KEOLIS S.A.

FINANCIAL REPORT **2016**

CONTENTS

1. MANAGEMENT REPORT

CONTENTS

A Management Report of the Board of Directors
at the Annual General Meeting on 18 April 2017

Ladies and Gentlemen,

We have convened this Ordinary Annual General Meeting, in accordance with legal, regulatory and statutory requirements to report to you on the activities of our Company during the year ended 31st December 2016 and submit for your approval the annual and consolidated accounts of that year.

In addition, your Auditors will also read their reports to you.

For our part, we are at your disposal to provide any clarification and further information that you might find desirable.

We will review below, successively, the various items of information as required by applicable regulations.

• HIGHLIGHTS OF THE FINANCIAL YEAR

Keolis S.A. carried out a share capital increase of 300 million euros which was fully subscribed to and paid for by its shareholder GROUPE KEOLIS S.A.S. by way of set-off against due and payable receivables.

Business activity and development

France

- The "Le Bus Direct – Paris Aéroport" shuttle service between Paris and its airports was launched in May 2016. This replaces the Cars Air France service which had been operated by Aerolis since 2008.
- Keolis lost the Lens contract in September (effective as of 1 January 2017) which it had operated since 2002. The Artois-Gohelle public transport authority awarded the operation of the Tadao network to Transdev.
- The Lyon contract (TCL) was renewed in October with effect from 1 January 2017 for a 6-year term. As the Keolis Group's leading contract in terms of turnover and ridership, and a showcase for the group's multi-modal expertise, the new contract started up on 1 January and will generate cumulative turnover of 2.2 billion euros.
- Other notable contract losses, effective as of 1 January 2017, include the Alençon urban network in the north west of France, and the Torcy-Créteil Mobilien line in Ile-de-France.
- The Brest urban cable car service was inaugurated in November. This crosses the river Penfeld which splits the city in two, and uses two 13-square-metre cable cars offering capacity of nearly 1,850 people per day.
- In Laval, Keolis's contract (Tul) was renewed for 6 years. As part of the announcement of the renewal of the concession, it was announced that new lines would be opened. In addition, the self-hire bike service will use electrically-assisted bikes.
- In Dijon, the new public transport service concession was awarded to Keolis in December. This new concession will include bus, tram and PRM services, car parks, street parking, self-hire bikes and long-term bike rental and car and bike pounds.
- Keolis won the Côte Basque-Adour contract in December. The network will be taken over in April 2017 for a duration of 6 years and 9 months.

Abroad

- In the United Kingdom, the TPE and Southern rail franchises expired in March.
- In Germany, the public transport authorities in the Rhein-Ruhr metropolitan region, VRR and NWL, selected Keolis to operate the suburban rail network serving the 11-million population living in the Dortmund area. This contract will commence in December 2019 and will run for 12 years.
- In the Netherlands, Syntus, the Dutch subsidiary, won a ten-year contract in September for the operation of buses in Almere, the country's seventh largest city. This follows two other wins: another bus contract in the province of Utrecht in the centre of the country and a railway contract in the Zwolle-Enschede-Kampen region. Keolis and Syntus also launched Keobike, a new self-hire bike service deployed in 24 towns and cities in the country.
- In Norway, the Bergen PTA Skyss renewed Keolis's contract for the operation of the city tram network "Bybanen". This one-year extension will come into effect in July 2018.
- In Australia in December, Keolis won the operation and maintenance of the new integrated public transport network in Newcastle. The contract will commence in 2017 and will run for ten years. This is the first time in Australia that a multi-modal transport contract has been awarded to a private operator. Keolis Downer will manage the operation and maintenance of the entire transport network which comprises buses, ferries and the city's future tram network scheduled for 2019. Keolis Downer was also selected to operate the 7.3 km extension of the Gold Coast tram.
- In China in April, the Shanghai metro selected the Shenkai joint venture (51%-owned by Shanghai Shentong Consulting and 49% owned by Keolis) to operate its first automatic driverless metro line, line 8.3. This line is due to come into service at the end of 2017.

Acquisitions

In January 2016, the Keolis Group announced the acquisition of Transports Daniel Meyer, a leading bus and coach service operator in Ile-de-France. With this strategic external growth transaction, Keolis reinforces its foothold in Ile-de-France and consolidates its position for future projects relating to Grand Paris Express.

In November 2016, the Keolis Group acquired Skyport, a bus operating company based near the Montreal-Trudeau Airport and specialising in airport transport. Skyport operates shuttles for air crews and manages lost and delayed luggage for most airlines principally in the regions of Montreal, Mont-Tremblant, Quebec City and Ottawa.

Lille ticketing system

In Lille, malfunctions of the ticketing system delivered by Parkeon resulted in its late implementation compared to the initial contractual schedule. Lille Métropole (LMCU renamed MEL) decided to introduce it into service in June 2013 against the advice of Keolis who had refused acceptance. This resulted in a shortfall in Keolis Lille's revenue. In these circumstances the courts appointed an expert in December 2014 to determine the origin of the flaws and appraise their financial impact. The assessment is currently ongoing and will continue during 2017.

The Group's financial results

The Group's turnover for 2016 amounted to €4,866 million, an increase of €48.6 million, or 1.0%, on 2015.
The currency impact is negative at -€28.1 million in particular due to the rise in value of the euro against sterling, the Swedish krone and the Australian dollar.
The consolidation scope effect is +93.5 million, due to the acquisitions of Transports Daniel Meyer and Transports Fouache in France, the acquisitions of Cars Gembloutois in Belgium and Skyport in Canada, and the full-year effect of the acquisition of ATE group which had joined the Group in May 2015.
The portfolio impact of contracts won and lost stands at +€1.7 million, comprising +€11.0 million in France and -€9.3 million abroad. In France the most notable events are the wins of the Air France crew shuttles at CDG airport and Keolis Porte de l'Isère, but also the losses of CDGVAL and Keolis Montélimar. Outside France, the E23 contract was lost in Sweden, compensated by Värmland and Karlstad (-€12 million), a downward trend was observed at KTA (sale of PYC and losses of Collier County and Tahoe), and contracts were won in Denmark (Odense and Kalas counterbalanced by the loss of line 5A), in Norway (extension of Bergen tram) and in the Netherlands (Utrecht).
Excluding foreign exchange impact and change in reporting scope, revenue is down by -16.9 million, or -0.4%.
Organic growth within existing contracts stands at -€18.3 million or -0.4% comprising -€11.7 million in France (+€2.9 million for Major networks impacted by a ticketing dispute in Lille, -€3 million in Major urban, -€9.2 million for French regions, -€2.1 million for Ile-de-France) and -€6.5 abroad (-€58 million in Australia including -€65 million relating to PTV engineering works at KDR Victoria, +€27 million in North America, +€18 million in Continental Europe and +€5 million in the UK).

Recurrent EBITDA stands at €241.4 million, up €14.3 million, or +6.3%, on the previous year. The currency impact accounts for -€1.1 million.

The consolidation scope effect improves recurring EBITDA by +€14.7 million, comprising +€9.2 million in France (including +€8.1 million for the acquisition of Transports Daniel Meyer) and +€5.5 million abroad (notably including +€4.7 million for the full-year impact of ATE in Australia and +€1.0 million for the acquisition of Cars Gembloutois in Belgium).
Excluding foreign exchange and consolidation scope impact, EBITDA amounts to the same as in 2015. Organic growth of EBITDA including portfolio growth is +€0.7 million, comprising -€.3.2 million in France and +€3.9 million for international activities.

Recurrent operating profit stands at €67.5 million, up €11.3 million or +20.2% compared to 2015. This is notably due to lower costs in the holding company.

Net income (Group share) for 2016 is slightly down and stands at €24.0 million as against €25.2 million for the restated 2015 accounts which take into account the impact of the change in accounting rules for UK pensions, amounting to +€13.2 million.

Cash flow generation is +€25.1 million in 2015 (including -€37.3 million due to acquisitions) compared to -€183.8 million in 2015.

The net debt of Keolis S.A. amounts to €276.3 million at the end of 2016 compared to €548.2 million at the end of 2015. This decrease is essentially a consequence of the €300 million share capital increase subscribed to by GROUPE KEOLIS S.A.S.

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 €4,881.4 million.

After taking into account all operating costs, operating profit after investments under the equity method amounts to €67.5 million.

Net profit (group share) for the year ending 31 December 2016 amounts to €24 million.

ANNUAL FINANCIAL STATEMENTS

The financial statements of the Company are prepared in accordance with French GAAP.

Operating profit/(loss), including share of joint ventures, stands at (€19,703) thousand.

Financial income amounted to €975 thousand.

After the posting of an exceptional loss of €2,658 thousand and a corporate income tax credit of €17,213 thousand, Keolis' financial statements show a net loss of (€4,173) thousand.

SUBSIDIARIES AND HOLDINGS

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

NOTIFICATION OF MAJOR HOLDINGS AND ACQUISITIONS OF CONTROL

During the financial year 2016, Keolis S.A. acquired or took control of the following companies:

Acquisition of Companies / Shareholding investments in France

Name	Date	Percentage
Transports Daniel Meyer	11/01/2016	100% Keolis S.A.
Ormont Transport	11/01/2016	100% Transports Daniel Meyer

Acquisition of companies / Shareholding investments abroad

Name	Date	Percentage
Services International Skyport Inc. (Canada)	01/11/2016	100% 9964738 Canada Inc.
4468198 Canada Inc.	01/11/2016	100% 9964738 Canada Inc.

Establishment of companies in France by Keolis S.A.

Name	Date	Percentage
Keolis Laval	03/06/2016	100% Keolis S.A.
Keolis Mobilité Val de Marne	19/07/2016	100% Keolis S.A.
KLP 06	19/07/2016	100% Keolis S.A.
KLP 07	24/11/2016	100% Keolis S.A.
KLP 08	24/11/2016	100% Keolis S.A.
KLP 09	24/11/2016	100% Keolis S.A.
KLP 10	04/12/2016	100% Keolis S.A.
KLP 12	28/12/2016	100% Keolis S.A.

Establishment of companies abroad

Name	Date	Percentage
Cars Gembloutois (Belgium)	03/02/2016	99.98% Eurobus Holding ; 0,02% Keolis Vlaanderen
9964738 Canada Inc.	01/11/2016	100% Autocars Orléans Express
Keolis Downer Hunter PTY LTD (Australia)	12/08/2016	100% Keolis Downer Bus and Coachlines Pty Ltd

RESEARCH AND DEVELOPMENT ACTIVITY

The company did not incur any research-related expenditure during the year. Many development activities for new products and services are, however, carried out closer to the operational managers to ensure their ability to meet market requirements. The corresponding expenses are not isolated in profit or loss and have not been specifically monitored.

FORESEEABLE TRENDS AND FUTURE OUTLOOK

Keolis is responding to invitations to tender to renew its operating contracts for networks in Lille, Rennes and Caen. The Group has also submitted a bid for the extension of the Yarra Trams contract in Melbourne.

In France, the Group intends to consolidate its current positions and will remain attentive to any opportunities.

Keolis wishes to develop its international footprint and will examine all the opportunities related to the mobility chain in regionswhere the Group is already established, but also in new countries

SIGNIFICANT EVENTS SINCE THE END OF THE YEAR

In January 2017, Transport for Greater Manchester (TfGM) awarded KeolisAmey, the joint venture between the Keolis Group and Amey, the contract to operate and maintain the Greater Manchester tram network, Metrolink. The contract will commence in July 2017 and is scheduled to run a maximum of ten years. With this new contract for the largest tram network in the United Kingdom, the Keolis Group reinforces its international leadership in urban multimodal transport.

At the end of January 2017, Keolis and STIF signed twenty contracts for the operation of bus networks in Ile-de-France.

NON-FINANCIAL INFORMATION

In application of Article 225 of the Act of Parliament of 12 July 2010 on the national commitment to the environment, ("Grenelle II"), Keolis S.A., as a non-listed company whose balance sheet or net revenue exceeds 100 million euros and whose average number of permanent employees during the financial year exceeds 500, is obliged to publish its non-financial data in its management report.

For the benefit of readers, we publish all of this information in the chapter "Non-financial data" appended to this document.

For the first time and in accordance with legislation and regulations in force, the information supplied in this appendix is verified by an independent third party body. Its report is available for the Annual General Meeting.

Furthermore, four Keolis subsidiaries will publish their own non-financial data insofar as they attain the thresholds for the application of the abovementioned article 225. These subsidiaries are Keolis Bordeaux, Keolis Lille, Keolis Lyon and Keolis Rennes.

INFORMATION ON SUPPLIER PAYMENT DEADLINES

In accordance with articles L441-6-1 and D441-4 of the Commercial Code, we breakdown, as at the end of the last financial year, the balance of amounts owing to our suppliers by due date:

€ thousand	FY 2016	FY 2015
Breakdown by invoice due date		
- Invoices due:	**437**	(173)
◗ from 0 to 30 days	*194*	*30*
◗ from 31 to 60 days	*128*	*186*
◗ over 60 days	*115*	*(389)*
Invoices not yet due	**9,919**	7,656
TRADE PAYABLES	**10,356**	**7,483**
Amounts owing by suppliers	**3,281**	2,180
Supplier invoices not yet received	**41,538**	30,653
TOTAL	**55,175**	**40,316**
Trade payables and related accounts	**44,682**	35,264
Liabilities on assets and related accounts	**10,493**	5,052
TOTAL	**55,175**	**40,316**

ALLOCATION OF PROFIT

We propose to allocate the loss for the year, amounting to (€4,172,554.76), to Retained Earnings.

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 three previous financial years were as follows:

FINANCIAL YEAR	**Dividend**	**Distributed income eligible for the allowance**	**Distributed income not eligible for the allowance**
2015	Nil	-	-
2014	€19,130,937.70 €4.90 per share	-	€19,130,937.70
2013	€19,130,937.70 €4.90 per share	-	€19,130,937.70

Non tax deductible expenses

We inform you that in the course of the past financial year, non-tax deductible expenses, within the meaning of Articles 223 *quater* and 223 *quinquies* of the General Tax Code, totalled €252 thousand.

SHAREHOLDINGS

On 31 December 2016, GROUPE KEOLIS S.A.S. owned 100% of the capital.

EMPLOYEE SHARES IN COMPANY CAPITAL

On 31 December 2016, there were no employee shares in the Company's capital.

AGREEMENTS COVERED BY ARTICLES L.225-38 AND L.225-102-1 OF THE COMMERCIAL CODE

1. Agreements covered by article L.225-38 of the Commercial Code
You will be read the Statutory Auditors' report on agreements made during the fiscal year and authorised by your Board pursuant to Article L225-38 of the Commercial Code.

2. Agreements covered by article L.225-102-1, last paragraph
Pursuant to the provisions of the last paragraph of article L.225-102-1 of the Commercial Code, we specify that during the financial year no agreements were entered into other than ordinary transactions concluded under normal terms and conditions, between:

- a director, the Chairman & CEO or the Company GROUPE KEOLIS S.A.S., a company holding more than 10% of the voting rights in Keolis S.A.,

and

- A subsidiary in which Keolis S.A. directly or indirectly holds a share in excess of 50%.

DIRECTORS AND CONTROL OF THE COMPANY

1. Mode of exercise of the General Management
We report, in accordance with Article 148 of the Decree of 23 March 1967, that your Board of Directors has opted to combine the functions of Chairman of the Board and CEO.

Mr. Jean-Pierre Farandou was re-appointed Chairman and CEO during the Board of Directors' deliberations of 3 March 2016.

2. Terms of office and functions exercised by each of the executive officers
A list of the terms of office and functions exercised by each of the executive officers in 2016 is appended to this report.

3. Expiry of Statutory Auditors' mandates

The mandates of the Company's Statutory Auditors expire at the end of this Annual General Meeting.

You will be asked to approve the appointment as Statutory Auditors of PricewaterhouseCoopers Audit and Ernst & Young Audit for a term of six financial years, thus expiring at the end of the annual general meeting approving the financial statements for the 2022 financial year.

Pursuant to article L.823-1 of the Commercial Code, no alternate auditors will be appointed.

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

THE BOARD OF DIRECTORS

B Appendix 1 Non-financial data

Keolis, a leading public transport operator, operates and maintains urban, suburban and regional transport networks on behalf of more than 300 contracting authorities (public transport authorities (PTAs), public or private clients) whose end customer is the passenger.
Keolis is headquartered in Paris. The Group's activities extend to 16 countries (Australia, Belgium, Canada, China, Denmark, France, Germany, India, Luxembourg, the Netherlands, Norway, Portugal, Sweden, the United Arab Emirates, the United Kingdom and the United States). Keolis S.A. is wholly-owned by GROUPE KEOLIS S.A.S., which itself is 70%-owned by SNCF and 30%-owned by Caisse de Dépôt et Placement du Québec (CDPQ).
Keolis contributes to sustainable development through a wide range of corporate initiatives and has injected these projects into its corporate programme KeoLife. The different aspects of Keolis' social responsibility are thus shared between the Departments concerned. The Health, Safety and Environment department is responsible for its overall coordination.
Social responsibility is an item on the agenda of Keolis' Executive Committee at least once a month in order to review work undertaken, approve new initiatives and select topics to focus on.
In addition to this, Keolis draws on discussions with its internal and external stakeholders to define the strategy and recommendations for the entire Group.

1 • METHODOLOGY

1.1 Background

2016 is the third year in which non-financial data is published in the Keolis S.A. financial report, in application of Article 225 of the Act of 12 July 2010 on the national commitment to the environment. The entity concerned is Keolis S.A., a non-listed company for which the balance sheet total or net revenue is in excess of 100 million euros and in which the average number of permanent employees throughout the financial year exceeds 500. The list of themes to be covered appears in Article 225-105-1 of the French Commercial Code.

This publication is structured in alignment with the Keolis Group's Social Responsibility strategy which, using the international standard ISO26000 as a framework, sets out two prerequisites and four commitments:

- Prerequisite 1: Compliance with the Group General Rules and Policies, consistent with the United Nations Global Compact.
- Prerequisite 2: Engagement with our customers and other stakeholders.
- Commitment 1: Enhance the Customer Experience.
- Commitment 2: Guarantee the safety of our employees and offer them a fair and inclusive working environment which respects their diversity.
- Commitment 3: Control our impact on the environment.
- Commitment 4: Act in all the regions that we serve.

To cater to the expectations of our stakeholders, this publication also incorporates the principles of the international standard GRI (Global Reporting Initiative) G4, first level "In accordance – core".

A table illustrating the correlation between this publication and the various guidelines can be obtained on request from communication@keolis.com.

1.2 Scope and reference period

Non-financial data is consolidated on the same scope as Keolis S.A's financial data (excluding EFFIA S.A.S., Technical Assistance and subsidiaries for which Keolis is not the majority shareholder). This reporting scope is referred to hereafter as "Group", "the Keolis Group" or "Keolis".

The scope of consolidation for employee and social data is the calendar year, from 1 January to 31 December, and applies to 100% of the Group headcount.

The reference period for environmental data is the calendar year, from 1 January to 31 December. If this is not the case, rules for estimation or consolidation on a deferred timescale are proposed to subsidiaries in the set of indicators.
In 2015, environmental data was calculated from data covering 82% of Group staff, represented by 90 subsidiaries. In 2016, it covers 84% of Group staff represented by 98 subsidiaries. The list of subsidiaries covered may be obtained on request from communication@keolis.com.

Quantitative information is supplied for the last two calendar years, from 1 January to 31 December 2015 and 2016.

1.3 List of information and definitions

The list below provides definitions for each set of quantitative data and the reporting scope when smaller than that stated in point 1.2 above.

New quantitative data has been added; this appears in italics in the list below. The data for these items is only available for 2016.

Some items of data published in the 2015 Keolis S.A. financial report and reproduced in this publication have been adjusted to account for corrections / additions supplied after the publication of last year's report. These are indicated in the rest of this publication by an asterisk appended to the updated figure. Where relevant, significant differences are explained in the main text.

Quantitative data frequently appears alongside information of a qualitative nature in order to provide additional details as to the applicable policy and/or the variation between years Y and Y-1.

When specific themes appearing in article 225-105-1 of the French Commercial code are not considered relevant, an explanation is provided for this in the main text.

1.3.1 Employment

Workforce: Workforce registered as at 31 December.

Breakdown of workforce by geographical zone: Breakdown by country of workforce registered as at 31 December.

Breakdown of workforce by age bracket: Breakdown of total Group and Keolis S.A. workforces by age bracket.

Percentage of women in the total workforce: Percentage of women in the total workforce of the Group and Keolis S.A.

Total number of new employees: Cumulative number of new employee entries for the year, (including the integration of new subsidiaries), regardless of the type of employment contract.

Total number of departures: Cumulative number of employee departures for the year, regardless of the reason for leaving, including the loss of subsidiaries during the year.

Total number of dismissals: Cumulative number of employee departures during the year relating to dismissals.

Payroll: Personnel expenditure, including wages and social charges, duties and taxes on remuneration and other personnel expenses (ancillary costs, directors' fees, employee profit sharing, temporary staff and staff on secondment).

Change in payroll: Change in payroll between years Y and Y-1 in gross value and expressed as a percentage.

Percentage of part-time employees: Percentage of employees with a part-time contract in the total workforce as at 31 December.

Percentage of drivers / transport staff: Percentage of driver employees in the total Group workforce as at 31 December.

Total number of training hours: Total number of hours of training given to employees.

Number of employees having received training: Total number of employees who followed at least one training course during the year.

Total number of employees with a disability (number of units - France): Number of workers with a disability expressed as entitlement units calculated as part of the mandatory annual declaration of employees with a disability submitted to the Agefiph (DOETH) in France. This entitlement unit is the full-time equivalent of a worker with a disability.

Rate of absence for sick leave: Number of hours of absence caused by sickness or non-occupational injury (excluding workplace accidents), expressed as a percentage of the theoretical number of hours worked.

Workplace accident frequency rate (France): Frequency of workplace accidents declared per quarter leading to at least one day of leave. This rate represents the average number of workplace accidents leading to leave by a group of employees having worked one million hours over the period considered. NB: This rate includes violent behaviour. It does not take into account all ongoing dispute procedures.

Severity rate of workplace accidents (France): Severity of accidents. Calculated by assessing the total number of leave days due to workplace accidents, excluding the day of the accident itself. This represents the number of days compensated for 1,000 hours worked, in other words the number of days lost due to temporary invalidity for 1,000 hours worked.

1.3.2 Environment

Number of employees covered by an ISO14001 certification: Number of employees registered in the workforce at 31 December exercising an ISO 14001 certified activity (i.e. the number of employees concerned by the area of application assessed by the certification body).

Percentage of employees covered by an ISO 14001 certification: Percentage of employees exercising an ISO14001 certified activity as a proportion of the total Group workforce.

Total quantity of hazardous waste: Tonnage of hazardous waste produced over the year in question, regardless of the type of processing. Hazardous waste is waste defined as such in the regulations applicable to the production site.

Total quantity of non-hazardous waste: Tonnage of non-hazardous waste produced over the year in question, regardless of the type of processing. Non-hazardous waste is waste defined as such in the regulations applicable to the production site.

Quantity of hydrocarbon sludge: Tonnage of waste from hydrocarbon/water separators.

Percentage of recovered hazardous waste: Percentage of hazardous waste recovered over the year in question, regardless of the type of processing. Recovery is a type of waste processing operation defined as such in the regulations applicable to the production site.

Percentage of recovered non-hazardous waste: Percentage of non-hazardous waste recovered over the year in question, regardless of the type of processing. Recovery is a type of waste processing activity defined as such in the regulations applicable to the production site.

Total water consumption of the sites: Volume of drinking water purchased by the subsidiary over the period in question, charged to buildings and processes, excluding watering of planted areas.

Share of water consumption in water-shortage areas (per country): Percentage of drinking water consumption in Keolis countries where water stress is very high (between 40 and 80%) or extremely high (over 80%).

Traction energy consumption for commercial vehicle fleets (in TOE, excluding rail): Quantity of energy purchased within the framework of commercial services (dead running included), expressed in tonnes of oil equivalent (TOE). The vehicles concerned are those operated / owned by the company used for commercial services, on behalf of others (passengers, public transport authorities, other transport providers, corporate customers). The indicator incorporates all modes of transport (bus, coach, metro, tram, trolleybus).

Traction energy consumption for commercial railway use (in TOE): Quantity of traction energy purchased within the framework of commercial services provided by rail (electrical or thermal traction), dead running included, expressed in tonnes of oil equivalent (TOE).

Energy consumption of company facilities (in TOE): Quantity of energy consumed or purchased on sites, excluding traction energy, expressed in tonnes of oil equivalent (TOE).

CO_2 emissions from commercial transport and company facilities: Greenhouse Gases emitted by the corresponding use of energy, expressed in tonnes of CO_2 equivalent.

1.4 Community action

Number of pupils benefitting from an awareness initiative: *Number of pupils covered by an awareness initiative in a school carried out by one or several employees from the subsidiary concerned.*

Prerequisite 1: Compliance with the Group General Rules and Policies, consistent with the United Nations Global Compact

Since 2004, Keolis Group has been a signatory of the United Nations Global Compact to promote and adhere to 10 principles grouped into four categories: Human Rights, labour, anti-corruption and the environment.
Every year Keolis makes disclosures as to the progress of the Group in applying these ten principles. This publication on progress also provides an opportunity for the Group President to reassert our commitment and desire to incorporate Social Responsibility into our corporate strategy.

The Keolis Group has organised these commitments into several policies: Safety, Diversity and Inclusion, Konformité, Environment and Purchasing. They are all covered in the Group General Rules and in its corporate programme.

The Konformité programme

The Group's growth ambitions in France increase commercial competition and therefore the exposure of managers and Keolis entities to the risks of competition, fraud and corruption.
To minimise the risk of manager involvement and prevent financial and legal risks while continuing to develop in accordance with stated business ethics, Keolis established the Konformité programme. This covers three areas applicable in all subsidiaries: strict compliance with free and fair competition, prevention of corruption and fraud, and the protection of personal data.

In 2016 the Group continued to conduct initiatives in preventing and fighting corruption.

A Konformité section for use by all employees was opened on the Group's intranet platform.
Employees with access to the platform can consult all of the programme's reference documents. With regard to the prevention of corruption, the main reference documents provided to the Group's managers are:
- The Guide for Ethical Business Conduct
- The brochure "Konformité at a Glance",
- The practical guide "The Right Attitudes to prevent corruption".

In addition, the Group defined three procedures which managers are responsible for following, with the possibility of adjustments outside France where necessary, to comply with local law if it is stricter:
- Gifts and hospitality,
- Sponsorship and Charitable contributions,
- Relations with business partners

Awareness and training initiatives continued in 2016:
- in the area of awareness development, a presentation by Transparency International France was held at Group headquarters in June 2016. The keynote speaker highlighted the main issues relating to corruption prevention and the benefits of the so-called "Sapin 2" parliamentary Bill in the field of transparency and anti-corruption.

- With the assistance of SGS and GAN, the Group developed Integrity, an e-learning module on the prevention of corruption aimed at Keolis managers all over the world. This module offers employees insight into the issues surrounding anti-corruption and helps them to become familiar with Group Policy and Procedures to be followed.

Further action was also taken to reinforce the commitment of line management in deploying and effectively applying Group procedures. The Keolis Ethics and Compliance Committee continues to convene periodically to discuss topics of interest.

The Safety Policy of the Keolis Group states that safety is a fundamental topic and value for the Group and all of its subsidiaries. This applies to all employees who are required to take into consideration their health and safety as well as those of their colleagues, customers and any other people in their working environment, on their route or on assignment. This policy is divided into ten chapters:
- Develop a strategy, governance and safety leadership so that our culture excels and our practices are exemplary, in particular through continuous improvement initiatives;
- Clearly define the organisation, the roles and responsibilities in the company and stakeholders;
- Proactively identify sources of danger and mitigate risks in compliance with regulations, standards, rules and practices;
- Develop rules and procedures that are accessible and administrated effectively in an document management tool for our service activities and initiatives, those of our subcontractors and partners, and for the safety of visitors;
- Define and regularly reassess the management of emergency situations and the required service continuity resulting from it;
- Develop and maintain skills and knowledge among passengers and the general public through training, prevention and communication;
- Guarantee the safety of assets and goods managed or placed under our responsibility;
- Conduct the necessary inquiries in the event of incidents, accidents or warning signs so as to identify appropriate response measures, develop return on experience, identify action plan and deploy them in the company;
- Develop quantitative and quality performance indicators and measurable objectives;
- Ensure that the ongoing safety assessments are compliant and effective through regular verifications and audits.

The Group Environment Policy refers to six commitments and is applicable to all of its activities (operations, maintenance, business activities, administration):
- Comply with regulatory requirements and other contractual commitments;
- Control environmental impact and prevent pollution;
- Engage in a dynamic movement of continuous improvement;
- Continue to optimise our energy consumption;
- Improve waste management;
- Minimise consumption of drinking water in industrial activities.

The Diversity and Inclusion Policy of the Keolis Group outlines five commitments to be followed:
- Comply with employment law in the regions in which it is established and with international standards relating to respect for human rights and fundamental freedoms, non-discrimination and non-harassment;
- Create a fair and inclusive working environment where each employee feels valued for their skills in their job, their commitment and their performance;
- Respect each person, their dignity and their culture within the limitations of health and safety imperatives and internal regulations;
- Adopt an open and empathic attitude towards each person considered individually to understand their needs and expectations;
- Promote diversity and professional gender equality towards our stakeholders.

The Purchasing Policy

The Purchasing Charter defines the general principles relating to purchasing within the Group and sets out rules regarding ethics and behaviour applicable to all internal and external actors involved in the purchasing process. All employees acting on behalf of the Group or one of its subsidiaries must be familiar with, comply with and promote its principles in the interests of fairness and transparency.
In accordance with the Group's CSR commitments, all employees involved in purchasing must promote sustainable development with their business partners. All employees involved in a purchasing process must therefore pass on these concerns to their own suppliers and sub-contractors, encourage suppliers to develop a social and environmental progress plan, and ensure compliance with national laws, regulations and international agreements concerning the protection of individuals (employees, sub-contractors, product or service users) and the environment.

The Group's Purchasing Policy is supplemented by three commitments to promote Sustainable and Supportive Purchasing:
- The first relates to the supportive economy and local patronage, promoting the use of sheltered work organisations as suppliers, contributing to the social economy community and reaffirming a local presence.
- The second incorporates several factors into the procurement process: Keolis' environment policy, risks to the safety of people and goods, and the protection of our data and know-how.

Some supplier proposal assessment grids include evaluation criteria on environmental and/or social aspects. This is the case for example in consultations for rolling stock, printers, work clothing and batteries.
When sourcing suppliers, candidates are asked to provide a presentation of their company and of their corporate responsibility policy. Keolis' supplier selection questionnaire includes several questions on the environment and safety that are relevant to the purchasing area concerned.

