leblanc, member of the Board,
- Monsieur Normand Provost, member of the Board,
- Madame Claudia Schlossberger, member of the Board,
- Monsieur Laurent Trévisani, member of the Board,
- Madame Nathalie Wright, member of the Board.

5.2. Internal committees within the Supervisory Board

The Supervisory Board is supported by four internal committees which prepare the Board's work:
- the Audit and Ethics Committee
- the Investment and Strategy Committee
- The Risks and Safety Committee
- The Remuneration and Human Resources Committee.

5.3. Group Executive Committee

Jean-Pierre Farandou, President of the Company, set up an Executive Committee whose members at 31 December 2017 comprise:

- Mr Michel Lamboley, Group Corporate CEO
- Mr Thomas Barbelet, Executive Director, Brand and Communications,
- Mr Frédéric Baverez, CEO France
- Mr Jacques Damas, Executive Director, Rail and Operations
- Mr Bruno Danet, Executive Director of Human Resources
- Mr Laurent Kocher, Executive Director, Marketing, Innovation & Services
- Mr Bernard Tabary, CEO International
- Mr Arnaud van Troeyen, Deputy CEO, Group Strategy and Development

5.4. Capital and Shareholdings

On 31 December 2017, the share capital was €237,888,901.80, allocated as follows:

- SNCF Participations: 69.69 %
- CDP-IE: 30 %
- FCPE GROUPE KEOLIS ACTIONNARIAT: 0.21%
- Treasury stock: 0.10%

Employee shareholdings in the form of the FCPE GROUPE KEOLIS ACTIONNARIAT therefore represent 0.21% of the capital.

6 PRESENTATION OF RESOLUTIONS PROPOSED FOR ADOPTION BY SHAREHOLDERS

6.1. Allocation of profit

We propose to allocate the profit for the year in the following manner:

Profit for the year	€17,575,609.62
Allocation to legal reserve	(€878,780.48)
Balance	€16,696,829.14
Retained earnings for year N-1	€146,110,042.16
Distributable profit	€162,806,871.30
Dividends paid	(€30,585,867.05)
Allocation to Retained earnings	€132,221,004.25

You will consequently be asked to approve the payment of a dividend amounting to €0.17 per entitled share.

In accordance with legal requirements, you are requested to note that the amount of the dividend distributed and that of the corresponding dividend tax credit for the previous fiscal years were as follows:

FINANCIAL YEAR	Dividend	Distributed income eligible for the allowance	Distributed income not eligible for the allowance
2016	€ 30,585,867.05 €0.17 per share	€0	€ 30,585,867.05
2015	Nil	-	-
2014	Nil	-	-

Non-tax-deductible expenses
We advise you that there were no non-tax-deductible expenses within the meaning of Articles 223 *quater* and 223 *quinquies* of the General Tax Code during the past year.

6.2. Agreements covered by articles l.227-10 of the Commercial Code

You will be read the Statutory Auditors' report on agreements made during the financial year and authorised by the Supervisory Board pursuant to Article L227-10 of the Commercial Code.

We hope that you will approve the above proposals and consequently vote in favour of the resolutions to be submitted to you.

President of the Board of Directors

2. CONSOLIDATED FINANCIAL STATEMENTS

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A KEY FIGURES FOR THE GROUP

(€ million)	Note	31/12/2017	31/12/2016 [2]
Revenue		**5,399.2**	**5,074.9**
■ Revenue France		2,961.3	2,879.3
■ Revenue International		2,437.8	2,195.6
Revenue net of sub-contracting		5,200.4	4,878.4
Recurring EBITDA	4.4	**341.8**	**312.6**
EBITDA	4.4	**311.8**	**293.2**
Recurring operating profit	4.3	129.2	98.5
Operating profit before investments under equity method	4.3	70.6	52.9
Operating profit after investments under equity method		95.2	78.5
Profit after tax from continuing operations		52.3	39.0
Profit attributable to equity shareholders		**50.9**	**45.0**
Total equity		**958.5**	**962.2**
of which attributable to equity shareholders		*895.5*	*909.9*
Net cash flows from operating activities		**231.9**	**345.0**
Industrial investments		**226.2**	**226.6**
Net financial debt (cash surplus) [1]		**1,010.5**	**870.1**

(1) Cash surpluses are presented in brackets.
(2) The retrospective application of IFRS 9 has no effect on the Group's key figures in 2016

B CONSOLIDATED FINANCIAL STATEMENTS

1 INCOME STATEMENT

(€ million)	Note	31/12/2017	31/12/2016 (1) (2)
Revenue		**5,399.2**	**5,074.9**
Other income from operations		24.3	15.3
INCOME FROM CONTINUING OPERATIONS		**5,423.4**	**5,090.2**
Sub-contracting		(198.7)	(196.5)
Purchases consumed and external expenses		(1,735.5)	(1,590.3)
Taxes		(19.3)	(17.0)
Staff costs, incentive schemes, profit-sharing	4.1	(3,161.8)	(2,989.0)
Other operating income	4.2	64.9	53.2
Other operating expense		(28.2)	(25.9)
Net provisions on current assets		(3.0)	(0.5)
Net depreciation and other provisions charged		(219.2)	(232.0)
Profit/(loss) on recurring fixed asset disposals		(0.8)	(2.0)
Amortisation of grants received		7.5	8.4
RECURRING OPERATING PROFIT		**129.2**	**98.5**
Other non-recurring income		13.3	4.4
Other non-recurring expense		(43.8)	(22.7)
Depreciation and provisions on contractual rights	4.3	(28.2)	(27.4)
OPERATING PROFIT/LOSS BEFORE INVESTMENTS UNDER EQUITY METHOD	4.3	**70.6**	**52.9**
Profit/(loss) from associates	4.3	24.6	25.7
OPERATING PROFIT/(LOSS) AFTER INVESTMENTS UNDER EQUITY METHOD		**95.2**	**78.5**
Net cost of financial borrowing	4.6	(17.1)	(18.5)
Other financial income	4.6	9.8	1.9
Other financial expense	4.6	(17.3)	**(17.8)**
FINANCIAL INCOME (EXPENSE)		**(24.5)**	**(34.4)**
PROFIT BEFORE TAX		**70.7**	**44.1**
Taxation	4.7	(18.4)	(5.1)
PROFIT AFTER TAX FROM CONTINUING OPERATIONS		**52.3**	**39.0**
PROFIT FOR THE YEAR		**52.3**	**39.0**
Profit attributable to non-controlling interests		(1.4)	6.0
PROFIT ATTRIBUTABLE TO GROUP		**50.9**	**45.0**

(1) See note 2.24.28 on changes in presentation of reversals of provisions used
(2) The retrospective application of IFRS 9 has no effect on the 2016 income statement.

2 ■ STATEMENT OF COMPREHENSIVE INCOME

(€ million)	31/12/2017	31/12/2016 (1)
PROFIT FOR THE YEAR	**52.3**	**39.0**
Actuarial gains and losses on defined benefit pension schemes	(7.3)	(3.2)
Unrealised gains (losses) relating to the revaluation at fair value of non-consolidated investments	(6.4)	-
Tax on actuarial gains and losses on defined benefit pension schemes	1.0	(1.1)
ITEMS THAT WILL NOT BE RECLASSIFIED TO PROFIT OR LOSS	**(12.7)**	**(4.3)**
Translation differences and others	(11.8)	(38.5)
Unrealised gains and losses	2.9	6.8
on financial hedging instruments	*2.9*	*8.0*
on available-for-sale assets (1)	-	*(1.1)*
Tax on items that may be reclassified to profit or loss	(1.0)	(2.7)
ITEMS THAT MAY BE RECLASSIFIED TO PROFIT OR LOSS	**(9.9)**	**(34.4)**
TOTAL GAINS AND LOSSES RECOGNISED DIRECTLY IN EQUITY	**(22.6)**	**(38.7)**
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**29.7**	**0.3**
of which attributable to:		
- Equity shareholders	31.5	2.3
- Non-controlling interests	(1.8)	(2.0)

(1) Following the application of the IFRS 9 standard retrospectively from 1 January 2017, unrealised gains and losses relating to the revaluation at fair value of strategic investments have been transferred from “Items that may be reclassified to profit or loss” to “Items that will not be classified to profit or loss”.

3 ■ STATEMENT OF FINANCIAL POSITION

ASSETS (€ million)	Note	31/12/2017	31/12/2016
Goodwill	5.1	1,158.7	1,152.9
Other intangible assets	5.2	568.2	529.3
Property, plant and equipment	5.3	1,003.1	946.4
Investments under the equity method	5.4	65.0	58.7
Non-current financial assets	5.5	232.0	211.0
Deferred tax asset	4.7	79.4	89.8
NON-CURRENT ASSETS		**3,106.4**	**2,988.0**
Inventories and work in progress	5.6	103.3	92.1
Trade receivables	5.7	485.8	405.5
Other receivables	5.7	417.9	347.6
Current financial assets	5.5	19.9	20.4
Cash and cash equivalents	5.8	275.8	288.4
CURRENT ASSETS		**1,302.8**	**1,154.0**
TOTAL ASSETS		**4,409.2**	**4,142.0**

LIABILITIES (€ million)	Note	31/12/2017	31/12/2016
Share capital	5.9	237.9	237.9
Reserves and premiums	5.9	606.7	626.9
Net profit/(loss) attributable to Group	5.9	50.9	45.0
EQUITY ATTRIBUTABLE TO GROUP		**895.5**	**909.9**
Reserves attributable to non-controlling interests		61.6	58.3
Profit for the year attributable to non-controlling interests		1.4	(6.0)
EQUITY		**958.5**	**962.2**
Non-current provisions	5.13	199.2	201.0
Non-current financial debt	5.10	1,172.8	969.0
Deferred tax liability	4.7	145.3	165.0
NON-CURRENT PROVISIONS		**1,517.2**	**1,334.9**
Current provisions	5.13	46.5	52.2
Current financial debt	5.10	81.9	143.4
Bank borrowings	5.8	119.0	115.8
Trade payables and other liabilities	5.14	1,685.9	1,533.4
CURRENT LIABILITIES		**1,933.2**	**1,844.9**
TOTAL LIABILITIES		**4,409.2**	**4,142.0**

4 ■ STATEMENT OF CHANGES IN EQUITY

(€ million)	Share capital	RESERVES AND OTHER: Reserves	Items that may be reclassified to profit or loss: Translation differences	Items that may be reclassified to profit or loss: Other unrecognised gains / (losses), net	Other unrealised gains / (losses), net, not re-classifiable to profit or loss	Sub-total	**Total equity**
AT 31 DECEMBER 2015	**237.9**	**811.2**	**(8.4)**	**(4.7)**	**(11.2)**	**786.8**	**1,024.7**
Attributable to GROUPE KEOLIS S.A.S. shareholders	237.9	760.5	(9.7)	(4.7)	(11.1)	735.0	972.9
Attributable to minority shareholders in subsidiaries	-	50.6	1.3	-	(0.1)	51.9	51.9
Dividends paid to GROUPE KEOLIS S.A.S. shareholders	-	(30.0)	-	-	-	(30.0)	(30.0)
Put on minority shareholders of LeCab	-	(30.0)	-	-	-	(30.0)	(30.0)
Other changes in reporting scope	-	(5.3)	-	-	-	(5.3)	(5.3)
OPERATIONS ATTRIBUTABLE TO GROUPE KEOLIS S.A.S. SHAREHOLDERS (A)	**-**	**(65.3)**	**-**	**-**	**-**	**(65.3)**	**(35.3)**
Dividends paid to minority shareholders in subsidiaries	-	(2.8)	-	-	-	(2.8)	(2.8)
Change in shareholdings in subsidiaries without gaining/ losing control	-	5.3	-	-	-	5.3	5.3
OPERATIONS ATTRIBUTABLE TO MINORITY SHAREHOLDERS IN SUBSIDIARIES (B)	**-**	**2.5**	**-**	**-**	**-**	**2.5**	**2.5**
Profit for the year	-	39.0	-	-	-	39.0	39.0
Gains / (losses) recognised directly in equity	-	-	(38.5)	4.1	(4.3)	(38.7)	(38.7)
COMPREHENSIVE INCOME (C)	**-**	**39.0**	**(38.5)**	**4.1**	**(4.3)**	**0.3**	**0.3**
CHANGE IN THE YEAR (A+B+C)	**-**	**(23.8)**	**(38.5)**	**4.1**	**(4.3)**	**(62.5)**	**(62.5)**
Attributable to GROUPE KEOLIS S.A.S. shareholders	-	(20.3)	(42.6)	4.2	(4.3)	(63.0)	(63.0)
Attributable to minority shareholders in subsidiaries	-	(3.5)	4.1	(0.1)	-	0.5	0.5
AT 31 DECEMBER 2016	**237.9**	**787.3**	**(46.9)**	**(0.6)**	**(15.5)**	**724.3**	**962.2**
Attributable to GROUPE KEOLIS S.A.S. shareholders	237.9	740.2	(52.3)	(0.5)	(15.4)	672.0	909.9
Attributable to minority shareholders in subsidiaries	-	47.1	5.4	(0.1)	-	52.3	52.3
Dividends paid to GROUPE KEOLIS S.A.S. shareholders	-	(30.5)	-	-	-	(30.5)	(30.5)
Put on minority shareholders of Keolis Santé	-	(16.1)	-	-	-	(16.1)	(16.1)
Other changes in reporting scope	-	0.7	-	-	-	0.7	0.7
OPERATIONS ATTRIBUTABLE TO GROUPE KEOLIS S.A.S. SHAREHOLDERS (A)	**-**	**(45.9)**	**-**	**-**	**-**	**(45.9)**	**(45.9)**
Dividends paid to minority shareholders in subsidiaries	-	(1.9)	-	-	-	(1.9)	(1.9)
Change in shareholdings in subsidiaries without gaining/ losing control	-	13.4	-	-	-	13.4	13.4
OPERATIONS ATTRIBUTABLE TO MINORITY SHAREHOLDERS IN SUBSIDIARIES (B)	**-**	**11.5**	**-**	**-**	**-**	**11.5**	**11.5**
Profit for the year	-	52.3	-	-	-	52.3	52.3
Gains / (losses) recognised directly in equity(1)	-	-	(11.8)	3.0	(12.7)	(21.5)	(21.5)
COMPREHENSIVE INCOME (C)	**-**	**52.3**	**(11.8)**	**3.0**	**(12.7)**	**30.8**	**30.8**
CHANGE IN THE YEAR (A+B+C)	**-**	**17.9**	**(11.8)**	**3.0**	**(12.7)**	**(3.6)**	**(3.6)**
Attributable to GROUPE KEOLIS S.A.S. shareholders	-	3.9	(8.6)	2.9	(12.6)	(14.4)	(14.4)
Attributable to minority shareholders in subsidiaries	-	13.9	(3.1)	-	-	10.8	10.8
AT 31 DECEMBER 2017	**237.9**	**805.1**	**(58.7)**	**2.4**	**(28.2)**	**720.7**	**958.6**
Attributable to GROUPE KEOLIS S.A.S. shareholders	237.9	744.2	(61.0)	2.5	(28.1)	657.6	895.5
Attributable to minority shareholders in subsidiaries	-	61.0	2.3	(0.1)	(0.1)	63.1	63.1

(1) Following the application of the IFRS 9 standard retrospectively from 1 January 2017, unrealised gains and losses relating to the revaluation at fair value of strategic investments have been transferred from "Items that may be reclassified to profit or loss" to "Items that will not be classified to profit or loss".

5 ■ STATEMENT OF CASH FLOWS

(€ million)	Note	31/12/2017	31/12/2016
Operating profit before investments under equity method	4.3	**70.6**	**52.9**
Non-cash items	4.4	241.2	240.4
EBITDA	4.4	**311.8**	**293.2**
Elimination of provisions on current assets		3.0	0.4
Changes in working capital		(43.8)	74.0
Tax paid		(39.2)	(22.6)
A) NET CASH FROM OPERATING ACTIVITIES		**231.9**	**345.0**
Capital expenditure		(226.2)	(226.6)
Proceeds from the sale of tangible and intangible assets		15.1	22.0
Investment grants received		11.7	10.2
Change in financial assets for concessions (IFRIC 12)		(0.4)	(11.5)
Financial investments		(101.3)	(118.4)
Proceeds from disposal of financial assets		2.3	(1.2)
Cash flows on changes in reporting scope		5.1	5.7
B) NET CASH FROM INVESTING ACTIVITIES		**(293.6)**	**(319.8)**
FREE CASH FLOW (A+B)		**(61.7)**	**25.2**
Net dividends paid		(32.7)	(33.2)
Net dividends received		26.8	24.9
Change in equity (other transactions with shareholders)		13.5	6.1
New borrowings		216.0	189.4
Borrowings repaid		(146.4)	(130.4)
Interest received		0.7	0.8
Interest paid		(18.1)	(19.5)
Change in other financial debts		0.4	0.6
Other		(8.4)	(11.0)
C) NET CASH FROM FINANCING ACTIVITIES		**51.9**	**27.8**
D) FOREIGN EXCHANGE TRANSLATION DIFFERENCES		**(6.1)**	**(3.2)**
CHANGE IN CASH AND CASH EQUIVALENTS (A+B+C+D)		**(15.8)**	**49.8**
Cash and cash equivalents at beginning of period	5.8	172.6	122.8
Cash and cash equivalents at end of period	5.8	156.8	172.6
CHANGE IN CASH AND CASH EQUIVALENTS		**(15.8)**	**49.8**

C C.NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 ■ GENERAL INFORMATION

GROUPE KEOLIS S.A.S. and its subsidiaries ("the Group") develop transport service solutions tailored to local conditions: automatic metros, trams, trains, buses, coaches, river and sea ferries, self-hire bikes, private driver services, etc. The Keolis Group exports its multi-modal expertise to 16 countries around the world. It is also the second largest parking provider in France through its subsidiary EFFIA and offers mobility solutions and services through its subsidiary Kisio.

GROUPE KEOLIS S.A.S., the Group's holding company, is a simplified joint stock company (*société par actions simplifiée*) registered and domiciled in France, with its registered office located at 20/22, rue le Peletier, 75320 Paris Cedex 09.

The consolidated financial statements of GROUPE KEOLIS S.A.S. as at 31 December 2017 were approved by the Executive Board on 12 February 2018 and presented to the Supervisory Board on 28 February 2018.

The financial statements of GROUPE KEOLIS S.A.S. are fully consolidated into the *EPIC* SNCF Mobilités.

The consolidated financial statements are prepared in euros, the Group's functional currency, and, unless otherwise stated, are presented in millions of euros. The Group has chosen not to manage rounding discrepancies; consequently, some small differences may appear.

2 ■ SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1. Accounting guidelines

The Group's consolidated financial statements as at 31 December 2017 have been prepared in accordance with IFRS (standards and interpretations) published by IASB as adopted by the European Union and rendered mandatory from 1st January 2017. They are available at this site: http://ec.europa.eu/internal_market/accounting/ias/index_fr.htm

In the absence of borrowing or equity instruments traded on a regulated market, the Group chose not to publish information on earnings per share (IAS 33), or information about operating segments (IFRS 8).

2.2. Changes in accounting principles

Application of standards, amended standards and interpretations that are mandatory as of 1st January 2017

Standard or interpretation	Summary description	Date of application (annual period starting on or after)
IAS 7 amendments	Initiatives on disclosures.	IASB: 29/01/2016 UE: 09/11/2017 Group: 01/01/2017
IAS 12 amendments	Recognition of deferred tax assets for unrealised losses	IASB: 19/01/2016 UE: 09/11/2017 Group: 01/01/2017

There is no material impact arising from the application of these standards.

Standards, amendments to standards and interpretations applied early

The Keolis Group decided to apply stages 1 and 2 of the standard «IFRS 9 – financial instruments» in advance at 1 January 2017. The Group has chosen not to present comparatives, as the standard (IFRS 9.7) authorises, insofar as this retroactive application has no impact whatever on the income statement, the statement of financial position or the statement of cash flows as presented in the GROUPE KEOLIS S.A.S. financial report as at 31 December 2016.

"IFRS 9 – Financial instruments" amends the principles for the measurement and recognition of financial instruments in three stages:

- Classification and measurement of financial assets,
- Impairment of financial assets,
- And on hedge accounting.

The provisions in IAS 39 concerning financial liabilities are in the main basically unchanged in IFRS 9: they will therefore continue to be measured at amortised cost.

Application of this standard is mandatory for statements relating to financial years starting on or after 1 January 2018. However, the Keolis Group has chosen to apply stages 1 and 2 in advance as of financial year 2017:

- Application of the stage 1: Using the principles of IFRS 9, Keolis carried out an analysis of financial assets so as to break them down according to the valuation categories described in the standard:
  - Either at amortised cost
  - Or at fair value, the change of which affects the profit or loss, or the equity (Other items of comprehensive income)

The two criteria used to determine how financial assets should be classified and measured are the management method applied for these assets, and the characteristics of their contractual cash flows.

The change in the classification of financial assets is presented in the following table showing the balance sheet transition from 31 December 2016 to 1 January 2017.

(€ million)	31/12/2016						01/01/2017					
	Loans and receivables	Securities available for sale assets	Deposits and guarantees	Derivative assets	Concession financial assets	Total	Equity instruments measured at		Debt instruments measured at	Derivative assets	Concession financial assets	Total
							"Fair value" by Profit/loss	"Fair value" by "OCI" not recyclable in P&L	Amortised cost by profit/loss			
Total non-consolidated assets > 1 year		**30.9**				**30.9**	**10.7**	**20.2**				**30.9**
Total Loans and Receivables	**1.2**		**34.7**			**35.9**	**2.4**	**-**	**33.6**			**36.0**
Derivative Assets				**2.3**		**2.3**				**2.3**		**2.3**
Concession financial assets <1 year					**162.2**	**162.2**					**162.2**	**162.2**
CURRENT AND NON-CURRENT FINANCIAL ASSETS	**1.2**	**30.9**	**34.7**	**2.3**	**162.2**	**231.4**	**13.1**	**20.2**	**33.6**	**2.3**	**162.2**	**231.4**
Loans and receivables < 1 year	-	-	18.3	2.1	-	20.4	-	-	18.3	2.1	-	20.4
Loans and receivables > 1 year	1.2	30.9	16.4	0.2	162.2	211.0	13.1	20.2	15.2	0.2	162.2	211.0

- Application of stage 2: the new standard requires that entities recognise expected losses of credit as soon as they are recorded in the statement of financial position. The majority of the Group's customer receivables comprises receivables from public authorities, with a high collection rate. Keolis has not identified any significant impact resulting from this second stage of the IFRS 9 standard.

- Application of stage 3 is currently under consideration: The Keolis Group continues to apply IAS 39 in the field of hedge accounting, as the standard permits. Assessments conducted to date have not revealed any significant impact on the 2017 financial year. Keolis has not yet determined the date at which it will apply this stage of the standard.

Standards, amendments to standards and interpretations not subject to early application
The Group has not applied the following standards to its 2017 consolidated accounts:

Standard or interpretation	Summary description	Expected impact	Date of application (annual period starting on or after)
Annual Improvements (2014-2016 cycle) to IFRS	IFRS 12 ”Disclosure of Interests in Other Entities” – Clarification of the scope of the disclosure requirements. IFRS 1: “First-time Adoption of IFRS” – removal of short-term exemptions for first-time adopters. IAS 28: “Investments in Associates and Joint Ventures” - measuring investments at fair value through profit or loss on an investment-by-investment basis	The Group does not anticipate any significant impact	IASB: 01/01/2018 EU: Not adopted Group: pending adoption
IFRS 15: “Revenue from Contracts with Customers”	This new standard aims to provide a single model for recognising turnover for all types of contracts irrespective of the sector of activity. Organised around five key steps, the model is based on the transfer of control which can be continuous or immediate. The notion of transfer of risks and benefits is no longer determinant. The income is recognised at the time of supply of the promised goods or services in an amount that reflects the consideration expected in return.	Currently being measured	IASB: 01/01/2018 EU: 09/11/2017 Group: pending adoption
IFRS 16 “Leases”	This new standard concerns the recognition of lease agreements and will replace the current IAS 17 standard. It consists of recognition by lessees of all lease agreements of longer than 1 year as finance leases by recording a fixed asset (right-of-use) offset by a debt under liabilities. Recognition by the lessor remains similar to IAS 17.	Currently being measured	IASB: 01/01/2019 EU: 31/10/2017 Group: 01/01/2019

The impacts of application of these new standards are currently being assessed.

2.3. Use of Management estimates in the application of the Group’s accounting standards
In order to draw up the Group’s accounts in accordance with IAS 8 - Accounting Policies, Changes in Accounting Estimates and Errors, management must make estimates and assumptions, notably based on ongoing action plans on certain operations, affecting the amounts stated in the financial statements. Management has to revise such estimates in the light of changes in the circumstances on which they are based or further to new information. Management also has to exercise judgement in how accounting methods are applied. As a result, future estimates may be different from those adopted as of 31 December 2017.

The estimates and assumptions primarily concern the lengths of contractual relations, asset impairment tests, deferred tax assets and financial instruments, as well as provisions, in particular provisions for pensions, litigation and losses on contracts and recognition of amounts to be received and penalties to be paid arising from contractual relationships.

Finally, in the absence of standards or interpretations applicable to a specific transaction, Group management must use its best judgement to define and implement accounting methods that provide the most relevant and reliable information, to ensure that the financial statements:
- present a true and fair view of the Group’s financial position and cash flows;
- reflect the economic reality of the transactions.

2.4. Accounting principles

2.4.1. General measurement method

The assets and liabilities in the Group's consolidated financial statements are measured and recognised according to various measurement bases authorised by IFRS, primarily the historical cost basis of accounting, with the exception of derivative financial instruments and financial assets held for trading purposes or classified as AFS (available for sale), which are measured at fair value.

2.4.2. Methods of consolidation

Subsidiaries are recognised in the consolidated statements from the date on which control thereof reverted to the Group. They are derecognised from the date on which the Group ceased to control them. The income and expenses of the companies are included in the Group's income statement from the date that control was taken, up to the date on which the Group lost control.