- The third commitment relates to generalising the total cost approach, ensuring transparency and equality of treatment of suppliers and reducing the risk of reciprocal dependence and of monopoly.
To achieve better control of supplier risk and pursuant to regulations on undeclared labour, Keolis has introduced an online supplier monitoring solution to collect documents and monitor their updates throughout the duration of contracts (taxation and welfare contributions, detailed list of foreign workers, etc.)

Over the past few years, Keolis has developed a range of initiatives to this effect:
- Vehicles running on alternative fuels have been listed. This applies to both company vehicles and vehicles used for transport provision.
- A framework agreement has been signed to bring websites into compliance with accessibility standards for the hard of hearing.
- The framework agreement for waste electrical and electronic equipment (WEEE) combines environmental concerns and supportive action as it is concluded with a sheltered work organisation.
- Socially responsible products have been listed such as a 'green' range of cleaning products, and organic part degreasing equipment. In addition, entities are encouraged to work with printers with Imprim'Vert certification or organisations from the sheltered employment sector.
• Various clauses specific to waste processing and environmental protection are written into framework agreements dealing with sensitive products (notably manufacturers, batteries, tyres and lubricants). Product selection takes into account any awards or certification received.

Some types of Purchasing are currently carried out at a local level following the recommendations of the Group Purchasing Department (security, vehicle washing and premises cleaning, vehicle charter services, gardening upkeep and the maintenance of certain facilities and infrastructure). These purchasing items are of significant importance in the expenditure of subsidiaries and require local contact with suppliers.
Two purchasing guides, KeoClean and Keo'Guard, have thus been created to assist subsidiaries with their procurement of cleaning and security services. These two guides contain recommendations relating to social responsibility.

Prerequisite 2: Engagement with our customers and other stakeholders

Stakeholders

Each subsidiary produces their own stakeholder maps. These maps not only identify stakeholders but help to ascertain their expectations. This allow some complaints or disputes to be averted or certain misunderstandings to be rectified. Projects may also be co-created with stakeholders according to their nature.
Keolis also provides its subsidiaries with tools and methods to allow them to enter into and/or organise dialogue with their own stakeholders. They are thus provided with a mapping model and prioritisation criteria to be used depending on the challenges and the goal of the dialogue entered into. This includes a list of stakeholders split into three categories: contract stakeholders (PTAs, employees, suppliers), nationwide stakeholders (institutions, ministry, etc.) and local stakeholders (associations, residents, etc.). Subsidiaries are also supplied with a template of the "rules of the game" in their engagement with their stakeholders.

At Group level, Keolis brought together its external stakeholders in October 2016 for the sixth consecutive year: association representatives, central government, public transport authorities, trade federations, firms and experts. Keolis designed this dialogue event with the aim of obtaining feedback from these stakeholders about our activities, our stances and our corporate programme. Members of the Executive Committee were also involved. At this 2016 event, discussions took place around the subject of open data and safety.

Partnerships

Keolis has entered into several partnerships to achieve progress and engage in dialogue around its social responsibility:

Points d'Information Mutualisés Multi-Services (PIMMS)

Shared Multi-Service Information Offices
PIMMS are places for local contact and social solidarity where community workers, professionals in social liaison, help people in their dealings with public services. PIMMS also aim to create career development paths for these community workers to help them into sustainable and qualified employment. Keolis is one of the founding members of the PIMMS national union, established in 1998. Twenty-three Keolis subsidiaries are local partners in 37 PIMMS.

Association Coopération pour le Développement et l'Amélioration des Transports Urbains et périurbains (CODATU)

Cooperation for urban mobility in the developing world
Through its activities, CODATU aims to promote dialogue between urban transport stakeholders to leverage all of its skills to promote the improvement in transport conditions in towns and cities in the south of France. Keolis has partnered with CODATU with the aim of acting for sustainable mobility in growing towns.

France Nature Environnement (FNE)

FNE is the French federation of environmental and nature protection associations, active throughout France, on the mainland and in overseas territories. As part of their partnership which started in 2013, France Nature Environnement and Keolis work together on all issues relating to mobility, a subject which can be found at the crossroads of economic, social and environmental concerns.

Handeco

Handeco is a charity founded in 2008 at the initiative of the

largest French associations and federations involved in helping people with disabilities. Handeco promotes the use of sheltered work organisations. It provides companies with a purchasing platform on which to post requests for proposals from this sector, and also publishes a supplier directory.
The partnership with Handeco, set up in 2015, contributes to spreading the commitment to sustainable and supportive purchasing across the Group's entities.

Laboratoire de Mobilité Inclusive
Inclusive Mobility Laboratory
Founded at the initiative of Wimoov (formerly Voiture & Co) and Total, the goal of the Laboratoire de la Mobilité Inclusive is to bring together major players in mobility – private and public sector, civil society – to analyse the difficulties faced by the most vulnerable members of the population, and put forward solutions. Keolis has been an active contributor to these exchanges since 2015.

Commitment 1: Enhance the Customer Experience

As Keolis is convinced that shared mobility is a powerful lever for the sustainable development of a region, its first commitment is to passengers.
Under the impact of a fast-changing public transport market – increasingly individual and flexible solutions for proactive citizens – Keolis is repositioning itself within in its profession and asserting its status as an operator and integrator of all forms of everyday transport. Our ambition is to co-design a more human approach to mobility offering ever greater "mobile well-being". The Customer Experience, currently undergoing major transformation, is at the centre of the concerns of public transport authorities to whom we are required to prove our excellence.
2016 was marked by the ambition to create a common and differentiating discourse on the Customer Experience. This tangible and collaborative programme is based on three concrete promises and elements of proof: Collective Design, Smart Choices and Richer Experience.

Collective design
To design an efficient transport service and thus encourage the mobility of people, Keolis makes a point of acting upstream, observing individuals behind the passenger flows. To do this, Keolis conducts national and local research studies entitled Keoscopie, examining passengers' lives and travel patterns to gain a better understanding of the needs of each passenger in each region. This continuous observation is an educational tool on which Keolis draws to highlight the suitability of its proposals and thus enlist support for change.

In 2015 Keolis and Netexplo founded the Digital Mobility Observatory. Under this banner, 3,000 inhabitants were surveyed in 2016 to help to describe how digital is used in everyday travel. The findings from this survey provide new indicators which modify the way we should interpret behaviour in the area of digital mobility. They flag up very different uses and needs in digital mobility, but also expectations common to all passenger categories. The exclusive lessons learned from this research enrich the marketing and digital strategy already implemented in the Group.
This observation phase is augmented by permanently and actively listening to our passengers, which helps us to understand expectations in terms of mobility and become aware of and deal with weaknesses and defects reported by passengers.
To collect this information, interactive tools such as NFC tags and QR codes are provided on networks. The latter were introduced in 2016 on the Eurobahn railway network in Germany.

Keolis Lille enlisted 25 volunteer reporters for a three-week period to keep track of their experiences on their network. On the spot and in real time conditions during their travels they used a log book on a dedicated app to note down their comments, take and post photos and even geolocate their observations. The objective of this experiment was to collect genuine customer stories and personal impressions, whether enjoyable or unpleasant, from everyday life. This test offered an opportunity to get more detailed insight into passenger satisfaction and dissatisfaction drivers, whilst also extracting the key areas for improvement or the strengths that could be better capitalised upon. At the end of the three week programme, Keolis Lille had collected 550 contributions, 143 photos and 20 minutes of sound recordings.

In addition to these initiatives, Keolis employees and the economic community also have a vital role to play upstream in the design of service offerings. Public transport authorities themselves are increasingly interested in, and use, these co-construction approaches. Keolis' objective is to encourage the emergence of innovations shared by all stakeholders. With customers, through the intermediary of committees, focus groups, with employees, on interactive platforms to exchange ideas and via calls for projects and partnerships to engage with start-ups.

This is how Keolis Lille launched the first edition of Mobilidées, a call for projects aimed at companies in the Hauts de France region of France. Three innovation streams were defined for the improvement of:
- the customer and travel experience
- the transport environment and sense of safety
- Internal processes, or how digital technology can contribute to improving the working conditions of Keolis Lille staff.

Keolis Lille then selected three winners, whose projects today benefit from support from the subsidiary and the Group via advice from its digital experts, co-financing of the prototype and access to specialist data and solutions.

Smart Choices
In order to satisfy inhabitants in each region, Keolis has developed unique expertise in designing transport service offers. This expertise can lead to the transformation of a transport network to make it both more efficient and more attractive to customers. This method is based on observing the customer and on a wide range of diagnostic tools developed by the Group which offer an

in-depth analysis of the existing service offer and of the region's specific characteristics. This method, already proven in France, was successfully deployed in Sweden in 2015.
In 2016, emphasis was placed on the complementarity of different transport offers to enhance linkage in the region and offer customers door-to-door transport.

To gain in agility, Keolis deploys an active policy partnering French and international start-ups. Leveraging their innovation potential, the Group creates new mobility solutions and services in partnership with them.
Keolis became a shareholder in the private driver company LeCab and in so doing has enhanced its mobility offering by incorporating customised transport solutions.
For people facing mobility problems, Keolis joined forces with the start-up Wheeliz, the leading French website for peer-to-peer rental of specially-fitted cars. Keolis thus provides its customers with an opportunity to get away for a weekend or take a holiday, offers a simple and accessible service to tourists, and can potentially cater to excess demand when paratransit services are fully booked.
In the area of collaborative mobility, Keolis concluded a partnership agreement in 2016 with the firm Instant System. This partnership aims to develop a responsive and multi-modal car-sharing system that supplements public transport. First deployed on an experimental basis in Bordeaux, the car sharing service is planned to be extended to other subsidiaries.

Keolis believes that the customer journey is not just a matter of the time spent by the passenger in our vehicles. Keolis thinks like its passengers: from door-to-door. This approach includes for example walking or using a share bicycle.
This is why Keolis engaged in a pedestrian signage project in Lyon in 2016 to encourage walking from the Gare de Vaise transport hub to the Industrie district nearby. Having received some very positive feedback, this initiative is likely to be repeated in other parts of the metropolitan region.

Every passenger at some point requires assistance to get directions, find a departure time or buy their ticket. Keolis responds to this expectation by servicing the entire mobility chain (both digital and human) across all channels. As human contact is the preferred channel for a great many passengers who are unfamiliar with digital technology, the Group attaches considerable importance to the presence of its teams and of the quality of customer contact with its drivers and station staff.
In 2015, Keolis and AREP overhauled the cartographic media of four pilot subsidiaries (general network map, city centre map, district map and line plan).
Subsequently, a new tool box for networks was put together following a series of initiatives: an international survey, the analysis of journeys and expectations of different types of customers, internal workshops, and user tests running for eight months. These guidelines offer the opportunity to present public transport authorities with an innovative form of passenger information at network stops, but also to make this information easier to understand and enhance the potential for mobility throughout the region.

In December 2016 Keolis Montargis started testing M-ticket among a number of customers. This last element in the Group's "Plan Book Ticket" application allows networks, without using a separate ticketing application, to offer passengers an end-to-end digital journey, from the route planning stage to ticket validation. A single application to plan their trip, buy their ticket and validate it on-board.

In accordance with the Keolis value "We Care", Keolis subsidiaries' external communications are also steered towards passengers' concerns. By avoiding the jargon specific to the transport world, the network comes across as something which makes life easy and supports their plans and desires. On all communications channels (advertising, website, mobile apps, customer-facing staff, leaflets, etc.) the Keolis discourse places emphasis on the promise to provide every customer with a customised passenger experience that meets their personal expectations.
Keolis believes that the keys to winning over and retaining customers are creating the desire to ride the network and creating bonds. Each contact with the customer is an opportunity to create new desires for travel and offer the customer new services tailored to their lifestyle and needs.

In 2016 Keolis entered into a partnership with the company Transway, offering its subsidiaries a loyalty programme for their passengers. The programme was launched first in Bordeaux, and was developed to motivate customers to use alternative means of transport to the private car (integrating urban transport, bikes and walking). This programme also highlights local partners who commend and encourage responsible behaviour.
To boost the appeal and ridership of the Orleans Express network in Canada, Keolis launched an attractive commercial campaign to win a ticket with lifetime validity. This multi-channel campaign, also deployed on social media, helped to increase sales by 2.8% and led to 43,000 visits to the subsidiary's website.

Richer Experience

Beyond the service offer, being able to count on accessible, reliable, comfortable clean and welcoming transport is a key factor in winning the trust of passengers.
Keolis believes that service quality has three purposes:

- Obtain passenger loyalty by showing them every day that they matter;
- Act as a partner to the local transport authority by delivering on commitments and improving service;
- Instil a 'customer mindset' at the centre of the organisation and a desire for continuous improvement.

In November last year Keolis Deutschland launched its Quality week. Employees from corporate head office, the Continental Europe platform offices and administrative staff from the subsidiary spent five days with staff members on the ground, observing all of the service quality criteria on the Eurobahn network but also those of our competitors. Altogether, fifty people took part in this initiative, the aim of which was to increase general knowledge of transport operations and supply useful data with which to draw up efficient quality indicators.

To make our passengers want to travel on our networks, we have to know how to accompany them, with the right personal attitudes and a welcoming posture. Customer relations can only be effective if they are rooted in a genuine customer culture. This is what has led several Group subsidiaries such as Lyon, Orleans, Hyderabad or Melbourne to co-design programmes with their employees to develop the customer service spirit in the workforce. Managers are the leading ambassadors of this, both internally with their own teams and externally by regularly coming into contact with customers (meetings with passengers, 'mystery passenger' operations, etc.). The objective here is to help everyone gain better insight into the expectations of passengers so as to make the right decisions to improve their satisfaction.

In Dijon, employees on the Divia network received training on key methods and techniques for communicating with the customer. This course focussed on adopting the right verbal and non-verbal techniques (vocabulary, phrasing, gestures, visual attitude, etc.). This corporate project contributes to developing a customer culture shared by all staff members. In 2016, 278 people took this training course. Through their discussions, employees highlighted problematic situations with which everyone could identify, and together they worked out how best to address the issues verbally and physically.

By capitalising on the trust of our passengers and on our gestures of consideration for our customers, Keolis continues to develop more opportunities to contribute to cities' major special events and to their economic and cultural vitality. The objective is also to make good use of the time spent in transport and make it enjoyable. Keolis strives to support and promote actions, projects or events in regions and cities, and draws attention to them through partnerships or communications campaigns.

The web application 'Premier Chapitre' in Caen offers people the chance to consult recently published books. Keolis Caen thus enables passengers to benefit from their time spent on its network waiting at a bus or tram stop or in a vehicle. Premier Chapitre is accessible with a web-connected smartphone. Users download the free application and scan the QR code displayed on the different communications materials used in the programme. Once they have read a synopsis of the book, the application provides a link to the website of the city region's libraries to find out where they can borrow the book, and another to the 'Booksellers Square' to identify bookshops nearby that have the book in stock.

In Bordeaux, the Connectram offers passengers a revolutionary virtual reality experience, presenting a realm that combines both real and virtual worlds. 'Window-screens' tested on the tram line C offer passengers a host of information and help them find out more about their urban environment. They can consult real-time information on the transport network with the next departure times, directions, information on transport interchange hubs and other means of transport. In addition to this real-time multimodal information, the Connectram also uses computer-generated graphics to provide information on the city, future facilities and buildings such as the newly-renovated Saint Jean station, the future railway bridge, the Innova tower and the future business district Euratlantique, in an entertaining and historical format.

Safety and security of passengers and third parties

Within the scope of the Keolis Group's activities, the safety of passengers and third parties refers to the safety of operations relating to passenger transport services. Security, on the other hand, means prevention and measures enforced to prevent violent or aggressive behaviour and external menaces.

The verification of the safety of trains and metro lines is at a high level of maturity, guaranteed by applying safety management systems in accordance with regulations in force.

Other transport activities such as buses, trams and inter-urban transport, remain exposed to risks chiefly related to road and pedestrian traffic. Actions undertaken aim to obtain feedback from dangerous situations and serious accidents that occur. While most accidents are caused by the behaviour of third parties, they must still be incorporated into the lessons learned.

Following a survey conducted in 2015 with the French Road Safety Association on seatbelt wearing, Keolis ran an awareness campaign with the support of the French Passenger Transport Federation (FNTV) and the National School Transport Association (ANATEEP). This campaign targeted all passengers with the slogan "In coaches like in cars, I wear a seatbelt." It received widespread coverage in France, in particular working closely with French department councils. Keolis Pyrénées used the national mobility week in September to run this campaign. In Charente Maritime, Keolis displays large posters on the rear of coaches. In Essonne, Keolis deployed the campaign on 300 bus shelters. A video was also posted online in August 2016 on the Keolis Group's YouTube channel.

Finally, safety was reinforced by the introduction of a new guide for internal controls covering all the different modes of operation in all countries. It was first tested in subsidiaries then approved by the Risks and Safety Committee at the end of 2016. It will be fully implemented in 2017.

Keolis' contribution to ensuring the security of its networks comes in the form of tackling fare evasion and antisocial behaviour through the following actions: reinforced patrols by inspection teams, an increase in video surveillance (90% of vehicles in French cities of more than 100,000 inhabitants are now fitted with surveillance equipment), targeted communication campaigns, the intervention of liaison officers to resolve any conflicts, increased participation in community outreach offices (PIMMS) and the maintenance of close relations with law enforcement bodies and the public prosecutor in particular in the form of partnership agreements.

Keolis implements a number of measures to protect passengers, staff, sensitive facilities, rolling stock information and communications means.
Since 2015, several networks have equipped their inspectors with personal safety cameras with the objective of protecting them from antisocial and violent behaviour. This deployment will continue throughout 2017.

In 2016, a survey was carried out among 12 subsidiaries on actions taken against sexism and harassment. This assessment collated the initiatives that these subsidiaries had already enacted in accordance with the commitments of the National Programme against sexual harassment and violence. The topics addressed included 'exploratory walks', on-demand stops for night buses, the diagnosis and monitoring of sexist behaviours and commitment to encouraging gender mix in public transport. To measure the progress accomplished, this survey will be conducted again in 2017.

Commitment 2: Guarantee the safety of our employees and offer them a fair and inclusive working environment which respects their diversity

Health and safety in the workplace
Improving employees' health and safety remains a permanent factor for enhanced working conditions. The development of the safety strategy has enabled a more robust structure to be achieved in all subsidiaries of all sizes. This approach is supported by 25 coordinators which assist operations and maintenance teams to ensure that actions implemented continue to be followed. This mechanism is the second phase of the strategy, following the introduction in 2014 of nationwide coordinators.

Improvements on the ground were observed during checks carried out on a sample of fifteen subsidiaries. Furthermore in 2016, a new guide for internal controls on safety and covering all the modes operated in the Group was also introduced.

Following feedback from international operations (India, United Kingdom, Australia), special attention was paid to the risk of electrocution. Best practices in this subject area were widely shared.

Finally, the full strategy was presented at the annual gathering of the Group's external stakeholders as referred to under "Prerequisite 2: Engagement with our customers and other stakeholders".

Article code	Subject of decree	2016 data	2015 data	Indicator
II-1-d-1	– workplace accidents, notably their frequency and severity, and occupational illness	44.21 Keolis S.A. 2.86	46,09 Keolis S.A. 2,16	Workplace accident frequency rate
		4.29 Keolis S.A. 0,07	3.92 Keolis S.A. 0.03	Severity rate of workplace accidents

Diversity and Inclusion

Since 2015, Keolis has implemented a policy setting out its commitments in favour of diversity and inclusion.

The Keolis Group works actively against all forms of discrimination in employment based on the following principles:
- Priority is given to dialogue.
- The Group aims to train managers and all HR staff in legal matters relating to discrimination depending on local situations.
- The Keolis Group is committed to raising the awareness of managers and employees about diversity issues.
- Keolis encourages its managers to remain objective when faced with problems in the organisation related to diversity issues.
- Any problems are settled on a case-by-case basis and may lead to disciplinary action if behaviour does not comply with the values and integration policies supported by the Group.

Gender equality

The Keolis Group has followed a professional gender equality strategy for the past ten years whose objective is to increase the gender mix and ensure that employees are treated equally.

Today, Keolis' main objectives in the field of professional gender equality are as follows:

- Achieve a gender mix of the workforce in all areas of the business (balance equal to or above 30%-70%);
- Guarantee women better access to positions of responsibility;
- Make all employees aware of the importance of gender mix and diversity, the mechanism of stereotyping and the legal background of non-discrimination;
- Apply the principle of equal pay in all subsidiaries: 'same work, same pay'.

Keolis makes sure that professional equality is included in organisational and human resource processes.
In 2016 Keolis became the first passenger transport group to obtain the Gender European Equality and International Standard (GEEIS) which is awarded to companies which undertake action to promote gender equity and equality. The company is also currently undergoing an audit to renew its French Equality certification.

The group also promotes equality and diversity to its external stakeholders. Keolis is a member of discussion forums and think tanks devoted to gender equality: Arborus, the French Association of Managers in Diversity (AFMD), and IMS – Entreprendre pour la Cité.
The Group has taken part in external events to promote and share its best practices in the field of workplace equality, and in particular:

- The Women's Employment and Gender Policy in Urban Public Transport Companies in Europe (WISE), organised by the International Association of Public Transport (UITP) and the European Transport Workers' Federation (ETF)
- and the Women's Forum Global Meeting, dealing with the sharing economy.

Keolis also leads initiatives for female passengers on public transport.
Keolis has worked on analysing their needs and expectations so as to improve its services for the benefit of all. This includes the organisation Keolis of exploratory walks in several subsidiaries to identify the causes of women feeling unsafe on transport by asking them to share their experiences of particular routes. The Group actively participated in France in a national programme against antisocial behaviour towards women in public transport. The company consequently designed a training manual to help revenue protection and liaison officers spot critical situations and take better care of victims.

Employing people with a disability

Article code	Subject of decree	2016 data	2015 data	Indicator
I-1-f-2	– measures implemented in favour of employing disabled people	1,422.79 Keolis S.A.: 5.08	1,341.07 Keolis S.A.: 3.77	Total number of workers with a disability (in units)

Keolis ensures that all of its operational subsidiaries fulfil their legal obligations in relation to disability as required by local legislation, and undertake proactive awareness-raising and social inclusion actions to fight against all forms of discrimination and exclusion
Recruitment and Mobility teams have been trained in the recruitment of people with a disability.
Keolis has also worked on supporting workers with a disability at Keolis S.A. in adapting their work stations and helping them actively integrate their working environment.
Finally, two awareness initiatives were conducted at the Keolis Group's headquarters:

- The display of the IMS Entreprendre dans la Cité campaign on the subject of disabilities (photo exhibition)
- A talk entitled "Turning your difference into a strength" with the Paralympic athlete Arnaud Assoumani.

In addition, Keolis Rennes signed an agreement with Agefiph, the French association whose remit includes helping to get disabled people into sustainable employment in private sector companies. This the first ever contract signed between Agefiph and a public transport operator.

KDR Gold Coast (a Keolis subsidiary in Australia) works with the Special Olympics, an organisation dedicated to empower people with a mental disability through sport. Once a week, the company accommodated a swimmer taking part in the Special Olympics programme who was tasked with assisting administrative staff. This programme has the dual goal of raising awareness among the workforce about mental illness and enabling Special Olympics participants to take their first steps in a professional environment.

As a transport operator, Keolis also plays a major role in terms of mobility solutions for those with disabilities. The Group is the leading carrier of passengers with reduced mobility (PRM) in France.

Combating discrimination
Keolis has been a signatory of the French Diversity Charter since 2006 and a partner of the French Association of Managers in Diversity (AFMD) since 2014. By signing this charter the Group has committed to promoting the employment of young people, seniors with experience or those changing career path, jobseekers, disabled workers and people of different nationalities and cultural backgrounds. For several years, Keolis has developed essential partnerships with organisations such as Cap Emploi, Pôle Emploi and local missions to help people who face difficulties when entering the workforce. With the aim of offering new opportunities to people over the age of 50 and to people in career transition, Keolis works with regional units specialised in career transition services, the ministry of Defence or the French national police.

Keolis raises awareness among its managerial staff on their arrival in the Group through the induction course WelKome then throughout their career, about the Group's commitments to equality and diversity and how this translates into action in their everyday work.

Employees have the opportunity to act in concrete terms in favour of equality, whatever their job, by becoming a member of one of the internal equality and diversity networks (for example, Keolis Pluriel in France, WOW – Women on Workforce in Hyderabad, India, and WIN – Women Initiative Network in Boston). These networks all connect up and come together in the umbrella body *SNCF au féminin* (SNCF the female's way). The entire group boasts more than 3,500 members and is one of France's largest networks in terms of membership and budget.

Keolis strives to spread its diversity approach throughout the group, in operational divisions and beyond. Keolis ensures that subsidiaries all share the Group's values and supports them in guaranteeing equality for all employees, wherever they may be.

A Diversity and Inclusion self-assessment test has been introduced for subsidiaries. Using this tool each subsidiary can measure their level of maturity in the area and set themselves development objectives.

Other employment data

Article code	Subject of decree	2016 data	2015 data	Indicator
I-1-a-1	– Total workforce and breakdown of employees by gender, age and geographical location	56,740 including 1,558 Keolis S.A.	54,749 including 1,468 Keolis S.A.	Number of employees registered as at 31 December
		32,630 France including 1,558 Keolis S.A. 6,431 Sweden 4,128 Australia 3,908 United States 2,534 Belgium 1,492 Denmark 1,721 Netherlands 1,182 UK 837 Canada 441 Germany 511 India 127 Norway 31 China 7 United Arab Emirates	32,630 France including 1,468 Keolis S.A. 6,107 Sweden 4,038 United States 3,879 Belgium 2,468 Australia 1,482 Denmark 1,250 Netherlands 1,133 UK 819 Canada 432 Germany 391 India 108 Norway 8 China 4 United Arab Emirates	Total number of employees per country
		Group / Keolis S.A. 1,824 (3%) / 81 (5%) / < or = 25 years 4,157 (7%) / 229 (15%) / 26 to 30 years 5,537 (10%) / 248 (16%) / 31 to 35 years 6,150 (11%) / 239 (15%) / 36 to 40 years 7,629 (13%) / 207 (13%) / 41 to 45 years 8,440 (15%) / 248 (16%) / 46 to 50 years 9,404 (17%) / 148 (9%) / 51 to 55 years 8,229 (15%) / 125 (8%) / 56 to 60 years 3,737 (7%) / 28 (2%) / 61 to 65 years 1,635 (3%) / 5 (0%) / Over 65 years	Group / Keolis S.A. 1,701 (3%) / 79 (5%) / < or = 25 years 3,930 (7%) / 202 (14%) / 26 to 30 years 5,367 (10%) / 239 (16%) / 31 to 35 years 6,013 (11%) / 211 (14%) / 36 to 40 years 7,512 (14%) / 249 (17%) / 41 to 45 years 8,395 (15%) / 185 (13%) / 46 to 50 years 9,075 (17%) / 151 (10%) / 51 to 55 years 7,941 (15%) / 116 (8%) / 56 to 60 years 3,294 (6%) / 32 (2%) / 61 to 65 years 1,485 (3%) / 4 (0%) / Over 65 years	Number of employees per age bracket
		19.9% Keolis S.A. 39.7%	20.1% Keolis S.A. 40%	% of women in the total workforce
I-1-a-2	– new hires and dismissals	10,487 of which 6,235 France of which 314 Keolis S.A.	6,318 of which 269 Keolis S.A.	Total number of new employees
		5,768 of which 3,187 France of which 175 Keolis S.A.	2,910 of which 172 Keolis S.A.	Total number of departures, excluding expiring fixed-term contracts
		1,240 of which 769 France of which 15 Keolis S.A.	756 of which 38 Keolis S.A.	Total number of dismissals
I-1-a-3	– remuneration and its variation	2,913.4	2,820.6	Payroll in € million
		+3.29%	+14.7%	% of change in payroll
		92.8	361.8	Change in payroll in € million

Organisation of work

Article code	Subject of decree	2016 data	2015 data	Indicator
I-1-b-1	– organisation of working time	18.6% Keolis S.A.: 2.7%	16.65% Keolis S.A.: 3.15%	Percentage of part-time employees
		67.6% Keolis S.A.:0%	67.5% Keolis S.A.: 0%	Percentage of driver employees
II-1-b-1	– rate of absence	5.88% Keolis S.A.: 1.34%	5.86% Keolis S.A.: 1.39%	Rate of absence for sick leave

Absenteeism is an issue monitored locally by each Keolis Group subsidiary. In addition to local action plans, Keolis has defined, via its corporate programme, joint areas for progress in order to permanently control the rate of absence and ensure the well-being of employees. Time has been spent better defining the roles and responsibilities of local managers and developing their skills. The regular monitoring of absenteeism has also become one of their tasks.

Organisation of social dialogue
Each Group subsidiary, regardless of the country in which it operates, has employee representative bodies in accordance with local legislation. However, the structure, prerogatives and obligations of these bodies vary greatly from one country to the next, depending on locally applicable legislation.

In France, the management of each subsidiary chairs these representative bodies and can negotiate company-wide agreements with the subsidiary's trade union delegates. All subsidiaries in France with over 50 employees have a works council and committees for health, safety and working conditions (CHSCT).
The employee relations department of Keolis Group ensures that all subsidiaries have the necessary tools for their representative bodies to operate in optimal conditions. It regularly contributes to subjects that may have an impact on the road transport sector and provides updates on the legal situation via a two-monthly employee newsletter. In 2016, Group subsidiaries received a guide to secularism and neutrality.

The Keolis Group has an agreement concerning how the European Works Council should function. This committee brings together staff representatives from all the European countries in which the Group operates. Keolis Group subsidiaries have come to their own agreements at local level. In addition to these agreements, Keolis has implemented numerous unilateral decisions to ensure that a minimum set of measures applies to certain fundamental issues.

Training
The Keolis Group considers training as a tool to benefit employees' development at every stage of their career.
Keolis commits to developing the skills of each employee according to their area of expertise in order to foster their career development, facilitate internal mobility and master key skills for the Group's growth. Training has therefore been designed according to a logical career path.

To this effect, close to one hundred people have so far followed the new Keolis training course in tram maintenance. The new modules in the diagnostics of safety equipment allow teams to acquire the skills required to address vehicle breakdowns. Developing the skills of maintenance workers contributes to operational excellence in Keolis workshops.

Keolis furthermore continued to develop its incubator courses designed to recruit and train future young managers in different specialities (operations, marketing, passenger rail and maintenance). These courses include practical training on transport and time spent in the subsidiaries to give them the opportunity to become familiar with the professions and activities covered by the company. In 2016, Keolis welcomed 31 new 'seedlings', up 24% on the 2015 intake.

Keolis intends to accelerate the reinforcement of the company culture, the development of a common base of expertise in all Group countries and the support provided to the Group in setting up in new markets.
One key action in 2016 was the deployment of an e-learning course on the prevention of corruption to promote the rules, best practices and right attitudes of the Group and comply with international laws and regulations. This course is compulsory for all group managers who must pass a test on completion.

The Keolis Group also actively supports basic training in transport for all of its subsidiaries. In 2016 the Group conducted nine induction seminars.
Keolis has been a member of the Club des Partenaires. This Club is chaired by Olivier Marembaud (SNCF) and brings together companies that wish to support the education of urban transport managers and specialists in Africa through the provision of grants and the accommodation of interns. Keolis consequently provided financial assistance to students taking the Master's degree course in 'Transport and mobility in African cities'.

Article code	Subject of decree	2016 data	2015 data	Indicator
I-1-e-2	– total number of training hours	972,130 of which Keolis S.A.: 35,940	1,239,811 of which Keolis S.A.: 40,513	Total number of hours of training
		34,118 of which Keolis S.A.: 998	40,461 of which Keolis S.A.: 992	Number of employees having received training

Training is developed in partnership with the Keolis Training Institute. Various training modules have been added to the Keolis training catalogue to meet Group subsidiaries' specific needs in terms of the environment.
Environmental issues are also incorporated into the compulsory training course for Group drivers and in the WelKome induction course for all new Keolis S.A. managers.
A range of internal communication channels promote environmental approaches: newsletters, an intranet and its collaborative social platform and the KeoLife Week, an opportunity for subsidiaries to share their experiences and promote ground-level initiatives.

Commitment 3: Control our impact on the environment

As a public transport operator, Keolis has a duty to be exemplary, in particular in the area of the environment. As public transport is by definition a more environmentally friendly alternative to the use of private vehicles, controlling the environmental impact of its activities has been singled out as a major commitment in the Group's social responsibility strategy.

The environment approach of the Group, chiefly based on the feedback from its subsidiaries, has been certified ISO14001 since 2014. In 2016, this certification covered 15 Group subsidiaries.
This grouped certification has instigated a genuine dynamic around the three commitments restated in the Group's environment policy: continue to optimise our energy consumption, improve waste management and control the consumption of drinking water for industrial activities.

Article code	Subject of decree	2016 data	2015 data	Indicator
I-2-a-1	– organisation of the company to take environmental issues into account and, where applicable, assessment or certification programmes in terms of the environment	18,693	14,474*	Number of employees covered by ISO14001 certification
		32.9%	26.4%*	Percentage of employees covered by ISO14001 certification

The sum of provisions and guarantees for risks to the environment is not relevant data in view of the Group's activities, as they do not pose a major environmental threat.
Food waste, noise disturbance and the protection of biodiversity are not significant environmental issues for the Group. Where relevant, these themes can be addressed locally, according to the situation encountered (applicable regulations, complaints by residents, establishment of a company canteen on site, protected species nearby, etc.).
The Group's service activity does not entail the substantial consumption of raw materials and does not have a significant impact on land use. These subjects are therefore not major environmental issues for the Group.

Energy efficiency

Energy consumption is the main environmental impact of our activities. Optimising our consumption is one of the objectives of Keolis Group's environment policy.

To support energy transition, Keolis works in three main areas:

- Improvement of behaviour

Eco-driving is a major contributor to reducing the fuel consumption of vehicles. Simulator training raises bus, coach and tram drivers' awareness of the benefits of eco-driving.
Smooth driving improves customer comfort and saves fuel, without having any impact on commercial speed. Keolis has also listed a range of products suitable for buses and coaches called "Konfort", to view how driving affects consumption by measuring acceleration and braking. Today no fewer than 3,670 vehicles are equipped with an eco-driving assistant (Konfort or similar).

- Measuring and controlling the energy efficiency of entrusted assets

The Group's environmental approach includes as a minimum the monitoring and control of energy consumption for buildings and commercial vehicle traction.

Article code	Subject of decree	2016 data	2015 data	Indicator
I-2-c-3	– energy consumption, measures taken to improve energy efficiency and use of renewable energies	279,825	251,033*	Traction energy consumption for commercial vehicle fleets (excluding rail) in TOE
		51,936	41,635	Traction energy consumption for commercial railway use in TOE
		21,185	21,963*	Energy consumption of company facilities in TOE
		352,946	314,651*	Total energy consumption in TOE

The increase in the consumption of traction energy is proportional to the associated number of kilometres (+12% and +13% respectively between 2016 and 2016).

Traction energy data for 2015 (excluding rail) has been significantly updated in relation to the previous publication. This is because new tools to control consistency have resulted in international data being updated. Almost all of the difference between the 2015 data published last year and in this report is the result of the modified data for Keolis Sverige (Sweden) and Keolis Transit America (USA).

- Supporting public transport authorities in their approaches to improve the environmental performance of their fleet and/or building renovations.

Keolis deploys its tailored PTA support approach in three stages, taking into consideration the changing legal environment and in alignment with its safety culture. Keolis analyses and designs the most suitable service in connection with the existing service offer and the limitations imposed by each contract, deploys its services whilst supporting the public transport authority and passengers, then capitalises on lessons learned so as to share its experience with other contracting authorities and improve service.
For several years, Keolis has invested in a range of solutions to reduce the environmental impacts of its activities, often being a forerunner in the field. The solutions implemented are tailored to the local context and the fleet: alternative energies, particle filters, recovery systems or energy saving systems.
Keolis is particularly active in this field, leveraging the entire range of alternative energies, such as bio-fuels, ethanol, products from the gas sector and electrical energy. In 2016, Keolis operated nearly 3,500 vehicles running on alternative fuels, breaking down by fuel type as follows: 842 Biodiesel, 142 Bioethanol, 519 Biogas, 250 Diester, 1,252 NGV (including at least 428 containing a fraction of biogas), 107 electric, 19 GPL and 359 hybrid (of which 96 run on Biodesel).
Keolis is continuing its actions in this field through active technological intelligence with manufacturers and equipment suppliers to identify and possibly develop solutions to optimise the environmental performance of the vehicle fleet.
In March 2016, Keolis signed a partnership with Navya, the specialist in autonomous vehicles. These electric vehicles are robotic,

run without a driver and require no additional infrastructure. In September, Keolis and Navya, with the support of Sytral and the Lyon Metropolitan Council, started up operations in the Confluence eco-district of Lyon: a regular public transport service on a 1,350 m road open to the public. This effective, safe and innovative solution has so far met with great success.
With regard to buildings, they require far less energy than vehicle fleets. Keolis nonetheless acts to optimise certain types of energy consumption: heating, air conditioning, hot water, lighting and related systems (ventilation, pumps), machine tools and compressed air machines.
For example, in Lille, in a metro maintenance depot, all of the heating pipes were insulated to reduce heat loss and ensure more uniform temperatures. This initiative which was conducted in 2013 resulted in a 49% saving in the energy bill for the facility. This best practice was communicated in the 2016 Group management magazine.
In the area of commercial vehicles, Keolis is conducting an experiment in Angers on the remote preparation of bus starter systems before commencing service. This aims to reduce the consumption of diesel and increase the lifespan of the engine while reducing idling and cold-run time. It also helps to reduce noise disturbance for residents. This successful experiment in optimising bus idling times has today become a best practice that can be applied in other Group subsidiaries and is particularly relevant in countries with the harshest climates. A similar initiative has thus been introduced in Denmark.

Greenhouse gas emissions
Greenhouse emissions produced by Group activities are proportional to the energy consumption of commercial vehicles, the Group's leading source of emissions, and to energy use by buildings (heating, lighting). The emission factors used mainly come from the French carbon base and the International Energy Agency. Full details of these factors are available on request from communication@keolis.com.

The tasks of measuring and reducing GHG emissions are mainly carried out by subsidiaries either on a voluntary basis or in compliance with regulations. This is because reduction action plans must be defined and assessed locally, in particular due to the quantity and variety of contracts and types of network operated.
In all events, actions to reduce emissions are estimated and assessed by way of an indicator which includes the notion of trip or traveller (CO_2 emissions per trip / per passenger.km). The Greenhouse Gas Emissions Statement for public transport must apply to a given geographical zone. Modal shift from private car to public transport can thus be measured. This helps to show that public transport is a solution to reduce global GHG emissions.
With a maintenance depot equipped with innovative technology in the area of energy efficiency and certified High Environmental Quality (HEQ), the Greater Dijon transport network has reduced its carbon footprint by 30% since 2011.

Article code	Subject of decree	2016 data	2015 data	Indicator
I-2-d-1	– greenhouse gas emissions;	880,064	784,975*	CO_2 emissions from commercial traction (excluding rail) in TCO_2e
		203,963	165,817	CO_2 emissions from commercial rail traction in TCO_2e
		59,571	59,389	CO_2 emissions of company facilities in TCO_2e
		1,143,598	1,010,181	Total CO_2 emissions

The increase in greenhouse gas emissions is proportional to the associated number of kilometres and traction energy consumption.

Adjusting to climate change is not an immediate or major issue for the Keolis Group. As a public transport player, the Group may make recommendations for policy making, but is not a direct decision-maker in investments and other choices made by public transport authorities.

However, Keolis is established in countries which are already obliged to deal with the consequences of climate change. Keolis builds on its returns on experience, circulated to all Group subsidiaries, and implements contingency procedures for emergency situations. For example, in 2016 Keolis Orleans was hit by major flooding and was forced to implement exceptional crisis management procedures. Following this event, formalised feedback was supplied by the subsidiary with help from the Knowledge Management and

Health Safety & Environment departments. This was then shared with all Group subsidiaries.
In Australia, the three operational subsidiaries have set up substantial rainwater collection and storage systems so as to be prepared for severe droughts. Additionally, in association with Yarra Valley Water, Workplace Health and Safety instructions are distributed to employees at KDR Victoria in Melbourne to avoid risk of dehydration. Finally, services are adjusted according to the severity of any heat waves (as determined by the national Extreme Weather Plan), in order to cater to any human or technical problems.
Similarly, Keolis Commuter Services in Boston has introduced a "snow plan" to anticipate occurrences of blizzards and snow storms according to their intensity. This plan includes the necessary planning before the arrival of the storm, the definition of duties and responsibilities, modifying services and the actions required to reinstate regular service after the storm. This plan was reviewed and reinforced following the exceptional storms which affected North America in the winter of 2014/2015.

Waste management
The Group's Environment policy has three specific goals, one of which is to improve waste management. This issue is an important environmental challenge for the Group.
To this end, the Health, Safety & Environment Department provides Group subsidiaries with specific tools, to help them better manage their waste.

Article code	Subject of decree	2016 data	2015 data	Indicator
I-2-b-2	– measures to prevent, recycle and eliminate waste	4,385	4,435*	Tonnes of hazardous waste produced
		2,070	-	Of which hydrocarbon sludge
		7,899	7,009*	
		67%	67%*	Percentage of hazardous waste recovered
		51%	44%*	Percentage of non-hazardous waste recovered

Water consumption
Water consumption is an important environmental issue for the Keolis Group. Because of this, minimising consumption of drinking water for our industrial activities is one of the three specific objectives of our Environment policy.

Locally, Group subsidiaries use drinking water as well as recycled and/or rain water to wash vehicles. In 2016, 86 facilities were equipped with a vehicle washing water recycling system and 56 with a rainwater collection system.

Several Keolis Group subsidiaries are located in water-stressed countries, i.e. Australia and Belgium (according to the World Resources Institute).

Article code	Subject of decree	2016 data	2015 data	Indicator
I-2-c-1	– water consumption and water supply depending on local factors	771,631	692,601*	Volume of water purchased in m^3
		13%	9%*	Share of water consumption in water-stressed areas

The increase in water consumption is partly due to two major leaks detected during the year.
The increase in the share of water consumption in water-stressed zones is due to the inclusion in the reporting scope of two new Australian subsidiaries.

Water consumption data for 2015 has been substantially updated in comparison with the previous publication. This is because new tools to control consistency have enabled the reporting scope to be updated, and in particular to remove the water consumption used for watering at Keolis Lyon.

Commitment 4: Act in all the regions that we serve.

Keolis has integrated an 'Actor within the community' project into its corporate programme.
Its aim is to standardise practices by allowing each subsidiary to build its own binding and reasoned partnership strategy. The main guidelines of these strategies are shared by the Group and its subsidiaries: be consistent with the "Konformité" programme (see Prerequisite 1), allow each subsidiary to build its own approach and allow the Group to promote (internally and externally) the subsidiaries' partnership actions.

Keolis started up a partnership in 2015 with Biom Work to enable subsidiaries to measure their contribution to sustainable development in the region in the areas of employment, public services and environmental conservation. The result is expressed as a percentage of the turnover redistributed over the region. Seven Group subsidiaries took part in this assessment and the results often surpassed the 70% bar. This indicates that 70% of the turnover of these Keolis subsidiaries is acknowledged as being of public utility.

Solidarity
Since 2010, Keolis has been presenting annual awards as part of "Actions for solidarity" *(Coups de coeur solidaires)*. In 2016 the Keolis awards were made under the aegis of the SNCF Foundation, offering a new perspective to the commitment of our employees to associations acting in favour of vulnerable or underprivileged people. The relevance and eligibility of submissions are assessed according to the following criteria: the target audience, social and partnership dimensions, viability and originality, and the creation of social bonds. The Keolis judging panel comprising members of Group departments convened in June and decided to reward the voluntary actions of eight employees who had entered their project this year:

- Two charities supported by Keolis Lyon employees: *Réussite et avenir pour tous* (success and a future for all), promoting gender and culture mix in sports, and Phonies Polies allowing children in a juvenile detention centre to exchange around music;
- The charity *RISK* which also promotes dialogue using music but this time between generations, represented by a Keolis Dijon employee;
- Two charities supporting children with cancer: Princess Margot and *Souffles d'Espoir contre le cancer* (breaths of hope against cancer) represented by an employee from Keolis head office and Keolis Rennes respectively;
- the association Réciprocité, facilitating the access of young people to the employment market, represented by a Keolis Bordeaux employee;
- The association *Marseille Escrime Club* (fencing club) working in old peoples' homes, supported by an Autocars de Provence employee;
- *Handi Cheval Mayenne* for a planned equestrian trip to Canada with children affected by a physical or motor disability, represented by a Keolis Laval employee.

These associations received grants from the SNCF Foundation to help to conduct their initiatives and projects aimed at vulnerable members of the population.

Education
Keolis raises awareness among its future passengers and the citizens of the future:

- by speaking in primary, secondary and high schools,
- by organising class visits to depots,
- by contributing to awareness initiatives or publications.

There are several aims to these actions:

- improve knowledge about public transport,
- increase awareness about fighting fare evasion and antisocial behaviour,
- highlighting public transport as a way of reducing a region's impact on the environment.

Article code	Subject of decree	2016 data	2015 data	Indicator
I-3-b-2	b) Relations with people or organisations with an interest in the company's activities […] – Sponsorship or charitable contributions;	63,915	-	*Number of pupils covered by an awareness initiative in a school*

Conclusion and outlook

In 2016, the Group's Social Responsibility approach was structured more clearly around these two prerequisites and four commitments. Keolis is continuing to pursue its efforts in the deployment and application of this strategy, across the 16 countries in which we are established. This diversity, whether cultural, technical or contractual in nature, enables the Group to enhance its experience and to capitalise on and share its best practices in the field of Social Responsibility throughout the world, in a perspective of continuous improvement.

B Appendix 2
List of terms of office or functions performed in 2016 in other companies by the executive officers of Keolis

Jean-Pierre FARANDOU

President / Sole Member of the Executive Board	GROUPE KEOLIS S.A.S.
Chairman & CEO and Director	KEOLIS S.A.
Chairman of Board of Directors	UNION DES TRANSPORTS PUBLICS ET FERROVIAIRES
Chairman of Board of Directors	ORCHESTRE NATIONAL D'ILE-DE-FRANCE
Director	KEOLIS/SNCF WEST COAST

Michel LAMBOLEY

Director	KEOLIS LYON
Director	KEOLIS S.A.
Director	KEOLIS BORDEAUX *(until 15/06/2016)*
Director	KEOLIS BORDEAUX METROPOLE
Director	KEOLIS LILLE
Director	LION / SENECA FRANCE
Director	EUROBUS HOLDING (Belgium)
Director	KEOLIS ESPANA

Arnaud VAN TROEYEN

Director	KEOLIS S.A.
Director	STE. D'EXPLOITATION AEROPORT ALBERT PICARDIE
Chairman of Board of Directors	STE. D'EXPLOITATION AEROPORT ALBERT PICARDIE *(since 01/11/2016)*
Member of Supervisory Board	AEROLIS *(until 08/06/2016)*
Member of the Management Board	STÉ D'EXPLOITATION AEROPORT DOLE JURA
Managing Director	STÉ D'EXPLOITATION AEROPORT DOLE JURA
Director	ONE PARK
Company Director	KLP 02 *(since 15/03/2016)*
Director and Secretary	3695158 CANADA INC. *(until 04/04/2016)*
Member of the Supervisory Board	KEOLIS NEDERLAND B.V.
Director	KEOLIS DOWNER PTY LTD *(until 01/07/2016)*
Director	KDR VICTORIA PTY LTD *(until 01/07/2016)*
Director	KDR GOLD COAST PTY LTD *(until 01/07/2016)*
Director	KEOLIS DOWNER BUS AND COACHLINES PTY LTD (Australia)
Director	KEOLIS DOWNER BUS AND COACHLINES PROPERTY PTY LTD
Director	KEOLIS DOWNER BUS AND COACHLINES PTY LTD (Australia)
Director	KEOLIS DOWNER BUS AND COACHLINES PROPERTY PTY LTD

Xavier HUBERT

Director	KEOLIS S.A.
Director	KEOLIS ORLEANS VAL DE LOIRE
Director	KEOLIS RENNES
Director	KDR VICTORIA PTY LTD *(since 01/07/2016)*
Director	KDR GOLD COAST PTY LTD *(since 01/07/2016)*
Director	KEOLIS DOWNER PTY LTD *(since 01/07/2016)*

Olga DAMIRON

Director	KEOLIS S.A. *(until 03/03/2016)*
President / Director	INSTITUT KEOLIS *(until 04/04/2016)*
Director	KEOLIS RENNES *(until 08/06/2016)*

Isabelle BALESTRA

Director	KEOLIS S.A.
Director	KEOLIS LILLE

Patricia MEUNIER

Employee Director	KEOLIS S.A.
Director	KEOLIS ALPES MARITIMES
CEO / Director	CIE TRANSPORTS DE PERPIGNAN
Director	CIE DES TRANSPORTS MEDITERRANEENS *(until 13/10/2016)*
Director	KEOLIS BAIE DES ANGES *(until 31/12/2016)*
Director	STE DES TRANSPORTS COTE D'AZUR RIVERA *(until 13/10/2016)*
Director	SOCIETE AUTOMOBILES DE PROVENCE

Éric PATOUX

Employee Director	KEOLIS S.A.
Director	KEOLIS CHALONS EN CHAMPAGNE *(until 01/06/2016)*
Director	STE DES TRANSPORTS DE L'AGGLOMERATION DE CHAUNY
Member of Administrative Board	KEOLIS ARTOIS-GOHELLE
Chief Executive	KEOLIS CHÂTEAU THIERRY *(until 28/06/2016)*
Chief Executive	KEOLIS CHAUMONT *(until 20/06/2016)*
Director	KEOLIS AMIENS *(since 01/02/2016)*
Chief Executive	KEOLIS CHAUNY TERGNIER *(until 28/06/2016)*

Bruno DANET

Director	KEOLIS S.A. *(since 03/03/2016*
Non-associate Director	KEOLIS CAEN *(until 28/06/2016)*
Director	KEOLIS DIJON *(until 26/04/2016)*
Chairman	KEOLIS DIJON *(until 26/04/2016)*
Director	KEOLIS MONTBELIARD *(until 26/04/2016)*
Chairman	KEOLIS MONTBELIARD *(until 26/04/2016)*
Director	KEOLIS BREST *(until 06/04/2016)*
Chairman	KEOLIS BREST *(until 06/04/2016)*
Chairman	KEOLIS NIMES *(until 30/06/2016)*
Director	KEOLIS NIMES *(until 30/06/2016)*
Chief Executive	KEOLIS ANGERS *(until 24/06/2016)*
Non associate Director	KEOLIS LORIENT *(until 27/06/2016)*
Director	INSTITUT KEOLIS
Chairman	INSTITUT KEOLIS *(since 04/04/2016)*
Chief Executive	KEOLIS ARTOIS-GOHELLE *(until 23/06/2016)*
Member of Administrative Board	KEOLIS ARTOIS-GOHELLE *(until 25/04/2016)*
Director	KEOLIS BORDEAUX *(until 15/06/2016)*
Chief Executive	KEOLIS BORDEAUX *(since 15/06/2016)*
Chairman of Board of Directors	KEOLIS BORDEAUX *(until 15/06/2016)*
Chief Executive	KEOLIS PAYS D'AIX *(until 08/06/2016)*
Chairman	KEOLIS ORLEANS VAL DE LOIRE *(until 20/06/2016)*
Director	TRANSPORTS DE L'AGGLOMÉRATION DE METZ MÉTROPOLE *(until 13/06/2016)*
Director	KEOLIS AMIENS *(until 24/06/2016)*
Chairman	KEOLIS AMIENS *(until 28/06/2016)*
Director	KEOLIS BORDEAUX METROPOLE
Chief Executive	KEOLIS DIJON MOBILITÉS *(until 02/12/2016)*

Marc HINFRAY

Staff representative Director	KEOLIS S.A. *(since 03/03/2016)*

Marc VILLENEUVE

Employee Director	KEOLIS S.A. *(until 03/03/2016)*

B Appendix 3
Summary of delegations of powers and authorities granted by the general assembly of the board with regard to capital increases

Nil..

B Appendix 4
Table of earnings for the past five financial years (in euros)

(Arts. 133, 135 and 148 of the Commercial Companies Decree)

	2016	2015	2014	2013	2012
1 - Capital at end of period					
a) Share capital	**346,851,276**	46,851,276	46,851,276	46,851,276	46,851,276
b) number of ordinary shares outstanding	**28,904,273**	3,904,273	3,904,273	3,904,273	3,904,273
c) Number of future shares to be created					
- by conversion of bonds					
- through the exercise of subscription rights					
2 - Transactions and earnings for the period					
a) Share capital	**200,348,991**	196 787 773	186,836,372	175,946,238	166,466,450
b) Earnings before tax, profit sharing, depreciation and provisions	**(8,566,084)**	13,568,616	14,909,693	48,656,168	33,829,455
c) Tax (tax credit) on profits	**(17,212,644)**	(15,388,189)	(15,845,019)	(10,378,714)	8,104,182
d) Employee profit sharing for the year		-	-	-	1,916,846
e) Earnings after tax, profit sharing, depreciation and provisions	**(4,172,555)**	37,599,518	25,151,149	38,731,482	59,750,217
f) Distributed earnings		-	19,130,938	19,130,938	19,130,938
3 - Earnings per share					
a) Earnings after tax, but before allocations to depreciation and provisions	**0.30**	7.42	7.88	15.12	6.10
b) Earnings after tax and allocations to depreciation and provisions	**(0.14)**	9.63	6.44	9.92	15.30
c) Dividend paid on each share (Net dividend)		-	4.90	4.90	4.90
4 - Staff					
a) Average numbers employed	**1,480**	1,408	1,363	1,262	1,228
b) Payroll	**98,964,303**	92,565,343	90,570,432	83,312,146	78,350,555
c) Amounts paid in welfare benefits (Social Security, company benefits, etc.)	**45,765,523**	43,295,106	42,962,595	38,219,435	36,186,552

2. CONSOLIDATED FINANCIAL STATEMENTS

CONTENTS

A Key figures for the Group

(€ million)		31/12/2016	31/12/2015 Restated [(1)]
Revenue		**4,866.0**	**4,817.4**
Revenue France		2,670.4	2,625.3
Revenue International		2,195.6	2,192.1
Revenue net of sub-contracting		4,676.6	4,637.2
Recurring EBITDA	4.4	**241.4**	**227.2**
EBITDA	4.4	**223.2**	**206.7**
Recurring operating profit	4.3	67.5	56.2
Operating profit before investments under equity method		42.1	37.0
Operating profit after investments under equity method		67.5	72.7
Profit after tax from continuing operations		18.4	17.6
Profit attributable to equity shareholders		**24.0**	**25.2**
Total equity		**515.4**	**202.3**
of which attributable to equity shareholders		*463.7*	*150.8*
Net cash flows from operating activities		**239.8**	**108.2**
Industrial investments		**183.0**	**201.4**
Net financial debt (cash surplus)[(2)]		**276.3**	**548.2**

(1) See note 2.4.28 on changes made following new accounting methods relating to pensions in the United Kingdom.
(2) Cash surpluses are presented in brackets.

B Consolidated financial statements

1 • INCOME STATEMENT

(€ million)	Note	31/12/2016	31/12/2015 Restated [1]
Revenue		**4,866.0**	**4,817.4**
Other income from operations		15.4	18.7
INCOME FROM CONTINUING OPERATIONS		**4,881.4**	**4,836.2**
Sub-contracting		(189.4)	(180.2)
Purchases consumed and external expenses		(1,532.2)	(1,596.8)
Taxes		(14.5)	(15.0)
Staff costs, incentive schemes, profit-sharing	4.1	(2,913.4)	(2,820.6)
Other operating income	4.2	49.8	48.5
Other operating expense		(29.1)	(35.6)
Net provisions on current assets		0.2	(0.1)
Net depreciation and other provisions charged		(191.9)	(187.9)
Profit/(loss) on recurring fixed asset disposals		(1.8)	1.3
Amortisation of grants received		8.4	6.3
RECURRING OPERATING PROFIT		**67.5**	**56.2**
Other non-recurring income	4.3	4.7	7.3
Other non-recurring expense	4.3	(21.8)	(24.9)
Depreciation and provisions on contractual rights	4.3	(8.2)	(1.6)
Of which depreciation of other intangible assets and negative Goodwill		-	*5.7*
OPERATING PROFIT/LOSS BEFORE INVESTMENTS UNDER EQUITY METHOD		**42.1**	**37.0**
Profit/(loss) from associates	4.5	25.4	35.6
OPERATING PROFIT/(LOSS) AFTER INVESTMENTS UNDER EQUITY METHOD		**67.5**	**72.7**
Net cost of financial borrowing	4.6	(10.7)	(12.3)
Other financial income	4.6	1.6	7.1
Other financial expense	4.6	(12.4)	(15.0)
FINANCIAL INCOME (EXPENSE)		**(21.4)**	**(20.2)**
PROFIT BEFORE TAX		**46.2**	**52.4**
Taxation	4.7	(27.8)	(34.8)
NET PROFIT FOR THE YEAR		**18.4**	**17.6**
CONSOLIDATED NET PROFIT		**18.4**	**17.6**
Profit attributable to non-controlling interests		5.6	7.6
PROFIT ATTRIBUTABLE TO GROUP		**24.0**	**25.2**

(1) See note 2.4.28 on changes made following new accounting methods relating to pensions in the United Kingdom.

2 • STATEMENT OF COMPREHENSIVE INCOME

(€ million)	**31/12/2016**	31/12/2015 Restated (1)
PROFIT FOR THE YEAR	**18.4**	**17.6**
Actuarial gains and losses on defined benefit pension schemes	(2.9)	(0.3)
Tax on actuarial gains and losses on defined benefit pension schemes	(1.2)	-
Share of other items in comprehensive income of investments under equity method	-	(0.2)
ITEMS THAT WILL NOT BE RECLASSIFIED TO PROFIT OR LOSS	**(4.1)**	**(0.5)**
Translation differences and others (2)	(1.6)	0.5
Unrealised gains and losses	6.9	0.1
on financial hedging instruments	*8.0*	*0.1*
on available-for-sale assets	*(1.1)*	-
Tax on items that may be reclassified to profit or loss	(2.7)	(0.1)
ITEMS THAT MAY BE RECLASSIFIED TO PROFIT OR LOSS	**2.6**	**0.6**
TOTAL GAINS AND LOSSES RECOGNISED DIRECTLY IN EQUITY	**(1.5)**	**0.1**
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**16.8**	**17.8**
of which attributable to :		
- Equity shareholders	18.4	25.2
- Non-controlling interests	(1.6)	(7.6)

(1) See note 2.4.28 on changes made following new accounting methods relating to pensions in the United Kingdom.
(2) Mainly comprising the impact of depreciation of sterling amounting to -€36.9 million in 2016

3 • STATEMENT OF FINANCIAL POSITION

ASSETS *(€ million)*	Note	31/12/2016	31/12/2015 Restated (1)
Goodwill	5.1	289.0	267.3
Other intangible assets	5.2	208.2	203.9
Property, plant and equipment	5.3	752.6	711.3
Investments under the equity method	5.4	37.6	39.4
Non-current financial assets	5.5	214.4	181.0
Deferred tax asset	4.7	86.9	75.4
NON-CURRENT ASSETS		**1,588.7**	**1,478.4**
Inventories and work in progress	5.6	92.1	82.0
Trade receivables	5.7	372.9	398.1
Other receivables	5.7	466.2	430.7
Current financial assets	5.5	20.3	18.8
Cash and cash equivalents	5.8	301.6	310.6
CURRENT ASSETS		**1,253.1**	**1,240.3**
TOTAL ASSETS		**2,841.8**	**2,718.7**

(1) See note 2.4.28 on changes made following new accounting methods relating to pensions in the United Kingdom.

LIABILITIES *(€ million)*	Note	31/12/2016	31/12/2015 Restated (1)
Share capital	5.9	346.9	46.9
Reserves and premiums	5.9	92.8	78.7
Net profit/(loss) attributable to Group	5.9	24.0	25.2
EQUITY ATTRIBUTABLE TO GROUP		**463.7**	**150.8**
Reserves attributable to non-controlling interests		57.4	59.1
Profit for the year attributable to non-controlling interests		(5.6)	(7.6)
EQUITY		**515.4**	**202.3**
Non-current provisions	5.13	194.5	189.3
Non-current financial debt	5.10	329.8	571.3
Deferred tax liability	4.7	77.3	68.2
NON-CURRENT LIABILITIES		**601.6**	**828.8**
Current provisions	5.13	51.7	55.3
Current financial debt	5.10	130.7	68.2
Bank borrowings	5.8	157.8	266.4
Trade payables and other liabilities	5.14	1,384.6	1,297.6
CURRENT LIABILITIES		**1,724.8**	**1,687.5**
TOTAL LIABILITIES		**2,841.8**	**2,718.7**

(1) See note 2.4.28 on changes made following new accounting methods relating to pensions in the United Kingdom.