Fully-consolidated subsidiaries

All the Group's subsidiaries are companies it exclusively controls directly or indirectly. The Group's consolidated financial statements include the assets, liabilities, income and expenses of these companies.

Exclusive control exists when GROUPE KEOLIS S.A.S. has power over the entity, is exposed or has rights to variable returns, and has the ability to affect those returns. In ascertaining whether there is control, account is taken of the established rules of governance and the rights held by the other shareholders in order to ensure that they are merely protective in nature. Potential voting rights, whether immediately exercisable or convertible, including those held by another entity, are also analysed to determine those conferring substantive rights in the assessment of power, in accordance with IFRS 10 "Consolidated Financial Statements".

Associates and joint ventures consolidated under the equity method

Entities in which the Group exerts significant influence without exercising control are associates. Significant influence is presumed when the Group holds upwards of 20% of the voting rights.

Under the equity method, investments in associates or joint ventures are capitalised in the consolidated balance sheet at their cost of acquisition. The Group's share of income (loss) of associates or joint ventures is recognised in profit or loss, whereas its share of post-acquisition movements in reserves is recognised in reserves. Post-acquisition movements are posted in adjustment to the value of the investment. The Group's share of an associate's or a joint venture's losses is recognised up to the limit of the carrying amount of the investment as well as any possible long-term share. Additional losses are not booked as provisions, unless the Group is legally or implicitly required to support the said associate or joint venture.

Non-controlling investments

A non-controlling investment is the share of interest in a subsidiary which is not directly attributable to the parent company. Non-controlling investments are recognised at fair value on the takeover date.

Year-end closing timing differences

For companies whose financial year does not end on 31st December, interim financial statements as at 31st December are established.

Transactions eliminated in the consolidated financial statements

Transactions between consolidated companies which have an impact on their balance sheet or income statement are eliminated. Losses on transactions between consolidated companies that are indicative of value impairment are not eliminated. IAS 12 "Income Taxes" applies to temporary differences resulting from the elimination of profits and losses on intra-group transactions.

2.4.3. Translation of transactions and financial statements of foreign companies

Translation of the financial statements of foreign companies

The financial statements of consolidated foreign subsidiaries, whose functional currency is different from the euro, are translated on the following bases:

- assets and liabilities are translated at the official exchange rates prevailing at the year-end date;
- income and expenses are translated at the average rate for the period, unless exchange rates fluctuate significantly;
- goodwill and fair value adjustments recognised on the acquisition of companies whose functional currency is not the euro are considered to be the assets and liabilities of such companies: they are thus stated in the functional currency of the said companies and converted at the closing rate of each period;
- the resulting foreign exchange translation differences are recognised in consolidated equity under the item "foreign exchange translation reserves".

Translation of foreign currency transactions

The functional currency of Group companies is their local currency. Transactions denominated in foreign currency are translated by the subsidiaries into their functional currency at the rate of exchange prevailing at the transaction date.
Monetary assets and liabilities denominated in foreign currency are translated into euros at the last official year-end exchange rate. The corresponding exchange differences are recorded in financial income (expense).

2.4.4. Business combination

The Group has applied IFRS 3 (Revised) since 1st January 2010.

A business combination is understood to involve the obtaining of control. Upon acquisition of a controlling interest, the acquirer recognises the fair value of the acquired assets and liabilities of the acquired entity and also assesses the goodwill or profit from them.

Non-controlling interests are recognised according to the following options for each combination:

- either based on their share in the fair value of the assets and liabilities acquired (the so-called partial goodwill method);
- or at fair value of the shareholding (the so-called complete goodwill method).

Acquisition costs are expensed in the year.

For a takeover in several stages, the investment held prior to the establishment of control is revalued at its fair value on the date of takeover and any profit or loss arising therefrom is recognised under operational profit or loss after gains or losses from disposals.

Commitments linked to earn-out clauses are measured at their fair value on the acquisition date.

Adjustments to the cash consideration during the twelve months after the date of acquisition must be analysed in order to determine:
- if the adjustment is linked to new factors occurring since the acquisition of control: counterpart in profit for the year;
- if the adjustment is the result of new information collected enabling fine-tuning of the valuation on the takeover date: counterparty in goodwill.

A subsequent change of debt corresponding to additional consideration beyond the twelve month period is booked in profit for the year.

After the acquisition of control, purchases/disposals without loss of control are treated as transactions between shareholders and therefore directly through equity.

2.4.5. Goodwill

Goodwill on acquisition represents the excess of the cost of an acquisition over the share acquired by the Group of the fair value of the acquired assets and liabilities of the acquired entity on the date of acquisition.

The goodwill recognised for an associate is included in the value of the capital holding in it under "Investments under the equity method", in the statement of financial position.

Corrections or adjustments may be made to the fair value of assets, liabilities and contingent liabilities acquired in the twelve months following the acquisition, when new information arises affecting facts and circumstances which were in evidence at this date of acquisition. Goodwill is then corrected with retroactive effect. Beyond that date, any change in assets acquired and liabilities assumed is recognised in the income statement. If the information is a result of events occurring after the date of acquisition, the changes are recognised in profit for the year.

As goodwill cannot be amortized, it undergoes impairment tests every year or at more frequent intervals when events or changes in circumstances indicate possible loss in value (see 2.4.10).

Goodwill is allocated to cash generating units or groups thereof which are likely to benefit from synergies resulting from aggregation as described in note 2.4.10.
Negative goodwill is recognised in the income statement on the date of acquisition.

2.4.6. Commitments to repurchase the non-controlling interests in a subsidiary

The Group has given promises to non-controlling shareholders of certain fully consolidated subsidiaries to repurchase their shares.

These purchase commitments (firm or conditional) of non-controlling interests do not transfer risks and benefits. They are recognised in financial debts against a reduction of those earnings attributable to non-controlling interests.
Where the value of the commitment exceeds the amount of earnings attributable to non-controlling interests the balance is recognised in equity attributable to Group shareholders.

The fair value of non-controlling interest buyout commitments is reviewed at each financial accounting period end. A change in the corresponding financial liability is booked against equity.
This provision applies to commitments to purchase non-controlling interests issued after the application date of revised IFRS 3, i.e. 1st January 2010.
For those issued before that date, the change in valuation will be booked against the associated goodwill.

2.4.7. Service concession arrangements

Presentation of the IFRIC 12 interpretation

An arrangement is included in the scope of interpretation of IFRIC 12, where the assets used to carry out the public service are controlled by the grantor. Control is presumed when the two conditions below are met:
- the grantor controls or regulates the public service, i.e. it controls or regulates the services that must be rendered, through the infrastructure covered by the concession and determines to whom and at what price the service shall be rendered; and
- the grantor controls the infrastructure on termination of the contract, i.e. the right to regain possession of the infrastructure at the end of the contract.

In its public transport activities, the Group is notably the holder of outsourced public service contracts.

In France, the Group operates outsourced public service contracts, mainly in the form of operate and maintain (O&M) contracts whereby the operator is responsible for operating and maintaining facilities owned and funded by local and regional authorities – public transport authorities (PTAs).

Pursuant to the interpretation of IFRIC 12, in this case, the operator cannot include the infrastructure controlled by the grantor in its balance sheet as tangible assets, but either as an intangible asset ("intangible asset model") and/ or as a financial asset ("financial asset model"):
- the "intangible asset model" applies where the operator

receives a right to charge users for the public service and thus bears a financial risk;
- the "financial asset model" applies where the operator obtains an unconditional right to receive cash or other financial asset, either directly or indirectly through guarantees given by the grantor on the amount of cash payments from the public service. The remuneration is independent of the extent to which the public uses the infrastructure.

Where the service is provided using infrastructure rented from a third party and controlled by the grantor, the Group has recognised payments of fixed and variable fees in the IFRIC 12 asset valuation.

Financial asset model

In service concessions, the operator receives an unconditional right if the grantor gives it a contractual guarantee to pay:
- amounts specified or determined in the contract; or
- the shortfall, if any – between the amount received from users of the public service and specified or determinable amounts in the contract.

Financial assets stemming from the application of the IFRIC 12 interpretation are recorded in the statement of financial position under "Non-current financial assets" detailed in Note 5.5. They are recognised at amortised cost and repaid.

The financial income, calculated on the basis of the effective rate of interest, the equivalent of the project's internal rate of return, is recognised as revenue.

Intangible asset model

The intangible asset model applies where the operator is paid by users or does not receive any contractual guarantee from the grantor on the amount to be collected. The intangible asset corresponds to the right granted by the grantor to the operator to charge users for the public service.

Intangible assets resulting from the application of the IFRIC 12 interpretation are booked in the statement of financial position under the heading "Other intangible fixed assets" detailed in Note 5.2. These assets are amortised straight-line over the term of the contract.

Within the framework of the intangible asset model, revenues include:
- Turnover as and when assets or infrastructures under construction are completed;
- Remuneration relating to the provision of services.

Mixed or bifurcation model

Application of the financial asset model or the intangible asset model is based on the existence of guarantees of payment given by the grantor.

However, certain contracts may include a payment commitment from the grantor which partially covers the investment, with the balance covered through fees charged to users.

In this case, the amount guaranteed by the grantor is recognised as a financial asset and the balance as an intangible asset.

2.4.8. Intangible assets excluding goodwill

Intangible assets are shown in the statement of financial position at their acquisition cost less the accumulated amortisation and impairments.

Intangible assets mainly consist of patents, licences, trademarks, rights under contracts, authorisations, pension plan assets, software and service concession intangible assets as defined by IFRIC 12.

In the event of a successful bid, the Group capitalises mobilisation costs, which meet capitalisation criteria, from the point at which it is almost certain that the contract will be awarded. The corresponding contract asset is amortised over the life of the contract.

When the Group completes an acquisition, the contractual relationship between the acquired company and its client (the public transport authority) is assessed at fair value and recognised separately from the goodwill as a contractual right satisfying the qualifying criteria of IAS 38 and IFRS 3 revised.

Where their useful life is defined, intangible assets are amortised on a straight-line basis over periods corresponding to their expected useful life. The amortisation method and useful lives are revised at least each financial year or when necessary. The estimated useful lives are as follows:
- Trademarks: between five and fifteen years;
- contractual rights: two to twenty years, corresponding to their estimated useful life, allowing for a contract renewal rate when the Group has a high renewal rate in the Cash Generating Unit (CGU) concerned;
- software: one to five years;
- service concession assets amortised over the term of the contract (see 2.4.7).
- contract assets, amortised over the life of the contract.

Where their useful life is indefinite, intangible assets are not amortised. In particular, authorisations held for an unlimited period cannot be amortised.

2.4.9. Property, plant and equipment

Expenditure on property, plant and equipment by the Group is recognised as an asset at its acquisition cost where it satisfies the following criteria:
- it is likely that the future economic benefits relating to the asset will fall to the Group;
- the cost of the asset can be reliably measured.

Property, plant and equipment are shown in the statement of financial position at their acquisition cost less the accumulated depreciation and impairments. The cost includes the asset's purchase or production cost and all the costs directly incurred in making it usable.

Items of property, plant and equipment cease to be recognised as assets when they are derecognised (through disposal or retirement), or when no future economic benefit is expected from their use or disposal. Any gain or loss arising from the derecognition of an asset from the statement of financial position (the difference between the net income from disposal and the asset's carrying amount) is recognised in the income statement in the period of its retirement.

Given the nature of the Group's business, the activities of the different subsidiaries do not include holding investment property assets.

Subsequent expenditure

Subsequent expenditure incurred in replacing property, plant or equipment is recognised under PPE only if it satisfies the foregoing general criteria and are qualified as components.

Otherwise, this expenditure is recognised in the income statement as incurred.

Through its public passenger transport activity, the Group incurs multiyear expenditure on major maintenance and servicing operations on its light rail (underground railway, tramway) and passenger rail rolling stock. These are recognised as assets in the form of a maintenance component, which is subsequently depreciated. Furthermore, expenditure which relates to refurbishments or leads to an increase in productive capacity and modifications bringing new functionality or that extend lifespans are contributions that can be qualified as operator assets.

Depreciation

The residual values and useful lives of the assets are reviewed and, where applicable, adjusted, annually or whenever lasting changes arise in operating conditions.

To date, the residual values at the end of the useful life are regarded as immaterial.

Land is not depreciated. Other property, plant and equipment items are depreciated using the straight line method. The estimated useful lives are as follows:

Buildings	**15 – 20 years**
Equipment and tooling	**5 – 10 years**
Office equipment and furniture	**5 – 10 years**
Vehicles:	
Cars	**5 years**
Coaches and buses	**10 – 15 years**
Rolling stock	**15 – 30 years**

Lease agreements

In the framework of its various operations, the Group uses assets made available through lease agreements.

These lease agreements are the subject of an analysis based on the situations described and indicators provided in IAS 17 to determine whether they are operating lease agreements or finance leases.

Finance leases are agreements that transfer almost all of the risks and benefits of the relevant asset to the lessee. All the lease agreements that do not comply with the definition of a finance lease are classified as operating lease agreements.

The main indicators examined by the Group to assess whether a lease agreement transfers almost all of the risks and benefits are as follows: the existence of an automatic transfer clause or an ownership transfer option; the conditions under which this clause is exercised; a comparison between the agreement periods and the estimated life of the asset; specifics of the asset used, and a comparison of the present value of the minimum payments under the agreement with the fair value of the asset.

Recognition of finance leases

At the initial accounting stage the assets used in the framework of a finance lease are posted as tangible assets, offset by a financial debt. The asset is recognized at the fair value of the asset leased on the agreement's start date or, if it is inferior, the present value of the minimum payments.

Recognition of rental agreements

Payments made under ordinary rental agreements are recognised as expenses in the income statement.

Government investment grants

Government grants wholly or partly covering the cost of investing in an asset are recognised as "Trade payables and other liabilities" and systematically written down in the income statement over the useful lives of the assets concerned.

2.4.10. Impairment of capitalised assets and non-financial assets

The Group performs systematic impairment tests annually (or more frequently where value impairment is indicated) of goodwill and other intangible assets that have indefinite useful lives, and therefore cannot be depreciated.
For property, plant and equipment, and intangible assets with finite useful lives, which are therefore depreciated or amortised, an impairment test is only conducted where impairment is indicated.

Cash Generating Units (CGUs) are the smallest group of assets generating cash flows largely independently of other asset groups. Such units or groups of units correspond to activities in France and, internationally, mainly by country.

For testing purposes, the assets are aggregated within CGUs in accordance with IAS 36 "Impairment of Assets".

These tests compare the net carrying amount of assets with their recoverable amount, which is the higher of the fair value less the potential sales costs or the value in use of the asset. In the absence of any fair value observable on an organised market, the recoverable value of the CGUs is determined on the basis of their value in use.

The carrying amount of each asset group tested is compared with its value in use defined as the sum of the net cash flows as arising from the latest forecasts for each of the CGUs, drawn up according to the main assumptions and procedures set out below:

- medium-term plan and budgets over a 5-year timeframe, drawn up by Management on the basis of growth and profitability assumptions taking account of past performance, foreseeable developments in the economic environment and the expected development of markets;
- extrapolation of the net cash flow of the last year or the average of cash flows over the five previous years by applying the growth assumptions stated in note 5.1;
- discounted future value of the cash flows as arising from these plans at a rate determined using the weighted average cost of capital (WACC) of the Group.

Value impairment is recognised in the income statement, under other non-recurring expense, if the carrying amount of a cash-generating unit or group of such units is greater than its recoverable amount. The value impairment is allocated first to the goodwill apportioned to the CGU or CGU group tested, then to the other assets of the CGU or CGU group in proportion to their carrying amount.

This allocation must not result in the carrying amount of an individual asset being lower than its fair value, value in use or zero.

Impairment losses allocated to acquisition goodwill cannot be reversed, unlike the impairment losses of other property, plant and equipment and intangible assets.

In the event of an impairment loss being reversed, the asset's carrying amount is capped at the carrying amount, net of any depreciation or amortisation without taking into account any value impairment recognised in prior periods. When an impairment loss or a reversal of an impairment loss has been recognised, the depreciation charge is adjusted for future periods so that the adjusted carrying amount of the asset, less its residual value, if any, is spread systematically over the remaining useful life.

2.4.11. Financial assets

Purchases and sales of financial assets are recognised at their transaction date, the date on which the Group is committed to the purchase or sale of the asset. On initial recognition, financial assets are recognised in the statement of financial position at fair value plus the transaction costs directly attributable to the acquisition or issue of the asset (except for the category of financial assets measured at fair value, for which transaction costs are recognised directly in the income statement).

Financial assets are derecognised from the statement of financial position to the extent that entitlements to future cash flows have expired or have been transferred to a third party, and the Group has transferred virtually all the risks and benefits or the control of such assets. Financial assets, the maturity (or intended holding period) of which exceeds one year, are recognised under "Non-current financial assets".

In applying the standard IFRS 9, the Group determines the classification of financial assets, on the date of initial recognition, into one of the accounting categories provided for, according to the management model applied for these assets and the characteristics of the contractual cash flows ("basic loan" criteria).

Equity instruments

An equity instrument under the terms of IAS 32 offers its holder a residual right to the assets of an entity after deduction of the liabilities, without the issuer of the instrument being obliged:

- to give them cash or any other financial asset,
- or to exchange financial instruments under terms which would be potentially unfavourable to them.

Equity instruments within the Keolis Group relate to non-consolidated investments. The Keolis Group has irrevocably selected the classification of its equity assets, either in the category of securities whose fair value varies in equity in "Items which will not be recycled in profit/loss - FVOCI" with no option to recycle in profit/loss (this is the case for strategic investments in entities created under public/private partnerships, and historic investments on the date of the first application), or in the category of securities whose corresponding variations in fair value pass in the income statement.

Debt instruments

Debt instruments are defined by standard IAS 32 as being financial instruments that do not come within the definition of equity instruments mentioned above.

The Group analyses the cash flows generated by the instrument and Management's intentions with regard to these investments, in order to determine the classification of the financial instruments according to the following three categories:

- Debt instrument valued at amortised cost "hold to collect": this means debt instruments whose cash flows represent interest or repayment of capital on specific dates (compliance with "basic loan" criteria), and that the Management intends to retain to maturity.
- Debt instruments valued at the "Fair Value by Equity ("Other Items in Comprehensive Income") recycled in profit/loss at the time of the sale "hold to collect and sell": these are debt instruments whose cash flows represent interest or repayment of capital on specific dates (compliance with "basic loan" criteria), and that the Management intends sell in the medium term.
- Debt instruments valued at Fair Value in profit/loss "hold to sell": these are
    - either debt instruments whose cash flows represent interest or repayment of capital on specific dates (compliance with "basic loan" criteria), and that the Management intends to sell in the short term.
    - or debt instruments where it cannot be contractually

asserted that the cash flows represent interest or repayment of capital on specific dates.

In the case of instruments with a debt component and an equity component, IFRS 9 no longer authorises their separation: an analysis of the instrument will lead to its being classified in one of the two categories. For example, loans convertible into shares are classified in the category of debt instruments whose variations in fair value pass in the income statement.

Impairment of financial assets

When financial assets are first recognised, the Group considers the expected credit losses not only on the basis of an objective indication but also with regard to statistics arising from its past experience.

Accordingly, the initial value of a financial asset depends on the level of credit risk at its initial recognition.

Subsequently, a loss of value is recognised on an asset or a group of financial assets not measured at fair value, in the case of a significant credit risk or where there is an objective indication of impairment arising from one or more events that have occurred since the initial recognition of the asset, and where such an impairing event has an impact on the estimated future cash flows from the financial asset or group of financial assets, and if its carrying value is higher than its estimated recoverable value.

The measurement of trade receivables is described in note 2.4.13.

2.4.12. Inventories

Inventories consist mainly of consumables and miscellaneous goods or supplies used for the maintenance and upkeep of vehicles or intended for resale.

These inventories are valued at purchase cost. Impairment is recognised to reduce the purchase cost (determined using the weighted average cost (WAC) method or the First-in, First-out (FIFO) method) to the net realisable value if lower. Pursuant to IAS 2, the net realisable value is the estimated sale price in the normal course of business, less the estimated cost for completion and realisation of the sale.

2.4.13. Trade receivables and other debtors

Trade receivables and receivables from other debtors are initially recognised at their fair value which, in most cases is their nominal value, given the generally short payment times. The carrying amount is subsequently measured where required at the amortised cost using the effective interest rate method, less any impairment allowances.

When the trade debt is first accounted for, the Group considers the potential expected credit losses not only on the basis of an objective indication but also with regard to statistics arising from its past experience.

In view of the low credit risk borne by its customers (mainly public authorities), the Keolis Group applies the simplified method for trade receivables and states that the expected credit loss on recognition of the receivable is negligible. (See paragraph 2.2).

If there is subsequently an objective indication of impairment or a risk that the Group may be unable to collect all the contractual amounts (principal plus interest) on the date set in the contractual payment schedule, an impairment loss is recognised in the income statement. This allowance is equal to the difference between the carrying amount and the estimated recoverable future cash flows, discounted at the original effective rate of interest.

2.4.14. Cash and cash equivalents

This item includes cash, sight deposits and other short-term deposits as well as other easily convertible liquid instruments with negligible risk of a change in value, maturing less than three months from the date of acquisition.

2.4.15. Corporate income tax

The company GROUPE KEOLIS S.A.S., parent of the tax group, has opted for the tax consolidation system in France.

Other tax consolidation regimes also exist abroad. The effect of these regimes is recognised in the income statement. Most of the French companies subject to corporate income tax and in which the company GROUPE KEOLIS S.A.S. holds an equity interest of at least 95% are included in the tax consolidation group.

The income tax expense or income includes the current tax expense or income and the deferred tax expense or income. Tax is recognised in profit for the year unless it relates to items that are directly recognised under equity, in which case, the tax is recognised under equity.

Current tax is the estimated amount of tax due on the taxable profit for the period. It also includes adjustments to the amount of tax payable in respect of previous periods.

Deferred tax is calculated for each individual entity using the balance sheet approach, on the temporary differences between the carrying amount of the assets and liabilities and their taxation base, including assets of which the Group has possession under finance lease agreements.

Measurement of deferred tax assets and liabilities depends on whether the Group expects to recover or to pay the carrying amount of the assets and liabilities, under the variable-carry-forward method, using the rates of taxation that were adopted or virtually adopted at the reporting date. A deferred tax asset is only recognised or maintained as an asset to the extent that the Group is likely to benefit from future taxable profits to which the related deductible temporary difference may be imputed.

The deferred tax assets and liabilities are not discounted.

Deferred tax assets and liabilities are offset in each taxable entity when it recovers the asset and settles the liability on the same due date, subject to the following conditions being met:

- legally enforceable right to offset,
- intention to settle,

- schedule of payments.

Deferred tax liabilities are recognised for all taxable temporary differences, with the exception of certain differences between the values of the Group's proportionate interests in the net assets of subsidiaries, joint ventures and associates and their tax values. This exception applies especially to the income of subsidiaries yet to be distributed, should distribution thereof to shareholders generate taxation; if the Group has decided not to distribute profits retained by the subsidiary in the foreseeable future, no deferred tax liabilities are recognised.

2.4.16. Borrowings and financial debt

All borrowings are initially recognised at fair value, less the related borrowing costs. Thereafter, they are recognised at amortised cost, using the effective interest rate method, with the difference between the cost and the redemption value recognised in the income statement over the term of the borrowings.

The effective interest rate is the rate used to obtain the original carrying amount of a loan by discounting the future cash inflows or outflows over the loan's term. The original carrying amount of the loan includes the transaction costs of the operation and any issuance premiums.

When a debt is reimbursed early, any non-amortised costs are recognised as expenses.

In the event that a loan is renegotiated, standard IFRS 9 stage 1 lays down that the original interest rate is maintained, and an immediate impact is recognised in the income statement amounting to the difference between the expected contractual flows prior to amendment, and the expected contractual flows after amendment. The Keolis Group did not suffer any impact from this stage of the standard at 31 December 2017.

2.4.17. Derivative financial instruments

The Group uses derivative financial instruments to manage exposure to financial market risks resulting from its operational, financial and investment activities:

- Interest rate risk;
- Foreign exchange risk;
- Commodities risk.

The derivative financial instruments are measured and recognised at fair value in the statement of financial position on the date they are established, then on each financial year end date.

Fair value is measured by using standard valuation methods and is based on the mid-market conditions commonly used in the markets. The market data used is Level 2 data, as described in IFRS 13.

The treatment of the gains and losses under the fair value revaluation depends on whether or not the derivative instrument is considered a hedging instrument and the nature of the hedged item.

The changes in fair value of derivative financial instruments that are not eligible for hedge accounting are recognised under financial income/(expense).

Certain derivative financial instruments are eligible for one of the three hedge accounting categories defined in IAS 39:

- Fair value hedge;
- Cash flow hedge;
- Net investment hedge.

They are recognised in accordance with hedge accounting rules.

The criteria to apply hedge accounting are mainly:

- general hedging documentation that describes the Group's exposure to the various financial risks and its hedging strategy,
- a hedging relationship clearly established on the date on which each derivative financial instrument is established,
- the use of effectiveness testing to demonstrate the effectiveness of the hedging relationship prospective to the date of establishment, and retrospective to each financial close. This effectiveness must be reliably measured and fall within 80% and 125%.

Interest rate, foreign exchange and commodity derivative financial instruments are entered into with first-class bank counterparties in accordance with the Group's counterparty risk management policy. Consequently, the counterparty risk can be regarded as negligible.

Interest rate risks relating to the variable rate portion of its financial debt

The Group's interest rate risk exposure results from its financial debt. The Group covers this risk by using derivative financial instruments.

The objective of the risk management is to protect the Group's financial income/(expense) from an increase in interest rates, while taking advantage of a decrease in rates to the greatest extent possible.

The interest rate hedging policy implemented consists in favouring fixed rate derivative financial instruments. The management horizon adopted is usually a rolling five years, but this can be greater dependent upon the hedging requirement.