4 • STATEMENT OF CHANGES IN EQUITY

(€ million)	Share capital	RESERVES AND OTHER					Total equity
		Reserves	Items that may be reclassified to profit or loss		Other unrealised gains / (losses), net, not re-classifiable profit or loss	Sub-total	
			Translation differences	Other unrecognised gains / (losses), net			
AT 31 DECEMBER 2014	**46.9**	**135.0**	**(4.3)**	**(4.9)**	**(10.2)**	**115.7**	**162.5**
Attributable to Keolis S.A. shareholders	46.9	115.5	(5.6)	(4.9)	(10.2)	94.9	141.8
Attributable to minority shareholders in subsidiaries	-	19.5	1.3	-	(0.1)	20.7	20.7
Dividends paid to Keolis S.A. shareholders	-	(19.1)	-	-	-	(19.1)	(19.1)
Other variations (including effects of application of IFRIC 21)	-	3.0	-	-	-	3.0	3.0
OPERATIONS ATTRIBUTABLE TO KEOLIS S.A. SHAREHOLDERS (A)	**-**	**(16.2)**	**-**	**-**	**-**	**(16.2)**	**(16.2)**
Dividends paid to minority shareholders in subsidiaries	-	(0.5)	-	-	-	(0.5)	(0.5)
Change in shareholdings in subsidiaries without gaining/losing control	-	38.9	-	-	-	38.9	38.9
OPERATIONS ATTRIBUTABLE TO MINORITY SHAREHOLDERS IN SUBSIDIARIES (B)	**-**	**38.4**	**-**	**-**	**-**	**38.4**	**38.4**
Profit for the year – Restated [1]	-	17.6	-	-	-	17.6	17.6
Gains / (losses) recognised directly in equity	-	-	0.5	0.1	(0.5)	0.1	0.1
COMPREHENSIVE INCOME (C)	**-**	**17.6**	**0.5**	**0.1**	**(0.5)**	**17.6**	**17.6**
CHANGE IN THE YEAR (A+B+C)	**-**	**39.7**	**0.5**	**0.1**	**(0.5)**	**39.8**	**39.8**
Attributable to Keolis S.A. shareholders	-	8.9	0.4	0.1	(0.5)	9.0	9.0
Attributable to minority shareholders in subsidiaries	-	30.8	-	-	-	30.8	30.8
AT 31 DECEMBER 2015 - RESTATED [1]	**46.9**	**174.7**	**(3.8)**	**(4.8)**	**(10.7)**	**155.5**	**202.3**
Attributable to Keolis S.A. shareholders	46.9	124.4	(5.1)	(4.8)	(10.7)	103.9	150.8
Attributable to minority shareholders in subsidiaries	-	50.3	1.3	-	-	51.5	51.5
Dividends paid to Keolis S.A. shareholders	-	-	-	-	-	-	-
Capital increase by creation of receivable	300.0	-	-		-	-	300.0
Other changes in reporting scope	-	(5.4)	-	-	-	(5.4)	(5.4)
OPERATIONS ATTRIBUTABLE TO GROUPE KEOLIS S.A.S. SHAREHOLDERS (A)	**300.0**	**(5.4)**	**-**	**-**	**-**	**(5.4)**	**(5.4)**
Dividends paid to minority shareholders in subsidiaries	-	(2.5)	-	-	-	(2.5)	(2.5)
Change in shareholdings in subsidiaries without gaining/losing control	-	4.3	-	-	-	4.3	4.3
OPERATIONS ATTRIBUTABLE TO MINORITY SHAREHOLDERS IN SUBSIDIARIES (B)	**-**	**1.8**	**-**	**-**	**-**	**1.8**	**1.8**
Profit for the year	-	18.4	-	-	-	18.4	18.4
Gains / (losses) recognised directly in equity	-	-	(1.6)	4.1	(4.1)	(1.6)	(1.6)
COMPREHENSIVE INCOME (C)	**-**	**18.4**	**(1.6)**	**4.1**	**(4.1)**	**16.8**	**16.8**
CHANGE IN THE YEAR (A+B+C)	**300.0**	**14.8**	**(1.6)**	**4.1**	**(4.1)**	**13.2**	**313.2**
Attributable to Keolis S.A. shareholders	300.0	18.6	(5.7)	4.2	(4.1)	13.0	313.0
Attributable to minority shareholders in subsidiaries	-	(3.8)	4.1	(0.1)	-	0.2	0.2
AT 31 DECEMBER 2016	**346.9**	**189.5**	**(5.4)**	**(0.7)**	**(14.8)**	**168.6**	**515.4**
Attributable to Keolis S.A. shareholders	346.9	143.0	(10.8)	(0.6)	(14.8)	116.8	463.7
Attributable to minority shareholders in subsidiaries	-	46.5	5.4	(0.1)	-	51.8	51.8

(1) See note 2.4.28 on changes made following new accounting methods relating to pensions in the United Kingdom.

5 • STATEMENT OF CASH FLOWS

(€ million)	Note	31/12/2016	31/12/2015 Restated (1)
OPERATING PROFIT BEFORE INVESTMENTS UNDER EQUITY METHOD	4.3	**42.1**	**37.0**
Non-cash items	4.4	181.1	169.8
EBITDA	4.4	**223.2**	**206.7**
Elimination of provisions on current assets		(0.2)	-
Changes in working capital		41.1	(70.6)
Tax paid		(24.3)	(28.0)
A) NET CASH FROM OPERATING ACTIVITIES		**239.8**	**108.2**
Capital expenditure		(183.0)	(201.4)
Proceeds from the sale of tangible and intangible assets		21.9	44.5
Investment grants received		10.1	8.1
Change in financial assets for concessions (IFRIC 12)		(11.5)	(14.2)
Financial investments		(56.8)	(140.1)
Proceeds from disposal of financial assets		1.0	6.5
Cash flows on changes in reporting scope		3.5	4.7
B) NET CASH FROM INVESTING ACTIVITIES		**(214.7)**	**(292.0)**
FREE CASH FLOW		**25.1**	**(183.8)**
Net dividends paid		(2.5)	(19.6)
Net dividends received		24.6	31.8
Change in equity (other transactions with shareholders)		6.5	38.7
New borrowings		132.9	443.7
Borrowings repaid		(64.8)	(160.2)
Interest received		1.2	1.3
Interest paid		(12.6)	(13.0)
Change in other financial debts		0.2	0.1
Other		(7.8)	(3.7)
C) NET CASH FROM FINANCING ACTIVITIES		**77.6**	**319.1**
D) FOREIGN EXCHANGE TRANSLATION DIFFERENCES		**(3.2)**	**1.5**
CHANGE IN CASH AND CASH EQUIVALENTS (A+B+C+D)		**99.5**	**136.7**
Cash and cash equivalents at beginning of period	5.8	44.2	(92.5)
Cash and cash equivalents at end of period	5.8	143.8	44.2
CHANGE IN CASH AND CASH EQUIVALENTS		**99.6**	**136.7**

(1) See note 2.4.28 on changes made following new accounting methods relating to pensions in the United Kingdom.

C Notes to the consolidated financial statements

1 • GENERAL INFORMATION

The company Keolis S.A. 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, etc. Keolis exports its multi-modal expertise to 16 countries around the world.

The company Keolis S.A., the Group’s holding company, is a *société anonyme* (public limited company) 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 the Group for the financial year ended 31 December 2016 were approved by the Board of Directors on 1 March 2017.

The financial statements of the Group are fully consolidated into those of GROUPE KEOLIS S.A.S. which SNCF fully consolidates.

2 • SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Accounting guidelines

The Group’s consolidated financial statements as at 31 December 2016 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 2016. 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 2016

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

Standard or interpretation	Summary description	Date of application (annual period starting on or after)
IFRS 11 amendments "Joint arrangements"	The amendments published describe the method to recognize acquisitions of interests in a joint operation whose operations constitute a business within the meaning of IFRS 3 (Business Combinations)	IASB: 06/05/2014 EU: 24/11/2015 Group: 01/01/2016
IAS 16 and IAS 38 amendments "Clarification of Acceptable Methods of Depreciation and Amortisation"	The IASB specified that a revenue-based depreciation method is not permitted: revenue that is generated by an activity that includes the use of an asset reflects factors other than the pattern of consumption of the economic benefits linked to any such asset. It is also specified that, with rare exceptions, the consumption of economic benefits linked to an intangible asset may not be based on revenue.	IASB: 12/05/2014 EU: 02/12/2015 Group: 01/01/2016

Standard or interpretation	Summary description	Date of application (annual period starting on or after)
Amendments Improvements to IFRS 2012-2014 Cycle	These amendments clarify, in particular, the standards: - IFRS 5 "Non-current Assets Held for Sale and Discontinued Operations" - IFRS 7 "Financial instruments: disclosures" - IAS 19 "Employee benefits" - IAS 34 "Interim Financial Reporting"	IASB: 25/09/2014 EU: 15/12/2015 Group: 01/01/2016
IAS 1 amendments "Disclosure initiative	The amendments to IAS 1 published by the IASB are intended to clarify the application of the notion of "materiality" and the notion of "professional judgement".	IASB: 18/12/2014 EU: 19/12/2015 Group: 01/01/2016
IAS 19 amendments "Defined Benefit Plans: Employee Contributions"	The limited amendments apply to employee or third party contributions to defined benefit plans. The objective of the amendments is to clarify and simplify the accounting for contributions that are independent of the number of years of service of the employee (e.g. employee contributions that are calculated based on a fixed percentage of salary).	IASB: 21/11/2013 EU: 17/12/2014 Group: 01/01/2016
Amendments by way of Annual Improvements to 2010-2012 cycle	These amendments clarify, in particular, the standards: - IFRS 2 "Share-based payment" - IFRS 3 "Business combinations" - IFRS 8 "Operating segments" - Amendment to IFRS 13 basis for conclusions "Short-term receivables and payables" - IAS 16 and IAS 38 "Property Plant and Equipment and Intangible Assets" - IAS 24 "Related Party Disclosures"	IASB: 12/12/2013 EU: 17/12/2014 Group: 01/01/2016

No material impact is expected from the application of these standards.

Standards, amendments to standards and interpretations not subject to early application

The Group does not apply in advance the standards and interpretations, whether or not adopted by the European Union that apply to annual periods that start before 1 January 2016.

In particular, the Group has not applied the following standards to its 2016 consolidated accounts:

Standard or interpretation	Summary description	Date of application (annual period starting on or after)
IFRS 15: Standard and clarifications "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.	IASB: standard published on 28/05/2014, clarified on 12/04/2016 EU: adoption of the standard on 22/09/2016, adoption of the clarifications underway Group: 01/01/2018

Standard or interpretation	Summary description	Date of application (annual period starting on or after)
IFRS 9 "Financial Instruments"	The objective is to replace the current IAS 39 standard on financial instruments. The three themes concerned are the classification and measurement of financial instruments, an impairment methodology for financial assets and hedge accounting.	IASB: 24/07/2014 EU: 22/11/2016 Group: 01/01/2018
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.	IASB: 13/01/2016 EU: Not adopted Group: pending adoption
IAS 12 amendments "Recognition of Deferred Tax Assets for Unrealised Losses"	The published amendments aim to clarify the provisions concerning the recognition of deferred tax assets relating to debt instruments measured at fair value.	IASB: 19/01/2016 EU: Not adopted Group: pending adoption
IAS 7 amendments "Disclosure initiative"	It establishes the principle that an entity must provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from its financing activities, whether or not such changes arise from cash flows.	IASB: 29/01/2016 EU: Not adopted Group: pending adoption
Amendments by way of Annual Improvements to 2014-2016 cycle	These amendments clarify, in particular, the standards: - IFRS 1: removal of short-term exemptions for first-time adopters - IFRS 12: clarification of the scope of the disclosure requirements - IAS 28: measuring investments at fair value through profit or loss on an investment-by-investment basis	IASB: 08/12/2016 EU: Not adopted Group: pending adoption

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

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 2016.

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, and 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 Keolis S.A. 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".

Structured entities substantially controlled by the Group are fully consolidated.

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 which is the reporting currency, 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 in the 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 investment 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 according to the rents collected.

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, pension plan assets, software and service concession intangible assets as defined by IFRIC 12.

When contracts are awarded, the Group capitalises the costs that match the identification criteria, and that are incurred between the date when the contract is awarded and the date when the operation actually starts up.

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).

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 qualify 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 heavy maintenance and major servicing operations on its light rail (underground railway, tramway) and passenger rail rolling stock. These are capitalised as assets as a component overhaul, 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

As part 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 ownership transfer clause or a transfer option; the conditions under which this clause may be exercised; a comparison between the length of the lease and the estimated life of the asset; the uniqueness 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 point of initial recognition the assets treated as finance leases are posted as tangible assets, with a corresponding financial debt. The asset is recognized at the fair value of the asset at the start of the lease or, if it is lower, the present value of the minimum payments under the lease.

Recognition of rental agreements

Payments made under operating lease 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 are mainly classed 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 arising from the latest forecasts for each of the CGUs, drawn up using 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 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 accounted for 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".

On the date of initial recognition, according to the purpose for which the asset is acquired, the Group classifies the financial asset in one of the accounting categories specified by IAS 39, “Financial Instruments: Recognition and Measurement”. The Group does not use the “Held-to maturity investments” category.

Financial assets at fair value, recognised in profit or loss

These are financial assets acquired by the Group with the intention of selling them in the short term.

Derivative financial instruments are also classified as held for trading unless they are designated, effective hedging instruments. They are measured at fair value and their subsequent fair value changes are recognised in the income statement.

Loans and receivables

Loans and receivables are non-derivative financial assets, the payment of which is fixed or determinable and that are not listed on a regulated market. These assets are recognised at their fair value plus the directly attributable costs of transaction and are then measured at depreciated cost by the effective interest rate method. An impairment loss is recognised whenever the estimated recoverable amount is below the carrying amount.

This category includes operating receivables, deposits and guarantees, loans and concession financial assets.

Available for sale (AFS) financial assets

These are non-derivative financial assets designated as being available for sale, or not belonging to the other categories. They are measured at their fair value in the statement of financial position; changes in value are recognised in equity. When available for sale financial assets are sold, or if there is an objective indication of impairment of these assets, any changes in fair value that have been recognised directly in equity are transferred to the income statement.

For listed securities, fair value is equal to market price; for unlisted securities, reference is made to recent arm’s-length transactions made between informed and willing parties, or to a technical measurement based on reliable, objective information consistent with the other estimates used by other market operators or using discounted cash flow analysis. However, when the fair value of a security cannot reasonably be estimated, in the last resort it is carried at historical cost.

This category consists mainly of non-consolidated shareholdings.

Impairment of financial assets

Impairment is recognised on a financial asset or group of financial assets 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 such 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.

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 an amortised cost using the effective interest rate method, less any impairment losses.

If there is 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

Keolis S.A. and its French subsidiaries are part of the tax perimeter of its parent company GROUPE KEOLIS S.A.S. Other tax consolidation regimes also exist abroad. The effect of these regimes is recognised in the income statement.

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.

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 espacially 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.

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 controlled 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.

Most of the 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 Keolis S.A., which is measured on a perpetuity basis.

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 discount 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.

The actuarial calculations for pension and similar commitments are mainly performed by independent actuaries.

Long service medals 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 and 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 heavy maintenance and major 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 heavy maintenance and major 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 otherwise 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 credited 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 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 2016, 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 grant income released.

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 Changes made to comparative periods (restated 2015)

Change to accounting method for pensions in the United Kingdom

The Go-Ahead group, the majority partner in our Govia joint venture, changed the method of accounting for its pension schemes during the 2016 financial year as part of a sectoral study by the main players in the railway industry in the United Kingdom.
A company operating a railway franchise in the United Kingdom is only responsible for pension commitments over the duration of its franchise, with the commitment then being assumed by the new successful franchisee. As a result, the Go-Ahead Group only records in the balance sheet the surplus or deficit in the pension scheme likely to be realised over the duration of its franchise. Previously, the expense recorded in the income statement was equal to the cost of the rights acquired irrespective of the duration of the franchise; a substantial portion of these rights were, in effect, acquired beyond the end of the franchise. Liabilities were then adjusted to reduce them to the actual commitment over the term of the franchise with an offsetting entry under "other items in comprehensive income".
The revised accounting involves only recognising in the income statement the pension cost during the period during which the Group operates the franchise and no longer the pension cost calculated on the total commitment, part of which will be assumed by the future operator of the franchise.

This change has been treated by the Go-Ahead Group as a change in accounting method having regard to the IAS 8 standard "Accounting Policies, Changes in Accounting Estimates and Errors". The comparative periods have consequently been restated.
The Keolis Group has followed the same accounting treatment in its consolidated accounts, noting that the Govia franchises are recognised using the equity method. The 2015 accounts were restated with this change which only impacts the line "Profit/(loss) from associates" offset by "other items in comprehensive income". There is no impact on total equity, on distributable reserves or on cash.

The impacts of this change in accounting method on the 2015 accounts, as published in the 2016 accounts, are presented in detail below.

(€ million)	Published statements 31/12/2015	Impact of change to UK pension method	Restated 31/12/2015
Revenue	**4,817.4**	**-**	**4 817.4**
Recurring operating profit	**56.2**	**-**	**56.2**
Operating profit/loss before investments under equity method	**37.0**	**-**	**37.0**
Profit/(loss) from associates	22.4	13.2	35.6
Operating profit/(loss) after investments under equity method	**59.4**	**13.2**	**72.6**
Financial income (expense)	(20.2)	-	(20.2)
Profit before tax	**39.2**	**13.2**	**52.4**
Profit for the year	**4.4**	**13.2**	**17.6**
PROFIT ATTRIBUTABLE TO GROUP	**12.0**	**13.2**	**25.2**

(€ million)	Published statements 31/12/2015	Impact of change to UK pension method	Restated 31/12/2015
Profit for the year	**4.4**	**13.2**	**17.5**
Actuarial gains and losses on defined benefit pension schemes	(0.3)	-	(0.3)
Tax on actuarial gains and losses on defined benefit pension schemes	-	-	-
Share of other items in comprehensive income of investments under equity method	13.0	(13.2)	(0.2)
Items that will not be reclassified to profit or loss	**12.7**	**(13.2)**	**(0.5)**
Translation differences and others	0.5	-	0.5
Unrealised gains and losses on hedging instruments	0.1	-	0.1
Tax on items that may be reclassified to profit or loss	(0.1)		(0.1)
Items that may be reclassified to profit or loss	**0.6**	**-**	**0.6**
Total gains and losses recognised directly in equity	**13.2**	**(13.2)**	**-**
Total comprehensive income for the year	**17.7**	**-**	**17.7**
of which attributable to :			
- Equity shareholders	25.2	-	25.2
- Non-controlling interests	(7.6)	-	(7.6)

ASSETS *(€ million)*	Published statements 31/12/2015	Impact of change to UK pension method	**Restated 31/12/2015**
Goodwill	267.3	-	267.3
Other intangible assets	203.9	-	203.9
Property, plant and equipment	711.3	-	711.3
Investments under the equity method	39.4	-	39.4
Non-current financial assets	181.0	-	181.0
Deferred tax asset	75.4	-	75.4
Non-current assets	**1,478.4**	**-**	**1,478.4**
Inventories and work in progress	82.0	-	82.0
Trade receivables	398.1	-	398.1
Other receivables	430.7	-	430.7
Current financial assets	18.8	-	18.8
Cash and cash equivalents	310.6	-	310.6
Current assets	**1,240.3**	**-**	**1,240.3**
TOTAL ASSETS	**2,718.7**	**-**	**2,718.7**

LIABILITIES *(€ million)*	Published statements 31/12/2015	Impact of change to UK pension method	**Restated 31/12/2015**
Share capital	46.9	-	46.9
Reserves and premiums	91.9	(13.2)	78.7
Net profit/(loss) attributable to Group	12.0	13.2	25.2
Equity attributable to Group	**150.8**	**-**	**150.8**
Reserves attributable to non-controlling interests	59.1	-	59.1
Profit for the year attributable to non-controlling interests	(7.6)	-	(7.6)
Equity	**202.3**	**-**	**202.3**
Non-current provisions	189.3	-	189.3
Non-current financial debt	571.3	-	571.3
Deferred tax liability	68.2	-	68.2
Non-current liabilities	**828.8**	**-**	**828.8**
Current provisions	55.3	-	55.3
Current financial debt	68.2	-	68.2
Bank borrowings	266.4	-	266.4
Trade payables and other liabilities	1,297.6	-	1,297.6
Current liabilities	**1,687.5**	**-**	**1,687.5**
TOTAL LIABILITIES	**2,718.7**	**-**	**2,718.7**

3 • HIGHLIGHTS OF FINANCIAL YEAR 2016

Keolis acquires Transports Daniel Meyer in France
In mid-January 2016, Keolis announced the acquisition of Transports Daniel Meyer, a leading bus and coach service operator in Ile-de-France. With this strategic external growth transaction, Keolis reinforces its foothold in Ile-de-France and consolidates its position for future projects relating to Grand Paris Express.

Contracts won abroad

- Keolis was selected to be the future operator of the first automatic metro line in Shanghai as part of the Shenkai joint venture.
- In the Netherlands, the authorities in Almere, the seventh largest city in the country, awarded Syntus Keolis Group with the contract to operate its network for ten years with an aggregate turnover of 400 million euros.
- Keolis has won a new contract for the operation of suburban trains in Germany, reinforcing its market position in mass transit. On 7 July 2016, Keolis was selected by VRR and NWL, the public transport authorities in the Rhein-Ruhr metropolitan region, to operate the suburban rail network serving the 11-million population living in the region.
- In December 2016, Keolis Downer, the Australian subsidiary of the Keolis Group, was awarded the multi-modal transport contract for Newcastle by the New South Wales (NSW) government. Situated north of Sydney, Newcastle has a population of 360,000. Under the terms of this contract, Keolis Downer will work together with Transport for NSW to create and operate this first integrated public transport contract for a ten-year term. The contract will commence in July 2017 and will run for ten years, generating cumulative turnover of 312 million euros (450 million Australian dollars).

Access by Keolis S.A. to the GROUPE KEOLIS S.A.S. syndicated loan
On 20 February 2016, Keolis S.A. became an additional borrower on the €900 million syndicated loan contracted by GROUPE KEOLIS S.A.S. from a syndicate of international banks. This modification allows Keolis S.A. to improve its liquidity and its financing capacity by having a direct access to this external source of borrowing.

Keolis S.A. share capital increase
On 3 March 2016, Keolis S.A. launched a share capital increase of €300.0 million. This was fully subscribed to by its shareholder GROUPE KEOLIS S.A.S. This transaction reinforces the equity of Keolis S.A. and reduces its net debt by €300 million.

4 • NOTES TO THE CONSOLIDATED INCOME STATEMENT

4.1 Staff costs

Staff costs

(€ million)	31/12/2016	31/12/2015 Restated
Wages and social charges	(2,450.3)	(2,367.8)
Taxes on remuneration	(66.1)	(61.4)
Other staff expenses (1)	(397.0)	(391.4)
TOTAL	**(2,913.4)**	**(2,820.6)**

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

Average number of employees

(Number of individuals)	31/12/2016	31/12/2015 Restated
Managers	2,102	2,012
Supervisory and technical staff	5,981	6,165
Clerical and manual employees, drivers	45,817	45,089
TOTAL	**53,899**	**53,266**

4.2 Other operating income

Under the CICE, the Group received €49.7 million in 216 compared to €48.0 million in 2015.

4.3 Operating profit

(€ million)	31/12/2016	31/12/2015 Restated
RECURRING OPERATING PROFIT	**67.5**	**56.2**
Non-recurring costs of offensive bids	(4.6)	(12.4)
Profit/(loss) on non-recurring fixed asset disposals	-	0.5
Amortisation of contractual rights and others (1)	(8.2)	(1.6)
Other non-recurring items	(12.6)	(5.7)
Net reorganisation expenses	*(13.0)*	*(8.5)*
Change in provisions for contract losses	*3.0*	*1.4*
Other	*(2.6)*	*0.2*
TOTAL NON-RECURRING ITEMS	**(25.4)**	**(19.2)**
OPERATING PROFIT BEFORE INVESTMENTS UNDER EQUITY METHOD	**42.1**	**37.0**

(1) This item includes negative goodwill in Belgium amounting to €5.7 million in 2015.

4.4 EBITDA calculation

(€ million)	31/12/2016	31/12/2015 Restated
OPERATING PROFIT	**42.1**	**37.0**
Net depreciation and other provisions charged	191.9	187.9
Depreciation and provisions on non-recurring items	8.1	1.6
Including amortisation of contractual rights and trademarks	*8.2*	*7.3*
Including Belgium negative goodwill	-	*(5.7)*
Amortisation of grants received	(8.4)	(6.3)
Reversals of operating provisions used on recurring items (1)	(11.1)	(9.2)
Reversals of provisions used on non-recurring items (1)	(1.3)	(2.3)
Profit/(loss) on non-recurring fixed asset disposals	-	(0.5)
Profit/(loss) on fixed asset disposals	1.8	(1.3)
EBITDA	**223.2**	**206.8**
Non-recurring income and expense (2)	18.2	20.5
RECURRING EBITDA	**241.4**	**227.2**

(1) Reversals of used provisions above do not include reversals used on pensions, long service medals and major maintenance.
(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)	31/12/2016	31/12/2015 Restated
Govia (UK)	19.7	25.6
First / Keolis Transpennine (UK)	5.4	9.4
Other associates (France)	0.2	0.7
Other associates (international, excluding UK)	-	(0.1)
TOTAL JOINT VENTURES AND ASSOCIATES	**25.4**	**35.6**

(1) See note 2.4.28 on changes made following new accounting methods relating to pensions in the United Kingdom.

4.6 Financial income / (expense)

(€ million)	31/12/2016	31/12/2015 Restated
Net cost of financial debt	(10.7)	(12.3)
of which Cost of gross financial debt	*(11.8)*	*(13.6)*
of which Income from cash and cash equivalents	*1.1*	*1.3*
Other financial income and charges	1.6	7.1
Other financial charges	(12.4)	(15.0)
of which foreign exchange impact	*(4.3)*	*(5.5)*
FINANCIAL INCOME / (EXPENSE)	**(21.4)**	**(20.2)**

4.7 Taxation

(€ million)	31/12/2016	31/12/2015 Restated
CURRENT TAX EXPENSE	**(38.4)**	**(34.5)**
Tax payable for the period	(38.5)	(34.2)
Adjustments in respect of prior years	0.1	(0.3)
DEFERRED TAX INCOME	**10.6**	**(0.3)**
Deferred tax for the period	11.1	(0.3)
Impairment loss on deferred tax asset	(0.6)	-
TAX EXPENSE FOR THE YEAR	**(27.8)**	**(34.8)**

In 2015 and 2016, the Group opted to present a reconciliation of its effective rate at 34.43%.

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

	31/12/2016		31/12/2015 Restated	
	In %	In € million	In %	In € million
PROFIT FOR THE YEAR		**18.4**		**4.4**
Neutralisation of Profit/(loss) from associates		(25.4)		(22.4)
Neutralisation of Taxation		27.8		34.8
PROFIT BEFORE TAX AND BEFORE PROFIT/(LOSS) FROM ASSOCIATES		**20.8**		**16.8**
Theoretical tax using the legal rate of French taxation	34.43%	(7.2)	34.43%	(5.8)
French / foreign taxation rate differentials	-7.10%	1.5	-13.08%	2.2
Rate change in France	24.14%	(5.0)	0.00%	-
Recognition of deferred taxes on intangible assets	-19.07%	4.0	0.00%	-
Effect of reduced rates and changes in tax rates	0.00%	-	5.34%	(0.9)
Adjustment in respect of tax for prior years	-0.48%	0.1	1.60%	(0.3)
Other permanent differences	12.39%	(2.6)	39.80%	(6.7)
Crédit d'Impôt Compétitivité Emploi	-82.37%	17.1	-98.54%	16.5
Effect of direct taxation (CVAE)	38.12%	(7.9)	47.02%	(7.9)
Unrecognised deferred tax assets	133.72%	(27.8)	190.81%	(31.9)
EFFECTIVE RATE OF TAXATION	**133.78%**	**(27.8)**	**207.39%**	**(34.8)**

(1) The change in the company income tax rate (28.92% from 2020) provided for in the new French Finance Act generated a net decrease of -5 million euros at end of 2016.

Unrecognised deferred tax assets in 2016 mainly relate to France, North America and Germany.

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

(€ million)	31/12/2016	31/12/2015 Restated
DEFERRED TAX ASSETS	**86.9**	**75.4**
Less than one year	10.6	14.7
More than one year	76.3	60.7
DEFERRED TAX LIABILITIES	**(77.3)**	**(68.2)**
Less than one year	(12.7)	(15.2)
More than one year	(64.6)	(53.0)

Unused losses amounted to €565.0 million at 31 December 2016 of which €423.4 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 €141.7 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 2016	**7.2**
Recognised in equity	(3.9)
Recognised in profit for the year	10.6
Effect of consolidation scope changes	(4.8)
Foreign exchange translation difference and other movements	0.6
CLOSING BALANCE ON 31 DECEMBER 2016	**9.6**

(€ million)	Net position
OPENING BALANCE ON 1 JANUARY 2015 - RESTATED	**33.3**
Recognised in equity	-
Recognised in profit for the year	(0.3)
Effect of consolidation scope changes	(27.3)
Foreign exchange translation difference and other movements	1.4
CLOSING BALANCE ON 31 DECEMBER 2015 - RESTATED	**7.2**

Net deferred taxes by type are as follows:

(€ million)	**31/12/2016**	31/12/2015 Restated
Purchase accounting asset revaluations	(49.7)	(52.2)
Staff benefits	40.4	45.8
Tax losses	44.0	33.7
Other	(25.1)	(20.1)
CLOSING BALANCE ON 31 DECEMBER	**9.6**	**7.2**

5 • NOTES TO THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

5.1 Goodwill

Changes in carrying amount

(€ million)	France	Continental Europe	Australia	North America	Total
At 1 January 2016	**92.9**	**104.2**	**36.9**	**33.3**	**267.3**
Acquisitions [(1)]	18.8	0.8	(2.8)	1.8	**18.6**
Disposals	-	-	-	-	**-**
Impairment loss for the period	-	-	-	-	**-**
Foreign exchange translation differences and others	1.1	(0.3)	0.7	1.6	**3.0**
At 31 December 2016	**112.8**	**104.6**	**34.8**	**36.7**	**289.0**
Of which gross value	*113.2*	*104.6*	*35.1*	*47.6*	***300.6***
Of which accumulated amortisation and impairment charges	*(0.4)*	-	*(0.2)*	*(10.9)*	***(11.6)***

(1) The additional goodwill recorded in 2016 arises principally from the acquisition of Transports Meyer on 11 January 2016.