The derivative financial instruments which the Group uses, are standard, liquid and available on the market, namely:

- swaps;
- cap calls;
- sales of caps to unwind an existing cap or to realise a cap spread;
- floor puts if tied with cap calls to create a symmetrical or asymmetrical collar;
- floor calls, in particular to buy back floors that constitute asymmetrical collars;
- swaption calls;
- swaption puts if tied with calls to constitute swaption collars.

Derivative financial instruments eligible for hedge accounting are recognised under cash flow hedges. The derivative financial instruments that are not eligible are recognised under trading.

Changes in the intrinsic value of derivative financial instruments recognised under cash flow hedges are entirely recognised within equity (OCI - other comprehensive income). The other items are recognised as financial income/(expense):
- changes in fair value of derivative financial instruments not eligible for hedge accounting (for example, the asymmetrical portion of collars);
- changes in the time value of all derivative financial instruments;
- option premiums.

Foreign exchange risk
The Group has put in place intra-group loans denominated in foreign currency and recognised in current accounts. In order to cover the resulting foreign exchange risk, the Group uses derivative financial instruments which allow it to fix the exchange rate of these intra-group loans.

The Group also makes net investments in the capital of its foreign subsidiaries in local currency. To cover the foreign exchange risks engendered by these investments, the Group uses derivative financial instruments in limited amounts. Management's objective is to protect the balance sheet values of these investments in local currency. The foreign exchange hedging policy implemented to achieve this objective consists of maintaining a reference exchange rate defined for the year.

The derivative financial instruments used by the Group are standard, liquid and market-available:
- forward and futures sales and purchases;
- foreign exchange swaps;
- call options;
- put options in combination with call options to provide symmetric or asymmetric collars.

Some derivative financial instruments held by the Group are eligible for net investment hedge accounting as described in IAS 39. The derivative financial instruments that are not eligible are recognised under trading.

Changes in the intrinsic value of derivative financial instruments recognised under net investment hedges are entirely recognised within equity (OCI). The other items are recognised as financial income/(expense):
- changes in fair value of derivative financial instruments not eligible for hedge accounting (for example, the asymmetrical portion of collars);
- changes in the time value of all derivative financial instruments;
- option premiums.

Commodities price risks
Due to their transportation activities as operators of light vehicle fleets (coaches and buses), the Group's subsidiaries must make substantial and regular purchases of diesel. The Group is consequently exposed to a risk in the fluctuation of the price of diesel, a risk which is partially hedged in the concession contracts signed with public transport authorities. For the remaining exposure, the Group implements a hedging policy using derivative financial instruments whose objective is to minimise the volatility of Group profits.

For this purpose, the Group uses standard, liquid and market-available derivative financial instruments, namely:
- swaps;
- cap calls;
- cap puts to unwind an existing cap or to realise a cap spread;
- floor puts if tied with cap calls to create symmetrical or asymmetrical collars;
- floor calls, in particular to buy back floors that constitute asymmetrical collars.

Derivative financial instruments eligible for hedge accounting are recognised under cash flow hedges. The derivative financial instruments that are not eligible are recognised under trading.

Changes in the intrinsic value of derivative financial instruments recognised under cash flow hedges are entirely recognised within equity (OCI). The other items are recognised as financial income/(expense):
- changes in fair value of derivative financial instruments not eligible for hedge accounting (for example, the asymmetrical portion of collars);
- changes in the time value of all derivative financial instruments;
- the contango/backwardation component, corresponding to the price difference between the forward price for swaps (or exercise price for options) and the spot price;
- option premiums.

2.4.18. Provisions

Provisions for pension and post-employment commitments (IAS19 revised)
The Group offers its employees various fringe benefits while they are in employment or after employment. These benefits arise under the legislation applicable in certain countries and under contractual arrangements concluded by the Group with its employees, and are either defined contribution plans or defined benefit plans.

(a) Defined contribution plans
Defined contribution plans are characterised by payments to organisations that discharge the employer from any subsequent obligation, with the organisations taking responsibility for paying employees their entitlements. Hence, once the contributions are paid, no liability is reported in the Group's financial statements.

(b) Defined benefit plans
Defined benefit plans refer to plans providing post-employment benefits other than defined contribution plans. The Group has a duty to accrue provisions for the benefits to be paid to serving members of its staff, and to pay the benefits of former members of its staff. In substance, the actuarial and investment risks lie with the Group.

These plans mainly concern the following:
- pension commitments: pension annuity plans, retirement gratuities, other retirement commitments and additional pension benefits;
- other long term benefits: long service awards.

Description of commitments under defined benefit plans
Apart from ordinary, statutory schemes, the Group provides, according to country and local legislation, retirement gratuity schemes (France), defined benefit pension schemes (United Kingdom and Canada) and pensioners' health benefit schemes (Canada and USA).

In France, retirement gratuities paid to the employee on leaving employment are determined according to the national collective labour agreement or the company agreement applying in the business. The following are the two main collective labour agreements applied within the Group:
- "Convention collective des transports publics urbains" (CCN_3099) – the national collective labour agreement for urban public transport;
- "Convention collective des transports routiers" (CCN_3085) – the national road-haulage collective labour agreement.

These schemes are partly financed by insurance policies. Their value is measured over the average term of the policies (20 years) except in the case of GROUPE KEOLIS S.A.S., Keolis S.A. and subsidiaries of the EFFIA group, which are measured using actual retirement ages.

Annual actuarial evaluations of the commitments of the defined benefit schemes are carried out each year end primarily by independent actuaries.

Commitments for pensions, additional pension benefits and retirement gratuities are measured using a method that takes account of the projected final end-of-career salaries (termed the Projected Unit Credit Method) on an individual basis, which is based on assumptions of discounting rates and expected long-term yields from the funds invested for each country, and on assumptions regarding life expectancy, staff turnover, trends in pay, annuity revaluations and the discounted value of payable sums. The specific assumptions for each plan take local economic and demographic factors into account.

The value entered in the statement of financial position under provisions "pensions and other employment benefits" is the difference between the discounted value of the future obligations and the fair value of the pension plan assets intended to cover them. Where the result of this calculation is a net commitment, an obligation is recognised as a liability in the statement of financial position.

When bids are won in France or abroad, the asset representing pension rights and all other employee benefits recognised at the start of the franchise is determined on the basis of the amount of pension liabilities and other employee benefits over the estimated life of the contract.

Actuarial gains/losses relating to post-employment benefits resulting from experience and changes in actuarial assumptions are recognised directly in equity in the year in which they are incurred and are off set against the increase or decrease of the obligation. They are set out in the statement of comprehensive income.

In the income statement, the cost of service earned during the financial year is included in the operating profit.

The interest cost in respect of the discounting of pensions and similar obligations, and the income relating to the expected yields from the pension plan assets, are recognised under financial income and expense.

In France long service awards are valued on the same basis as pension commitments, with the exception of the recognition of actuarial gains and losses. Actuarial gains and losses are recognised in the income statement.

Other types of provisions
Provisions are accrued where at the end of the reporting period:
- there is a present legal or implicit obligation towards third parties arising from a past event,
- there is a probability that an outflow of resources embodying economic benefits will be required to settle this obligation, and
- a reliable estimate can be made of the amount.

In the context of its activity, the Group is generally subject to a contractual obligation to carry out multiyear major maintenance and servicing operations on facilities managed under a public service agreement. The resulting maintenance and repair costs are analysed in accordance with IAS 37 on provisions and, where applicable, provisions are accrued for major maintenance and servicing and also for lossmaking contracts where the unavoidable costs incurred to meet the contractual obligation are greater than the economic benefits of the contract.

In cases of restructuring, an obligation is accrued in so far as the restructuring has been announced and is the object of a detailed formalised plan or has been started prior to the reporting date.

Provisions due in more than one year are discounted whenever the impact is material.

2.4.19. Payments in shares and similar payments
The Group has no share option plans or share purchase warrants for the benefit of its members of staff.

2.4.20. Trade payables and other accounts payable

Trade payables and other accounts payable are measured at their fair value at initial recognition, which in most cases is their nominal value, and thereafter at the amortised cost. Short-term payables are recognised at their nominal amount unless discounting at the market rate would have a material impact.

In the event of long payment delays, the suppliers' debt is discounted.

Other payables include deferred revenues, corresponding to income received for services not yet provided, and investment grants not yet posted in the income statement.

2.4.21. Revenue and other business income

Revenue and other business-related income are measured at the fair value of the consideration received or accrued.

They are measured net of discounts and commercial benefits given, where the service has been provided. No income is recognised where there exists significant uncertainty as to the recoverability of the consideration receivable or the costs incurred or to be incurred in relation to the service, and where the Group remains involved in managing the income.

The revenue from urban passenger transport companies is recognised according to the terms of the contract signed with the public transport authority, taking account of all additional clauses and any vested rights (indexation clauses, etc.).

The same applies for revenue from intercity passenger transport companies, and other activities not under contract, recognised according to the services provided.

Revenues include fees from value added services arising from the Group's knowhow. These activities (excluding transportation) mainly relate to the management of car parks, airports and bike rental.

Other business-related income covers fees for services consisting mainly of revenues classified by the Group as incidental, as well as the remuneration of concession financial assets.

2.4.22. Other operating expenses

Since they are a recurrent feature of the activity, losses or gains on sales of transport equipment are recognised on a separate line, and included in profit from continuing operations.

2.4.23. Other operating income

Other operating income mainly comprises the CICE (tax credit for competitiveness and employment) which was created to help companies finance their competitiveness, in particular through investment, research, innovation, recruitment, prospection of new markets, environmental transition and replenishment of their working capital. It applies to remuneration not exceeding two and a half times the minimum wage that the companies pay their employees in the course of the calendar year. In 2017, the tax credit rate remained unchanged at 6%.

The CICE is deducted from corporate income tax due for the year during which the remuneration used for the calculation of the tax credit was paid. Any non-deducted credit is treated as a receivable from the State and can be used to pay tax due in the three years following that in which the credit was earned. At the end of this period, any remaining non-deducted amount is reimbursed to the company.

The Group holds the view that the CICE is a type of public subsidy within the application of IAS 20, insofar as it is used for financing working capital related expenditure. The CICE is recognised under operating subsidies in the line "Other operating income" of the consolidated income statement.

2.4.24. Recurring operating profit

Recurring operating profit corresponds to the whole of the expenses and income arising from the Group's recurring operating activity before financing activities, the earnings of associates, activities discontinued or being sold and taxation.

2.4.25. Operating profit or loss

Operating profit includes recurring operating profit and all transactions not directly related to the normal conduct of business, but that cannot be directly attached to any other item in the income statement.

Income and expenses, charges to depreciation and provisions on non-recurring items include all non-recurring operations where costs are significant: this applies in particular to offensive bids, restructuring costs, disposal gains or losses on assets other than transport equipment, the amortisation of contractual rights and startup costs in a new country or zone, and to other items that are by their nature non-recurring.

Effects of changes in scope recognised directly in income include:

- direct acquisition costs in the case of a takeover;
- effects of revaluations, at fair value on the acquisition date, of non-controlling interests previously acquired in the case of an acquisition in stages;
- subsequent earn-outs;
- profit or loss from divestments of holdings which lead to a change in the method of consolidation as well as, where applicable, the revaluation effects of retained non-controlling interests.

2.4.26. EBITDA calculation

EBITDA is calculated based on operating profit/(loss), plus or minus the profit or loss on asset disposals, the amounts representing depreciation and amortisation, increases and reversals of provisions and the share of subsidy income.

Recurring EBITDA corresponds to EBITDA less material non-recurring items.

2.4.27. Financial income (expense)

Financial expenses include interest on borrowings and financial debt calculated using the effective interest rate method, the cost of early loan repayments or of cancelling credit lines, the financial interest not directly attributable to the operating margin and the financial cost of discounting non-current liabilities.

Financial income includes income from deposits of cash or cash equivalents and dividends received from non-consolidated companies.

Other financial income and expense include net foreign exchange gains and losses, bank commissions on credit transactions booked as an expense and their rebilling as income, changes in the fair value of derivative financial instruments when they are to be recognised in the income statement and are recognised respectively as financial income or expenses on transactions, with the exception of changes in the fair value of hedging derivatives which are recorded on the same line as the transaction hedged within operating profit. Therefore, any change in the fair value of derivatives, when they are not eligible for hedge accounting, and the change in value of the ineffective portion for cash flow hedging are recognised in the financial result.

All interest on borrowings is recognised as a financial expense as and when incurred.

2.4.28. Change in the presentation of the reversals of provisions used

As from financial year 2017, reversals of provisions used are henceforth presented in the income statement on the line "Net depreciation and other provisions charged". In 2016, the reversals were presented in each of the corresponding expense lines.

This changed presentation has no effect on the aggregates of the 2016 income statement.

(€ million)	31/12/2016	Impact of change in presentation of reversals of provisions used	31/12/2016 pro forma
Revenue	**5,074.9**	**-**	**5,074.9**
Other income from operations	15.3	-	15.3
Income from continuing operations	**5,090.2**	**-**	**5,090.2**
Sub-contracting	(196.5)	-	(196.5)
Purchases consumed and external expenses	(1,590.3)	(5.2)	(1,595.5)
Taxes	(17.0)	-	(17.0)
Staff costs, incentive schemes, profit-sharing	(2,989.0)	(3.4)	(2,992.5)
Other operating income	53.2	-	53.2
Other operating expense	(25.9)	(2.9)	(28.8)
Net provisions on current assets	(0.5)	-	(0.5)
Net depreciation and other provisions charged	(232.0)	11.5	(220.5)
Profit/(loss) on recurring fixed asset disposals	(2.0)	-	(2.0)
Amortisation of grants received	8.4	-	8.4
Recurring operating profit	**98.5**	**-**	**98.5**
Operating profit/loss	**52.9**	**-**	**52.9**
Profit/(loss) from associates	25.7	-	25.7
Operating profit/(loss) after investments under equity method	**78.5**	**-**	**78.5**
Financial income (expense)	**(34.4)**	**-**	**(34.4)**
Profit before tax	**44.1**	**-**	**44.1**
Profit for the year	**39.0**	**-**	**39.0**
PROFIT ATTRIBUTABLE TO GROUP	**45.0**	**-**	**45.0**

3 ■ HIGHLIGHTS OF THE FINANCIAL YEAR

Keolis and Île-de-France Mobilités signed 20 bus operation contracts in the Île-de-France region. Each of these contracts will run for four years covering the 2017-2020 period, generating cumulative turnover of approximately 750 million euros. These contracts further reinforce Keolis's status as a major mobility operator in France's leading economic region.

Elsewhere in France, Keolis was awarded the transport concession contract for the Côte Basque-Adour joint municipal region, for a term of six years and nine months. The Group also won an offensive bid for the Greater Besançon metropolitan area. Furthermore, Keolis had its contracts renewed in Lille, Rennes, Caen, Amiens and Quimper.

Outside France, Keolis reinforced is position in Belgium though the acquisition of the Compagnie des Autocars Liégois. EFFIA also expanded outside French borders by acquiring two Belgian companies: Alfa Park in April and Parkeren Roeselare in September (15,000 parking spaces).

Around the world, the year was prolific in terms of commercial activity with a lot of offensive and defensive bid wins and the start-up of new networks: the takeover of operations in Manchester (tram, United Kingdom), Aarhus (tram, Denmark), Teutoburger-Wald-Network (passenger rail, Germany), Zwenzwoka and Almere (passenger rail and buses, Netherlands), the win of Foothill (buses, United States), the launch of Newcastle (multimodal, Australia), the renewal of Melbourne (tram, Australia), the Gold Coast network extension (tram, Australia), the start-up of Hyderabad (automatic metro, India), and the wins of contracts in Doha (metro, Qatar) and Pudong (automatic metro, China).

Keolis created Keolis Santé through the takeover of the companies Douillard and Intégral (France) and an alliance with JUSSIEU Secours France. With turnover of approximately €70 million and 1,650 employees, Keolis becomes the leading provider of medical transport services in France.

4 ■ NOTES TO THE CONSOLIDATED INCOME STATEMENT

4.1. Staff costs

Staff costs

(€ million)	31/12/2017	31/12/2016
Wages and social charges	(2,885.4)	(2,522.6)
Taxes on remuneration	(69.8)	(68.2)
Other staff expenses [1]	(206.7)	(398.2)
TOTAL	**(3,161.8)**	**(2,989.0)**

(1) Other staff expenses include incentive schemes and profit sharing.

Average number of employees

	31/12/2017 (number of people)	31/12/2016 (eq. full time)
Managers	3,090	2,576
Supervisory and technical staff	8,709	6,284
Clerical and manual employees, drivers	49,272	46,613
TOTAL	**61,070**	**55,472**

Employee numbers are now presented in terms of number of people whereas they were expressed as full-time equivalents in 2016. In 2016, the number of people working for Keolis was 56,883.

4.2. Other operating income

Other operating income mainly comprises the CICE, representing €60.5 million in 2017 compared with €53.1 million in 2016.

4.3. Operating profit

(€ million)	31/12/2017	31/12/2016
RECURRING OPERATING PROFIT	**129.3**	**98.5**
Costs of offensive bids	(6.1)	(4.6)
Amortisation of contractual rights and others	(27.9)	(27.4)
Other non-recurring items	(24.7)	(13.8)
■ *Reorganisation expenses*	*(11.2)*	*(14.2)*
■ *Change in provisions for contract losses*	*2.6*	*3.0*
■ *Cessation of business at Driverlite*	*(12.0)*	*-*
■ *Other*	*(4.1)*	*(2.6)*
TOTAL NON-RECURRING ITEMS	**(58.7)**	**(45.7)**
OPERATING PROFIT	**70.6**	**52.9**

4.4. EBITDA calculation

(€ million)	**31/12/2017**	31/12/2016
OPERATING PROFIT	**70.6**	**52.9**
Net depreciation and other provisions charged	219.3	232.0
Depreciation and provisions on non-recurring items	28.6	27.4
Amortisation of grants received	(7.5)	(8.4)
Reversals of operating provisions utilised on recurring items [1]	-	(11.3)
Reversals of provisions utilised on non-recurring items [1]	-	(1.3)
Profit/(loss) on fixed asset disposals	0.8	2.0
EBITDA	**311.8**	**293.3**
Non-recurring income and expense [2]	30.0	19.4
RECURRING EBITDA	**341.8**	**312.7**

(1) Reversals of utilised provisions are now presented within net depreciation and other provisions charged.
(2) Non-recurring income and expense include significant offensive bid costs, major restructuring expenses and other significant exceptional items.

4.5. Share in net profit for the year from investments under the equity method

(€ million)	**31/12/2017**	31/12/2016
Govia (UK)	25.4	19.7
First / Keolis Transpennine (UK)	0.7	5.4
Other associates (France)	(0.8)	0.6
Other associates (international, excluding UK)	(0.7)	-
TOTAL JOINT VENTURES AND ASSOCIATES	**24.6**	**25.7**

4.6. Financial income / (expense)

(€ million)	**31/12/2017**	31/12/2016
Net cost of financial debt	(17.1)	(18.5)
■ *of which Cost of gross financial debt*	*(18.4)*	*(19.3)*
■ *of which Income from cash and cash equivalents*	*1.3*	*0.8*
Other financial income and charges	9.8	1.9
■ *of which revaluation of securities*	*7.8*	-
Other financial charges	(17.3)	(17.8)
■ *of which foreign exchange impact*	*(0.4)*	*(4.2)*
FINANCIAL INCOME / (EXPENSE)	**(24.6)**	**(34.4)**

4.7. Taxation

The tax charge breaks down as follows:

(€ million)	31/12/2017	31/12/2016
CURRENT TAX EXPENSE	**(29.2)**	**(31.0)**
Tax payable for the period	(29.5)	(30.7)
Adjustments in respect of prior years	0.3	(0.3)
DEFERRED TAX INCOME	**10.8**	**25.8**
Deferred tax for the period	12.6	26.4
Impairment loss on deferred tax asset	(1.7)	(0.6)
TAX EXPENSE FOR THE YEAR	**(18.4)**	**(5.1)**

In 2016 and 2017, the Group decided to reconcile its effective rate starting from a rate of 34.43%.

The reconciliation between the legal rate of taxation in France and the effective rate is as follows:

	31/12/2017		31/12/2016	
	In %	In € million	In %	In € million
PROFIT FOR THE YEAR		**52.3**		**39.0**
Neutralisation of Profit/(loss) from associates		(24.6)		(25.7)
Neutralisation of Taxation		18.4		5.1
PROFIT BEFORE TAX AND BEFORE PROFIT/(LOSS) FROM ASSOCIATES		**46.1**		**18.5**
THEORETICAL TAX USING THE LEGAL RATE OF FRENCH TAXATION	**34.43%**	**(15.9)**	**34.43 %**	**(6.4)**
French / foreign taxation rate differentials	5.92%	(2.7)	-8.00 %	1.5
Rate change in France and in the USA (1)	1.59%	(0.7)	-34.99 %	6.5
Recognition of deferred taxes on intangible assets	-3.21%	1.5	-21.16 %	3.9
Effect of reduced rates and changes in tax rates	-6.25%	2.9	-5.29 %	1.0
Adjustment in respect of tax for prior years	0.03%	(0.0)	1.47 %	(0.3)
Other permanent differences	12.40%	(5.7)	11.83 %	(2.2)
Crédit d'Impôt Compétitivité Emploi and other tax credits	-47.37%	21.8	-99.11 %	18.3
Effect of direct taxation (CVAE)	17.92%	(8.3)	50.26 %	(9.3)
Unrecognised deferred tax assets	24.49%	(11.3)	98.28 %	(18.1)
EFFECTIVE RATE OF TAXATION	**39.96%**	**(18.4)**	**27.73 %**	**(5.1)**

(1) The changes in the corporate income tax rates in France (25.83% from 2022) provided for in the new French Finance Act and in the USA generated a net increase of 3.5 million euros and a net decrease of 4.2 million euros respectively in the deferred tax asset balance at end of 2017.

Unrecognised deferred tax assets in 2017 mainly relate to North America, Germany and the Netherlands.

Deferred tax included within non-current assets and liabilities breaks down as follows:

(€ million)	31/12/2017	31/12/2016
DEFERRED TAX ASSETS	**79.4**	**89.8**
Less than one year	12.9	16.2
More than one year	66.6	73.6
DEFERRED TAX LIABILITIES	**(145.3)**	**(165.0)**
Less than one year	(14.7)	(18.0)
More than one year	(130.6)	(146.9)

Unused losses amounted to €294.8 million at 31 December 2017 of which €170.0 million were not recognised, taking into account assumptions on the usability of these losses within available time limits, which would represent a deferred tax asset of €58.5 million.

At each financial year end, the Group assesses for each tax entity the probability of its having taxable profits against which to offset its deferred tax assets or to use available unrecognised tax credits. In making this assessment, the Group takes account of, among other factors, past and present taxable profit, and the companies' prospects for making future taxable profits.

The change in the net deferred taxes recorded in the statement of financial position breaks down as follows:

(€ million)	Net position
OPENING BALANCE ON 1 JANUARY 2017	**(75.2)**
Recognised in equity	(0.2)
Recognised in profit for the year	11.0
Effect of consolidation scope changes	(2.2)
Foreign exchange translation difference and other movements	0.7
CLOSING BALANCE ON 31 DECEMBER 2017	**(65.9)**

(€ million)	Net position
OPENING BALANCE ON 1 JANUARY 2016	**(92.9)**
Recognised in equity	(3.8)
Recognised in profit for the year	25.8
Effect of consolidation scope changes	(4.8)
Foreign exchange translation difference and other movements	0.6
CLOSING BALANCE ON 31 DECEMBER 2016	**(75.2)**

Net deferred taxes by type are as follows:

(€ million)	**31/12/2017**	31/12/2016
Purchase accounting asset revaluations	(120.8)	(132.3)
Staff benefits	37.4	40.5
Tax losses	26.0	35.6
Other	(8.4)	(19.0)
CLOSING BALANCE ON 31 DECEMBER	**(65.9)**	**(75.2)**

5 ■ NOTES TO THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

5.1. Goodwill

Changes in carrying amount

(€ million)	France	Continental Europe	Australia	UK	North America	Total
At 1 January 2017	**786.7**	**102.1**	**34.8**	**186.0**	**43.3**	**1,152.9**
Acquisitions (1)	15.6	0.5	1.0	-	(0.4)	**16.7**
Disposals	-	-	-	-	-	**-**
Impairment loss for the period	-	-	-	-	-	**-**
Foreign exchange translation differences and others	-	0.1	(1.8)	(6.5)	(2.7)	**(10.9)**
At 31 December 2017	**802.3**	**102.6**	**34.1**	**179.5**	**40.2**	**1,158.7**
Of which gross value	*802.3*	*104.6*	*34.3*	*179.5*	*50.1*	***1,170.8***
Of which accumulated amortisation and impairment charges	-	*(2.0)*	*(0.2)*	-	*(9.8)*	***(12.1)***

(1) The variation in acquisitions in France mainly relates to acquisitions in the areas of medical transport and parking.

(€ million)	France	Continental Europe	Australia	UK	North America	Total
At 1 January 2016	**737.8**	**101.2**	**36.9**	**222.8**	**40.9**	**1,139.6**
Acquisitions (1)	47.6	0.8	(2.8)	-	1.8	**47.4**
Disposals	-	-	-	-	-	**-**
Impairment loss for the period	-	-	-	-	-	**-**
Foreign exchange translation differences and others	1.3	0.1	0.7	(36.9)	0.6	**(34.2)**
At 31 December 2016	**786.7**	**102.1**	**34.8**	**186.0**	**43.3**	**1,152.9**
Of which gross value	*786.7*	*104.1*	*35.1*	*186.0*	*54.2*	***1,166.0***
Of which accumulated amortisation and impairment charges	-	*(2.0)*	*(0.2)*	-	*(10.9)*	***(13.2)***

(1) The additional goodwill recorded in 2016 related to the acquisitions of LeCab on 17 March 2016 and Transports Daniel Meyer on 11 January 2016.

Impairment testing

The main assumptions made for impairment tests are as follows:

Discount rate

The discount rate used is based on the average cost of capital reflecting current market assessments of the time value of money and the risks specific to the tested asset.