(€ million)	France	Continental Europe	Australia	North America	Total
At 1 January 2015 - Restated	**95.6**	**106.3**	**-**	**31.8**	**233.6**
Acquisitions [(1)]	0.4	0.1	38.8	-	**39.3**
Disposals	-	-	-	-	**-**
Impairment loss for the period	-	-	-	-	**-**
Foreign exchange translation differences and others	(3.0)	(2.2)	(1.9)	1.5	**(5.6)**
At 31 December 2015 - Restated	**92.9**	**104.2**	**36.9**	**33.3**	**267.3**
Of which gross value	*93.3*	*104.2*	*37.2*	*43.7*	***278.4***
Of which accumulated amortisation and impairment charges	*(0.4)*	-	*(0.2)*	*(10.4)*	***(11.1)***

(1) The additional goodwill recorded in 2015 arises principally from the acquisition of ATE on 1 May 2015.

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 was set at 4.7% in 2016 versus 4.8% in 2015.

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 rate applied to the main cash-generating units or groups thereof was 2%.

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)	Software	Trademarks	Contractual rights	Other	Total
At 1 January 2016	**32.7**	**4.3**	**96.1**	**70.7**	**203.9**
Acquisitions	12.0	-	0.3	29.3	**41.7**
Assets disposed of and scrapped	-	-	-	(0.3)	**(0.3)**
Amortisation	(17.8)	(0.4)	(7.8)	(21.7)	**(47.7)**
Changes in reporting scope	-	-	11.0	(1.5)	**9.6**
Foreign exchange translation differences and other movements	1.9	0.1	1.3	(2.2)	**1.1**
At 31 December 2016	**28.8**	**4.0**	**101.0**	**74.5**	**208.2**
Of which gross value	*120.4*	*6.1*	*137.2*	*188.8*	***452.5***
Of which cumulative depreciation and impairment losses	*(91.6)*	*(2.1)*	*(36.2)*	*(114.3)*	***(244.3)***

(€ million)	Software	Trademarks	Contractual rights	Other	Total
At 1 January 2015 - Restated	**34.3**	**4.1**	**36.6**	**74.6**	**149.7**
Acquisitions	13.8	-	-	35.9	**49.7**
Assets disposed of and scrapped	(9.8)	-	-	(1.4)	**(11.2)**
Amortisation	(17.1)	(0.3)	(7.7)	(17.4)	**(42.6)**
Changes in reporting scope	(0.1)	-	68.8	-	**68.7**
Foreign exchange translation differences and other movements	11.7	0.5	(1.6)	(21.0)	**(10.4)**
At 31 December 2015 - Restated	**32.7**	**4.3**	**96.1**	**70.7**	**203.9**
Of which gross value	*107.0*	*5.9*	*124.2*	*166.9*	***404.0***
Of which cumulative depreciation and impairment losses	*(74.3)*	*(1.6)*	*(28.1)*	*(96.2)*	***(200.2)***

5.3 Property, plant and equipment

(€ million)	Land & Developments	Buildings	Equipment and tooling	Transport equipment	PPE under construction	Other	Total
At 1 January 2016	**37.8**	**78.1**	**34.1**	**489.2**	**15.5**	**56.7**	**711.4**
Acquisitions	2.1	6.7	7.3	127.1	23.5	26.6	**193.3**
Assets disposed of and scrapped	(0.7)	(0.4)	(0.1)	(19.9)	-	(0.4)	**(21.4)**
Depreciation	(2.3)	(11.0)	(9.5)	(102.7)	-	(18.1)	**(143.8)**
Changes in reporting scope	-	0.8	1.2	7.3	-	0.5	**9.8**
Foreign exchange translation differences and other movements	0.3	5.1	(0.3)	9.0	(11.8)	1.0	**3.4**
At 31 December 2016	**37.2**	**79.3**	**32.6**	**509.9**	**27.2**	**66.3**	**752.6**
Of which gross value	*47.0*	*164.9*	*106.0*	*1,193.0*	*27.2*	*180.3*	***1 718.4***
Of which cumulative depreciation and impairment losses	*(9.7)*	*(85.6)*	*(73.4)*	*(683.1)*	-	*(114.0)*	***(965.8)***

(€ million)	Land & Developments	Buildings	Equipment and tooling	Transport equipment	PPE under construction	Other	Total
At 1 January 2015 - Restated	**25.5**	**47.0**	**29.2**	**426.4**	**24.9**	**67.5**	**620.5**
Acquisitions	2.4	11.3	10.1	123.3	9.0	18.4	**174.6**
Assets disposed of and scrapped	(1.8)	(3.1)	(1.4)	(20.8)	(0.7)	(6.4)	**(34.1)**
Depreciation	(1.7)	(9.2)	(8.7)	(92.6)	0.1	(16.7)	**(128.8)**
Changes in reporting scope	4.9	0.1	-	62.4	-	2.2	**69.4**
Foreign exchange translation differences and other movements	8.5	32.0	4.8	(9.4)	(17.9)	(8.3)	**9.7**
At 31 December 2015 - Restated	**37.8**	**78.1**	**34.1**	**489.2**	**15.5**	**56.7**	**711.4**
Of which gross value	*45.2*	*152.5*	*95.7*	*1,133.4*	*15.5*	*156.2*	***1,598.5***
Of which cumulative depreciation and impairment losses	*(7.4)*	*(74.4)*	*(61.5)*	*(644.2)*	-	*(99.5)*	***(887.1)***

Finance leases

At 31 December 2016, finance leased assets included within assets in the statement of financial position comprised:

(€ million)	Transport equipment	Land and Buildings	Total
Net book value of finance leased fixed assets	144.5	9.4	153.9

Schedule of minimum finance lease payments

(€ million)	1 year	1 to 5 years	> 5 years	Total
Principal	33.5	83.3	14.9	131.7
Interest	3.1	6.4	(4.3)	5.1
FINANCE LEASE PAYMENTS	**36.6**	**89.7**	**10.6**	**136.9**

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)	31/12/2016	31/12/2015 Restated
AT 1 JANUARY	**39.4**	**36.2**
Net profit attributable to Group	25.4	35.6
Depreciation	-	-
PROFIT/(LOSS) FROM INVESTMENTS UNDER EQUITY METHOD	**25.4**	**35.6**
Change in fair value affecting equity [1]	-	(0.1)
Foreign exchange translation differences	(2.6)	(1.2)
Dividends paid	(24.6)	(31.6)
Changes in consolidation scope & other	-	0.6
AT 31 DECEMBER	**37.6**	**39.4**

(1) See note 2.4.28 on changes made following new accounting methods relating to pensions in the United Kingdom.

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

(€ million)	31/12/2016				31/12/2015 Restated			
	Govia & subsid's	First / Keolis Transpennine	Others	Total associates	Govia & subsid's	First / Keolis Transpennine	Others	Total associates
Non-current assets	52.6	0.3	NA	NA	38.1	1.8	NA	NA
Net WCR	41.9	3.7	NA	NA	31.8	25.4	NA	NA
Equity	91.9	4.1	NA	NA	67.8	27.3	NA	NA
Inc. Net profit	56.9	12.1	NA	NA	48.6	20.8	NA	NA
Non-current liabilities	2.6	(0.1)	NA	NA	2.0	(0.1)	NA	NA
Net assets	91.9	4.1	NA	**NA**	67.8	27.3	NA	**NA**
Reconciliation of financial data with value of investments under the equity method								
Group share of net assets	**32.2**	**1.8**	**3.6**	**37.6**	**23.7**	**12.3**	**3.4**	**39.4**
Net book value of investments	**32.2**	**1.8**	**3.6**	**37.6**	**23.7**	**12.3**	**3.4**	**39.4**

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 this cash held by operational companies cannot be qualified as transferable to the Go-Ahead group, the majority shareholder in Govia.

These restrictions nonetheless have no impact on the assets held by Keolis in the UK in Govia whose value of €32.2 million at 31 December 2016 is fully distributable.

5.5 Current and non-current financial assets

(€ million)	Loans and receivables	Securities available for sale	Deposits and guarantees	Derivative assets	Concession financial assets	Total
At 31 December 2016						
Gross value	6.7	33.9	30.0	2.3	162.2	**235.1**
Impairment	-	(0.3)	-	-	-	**(0.3)**
Net value	**6.7**	**33.6**	**30.0**	**2.3**	**162.2**	**234.8**
Less than one year	0.1	-	18.2	2.1	-	**20.3**
More than one year	6.6	33.6	11.8	0.2	162.2	**214.4**

(€ million)	Loans and receivables	Securities available for sale	Deposits and guarantees	Derivative assets	Concession financial assets	Total
At 31 December 2015 - Restated						
Gross value	7.5	37.8	29.4	0.2	125.4	**200.2**
Impairment / Reversal	-	(0.3)	-	-	-	**(0.3)**
Net value	**7.5**	**37.5**	**29.4**	**0.2**	**125.4**	**199.9**
Less than one year	0.2	-	18.5	0.2	-	**18.8**
More than one year	7.3	37.5	10.8	-	125.4	**181.0**

The securities available for sale relate to investments in companies which are not consolidated.

The changes in concession financial assets in the period include new acquisitions for €21.8 million, reimbursements for €10.3 million and reporting scope additions of Transports Daniel Meyer and Ormont Transport for €25.3 million.

5.6 Inventories

(€ million)	At 31 December 2016	At 31 December 2015 Restated
Gross inventories	96.5	86.4
Provisions	(4.4)	(4.4)
NET INVENTORIES	**92.1**	**82.0**

5.7 Trade and other receivables

(€ million)	At 31 December 2016	At 31 December 2015 Restated
Trade receivables	374.5	400.4
Advances and down payments on orders	8.8	8.1
Amortisation of accounts receivable	(10.5)	(10.3)
TRADE RECEIVABLES	**372.9**	**398.1**
Receivables from staff and welfare agencies	4.4	4.2
Central government and local authorities	271.8	237.4
Prepayments	21.5	24.1
Other[(1)]	169.7	166.3
Depreciation of other debtors	(1.1)	(1.3)
OTHER RECEIVABLES	**466.2**	**430.7**

(1) Other receivables for 2016 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)	At 31 December 2016	At 31 December 2015 Restated
Cash	293,7	285.2
Short term investments	7,9	25.4
TOTAL RECOGNISED AS ASSETS	**301,6**	**310.6**
BANK OVERDRAFTS	**(157,8)**	**(266.4)**
NET CASH AND CASH EQUIVALENTS	**143,8**	**44.2**

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 2016, the Group carried out several transactions to monetise trade receivables. The amount of receivables thus monetised was €44.4 million at 31 December 2016 versus €27.4 million at 31 December 2015.

In 2016, 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 made by GROUPE KEOLIS S.A.S.

5.9 Equity

Share capital and share premium

At 31 December 2016, the share capital was €346.9 million, comprising 28,904,273 ordinary shares with a nominal value of 12 euros each. No diluting instrument was issued during the financial year ended 31 December 2016.
The Group's borrowing contracts do not include any mandatory gearing ratio clauses.

Treasury shares

At 31 December 2016, Keolis S.A. held no treasury shares and was not a party to any purchase or sale option relating to Keolis S.A. shares.

Distributable reserves and earnings
At 31 December 2016, Keolis S.A. held distributable reserves and earnings of €131.6 million. Profit for the year was negative at -€4.2 million.

Non-controlling interests
The main investments not giving control are Keolis Downer, KDR Victoria Pty Ltd, Keolis Commuter Services LLC and Australian Transit Enterprises.

Foreign exchange translation reserve
The following were the main exchange rates against the euro used for the 2016 and 2015 financial years:

(for 1 euro)	2016		2015	
	Average rate	Closing rate	Average rate	Closing rate
Pound Sterling	0.819483	0.856200	0.725978	0.733950
Australian Dollar	1.488282	1.459600	1.476802	1.489700
Danish Crown	7.445189	7.434400	7.458912	7.462600
Swedish Crown	9.468901	9.552500	9.352400	9.189500
Norwegian Crown	9.290600	9.086300	8.944238	9.603000
US Dollar	1.106903	1.054100	1.109067	1.088700
Canadian Dollar	1.465879	1.418800	1.417910	1.511600
Indian Rupee	74.371692	71.593500	71.141807	72.021500

5.10 Financial debt and long term borrowings

In June 2016, a credit line was arranged by Keolis S.A. to finance rolling stock: a loan of €10 million, arranged and drawn down on 2 June 2016 repayable in instalments over 8 years. This loan is fully hedged by a derivative financial instrument.

Financial debt breakdown by type

	At 31 December 2016		
(€ million)	Amounts in the statement of financial position	Term	Rates
Finance leasing	1.5	2017	Variable rates
Finance leasing	32.0	2017	Fixed rates
Owed to non-controlling shareholders (put option)	1.0	2017	-
Derivatives	0.8	2017	-
Loans	27.7	2017	Fixed rates
Loans	67.7	2017	Variable rates
SUBTOTAL LESS THAN 1 YEAR	**130.7**		
Finance leasing	3.0	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	54.6	2018-2028	Fixed rates
Loans	176.3	2018-2028	Variable rates
SUBTOTAL MORE THAN 1 YEAR	**329.8**		
TOTAL	**460.5**		

(€ million)	At 31 December 2015 - Restated Amounts in the statement of financial position	Term	Rates
Finance leasing	2.8	2016	**Variable rates**
Finance leasing	23.4	2016	**Fixed rates**
Derivatives	0.3	-	**-**
Loans	3.1	2016	**Fixed rates**
Loans	38.6	2016	**Variable rates**
SUBTOTAL. LESS THAN 1 YEAR	**68.2**		
Owed to non-controlling shareholders (put option)	9.5	2017	**-**
Finance leasing	4.5	2017-2021	**Variable rates**
Finance leasing	93.0	2017-2021	**Fixed rates**
Employee profit-sharing	0.6	2017-2020	**Fixed rates**
Derivatives	-		
Loans	37.8	2017-2021	**Fixed rates**
Loans	425.9	2017-2021	**Variable rates**
SUBTOTAL. MORE THAN 1 YEAR	**571.3**		
TOTAL	**639.5**		

Financial debt breakdown by maturity

	Maturity							
(€ million)	2017	2018	2019	2020	2021	2022 - 2027	After 2027	Total
Finance leasing	33.5	33.3	21.8	23.2	4.9	12.4	2.6	131.7
Other liabilities	97.2	37.1	25.6	89.4	63.6	14.3	1.6	328.8
TOTAL	**130.7**	**70.5**	**47.5**	**112.7**	**68.5**	**26.6**	**4.1**	**460.5**

Statement of changes in financial debts

(€ million)	At 31 December 2015 Restated	Increase	Decrease	Changes in reporting scope	Impact of exchange rate	Other	At 31 December 2016
Finance leasing	26.2	14.5	(9.9)	1.5	0.4	0.8	33.5
Owed to non-controlling shareholders (put option)	-	-	-	-	-	1.0	1.0
Derivatives	0.3	-	-	-	-	0.5	0.8
Loans	41.7	62.5	(22.1)	-	0.5	12.8	95.4
SUB-TOTAL, LESS THAN 1 YEAR	**68.2**	**77.0**	**(31.9)**	**1.5**	**0.9**	**15.1**	**130.7**
Owed to non-controlling shareholders (put option)	9.5	-	-	(8.5)	-	(1.0)	-
Finance leasing	97.5	18.4	(23.1)	4.5	1.8	(0.8)	98.2
Employee profit sharing	0.6	-	-	-	-	(0.1)	0.5
Derivatives	-	-	-	-	-	0.2	0.2
Loans	463.7	71.5	(11.0)	17.7	2.2	(313.4)	230.8
SUB-TOTAL, MORE THAN 1 YEAR	**571.3**	**89.9**	**(34.0)**	**13.7**	**4.0**	**(315.1)**	**329.8**
TOTAL	**639.5**	**166.9**	**(66.0)**	**15.1**	**4.9**	**(300.0)**	**460.5**

Mandatory financial ratios

Contracts held by Keolis S.A. do not require compliance with any specific financial ratios.

The Group's contracts, and those of its subsidiaries, 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 the financial ratios relating to the financing of the Group and its subsidiaries in order to anticipate any adverse changes to these ratios.

5.11 Financial assets and liabilities by category

31/12/2016			Total	Financial instruments				Fair value				
Balance sheet item and instrument class *(€ million)*	**Non-current**	**Current**	**Net carrying amount of the class in the balance sheet**	**At fair value through equity**	**Loans, receivables, debt at amortised cost**	**At fair value through profit and loss**	**Qualified as hedging**	**Fair value of the class**	**Level 1**	**Level 2**	**Level 3**	**Net financial debt**
Other loans and receivables	18.4	18.2	36.7	-	36.7	-	-	36.7	-	36.7	-	36.7
Financial assets for concessions	162.2	-	162.2	-	162.2	-	-	162.2	-	162.2	-	-
SUB-TOTAL OF LOANS AND RECEIVABLES	**180.6**	**18.2**	**198.9**	**-**	**198.9**	**-**	**-**	**198.9**	**-**	**198.9**	**-**	**36.7**
Available for sale (AFS) assets	33.4	-	33.4	33.4	-	-	-	33.4	-	-	33.4	-
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	-	2.1	2.1	-	-	2.1	-	2.1	-	2.1	-	2.1
Cash and cash equivalents	-	301.6	301.6	-	-	301.6	-	301.6	7.9	293.7	-	301.6
TOTAL CURRENT AND NON-CURRENT FINANCIAL ASSETS	**214.3**	**321.9**	**536.2**	**33.4**	**198.9**	**303.6**	**0.2**	**536.2**	**7.9**	**495.0**	**33.4**	**340.5**
Bank borrowings	230.8	94.9	325.7	-	325.7	-	-	325.7	-	325.7	-	325.7
Finance leasing	98.2	33.5	131.7	-	131.7	-	-	131.7	-	131.7	-	131.7
SUB-TOTAL OF BORROWINGS	**329.1**	**128.4**	**457.5**	**-**	**457.5**	**-**	**-**	**457.5**	**-**	**457.5**	**-**	**457.5**
of which:												
- measured at amortised cost	*329.0*	*128.5*	*457.5*	-	*457.5*	-	-	*457.5*	-	*457.5*	-	*457.5*
- subject to fair value hedge accounting	-	-	-	-	-	-	-	-	-	-	-	-
- measured according to the "fair value" option	-	-	-	-	-	-	-	-	-	-	-	-
Negative fair value of hedging instruments	0.2	0.8	1.0	-	-	-	1.0	1.0	-	1.0	-	1.0
Negative fair value of trading derivatives	-	-	-			-		-	-	-	-	-
BORROWINGS AND FINANCIAL DEBT	**329.3**	**129.2**	**458.5**	**-**	**457.5**	**-**	**1.0**	**458.5**	**-**	**458.5**	**-**	**458.5**
Bank loans and overdrafts	-	158.3	158.3	-	158.3	-	-	158.3	-	158.3	-	158.3
Debts relating to commitments to purchase non-controlling interests	-	1.0	1.0	1.0	-	-	-	1.0	-	-	1.0	-
TOTAL CURRENT AND NON-CURRENT FINANCIAL LIABILITIES	**329.3**	**288.5**	**617.8**	**1.0**	**615.8**	**-**	**1.0**	**617.8**	**-**	**616.8**	**1.0**	**616.8**
GROUP NET FINANCIAL DEBT	**310.6**	**(34.4)**	**276.3**	**-**	**579.1**	**(303.7)**	**0.8**	**276.3**	**(7.9)**	**284.1**	**-**	**276.3**

31/12/2015 restated			Total	Financial instruments				Fair value				
Balance sheet item and instrument class *(€ million)*	Non-current	Current	Net carrying amount of the class in the balance sheet	At fair value through equity	Loans, receivables, debt at amortised cost	At fair value through profit and loss	Qualified as hedging	Fair value of the class	Level 1	Level 2	Level 3	Net financial debt
Other loans and receivables	18.2	18.7	36.9	-	36.9	-	-	36.9	-	36.9	-	36.9
Financial assets for concessions	125.4	-	125.4	-	125.4	-	-	125.4	-	125.4	-	-
SUB-TOTAL OF LOANS AND RECEIVABLES	**143.6**	**18.7**	**162.2**	**-**	**162.2**	**-**	**-**	**162.2**	**-**	**162.2**	**-**	**36.9**
Available for sale (AFS) assets	37.5	-	37.5	37.5	-	-	-	37.5	-	-	37.5	-
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	-	-	-	-	-	-	-	-	-	-	-	-
Cash and cash equivalents	-	310.6	310.6	-	-	310.6	-	310.6	25.4	285.2	-	310.6
TOTAL CURRENT AND NON-CURRENT FINANCIAL ASSETS	**181.1**	**329.5**	**510.5**	**37.5**	**162.2**	**310.6**	**0.2**	**510.5**	**25.4**	**447.6**	**37.5**	**347.6**
Bank borrowings	463.7	41.6	505.4	-	505.4	-	-	505.4	-	505.4	-	505.4
Finance leasing	97.5	26.2	123.7	-	123.7	-	-	123.7	-	123.7	-	123.7
SUB-TOTAL OF BORROWINGS	**561.2**	**67.8**	**629.0**	**-**	**629.0**	**-**	**-**	**629.0**	**-**	**629.0**	**-**	**629.0**
of which:			-									
- measured at amortised cost	*561.2*	*67.8*	*629.0*	-	*629.0*	-	-	*629.0*	-	*629.0*	-	*629.0*
- subject to fair value hedge accounting	-	-	-	-	-	-	-	-		-		-
- measured according to the "fair value" option	-	-	-	-		-		-	-	-	-	-
Negative fair value of hedging instruments	-	0.3	0,3	-	-		0.3	0.3	-	0.3	-	0.3
Negative fair value of trading derivatives	-	-	-	-	-	-		-	-	-	-	-
BORROWINGS AND FINANCIAL DEBT	**561.2**	**68.2**	**629.4**	**-**	**629.0**	**-**	**0.3**	**629.4**	**-**	**629.3**	**-**	**629.4**
Bank loans and overdrafts	-	266.4	266,4	-	266.4	-	-	266.4	-	266.4		266.4
Debts relating to commitments to purchase non-controlling interests	9.5	-	9,5	9.5	-	-	-	9.5	-	9.5		-
TOTAL CURRENT AND NON-CURRENT FINANCIAL LIABILITIES	**570.7**	**334.6**	**905.4**	**9.5**	**895.5**	**-**	**0.3**	**905.4**	**-**	**905.3**	**-**	**895.8**
GROUP NET FINANCIAL DEBT	**543.0**	**5.2**	**548.2**	**-**	**858.6**	**(310.6)**	**0.2**	**548.2**	**(25.4)**	**573.5**	**-**	**548.2**

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 2016, the Group held derivative instruments:

- eligible for hedge accounting and recognised as cash flow hedges (CFH);
- or non-eligible for hedge accounting and recognised in 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 31/12/2015**	**Change (1)**	**Reclassified (2)**	**Change (3)**	**Fair value at 31/12/2016**
Interest rates	CFH	0.1	(0.9)	0.1	(0.1)	(0.7)
Interest rates	Trading	-	-	-	-	-
TOTAL INTEREST RATES		**0.1**	**(0.9)**	**0.1**	**(0.1)**	**(0.7)**
Currency	NIH	-	-	-	-	-
Currency	Trading	(0.2)			2.1	1.9
TOTAL CURRENCY		**(0.2)**	**-**	**-**	**2.1**	**1.9**
Commodities	CFH	(6.3)	6.0	3.4	(0.7)	2.4
Commodities	Trading	(0.2)			-	(0.2)
TOTAL COMMODITIES		**(6.5)**	**6.0**	**3.4**	**(0.7)**	**2.2**
TOTAL		**(6.6)**	**5.1**	**3.5**	**1.4**	**3.5**

(1) Changes in market values, which have impacted the other comprehensive income account (reclassifiable reserves) for the financial year.
(2) Reclassifications from equity have had a positive impact of €3.4 million on EBITDA and a positive impact of €0.1 million on financial income / (expense).
(3) Changes in market values that have 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)	31/12/2016			31/12/2015 restated		
	Non-current	**Current**	**Total**	**Non-current**	**Current**	**Total**
Derivative assets						
Cash flow hedges	0.2	2.9	**3.1**	-	0.2	0.2
Fair value hedges	-	-	**-**	-	-	-
Transaction hedges	-	2.0	**2.0**	-	-	-
Net foreign investment hedges	-	-	**-**	-	-	-
TOTAL DERIVATIVE INSTRUMENTS - ASSETS	**0.2**	**4.9**	**5.1**	**-**	**0.2**	**0.2**
Derivative liabilities						
Cash flow hedges	0.2	1.4	**1.6**	-	6.6	6.6
Fair value hedges	-	-	**-**	-	-	-
Transaction hedges	-	0.1	**0.1**	-	0.3	0.3
Net foreign investment hedges	-	-	**-**	-	-	-
TOTAL DERIVATIVE INSTRUMENTS - LIABILITIES	**0.2**	**1.5**	**1.7**	**-**	**6.9**	**6.9**

Management of interest rate risk

The exposure of the Group to interest rate risk stems from its net financial debt. The Group covers this risk by using derivative financial instruments.

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 breakdown of the Group's debt is as follows:

(€ million)	At 31 December 2016	At 31 December 2015 (restated)
Financial debt and long term borrowings	**459.5**	**630.0**
Cash and cash equivalents	**(143.8)**	**(44.2)**
Accrued interest receivable	-	(0.1)
Loans and receivables	(6.6)	(7.2)
Deposits and guarantees	(30.0)	(29.4)
Derivative assets	(2.3)	(0.2)
Profit-sharing	(0.5)	(0.6)
NET FINANCIAL DEBT	**276.3**	**548.1**

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	
	31/12/2016	31/12/2015 restated	31/12/2016	31/12/2015 restated
Fixed rate	210.0	158.7	281.4	246.9
Variable rate	249.5	471.3	178.1	383.1
Total borrowings and debt	**459.5**	**630.0**	**459.5**	**630.0**

Analysis of sensitivity (1 year)

At 31 December 2016, on the basis of a constant net debt, a variation of 50 basis points in market interest rates 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)	(1.0)	0.1	0.4	(0.1)
Derivatives not qualifying as hedges	-	-	-	-
Derivatives qualifying as cash flow hedges	-	0.3	-	(0.3)
ANALYSIS OF SENSITIVITY	**(1.0)**	**0.4**	**0.4**	**(0.4)**

Derivative financial instruments on interest rates 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 31/12/2016					FAIR VALUE IN THE BALANCE SHEET RESTATED AS AT 31/12/2015				
	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	0.2	-	-	-	0.2
DERIVATIVE INSTRUMENTS – ASSETS	**0.3**	**-**	**-**	**-**	**0.3**	**0.2**	**-**	**-**	**-**	**0.2**
Fixed-rate receiver swaps	0.3	-	-	-	0.3	0.1	-	-	-	0.1
Fixed-rate payer swaps	0.7	-	-	-	0.7	-	-	-	-	-
DERIVATIVE INSTRUMENTS – LIABILITIES	**1.0**	**-**	**-**	**-**	**1.0**	**0.1**	**-**	**-**	**-**	**0.1**
INTEREST RATE NET POSITION	**(0.7)**	**-**	**-**	**-**	**(0.7)**	**0.1**	**-**	**-**	**-**	**0.1**

The nominal amounts of derivative financial instruments are detailed below:

(€ million)	31/12/2016		31/12/2015	
	Net long term debt	Net short term debt	Net long term debt	Net short term debt
Fixed-rate receiver swaps	-	-	-	-
Fixed-rate payer swaps	61.0	10	88.0	-
Index swaps	-	-	-	-
Interest rate options	-	-	-	-

All of the interest rate hedging instruments held at 31 December 2016 mature between 2017 and 2024.

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.

The derivative financial instruments held by the Group are considered trading instruments under IAS 39.

Derivative financial 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 31/12/2016					FAIR VALUE IN THE BALANCE SHEET RESTATED AS AT 31/12/2015				
	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	-	-	2.0	-	2.0	-	-	-	-	-
DERIVATIVE ASSETS	**-**	**-**	**2.0**	**-**	**2.0**	**-**	**-**	**-**	**-**	**-**
Currency swaps	-	-	0.1	-	0.1	-	-	0.3	-	0.3
DERIVATIVE LIABILITIES	**-**	**-**	**0.1**	**-**	**0.1**	**-**	**-**	**0.3**	**-**	**0.3**
NET POSITION / FOREIGN EXCHANGE	**-**	**-**	**1.9**	**-**	**1.9**	**-**	**-**	**(0.3)**	**-**	**(0.3)**

The derivative financial instruments hedge mainly transactions in the following currencies: AUD, CAD, DKK, SEK, NOK, AED, USD and GBP.
All of the foreign exchange hedging derivatives held at 31 December 2016 mature in 2017.

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.

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 31/12/2016				FAIR VALUE IN THE BALANCE SHEET RESTATED AS AT 31/12/2015			
	Cash flow hedge	Fair value hedge	Trading	TOTAL	Cash flow hedge	Fair value hedge	Trading	TOTAL
Swaps on petroleum products	2.8	-	-	2.8	-	-	-	-
DERIVATIVES ON COMMODITIES - ASSETS	**2.8**	**-**	**-**	**2.8**	**-**	**-**	**-**	**-**
Swaps on petroleum products	0.6	-	-	0.6	5.8	-	-	5.8
Swaptions on petroleum products	-	-	-	-	0.5	-	0.2	0.7
Diesel options – liability	-	-	0.1	0.1	-	-	-	-
DERIVATIVES ON COMMODITIES – LIABILITIES	**0.6**	**-**	**0.1**	**0.7**	**6.3**	**-**	**0.2**	**6.5**
NET POSITION ON COMMODITIES	**2.2**	**-**	**(0.1)**	**2.1**	**(6.3)**	**-**	**(0.2)**	**(6.5)**

At 31 December 2016 the commodity price derivatives represent a volume of 45,623 tonnes.

	Deadline	
Volumes in tonnes	Maturing in less than a year	Maturing in 1 to 5 years
Swaps and tunnels on diesel reference	39,966	5,657

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 Keolis (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 2016:

- All the investments made and all the derivative financial instruments held by the Group were established with bank counterparties 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 20 February 2016, Keolis S.A. became an additional borrower on the €900 million syndicated loan. This modification allows Keolis S.A. to improve its liquidity and its financing capacity by having direct access to this external source of borrowing.

In June 2016, a credit line was arranged by Keolis S.A. to finance rolling stock: a loan of €10 million, arranged and drawn down on 2 June 2016 repayable in instalments over 8 years. This loan is fully hedged by a derivative financial instrument.

At 31 December 2016, the available, confirmed and undrawn syndicated credit facility is €380 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 new credit line, and the profile of the corresponding forecasted interest charges after taking into account interest rate hedging.