The average weighted cost of capital has been determined by a combination of two methods: the "Capital Asset Pricing Model" (CAPM) method and the average weighted cost of capital method for comparable listed companies. Taking into account these factors, the cost of capital used to discount future cash flows are as follows:

	WACC	
	31/12/2017	31/12/2016
KEOLIS GROUP	**4.49%**	**4.70%**
United Kingdom	4.96%	4.70%
Sweden	4.73%	4.70%
Canada	4.96%	4.70%
Denmark	4.49%	4.70%
Netherlands	4.25%	4.70%
Belgium	4.49%	4.70%
Australia	5.20%	4.70%
Norway	4.25%	4.70%
United States	4.96%	4.70%
Germany	4.49%	4.70%
France	4.49%	4.70%

These discount rates are rates after tax applied to cash flows after tax. Use thereof results in recoverable amounts identical to those obtained by using pre-tax rates applied to non-taxable cash flows, in accordance with IAS 36.

Long-term growth rates

The growth rates applied to the main cash-generating units or groups thereof are as follows:

	Infinite growth rates	
	31/12/2017	31/12/2016
KEOLIS GROUP	**2.00%**	**2.00%**
United Kingdom	2.21%	2.00%
Sweden	2.11%	2.00%
Canada	2.21%	2.00%
Denmark	2.00%	2.00%
Netherlands	1.89%	2.00%
Belgium	2.00%	2.00%
Australia	2.32%	2.00%
Norway	1.89%	2.00%
United States	2.21%	2.00%
Germany	2.00%	2.00%
France	2.00%	2.00%

Sensitivity of recoverable amounts

Sensitivity tests on groups of cash-generating units were carried out by varying the long-term growth rates or the WACC (weighted average cost of capital).

A 0.5 decrease in the indefinite growth rate leaves a positive margin between the value in use and the carrying amount of cash-generating units.

A 0.5 increase in the discount rate leaves a positive margin between the value in use and the carrying amount of cash-generating units.

5.2. Other intangible assets

(€ million)	Authorisations, Patents and Software	Trademarks	Contractual rights	Concession assets	Contract assets [1]	Other	Total
At 1 January 2017	**50.7**	**60.2**	**297.3**	**44.3**	**11.9**	**64.9**	**529.3**
Acquisitions	20.4	-	-	1.0	12.1	15.7	**49.1**
Assets disposed of and scrapped	(0.4)	-	-	-	-	(0.1)	**(0.5)**
Amortisation	(26.4)	(2.0)	(25.7)	(28.8)	(1.7)	(5.4)	**(90.0)**
Changes in reporting scope	39.8	-	4.8	-	-	2.0	**46.6**
Foreign exchange translation differences and other movements	12.1	(0.5)	(3.1)	39.9	-	(14.6)	**33.8**
At 31 December 2017	**96.2**	**57.6**	**273.3**	**56.5**	**22.3**	**62.3**	**568.2**
Of which gross value	*229.9*	*69.3*	*554.3*	*191.3*	*52.9*	*71.8*	***1 169.5***
Of which cumulative depreciation and impairment losses	*(133.7)*	*(11.6)*	*(281.0)*	*(134.8)*	*(30.6)*	*(9.5)*	***(601.3)***

(€ million)	Authorisations, Patents and Software	Trademarks	Contractual rights	Concession assets	Contract assets [1]	Other	Total
At 1 January 2016	**54.6**	**62.3**	**310.1**	**48.4**	**5.4**	**53.1**	**533.9**
Acquisitions	14.3	-	0.3	2.0	7.2	28.7	**52.5**
Assets disposed of and scrapped	-	-	-	-	-	(0.3)	**(0.3)**
Amortisation	(27.4)	(2.0)	(25.5)	(23.3)	(0.6)	(6.4)	**(85.3)**
Changes in reporting scope	0.7	-	11.0	-	-	(1.5)	**10.2**
Foreign exchange translation differences and other movements	8.5	(0.1)	1.3	17.3	-	(8.8)	**18.2**
At 31 December 2016	**50.7**	**60.2**	**297.3**	**44.3**	**11.9**	**64.9**	**529.3**
Of which gross value	*168.3*	*70.3*	*555.6*	*161.3*	*40.8*	*66.4*	***1 062.8***
Of which cumulative depreciation and impairment losses	*(117.6)*	*(10.1)*	*(258.4)*	*(117.0)*	*(28.9)*	*(1.6)*	***(533.5)***

(1) See note 2.4.8 for definition of contract assets.

5.3. Property, plant and equipment

(€ million)	Land & Developments	Buildings	Equipment and tooling	Transport equipment	PPE under construc-tion	Other	Total
At 1 January 2017	**37.1**	**234.0**	**48.1**	**515.5**	**37.4**	**74.3**	**946.4**
Acquisitions	1.9	14.7	14.9	121.2	59.7	28.5	**241.0**
Assets disposed of and scrapped	(0.4)	(2.7)	(0.2)	(10.9)	(0.2)	(0.7)	**(15.1)**
Depreciation	(1.4)	(24.1)	(13.7)	(115.7)	-	(20.3)	**(175.2)**
Changes in reporting scope	1.6	12.8	1.3	11.6	-	1.1	**28.5**
Foreign exchange translation differences and other movements	(0.6)	9.9	4.8	-	(33.8)	(2.8)	**(22.5)**
At 31 December 2017	**38.2**	**244.7**	**55.2**	**521.7**	**63.1**	**80.2**	**1,003.1**
Of which gross value	*47.7*	*460.0*	*167.8*	*1,279.0*	*63.1*	*216.4*	***2,234.1***
Of which cumulative depreciation and impairment losses	*(9.6)*	*(215.3)*	*(112.6)*	*(757.3)*	-	*(136.2)*	***(1,231.0)***

(€ million)	Land & Developments	Buildings	Equipment and tooling	Transport equipment	PPE under construc-tion	Other	Total
At 1 January 2016	**37.8**	**218.0**	**47.2**	**489.8**	**35.1**	**64.0**	**891.8**
Acquisitions	2.1	7.8	8.9	129.7	45.9	27.7	**222.0**
Assets disposed of and scrapped	(0.7)	(0.6)	(0.2)	(19.9)	(0.1)	(0.4)	**(21.9)**
Depreciation	(2.4)	(23.9)	(14.7)	(105.7)	-	(19.5)	**(166.2)**
Changes in reporting scope	-	1.0	2.2	12.6	0.2	1.4	**17.3**
Foreign exchange translation differences and other movements	0.4	31.7	4.7	9.0	(43.6)	1.3	**3.4**
At 31 December 2016	**37.1**	**234.0**	**48.1**	**515.5**	**37.4**	**74.3**	**946.4**
Of which gross value	*47.7*	*428.9*	*158.4*	*1,205.1*	*37.4*	*198.9*	***2,076.4***
Of which cumulative depreciation and impairment losses	*(10.6)*	*(194.9)*	*(110.3)*	*(689.6)*	-	*(124.6)*	***(1,130.0)***

Finance leases

At 31 December 2017, finance leased assets included within assets in the statement of financial position comprise:

(€ million)	Transport equipment	Land and Buildings	Total
Net book value of finance leased fixed assets	144.0	10.7	**154.8**

Schedule of minimum finance lease payments

(€ million)	1 year	1 to 5 years	> 5 years	Total
Principal	40.8	99.9	13.6	**154.3**
Interest	-	4.7	0.4	**5.1**
FINANCE LEASE PAYMENTS	**40.8**	**104.6**	**14.0**	**159.4**

5.4. Investments under the equity method

The Group holds several investments in joint ventures and associates notably in the United Kingdom, consolidated under the equity method.

The changes in the value of these investments during the financial year can be explained by the items below:

(€ million)	31/12/2017	31/12/2016
AT 1 JANUARY	**58.7**	**35.1**
Net profit attributable to Group	*24.6*	*25.7*
Depreciation	-	-
Profit/(loss) from investments under equity method	24.6	25.7
Change in fair value affecting equity	-	-
Foreign exchange translation differences	0.7	(1.9)
Dividends paid	(26.5)	(24.6)
Changes in consolidation scope & other	7.4	24.4
AT 31 DECEMBER	**65.0**	**58.7**

The financial elements relating to significant joint ventures are presented below at 100% of their values:

(€ million)	31/12/2017					31/12/2016				
	Govia & subsid's	First / Keolis Transpennine	SAEMES	Others	Total associates	Govia & subsid's	First / Keolis Transpennine	SAEMES	Others	Total associates
Non-current assets	53.6	-	184.7	NA	NA	43.5	0.3	183.5	NA	NA
Net WCR	31.2	5.3	(47.6)	NA	NA	41.9	3.7	(56.0)	NA	NA
Equity	81.5	5.4	74.2	NA	NA	82.7	4.1	69.4	NA	NA
Inc. Net profit	72.6	1.5	1.3	NA	NA	56.3	12.1	1.6	NA	NA
Non-current liabilities	3.2	-	62.9	NA	NA	2.6	(0.1)	58.1	NA	NA
Net assets	81.5	5.4	74.2	NA	NA	82.7	4.1	69.4	NA	NA
Reconciliation of financial data with value of investments under the equity method										
Group share of net assets	**28.5**	**2.4**	**24.7**	**9.4**	**65.0**	**29.0**	**1.8**	**23.1**	**4.8**	**58.7**
Net book value of investments	**28.5**	**2.4**	**24.7**	**9.4**	**65.0**	**29.0**	**1.8**	**23.1**	**4.8**	**58.7**

With regard to Govia's activities of in the UK, operating companies are required under contract to retain a level of liquidity such that the public service can be guaranteed in the event of the operator's insolvency. This requires the operator to maintain a Liquidity Maintenance Ratio. The required amount is equal to a certain number of weeks of direct costs relating to the activity and must be maintained until the end of the franchise. This requirement means that the majority of the cash held by Govia under operational companies cannot be qualified as transferable to the Go-Ahead group, the majority shareholder in Govia. As such, the net cash position at year end is presented in net working capital.

However, the net assets held by the Keolis Group in the UK in Govia, amounting to €28.5 million at 31 December 2017, are fully available.

5.5. Current and non-current financial assets

(€ million)	Equity instruments measured at		Debt instruments measured at		Derivative assets	Concession financial assets	Total
	"Fair value" by Profit/loss	"Fair value" by "OCI" not recyclable in P&L	Amortised cost by profit/loss	"Fair Value" by Profit/Loss			
At 31 December 2017							
Gross value	31.1	17.2	34.5	4.8	1.7	162.6	**251.8**
Impairment	-	-	-	-	-	-	**-**
Net value	**31.1**	**17.2**	**34.5**	**4.8**	**1.7**	**162.6**	**251.8**
■ Of which less than 1 year	-	-	17.6	0.6	1.7	-	**19.9**
■ Of which more than 1 year	31.1	17.2	16.8	4.1	-	162.6	**231.8**

(€ million)	Equity instruments measured at		Debt instruments measured at		Derivative assets	Concession financial assets	Total
	"Fair value" by Profit/loss	"Fair value" by "OCI" not recyclable in P&L	Amortised cost by profit/loss	"Fair Value" by Profit/Loss			
At 1 January 2017							
Gross value	13.1	20.2	33.6	-	2.1	162.2	**231.1**
Impairment	-	-	-	-	-	-	**-**
Net value	**13.1**	**20.2**	**33.6**	**-**	**2.1**	**162.2**	**231.1**
■ Of which less than 1 year	-	-	18.3	-	2.1	-	**20.4**
■ Of which more than 1 year	13.1	20.2	15.2	-	-	162.2	**210.7**

The increase in fair value of equity instruments measured at fair value through profit and loss comprises €10.2 million of acquisitions of non-controlling non-consolidated investments and €7.8 million from the revaluation of the portfolio of securities.

5.6. Inventories

(€ million)	31/12/2017	31/12/2016
Gross inventories	108.5	96.5
Provisions	(5.2)	(4.4)
NET INVENTORIES	**103.3**	**92.1**

5.7. Trade and other receivables

(€ million)	31/12/2017	31/12/2016
Trade receivables	490.3	408.9
Advances and down payments on orders	10.3	8.9
Amortisation of accounts receivable	(14.9)	(12.3)
TRADE RECEIVABLES	**485.8**	**405.5**
Receivables from staff and welfare agencies	4.2	4.6
Central government and local authorities	202.1	146.1
Prepayments	24.2	22.9
Other[1]	188.7	175.2
Depreciation of other debtors	(1.2)	(1.1)
OTHER RECEIVABLES	**417.9**	**347.6**

(1) Other receivables for 2017 include €67 million representing the Australian Department for Transport's guarantee on extra holiday rights; these rights appear under liabilities as payables to staff.

5.8. Cash and cash equivalents

Analysis by type

(€ million)	31/12/2017	31/12/2016
Cash	**269.6**	280.0
Short term investments	**6.3**	8.3
TOTAL RECOGNISED AS ASSETS	**275.9**	**288.4**
Bank overdrafts	**(119.1)**	**(115.8)**
NET CASH AND CASH EQUIVALENTS	**156.8**	**172.6**

Cash equivalents include highly liquid short term investments that are easily convertible into a known amount of cash and present no significant risk of loss of value.

The Group takes the view that its UCITS classified by the AMF (French financial markets authority) as "euro money-market" meet the criteria necessary to classify them as cash equivalents.

In 2017, the Group carried out two transactions to monetise trade receivables. The total amount of receivables thus monetised was €28.1 million at 31 December 2017 versus €44.4 million at 31 December 2016.

In December 2017, as in previous years, the receivable arising from the CICE implemented by the French government and recognised by French consolidated tax groups was subject to a "Dailly" sale, carried out by GROUPE KEOLIS S.A.S

5.9. Equity

Share capital and share premium

At 31 December 2017, the share capital was €237.9 million, comprising 180,218,865 ordinary shares with a nominal value of one euro and thirty-two cents each, fully paid up.

The share premium amounted to €273.2 million.
The Group's borrowing contracts do not include any mandatory gearing ratio clauses.

Treasury shares

On 31 December 2017 all of GROUPE KEOLIS S.A.S.' treasury shares, totalling €1.5 million, were cancelled.

Distributable reserves and earnings

At 31 December 2017, the company GROUPE KEOLIS S.A.S. had distributable reserves and earnings of €146.1 million and €17.6 million respectively.

Reserves attributable to non-controlling interests

The main reserves attributable to investments not giving control are from the following subsidiaries: Keolis Downer, KDR Gold Coast Pty Ltd, KDR Victoria Pty Ltd, Australian Transit Enterprises Pty Ltd and Keolis Commuter Services LLC.

Foreign exchange translation reserve

The following were the main exchange rates against the euro used for the 2017 and 2016 financial years:

(For 1 euro)	2017		2016	
	Average rate	Closing rate	Average rate	Closing rate
Pound Sterling	**0.876834**	**0.887200**	0.819483	0.856200
Australian Dollar	**1.472852**	**1.534600**	1.488282	1.459600
Danish Crown	**7.438615**	**7.444900**	7.445189	7.434400
Swedish Crown	**9.633786**	**9.843800**	9.468901	9.552500
Norwegian Crown	**9.326170**	**9.840300**	9.290600	9.086300
US Dollar	**1.129877**	**1.199300**	1.106903	1.054100
Canadian Dollar	**1.464183**	**1.503900**	1.465879	1.418800
Indian Rupee	**73.556827**	**76.605500**	74.371692	71.593500

5.10. Financial debt and long-term borrowings

Financial debt breakdown by type

(€ million)	At 31 December 2017		
	Amounts in the statement of financial position	Term	Rates
Owed to non-controlling shareholders (put option)	-	2018	**-**
Finance leasing	1.8	2018	**Variable rates**
Finance leasing	39.0	2018	**Fixed rates**
Derivatives	3.7	2018	**-**
Loans	21.6	2018	**Fixed rates**
Loans	15.7	2018	**Variable rates**
SUBTOTAL, LESS THAN 1 YEAR	**81.9**		**-**
Owed to non-controlling shareholders (put option)	46.0	2020-2022	**-**
Finance leasing	11.0	2019-2029	**Variable rates**
Finance leasing	102.5	2019-2029	**Fixed rates**
Employee profit-sharing	0.5	2019-2021	**Fixed rates**
Derivatives	-		**-**
Loans	136.8	2019-2029	**Fixed rates**
Loans	875.9	2019-2029	**Variable rates**
SUBTOTAL, MORE THAN 1 YEAR	**1,172.8**		
TOTAL	**1,254.6**		

(€ million)	At 31 December 2016		
	Amounts in the statement of financial position	Term	Rates
Owed to non-controlling shareholders (put option)	1.0	2017	-
Finance leasing	1.5	2017	**Variable rates**
Finance leasing	32.0	2017	**Fixed rates**
Derivatives	6.4	2017	-
Loans	30.5	2017	**Fixed rates**
Loans	72.0	2017	**Variable rates**
SUBTOTAL, LESS THAN 1 YEAR	**143.4**		
Owed to non-controlling shareholders (put option)	30.0	2019-2020	-
Finance leasing	8.2	2018-2028	**Variable rates**
Finance leasing	95.2	2018-2028	**Fixed rates**
Employee profit-sharing	0.5	2018-2020	**Fixed rates**
Derivatives	0.2		-
Loans	55.6	2018-2028	**Fixed rates**
Loans	779.2	2018-2028	**Variable rates**
SUBTOTAL, MORE THAN 1 YEAR	**969.0**		
TOTAL	**1,112.4**		

At 31 December 2017, the amount drawn under the syndicated loan arranged on 12 July 2013 and amended on 11 June 2015 and 29 February 2016, stood at €600 million and the amount undrawn was €300 million.

Financial debt breakdown by maturity

(€ million)	Maturity							
	2018	2019	2020	2021	2022	2023 – 2028	After 2028	Total
Finance leasing	40.8	45.0	33.4	11.5	10.1	13.6	-	154.3
Other liabilities	41.1	123,9	91.8	114.0	698.4	18.1	13.1	1,100.3
TOTAL	**81.9**	**168,9**	**125.1**	**125.5**	**708.5**	**31.6**	**13.1**	**1,254.7**

Mandatory financial ratios

In the documentation for the syndicated loan, one financial ratio is to be complied with on a six-monthly basis (the "Leverage ratio"). At 31 December 2017, the Group complied with this ratio.

The Leverage ratio corresponds to the ratio between the adjusted net debt and the adjusted recurring EBITDA.

The aggregations used to calculate the financial ratio strictly comply with the definitions set out in the Syndicated Loan documentation.

The Group's contracts, and those of its subsidiaries, also include cross acceleration clauses. If the Group or, under certain conditions, its largest subsidiaries do not comply with their commitments, lending institutions may claim default and early reimbursement of a major portion of the Group's debt.

Taking account of the spread of this financing among various subsidiaries and the quality of the Group's liquidity resources, the existence of these clauses does not create a material risk to the Group's financial situation.
In 2014 the Group introduced monitoring of these financial ratios relating to the financing of the Group and its subsidiaries in order to anticipate any adverse change to the ratios.

Statement of changes in financial debt

(€ million)	**31/12/2016**	Increase	Decrease	Change in reporting scope	Foreign exchange impact	Other	**31/12/2017**
Finance leasing	33.5	12.1	(7.0)	(0.8)	(0.5)	3.5	40.8
Owed to non-controlling shareholders (put option	1.0	-	-	(1.0)	-	-	-
Derivatives	6.4	-	-	-	-	(2.6)	3.7
Loans	102.6	2.2	(93.4)	1.3	(1.7)	26.5	37.4
SUB-TOTAL, LESS THAN 1 YEAR	**143.4**	**14.3**	**(100.4)**	**(0.5)**	**(2.2)**	**27.4**	**81.9**
Owed to non-controlling shareholders (put option	30.0	-	-	16.0	-	-	46.0
Finance leasing	103.4	44.9	(36.9)	5.1	(2.0)	(0.9)	113.5
Employee profit sharing	0.5	-	-	0.1	-	-	0.5
Derivatives	0.2	-	-	-	-	(0.2)	-
Loans	834.8	214.6	(9.7)	16.9	(15.1)	(28.9)	1 012.7
SUB-TOTAL, MORE THAN 1 YEAR	**969.0**	**259.5**	**(46.6)**	**38.0**	**(17.1)**	**(30.1)**	**1 172.8**
TOTAL	**1,112.4**	**273.8**	**(147.0)**	**37.5**	**(19.3)**	**(2.7)**	**1 254.7**

5.11. Financial assets and liabilities by category

The following table shows the balance sheet carrying value and fair value by accounting category of assets and liabilities defined in accordance with the IFRS9 standard:

31/12/2017				Financial instruments				Fair value			
Balance sheet item and instrument class (€ million)	Non-current	Current	Net book value of class in statement of financial position	At fair value through equity	Loans, receivables, debt at amortised cost	At fair value through profit and loss	Qualified as hedging	Level 1	Level 2	Level 3	Net financial debt
Receivables from SNCF Réseau	-	-	-	-	-	-	-	-	-	-	-
Receivables from SNCF	-	-	-	-	-	-	-	-	-	-	-
Receivables from Caisse de la dette publique	-	-	-	-	-	-	-	-	-	-	-
Collateral cash asset	-	-	-	-	-	-	-	-	-	-	-
Debt instruments	21.0	18.3	39.2	-	34.5	4.8	-	-	39.2	-	39.2
Financial assets for concessions	162.6	-	162.6	-	162.6	-	-	-	162.6	-	-
SUB-TOTAL OF LOANS AND RECEIVABLES	**183.5**	**18.3**	**201.8**	**-**	**197.1**	**4.8**	**-**	**-**	**201.8**	**-**	**39.2**
Pension assets	-	-	-	-	-	-	-	-	-	-	-
Equity instruments	48.3	-	48.3	17.2	-	31.1	-	-	37.9	10.4	-
Other assets at fair value, recognised in profit and loss	-	-	-	-	-	-	-	-	-	-	-
Positive fair value of hedging instruments	-	0.1	0.1	-	-	-	0.1	-	0.1	-	0.1
Positive fair value of trading derivatives	-	1.6	1.6	-	-	1.6	-	-	1.6	-	1.6
Cash and cash equivalents	-	275.9	275.9	-	-	275.9	-	6.2	269.6	-	275.9
TOTAL CURRENT AND NON-CURRENT FINANCIAL ASSETS	**231.8**	**295.8**	**527.6**	**17.2**	**197.1**	**313.3**	**0.1**	**6.3**	**510.9**	**10.5**	**316.7**
Bond borrowings	-	-	-	-	-	-	-	-	-	-	-
Bank borrowings	1 013.5	33.0	1 046.5	-	1 046.5	-	-	-	1 046.5	-	1 046.5
Finance leasing	113.5	40.8	154.3		154.3			-	154.3	-	154.3
SUB-TOTAL OF BORROWINGS	**1 127.0**	**73.8**	**1 200.8**	**-**	**1 200.8**	**-**	**-**	**-**	**1 200.8**	**-**	**1 200.8**
of which:											
- measured at amortised cost	*1 127.1*	*73.7*	*1 200.8*	-	*1 200.8*	--	-	-	*1 200.8*	-	*1 200.8*
- subject to fair value hedge accounting	-	-	-	-	-	-	-	-	-	-	-
- measured according to the "fair value" option	-	-	-	-	-	-	-	-	-	-	-
Negative fair value of hedging instruments	-	1.8	1.8	-	-	-	1.8	-	1.8	-	1.8
Negative fair value of trading derivatives	-	2.0	2.0	-	-	2.0	-	-	2.0	-	2.0
BORROWINGS AND FINANCIAL DEBT	**1 127.0**	**77.6**	**1 204.6**	**-**	**1 200.8**	**2.0**	**1.8**	**-**	**1 204.6**	**-**	**1 204.6**
Bank loans and overdrafts	-	122.8	122.8	-	122.8	-	-	-	122.8	-	122.8
Debts relating to commitments to purchase non-controlling interests	46.0	-	46.0	46.0	-	-	-	-	-	46.0	-
TOTAL CURRENT AND NON-CURRENT FINANCIAL LIABILITIES	**1 173.0**	**200.3**	**1 373.4**	**46.0**	**1 323.6**	**2.0**	**1.8**	**-**	**1 327.4**	**46.0**	**1 327.4**
GROUP NET FINANCIAL DEBT	**1 106.0**	**(95.5)**	**1 010.5**	**-**	**1 289.1**	**(280.2)**	**1.7**	**(6.3)**	**1 017.0**	**-**	**1 010.5**

31/12/2016				Financial instruments				Total	Fair value			
Balance sheet item and instrument class (€ million)	Non-current	Current	Net financial debt	At fair value through equity	Loans, receivables, debt at amortised cost	At fair value through profit and loss	Qualified as hedging	Net book value of class in statement of financial position	Fair value of the class	Level 1	Level 2	Level 3
Other loans and receivables	17.6	18.3	36.0	-	36.0	-	-	36.0	36.0	-	36.0	-
Financial assets for concessions	162.2	-	-	-	162.2	-	-	162.2	162.2	-	162.2	-
SUB-TOTAL OF LOANS AND RECEIVABLES	**179.8**	**18.3**	**36.0**	**-**	**198.2**	**-**	**-**	**198.2**	**198.2**	**-**	**198.2**	**-**
Available for sale (AFS) assets	30.7	-	-	30.7	-	-	-	30.7	30.7	-	-	30.7
Assets at fair value, recognised in profit and loss	-	-	-	-	-	-	-	-	-	-	-	-
Positive fair value of hedging instruments	0.2	-	0.2	-	-	-	0.2	0.2	0.2	-	0.2	-
Positive fair value of trading derivatives	-	2.0	2.0	-	-	2.0	-	2.0	2.0	-	2.0	-
Cash and cash equivalents	-	288.4	288.4	-	-	288.4	-	288.4	288.4	8.3	280.0	-
TOTAL CURRENT AND NON-CURRENT FINANCIAL ASSETS	**210.8**	**308.7**	**326.6**	**30.7**	**198.2**	**290.3**	**0.2**	**519.4**	**519.4**	**8.4**	**480.5**	**30.7**
Bank borrowings	834.8	99.2	934.1	-	934.1	-	-	934.1	934.1	-	934.1	-
Finance leasing	103.4	33.5	136.9	-	136.9	-	-	136.9	136.9	-	136.9	-
SUB-TOTAL OF BORROWINGS	**938.2**	**132.7**	**1,071.0**	**-**	**1,071.0**	**-**	**-**	**1,071.0**	**1,071.0**	**-**	**1,071.0**	**-**
of which:												
- measured at amortised cost	*938.2*	*132.7*	*1,071.0*	*-*	*1,071.0*	*-*	*-*	*1,071.0*	*1,071.0*	*-*	*1,071.0*	*-*
- subject to fair value hedge accounting	-	-	-	-	-	-	-	-	-	-	-	-
- measured according to the "fair value" option	-	-	-	-	-	-	-	-	-	-	-	-
Negative fair value of hedging instruments	0.2	6.3	6.5	-	-	-	6.5	6.5	6.5	-	6.5	-
Negative fair value of trading derivatives	-	-	-	-	-	-	-	-	-	-	-	-
BORROWINGS AND FINANCIAL DEBT	**938.5**	**139.1**	**1,077.6**	**-**	**1,071.0**	**-**	**6.5**	**1,077.6**	**1,077.6**	**-**	**1,077.6**	**-**
Bank loans and overdrafts	-	119.1	119.1	-	119.1	-	-	119.1	119.1	-	119.1	-
Debts relating to commitments to purchase non-controlling interests	30.0	1.0	-	31.0	-	-	-	31.0	31.0	-	-	31.0
TOTAL CURRENT AND NON-CURRENT FINANCIAL LIABILITIES	**968.5**	**259.2**	**1,196.7**	**31.0**	**1,190.1**	**-**	**6.5**	**1,227.7**	**1,227.7**	**-**	**1,196.7**	**31.0**
GROUP NET FINANCIAL DEBT	**920.6**	**(50.4)**	**870.1**	**-**	**1,154.1**	**(290.3)**	**6.3**	**870.2**	**870.2**	**(8.3)**	**878.5**	**-**

5.12. Risk management and financial derivatives

The Group uses derivative financial instruments to manage exposure to financial market risks resulting from its operational, financial and investment activities:

- Interest rate risk;
- Foreign exchange risk;
- Commodities risk.