(€ million)	< =1 year	2 years	From 3 to 5 years	> 5 years
Financial debt	7.8	5.5	64.4	6.6
Debt expense	(0.6)	(0.6)	(1.0)	(0.1)
◗ of which interest rate hedges	(0.1)	(0.1)	(0.2)	(0.1)

The forecasted interest charges on the debt are calculated on the gross debt on the basis of the interest rate on 31 December 2016, 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 2016			At 31 December 2015 restated		
	More than a year	Less than a year	Total	More than a year	Less than a year	Total
Pensions	133.6	7.1	**140.7**	127.8	6.3	134.1
Other employee benefits	30.4	0.9	**31.4**	30.9	0.9	31.8
Employment and tax risks	12.2	18.7	**30.9**	11.9	16.1	28.0
Losses on contract termination and loss-making contracts	2.6	-	**2.6**	2.6	2.4	5.0
Contract fines	-	2.3	**2.3**	-	2.9	2.9
Major repairs and maintenance	7.5	21.2	**28.8**	8.6	24.9	33.5
Other	8.1	1.6	**9.7**	7.6	1.8	9.4
TOTAL	**194.5**	**51.7**	**246.3**	**189.4**	**55.3**	**244.7**

Movements during the financial year

(€ million)	At 1 January 2016	Charges	Reversals	Changes in reporting scope	Other movements	At 31 December 2016
Pensions	134.1	10.4	(7.8)	1.0	3.0	140.7
Other employee benefits	31.8	2.8	(0.9)	-	(2.3)	31.4
Employment and tax risks	28.0	13.8	(11.3)	0.2	0.2	30.9
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	33.5	3.5	(8.2)	-	-	28.8
Other	9.4	2.8	(2.6)	-	-	9.7
TOTAL	**244.7**	**36.2**	**(36.7)**	**1.2**	**0.9**	**246.3**

(€ million)	At 1 January 2015 restated	Charges	Reversals	Changes in reporting scope	Other movements	At 31 December 2015 restated
Pensions	119.2	23.0	(9.0)	0.4	0.4	134.1
Other employee benefits	31.1	2.3	(1.4)	-	(0.2)	31.8
Employment and tax risks	29.7	6.4	(8.5)	0.1	0.3	28.0
Losses on contract termination and loss-making contracts	6.6	5.0	(6.6)	-	-	5.0
Contract fines	1.9	2.9	(1.9)	-	-	2.9
Major repairs and maintenance	32.4	5.5	(4.3)	-	(0.2)	33.5
Other	8.0	6.3	(4.9)	0.1	(0.2)	9.4
TOTAL	**228.9**	**51.4**	**(36.6)**	**0.6**	**0.1**	**244.7**

Pensions and similar benefits

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

(€ million)	At 31 December 2016	At 31 December 2015 Restated
Commitments recorded in the statement of financial position:		
Pensions and other post-employment benefits	140.7	134.1
Other employee benefits	31.4	31.8
TOTAL	**172.1**	**165.9**
Of which: Non-current	164.1	158.7
Of which: Current	8.0	7.2

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:

	At 31 December 2016		At 31 December 2015 Restated	
(per cent)	France	Canada	France	Canada
Discount rate	1.21	3.45	1.49	3.30
Rate of increase in salaries	2.2-7.00	N/A	2.00-6.20	N/A
Expected rate of return on assets	1.21	3.30	1.49	3.75

The plan assets break down as follows:

(€ million)	At 31 December 2016		At 31 December 2015 Restated	
	France	Canada	France	Canada
Equities	**0.1**	**5.3**	-	1.4
Bonds	**0.3**	**-**	0.1	5.3
Real estate	**-**	**1.9**	-	0.3
Other	**0.1**	**-**	0.1	-

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

(€ million)	Commitment at 31/12/2016	Service cost 2017	Financial cost 2017
discount rate less 0.25%	144.9	9.4	1.6
discount rate (basic assumption)	140.7	9.1	1.9
discount rate plus 0.25%	138.1	8.8	2.2

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 2016	At 31 December 2015 Restated
Present value of non-financed liabilities	138.8	131.6
Present value of financed liabilities	9.7	9.7
PRESENT VALUE OF TOTAL LIABILITIES	**148.4**	**141.3**
Fair value of pension scheme assets	(7.7)	(7.2)
PRESENT VALUE OF NET LIABILITIES RECOGNISED	**140.7**	**134.1**

Analysis of changes in liabilities and assets

The net present value of the liabilities comprises:

(€ million)	31/12/2016	31/12/2015 Restated
NET PRESENT VALUE OF LIABILITIES AT 1 JANUARY	141.3	127.5
Service cost	8.2	7.0
Financial cost	2.2	1.9
Benefits paid	(7.8)	(9.3)
Employee contributions	-	-
Changes in pension schemes	-	14.1
Actuarial gains/(losses)	2.7	0.7
Foreign exchange translation difference	0.8	(0.6)
Effect of changes in consolidation scope	1.1	(0.1)
Effect of reductions and pension scheme settlements	-	-
NET PRESENT VALUE OF LIABILITIES AT 31 DECEMBER	148.4	141.3

The fair value of the assets comprises:

(€ million)	31/12/2016	31/12/2015 Restated
FAIR VALUE OF PENSION PLAN ASSETS AT 1 JANUARY	7.2	8.1
Expected return on assets	0.2	0.3
Actuarial gains/(losses) on pension fund returns	0.4	0.1
Employer contributions	0.2	0.2
Employee contributions	-	-
Benefits paid	(0.7)	(0.9)
Foreign exchange translation differences	0.4	(0.5)
Effect of changes in consolidation scope	-	-
Effect of reductions and pension scheme settlements	-	-
FAIR VALUE OF PENSION PLAN ASSETS AT 31 DECEMBER	7.7	7.2

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

(€ million)	31/12/2016	31/12/2015 Restated
Impact of changes in assumptions	3.0	(1.5)
Losses/(gains) in the light of experience	(0.7)	2.2
ACTUARIAL LOSSES/(GAINS) FOR THE YEAR	2.3	0.7

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

(€ million)	At 31 December 2016		
	France	Canada	Total
Present value of the liabilities	141.0	7.4	148.4
Fair value of pension scheme assets	(0.5)	(7.2)	(7.7)
NET PRESENT VALUE OF NET OBLIGATIONS	140.5	0.2	140.7

Benefit cost for the financial year

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

(€ million)	31/12/2016	31/12/2015 Restated
Service cost	8.2	7.0
Interest cost	2.2	1.9
Expected return on assets	(0.2)	(0.3)
Depreciation of past service costs	-	14.1
Changes in pension schemes	-	-
TOTAL EXPENSE RECOGNISED IN THE INCOME STATEMENT	**10.2**	**22.7**

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)	31/12/2016	31/12/2015 Restated
OPENING PROVISION AT 1 JANUARY	**134.1**	**119.4**
Newly consolidated companies	1.1	-
Benefit cost for the financial year	10.2	22.7
Used (Benefits / Contributions paid)	(7.3)	(8.6)
Provision charged to/(reversed from) equity	2.3	0.7
Foreign exchange translation differences and other changes	0.4	(0.1)
CLOSING PROVISION AT 31 DECEMBER	**140.7**	**134.1**

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

(€ million)	31/12/2016	31/12/2015 Restated
CUMULATIVE OPENING BALANCE OF CHARGES/(REVERSALS)	**38.8**	**38.3**
Actuarial (gains) / losses for the year	2.3	0.7
Foreign exchange translation differences	0.2	(0.2)
CUMULATIVE CLOSING BALANCE OF CHARGES/(REVERSALS)	**41.3**	**38.8**

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

(€ million)	31/12/2016	31/12/2015 Restated	31/12/2014 Restated	31/12/2013 Restated
Present value of liabilities	148.4	141.3	127.5	111.6
Fair value of pension scheme assets	(7.7)	(7.2)	(8.1)	(7.5)
Surplus (deficit) of the pension scheme	**140.8**	**134.1**	**119.4**	**104.1**
Adjustments related to experience	(0.7)	2.2	2.3	(3.8)

Other employee benefits

Description of commitments and actuarial assumptions

Other employee benefits mainly 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 these 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)	01/01/2016	Charge	Reversals	Change in scope	Foreign exch transl. diff & other	31/12/2016
France – long service awards	16.6	2.0	(0.9)	-	(0.7)	16.9
USA – healthcare expenses of retired employees	15.3	0.8	-	-	(1.6)	14.5
TOTAL	**31.9**	**2.8**	**(0.9)**	**-**	**(2.3)**	**31.4**

The change in the USA related to the provision for healthcare expenses recorded as part of the Boston tender award, counterbalanced by the recording of an intangible asset depreciated over the contract's duration.

5.14 Operating liabilities and other debt

(€ million)	At 31 December 2016	At 31 December 2015 Restated
Trade receivables: advances and deposits received	68.5	34.5
Trade payables	552.6	493.4
Payables to PPE suppliers	40.8	23.0
Payables to staff	468.5	459.8
Central government and local authorities	72.7	92.9
Deferred income	98.0	97.3
Other	83.6	96.7
TOTAL	**1,384.7**	**1,297.7**

In 2016 and 2015, payables to staff included €65 million representing extra holiday entitlements which are guaranteed by the Australian Transport Department. A receivable for the same amount appears under Other receivables.

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

(€ million)	At 31 December 2016	At 31 December 2015 Restated
UNUSED CREDIT LINES	**11.2**	**8.6**
Guarantees given to secure debt	50.2	44.3
Guarantees given for operating commitments	696.7	666.4
Securities provided	-	-
TOTAL COMMITMENTS MADE AND GUARANTEES GIVEN, EXCLUDING OPERATING LEASES	**746.9**	**710.7**

The amount of railway path access entitlements within the “Guarantees given for operating commitments” is €69.2 million at 31 December 2016 compared to €72.0 million at 31 December 2015.

The future minimum payments on operating lease contracts break down as follows:

(€ million)	At 31 December 2016	At 31 December 2015 Restated
Less than one year	188.6	158.8
One to five years	591.0	408.6
More than five years	314.0	131.0
TOTAL	**1,093.5**	**698.5**

Future commitments linked to leases primarily relate to the rental of transport equipment and buildings. They comprise €757.8 million internationally and €335.8 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.

Rentals under leases due in less than one year amount to €19.4 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 €400.4 million including €331.6 million relating to contracts which have not yet started.

Bus and coach contracts

Rental instalments outstanding on these contracts amount to €214.7 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 where appropriate a provision is made in the accounts (see note 5.13).

8 • RELATED PARTY TRANSACTIONS

The revised IAS 24 norm, applicable from 1 January 2011, has modified disclosure obligations for public entities regarding transactions with related parties.

Keolis S.A. is wholly owned by GROUPE KEOLIS S.A.S. 69.69% of GROUPE KEOLIS S.A.S. is owned by SNCF Participations and 30.00% by Caisse de Dépôt et Placement du Québec.

SNCF is a public company with an industrial and commercial activity whose capital is entirely owned by the French State.

8.1 Transactions with GROUPE KEOLIS S.A.S. and Groupe EFFIA

Transactions with GROUPE KEOLIS S.A.S. mainly correspond to general management services.

Transactions with Groupe EFFIA correspond to sub-contracting 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 and directors of Keolis S.A. and the members of the Executive Committee. Remuneration and other short-term benefits paid to these directors amounted to €4.1 million for 9 people in 2016 compared to €4.9 million for 9 people in 2015.

No directors' fees were allotted to members of the Group's management or executive committees.

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

At 31 December 2016, the consolidation scope included:

10.1 Subsidiaries

Name	Country	Method of consolidation	% of shareholding
Aerobag	France	(FC)	100.00%
Aerolignes	France	(FC)	100.00%
Aerolis	France	(FC)	96.55%
Aéroport Angers Marce	France	(FC)	100.00%
Aéroport de Troyes Barberey	France	(FC)	100.00%
Aerosat	France	(FC)	85.00%
Airelle	France	(FC)	100.00%
Autocars Delion SAS	France	(FC)	100.00%
Autocars Eschenlauer	France	(FC)	100.00%
Autocars Planche	France	(FC)	100.00%
Autocars Striebig	France	(FC)	100.00%
Caennaise de Services	France	(FC)	100.00%
Cariane Littoral	France	(FC)	100.00%
Cars de Bordeaux	France	(FC)	100.00%
Cars Planche	France	(FC)	100.00%
Cie Tpts Méditerranéens	France	(FC)	100.00%
Compagnie du Blanc Argent	France	(FC)	99.43%
Entreprise Charles Caron	France	(FC)	100.00%
Fouache Evasion*	France	(FC)	100.00%
Gep Vidal	France	(FC)	100.00%
Holding Striebig	France	(FC)	100.00%
Institut Keolis	France	(FC)	100.00%
Interhone	France	(FC)	100.00%
Keolis	France	(FC)	100.00%
Keolis Abbeville	France	(FC)	99.02%
Keolis Agen	France	(FC)	100.00%
Keolis Aix Les Bains	France	(FC)	100.00%
Keolis Alençon	France	(FC)	100.00%
Keolis Alès	France	(FC)	100.00%
Keolis Amiens	France	(FC)	100.00%
Keolis Angers	France	(FC)	100.00%
Keolis Arles	France	(FC)	100.00%
Keolis Armor	France	(FC)	100.00%
Keolis Arras	France	(FC)	100.00%
Keolis Artois	France	(FC)	100.00%
Keolis Atlantique	France	(FC)	100.00%
Keolis Auch	France	(FC)	100.00%
Keolis Aude	France	(FC)	100.00%
Keolis Baie des Anges	France	(FC)	100.00%
Keolis Bassin d'Arcachon*	France	(FC)	100.00%

Name	Country	Method of consolidation	% of shareholding
Keolis Bassin de Pompey	France	(FC)	100.00%
Keolis Beaune	France	(FC)	100.00%
Keolis Besançon	France	(FC)	99.96%
Keolis Blois	France	(FC)	100.00%
Keolis Bordeaux	France	(FC)	99.99%
Keolis Bordeaux Métropole	France	(FC)	100.00%
Keolis Boulogne sur Mer	France	(FC)	100.00%
Keolis Bourgogne	France	(FC)	99.50%
Keolis Brest	France	(FC)	100.00%
Keolis Bus Verts	France	(FC)	100.00%
Keolis Caen	France	(FC)	100.00%
Keolis Calvados	France	(FC)	100.00%
Keolis Camargue	France	(FC)	100.00%
Keolis Centre	France	(FC)	100.00%
Keolis Chalons-en-Champagne	France	(FC)	99.24%
Keolis Charente Maritime	France	(FC)	99.98%
Keolis Château Thierry	France	(FC)	100.00%
Keolis Chateauroux	France	(FC)	100.00%
Keolis Châtellerault	France	(FC)	100.00%
Keolis Chaumont	France	(FC)	100.00%
Keolis Chauny - Tergnier	France	(FC)	100.00%
Keolis Cherbourg	France	(FC)	100.00%
Keolis CIF	France	(FC)	99.99%
Keolis Conseil et Projets	France	(FC)	100.00%
Keolis Côte d’Azur	France	(FC)	100.00%
Keolis Creil	France	(FC)	100.00%
Keolis Dijon	France	(FC)	100.00%
Keolis Dijon Mobilités	France	(FC)	100.00%
Keolis Drôme Ardèche	France	(FC)	100.00%
Keolis Drouais	France	(FC)	100.00%
Keolis Emeraude*	France	(FC)	100.00%
Keolis en Cévennes	France	(FC)	99.19%
Keolis Epinal	France	(FC)	100.00%
Keolis Eure et Loir	France	(FC)	100.00%
Keolis Garonne	France	(FC)	100.00%
Keolis Gascogne	France	(FC)	100.00%
Keolis Gironde (ex SNCOA)	France	(FC)	100.00%
Keolis Grand Tarbes	France	(FC)	100.00%
Keolis Ille et Vilaine	France	(FC)	100.00%
Keolis Languedoc	France	(FC)	100.00%
Keolis Laval	France	(FC)	100.00%
Keolis Laval Mobilités	France	(FC)	100.00%
Keolis Lille	France	(FC)	100.00%
Keolis Littoral	France	(FC)	100.00%

Name	Country	Method of consolidation	% of shareholding
Keolis Lorient	France	(FC)	100.00%
Keolis Lyon	France	(FC)	100.00%
Keolis Manche	France	(FC)	100.00%
Keolis Maritime	France	(FC)	99.00%
Keolis Maritime Brest	France	(FC)	100.00%
Keolis Marmande	France	(FC)	100.00%
Keolis Mobilité Hauts de Seine	France	(FC)	100.00%
Keolis Mobilité Paris	France	(FC)	100.00%
Keolis Mobilité Roissy	France	(FC)	100.00%
Keolis Mobilités Val de Marne	France	(FC)	100.00%
Keolis Montargis	France	(FC)	100.00%
Keolis Montélimar	France	(FC)	100.00%
Keolis Montluçon	France	(FC)	100.00%
Keolis Morlaix	France	(FC)	100.00%
Keolis Narbonne	France	(FC)	100.00%
Keolis Narbonne Mobilités	France	(FC)	100.00%
Keolis Nevers	France	(FC)	100.00%
Keolis Nîmes	France	(FC)	100.00%
Keolis Nord Allier	France	(FC)	100.00%
Keolis Normandie Seine	France	(FC)	100.00%
Keolis Obernai	France	(FC)	100.00%
Keolis Oise	France	(FC)	100.00%
Keolis Orléans	France	(FC)	100.00%
Keolis Orly Airport	France	(FC)	100.00%
Keolis Orly Rungis	France	(FC)	100.00%
Keolis Oyonnax	France	(FC)	100.00%
Keolis Pays d'Aix	France	(FC)	100.00%
Keolis Pays de Montbéliard	France	(FC)	100.00%
Keolis Pays des Volcans	France	(FC)	100.00%
Keolis Pays Nancéien	France	(FC)	100.00%
Keolis Pays Normands	France	(FC)	100.00%
Keolis PMR Rhône	France	(FC)	100.00%
Keolis Porte de l'Isère	France	(FC)	100.00%
Keolis Pyrénées	France	(FC)	95.16%
Keolis Quimper	France	(FC)	100.00%
Keolis Rennes	France	(FC)	100.00%
Keolis Réseau Départemental Sud Oise	France	(FC)	100.00%
Keolis Roissy Airport	France	(FC)	100.00%
Keolis Roissy Services Aéroportuaires	France	(FC)	100.00%
Keolis Rouen Vallée de Seine*	France	(FC)	100.00%
Keolis Saint Malo	France	(FC)	100.00%
Keolis Saintes	France	(FC)	100.00%
Keolis Seine Essonne	France	(FC)	100.00%
Keolis Seine Maritime	France	(FC)	100.00%

Name	Country	Method of consolidation	% of shareholding
Keolis Seine Senart	France	(FC)	100.00%
Keolis Seine Val de Marne	France	(FC)	100.00%
Keolis Somme	France	(FC)	100.00%
Keolis Sud Allier	France	(FC)	100.00%
Keolis Sud Lorraine	France	(FC)	100.00%
Keolis Touraine	France	(FC)	100.00%
Keolis Tours	France	(FC)	100.00%
Keolis Travel Services	France	(FC)	100.00%
Keolis Trois Frontières	France	(FC)	100.00%
Keolis Urbest	France	(FC)	100.00%
Keolis Val d' Oise	France	(FC)	100.00%
Keolis Val de Maine	France	(FC)	100.00%
Keolis Val de Saone	France	(FC)	100.00%
Keolis Val Hainaut	France	(FC)	96.32%
Keolis Velizy	France	(FC)	100.00%
Keolis Versailles	France	(FC)	100.00%
Keolis Vesoul	France	(FC)	100.00%
Keolis Vichy	France	(FC)	100.00%
Keolis Voyages	France	(FC)	100.00%
Keolis Yvelines	France	(FC)	100.00%
KTA*	France	(FC)	100.00%
Les Autobus d'Arcachon	France	(FC)	100.00%
Les Cars du Bassin de Thau	France	(FC)	100.00%
Les cars Roannais	France	(FC)	100.00%
Les Courriers Catalans	France	(FC)	100.00%
Les Courriers Du Midi	France	(FC)	100.00%
Les Transports Dunois	France	(FC)	100.00%
Loisirs et Voyages	France	(FC)	100.00%
Millau Cars	France	(FC)	100.00%
Monnet Tourisme	France	(FC)	100.00%
Monts Jura Autocars	France	(FC)	100.00%
ORMONTS TRANSPORTS	France	(FC)	100.00%
Pacific Car	France	(FC)	100.00%
Prioris	France	(FC)	100.00%
Réseau en Vosges	France	(FC)	70.00%
S.T.2.L. Westeel	France	(FC)	100.00%
STEFIM	France	(FC)	100.00%
SA Sap Drogoul	France	(FC)	100.00%
SAP Cariane Provence	France	(FC)	100.00%
SCAC	France	(FC)	100.00%
SCAC Bagnis	France	(FC)	100.00%
SEA Albert-Picardie	France	(FC)	50.96%
Setver	France	(FC)	100.00%
SFD	France	(FC)	100.00%

Name	Country	Method of consolidation	% of shareholding
Société d'Exploitation de l'Aéroport Dole Jura	France	(FC)	51.00%
Sodetrav	France	(FC)	95.08%
STCAR	France	(FC)	100.00%
Société des Transports Urbains d'Oyonnax*	France	(FC)	100.00%
Société Rennaise Transports et Services	France	(FC)	100.00%
Société Transports Robert	France	(FC)	100.00%
Société Transports Services Aéroportuaires	France	(FC)	100.00%
TPR	France	(FC)	100.00%
Transports de la Brière	France	(FC)	60.10%
Transports Evrard	France	(FC)	100.00%
Train Bleu St Marcellin	France	(FC)	100.00%
Trans Val de Lys	France	(FC)	99.99%
Transkeo	France	(FC)	51.00%
Transport Daniel Meyer	France	(FC)	100.00%
Var Tour	France	(FC)	94.97%
Voyages Autocars Services	France	(FC)	100.00%
Voyages Chargelègue	France	(FC)	100.00%
Voyages Dourlens	France	(FC)	100.00%
Voyages Fouache SAS	France	(FC)	100.00%
Voyages Monnet	France	(FC)	100.00%
Voyages Striebig	France	(FC)	100.00%
VTS Roissy	France	(FC)	100.00%
Keolis Deutschland Berlin*	Germany	(FC)	100.00%
Keolis Deutschland COKG	Germany	(FC)	100.00%
Keolis Deutschland Verwaltung	Germany	(FC)	100.00%
Schloemer Verkehrsbetrieb Gmbh	Germany	(FC)	100.00%
Striebig Deutschland	Germany	(FC)	100.00%
Striebig Gmbh	Germany	(FC)	100.00%
Australian Transit Enterprises Pty Ltd	Australia	(FC)	51.00%
Hornibrook Bus Lines Pty Ltd	Australia	(FC)	51.00%
Hornibrook Transit Management Pty Ltd	Australia	(FC)	51.00%
KDR Gold Coast PTY LTD	Australia	(FC)	51.00%
KDR Victoria Pty Ltd	Australia	(FC)	51.00%
Keolis Australie Pty	Australia	(FC)	100.00%
Keolis Downer	Australia	(FC)	51.00%
Keolis Downer Bus and Coachlines Property Pty Ltd	Australia	(FC)	51.00%
Keolis Downer Bus and Coachlines Pty Ltd	Australia	(FC)	51.00%
Link SA Pty Ltd	Australia	(FC)	51.00%
Path Transit Pty Ltd	Australia	(FC)	51.00%
South West Transit Pty Ltd	Australia	(FC)	51.00%
Southlink Pty Ltd	Australia	(FC)	51.00%
Autobus de Genval	Belgium	(FC)	100.00%
Autobus Dony	Belgium	(FC)	100.00%
Autobus Dujardin	Belgium	(FC)	100.00%
Autobus Lienard	Belgium	(FC)	100.00%

Name	Country	Method of consolidation	% of shareholding
Cardona-Deltenre	Belgium	(FC)	100.00%
Cars Gembloutois	Belgium	(FC)	100.00%
CINTRA	Belgium	(FC)	100.00%
CINTRAL	Belgium	(FC)	100.00%
De Turck BVBA	Belgium	(FC)	100.00%
Eltebe	Belgium	(FC)	100.00%
Eurobus Holding	Belgium	(FC)	100.00%
Eurobussing Airport*	Belgium	(FC)	100.00%
Eurobussing Brussels	Belgium	(FC)	100.00%
Eurobussing Wallonie	Belgium	(FC)	100.00%
Flanders Bus	Belgium	(FC)	100.00%
Garage du Perron	Belgium	(FC)	100.00%
Gino Tours	Belgium	(FC)	100.00%
Heyerick	Belgium	(FC)	100.00%
Joye	Belgium	(FC)	100.00%
Keolis Vlaanderen	Belgium	(FC)	100.00%
Kibel	Belgium	(FC)	100.00%
L.I.M. Collard-Lambert	Belgium	(FC)	100.00%
Le Cinacien	Belgium	(FC)	100.00%
N.V. Autobusbedrijf Bronckaers	Belgium	(FC)	100.00%
N.V. Autobussen De Reys	Belgium	(FC)	100.00%
NV Aotocars De Boeck	Belgium	(FC)	100.00%
Picavet	Belgium	(FC)	100.00%
Pirnay	Belgium	(FC)	100.00%
Ramoudt Tours	Belgium	(FC)	100.00%
Reniers & C°	Belgium	(FC)	50.02%
S.A.D.A.R.	Belgium	(FC)	100.00%
SA ABC Cars*	Belgium	(FC)	100.00%
Satracom	Belgium	(FC)	100.00%
Sophibus	Belgium	(FC)	100.00%
SPRL Bertrand	Belgium	(FC)	100.00%
SPRL Taxis Melkior	Belgium	(FC)	100.00%
SPRL Truck Bus Repair	Belgium	(FC)	100.00%
SPRL Voyages F. Lenoir	Belgium	(FC)	100.00%
STACA (KBO)	Belgium	(FC)	100.00%
T.C.M. Cars	Belgium	(FC)	100.00%
Transports Penning	Belgium	(FC)	100.00%
Trimi	Belgium	(FC)	100.00%
Van Rompaye NV	Belgium	(FC)	100.00%
Voyages Doppagne	Belgium	(FC)	100.00%
Voyages Nicolay	Belgium	(FC)	100.00%
West Belgium Coach Company	Belgium	(FC)	100.00%
Développement GOE	Canada	(FC)	100.00%
Keolis Canada Inc	Canada	(FC)	100.00%

Name	Country	Method of consolidation	% of shareholding
Keolis Grand River L.P	Canada	(FC)	100.00%
Keolis Danmark	Denmark	(FC)	100.00%
Etablissement Abu Dhabi	United Arab Emirates	(FC)	100.00%
Keolis Espagne	Spain	(FC)	100.00%
Keolis America Inc.	USA	(FC)	100.00%
Keolis Commuter Services LLC	USA	(FC)	60.00%
Keolis Rail Service America	USA	(FC)	100.00%
Keolis Rail Service Virginia	USA	(FC)	100.00%
Keolis Transit America	USA	(FC)	100.00%
Keolis Hyderabad Mass Rapid Transit System Private Limited	India	(FC)	100.00%
Kilux	Luxembourg	(FC)	100.00%
Keolis Norge AS	Norway	(FC)	100.00%
Keolis Nederland Holding	Netherlands	(FC)	100.00%
Syntus	Netherlands	(FC)	100.00%
Keolis UK	United Kingdom	(FC)	100.00%
Keolis-Amey Docklands Ltd	United Kingdom	(FC)	70.00%
Nottingham Trams Ltd	United Kingdom	(FC)	80.00%
CSG Commuter Security	Sweden	(FC)	100.00%
Keolis Nordic	Sweden	(FC)	100.00%
Keolis Spår AB	Sweden	(FC)	100.00%
Keolis Sverige	Sweden	(FC)	100.00%

* Companies removed from the consolidation scope on 31 December 2016

10.2 Joint ventures and associates

Name	Country	Method of consolidation	% of shareholding
CTCOP	France	(EM)	50.00%
Orgebus	France	(EM)	50.00%
RDK	France	(EM)	50.00%
STA Chauny	France	(EM)	50.00%
Scodec	France	(EM)	35.00%
TICE	France	(EM)	19.00%
Trans Pistes	France	(EM)	40.00%
Transévry	France	(EM)	39.43%
Transports de l'agglomération de Metz Métropole	France	(EM)	25.00%
Netlog	Germany	(EM)	33.00%
Shangaï Keolis Public Transport Operation Management Co.	China	(EM)	49.00%
Wuhan Tianhe Airport Transport Center Operation and Management co. LTD	China	(EM)	40.00%
Prometro	Portugal	(EM)	20.00%
RDK LLC	Qatar	(EM)	50.00%
First / Keolis Holdings Limited	United Kingdom	(EM)	45.00%
First / Keolis Transpennine	United Kingdom	(EM)	45.00%
First / Keolis Transpennine Holding Ltd	United Kingdom	(EM)	45.00%
Govia	United Kingdom	(EM)	35.00%
Govia Thameslink Railway Limited	United Kingdom	(EM)	35.00%
London Midland	United Kingdom	(EM)	35.00%
London&South Eastern Railway - LSER	United Kingdom	(EM)	35.00%
New Southern Railway	United Kingdom	(EM)	35.00%
Southern Railway Ltd	United Kingdom	(EM)	35.00%
Thameslink Rail Limited	United Kingdom	(EM)	35.00%

Statutory auditors' report on the consolidated financial statements (For the year ended December 31, 2016)

This is a free translation into English of the statutory auditors' report on the consolidated financial statements issued in the French language and is provided solely for the convenience of English-speaking users. The statutory auditors' report includes information specifically required by French law in such reports, whether modified or not. This information is presented below the opinion on the consolidated financial statements and includes explanatory paragraphs discussing the auditors' assessments of certain significant accounting and auditing matters. These assessments were made for the purpose of issuing an audit opinion on the consolidated financial statements taken as a whole and not to provide separate assurance on individual account captions or on information taken outside of the consolidated financial statements.

This report also includes information relating to the specific verification of information given in the Group's management report.

This report should be read in conjunction with, and is construed in accordance with, French law and professional auditing standards applicable in France.

To the Shareholders,

In compliance with the assignment entrusted to us by your Annual General Meeting, we hereby report to you, for the year ended December 31, 2016, on:

- the audit of the accompanying consolidated financial statements of Keolis;
- the justification of our assessments;
- the specific verification required by law.

These consolidated financial statements have been approved by the Board of Directors. Our role is to express an opinion on these consolidated financial statements based on our audit.