As at 31 December 2017, the Group held derivative instruments:

- eligible for hedge accounting and recognised as cash flow hedges (CFH);
- or non-eligible for hedge accounting and recognised under trading.

Fair values are calculated by using standard valuation methods and on a basis of mid-market conditions commonly used in the financial markets. The market data used is level 2 under the terms of IFRS 13.

The impacts on performance and the financial position of derivatives are presented in the table below:

(€ million)			Other comprehensive income account (OCI) (reclassifiable as income)		Latent financial income/ (expense)	
Underlying asset	Hedge accounting	Fair value at 31/12/2016	Change (1)	Reclassified (2)	Change (3)	Fair value at 31/12/2017
Interest rates	CFH	(6.2)	2.7	1.9	-	(1.7)
Interest rates	Trading	-	(1.8)	0.6	(0.3)	(1.5)
TOTAL INTEREST RATES		**(6.2)**	**1.0**	**2.4**	**(0.3)**	**(3.2)**
Currency	NIH	-	-	-	-	-
Currency	Trading	1.9	-	-	(0.8)	1.1
TOTAL CURRENCY		**1.9**	**-**	**-**	**(0.8)**	**1.1**
Commodities	CFH	2.4	0.2	(0.7)	-	2.0
Commodities	Trading	(0.2)	-	-	0.1	(0.1)
TOTAL COMMODITIES		**2.2**	**0.2**	**(0.7**	**0.1**	**1.8**
TOTAL		**(2.2)**	**1.1**	**1.8**	**(1.1)**	**(0.2)**

(1) Changes in market values, which have impacted the other comprehensive income account (reclassifiable reserves) for the financial year.
(2) Reclassifications from equity have a negative €1.1 million impact on financial income / (expense).
(3) Changes in fair values that impacted financial income (expense) for the financial year.

Derivative instruments are recognised in the statement of financial position at their fair value for the following amounts:

(€ million)	31/12/2017			31/12/2016		
	Non-current	**Current**	**Total**	Non-current	Current	Total
Derivative assets						
Cash flow hedges	-	2.0	**2.0**	0.2	2.9	3.1
Fair value hedges	-	-	**-**	-	-	-
Transaction hedges	-	1.6	**1.6**	-	2.0	2.0
Net foreign investment hedges	-	-	**-**	-	-	-
TOTAL DERIVATIVE INSTRUMENTS - ASSETS	**-**	**3.5**	**3.5**	**0.2**	**4.9**	**5.1**
Derivative liabilities						
Cash flow hedges	-	1.8	**1.8**	0.2	6.9	7.1
Fair value hedges	-	-	**-**	-	-	-
Transaction hedges	-	2.0	**2.0**	-	0.1	0.1
Net foreign investment hedges	-	-	**-**	-	-	-
TOTAL DERIVATIVE INSTRUMENTS - LIABILITIES	**-**	**3.8**	**3.8**	**0.2**	**7.0**	**7.2**

Management of interest rate risk

The exposure of the Group to interest rate risk stems from its net financial debt. The Group covers the risk of interest rate increases by using derivative financial instruments. The exposed debt at 31 December 2017 is 80% covered.

Derivative financial instruments eligible for hedge accounting are recognised under cash flow hedges. The derivative financial instruments that are not eligible are recognised under trading.

The market environment of negative interest rates has created an asymmetric position between the floored debt and certain hedging instruments. This asymmetry, which creates inefficiency under application of IAS 39, led to these instruments being reclassified as trading.

The breakdown between the Group's fixed and variable rate debt is as follows:

(€ million)	**At 31 December 2017**	At 31 December 2016
Financial debt and long-term borrowings after adjustment for accrued interest	**1,208.8**	**1,081.4**
Cash and cash equivalents	**(156.8)**	**(172.6)**
Accrued interest receivable	(0.6)	-
Loans and receivables	(1.1)	(1.2)
Deposits and guarantees	(37.5)	(34.7)
Derivative assets	(1.7)	(2.3)
Profit-sharing	(0.5)	(0.5)
NET FINANCIAL DEBT	**1,010.5**	**870.1**

The Group is exposed to interest rate variability on the variable rate portion of its net financial debt.

The interest rate breakdown of financial debt and borrowings before and after derivative instruments (hedging and transaction) is as follows:

(€ million)	**Initial debt structure**		**Structure after hedging**	
	31/12/2017	**31/12/2016**	**31/12/2017**	**31/12/2016**
Fixed rate	299.6	213.9	901.5	795.3
Variable rate	909.2	867.5	307.3	286.1
TOTAL BORROWINGS AND DEBT	**1,208.8**	**1,081.4**	**1,208.8**	**1,081.4**

Analysis of sensitivity

At 31 December 2017, on the basis of a constant net debt, a variation of 50 basis points in interest rates at year end would have changed the annual borrowing cost as follows.

(€ million)	**+50 bp Income**	**+50 bp Reclassified**	**-50 bp Income**	**-50 bp Reclassified**
Variable rate financial derivatives (after effect of fair value hedges)	(0.8)	-	(0.3)	-
Liabilities at fair value by option	-	-	-	-
Derivatives not qualifying as hedges	0.7	-	(0.7)	-
Derivatives qualifying as cash flow hedges	-	0.8	-	(0.8)
ANALYSIS OF SENSITIVITY	**(0.1)**	**0.8**	**(0.9)**	**(0.8)**

On the basis of the debt structure at 31 December 2017, a variation in the interest rate curve of +/- 50 basis points on the residual maturity of the debt (approximately 5 years) would affect the cost of financial borrowings as follows:

(€ million)	+50 bp Income	+50 bp Reclassified	-50 bp Income	-50 bp Reclassified
Variable rate financial derivatives (after effect of fair value hedges)	(10.3)	-	5.4	-
Liabilities at fair value by option	-	-	-	-
Derivatives not qualifying as hedges	1.5	0.4	(1.6)	(0.7)
Derivatives qualifying as cash flow hedges	0.4	2.1	(0.4)	(1.3)
ANALYSIS OF SENSITIVITY	**(8.4)**	**2.5**	**3.4**	**(2.0)**

Derivative financial instruments are recorded in the statement of financial position at their fair value for the following amounts:

in millions of euros	Fair value in the balance sheet as at 31/12/2017					Fair value in the balance sheet as at 31/12/2016				
	Cash flow hedge	Fair value hedge	Trading	Hedge of a net investment in a foreign operation	**TOTAL**	Cash flow hedge	Fair value hedge	Trading	Hedge of a net investment in a foreign operation	**TOTAL**
Fixed-rate receiver swaps	-	-	-	-	-	0.3	-	-	-	0.3
Fixed-rate payer swaps	0.1-	-	-	-	0.1	-	-	-	-	-
DERIVATIVE INSTRUMENTS – ASSETS	**0.1**	**-**	**-**	**-**	**0.1**	**0.3**	**-**	**-**	**-**	**0.3**
Fixed-rate receiver swaps	-	-	-	-	-	0.3	-	-	-	0.3
Fixed-rate payer swaps	0.7	-	1.5	-	2.2	4.5	-	-	-	4.5
Interest rate options	1.0	-	-	-	1.0	1.7	-	-	-	1.7
DERIVATIVE INSTRUMENTS – LIABILITIES	**1.8**	**-**	**1.5**	**-**	**3.3**	**6.5**	**-**	**-**	**-**	**6.5**
INTEREST RATE NET POSITION	**(1.7)**	**-**	**(1.5)**	**-**	**(3.2)**	**(6.2)**	**-**	**-**	**-**	**(6.2)**

The nominal amounts of derivative financial instruments are detailed below:

(€ million)	31/12/2017		31/12/2016	
	Net long term debt	Net short term debt	Net long term debt	Net short term debt
Fixed-rate receiver swaps	-	-	-	-
Fixed-rate payer swaps	198.4	66.5	212.7	45.0
Index swaps	-	-	-	-
Interest rate options	262.0	75.0	265.0	25.0

All of the interest rate hedging instruments held at 31 December 2017 mature between 2018 and 2025.

Foreign exchange risk management

The Group has put in place intra-group loans denominated in foreign currency and recognised in current accounts. In order to cover the resulting foreign exchange risk, the Group uses derivative financial instruments which allow it to fix the exchange rate of these intra-group loans, covering 100% of the nominal amounts exposed.

The Group also makes investments in foreign entities. To cover the foreign exchange risk engendered by these investments, the Group uses derivative financial instruments for limited amounts, with the management objective being to maintain the reference exchange rate defined for the year.

Some of the derivative financial instruments held by the Group are eligible for net investment hedge accounting as described by IAS 39, the rest are recognised under trading. At 31 December 2017, there were no derivative hedging instruments qualified as net investments.

Derivative financial instruments are recognised in the statement of financial position at their fair value at the following amounts:

	Fair value in the balance sheet as at 31/12/2017					Fair value in the balance sheet at 31/12/2016				
(€ million)	Cash flow hedge	Fair value hedge	Trading	Hedge of a net investment in a foreign operation	TOTAL	Cash flow hedge	Fair value hedge	Trading	Hedge of a net investment in a foreign operation	**TOTAL**
Currency swaps	-	-	1.6	-	1.6	-	-	2.0	-	2.0
DERIVATIVE ASSETS	**-**	**-**	**1.6**	**-**	**1.6**	**-**	**-**	**2.0**	**-**	**2.0**
Currency swaps	-	-	0.5	-	0.5	-	-	0.1	-	0.1
DERIVATIVE LIABILITIES	**-**	**-**	**0.5**	**-**	**0.5**	**-**	**-**	**0.1**	**-**	**0.1**
NET POSITION / FOREIGN EXCHANGE	**-**	**-**	**1.1**	**-**	**1.1**	**-**	**-**	**1.9**	**-**	**1.9**

The derivative financial instruments hedge mainly transactions in the following currencies: AED, AUD, CAD, DKK, GBP, NOK, SEK, and USD.

All of the foreign exchange hedging derivatives held at 31 December 2017 mature in 2018.

Management of risk of fluctuations in commodities prices
Within the scope of its activities, the Group is exposed to a risk of fluctuation in the price of certain commodities, in particular diesel. The Group covers this risk by using derivative financial instruments. In 2017 Keolis hedged 80% of exposed diesel volumes.

Derivative financial instruments eligible for hedge accounting are recognised under cash flow hedges as described by IAS 39. The derivative financial instruments that are not eligible are recognised under trading.

The derivative instruments are recognised in the statement of financial position at their fair value at the following amounts:

(€ million)	Fair value in the balance sheet as at 31/12/2017				Fair value in the balance sheet restated as at 31/12/2016			
	Cash flow hedge	Fair value hedge	Trading	**TOTAL**	Cash flow hedge	Fair value hedge	Trading	**TOTAL**
Swaps on petroleum products	1.7	-	-	1.7	2.8	-	-	2.8
Tunnels - assets	0.2	-	-	0.2	-	-	-	-
DERIVATIVES ON COMMODITIES - ASSETS	**1.9**	**-**	**-**	**1.9**	**2.8**	**-**	**-**	**2.8**
Swaps on petroleum products	-	-	-	-	0.6	-	-	0.6
DERIVATIVES ON COMMODITIES – LIABILITIES	**-**	**-**	**-**	**-**	**0.6**	**-**	**-**	**0.6**
NET POSITION ON COMMODITIES	**1.9**	**-**	**-**	**1.9**	**2.2**	**-**	**-**	**2.2**

At 31 December 2017 the commodity price derivatives represent a volume of 37,331 tonnes:

Volumes in tonnes	Maturing in less than a year	Maturing in 1 to 5 years
Swaps and tunnels on diesel reference	31,878	5,453

Counterparty risk
The transactions generating a potential counterparty risk for the Group are as follows:

- cash deposits;
- derivative financial instruments;
- trade receivables.

In 2013, the Group established and implemented a counterparty risk procedure for bank counterparties relating to its investments and derivative financial instruments. This procedure is based on the principles set out below:

- Definition of three categories within which the Group's bank counterparties are divided:
  - Authorised Banks;
  - Banks under supervision;
  - Non-authorised Banks.

These categories are defined based on criteria specific to banks (rating) or GROUPE KEOLIS S.A.S. (Group financing):

- Cash investments and derivative financial instruments are only undertaken with counterparties that belong to the "Authorised Banks" category;
- The portfolio of cash investments complies with weighting restrictions;
- The "fair value at risk" (fair value in favour of the Group) of the portfolio of derivative financial instruments is monitored regularly so as to spread the risk over various counterparties;
- The banks and categories are monitored regularly.

If a bank that is a Group counterparty is removed from the "Authorised Bank" category, the portfolio of derivative financial instruments is restructured so as to comply once again with the category criteria.

At 31 December 2017:

- All the investments made and all the derivative financial instruments held by the Group were established with bank counter-parties in the "Authorised Bank" category;
- The analysis of fair values at risk indicates that there is no major counterparty risk to report.

Finally, the credit and debit valuation adjustment calculations for the counterparty risk, as required by IFRS 13, indicate that the counterparty risk related to the valuation of the Group's portfolios of derivative financial instruments is negligible.

Liquidity risk

On 28 April 2017, the maturity date of the €900 million syndicated loan was extended by a year to 11 June 2022.

In July 2017 an additional credit line was arranged by GROUPE KEOLIS S.A.S. to finance the acquisitions made by the Group. This €30 million bullet loan was arranged and drawn down on 21 July 2017 for a 5-year period.

At 31 December 2017, the available, confirmed and undrawn syndicated credit facility is €300 million. This credit line is available to GROUPE KEOLIS S.A.S. and Keolis S.A.

The following table shows the reimbursement schedule for the syndicated loan and the acquisition financing credit line, and the profile of the corresponding forecasted interest charges after taking into account interest rate hedging.

At 31 December 2017:

(€ million)	< =1 year	2 years	From 3 to 5 years	> 5 years
Financial debt	-	-	730.0	-
Debt expense	(6.5)	(5.7)	(11.6)	-
■ of which interest rate hedges	(1.7)	(1.0)	(0.8)	-

The forecasted interest charges on the debt are calculated on the gross debt on the basis of the interest rate on 31 December 2017, to which is added the Group's interest margin.

The Group ensures that it has sufficient resources to meet its financial obligations. To do so, each year the Group prepares a table of projected cash flows several years into the future to identify financing requirements and their seasonality.

5.13. Provisions

Analysis by type

(€ million)	At 31 December 2017			At 31 December 2016		
	More than a year	Less than a year	Total	More than a year	Less than a year	Total
Pensions	142.9	7.1	**150.0**	135.4	7.2	142.6
Other employee benefits	27.0	0.8	**27.8**	30.7	0.9	31.6
Employment and tax risks	10.5	23.0	**33.5**	12.8	19.0	31.8
Losses on contract termination and loss-making contracts	-	-	**-**	2.6	-	2.6
Contract fines	-	-	**-**	-	2.3	2.3
Major repairs and maintenance	10.3	13.8	**24.1**	11.3	21.2	32.5
Other	8.5	1.8	**10.3**	8.2	1.6	9.8
TOTAL	**199.2**	**46.5**	**245.7**	**201.0**	**52.2**	**253.2**

Movements during the financial year

(€ million)	At 1 January 2017	Charges	Reversals	Changes in reporting scope	Other movements	At 31 December 2017
Pensions	142.6	11.8	(14.5)	1.5	8.5	150.0
Other employee benefits	31.6	2.4	(2.0)	-	(4.3)	27.8
Employment and tax risks	31.8	13.4	(12.5)	0.6	0.4	33.6
Losses on contract termination and loss-making contracts	2.6	-	(2.6)	-	-	-
Contract fines	2.3	-	(2.3)	-	-	-
Major repairs and maintenance	32.5	3.0	(11.7)	-	0.4	24.1
Other	9.8	2.9	(2.8)	1.0	(0.6)	10.2
TOTAL	**253.2**	**33.5**	**(48.5)**	**3.1**	**4.4**	**245.7**

(€ million)	At 1 January 2016	Charges	Reversals	Changes in reporting scope	Other movements	At 31 December 2016
Pensions	135.5	10.6	(7.9)	1.1	3.3	142.6
Other employee benefits	32.0	2.9	(1.0)	-	(2.3)	31.6
Employment and tax risks	28.6	14.5	(11.7)	0.2	0.2	31.8
Losses on contract termination and loss-making contracts	5.0	0.6	(3.0)	-	-	2.6
Contract fines	2.9	2.3	(2.9)	-	-	2.3
Major repairs and maintenance	37.2	3.7	(8.4)	-	-	32.5
Other	10.8	2.9	(3.9)	-	-	9.8
TOTAL	**252.0**	**37.5**	**(38.8)**	**1.3**	**1.2**	**253.2**

At 31 December 2017, the €48.5 million of reversals comprised €33.1 million of utilised reversals, €14.5 million of which were pension provision reversals, and €15.4 million of unutilised reversals.

Pensions and similar benefits

The amount of commitments recognised in the statement of financial position breaks down as follows:

(€ million)	**At 31 December 2017**	At 31 December 2016
Commitments recorded in the statement of financial position:		
Pensions and other post-employment benefits	150.1	142.6
Other employee benefits	27.8	31.6
TOTAL	**177.9**	**174.2**
Of which:		
■ Non-current	170.0	166.1
■ Current	7.9	8.1

Pensions and other post-employment benefits

Actuarial assumptions

The following are the main actuarial assumptions adopted in evaluating pension commitments under the defined benefit schemes:

(per cent)	**At 31 December 2017**		At 31 December 2016	
	France	**Canada**	**France**	**Canada**
Discount rate	0.88	3.25	1.21	3.45
Rate of increase in salaries	2.40-7.00	N/A	2.00-7.00	N/A
Expected rate of return on assets	0.88	3.45	1.21	3.30

The plan assets break down as follows:

€ million	**At 31 December 2017**		At 31 December 2016	
	France	**Canada**	**France**	**Canada**
Equities	**0.1**	**1.2**	0.1	5.3
Bonds	**0.4**	**5.5**	0.3	-
Real estate	**-**	**1.2**	-	1.9
Other	**0.1**	**-**	0.1	-

The sensitivity to discount rates is as follows, in relation to the assumptions adopted:

(€ million)	Commitment at 31/12/2017	Service cost 2018	Financial cost 2018
discount rate less 0.25%	154.8	10.5	1.2
discount rate (basic assumption)	150.2	10.1	1.5
discount rate plus 0.25%	146.4	9.8	1.8

Commitments recorded in the statement of financial position

The commitments recognised in the statement of financial position break down as follows:

(€ million)	At 31 December 2017	At 31 December 2016
Present value of non-financed liabilities	146.7	140.6
Present value of financed liabilities	10.6	9.7
PRESENT VALUE OF TOTAL LIABILITIES	**157.3**	**150.3**
Fair value of pension scheme assets	(7.2)	(7.7)
PRESENT VALUE OF NET LIABILITIES RECOGNISED	**150.1**	**142.6**

Analysis of changes in liabilities and assets

The net present value of the liabilities comprises:

(€ million)	31/12/2017	31/12/2016
NET PRESENT VALUE OF LIABILITIES AT 1 JANUARY	**150.3**	**142.7**
Service cost	9.4	8.4
Financial cost	1.9	2.3
Benefits paid	(10.6)	(7.9)
Changes in pension schemes	0.6	-
Actuarial gains/(losses)	7.4	3.3
Foreign exchange translation difference	(0.3)	0.4
Effect of changes in consolidation scope	(1.3)	1.1
NET PRESENT VALUE OF LIABILITIES AT 31 DECEMBER	**157.3**	**150.3**

The fair value of the assets comprises:

(€ million)	31/12/ 2017	31/12/2016
FAIR VALUE OF PENSION PLAN ASSETS AT 1 JANUARY	**7.7**	**7.2**
Expected return on assets	0.2	0.2
Actuarial gains/(losses) on pension fund returns	0.3	0.4
Employer contributions	0.1	0.2
Benefits paid	(0.7)	(0.7)
Foreign exchange translation differences	(0.4)	0.4
FAIR VALUE OF PENSION PLAN ASSETS AT 31 DECEMBER	**7.2**	**7.7**

The following are the actuarial gains and losses both in the light of experience and due to changes in actuarial assumptions:

(€ million)	31/12/ 2017	31/12/2016
Impact of changes in assumptions	6.2	3.2
Losses/(gains) in the light of experience	0.9	(0.3)
ACTUARIAL LOSSES/(GAINS) FOR THE YEAR	**7.2**	**2.9**

The following is the geographical breakdown of the liabilities and assets:

(€ million)	At 31 December 2017		
	France	**Canada**	**Total**
Present value of the liabilities	150.7	6.6	157.3
Fair value of pension scheme assets	(0.5)	(6.7)	(7.2)
Asset cap ceiling (Canada)		0.2	0.2
NET PRESENT VALUE OF NET OBLIGATIONS	**150.2**	**-**	**150.2**

Benefit cost for the financial year

The cost of benefits recognised in the income statement breaks down as follows:

(€ million)	31/12/ 2017	31/12/2016
Service cost	9.4	8.4
Interest cost	1.9	2.3
Expected return on assets	(0.2)	(0.2)
Depreciation of past service costs	0.6	-
Changes in pension schemes	-	-
TOTAL EXPENSE RECOGNISED IN THE INCOME STATEMENT	**11.6**	**10.4**

The service cost is recognised within staff expenses.

The interest cost on liabilities and the expected return on the pension scheme assets are recognised as financial expense and financial income respectively.

Change in the net commitment recorded as a liability in the statement of financial position

(€ million)	31/12/ 2017	31/12/2016
OPENING PROVISION AT 1 JANUARY	**142.6**	**135.5**
Newly consolidated companies	(1.3)	1.1
Benefit cost for the financial year	11.6	10.4
Used (Benefits / Contributions paid)	(10.1)	(7.4)
Provision charged to/(reversed from) equity	7.2	2.9
Foreign exchange translation differences and other changes	0.3	0.1
CLOSING PROVISION AT 31 DECEMBER	**150.2**	**142.6**

The cumulative movements in charges/ (reversals) recognised directly in equity are as follows:

(€ million)	**31/12/ 2017**	31/12/2016
CUMULATIVE OPENING BALANCE OF CHARGES/(REVERSALS)	**45.4**	**42.3**
Actuarial (gains) / losses for the year	7.2	2.9
Foreign exchange translation differences	(0.1)	0.2
CUMULATIVE CLOSING BALANCE OF CHARGES/(REVERSALS)	**52.4**	**45.4**

Variations for the current financial year and for the three previous ones:

(€ million)	**31/12/2017 IAS19R**	31/12/2016 IAS19R	31/12/2015 IAS19R	31/12/2014 IAS19R
Present value of liabilities	157.2	150.3	142.7	128.4
Fair value of pension scheme assets	(7.2)	(7.7)	(7.2)	(8.1)
Asset ceiling Canada	0.2	-	-	-
Surplus (deficit) of the pension scheme	**150.2**	**142.6**	**135.5**	**120.3**
Adjustments related to experience	0.9	(0.3)	2.5	2.3

Other employee benefits

Description of commitments and actuarial assumptions

Other employee benefits consist of long-service awards to employees working in France and healthcare expenses of employees in the USA who have taken early retirement. These schemes are not funded by external assets (e.g. insurance policies). The obligations arising from defined benefit schemes are measured using the same methods and assumptions as for the pension schemes.

The actuarial gains and losses arising from both experience and due to changes in actuarial assumptions are immediately recognised in the income statement for the financial year.

Analysis of changes in obligations

(€ million)	**01/01/2017**	Charge	Reversals	Change in scope	Foreign exch transl. diff & other	**31/12/2017**
France – long service awards	17.1	1.9	(1.0)	(0.8)	(0.3)	17.0
USA – healthcare expenses of retired employees	14.5	0.7	-	-	(4.3)	10.8
TOTAL	**31.6**	**2.6**	**(1.0)**	**(0.8)**	**(4.6)**	**27.8**

5.14. Operating liabilities and other debt

(€ million)	**At 31 December 2017**	At 31 December 2016
Trade receivables: advances and deposits received	35.8	68.5
Trade payables	657.5	602.8
Payables to PPE suppliers	65.3	51.9
Payables to staff	521.5	487.8
Central government and local authorities	120.8	83.4
Deferred income [(1)]	162.0	147.3
Other	122.9	91.9
TOTAL	**1 685.7**	**1 533.5**

(1) including €62.7 million as IFRIC 12 financial liabilities in 2017 compared to €46.1 million in 2016.

6 ■ OTHER COMMITMENTS NOT RECOGNISED IN THE STATEMENT OF FINANCIAL POSITION AND CONTRACTUAL COMMITMENTS

(€ million)	At 31 December 2017	At 31 December 2016
UNUTILISED CREDIT LINES	**323.3**	**394.2**
Guarantees given to secure debt	15.7	50.1
Guarantees given for operating commitments	849.8	705.8
TOTAL COMMITMENTS MADE AND GUARANTEES GIVEN, EXCLUDING OPERATING LEASES	**865.6**	**756.0**

The amount of path access entitlements within the "Guarantees given for operating commitments" is €99.6 million at 31 December 2017 compared to €69.3 million at 31 December 2016.

The future minimum payments on rental contracts break down as follows:

(€ million)	At 31 December 2017	At 31 December 2016
Less than one year	212.7	205.0
One to five years	751.3	651.5
More than five years	565.5	489.3
TOTAL	**1,529.6**	**1,345.7**

Future commitments linked to leases primarily relate to the rental of transport equipment and buildings. They comprise €909.4 million internationally and €620.2 million in France. IT equipment rental contracts are in place for immaterial values.

France

Rental contracts

Contracts entered into on vehicles (buses and coaches) relate to average durations of

- 7 to 8 years for buses and coaches.
- 3 or 4 years for minibuses.

The manufacturer's buyback undertaking corresponds to the estimated market value of the vehicle at the end of the rental period.

Most of these contracts are entered into directly by the subsidiaries, with a guarantee signed by Keolis S.A. in favour of the financing bodies. This guarantee takes the form of an undertaking to continue the rental and binds Keolis S.A. only in terms of the payment of the rental amounts that remain due under the contract if the subsidiary defaults. In return, the financing body undertakes to keep the related vehicles available to the Group.

Outside France

We distinguish between railway contracts and bus contracts.

Railway contracts

Railway rental contracts are entered into for the term of the franchise contract.

Rentals under leases due in less than one year amount to €32.5 million.

Rentals under leases due in more than one year depend on the end date of each of the railway or similar franchises. They amount to €504.4 million.

Bus and coach contracts

Rental instalments outstanding on these contracts amount to €211.9 million.

As in France, Keolis S.A. is required to provide guarantees of rental payments on behalf of its foreign subsidiaries.

7 ■ DISPUTES

The estimates and underlying assumptions relating to current disputes are continuously re-examined. In particular, current disputes and litigation, especially with tax administrations or relating to appeals on tenders or on warranty claims, have been examined by the management with its advisers and lawyers for the purpose of assessing the risk they entail to the measurement of assets or liabilities.

The impact of changes in accounting estimates is recognised during the period of the change where they only affect that period, or during the period of the change and subsequent periods where the latter are also affected by the change.

Risks are measured at fair value and, when an outflow of resources is considered probable, a provision is made in the accounts (see note 5.13).

8 ■ RELATED PARTY TRANSACTIONS

8.1. Transactions with the SNCF
69.69% of GROUPE KEOLIS S.A.S. is owned by SNCF Mobilités (a public entity with an industrial and commercial activity) and 30.00% by Caisse de Dépôt et Placement du Québec.

Transactions mainly correspond to general management services.

Transactions with the SNCF and its subsidiaries mainly concern car park rentals, and either permanent or occasional passenger transport services.

8.2. Transactions with joint ventures and associates
Transactions with joint ventures and associates are performed according to normal market conditions.

8.3. Remuneration of the Group's key managers
The key managers in the Group are defined as being the company officers of GROUPE KEOLIS S.A.S. and the members of the executive committee. Remuneration and other short-term benefits paid to these directors amounted to €4.9 million for 9 people in 2017 compared to €4.3 million for 9 people in 2016.

The following director's fees were paid to external directors: €0.3 million in 2017 and in 2016.

There are no outstanding advances or credit facilities extended to members of the Group's management or executive committees.

9 ■ POST BALANCE SHEET EVENTS

Nil.

10 ■ CONSOLIDATION SCOPE

10.1. Subsidiaries

Name	Country	Method of consolidation	% of shareholding
Aerobag	France	Fully consolidated (FC)	100.00%
Aerolignes*	France	Fully consolidated (FC)	100.00%
Aerolis	France	Fully consolidated (FC)	100.00%
Aéroport Angers Marcé	France	Fully consolidated (FC)	100.00%
Aéroport de Troyes Barberey	France	Fully consolidated (FC)	100.00%
Aerosat	France	Fully consolidated (FC)	85.00%
Airelle	France	Fully consolidated (FC)	100.00%
Ambulance Agréée Baril	France	Fully consolidated (FC)	51.00%
Ambulance Amitié Campugnan	France	Fully consolidated (FC)	51.00%
Ambulance Angers	France	Fully consolidated (FC)	51.00%
Ambulance Aux 2 B	France	Fully consolidated (FC)	51.00%
Ambulance Baron	France	Fully consolidated (FC)	51.00%
Ambulance Bellec	France	Fully consolidated (FC)	51.00%
Ambulance Bretagne	France	Fully consolidated (FC)	51.00%
Ambulance Douillard	France	Fully consolidated (FC)	51.00%
Ambulance Florentaise	France	Fully consolidated (FC)	51.00%
Ambulance Graton	France	Fully consolidated (FC)	51.00%
Ambulance Platinium	France	Fully consolidated (FC)	51.00%
Ambulance Saint Jean Baptiste Arcachon	France	Fully consolidated (FC)	51.00%
Ambulance Saint Jean Baptiste Canejan	France	Fully consolidated (FC)	51.00%
Ambulance Saint Jean Baptiste Langon	France	Fully consolidated (FC)	51.00%
Ambulance Saint Jean Baptiste Libourne	France	Fully consolidated (FC)	51.00%
Ambulances Chaperon	France	Fully consolidated (FC)	51.00%
Ambulances Chesnaysiennes Sanitran	France	Fully consolidated (FC)	51.00%
Ambulances de la Côte d'Argent	France	Fully consolidated (FC)	51.00%
Ambulances de l'Etoile	France	Fully consolidated (FC)	51.00%
Ambulances des Trois Moutiers	France	Fully consolidated (FC)	51.00%
Ambulances Gaillacoises AAAT	France	Fully consolidated (FC)	51.00%
Ambulances Garnachoise	France	Fully consolidated (FC)	51.00%
Ambulances Hervé	France	Fully consolidated (FC)	51.00%
Ambulances Larreche	France	Fully consolidated (FC)	51.00%
Ambulances Loire et Sillon	France	Fully consolidated (FC)	51.00%
Ambulances Moreau	France	Fully consolidated (FC)	51.00%
Ambulances Roland Castaing et Fils	France	Fully consolidated (FC)	51.00%
Ambulances Secours Rapides du Bassin	France	Fully consolidated (FC)	51.00%
Ambulances Sud Loire	France	Fully consolidated (FC)	51.00%
Ambulances Sud Nantes	France	Fully consolidated (FC)	51.00%
Ambulances Talençaises	France	Fully consolidated (FC)	51.00%
Appel Sud 79	France	Fully consolidated (FC)	51.00%
ASC Groupe	France	Fully consolidated (FC)	51.00%
Augeron	France	Fully consolidated (FC)	51.00%
Autocars Delion SAS	France	Fully consolidated (FC)	100.00%

Name	Country	Method of consolidation	% of shareholding
Autocars Eschenlauer	France	Fully consolidated (FC)	100.00%
Autocars Planche	France	Fully consolidated (FC)	100.00%
Autocars Striebig	France	Fully consolidated (FC)	100.00%
Azkarra	France	Fully consolidated (FC)	50.10%
Caennaise de Services*	France	Fully consolidated (FC)	100.00%
Cariane Littoral	France	Fully consolidated (FC)	100.00%
Cars de Bordeaux	France	Fully consolidated (FC)	100.00%
Cars Planche	France	Fully consolidated (FC)	100.00%
Castel Ambulances	France	Fully consolidated (FC)	51.00%
Centre Ambulancier 16	France	Fully consolidated (FC)	51.00%
Compagnie des Transports Méditerranéens*	France	Fully consolidated (FC)	100.00%
Compagnie du Blanc Argent	France	Fully consolidated (FC)	99.43%
Cykleo	France	Fully consolidated (FC)	100.00%
Driverlite	France	Fully consolidated (FC)	100.00%
EFFIA (holding)	France	Fully consolidated (FC)	100.00%
EFFIA Concessions	France	Fully consolidated (FC)	100.00%
EFFIA Park	France	Fully consolidated (FC)	100.00%
EFFIA Stationnement BGD*	France	Fully consolidated (FC)	100.00%
EFFIA Stationnement Cassis	France	Fully consolidated (FC)	100.00%
EFFIA Stationnement Chambéry	France	Fully consolidated (FC)	100.00%
EFFIA Stationnement et Mobilité	France	Fully consolidated (FC)	100.00%
EFFIA Stationnement Eze	France	Fully consolidated (FC)	100.00%
EFFIA Stationnement Grenoble	France	Fully consolidated (FC)	100.00%
EFFIA Stationnement Lille	France	Fully consolidated (FC)	100.00%
EFFIA Stationnement Lyon	France	Fully consolidated (FC)	100.00%
EFFIA Stationnement Marseille	France	Fully consolidated (FC)	100.00%
EFFIA Stationnement Nice Mozart	France	Fully consolidated (FC)	100.00%
EFFIA Stationnement Saint-Maur-des-Fossés	France	Fully consolidated (FC)	100.00%
EFFIA Stationnement Saint-Etienne	France	Fully consolidated (FC)	100.00%
Enlèvement et Gardiennage Services	France	Fully consolidated (FC)	100.00%
Enlèvement et Gardiennage Services Montpellier	France	Fully consolidated (FC)	100.00%
Entreprise Charles Caron	France	Fully consolidated (FC)	100.00%
GEP Vidal	France	Fully consolidated (FC)	100.00%
Groupe Keolis SAS	France	Fully consolidated (FC)	100.00%
Guillou Aillerie	France	Fully consolidated (FC)	51.00%
Holding CFK	France	Fully consolidated (FC)	51.00%
Holding Chateaubriant	France	Fully consolidated (FC)	25.50%
Holding FBCS	France	Fully consolidated (FC)	51.00%
Holding Striebig	France	Fully consolidated (FC)	100.00%
Institut Keolis	France	Fully consolidated (FC)	100.00%
Interhone	France	Fully consolidated (FC)	100.00%
Jade Ambulance Service	France	Fully consolidated (FC)	51.00%
Jussieu Secours	France	Fully consolidated (FC)	29.31%
Keolis	France	Fully consolidated (FC)	100.00%
Keolis Abbeville	France	Fully consolidated (FC)	99.02%

Name	Country	Method of consolidation	% of shareholding
Keolis Agen	France	Fully consolidated (FC)	100.00%
Keolis Aix-les-Bains	France	Fully consolidated (FC)	100.00%
Keolis Alençon	France	Fully consolidated (FC)	100.00%
Keolis Alès	France	Fully consolidated (FC)	100.00%
Keolis Alpes Maritimes	France	Fully consolidated (FC)	100.00%
Keolis Amiens	France	Fully consolidated (FC)	100.00%
Keolis Angers	France	Fully consolidated (FC)	100.00%
Keolis Arles*	France	Fully consolidated (FC)	100.00%
Keolis Armor	France	Fully consolidated (FC)	100.00%
Keolis Arras	France	Fully consolidated (FC)	100.00%
Keolis Artois	France	Fully consolidated (FC)	100.00%
Keolis Atlantique	France	Fully consolidated (FC)	100.00%
Keolis Auch	France	Fully consolidated (FC)	100.00%
Keolis Aude	France	Fully consolidated (FC)	100.00%
Keolis Baie des Anges	France	Fully consolidated (FC)	100.00%
Keolis Bassin de Pompey	France	Fully consolidated (FC)	100.00%
Keolis Beaune	France	Fully consolidated (FC)	100.00%
Keolis Besançon Mobilités	France	Fully consolidated (FC)	100.00%
Keolis Besançon*	France	Fully consolidated (FC)	99.96%
Keolis Blois	France	Fully consolidated (FC)	100.00%
Keolis Bordeaux	France	Fully consolidated (FC)	99.99%
Keolis Bordeaux Métropole	France	Fully consolidated (FC)	100.00%
Keolis Boulogne sur Mer	France	Fully consolidated (FC)	100.00%
Keolis Bourgogne	France	Fully consolidated (FC)	99.50%
Keolis Brest	France	Fully consolidated (FC)	100.00%
Keolis Bus Verts	France	Fully consolidated (FC)	100.00%
Keolis Caen	France	Fully consolidated (FC)	100.00%
Keolis Caen Mobilités	France	Fully consolidated (FC)	100.00%
Keolis Calvados	France	Fully consolidated (FC)	100.00%
Keolis Camargue	France	Fully consolidated (FC)	100.00%
Keolis Centre	France	Fully consolidated (FC)	100.00%
Keolis Châlons-en-Champagne	France	Fully consolidated (FC)	99.24%
Keolis Charente Maritime	France	Fully consolidated (FC)	99.98%
Keolis Château Thierry	France	Fully consolidated (FC)	100.00%
Keolis Châteauroux	France	Fully consolidated (FC)	100.00%
Keolis Châtellerault	France	Fully consolidated (FC)	100.00%
Keolis Chaumont	France	Fully consolidated (FC)	100.00%
Keolis Chauny - Tergnier	France	Fully consolidated (FC)	100.00%
Keolis Chauny-Tergnier-La Fère scolaire	France	Fully consolidated (FC)	100.00%
Keolis Cherbourg	France	Fully consolidated (FC)	100.00%
Keolis CIF	France	Fully consolidated (FC)	99.99%
Keolis Conseil et Projets	France	Fully consolidated (FC)	100.00%
Keolis Côte Basque - Adour	France	Fully consolidated (FC)	100.00%
Keolis Côte d’Azur	France	Fully consolidated (FC)	100.00%
Keolis Creil	France	Fully consolidated (FC)	100.00%

Name	Country	Method of consolidation	% of shareholding
Keolis Dijon	France	Fully consolidated (FC)	100.00%
Keolis Dijon Mobilités	France	Fully consolidated (FC)	100.00%
Keolis Drôme Ardèche	France	Fully consolidated (FC)	100.00%
Keolis Drouais	France	Fully consolidated (FC)	100.00%
Keolis en Cévennes	France	Fully consolidated (FC)	99.19%
Keolis Epinal	France	Fully consolidated (FC)	100.00%
Keolis Eure et Loir	France	Fully consolidated (FC)	100.00%
Keolis Garonne	France	Fully consolidated (FC)	100.00%
Keolis Gascogne	France	Fully consolidated (FC)	100.00%
Keolis Gironde (ex SNCOA)	France	Fully consolidated (FC)	100.00%
Keolis Grand Tarbes	France	Fully consolidated (FC)	100.00%
Keolis Ille et Vilaine	France	Fully consolidated (FC)	100.00%
Keolis Languedoc	France	Fully consolidated (FC)	100.00%
Keolis Laval	France	Fully consolidated (FC)	100.00%
Keolis Laval Mobilités	France	Fully consolidated (FC)	100.00%
Keolis Lille	France	Fully consolidated (FC)	100.00%
Keolis Littoral	France	Fully consolidated (FC)	100.00%
Keolis Lorient	France	Fully consolidated (FC)	100.00%
Keolis Lyon	France	Fully consolidated (FC)	100.00%
Keolis Manche	France	Fully consolidated (FC)	100.00%
Keolis Maritime	France	Fully consolidated (FC)	99.00%
Keolis Maritime Brest	France	Fully consolidated (FC)	100.00%
Keolis Marmande	France	Fully consolidated (FC)	100.00%
Keolis Mobilité Hauts-de-Seine	France	Fully consolidated (FC)	100.00%
Keolis Mobilité Paris	France	Fully consolidated (FC)	100.00%
Keolis Mobilité Roissy	France	Fully consolidated (FC)	100.00%
Keolis Mobilité Val-de-Marne	France	Fully consolidated (FC)	100.00%
Keolis Montargis	France	Fully consolidated (FC)	100.00%
Keolis Montélimar	France	Fully consolidated (FC)	100.00%
Keolis Montluçon	France	Fully consolidated (FC)	100.00%
Keolis Morlaix	France	Fully consolidated (FC)	96.00%
Keolis Narbonne	France	Fully consolidated (FC)	100.00%
Keolis Narbonne Mobilités	France	Fully consolidated (FC)	100.00%
Keolis Nevers	France	Fully consolidated (FC)	100.00%
Keolis Nîmes	France	Fully consolidated (FC)	100.00%
Keolis Nord Allier*	France	Fully consolidated (FC)	100.00%
Keolis Normandie Seine	France	Fully consolidated (FC)	100.00%
Keolis Obernai	France	Fully consolidated (FC)	100.00%
Keolis Oise	France	Fully consolidated (FC)	100.00%
Keolis Orléans	France	Fully consolidated (FC)	100.00%
Keolis Orly Airport	France	Fully consolidated (FC)	100.00%
Keolis Orly Rungis	France	Fully consolidated (FC)	100.00%
Keolis Oyonnax	France	Fully consolidated (FC)	100.00%
Keolis Pays d'Aix	France	Fully consolidated (FC)	100.00%
Keolis Pays de Montbéliard	France	Fully consolidated (FC)	100.00%

Name	Country	Method of consolidation	% of shareholding
Keolis Pays des Volcans	France	Fully consolidated (FC)	100.00%
Keolis Pays Nancéien	France	Fully consolidated (FC)	100.00%
Keolis Pays Normands	France	Fully consolidated (FC)	100.00%
Keolis PMR Rhône	France	Fully consolidated (FC)	100.00%
Keolis Porte de l'Isère	France	Fully consolidated (FC)	100.00%
Keolis Pyrénées	France	Fully consolidated (FC)	95.16%
Keolis Quimper	France	Fully consolidated (FC)	100.00%
Keolis Rennes	France	Fully consolidated (FC)	100.00%
Keolis Réseau Départemental Sud Oise	France	Fully consolidated (FC)	100.00%
Keolis Roissy Airport	France	Fully consolidated (FC)	100.00%
Keolis Roissy Services Aéroportuaires	France	Fully consolidated (FC)	100.00%
Keolis Saint-Malo	France	Fully consolidated (FC)	100.00%
Keolis Saintes	France	Fully consolidated (FC)	100.00%
Keolis Santé	France	Fully consolidated (FC)	51.00%
Keolis Seine Essonne	France	Fully consolidated (FC)	100.00%
Keolis Seine Maritime	France	Fully consolidated (FC)	100.00%
Keolis Seine Sénart	France	Fully consolidated (FC)	100.00%
Keolis Seine Val-de-Marne	France	Fully consolidated (FC)	100.00%
Keolis Somme	France	Fully consolidated (FC)	100.00%
Keolis Sud Allier	France	Fully consolidated (FC)	100.00%
Keolis Sud Lorraine	France	Fully consolidated (FC)	100.00%
Keolis Touraine	France	Fully consolidated (FC)	100.00%
Keolis Tours	France	Fully consolidated (FC)	100.00%
Keolis Travel Services	France	Fully consolidated (FC)	100.00%
Keolis Trois Frontières	France	Fully consolidated (FC)	100.00%
Keolis Urbest	France	Fully consolidated (FC)	100.00%
Keolis Val d'Oise	France	Fully consolidated (FC)	100.00%
Keolis Val de Maine	France	Fully consolidated (FC)	100.00%
Keolis Val de Saône	France	Fully consolidated (FC)	100.00%
Keolis Val Hainaut	France	Fully consolidated (FC)	96.32%
Keolis Vélizy	France	Fully consolidated (FC)	100.00%
Keolis Versailles	France	Fully consolidated (FC)	100.00%
Keolis Vesoul	France	Fully consolidated (FC)	100.00%
Keolis Vichy	France	Fully consolidated (FC)	100.00%
Keolis Voyages	France	Fully consolidated (FC)	100.00%
Keolis Yvelines	France	Fully consolidated (FC)	100.00%
KeoMotion	France	Fully consolidated (FC)	100.00%
Kisio Analysis	France	Fully consolidated (FC)	100.00%
Kisio Digital	France	Fully consolidated (FC)	100.00%
Kisio Services & Consulting	France	Fully consolidated (FC)	100.00%
Kisio Solutions	France	Fully consolidated (FC)	100.00%
L2O - projet Clean Car	France	Fully consolidated (FC)	51.00%
LeCab	France	Fully consolidated (FC)	50.10%
Les Autobus d'Arcachon	France	Fully consolidated (FC)	100.00%
Les Blayaises	France	Fully consolidated (FC)	51.00%

Name	Country	Method of consolidation	% of shareholding
Les Cars du Bassin de Thau	France	Fully consolidated (FC)	100.00%
Les Cars Roannais	France	Fully consolidated (FC)	100.00%
Les Coccinelles	France	Fully consolidated (FC)	100.00%
Les Courriers Catalans	France	Fully consolidated (FC)	100.00%
Les Courriers Du Midi	France	Fully consolidated (FC)	100.00%
Les Kangourous 2	France	Fully consolidated (FC)	100.00%
Les Transports Dunois	France	Fully consolidated (FC)	100.00%
Loisirs et Voyages	France	Fully consolidated (FC)	100.00%
Mazamet Ambulances	France	Fully consolidated (FC)	51.00%
Midi Pyrénées Ambulances	France	Fully consolidated (FC)	51.00%
Millau Cars	France	Fully consolidated (FC)	100.00%
Monnet Tourisme	France	Fully consolidated (FC)	100.00%
Monts Jura Autocars	France	Fully consolidated (FC)	100.00%
Ormont Transports	France	Fully consolidated (FC)	100.00%
Pacific Car	France	Fully consolidated (FC)	100.00%
Prioris	France	Fully consolidated (FC)	100.00%
Réseau en Vosges	France	Fully consolidated (FC)	70.00%
ST2L Westeel	France	Fully consolidated (FC)	100.00%
STEFIM	France	Fully consolidated (FC)	100.00%
Saint-Yrieix Ambulance	France	Fully consolidated (FC)	51.00%
SAP Cariane Provence	France	Fully consolidated (FC)	100.00%
SCAC	France	Fully consolidated (FC)	100.00%
SCAC Bagnis	France	Fully consolidated (FC)	100.00%
SEA Albert-Picardie	France	Fully consolidated (FC)	50.96%
Setver*	France	Fully consolidated (FC)	100.00%
SFD	France	Fully consolidated (FC)	100.00%
Société Bordelaise d'Exploitation de Services	France	Fully consolidated (FC)	100.00%
Société d'Exploitation de l'Aéroport Dole Jura	France	Fully consolidated (FC)	51.00%
Société du Parc Lyon-Diderot	France	Fully consolidated (FC)	50.00%
Société Nantaise de Fourrière Automobile	France	Fully consolidated (FC)	100.00%
Sodetrav	France	Fully consolidated (FC)	95.08%
STCAR*	France	Fully consolidated (FC)	100.00%
Société Rennaise de Transports et Services	France	Fully consolidated (FC)	100.00%
Société des Transports Robert	France	Fully consolidated (FC)	100.00%
Société de Transports et de Services Aéroportuaires	France	Fully consolidated (FC)	100.00%
Strasbourgeoise d'Enlèvement et de Gardiennage	France	Fully consolidated (FC)	100.00%
Taxi Begaarois	France	Fully consolidated (FC)	51.00%
TMT (Take Me There)	France	Fully consolidated (FC)	50.10%
TPR	France	Fully consolidated (FC)	100.00%
Transports de la Brière	France	Fully consolidated (FC)	60.10%
Transports Evrard	France	Fully consolidated (FC)	100.00%
Train Bleu St Marcellin	France	Fully consolidated (FC)	100.00%
Trans Val de Lys	France	Fully consolidated (FC)	99.99%
Transévry	France	Fully consolidated (FC)	55.62%
Transkeo	France	Fully consolidated (FC)	51.00%