I. OPINION ON THE CONSOLIDATED FINANCIAL STATEMENTS

We conducted our audit in accordance with professional standards applicable in France; those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit involves performing procedures, using sampling techniques or other methods of selection, to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made, as well as the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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 at December 31, 2016 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.

Without qualifying our opinion, we draw your attention to the note 2.4.28 of the consolidated financial statements regarding the change in the accounting method concerning the retirement provision in the United Kingdom.

II. JUSTIFICATION OF OUR ASSESSMENTS

In accordance with the requirements of article L.823-9 of the French Commercial Code (Code du commerce) relating to the justification of our assessments, we bring to your attention the following matters:

- Keolis carries 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 note 2.4.9 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.

- The Company has changed the accounting treatment of pension expense in the United Kingdom to include in the income statement only an estimate of pension expense over the period in which the Group operates the franchise, as described in note 2.4.28. Our work consisted of reviewing the appropriateness of this change in accounting method, reviewing the calculation of the impact of this restatement on the consolidated financial statements as of December 31, 2015, and ensuring that note 2.4.28 to the consolidated financial statements provides appropriate information.

These assessments were made as part of our audit of the consolidated financial statements taken as a whole, and therefore contributed to the opinion we formed which is expressed in the first part of this report.

III. SPECIFIC VERIFICATION

As required by law, we have also verified in accordance with professional standards applicable in France the information presented in the Group's management report.

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

Neuilly-sur-Seine, March 10, 2017

The Statutory Auditors

PricewaterhouseCoopers Audit
French original signed by

Françoise Garnier-Bel

Deloitte & Associés
French original signed by

Bertrand Boisselier

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 2016 have not been audited.

CONTENTS

1 • KEY FIGURES

(€ million)	**31/12/2016**	**31/12/2015 Restated[1]**
Revenue	**5,990.5**	**6,240.7**
Revenue France	2,675.3	2,634.4
Revenue International	3,315.2	3,606.3
Revenue net of sub-contracting	5,797.9	6,057.9
Recurring EBITDA	**277.5**	**286.8**
EBITDA	**257.5**	**259.8**
Recurring operating profit	101.3	110.4
Operating profit before investments under equity method	74.1	84.6
Operating profit after investments under equity method	74.1	84.4
Profit after tax from continuing operations	18.5	17.6
Profit attributable to equity shareholders	**24.2**	**25.2**
Total equity	**515.4**	**202.3**
of which attributable to equity shareholders	*463.7*	*150.8*
Net cash flows from operating activities	**232.1**	**208.2**
Industrial investments	**193.8**	**206.4**
Net financial debt (cash surplus)	**35.8**	**223.9**

(1) See note 2.4.28 on changes made following new accounting methods relating to pensions in the United Kingdom.

2 • INCOME STATEMENT

(€ million)	**31/12/2016**	31/12/2015 Restated[1]
Revenue	**5,990.47**	**6,240.7**
Other income from operations	16.2	20.2
INCOME FROM CONTINUING OPERATIONS	**6,006.7**	**6,260.9**
Sub-contracting	(192.6)	(182.8)
Purchases consumed and external expenses	(2,288.5)	(2,510.4)
Taxes	(15.0)	(15.6)
Staff costs, incentive schemes. profit-sharing	(3,226.7)	(3,183.5)
Other operating income	49.8	48.8
Other operating expense	(44.3)	(120.3)
Net provisions on current assets	(0.5)	(0.9)
Net depreciation and other provisions charged	(195.8)	(197.4)
Profit/(loss) on recurring fixed asset disposals	(1.1)	1.9
Amortisation of grants received	9.3	9.8
RECURRING OPERATING PROFIT	**101.3**	**110.4**
Other non-recurring income	4.7	7.3
Other non-recurring expense	(23.6)	(31.4)
Depreciation and provisions on contractual rights	(8.2)	(1.6)
Of which depreciation of other intangible assets and negative goodwill	-	5.7
PROFIT BEFORE INVESTMENTS UNDER THE EQUITY METHOD	**74.1**	**84.6**
Profit/(loss) from associates	-	(0.3)
PROFIT AFTER INVESTMENTS UNDER THE EQUITY METHOD	**74.1**	**84.4**
Net cost of financial borrowing	(10.4)	(12.2)
Other financial income	5.2	12.2
Other financial expense	(15.9)	(20.1)
FINANCIAL INCOME (EXPENSE)	**(21.1)**	**(20.2)**
NET PROFIT BEFORE TAXATION	**53.0**	**64.2**
Taxation	(34.5)	(46.7)
NET PROFIT FOR THE YEAR	**18.5**	**17.6**
CONSOLIDATED NET PROFIT	**18.5**	**17.6**
Profit attributable to non-controlling interests	5.6	7.6
PROFIT ATTRIBUTABLE TO GROUP	**24.2**	**25.2**

(1) See note 2.4.28 on changes made following new accounting methods relating to pensions in the United Kingdom.

3 • STATEMENT OF FINANCIAL POSITION

ASSETS (€ million)	31/12/2016	31/12/2015 Restated (1)
Goodwill	292.5	271.4
Other intangible assets	208.9	204.7
Property, plant and equipment	769.5	722.6
Investments under equity method	2.2	2.1
Other non-current financial assets	214.5	181.0
Deferred tax asset	59.1	45.0
NON-CURRENT ASSETS	**1,546.6**	**1,426.9**
Inventories and work in progress	97.6	89.0
Trade receivables	411.2	438.3
Other receivables	556.9	538.8
Other current financial assets	15.0	13.5
Cash and cash equivalents	560.8	653.5
CURRENT ASSETS	**1,641.5**	**1,733.0**
TOTAL ASSETS	**3,188.1**	**3,159.9**

(1) See note 2.4.28 on changes made following new accounting methods relating to pensions in the United Kingdom.

LIABILITIES (€ million)	31/12/2016	31/12/2015 Restated (1)
Share capital	346.9	46.9
Reserves and premiums	92.6	78.7
Net profit/(loss) attributable to Group	24.2	25.2
EQUITY ATTRIBUTABLE TO GROUP	**463.7**	**150.8**
Reserves attributable to non-controlling interests	57.4	59.1
Profit for the year attributable to non-controlling interests	(5.6)	(7.6)
EQUITY	**515.4**	**202.3**
Non-current provisions	194.6	189.4
Non-current financial debt	331.0	571.3
Deferred tax liability	50.4	38.4
NON-CURRENT LIABILITIES	**576.0**	**799.1**
Current provisions	51.7	55.3
Current financial debt	143.0	80.7
Bank borrowings	157.8	267.2
Trade payables and other liabilities	1,744.2	1,755.3
CURRENT LIABILITIES	**2,096.7**	**2,158.5**
TOTAL LIABILITIES	**3,188.1**	**3,159.9**

(1) See note 2.4.28 on changes made following new accounting methods relating to pensions in the United Kingdom.

4 • STATEMENT OF CASH FLOWS

(€ million)	31/12/2016	31/12/2015 Restated (1)
Operating profit before investments under equity method	**74.1**	**84.6**
Non-cash items	183.4	175.2
EBITDA	**257.5**	**259.8**
Elimination of provisions in current assets	0.5	0.9
Changes in working capital	8.7	(14.8)
Tax paid	(34.6)	(37.8)
A) NET CASH FROM OPERATING ACTIVITIES	**232.1**	**208.2**
Capital expenditure	(193.8)	(206.4)
Proceeds from sale of tangible and intangible assets	22.6	46.6
Investment grants received	10.3	7.7
Change in financial assets for concessions (IFRIC 12)	(11.5)	(14.2)
Financial investments	(55.7)	(140.3)
Gains/ (losses) from disposal of financial assets	1.0	5.6
Cash flows on changes in reporting scope	3.5	4.7
B) NET CASH FROM INVESTING ACTIVITIES	**(223.7)**	**(296.3)**
FREE CASH FLOW	**8.3**	**(88.1)**
Net dividends paid	(2.5)	(19.6)
Net dividends received	0.1	0.4
Change in equity (other transactions with shareholders)	6.5	38.7
New borrowings	135.0	443.7
Borrowings repaid	(64.5)	(163.1)
Interest received	2.7	2.8
Interest paid	(13.8)	(14.5)
Change in other financial debts	0.2	0.1
Other	(7.8)	(3.7)
C) NET CASH FROM FINANCING ACTIVITIES	**55.8**	**284.9**
D) FOREIGN EXCHANGE TRANSLATION DIFFERENCES	**(47.4)**	**13.7**
CHANGE IN CASH AND CASH EQUIVALENTS (A+B+C+D)	**16.7**	**210.5**
Cash and cash equivalents at beginning of period	386.3	175.8
Cash and cash equivalents at end of period	403.0	386.3
CHANGE IN CASH AND CASH EQUIVALENTS	**16.7**	**210.5**

(1) See note 2.4.28 on changes made following new accounting methods relating to pensions in the United Kingdom.

4. ANNUAL FINANCIAL STATEMENTS

CONTENTS

A Financial statements at 31 December 2016

1 • BALANCE SHEET AT 31 DECEMBER 2016

		Gross	Depreciation - Provision	31/12/2016	31/12/2015
(in euros)					
Uncalled subscribed capital					
INTANGIBLE ASSETS					
Preliminary expenses		35,273	35,273	-	-
Development costs		-	-	-	-
Concessions, patents and related rights		75,171,204	55,482,908	19,688,296	20,779,859
Goodwill		-	-	-	7,856,211
Other intangible assets		25,063,279	-	25,063,279	13,308,518
Advances, down payments for intangible assets		-	-	-	-
PROPERTY, PLANT AND EQUIPMENT					
Land		9,359,261	1,553,583	7,805,678	8,305,923
Buildings		31,007,374	9,102,329	21,905,045	23,281,118
Technical facilities, equipment, machinery		835,133	688,534	146,599	183,732
Other property, plant and equipment		15,470,354	11,716,157	3,754,197	4,075,533
PPE under construction		9,006,828	-	9,006,828	2,250,948
Advances and down payments		606,800	-	606,800	-
NON-CURRENT FINANCIAL ASSETS					
Shareholdings under the equity method		-	-	-	-
Other shareholdings		997,393,461	114,864,917	882,528,543	775,417,960
Receivables from shareholdings		319,107,842	188,432	318,919,410	288,854,885
Other long-term investments		188,361	7,622	180,738	180,738
Loans		657,690	-	657,690	695,548
Other non-current financial assets		1,692,811	-	1,692,811	1,779,617
TOTAL FIXED ASSETS	**(I)**	**1,485,595,670**	**193,639,756**	**1,291,955,914**	**1,146,970,580**
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		162,819	-	162,819	389,429
TRADE RECEIVABLES					
Trade receivables and related accounts		50,390,780	439,404	49,951,376	44,609,783
Other receivables		219,654,528	27,058,795	192,595,734	165,325,742
Subscribed called non paid-up capital		-	-	-	-
MISCELLANEOUS					
Marketable securities held for trading		235,055	-	235,055	18,800,902
Cash		63,121,383	-	63,121,383	112,793,706
ACCRUALS					
Prepayments		1,211,679	-	1,211,679	1,339,394
TOTAL CURRENT ASSETS	**(II)**	**334,776,244**	**27,498,198**	**307,278,046**	**343,258,957**
Unrealised losses on foreign exchange transactions	**(III)**	3,583,026	-	3,583,026	3,763,079
TOTAL ASSETS	**(I TO III)**	**1,823,954,940**	**221,137,955**	**1,602,816,986**	**1,493,992,627**

(in euros) LIABILITIES		31/12/2016	31/12/2015
EQUITY			
Share capital or individual capital		346,851,276	46,851,276
Additional paid-in capital		-	-
Revaluation reserves (1)		1,845,363	1,845,363
Legal Reserve		4,685,128	4,685,128
Statutory or contractual reserves		-	-
Regulated reserves		-	-
Other reserves		131,601,875	94,002,297
Retained earnings brought forward		-	-
Net profit/(loss) for the year		(4,172,555)	37,599,518
Investment grants		742,445	502,000
Regulated provisions		1,536,257	1,420,265
TOTAL EQUITY	**(I)**	**483,089,789**	**186,905,847**
CONTINGENCY AND LOSS PROVISIONS			
Provisions for contingencies		4,345,007	4,571,006
Provisions for charges		1,922,477	4,382,727
TOTAL PROVISIONS	**(II)**	**6,267,484**	**8,953,733**
DEBTS (1)			
Convertible bond issues		-	-
Other bond issues		-	-
Bank borrowings (2)		145,094,107	144,853,373
Loans and other financial debts		213,692,103	466,661,434
Customer advances and down payments		39,067	39,067
Trade payables and related accounts		44,681,646	35,264,145
Tax and social security liabilities		50,010,795	63,070,620
Liabilities on assets and related accounts		10,493,755	5,052,095
Other liabilities		637,382,289	571,475,109
ACCRUALS			
Deferred income		-	845,214
TOTAL LIABILITIES AND ACCRUALS	**(III)**	**1,101,393,762**	**1,287,261,058**
Unrealised gains on foreign exchange transactions	**(IV)**	12,065,951	10,871,989
TOTAL LIABILITIES	**(I TO IV)**	**1,602,816,986**	**1,493,992,627**
(1) Revaluation reserves incorporated in equity		1,845,363	1,845,363
(2) Including bank overdrafts and bank credit balances		145,094,107	144,853,373
Amounts payable after one year		35,431,281	29,929,892
Amounts payable within one year		109,662,826	114,923,481

2 • INCOME STATEMENT AT 31 DECEMBER 2016

(in euros)		31/12/2015	31/12/2014
OPERATING INCOME			
Sales of goods		-	-
Services produced		200,348,991	196 787 773
NET REVENUE		**200,348,991**	**196 787 773**
Production held as inventory		-	-
Capitalised production		6,069,987	5,977,701
Operating grants		8,190	43,205
Reversal of depreciation, provision and expense transfers		5,753,631	5,885,584
Other income		7,780,135	9,457,457
TOTAL OPERATING REVENUE	**(I)**	**219,960,933**	**218,151,720**
Stock purchases (including customs duties)		22	8
Change in inventory of goods		-	-
Purchase raw materials, other supplies (including customs duties)		-	267,995
Change in inventory purchases (raw materials and supplies)		-	-
Other purchases and operating expenses		79,619,887	75,988,151
Taxes and similar payments		9,403,449	9,312,814
Wages and salaries		98,964,303	92,565,343
Welfare contributions		46,628,806	44,009,930
OPERATING ALLOWANCES		-	-
On capital/fixed assets: depreciation expense		11,888,349	13,501,011
On current assets:charges to provisions		373,161	1,500,291
Other charges		5,664,150	10,485,665
TOTAL OPERATING EXPENSES	**(II)**	**252,542,126**	**247,631,210**
1. OPERATING PROFIT/ (LOSS)	**(I - II)**	**(32,581,193)**	**(29,479,490)**

(in euros)		31/12/2015	31/12/2014
JOINT VENTURES			
Attributed profit or transferred loss	**(III)**	**17,048,599**	**17,302,982**
Loss borne or transferred profit	**(IV)**	**4,169,954**	**5,580,697**
FINANCIAL INCOME			
Financial income from shareholdings		12,644,729	35,639,217
Income from non-current financial assets		-	-
Other interest and similar income		3,669,338	7,780,204
Reversal of provisions charged and expense transfers		34,267,852	40,483,343
Foreign exchange gains		14,534,732	22,542,432
Net gains on sales of marketable securities		671	21,151
TOTAL FINANCIAL INCOME	**(V)**	**65,117,322**	**106,466,348**
FINANCIAL EXPENSES			
Financial charges to depreciation and provisions		37,592,678	22,852,543
Interest and similar expenses		6,362,117	8,753,887
Foreign exchange losses		20,187,504	34,001,732
Net expenses on sales of marketable securities		-	-
TOTAL FINANCIAL EXPENSES	**(VI)**	**64,142,299**	**65,608,163**
2. FINANCIAL INCOME / EXPENSE	**(V - VI)**	**975,023**	**40,858,185**
3. RECURRING PROFIT BEFORE TAX	**(I - II + III - IV + V - VI)**	**(18,727,525)**	**23,100,980**
EXCEPTIONAL GAINS			
Exceptional gains on operations		982,000	-
Exceptional gains on equity transactions		11,092,114	13,053,730
Reversal of provisions charged and expense transfers		1,958,640	2,235,324
TOTAL EXCEPTIONAL GAINS	**(VII)**	**14,032,754**	**15,289,054**
EXCEPTIONAL LOSSES			
Exceptional losses on operations		4,255,277	5,114,913
Exceptional losses on equity transactions		10,188,123	10,378,469
Exceptional charges to depreciation and provisions		2,247,029	685,323
TOTAL EXCEPTIONAL LOSSES	**(VIII)**	**16,690,429**	**16,178,705**
4. EXCEPTIONAL INCOME/ (LOSS)	**(VII - VIII)**	**(2,657,674)**	**(889,650)**
Employee profit-sharing	**(IX)**	-	-
Corporate income tax	**(X)**	(17,212,644)	(15,388,189)
TOTAL INCOME	**(I + III + V + VII)**	**316,159,608**	**357,210,104**
TOTAL CHARGES	**(II + IV + VI + VIII + IX + X)**	**320,332,162**	**319,610,586**
5. NET PROFIT/ (LOSS)		**(4,172,555)**	**37,599,518**

B Notes to Annual Financial Statements

1 • SIGNIFICANT EVENTS OF THE FINANCIAL YEAR

Subscription to the capital increases of subsidiaries
Pursuant to regulations on the trade's practices relating to the financial capacity of public passenger transportation businesses, Keolis S.A. subscribed to capital increases in its subsidiaries in 2016 for a total amount of €32,210,732.50.

Keolis S.A. issued 25,000,000 new shares of €12 nominal value. GROUPE KEOLIS S.A.S. subscribed to the totality of this increase in share capital through the creation of a €300 million receivable.

"Better fortunes" obtained
Following subsidies granted by Keolis S.A. to its subsidiaries in prior financial years containing "return to better fortune" clauses, an entitlement amounting to €982,000 was recognised under exceptional income / loss at 31/12/2016.

(in euros)

Subsidiary name	Better fortunes obtained
Keolis Montluçon	45,000
Millau Cars	15,000
Keolis Côte d'Azur	200,000
Keolis Saint Malo	22,000
Keolis Touraine	700,000
TOTAL	**982,000**

2 • ACCOUNTING PRINCIPLES, RULES AND METHODS

The financial statements are prepared in accordance with 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 basic method used to value the items in the accounts is the historical costs method.
In preparing the financial statements, the adjustments to the general accounting plan PGC (articles 111-1 and 831-1/1) were not used.

Change in accounting method
The changes introduced by regulation ANC 2015-06 applicable prospectively to financial years beginning on or after 1 January 2016 concern the measurement of tangible and intangible assets and goodwill before their date of entry and the technical losses from mergers. They have resulted in a reallocation and, in certain cases, a change in the method of measuring the company's goodwill (prospective application):
- The technical losses from mergers and the transfer of all assets and liabilities are allocated in the balance sheet to the same item as the assets to which they are allocated, in specific technical losses from mergers accounts (in tangible assets, intangible assets, financial assets or current assets). They are amortised, impaired and derecognised from the balance sheet using the same methods as the underlying assets.

There was no impact on the 2016 financial result arising from the application of these new measures.

The main accounting policies used are described below.

2.1 Intangible assets
Intangible assets are valued either at cost of acquisition, or when produced, at their production cost or revalued amount, according to legal requirements.
This item mainly concerns the cost of systems' software acquired which is amortized over 5 years for IT projects and 3 years for desktop software.
Intangible assets in progress correspond to expenditure in

connection with the implementation of IT projects, and therefore include all expenses that can be directly attributed to projects and which are necessary in creating, producing and preparing the asset in order to be able to function with the use intended by management.

2.2 Tangible assets

Tangible assets are valued at their acquisition cost (purchase price and incidental expenses) or their production cost.

Methods and depreciation periods are:

	Duration	Method
Buildings	15 to 20 years	Linear
Equipment and tooling	5 to 10 years	Linear
Office equipment and furniture	5 to 10 years	Linear
Automotive equipment		
◗ New Vehicles		
• Commercial vehicles (GVM under 3.5 t.)	5 years	Linear
• Coaches and buses	10 to 15 years	Linear
◗ Used Vehicles	2 to 14 years	Linear

2.3 Financial assets

Equity and other investments

Equity investments are recorded at acquisition cost. If the acquisition value is greater than the inventory or utility value, an impairment is recognised for the difference. For each of the holdings, the utility value is determined on the basis of a range of valuation methods (discounted cash flow, revalued net position).

Technical losses from mergers

Following adoption of regulation ANC 2015-06, technical losses from mergers and the transfer of all assets and liabilities concerning financial assets are allocated in the balance sheet to a "merger losses on financial assets" account. They correspond to the negative difference between the net assets and liabilities received and the net carrying amount of the investment in the absorbed company. For each of the investments, the inventory value is determined by taking into account the future cash flows that the activity may generate. An impairment is recorded, where necessary, which may not be reversed.

Other financial assets are stated at their acquisition cost. Where applicable, an impairment is recorded if their utility value falls below their acquisition cost.

Receivables related to equity and current accounts

Receivables related to equity and current accounts are recorded at nominal value.
When equities are fully depreciated and the net assets of the subsidiary is negative, an impairment of all receivables related to equity and current accounts is recorded due to the risk of loss of these receivables following the transfer or cessation of the activities of the subsidiary.

2.4 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 currencies are converted at the year-end exchange rate of the functional currency. Foreign exchange differences resulting from this adjustment with the transaction date exchange rate appear under "foreign exchange translation differences". Unrealised foreign exchange losses are subject to a provision for liabilities, unrealised foreign exchange gains are not recorded in the income statement.

2.5 Marketable securities

These are recorded at their acquisition cost. Where applicable, an impairment is recorded for each line of securities of a similar nature, in order to bring their value to their average closing price, or their probable trading value for unlisted securities.

2.6 Cash

Cash balances in foreign currencies are converted at the closing exchange rate of the financial period. Foreign exchange differences resulting from this adjustment with the transaction date exchange rate appear under "foreign exchange translation differences".

2.7 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 uncompensated outflow of resources.

2.8 Employee benefits

Employee benefits include 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 as follows:

- Discount rate 1.21%
- Long-term expected inflation rate 1.75%
- Rate of salary increases 6.00%
- Mobility rate 6.30%
- Type of retirement At the initiative of the employee
- Mortality table INSEE TD/TV 2012 – 2014

These commitments appear under off-balance sheet commitments.

2.9 Profit from joint ventures

The profit or loss from joint ventures in which Keolis S.A. holds an interest are recorded under "Attributed profit or transferred loss" and "Loss borne or transferred profit".

2.10 Tax status

The results of the company are integrated within the framework of a tax group. The Group's tax parent company is the Company GROUPE KEOLIS S.A.S. Procedures provide that tax is calculated as if the company were taxed separately.

Any savings achieved by the parent company from the tax losses and long-term capital losses of the subsidiary are taken by the former in its income statement. However, these are reallocated to the subsidiary as and when it generates future profits.

2.11 *Crédit d'Impôt pour la Compétitivité et l'Emploi* (CICE)

The CICE, which is a tax credit, is recognised as a deduction from corporate income tax.

3 • USE OF ASSESSMENTS IN THE PREPARATION OF FINANCIAL STATEMENTS

For the preparation of annual accounts, Keolis S.A. management may be required to make estimates and assumptions that affect the book value of assets and liabilities, revenues and expenses as well as information on assets and liabilities. Actual results could differ substantially from these estimates.

The estimates and underlying assumptions are made from past experience and other factors considered reasonable in the circumstances. They serve as the basis for the exercise of judgment required in determining the carrying amounts of assets and liabilities that cannot be obtained directly from other sources. Actual values may differ from these estimates.
The estimates and underlying assumptions are reviewed on an ongoing basis. In particular, disputes and litigation in progress or with employees, that have been subject to review by the management with their advisers or lawyers in order to reflect the risk on the valuation of assets or liabilities.

The impact of changes in accounting estimates is recorded during the period of change if it affects only that period or during the period of change and future periods if they are also affected by the change.

4 • FINANCIAL INSTRUMENTS

Keolis S.A. uses derivative financial instruments to manage its exposure to financial risks resulting from its operation, financial and investing activities:

- interest rate risk;
- foreign exchange risk;
- commodities risk.

At the year end, unrealized gains are not recognised. Unrealised losses are booked except when they relate to instruments qualified as hedges entered into in 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, foreign exchange and commodities 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.

4.1 Interest rate risk relating to the variable rate portion of its financial debt

Two credit facilities have been arranged:

- A loan of €15 million taken out at Société Générale, set up and drawn on 15 October 2015, repayable in instalments over 8 years, to finance rolling stock. This loan is fully hedged by a derivative financial instrument;
- A loan of €5 million taken out at the Banque Publique d'Investissement (BPI), set up in December 2014 and drawn in February 2015. This credit facility was amended on 7 December 2015 to increase its amount to €7 million repayable over 3 years.

On 20 February 2016, Keolis S.A. became an additional borrower on the €900 million syndicated loan. This modification allows Keolis S.A. to improve its liquidity and its financing capacity by having direct access to this external source of borrowing.

In June 2016, a credit line was arranged by Keolis S.A. to finance rolling stock: a loan of €10 million, arranged and drawn down on 2 June 2016 repayable in instalments over 8 years. This loan is fully hedged by a derivative financial instrument.

At 31 December 2016, the available, confirmed and undrawn syndicated credit facility is €380 million. This credit line is available to GROUPE KEOLIS S.A.S. and Keolis S.A.

The distribution of debt between fixed and variable rates, excluding and including the derivatives portfolio is respectively:
(€ million)

Split excluding derivatives (€M)	31/12/2016	31/12/2015
Variable rates	29.2	22
Fixed rates	-	-

(€ million)

Split including derivatives (€M)	31/12/2016	31/12/2014
Variable rates	7	7
Fixed rates	22.2	15

For hedging purposes, the €7 million credit line obtained from the BPI was incorporated into the calculation of total debt contracted by GROUPE KEOLIS S.A.S.

4.2 Currency 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 rates of these intra-group loans.

The derivative financial instruments used by Keolis S.A. are standard, liquid and market-available:
- forward and futures sales and purchases;
- foreign exchange swaps.

Loans and borrowings are revalued on the closing date to the closing price. The revaluation differences, positive or negative, are recorded as financial income. Symmetrically, the variation in value of these derivative financial instruments subscribed to cover these intra-group loans is also recorded in financial income.

Loan hedges that were still open at 31 December 2016 are as follows:

Hedging instruments	Nominal	Maturity
Forward sell AUD / EUR swaps	AUD 0.8M	2017
Forward sell CAD / EUR swaps	CAD 40.0 M	2017
Forward sell DKK / EUR swaps	DKK 364.6 M	2017
Forward sell GBP / EUR swaps	GBP 3.4 M	2017
Forward purchase SEK / EUR swaps	SEK 538.0	2017
Forward sell USD / EUR swaps	USD 97.5 M	2017

4.3 Commodity 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.

At 31 December 2016 the commodity price derivatives represent a volume of 37,450 tonnes.

Volumes in tonnes	Maturing in less than a year	Maturing in 1 to 5 years
Swaps and tunnels on diesel reference	32,500	4,950

5 • NOTES ON THE BALANCE SHEET

5.1 Fixed assets

Gross values

(in € thousand)		Gross value at start of year	Increase	Decrease	Transfers between items	Gross value at end of year
INTANGIBLE ASSETS						
Concessions, patents, licences		**68,054**	6,628	(43)	568	**75,206**
Goodwill		**24,871**	-	-	(24,871)	**-**
Other intangible assets		**13,309**	12,322	-	(568)	**25,063**
TANGIBLE ASSETS						
Land and development		**9,860**	160	(660)	-	**9,359**
Buildings	- on own land	**27,262**	-	-	77	**27,339**
	- on other land	**1,808**	-	-	-	**1,808**
	- general facilities	**2,047**	-	(186)	-	**1,861**
Plant, equipment, tooling		**828**	8	-	-	**835**
Office and computer equipment and furniture		**13,813**	1,822	(165)	-	**15,470**
Assets under construction		**2,251**	6,833	-	(77)	**9,007**
Prepayments and downpayments on assets			607	-	-	**607**
FINANCIAL ASSETS						
Holdings (*)		**1,158,501**	172,911	(39,782)	24,871	**1,316,501**
Other fixed investments		**188**	-	-	-	**188**
Loans and other financial assets		**2,475**	-	(125)	-	**2,351**
GRAND TOTAL		**1,325,266**	**201,290**	**(40,961)**	**-**	**1,485,595**

* see note p. 104 : Technical losses from mergers

Assets under construction
Intangible assets in progress focus primarily on the design, development and deployment of new operations, pre-payroll and maintenance software solutions. Implementation is carried out by internal and external teams.
Tangible assets under construction are mainly related to real estate.

Investments
The major acquisitions in the the year are:
- Transports Daniel Meyer: €39,038 thousand
- Keolis Danmark: €10,406 thousand.

The main subscriptions by Keolis S.A. to the capital of its subsidiaries are:
- Keolis Nordic: €37,679 thousand
- Keolis Lille: €16,450 thousand
- Keolis America: €7,971 thousand
- Keolis Lyon: €4,000 thousand
- Aérolis: €3,500 thousand
- Keolis Pays d'Aix: €2,500 thousand
- Keolis Brest: €1,300 thousand

The major decreases in the year come from disposals and liquidations. They are as follows:
- Compagnie des Transports Méditerranéens: €9,279 thousand
- Keolis Touriscar Ain: €1,715 thousand

Receivables related to investments
The major increases in the year are:
- Keolis Canada: €6,980 thousand
- Keolis Bordeaux Métropole: €5,720 thousand
- Keolis Bus Danmark: €4,196 thousand
- Keolis Lille: €3,400 thousand

The main decreases in the year:
- Keolis UK: €11,475 thousand
- Keolis Australia: €2,556 thousand.

Depreciation and amortisation

(€ thousand)		Depreciation at start of year	Increase	Decrease	Depreciation at year end
INTANGIBLE ASSETS					
Intangible assets		47,283	8,278	(43)	55,518
TANGIBLE ASSETS					
Land and development		1,500	-	-	1,500
Buildings	- on own land	4,760	1,348	-	6,107
	- on other land	1,034	101	-	1,135
	- general facilities	2,042	4	(186)	1,860
Plant, equipment and tooling		644	45	-	689
Other tangible assets		9,738	2,112	(134)	11,716
TOTAL		**67,001**	**11,888**	**(363)**	**78,525**

5.2 Receivables

(in € thousand)	Gross amount	Due in less than one year	Due in more than one year
FIXED ASSETS			
Receivables related to investments	319,108	2,556	316,552
Loans	846	-	846
Other financial assets	1,693	-	1,693
CURRENT ASSETS			
Prepayments and deposits made	163	163	-
Trade receivables and related accounts	50,391	50,391	-
Other receivables (1)	219,655	219,655	-
Deferred charges	1,212	1,212	-
TOTAL	**593,067**	**273,975**	**319,091**

(1) Other receivables: these include in particular €128,643 thousand of current accounts and €17,042 thousand of share of profits from joint ventures.