Name	Country	Method of consolidation	% of shareholding
Transpole	France	Fully consolidated (FC)	100.00%
Transport Daniel MEYER	France	Fully consolidated (FC)	100.00%
Urgence 33	France	Fully consolidated (FC)	51.00%
Var Tour	France	Fully consolidated (FC)	94.97%
Voyages Autocars Services	France	Fully consolidated (FC)	100.00%
Voyages Chargelègue	France	Fully consolidated (FC)	100.00%
Voyages Dourlens	France	Fully consolidated (FC)	100.00%
Voyages Fouache SAS	France	Fully consolidated (FC)	100.00%
Voyages Monnet	France	Fully consolidated (FC)	100.00%
Voyages Striebig*	France	Fully consolidated (FC)	100.00%
VTS Roissy*	France	Fully consolidated (FC)	100.00%
Keolis Deutschland GmbH & Co. KG	Germany	Fully consolidated (FC)	100.00%
Keolis Deutschland Verwaltung	Germany	Fully consolidated (FC)	100.00%
Schloemer Verkehrsbetrieb Gmbh	Germany	Fully consolidated (FC)	100.00%
Striebig Deutschland	Germany	Fully consolidated (FC)	100.00%
Striebig GmbH	Germany	Fully consolidated (FC)	100.00%
Australian Transit Enterprises Pty Ltd	Australia	Fully consolidated (FC)	51.00%
Hornibrook Bus Lines Pty Ltd	Australia	Fully consolidated (FC)	51.00%
Hornibrook Transit Management Pty Ltd	Australia	Fully consolidated (FC)	51.00%
KD Hunter Pty Ltd	Australia	Fully consolidated (FC)	51.00%
KDR Gold Coast Pty Ltd	Australia	Fully consolidated (FC)	51.00%
KDR Victoria Pty Ltd	Australia	Fully consolidated (FC)	51.00%
Keolis Australia Pty	Australia	Fully consolidated (FC)	100.00%
Keolis Downer	Australia	Fully consolidated (FC)	51.00%
Keolis Downer Bus and Coachlines Property Pty Ltd	Australia	Fully consolidated (FC)	51.00%
Keolis Downer Bus and Coachlines Pty Ltd	Australia	Fully consolidated (FC)	51.00%
Link SA Pty Ltd	Australia	Fully consolidated (FC)	51.00%
Path Transit Pty Ltd	Australia	Fully consolidated (FC)	51.00%
South West Transit Pty Ltd	Australia	Fully consolidated (FC)	51.00%
Southlink Pty Ltd	Australia	Fully consolidated (FC)	51.00%
ALFA PARK	Belgium	Fully consolidated (FC)	89.86%
Autobus de Genval	Belgium	Fully consolidated (FC)	100.00%
Autobus Dony	Belgium	Fully consolidated (FC)	100.00%
Autobus Dujardin	Belgium	Fully consolidated (FC)	100.00%
Autobus Lienard	Belgium	Fully consolidated (FC)	100.00%
Cardona-Deltenre	Belgium	Fully consolidated (FC)	100.00%
Cars Gembloutois	Belgium	Fully consolidated (FC)	100.00%
CINTRA	Belgium	Fully consolidated (FC)	100.00%
CINTRAL	Belgium	Fully consolidated (FC)	100.00%
Compagnie des Autobus Liégeois	Belgium	Fully consolidated (FC)	100.00%
De Turck Bvba	Belgium	Fully consolidated (FC)	100.00%
EFFIA Belgium	Belgium	Fully consolidated (FC)	100.00%
Eltebe	Belgium	Fully consolidated (FC)	100.00%
Eurobus Holding	Belgium	Fully consolidated (FC)	100.00%
Eurobussing Brussels	Belgium	Fully consolidated (FC)	100.00%

Name	Country	Method of consolidation	% of shareholding
Eurobussing Wallonie	Belgium	Fully consolidated (FC)	100.00%
Flanders Bus	Belgium	Fully consolidated (FC)	100.00%
Garage du Perron	Belgium	Fully consolidated (FC)	100.00%
Gino Tours	Belgium	Fully consolidated (FC)	100.00%
Heyerick	Belgium	Fully consolidated (FC)	100.00%
Joye	Belgium	Fully consolidated (FC)	100.00%
Keolis Vlaanderen	Belgium	Fully consolidated (FC)	100.00%
Kibel	Belgium	Fully consolidated (FC)	100.00%
LIM Collard-Lambert	Belgium	Fully consolidated (FC)	100.00%
Le Cinacien	Belgium	Fully consolidated (FC)	100.00%
NV Autobusbedrijf Bronckaers	Belgium	Fully consolidated (FC)	100.00%
NV. Autobussen De Reys	Belgium	Fully consolidated (FC)	100.00%
NV Aotocars De Boeck	Belgium	Fully consolidated (FC)	100.00%
Parkeren Roeselare	Belgium	Fully consolidated (FC)	100.00%
Picavet	Belgium	Fully consolidated (FC)	100.00%
Pirnay	Belgium	Fully consolidated (FC)	100.00%
Ramoudt Tours	Belgium	Fully consolidated (FC)	100.00%
Reniers & C°	Belgium	Fully consolidated (FC)	100.00%
SADAR	Belgium	Fully consolidated (FC)	100.00%
Satracom	Belgium	Fully consolidated (FC)	100.00%
Sophibus	Belgium	Fully consolidated (FC)	100.00%
SPRL Bertrand	Belgium	Fully consolidated (FC)	100.00%
SPRL Taxis Melkior	Belgium	Fully consolidated (FC)	100.00%
SPRL Truck Bus Repair*	Belgium	Fully consolidated (FC)	100.00%
SPRL Voyages F. Lenoir	Belgium	Fully consolidated (FC)	100.00%
STACA (KBO)	Belgium	Fully consolidated (FC)	100.00%
TCM Cars	Belgium	Fully consolidated (FC)	100.00%
Transports Penning	Belgium	Fully consolidated (FC)	100.00%
Trimi	Belgium	Fully consolidated (FC)	100.00%
Van Rompaye NV	Belgium	Fully consolidated (FC)	100.00%
Voyages Doppagne	Belgium	Fully consolidated (FC)	100.00%
Voyages Nicolay	Belgium	Fully consolidated (FC)	100.00%
West Belgium Coach Company*	Belgium	Fully consolidated (FC)	100.00%
Développement GOE	Canada	Fully consolidated (FC)	100.00%
Keolis Canada Inc	Canada	Fully consolidated (FC)	100.00%
Keolis Grand River LP	Canada	Fully consolidated (FC)	100.00%
Keolis China	China	Fully consolidated (FC)	100.00%
Keolis Wuhan	China	Fully consolidated (FC)	100.00%
Keolis Danmark	Denmark	Fully consolidated (FC)	100.00%
Etablissement Abu Dhabi	United Arab Emirates	Fully consolidated (FC)	100.00%
Keolis España	Spain	Fully consolidated (FC)	100.00%
Keolis America Inc.	USA	Fully consolidated (FC)	100.00%
Keolis Commuter Services LLC	USA	Fully consolidated (FC)	60.00%
Keolis Rail Service America	USA	Fully consolidated (FC)	100.00%

Name	Country	Method of consolidation	% of shareholding
Keolis Rail Service Virginia	USA	Fully consolidated (FC)	100.00%
Keolis Transit America	USA	Fully consolidated (FC)	100.00%
Keolis UK	United Kingdom	Fully consolidated (FC)	100.00%
Keolis-Amey Docklands Ltd	United Kingdom	Fully consolidated (FC)	70.00%
KeolisAmey Metrolink	United Kingdom	Fully consolidated (FC)	60.00%
Nottingham Trams Ltd	United Kingdom	Fully consolidated (FC)	80.00%
Keolis Hyderabad Mass Rapid Transit System Private Limited	India	Fully consolidated (FC)	100.00%
Kilux	Luxembourg	Fully consolidated (FC)	100.00%
Keolis Norge AS	Norway	Fully consolidated (FC)	100.00%
Keolis Nederland Holding	Netherlands	Fully consolidated (FC)	100.00%
Syntus	Netherlands	Fully consolidated (FC)	100.00%
CSG Commuter Security	Sweden	Fully consolidated (FC)	100.00%
Keolis Nordic	Sweden	Fully consolidated (FC)	100.00%
Keolis Spår AB	Sweden	Fully consolidated (FC)	100.00%
Keolis Sverige	Sweden	Fully consolidated (FC)	100.00%

*companies removed from the consolidation scope in 2017.

10.2. Joint ventures and associates

Name	Country	Method of consolidation	% of shareholding
Albatrans	France	Equity method (EM)	36.20%
CTCOP	France	Equity method (EM)	50.00%
EFFIA SEM Roubaix	France	Equity method (EM)	50.00%
Excellence Consulting	France	Equity method (EM)	25.05%
NAVLY	France	Equity method (EM)	50.00%
OnePark	France	Equity method (EM)	36.01%
Orgebus	France	Equity method (EM)	50.00%
RDK France	France	Equity method (EM)	50.00%
STA Chauny*	France	Equity method (EM)	50.00%
SAEMES	France	Equity method (EM)	33.27%
Scodec	France	Equity method (EM)	35.00%
TICE	France	Equity method (EM)	19.00%
Trans Pistes	France	Equity method (EM)	40.00%
Transports de l'Agglomération de Metz Métropole	France	Equity method (EM)	25.00%
Netlog	Germany	Equity method (EM)	33.00%
Galiliège	Belgium	Equity method (EM)	24.50%
Parkeren Assen	Belgium	Equity method (EM)	50.00%
Shangaï Keolis Public Transport Operation Management Co.	China	Equity method (EM)	49.00%
Wuhan Tianhe Airport Transport Center Operation and Management Co. Ltd	China	Equity method (EM)	40.00%
First / Keolis Holdings Limited	United Kingdom	Equity method (EM)	45.00%
First / Keolis Transpennine	United Kingdom	Equity method (EM)	45.00%
First / Keolis Transpennine Holding Ltd	United Kingdom	Equity method (EM)	45.00%
Govia	United Kingdom	Equity method (EM)	35.00%
Govia Thameslink Railway Limited	United Kingdom	Equity method (EM)	35.00%
London Midland	United Kingdom	Equity method (EM)	35.00%
London&South Eastern Railway - LSER	United Kingdom	Equity method (EM)	35.00%
New Southern Railway	United Kingdom	Equity method (EM)	35.00%
Southern Railway Ltd	United Kingdom	Equity method (EM)	35.00%
Thameslink Rail Limited	United Kingdom	Equity method (EM)	35.00%
Prometro	Portugal	Equity method (EM)	20.00%
RDK LLC (Qatar)	Qatar	Equity method (EM)	50.00%

This is a translation into English of the statutory auditors' report on the consolidated financial statements of the Company issued in French and it is provided solely for the convenience of English speaking users.
This statutory auditors' report includes information required by European regulation and French law, such as information about the appointment of the statutory auditors or verification of the management report and other documents provided to shareholders.
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Commissaire aux Comptes
Membre de la compagnie régionale de Versailles

STATUTORY AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS (FOR THE YEAR ENDED 31 DECEMBER 2017)

To the Shareholders,
Keolis
20-22 rue le Peletier
75009 Paris

Opinion

In compliance with the engagement entrusted to us by your annual general meeting, we have audited the accompanying consolidated financial statements of GROUPE KEOLIS SAS for the year ended December 31, 2017.

In our opinion, the consolidated financial statements give a true and fair view of the assets and liabilities and of the financial position of the Group as at 31 December 2017 and of the results of its operations for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

Basis for Opinion

Audit Framework
We conducted our audit in accordance with professional standards applicable in France. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the Statutory Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report.

Independence
We conducted our audit engagement in compliance with independence rules applicable to us, for the period from January 1st, 2017 to the date of our report and specifically we did not provide any prohibited non-audit services referred to in Article 5(1) of Regulation (EU) No 537/2014 or in the French Code of ethics (code de déontologie) for statutory auditors.

Furthermore, the non-audit services that we provided to your Company and its controlled undertakings during the financial year that are not disclosed in the management report or in the notes to the consolidated financial statements are as follows:

Justification of Assessments

In accordance with the requirements of Articles L.823-9 and L.823-7 of the French Commercial Code (code de commerce) relating to the justification of our assessments, we bring to your attention the following.

Change in accounting method
As part of our assessment of the accounting rules and methods followed by your company, we ensured of the correct application by anticipation on January 1st 2017 of part 1 and part 2 of IFRS 9 as described in the note 2.2 to the consolidated financial statements.

Accounting estimates
- Keolis carries out impairment tests out impairment tests on

goodwill and indefinite life assets and also assesses whether there is any indication of impairment on non-current assets, as described in notes 2.4.10 and 5.1 to the consolidated financial statements. We have examined the methods used to carry out this impairment test as well as the corresponding cash flow forecasts and assumptions, and have verified that the notes to the consolidated financial statements provide appropriate disclosures.
- Note 2.4.18 specifies the valuation methods for provisions for pensions and other employee benefits. An evaluation of these provisions was carried out by independent actuaries. Our work consisted in examining the data and assumptions used and verifying that note 5.13 to the consolidated financial statements provides appropriate disclosures.
- Notes 2.3 and 2.4.18 specify the methods used to take into account the risks relating to ongoing litigation and contracts. Our work consisted in examining the procedures used by the Company to identify and assess these risks and the accounting treatment applied and in assessing the resulting estimates.

These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on specific items of the consolidated financial statements.

Verification of the Information Pertaining to the Group Presented in the Management Report

As required by law we have also verified in accordance with professional standards applicable in France the information pertaining to the Group presented in the management report of the Board of Directors.

We have no matters to report as to its fair presentation and its consistency with the consolidated financial statements.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the European Union and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is expected to liquidate the Company or to cease operations.

The Audit Committee is responsible for monitoring the financial reporting process and the effectiveness of internal control and risks management systems and where applicable, its internal audit, regarding the accounting and financial reporting procedures.

The consolidated financial statements were approved by the Board of Directors.

Statutory Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Objectives and audit approach

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

As specified in Article L.823-10-1 of the French Commercial Code (code de commerce), our statutory audit does not include assurance on the viability of the Company or the quality of management of the affairs of the Company.

As part of an audit conducted in accordance with professional standards applicable in France, the statutory auditor exercises professional judgment throughout the audit and furthermore:

- Identifies and assesses the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, designs and performs audit procedures responsive to those risks, and obtains audit evidence considered to be sufficient and appropriate to provide a basis for his opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtains an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control.

- Evaluates the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management in the consolidated financial statements.

- Assesses the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. This assessment is based on the audit evidence obtained up to the date of his audit report. However, future events or conditions may cause the Company to cease to continue as a going concern. If the statutory auditor concludes that a material uncertainty exists, there is a requirement to draw attention in the audit report to the related disclosures in the consolidated financial statements or, if such disclosures are not provided or inadequate, to modify the opinion expressed therein.

- Evaluates the overall presentation of the consolidated financial statements and assesses whether these statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtains sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. The statutory auditor is responsible for the direction, supervision and performance of the audit of the consolidated financial statements and for the opinion expressed on these consolidated financial statements.

Neuilly-sur-Seine and Paris-La-Défense, March 12, 2018

French original signed by

PricewaterhouseCoopers Audit

Françoise Garnier-Bel

French original signed by

Ernst & Young Audit

Jérôme Guirauden

3. UNAUDITED MANAGEMENT FINANCIAL STATEMENTS

The Group considers that the following financial statements, prepared without applying IFRS 10 and 11, are accurate indicators of the operational and financial performances of the Group. They should be considered as an additional source of information and are in no way a substitute for other strictly accounting-related forms of the measurement of operational and financial performance as presented in the consolidated financial statements and the notes thereto, or referred to in the financial report.

The management accounts as at 31 December 2017 have not been audited.

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A UNAUDITED MANAGEMENT FINANCIAL STATEMENTS

1 KEY FIGURES

(€ million)	31/12/2017	31/12/2016
Revenue	**6,517.0**	**6,213.4**
Revenue France	2,980.3	2,898.2
Revenue International	3,536.6	3,315.2
Revenue net of sub-contracting	6,317.1	6,013.7
Recurring EBITDA	**383.6**	**354.2**
EBITDA	**358.5**	**333.0**
Recurring operating profit	166.5	132.8
Profit after tax from continuing operations	52.0	38.7
Profit attributable to equity shareholders	**50.9**	**45.0**
Total equity	**958.3**	**961.9**
of which attributable to equity shareholders	*895.5*	*909.9*
Net cash flows from operating activities	**245.7**	**340.4**
Industrial investments	**245.8**	**243.5**
Net financial debt (cash surplus)	**813.0**	**635.2**

2 ■ INCOME STATEMENT

(en millions d'euros)	31/12/2017	31/12/2016
Revenue	**6,517.0**	**6,213.4**
Other income from operations	24.4	16.4
INCOME FROM CONTINUING OPERATIONS	**6,541.4**	**6,229.8**
Sub-contracting	(201.9)	(199.7)
Purchases consumed and external expenses	(2,492.9)	(2,349.5)
Taxes	(20.6)	(18.3)
Staff costs, incentive schemes. profit-sharing	(3,472.8)	(3,307.5)
Other operating income	65.2	53.4
Other operating expense	(24.2)	(41.2)
Net provisions on current assets	(2.5)	(1.1)
Net depreciation and other provisions charged	(233.4)	(241.1)
Profit/(loss) on recurring fixed asset disposals	0.2	(1.3)
Amortisation of grants received	7.9	9.5
RECURRING OPERATING PROFIT	**166.5**	**132.8**
Other non-recurring income	14.0	5.2
Other non-recurring expense	(47.0)	(24.5)
Depreciation and provisions on contractual rights	(28.2)	(27.4)
■ *Of which depreciation of other intangible assets*	-	0.2
PROFIT BEFORE INVESTMENTS UNDER THE EQUITY METHOD	**105.3**	**86.2**
Profit/(loss) from associates	(2.0)	(0.2)
PROFIT AFTER INVESTMENTS UNDER THE EQUITY METHOD	**103.3**	**86.0**
Net cost of financial borrowing	(17.2)	(18.3)
Other financial income	13.1	5.6
Other financial expense	(21.3)	(22.2)
FINANCIAL INCOME (EXPENSE)	**(25.3)**	**(34.9)**
NET PROFIT BEFORE TAXATION	**78.0**	**51.1**
Taxation	(25.9)	(12.4)
NET PROFIT FROM CONTINUING OPERATIONS	**52.0**	**38.7**
PROFIT FOR THE YEAR	**52.0**	**38.7**
Profit attributable to non-controlling interests	(1.1)	6.3
PROFIT ATTRIBUTABLE TO GROUP	**50.9**	**45.0**

3 ■ STATEMENT OF FINANCIAL POSITION

ASSETS *(€ million)*	**31/12/2017**	31/12/2016
Goodwill	1,171.5	1,164.6
Other intangible assets	580.1	542.5
Property, plant and equipment	1,057.7	997.1
Investments under equity method	8.8	3.7
Other non-current financial assets	232.3	211.2
Deferred tax asset	79.4	89.9
NON-CURRENT ASSETS	**3,129.7**	**3,009.1**
Inventories and work in progress	107.8	97.7
Trade receivables	524.4	444.3
Other receivables	501.9	439.6
Other current financial assets	14.7	15.1
Cash and cash equivalents	503.0	551.1
CURRENT ASSETS	**1,651.8**	**1,547.7**
TOTAL ASSETS	**4,781.5**	**4,556.8**

LIABILITIES *(€ million)*	**31/12/2017**	31/12/2016
Share capital	237.9	237.9
Reserves and premiums	606.7	626.9
Net profit/(loss) attributable to Group	50.9	45.1
EQUITY ATTRIBUTABLE TO GROUP	**895.5**	**909.9**
Reserves attributable to non-controlling interests	61.7	58.3
Profit for the year attributable to non-controlling interests	1.1	(6.3)
EQUITY	**958.3**	**961.9**
Non-current provisions	205.2	208.4
Non-current financial debt	1,185.8	979.4
Deferred tax liability	147.8	167.1
NON-CURRENT LIABILITIES	**1,538.9**	**1,354.9**
Current provisions	46.7	52.4
Current financial debt	93.4	155.7
Bank borrowings	119.0	115.9
Trade payables and other liabilities	2,024.9	1,916.0
CURRENT LIABILITIES	**2,284.1**	**2,240.1**
TOTAL LIABILITIES	**4,781.5**	**4,556.7**

4 ■ STATEMENT OF CASH FLOWS

(en millions d'euros)	**31/12/2017**	31/12/2016
Operating profit before investments under equity method	**105.3**	**86.2**
Non-cash items	253.2	246.8
EBITDA	**358.5**	**333.0**
Elimination of provisions in current assets	2.5	1.1
Changes in working capital	(73.9)	39.4
Tax paid	(41.4)	(33.1)
A) NET CASH FROM OPERATING ACTIVITIES	**245.7**	**340.4**
Capital expenditure	(245.8)	(243.5)
Proceeds from sale of tangible and intangible assets	17.0	22.6
Investment grants received	12.2	10.3
Change in financial assets for concessions (IFRIC 12)	(0.4)	(11.5)
Financial investments	(101.4)	(117.2)
Cash flows on changes in reporting scope	4.8	9.7
Gains/ (losses) from disposal of financial assets	2.4	(1.1)
B) NET CASH FROM INVESTING ACTIVITIES	**(311.2)**	**(330.7)**
FREE CASH FLOW (A+B)	**(65.5)**	**9.7**
Net dividends paid	(32.3)	(32.6)
Net dividends received	0.3	0.4
Change in equity (other transactions with shareholders)	13.5	6.1
New borrowings	218.7	194.2
Borrowings repaid	(146.9)	(130.2)
Interest received	1.4	2.3
Interest paid	(18.9)	(20.7)
Change in other financial debts	0.4	0.6
C) NET CASH FROM FINANCING ACTIVITIES	**27.2**	**8.3**
D) FOREIGN EXCHANGE TRANSLATION DIFFERENCES	**(13.0)**	**(47.4)**
CHANGE IN CASH AND CASH EQUIVALENTS (A+B+C+D)	**(51.3)**	**(29.4)**
Cash and cash equivalents at beginning of period	435.2	464.6
Cash and cash equivalents at end of period	383.9	435.2
CHANGE IN CASH AND CASH EQUIVALENTS	**(51.3)**	**(29.4)**

4. ANNUAL FINANCIAL STATEMENTS

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A FINANCIAL STATEMENTS AT 31 DECEMBER 2017

1 ■ BALANCE SHEET AT 31/12/2017

		Gross	Depreciation & amortisation	31/12/2017	31/12/2016
(In euros) ASSETS					
Uncalled subscribed capital		-	-	-	-
INTANGIBLE ASSETS					
Preliminary expenses		-	-	-	-
Development costs		-	-	-	-
Concessions, patents and related rights		-	-	-	-
Goodwill		-	-	-	-
Other intangible assets		-	-	-	-
Advances, down payments for intangible assets		-	-	-	-
PROPERTY, PLANT AND EQUIPMENT					
Land		-	-	-	-
Buildings		-	-	-	-
Technical facilities, equipment, machinery		-	-	-	-
Other property, plant and equipment		-	-	-	-
PPE under construction		-	-	-	-
Advances and down payments		-	-	-	-
NON-CURRENT FINANCIAL ASSETS					
Shareholdings under the equity method		-	-	-	-
Other shareholdings		1,520,518,873	-	1,520,518,873	1,419,416,528
Receivables from shareholdings		93,766,938	-	93,766,938	82,509,699
Other long-term investments		-	-	-	-
Loans		8,001,459	-	8,001,459	2,846,030
Other non-current financial assets		538	-	538	538
TOTAL FIXED ASSETS	**(I)**	**1,622,287,808**		**1,622,287,808**	**1,504,772,795**
INVENTORIES AND WORK IN PROGRESS					
Raw materials, supplies		-	-	-	-
Production in progress (goods)		-	-	-	-
Production in progress (services)		-	-	-	-
Semi-finished and finished goods		-	-	-	-
Goods		-	-	-	-
Advances and down payments on orders		-	-	-	-
TRADE RECEIVABLES					
Trade receivables and accounts receivable		5,877,007	-	5,877,007	4,420,668
Other receivables		40,215,208	-	40,215,208	36,960,878
Subscribed called non paid-up capital		-	-	-	-
MISCELLANEOUS					
Marketable securities held for trading		5	-	5	5
(Including treasury shares) :		-	-	-	-
Disponibilités		247,481	-	247,481	375,654
ACCRUALS					
Prepaid Expenses		-	-	-	-
TOTAL CURRENT ASSETS	**(II)**	**46,339,701**		**46,339,701**	**41,757,205**
Unrealised losses on foreign exchange transactions	**(III)**	-	-	-	-
TOTAL ASSETS	**(I + II + III)**	**1,668,627,509**		**1,668,627,509**	**1,546,530,000**

		FY 31/12/2017	FY 31/12/2016
(In euros) LIABILITIES			
EQUITY			
Share capital or individual capital (of which paid: 237,888,902)		237,888,902	237,888,902
Additional paid-in capital		273,246,055	273,246,055
Revaluation reserves		-	-
Legal Reserve		9,510,815	9,272,688
Statutory or contractual reserves		-	-
Regulated reserves		-	-
Other reserves		2,386,768	2,386,768
Retained earnings brought forward		146,110,042	172,171,495
NET PROFIT/(LOSS) FOR THE YEAR		**17,575,610**	**4,762,541**
Investment grants			-
Regulated provisions		77,923	-
TOTAL EQUITY	**(I)**	**686,796,115**	**699,728,448**
Provisions for contingencies		-	-
Provisions for charges		9,520,296	9,685,681
TOTAL PROVISIONS	**(II)**	**9,520,296**	**9,685,681**
DEBTS [1]			
Convertible bond issues		-	-
Other bond issues		-	-
Bank borrowings [2]		671,149,447	560,920,730
Loans and other financial debts		100,000,000	100,000,000
Customer advances and down payments		-	-
OPERATING LIABILITIES		-	
Trade payables and related accounts		2,934,390	4,144,784
Tax and social security liabilities		5,763,393	4,061,699
OTHER LIABILITIES			
Liabilities on assets and related receivables		-	-
Other liabilities		192,365,678	167,545,897
ACCRUALS			
Deferred income		-	-
LIABILITIES AND ACCRUALS	**(III)**	**972,212,908**	**863,673,110**
Unrealised gains on foreign exchange transactions	**(IV)**	98,190	442,761
TOTAL LIABIITIES	**(I TO IV)**	**1,668,627,509**	**1,546,530,000**

(1) Liabilities and deferred income less than 1 year	202,212,908	176 673 110
(2) Overdrafts (short-term borrowings for cash requirements) and bank credit balances of which		
Amounts payable after one year	770,000,000	660,000,000
Amounts due within one year	1,149,447	920,730

2 ■ INCOME STATEMENT AT 31 DECEMBER 2017

(In euros)		31/12/2017	31/12/2016
OPERATING REVENUE			
Sales of goods		-	-
Sales of services		13,303,133	12,329,047
NET REVENUE		**13,303,133**	**12,329,047**
Production held as inventory		-	-
Capitalized production		-	-
Operating grants		-	-
Reversal of depreciation, provision and expense transfers		171,049	1,039,765
Other income		7	22
TOTAL OPERATING INCOME	**(I)**	**13,474,189**	**13,368,833**
CHARGES D'EXPLOITATION			
Stock purchases (including customs duties)		-	-
Change in inventory of goods		-	-
Purchase raw materials, other supplies (including customs duties)		-	-
Change in inventory purchases (raw materials and supplies)		-	-
Other purchases and operating expenses		6,561,042	7,474,973
Taxes and similar payments		233,591	604,856
Wages and salaries		5,507,363	4,316,858
Welfare contributions		2,126,777	1,636,259
OPERATING ALLOWANCES			
On capital/fixed assets		-	-
On current assets:charges to provisions		5,664	4,428,425
Other charges		301,008	355,004
TOTAL OPERATING EXPENSES	**(II)**	**14,735,445**	**18,816,375**
1. OPERATING PROFIT / LOSS	**(I - II)**	**(1,261,256)**	**(5,447,542)**
FINANCIAL INCOME			
Financial income from shareholdings		1,520,252	1,043,158
Other marketable and receivables from capitalized assets		-	-
Other interest and similar income		-	-
Reversal of provisions charged and expense transfers		-	-
Foreign exchange gains		-	-
Net gains on sales of marketable securities		-	-
TOTAL FINANCIAL INCOME	**(III)**	**1,520,252**	**1,043,158**
FINANCIAL EXPENSES			
Changes to depreciation and provisions		-	-
Interest and similar expenses		8,516,648	8,097,580
Foreign exchange losses		-	-
Net expenses on sales of marketable securities		-	-
TOTAL FINANCIAL EXPENSES	**(IV)**	**8,516,648**	**8,097,580**
2. FINANCIAL INCOME / (EXPENSE)	**(III - IV)**	**(6,996,396)**	**(7,054,423)**
3. RECURRING PROFIT BEFORE TAX AND EXCEPTIONAL ITEMS	**(I - II + III - IV)**	**(8,257,652)**	**(12,501,965)**

(In euros)		31/12/2017	31/12/2016
EXCEPTIONAL GAINS			
Exceptional gains on operations		56,331	-
Exceptional gains on equity transactions		1,018,880	-
Reversal of provisions charged and expense transfers		-	-
TOTAL EXCEPTIONAL GAINS	**(V)**	**1,075,211**	**-**
EXCEPTIONAL LOSSES			
Exceptional losses on operations		18,569	88
Exceptional losses on equity transactions		884,052	-
Exceptional charges to depreciation and provisions		77,923	-
TOTAL EXCEPTIONAL LOSSES	**(VI)**	**980,544**	(88)
4. EXCEPTIONAL INCOME / (LOSS)	**(V - VI)**	**94,667**	**(88)**
Employee profit-sharing	**(VII)**	-	-
Corporate income tax	**(VIII)**	(25,738,596)	(17,264,594)
TOTAL INCOME	**(I + III + V)**	**16,069,652**	**14,411,991**
TOTAL CHARGES	**(II + IV + VI + VII + VIII)**	**(1,505,958)**	**9,649,450**
5. NET PROFIT / (LOSS)		**17,575,610**	**4,762,541**

B NOTES TO THE ANNUAL FINANCIAL STATEMENTS

1 ■ SIGNIFICANT EVENTS OF THE FINANCIAL YEAR

Subscritpion to subsidiary share capital
GROUPE KEOLIS S.A.S. subscribed to 5,498,450 new Keolis S.A. shares of €12 nominal value at an extraordinary general meeting held on 24 October 2017.

GROUPE KEOLIS S.A.S. subscribed to 220,000 new shares of €100 nominal value in the company KEOMOTION.

On 24 January 2017, GROUPE KEOLIS S.A.S. acquired 7,250 shares (18.32%) in One Park from Keolis S.A. of nominal value of €977.52, representing a total value of €7,087 thousand.

On 25 January 2017, GROUPE KEOLIS S.A.S.:

- acquired 3,645 shares (9.21%) from the founders of One Park, representing a total value of €3,500 thousand,
- subscribed to a reserved capital increase of 3,124 shares (7.89%) representing €3,000 thousand,
- took out a convertible bond loan for a nominal amount of €5,500 thousand.

Monetisation of CICE (Crédit d'Impôt pour la Compétitivité et l'Emploi) receivable
The receivable arising in 2017 from the CICE, implemented by the French government, was subject to a "Dailly" sale. This sale resulted in net proceeds of €58.1 million for the Company on behalf of the tax group. As the parent company of the tax group, GROUPE KEOLIS S.A.S. recognised a debt owing to the companies that are part of the tax group for the amount of €59.8 million (gross amount). The impact of the CICE receivable sale on GROUPE KEOLIS S.A.S's income statement is €0.5 million included as a financial expense.

2 ■ ACCOUNTING PRINCIPLES, RULES AND METHODS

These financial statements are prepared in accordance with the rules laid down by the general chart of accounts in accordance with regulation ANC N°2014-03 dated 5 June 2014, amended by the regulation ANC 2016-06, of the French Accounting Standards Authority (Autorité des Normes Comptables) and principles generally accepted in the profession.

General conventions were applied in compliance with the prudence principle, in accordance with the basic assumptions of:

- continuity of operations,
- consistency of accounting methods from one year to another,
- independence of financial years.

The underlying method used to value the items in the accounts is the historical cost method.

In preparing the financial statements, the adjustments to the general accounting plan PGC (articles 111-1 and 831-1/1) were not used.

The main accounting policies used are described below.

2.1. Contracts managed
Nil.

2.2. Intangible assets
Nil.

2.3. Tangible assets
Nil.

2.4. Financial assets

2.4.1. Equity investments
These are recorded at acquisition cost. If this value is greater than the inventory value an impairment is recognised for the difference. For each investment, the inventory value is determined based on future cash flows which their business activity could generate. Where the subsidiary has negative equity, we depreciate the entire investment.

2.4.2. Other financial assets
These appear in the balance sheet at their acquisition cost. Where relevant, an impairment is recorded when their value in use falls below their acquisition cost.

2.5. Inventories
Nil.

2.6. Receivables and payables
Receivables are recorded at their nominal value.
Where applicable, a depreciation is recognised whenever there is a risk of non-recovery.
Receivables and payables in foreign currency are converted at the closing exchange rate of the financial period. The difference resulting from this adjustment is recognised in the year's income statement under "Foreign exchange gains" or "losses". A provision is booked for unrealised losses on foreign exchange transactions; unrealised gains do not appear in the income statement.

At 31/12/2017, unrealised gains on foreign exchange transactions amounted to €98,190.68

2.7. Marketable securities
Nil.

2.8. Cash
Cash balances in foreign currencies are converted at the closing exchange rate of the financial period. The difference that results from this adjustment is recognised in the year's income statement in foreign exchange gains and losses.

2.9. Provisions for contingencies and charges
A provision for contingencies and charges is recorded when the company has a legal or implicit obligation to a third party arising from a past event, whose amount can be reliably estimated and where it is probable that its settlement will cause an outflow of resources without compensation of at least an equivalent amount.

2.10. Employee benefits
Employee benefits relate to payments due on retirement and long service awards.
Evaluations of these obligations are carried out annually using the projected unit credit method.
The main actuarial assumptions used for the assessment of employee benefits are:

Tax depreciation period	Coefficient
Discount rate	0.88%
Long-term expected inflation rate	1.75%
Rate of increase of payrolls used to calculate payments due on retirement	4.6%
Average turnover rate	1.8%
Type of retirement	At the initiative of the employee
Mortality table	INSEE TD/TV 2012 - 2014

2.11. Public investment subsidies
Nil.

2.12. Tax status
The Company opted for the tax group regime from the year commencing 1st January 2008.

Procedures for allocating corporate tax are:
- Tax is calculated as if the company were taxed separately,
- The savings achieved by the parent company from the tax losses and long-term capital losses of the subsidiary are taken by the latter in its income statement.

However, in accordance with current corporate tax legislation governing the carrying forward of losses, these are reallocated to the subsidiary as and when it generates future profits.

3 ■ NOTES ON BALANCE SHEET ASSETS

3.1. Fixed assets

(in euros)	Gross value at beginning of financial year	Increase	Decrease	Transfers	Gross value at end of financial year
INTANGIBLE ASSETS					
Goodwill	**-**	-	-	-	**-**
FINANCIAL ASSETS					
Shares	**1,419,416,528**	101,986,397	(884,052)	-	**1,520,518,873**
Receivables from shareholdings	**82,509,699**	45,766,938	(27,009,700)	(7,500,000)	**93,766,938**
Deposits & guarantees	**538**	-	-	-	**538**
Loans	**2,846,029**	5,598,190	(442,761)	,	**8,001,459**
TOTAL	**1,504,772,795**	**153,351,525**	**(28,336,513)**	**(7,500,000)**	**1,622,287,808**

3.2. Receivables

3.2.1. Receivable due dates

(In euros)	Amount gross	Due in less than one year	Due in more than one year
Trade receivables and related accounts	5,877,007	5,877,007	-
Other receivables*	40,215,208	40,215,208	-
TOTAL	**46,092,215**	**46,092,215**	**-**

* Other receivables comprise €423 thousand in trade receivables, €25,711 thousand of tax group receivables, €12,585 thousand of tax receivables, and €1,496 thousand of other loans.

3.3. Details of prepayments and deferred income

Nil.

4 ■ NOTES ON BALANCE SHEET LIABILITIES

4.1. Equity

(In euros)

	Situation at the beginning of the year	Balance at 31/12/2016
Equity before distribution of prior year retained profits		699,728,448
Distributions of prior year retained profits		-
Equity after distributions of prior year retained profits		699,728,448
Movements during the year	**Decreases**	**Increases**
Changes in capital	-	-
Distributions of prior year retained profits	-	-
Equity after distributions of prior year retained profits	-	-
Changes in share premium	-	-
Changes in reserves	-	238,128
Changes in investment subsidies	-	-
Changes in regulated provisions	-	77,923
Other changes	26,061,453	-
Profit for the year	4,762,541	17 575,610
BALANCE	**30,823,994**	**17,891,661**
	Situation at the end of the year	Balance at 31/12/2017
Equity before appropriation		686,796,115

Share capital

The capital of the company amounts to €237,888,901.80, made up of 180,218,865 shares of €1.32 each.

GROUPE KEOLIS S.A.S. holds 0.10% of its own capital, or 173,152 shares (nominal value €1.32 each), following the disposal in 2017 of 128,848 shares to FCPE GROUPE KEOLIS ACTIONNARIAT for a total of €1,008 thousand, with a net book value of €874 thousand. These shares do not carry voting rights.

Allocation of net income for the previous year

The General Meeting of 18 April 2017 allocated the profit from the 2016 financial year amounting to 4,762,541 euros as follows:

(In euros)	2017
Legal reserve	238,127
Other reserves	-
Dividends paid	-
Other transfers	-
Retained earnings	4,524,414

4.2. Provisions

4.2.1. Regulated provisions and investment subsidies

The amount of regulated provisions relates to special depreciation allowances of €77,923.90.

4.2.2. Provisions for charges

A provision is recorded when the company has a legal or implicit obligation to a third party arising from a past event, whose amount can be reliably estimated and where it is probable that its settlement will cause an outflow of resources.

The tax consolidation agreement obligates the parent company to return to its subsidiaries the tax savings resulting from the use of their tax losses, which it has recorded in its income statement, as soon as they become profitable.

Pursuant to Article 322-1 of Regulation No. 2014.03 of the French Accounting Standards Authority (ANC), a provision has been stated arising from this obligation where restitution in cash of the tax savings is likely.

(in euros)	At 31/12/2016	Charge	Release	At 31/12/2017
Provisions for pensions and similar commitments	-	5,664	-	5,664
Tax provisions	9,685,681	-	171,049	9,514,632
Provisions for fixed asset renewals	-	-	-	-
Provisions for major maintenance	-	-	-	-
Provision for tax and welfare contributions on staff leave	-	-	-	-
Other provisions for contingencies and charges	-	-	-	-
TOTAL	**9,685,681**	**5,664**	**171,049**	**9,520,296**

4.3. Liability maturity

At 31 December 2017, the amount of bank borrowings drawn is €770 million and the undrawn balance is €300 million.

(en euros)	Amount gross	Due in less than one year	Due in more than one year
Bank borrowings	671,149,447	1,149,447	670,000,000
Miscellaneous borrowings (incl. redeemable borrowings)	100,000,000	-	100,000,000
Trade payables and related accounts	2,934,390	2,934,390	-
Tax and social security debts	5,763,393	5,763,393	-
Other liabilities	192,365,678	192,365,678	-
TOTAL	**972,212,908**	**202,212,908**	**770,000,000**

4.4. Accrued liabilities

(en euros)	
Bank borrowings	
Accrued interest	486,208
Trade payables and related accounts	
Suppliers, invoices not yet received	1,944,667
Tax and social security debts	
Staff, accrued charges	2,406,629
Social institutions, accrued charges	1,089,382
State, accrued charges	40,882
TOTAL ACCRUED LIABILITIES	**5,967,768**

4.5. Exchange differences on receivables and payables in foreign currencies

GROUPE KEOLIS S.A.S. took out a loan (convertible bond for company MOOVIT) for 3 million dollars. It was re-evaluated on 31 December 2017 at the closing exchange rate of €1 = USD 1.1993 giving rise to an unrealised foreign exchange gain of €98,190.68.

5 NOTES ON THE INCOME STATEMENT

5.1. Analysis of turnover

The company generates all of its turnover in France.

5.2. Details of other operating income and expense

Income (in euros)	
Settlement differences	7
TOTAL	**7**

Expenses (in euros)	
Attendance fees	301,000
Settlement differences	8
TOTAL	**301,008**

5.3. Share of profit from joint ventures

Nil.

5.4. Transfer of expenses

Nil.

5.5. Gains and losses relating to previous years

Nil.

5.6. Financial income and expense

(in euros)	Financial income	Financial expense	Balance
Income from shareholdings	-	-	-
Interest on loans	,	(7,944,083)	(7,944,083)
Losses/receivables related to shareholdings	1,520,252	-	1,520,252
Other financial income and expense	-	(572,566)	(572,566)
TOTAL	**1,520,252**	**(8,516,648)**	**(6,996,396)**

5.7. Corporate income tax

(in euros)	Profit before tax	Tax due	Net profit
Current	(8,257,652)	-	(8,257,652)
Exceptional	94,666	-	94,666
Tax integration	-	(26,656,172)	26,656,172
Exceptional contribution	-	917,576	(917,576)
TOTAL	**(8,162,986)**	**25,738,596**	**17,575,610**

5.8. Exceptional income and expense

Income (in euros)	
Selling price of shares sold	1,018,880
Reimbursement URSSAF audit	56,331
TOTAL	1,075,211

Expense (in euros)	
NBV of shares sold	884,052
Special depreciation allowance	77,923
Tax penalties	18,569
TOTAL	980,544

6 ■ OTHER INFORMATION

6.1. Related parties

No disclosures are made concerning related party transactions insofar as these transactions were undertaken according to normal market conditions.

6.2. Financial commitments

GROUPE KEOLIS S.A.S. uses derivative financial instruments to manage its exposure to financial risks resulting from its financial and investing activities:

- interest rate risk;
- foreign exchange risk interest rate risk;

At the end of the financial year, unrealised gains are not recognised in the accounts. Unrealised losses are accounted for except when they relate to instruments qualified as hedging and falling within one of the following two cases:

- to hedge underlying items in the balance sheet which have not been revalued;
- to hedge future cash flows expected in a future year, under the principle of matching the accounting impact in the same financial year.

The gains and losses realised are reported in the same income statement as the income and expenses on the hedged item.

Interest rate and foreign exchange derivative financial instruments are traded with first-class bank counterparties in accordance with the Group's counterparty risk management policy. Consequently, the counterparty risk can be regarded as negligible.

6.2.1. Interest rate risks relating to variable-rate borrowings

The Group's interest rate risk exposure results from its financial debt.

This financial debt mainly relates to its confirmed syndicated loan agreement dated 12 July 2013 arranged with a syndicate of 13 banks for a nominal amount of €800 million, maturing on 12 July 2018. This line was amended on 11 June 2015 to increase its nominal amount to €900 million, and extend its maturity until 11 June 2020.

The syndicated loan's maturity date was extended by a year in 2016 and again in 2017. Its maturity date is now 11 June 2022.

In July 2017 an additional credit line was arranged by GROUPE KEOLIS S.A.S. to finance the acquisitions made by the Group. This €30 million bullet loan was arranged and drawn down on 21 July 2017 for a 5 year period.

To cover the interest rate risk, the Group uses standard, liquid and market-available derivative financial instruments:

- swaps,
- cap calls,
- floor puts if tied with cap calls to create a symmetrical or asymmetrical collar;
- sales of caps to unwind an existing cap or to realise a cap spread,
- floor calls, in particular to buy back floors that constitute asymmetrical collars;

The distribution of GROUPE KEOLIS S.A.S.' debt between fixed and variable rates, without taking into account the derivatives portfolio is as follows:

(€ million)	31 December 2017	31 December 2016
Variable rates	770.0	660.0
Fixed rates	-	-
LOANS AND FINANCIAL DEBTS NET OF ACCRUED INTEREST	**770.0**	**660.0**
Cash and cash equivalents at variable rates	-	(8.4)
Cash and cash equivalents at fixed rates	-	-
TOTAL CASH AND CASH EQUIVALENTS	**-**	**(8.4)**
Accrued interest receivable	(0.8)	(0.1)
Variable rate financial receivables	(93.0)	(82.4)
Premiums	-	(0.1)
Loans and guarantees	(9.7)	(4.0)
Accrued interest payable	-	-
NET FINANCIAL DEBT	**666.5**	**564.9**

GROUPE KEOLIS S.A.S. is subject to variations in interest rates on the part of its net debt at variable rates. At 31 December 2017, an immediate increase of 50 basis points of market interest rates, based on unchanged net debt, would increase the annual cost of debt by €1.0 million and in parallel would have virtually no effect on financial income in cash and cash equivalents and financial income of variable rate receivables.

Taking into account the impact of interest rate hedges, an immediate increase of 50 basis points in market interest rates on an unchanged amount of net debt would reduce the net debt cost by 0.1 million.

Equally, an immediate decrease of 50 basis points in market interest rates on an unchanged amount of net debt, and taking into account the impact of interest rate hedges, would increase the net annual debt cost by 1.1 million.

At 31 December 2017, the available, confirmed and undrawn syndicated credit facility is €300 million. This credit line is available to GROUPE KEOLIS S.A.S. and Keolis S.A.

6.2.2. Foreign exchange risk

The company GROUPE KEOLIS S.A.S., given its status as the parent company of the Group, carries out net investments in foreign currencies in the capital of its foreign subsidiaries. To cover the foreign exchange risk engendered by these investments, GROUPE KEOLIS S.A.S. uses derivative financial instruments for limited amounts. Management's objective is to protect the reference exchange rate defined for the year.

The instruments used by the Group are standard, liquid and market-available:

- forward and futures sales and purchases;
- foreign exchange swaps;
- call options;
- put options in combination with call options to provide symmetric or asymmetric collars.

At 31 December 2017, GROUPE KEOLIS S.A.S. had no open foreign exchange positions.

6.2.3. Other financial commitments

The main source of finance of GROUPE KEOLIS S.A.S. is its confirmed syndicated loan agreement dated 12 July 2013 arranged with a syndicate of 13 banks for a nominal amount of €800 million, maturing on 12 July 2018. This line was amended on 11 June 2015 to increase its nominal amount to €900 million, and extend its maturity until 11 June 2020.

The syndicated loan's maturity date was extended by a year in 2016 and again in 2017. Its maturity date is now 11 June 2022.

In July 2017 an additional credit line was arranged by GROUPE KEOLIS S.A.S. to finance the acquisitions made by the Group. This €30 million bullet loan was arrangd and drawn down on 21 July 2017 for a 5 year period.

At 31 December 2017, the available, confirmed and undrawn syndicated credit facility is €300 million. This credit line is available to GROUPE KEOLIS S.A.S. and Keolis S.A.

6.3. Headcount

The average annual headcount is as follows:

	31/12/2017	31/12/2016
Average FTE	11	10.8

6.4. Remuneration of administration, management or supervisory bodies

Remuneration made to management bodies is not disclosed, as this would indirectly reveal individual remuneration.

6.5. Pension and long service award commitments

6.5.1. Retirement payment liabilities

The amount of retirement payment liabilities at 31 December 2017 stands at 479,018 euros.

This sum is not provided for in the annual financial statements and appears under financial commitments.

6.6. Information on leasing

Nil.

6.7. Identity of the consolidating company

The Company belongs a group whose consolidating company is SNCF PARTICIPATIONS, incorporated and domiciled in France, under SIRET number 572 150 977 01813, whose headquarters is located at 2 Place aux Étoiles - CS 70001 - 93633 LA PLAINE ST DENIS CEDEX.
The Company's accounts are fully consolidated within the consolidated accounts of SNCF PARTICIPATIONS.

6.8. Information on subsidiaries and investments

NAME & REGISTERED OFFICE	Capital	Shares held %	Gross value of shares	Loans, advances	Revenue
KEOLIS SA	412,832,676	100.00%	844,212,235	93,000,000	206,126,031
EFFIA SAS	3,136,000	100.00%	276,430,523	-	16,920,862
KEOMOTION	38,510,000	100.00%	38,510,000	-	307,850
KLP14	10,000	100.00%	10,000	-	-
KLP15	10,000	100.00%	10,000	-	-
OnePark	38,929	36.01%	14,004,996	-	8,700,000
20 - 22 RUE LE PELETIER 75009 PARIS					
NAME & REGISTERED OFFICE	**Equity**	**Dividends received**	**Net value of shares**	**Guarantees**	**Profit for the year**
KEOLIS SA	549,680,035	-	844,212,235	-	(70,781,999)
EFFIA SAS	32,374,421	-	276,430,523	-	2,597,581
KEOMOTION	38,159,523	-	38,510,000	-	(14,602,115)
KLP14	10,000	-	10,000	-	-
KLP15	10,000	-	10,000	-	-
OnePark	2,270,000	-	14,004,996	-	(5,600,000)
20 - 22 RUE LE PELETIER 75009 PARIS					

7 ■ SIGNIFICANT POST-BALANCE SHEET EVENTS

There are no significant post-balance sheet events to report

This is a translation into English of the statutory auditors' report on the financial statements of the Company issued in French and it is provided solely for the convenience of English speaking users.
This statutory auditors' report includes information required by European regulation and French law, such as information about the appointment of the statutory auditors or verification of the management report and other documents provided to shareholders.
This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

PricewaterhouseCoopers Audit
63 rue de Villiers
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672 006 483 R.C.S. Nanterre

Commissaire aux Comptes
Membre de la compagnie régionale de Versailles

Ernst & Young Audit
Tour First - TSA 14444
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S.A.S. à capital variable
344 366 315 R.C.S. Nanterre

Commissaire aux Comptes
Membre de la compagnie régionale de Versailles

STATUTORY AUDITORS' REPORT ON THE FINANCIAL STATEMENTS (FOR THE YEAR ENDED 31 DECEMBER 2017)

To the Shareholders,
Keolis
20-22 rue le Peletier
75009 Paris

Opinion

In compliance with the engagement entrusted to us by your Annual General Meeting, we have audited the accompanying financial statements of Groupe Keolis SAS ("the Company") for the year ended December 31, 2017.

In our opinion, the financial statements give a true and fair view of the assets and liabilities and of the financial position of the Company as at December 31, 2017 and of the results of its operations for the year then ended in accordance with French accounting principles.

Basis for Opinion

Audit Framework
We conducted our audit in accordance with professional standards applicable in France. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the Statutory Auditors'Responsibilities for the Audit of the Financial Statements section of our report.

Independence
We conducted our audit engagement in compliance with independence rules applicable to us, for the period from December 1st, 2017 to the date of our report and specifically we did not provide any prohibited non-audit services referred to in the French Code of ethics (code de déontologie) for statutory auditors.

Justification of Assessments

In accordance with the requirements of Articles L.823-9 and R.823-7 of the French Commercial Code (code de commerce) relating to the justification of our assessments, we inform you of the following assessments that, in our professional judgement, were of most significance in our audit of the financial statements of the current period.

These assessments were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on specific items of the financial statements.

Accounting estimates

As part of our assessment, we inform you that our assessments made by us focused on the appropriateness of the accounting principles used and the reasonableness of the significant estimates made by the management relating particularly to the following matters:

- Measure the value is use of the financial investments (note 2.4.1),
- Measure the current tax provision made in application of the tax consolidation regime (note 4.2.2).

Verification of the management report and of the other documents provided to the Shareholders

We have also performed, in accordance with professional standards applicable in France, the specific verifications required by French law.

Information given in the management report and in the other documents provided to the Shareholders with respect to the financial position and the financial statements

We have no matters to report as to the fair presentation and the consistency with the financial statements of the information given in the management report of the Board of Directors and in the other documents provided to the Shareholders with respect to the financial position and the financial statements.

Other information

In accordance with French law, we have verified that the required information concerning the purchase of investments and controlling interests and the identity of the shareholders and holders of the voting rights has been properly disclosed in the management report.

Report on other legal and regulatory requirements

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with French accounting principles and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is expected to liquidate the Company or to cease operations.

The financial statements were approved by the Board of Directors.

Statutory Auditors' Responsibilities for the Audit of the Financial Statements

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

As specified in Article L.823-10-1 of the French Commercial Code (code de commerce), our statutory audit does not include assurance on the viability of the Company or the quality of management of the affairs of the Company.

As part of an audit conducted in accordance with professional standards applicable in France, the statutory auditor exercises professional judgment throughout the audit and furthermore:

- Identifies and assesses the risks of material misstatement of the financial statements, whether due to fraud or error, designs and performs audit procedures responsive to those risks, and obtains audit evidence considered to be sufficient and appropriate to provide a basis for his opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtains an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control.

- Evaluates the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management in the financial statements.

- Assesses the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. This assessment is based on the audit evidence obtained up to the date of his audit report. However, future events or conditions may cause the Company to cease to continue as a going concern. If the statutory auditor concludes that a material uncertainty exists, there is a requirement to draw attention in the audit report to the related disclosures in the financial statements or, if such disclosures are not provided or inadequate, to modify the opinion expressed therein.

- Evaluates the overall presentation of the financial statements and assesses whether these statements represent the underlying transactions and events in a manner that achieves fair presentation.

Neuilly-sur-Seine and Paris-La-Défense, March 12, 2018

French original signed by

PricewaterhouseCoopers Audit

Françoise Garnier-Bel

French original signed by

Ernst & Young Audit

Jérôme Guirauden