Details of accrued income at 31 December 2016

(in € thousand)

Accrued interest on advances and current accounts	2,875
Customer invoices outstanding	22,591
Supplier credit notes outstanding	36
Tax and social security receivables	184
TOTAL	**25,686**

5.3 Details of prepayments and deferred income

Details of prepaid expenditure at 31 December 2016

(in € thousand)

Rent and charges	1,212
TOTAL	**1,212**

5.4 Equity

(in € thousand)	Amount at 31/12/2015	Distributions 2016	Profit 31/12/2016	Capital increase	Other movements	Amount at 31/12/2016
Capital	46,851	-	-	300,000	-	346,851
Revaluation difference	1,845	-	-	-	-	1,845
Legal reserve	4,685	-	-	-	-	4,685
Other reserves	94,002	37,600	-	-	-	131,602
Profit for the year	37,600	(37,600)	(4,173)	-	-	(4,173)
Regulated provisions	1,420	-	-	-	116	1,536
Investment grants	502	-	-	-	240	742
TOTAL	**186,906**	**-**	**(4,173)**	**300,000**	**356**	**483,090**

The General Meeting of 12 April 2016 allocated the profit of the 2015 financial year, amounting to €37,599,518.44, as follows:

(in € thousand)

Profit for the year	37,600
Retained earnings brought forward	-
DISTRIBUTABLE PROFIT	**37,600**
Other reserves	-
TOTAL	**37,600**
Dividends paid	-
Other reserves	37,600

Share capital

At 31 December 2016, capital is fixed at the sum of 346,851,276 euros divided into 28,904,273 shares of nominal value of €12.

Regulated provisions

Regulated provisions notably include €1,134 thousand for depreciation, including €116 thousand charged in the year.

5.5. Provisions

(en milliers d'euros)	At start of year	Increase	Decrease	transfers between items	Other	At year end
REGULATED PROVISIONS	1,420	116	-	-	-	1,536
PROVISIONS FOR CONTINGENCIES AND LOSSES						
Provisions for disputes	808	248	(294)	-	-	762
Provisions for foreign exchange losses	3,763	3,583	(3,763)	-	-	3,583
Provisions for charges	3,409	2,159	(4,672)	-	-	896
Provisions for long service awards	974	101	(48)	-	-	1,027
ASSET DEPRECIATION						
Goodwill	17,006	-	-	(17,006)(2)	-	-
Land	54	-	-	-	-	54
Depreciation of investments	77,656	29,506	(7,588)	17,006(2)	(1 715)(3)	114,865
Depreciation of other financial assets	16,580	-	(16,384)	-	-	196
Depreciation of client accounts	439	-	-	-	-	439
Other depreciation (1)	29,116	4,503	(6,533)	-	(28)	27,058
TOTAL	**151,225**	**40,216**	**(39,282)**	**-**	**(1,743)**	**150,416**

(1) composed primarily of write-downs of Group current accounts.
(2) see note p. 103 change in accounting method
(3) The decrease in depreciation concerns the transfer of all assets and liabilities from Keolis Touriscars Ain to Keolis S.A.

Reversals of provisions used amount to €1,886 thousand, including €154 thousand related to provisions for disputes.

Depreciation of investments

The major increases in the year are:

- Keolis Baie des Anges €8,775 thousand
- Keolis Pays d'Aix €5,010 thousand
- Aérolis €3,500 thousand
- Kisio Solution €2,879 thousand
- GEP Vidal €2,087 thousand
- Caron Voyages €1,928 thousand

The major decreases in the year are:

- Keolis Nord Allier €2,526 thousand
- Keolis Pays Normand €1,268 thousand
- Transports de la Brière €1,221 thousand
- Keolis PMR Rhône €904 thousand

5.6 Liabilities

(in € thousand)	Gross amount	Up to 1 year	Between 1 and 5 years
Bank borrowings [(1)]	145,094	109,663	35,431
Loans and other financial debts	213,692	406	213,286
Trade payables and related accounts	44,682	44,682	-
Tax and social security debts	50,011	50,011	-
Debts on assets and related accounts	10,494	10,494	-
Other liabilities [(2)]	637,421	637,421	-
TOTAL	**1,101,394**	**852,677**	**248,717**

(1) Includes €59,663 thousand of creditor bank balances.
(2) Other liabilities: include short-term current account deposits and cash pooling from subsidiaries of €628,273 thousand.

Details of accrued liabilities at 31/12/2016
(in € thousand)

Accrued interest on advances and current accounts	495
Supplier invoices not received	41,537
Tax and social security liabilities	35,447
Discounts and rebates	2,155
TOTAL	79,634

Details of borrowing
Borrowings can be broken down as follows:
(in € thousand)

Other bond issues and borrowing

Loans from credit institutions	85,431
Creditor bank balances	59,663
TOTAL	145,094

Loans and other financial debts

Current account advances to subsidiaries	212,990
Guarantee deposits received on rented property	295
Other financial liabilities	406
TOTAL	213,692

6 • NOTES ON THE INCOME STATEMENT

6.1 Analysis of turnover

The Company generates the vast majority of its revenue in France. Revenue generated abroad amounts to 7,159,919,13 euros.

6.2 Details of other income and expenses

(in € thousand)

Other operating income

Gains on diesel hedging	2,521
Supplier discounts	5,229
Other	31
TOTAL	7,780

Other operating expenses

Losses on diesel hedging	5,107
Royalties	538
Other	19
TOTAL	5,664

6.3 Transfers of expenses

(in € thousand)

Government vocational training agency refunds	588
Insurance	2,109
other	1
TOTAL	2,698

6.4 Financial income and expense

(in € thousand)	Income	Expense	Balance
Income from investments	73	-	73
Depreciation and provisions, net of reversals	34,268	(37,593)	(3,325)
Interest on current accounts	12,571	(2,278)	10,294
Interest on loans	-	(714)	(714)
Foreign exchange gains / losses	14,535	(20,188)	(5,653)
Income from sale of marketable securities	1	-	1
Technical gains/losses on mergers	389	(56)	333
Other financial income and expense	3,280	(3,315)	(35)
TOTAL	**65,117**	**(64,142)**	**975**

6.5 Exceptional gains and losses

(in € thousand)	Gains	Losses	Balance
Staff related expenditure	-	(4,185)	(4,185)
Income / (loss) from intangible asset disposals	1	(10)	(9)
Income / (loss) from tangible asset disposals	-	(660)	(660)
Income / (loss) from financial asset disposals	11,088	(9,518)	1,570
Other exceptional income (inc. better fortunes on 2011 subsidies[1])	982	-	982
Depreciation and provisions, net of reversals	1,959	(2,247)	(288)
Other exceptional items	3	(70),	(67)
TOTAL	**14,033**	**(16,690)**	**(2,658)**

(1) See details of return to better fortunes, page 103.

6.6 Corporate income tax

The corporate income tax for the year consists of:

(in € thousand)	Profit before tax	Tax due	Net profit
Current	(18,916)	-	(18,916)
Exceptional	(2,658)	-	(2,658)
CICE	-	(15,742)	15,742
Other tax credits	-	(1,471)	1,471
TOTAL	**(21,574)**	**(17,213)**	**(4,361)**

Increase and reduction in future tax liabilities
The deferred tax bases are as follows:

(€ thousand)	Deferred tax base at 1 January 2016	Increase	Decrease	Deferred tax base at 31 December 2016
PROVISIONS AND DEFERRED CHARGES				
Provisions for foreign exchange losses	3,763	3,583	(3,763)	3,583
Other provisions	686	-	(73)	613
Other temporary differences				
Contribution Sociale de Solidarité	616	613	(615)	614
Translation difference - liability	10,872	12,066	(10,872)	12,066
Translation difference - asset	(3,763)	3,763	(3,583)	(3,583)
Income subject to deferred taxation	845	-	(845)	-
Other	51	-	-	51
TOTAL	**13,069**	**20,025**	**(19,751)**	**13,343**

7 • OTHER INFORMATION

7.1 Financial commitments

Other financial commitments
Two credit facilities have available to Keolis S.A. since 2015:
- A loan of €15 million taken out at Société Générale, set up and drawn on 15 October 2015, repayable in instalments over 8 years, to finance rolling stock. This loan is fully hedged by a derivative financial instrument;
- A loan of €5 million taken out at the Banque Publique d'Investissement (BPI), set up in December 2014 and drawn in February 2015. This credit facility was amended on 7 December 2015 to increase its amount to €7 million repayable over 3 years.

On 20 February 2016, Keolis S.A. became an additional borrower on the €900 million syndicated loan. This modification allows Keolis S.A. to improve its liquidity and its financing capacity by having direct access to this external source of borrowing.

In June 2016, a credit line was arranged by Keolis S.A. to finance rolling stock: a loan of €10 million, arranged and drawn down on 2 June 2016 repayable in instalments over 8 years. This loan is fully hedged by a derivative financial instrument.

At 31 December 2016, the portfolio of guarantees and securities given by Keolis S.A. breaks down as follows.

Bank guarantees (guarantees and endorsements): €407.6 million
Parent company guarantee: €1,005.2 million

7.2 Pension and long service award commitments

Retirement payments
The amount of pension liabilities at 31 December 2016 stood at €30,947 thousand.
This sum is not provided for in the annual financial statements and appears under financial commitments.

Long service awards
The amount provisioned in the annual financial statements at 31 December 2016 related to long service awards stands at €1,026 thousand.

7.3 Leasing commitments

The booking as capital assets and depreciation of goods financed by leasing would have resulted in the following values at 31 December 2016:

ASSETS UNDER LEASE (€ thousand)	Initial cost	Depreciation charges		Net value
		In year	Accumulated	
Land	278	-	-	278
Buildings	1,517	-	1,517	-
Transport equipment	912	40	855	57
TOTALS	**2,707**	**40**	**3,372**	**335**

Commitments at 31 December 2016 are as follows:

LEASING COMMITMENTS (in € thousand)	Rentals paid		Rentals yet to be paid				
	In year	Accumulated	Up to 1 year	Between 1 year and 5 years	+ 5 years	Total to be paid	Residual purchasing price
Land, buildings	-	1,239	-	-	-	-	-
Transport equipment	-	2,574	-	-	-	-	-
TOTALS	**-**	**3,813**	**-**	**-**	**-**	**-**	**-**

7.4 Contractual obligations

The operating leases taken out mainly by Keolis S.A. subsidiaries on vehicles (coaches and buses) are signed with financial institutions for periods not exceeding eight years; the residual value is equal to the projected market value at the end of the rental period. Rentals excluding VAT still outstanding at 31 December 2016 amounted to €214.7 million.

Keolis S.A. provides an undertaking to continue the rental 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.

7.5 Personal Training Account

The *compte personnel de formation* (CPF) replaced the droit individuel de formation (DIF) on 1 January 2015, taking over the training entitlements accrued at 31 December 2014. It is funded by the single contribution to the state-approved collecting bodies which have replaced the companies as responsible for its management.

7.6 Number of employees

The average annual headcount can be broken down as follows:

	31/12/2016	31/12/2015
Executives	1,285	1,203
Supervisors and technicians	167	175
Employees	28	30
TOTAL	**1,480**	**1,408**

7.7 Remuneration of directors

No directors' fees are allotted to members of the Group's management or executive committees.

Remuneration of members of management bodies

No remuneration was paid to members of the Group's management bodies during 2016.

7.8 Post-balance sheet events

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

7.9 Identity of the consolidating company

The Company belongs to a Group whose consolidating company is GROUPE KEOLIS S.A.S., incorporated and domiciled in France, under SIRET number 49432127600037, headquartered at 20/22 Rue Le Peletier, 75009 Paris.

The consolidated accounts of GROUPE KEOLIS S.A.S. are established in accordance with articles L.233-16 to L.233-28 of the French Commercial Code.

Information on subsidiaries and non-consolidated investments (position at 31 December 2016)

DETAILED INFORMATION ON SHAREHOLDINGS WHOSE CARRYING AMOUNTS EXCEED 1% OF THE CAPITAL OF THE COMPANY REQUIRED TO PUBLISH ITS FINANCIAL STATEMENTS

A - SUBSIDIARIES (AT LEAST 50% OF CAPITAL HELD BY THE COMPANY)

(€ thousand) Companies or groups of companies	Equity at 31 December 2015		Percentage of capital held at 31 December 2016	Gross value of securities held at 31 December 2016	Net carrying value of securities held at 31 December 2016	Loans and advances granted by the Company and not refunded in credit at 31 December 2016	Amount of deposits and guarantees supplied by the Company at 31 December 2016	Revenue excl. VAT for financial year ended 31/12/2015	Net profit or loss (-) for financial year ended 31/12/2015	Dividends collected by the Company during the 2016 financial year
	Share capital	Other equity								
1) FRENCH SUBSIDIARIES										
Keolis Chalons en Champagne Chemin des Grèves - BP 68 - 51000 Chalons-en-Champagne	148	641	99.24	861	861	-2,626	-	7,141	353	-
Keolis Oyonnax Rue de la Tuilerie - 01100 Arbent	90	3	99.98	90	90	-80	-	1,944	6	-
Sté des Transp. de l'Agglo.de Chauny 150 Avenue Jean Jaurès - 02300 Chauny	8	15	50.00	4	-	-	-	-	-12	-
Keolis Château-Thierry 5 rue Vallée - 02400 Château-Thierry	25	21	100.00	25	25	-394	-	2,058	16	-
Keolis Chauny-Tergnier 150 avenue Jean Jaurès - 02300 Chauny	45	25	100.00	45	45	-828	-	1,373	12	-
Keolis Montluçon Rue des Canaris - 03100 Montluçon	197	153	100.00	197	197	-163	-	5,423	38	-
Keolis Sud Allier 14 boulevard Alsace Lorraine - 03300 Cusset	325	1,927	100.00	3,088	3,088	705	-	6,744	-160	-
Keolis Vichy Boulevard Alsace Lorraine - 03300 Cusset	300	634	100.00	660	660	-615	-	3,563	100	-
Keolis Alpes Maritimes 840 Avenue Emile Hugues - 06140 Vence	220	434	99.79	1,982	1,982	12,304	-	2,333	202	-
Keolis Garonne ZI de Bonzom - 09270 Mazères	38	769	100.00	1,668	1,668	23	-	5,217	-174	-
Société de gestion de l'Aéroport de Troyes en Champagne 20-22 rue Le Peletier - 75009 Paris	10	-33	100.00	10	-	32	-		-7	-
Keolis Aude Pech Loubat - 11000 Narbonne	1,783	-725	100.00	2,857	2,857	840	-	9,505	188	-
Keolis Narbonne Mobilité Avenue de Pech Loubat 11000 Narbonne Cedex	720	-731	100.00	870	45	-127	-	9,000	-182	-
Keolis Aveyron Millau Cars ZA Saint Martin - 8 Impasse de l'Aigoutal - 12100 Creissels	126	156	100.00	624	624	-185	-	1,467	-	-

(€ thousand) **Companies or groups of companies**	Equity at 31 December 2015		Percentage of capital held at 31 December 2016	Gross value of securities held at 31 December 2016	Net carrying value of securities held at 31 December 2016	Loans and advances granted by the Company and not refunded in credit at 31 December 2016	Amount of deposits and guararantees supplied by the Company at 31 December 2016	Revenue excl. VAT for financial year ended 31/12/2015	Net profit or loss (-) for financial year ended 31/12/2015	Dividends collected by the Company during the 2016 financial year
	Share capital	Other equity								
Keolis Cote d'Azur 59, rue de la Buffa - 06000 Nice	290	435	100.00	289	289	-814	-	3,295	73	-
Keolis Baie des Anges 742 route de Grenoble - 06200 Nice	7,305	-6,884	100.00	10,790	2,015	-256	-	14,413	-57	-
Keolis Camargue 20, rue de la Villette - 69328 Lyon	58	19	99.97	2,889	208	-178	-	-	-54	-
Société Transports Robert 31 avenue José Nobre - BP 57 - 13500 Martigues	38	2,881	99.96	821	821	-2,477	-	9,025	460	-
Société Autocars de Provence 289 rue des Roseaux - 13320 Bouc Bel Air	46	1,085	99.97	840	840	-1,942	-	10,315	262	-
Keolis Pays d'Aix Rue des Roseaux - Quartier du Verger - 13320 Bouc Bel Air	2,510	-3,731	100.00	5,010	-	1,141	-	34,450	-2,117	-
SCAC SA 398 Avenue du Mistral - ZI ATHELIA - 13600 - La Ciotat	3,660	-3,484	100.00	4,816		488	-	4,334	-571	-
Keolis Arles 20, rue de la Villette - 69328 Lyon	137	-135	100.00	136	5	59	-		2	-
Caennaise de Services 40, rue de Bengales - 14000 Caen	11	44	100.00	11	11	-114	-	1,079	16	-
Keolis Calvados 19, chemin de Courcelle - BP 127 - 14128 Mondeville	1,100	3,328	100.00	1,152	1,152	-5,412	-	5,454	942	-
Keolis Bus Verts 19 chemin de Courcelles - 14120 - Mondeville	1,100	1,166	100.00	1,100	1,100	-5,611	-	28,626	1,166	-
Keolis Pays Normands ZI la Madeleine, rue de l'Ile du Marais Carentan - 50500 Carentan	276	344	100.00	1,268	1,268	-284	-	3,093	158	-
Keolis Caen 15 rue de la Geôle - 14000 Caen	1,065	8,404	100.00	2,251	2,251	-9,120	-	53,596	432	-
Keolis Littoral 2 avenue du Pont Neuf - 17300 Rochefort	4,259	-3,439	100.00	4,258	4,258	-2,357	-	14,349	23	-
Keolis Saintes Rue des Perches - ZI Charriers - 17100 Saintes	140	68	100.00	139	139	-685	-	2,757	36	-
Compagnie du Blanc Argent CBA Gare de Romorantin - 41200 Romorantin	279	1,038	99.41	4,139	4,139	-1,287	-	6,224	540	-
Keolis Centre 86 rue du village d'En Haut - 18230 Saint Doulchard	5,061	-4,239	100.00	5,643	-	-554	-	4,596	-509	-

(€ thousand) **Companies or groups of companies**	Equity at 31 December 2015		Percentage of capital held at 31 December 2016	Gross value of securities held at 31 December 2016	Net carrying value of securities held at 31 December 2016	Loans and advances granted by the Company and not refunded in credit at 31 December 2016	Amount of deposits and guarantees supplied by the Company at 31 December 2016	Revenue excl. VAT for financial year ended 31/12/2015	Net profit or loss (-) for financial year ended 31/12/2015	Dividends collected by the Company during the 2016 financial year
	Share capital	Other equity								
Keolis Bourgogne 17, rue du Bailly - ZI Dijon Saint Apollinaire - 21000 Dijon	153	3,203	99.50	1,917	1,917	-5,563	-	13,113	1,008	-
Keolis Beaune 17, rue du Bailly - ZI Dijon Saint Apollinaire - 21000 Dijon	60	-	100.00	60	60	41	-	-	-	-
Keolis Dijon 49, rue des Ateliers - 21000 Dijon	1,206	958	100.00	1,414	1,414	-14,688	-	66,412	407	-
Keolis Dijon Mobilité 49, rue des Ateliers - 21000 Dijon	-	-	70.00	830	830	-1,200	-	-	-	-
Monts Jura Autocars 4, rue Berthelot - 25000 Besançon	2,329	-158	100.00	10,196	10,196	178	-	23,966	420	-
Keolis Pays Montbéliard CD 126 La Chamotte - 25420 Voujeaucourt	546	294	100.00	542	542	-4,775	-	17,831	128	-
Keolis Urbest 4 rue Berthelot - 25000 Besançon	640	341	100.00	801	801	-1,029	-	1,427	128	-
Keolis Drôme Ardèche 26, rue Laurent de Lavoisier - 26800 Portes-lès-Valence	573	2,169	100.00	3,507	3,507	-4,098	-	12,366	666	-
Keolis Montélimar 8 avenue de la Feuillade - ZA du Meyrol - 26200 Montélimar	47	112	100.00	47	47	-5	-	3,653	31	-
Keolis Eure 2 rue Lakanal - ZI n° 2 - 27031 Evreux	467	3,127	100.00	1,555	1,555	-610	-	11,935	857	-
Keolis Eure et Loir Les Fenots - 28100 Dreux	538	2,136	100.00	2,363	2,363	-2,393	-	10,000	635	-
Keolis Drouais Les Fenots - 28100 Dreux	82	92	100.00	82	82	597	-	3,207	30	-
Keolis Quimper 1 Rond Point de Quistinidal - 29000 Quimper	259	165	100.00	257	257	-2,648	-	12,240	41	-
Keolis Brest 7 rue Ferdinand de Lesseps - 29806 Brest	5,326	-5,437	100.00	6,618	6,618	-3,235	-	38,543	-1,365	-
Keolis Morlaix ZI de Kérivin - 29600 St Martin des Champs	59	16	100.00	57	57	-792	-	2,061	-26	-
Keolis Maritime Brest 1 rue Eperon - Port de Commerce - BP 80713 - 29200 Brest	8	-786	100.00	8	-	573	-	7,823	-119	-
Keolis en Cévennes 389 chemin du Viguet - 30100 Alès	97	47	99.19	95	-	-77	-	4,674	114	-

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	Share capital	Other equity								
Keolis Alès 389 chemin du Viguet - 30100 Alès	100	-29	100.00	120	120	-1,218	-	3,073	-29	-
Sté des Transports en Commun Nimois 388 rue Robert Bompard - 30000 Nîmes	750	1,096	100.00	1,090	1,090	-9,110	-	48,482	317	-
Keolis Auch 7 Place de la Libération - 32000 Auch	78	7	100.00	171	171	261	-	1,625	-58	-
Les Cars de Bordeaux 8, rue d'Artagnan - 33000 Bordeaux	264	720	49.97	379	379	823	-	7,176	267	-
Keolis Gironde ZA les Artigons Issac - 33160 Saint Médard en Jalles	684	8,264	90.65	6,658	6,658	-7,401	-	16,432	739	-
Autobus d'Arcachon 1431 bd de l'Industrie - 33260 La Teste de Buch	217	2,180	100.00	2,931	2,931	-2,251	-	3,203	259	-
Keolis Bordeaux Métropole 12 boulevard Antoine Gautier – 33000 Bordeaux	5,000	3,910	100.00	5,000	5,000	-31,203	-	204,961	3,913	-
Keolis Bordeaux 12 Boulevard Antoine Gautier - 33000 Bordeaux	18,058	-7,952	100.00	18,058	10,206	-6,309	-	-1,343	3,277	-
Keolis Narbonne Avenue de Pech Loubat - 11100 Narbonne	200	-	100.00	200	200	-192	-	-	-	-
Les Courriers du Midi 9, rue de l'Abrivado - BP 85121 - 34073 Montpellier Cedex 3	2,039	1,658	100.00	5,117	5,116	-2,459	-	18,677	573	-
Keolis Languedoc 927, avenue Joliot Curie - 30000 Nîmes	90	1,356	99.98	899	899	-2,143	-	6,555	606	-
Cars du Bassin de Thau 21 av de la Méditerranée - Lieudit Etang d'Ingril - 34110 Frontignan-La Peyrade	278	394	100.00	278	278	-624	-	4,103	186	-
Keolis Armor 26, rue du Bignon - CS 27403 - 35135 Chantepie	1,472	7,724	78.21	12,755	12,755	-3,204	-	38,488	2,319	-
Société Rennaise de Transports & Services Handistar 26 rue Bignon - 35135 Chantepie	43	76	100.00	44	44	-1,052	-	3,318	36	-
Keolis Saint Malo rue des Rougeries BP 70548 - 35405 Saint Malo Cedex	461	153	100.00	461	461	-2,349	-	9,040	5	-
Keolis Rennes Rue Jean Marie Huchet - CS94001 - 35040 Rennes	3,098	-2,073	100.00	3,736	3,736	-16,643	-	110,743	-917	-

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	Share capital	Other equity								
Keolis Châteauroux 6 allée de la Garenne - ZI - 36000 Châteauroux	170	92	100.00	169	169	152	-	4,626	38	-
Keolis Touraine Impasse de Florence - 37700 St Pierre des Corps	6,087	-3,238	100.00	7,472	7,472	244	-	14,719	5	-
Keolis Tours Avenue de Florence - 37700 Saint Pierre des Corps	1,910	464	100.00	1,906	1,906	-12,398	-	59,507	479	-
Train Bleu SARL 3 impasse Claude Charon - 38160 St Marcellin	274	25	99.97	594	594	-32	-	1,552	50	-
Voyages Monnet Route de Grenoble - 38590 St Etienne de St Geoirs	537	-1,344	100.00	2,505	-	1,017	-	21	-210	-
Keolis Porte d'Isère Avenue du Lemand - 38090 Villefontaine	300	-	100.00	300	300	-1,969	-	-	-	-
Sté d'exploitat de l'aéroport Dole Jura 33 place de la Comédie - 39000 Lons Le Saunier	50	44	51.00	26	-	200	-	2,614	-12	-
Keolis Gascogne 215 Route de Benquet - ZA de la Téoulière - 40280 Saint Pierre du Mont	135	579	52.89	594	594	934	-	6,581	-40	-
Keolis Blois 9 rue Alexandre Vezin - 41000 Blois	428	-356	100.00	877	877	-981	-	10,067	-391	-
Les Cars Roannais ZI les Guérins - 42120 Le Coteau	156	2,152	100.00	374	374	-2,836	-	3,560	467	-
Cars Planche 10 boulevard Duguet - 42600 Savigneux	94	1,013	100.00	874	-	-797	-	3,946	185	-
Keolis Atlantique 3, rue de la Garde - ZI Bois Briand - 44300 Nantes	2,076	5,110	100.00	9,926	9,926	-2,526	-	34,967	1,202	-
Transports de la Brière 7, rue Pierre Vergniaud - Penhoet - 44600 Saint - Nazaire	92	895	59.80	1,221	1,221	-189	-	3,409	-31	-
Keolis Voyages 3, rue de la Garde - Zone de Bois Briand - 44300 Nantes	8	58	100.00	7	7	-73	-	3,142	-34	-
Keolis Montargis 16 rue de la Baraudière - 45700 Villemandeur	163	85	100.00	163	163	-1,061	-	4,100	49	-
Keolis Orléans Val de Loire 64 rue Pierre Louget - 45800 Saint Jean de Braye	802	1,037	100.00	802	802	-47	-	69,849	410	-

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	Share capital	Other equity								
Keolis Agen Rue Georges Clemenceau - 47240 Bon Encontre	224	37	100.00	224	224	-1,580	-	7,037	3	-
Keolis Marmande Impasse Doumayne - ZA de Girauflat - 47200 Marmande	135	60	100.00	135	135	-250	-	2,078	114	-
Keolis Val de Maine Rue du Bois Rinier - ZI Saint Barthélémy - 49124 Saint Barthélémy d'Anjou	35	1	100.00	35	35	-138	-	1,141	-	-
Société de Gestion de l'Aéroport d'Angers Marcé Aéroport d'Angers-Marcé - 49140 Marcé	8	-13	100.00	8	-	779	-	1,899	-78	-
Keolis Angers Rue du Bois Rinier - 49124 Saint Barthélémy d'Anjou	922	2,073	100.00	921	921	-11,751	-	57,394	392	-
Keolis Manche La Fosse Yvon - 50440 Beaumont Hague	497	1,124	100.00	3,102	3,102	-2,124	-	5,585	691	-
Keolis Cherbourg 491 rue de la Chasse aux Loups - 50110 Tourlaville	299	49	100.00	382	382	-1,532	-	9,339	35	-
Keolis Chaumont Rue du Vieux Moulin - 52000 Chaumont	149	107	100.00	149	149	-898	-	3,046	68	-
Keolis Laval Mobilité Centre JM Moron - rue Henri Batard - BP 0909 - 53009 Laval Cedex	369	96	100.00	368	368	-154	-	13,384	67	-
Keolis Laval Centre JM Moron - rue Henri Batard - BP 0909 - 53009 Laval Cedex	-	-	100.00	369	369	-2,847	-	-	-	-
Keolis Sud Lorraine 1 rue de la Sablière - 54136 Bouxières Aux Dames	2,575	273	100.00	2,576	2,576	-3,461	-	25,715	1,118	-
Keolis Bassin de Pompey 3 rue de la Sablière - 54136 Bouxières Aux Dames	95	38	100.00	95	95	-219	-	1,755	22	-
Keolis Lorient Boulevard Yves Demaine - 56323 Lorient Cedex	489	118	100.00	563	563	-6,774	-	31,149	27	-
Keolis Maritime Lorient 1 rue Yves Montand - 56260 Larmor-Plage	10	717	99.00	10	10	-964	-	2,292	233	-
Keolis 3 Frontières 5 rue de l'Abbé Grégoire - 57050 Metz	1,976	3,564	100.00	5,869	5,869	-7,289	-	32,744	1,185	-

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	Share capital	Other equity								
Keolis Nevers 120 route de Marzy - 58000 Nevers	324	58	100.00	324	324	-1,886	-	6,780	54	-
Trans Val-de-Lys ZA de la Nouvelle Energie - Rue de l'Energie Prolongée - 59560 Comines	1,101	3,358	100.00	2,027	2,027	-7,807	-	23,581	1,238	-
Keolis Val Hainaut 36, rue Ernest Macarez - 59300 Valenciennes	165	2,563	96.32	3,222	3,222	-3,660	-	6,729	836	-
Keolis Lille Château Rouge - 276 avenue de la Marne - 59700 Marcq en Baroeuil	41,544	-46,235	100.00	58,491	58,491	46,523	-	311,785	-15,856	-
Transports Evrard 304 avenue du Tremblay- ZI de Vaux - 60100 Creil	1,320	562	100.00	8,450	-	3,586	-	11,184	-	-
Keolis Oise 21, avenue Felix Louat - 60300 Senlis	183	8,737	100.00	4,027	4,027	4,133	-	23,708	599	-
Keolis Alençon 20 rue Ampère - 61000 Alençon	38	1,069	100.00	38		-324	-	2,597	39	-
Keolis Arras Rue Mongolfier ZI Est - 62000 Arras	581	8	100.00	669	669	-3,268	-	11,101	88	-
Keolis Artois Gohelle 59 avenue Van Pelt - 62300 Lens	908	995	99.99	677	-	-10,435	-	55,306	474	-
Caron Voyages Resurgat 1 - 64 Boulevard industriel - 62230 Outreau	2,060	-1,591	100.00	2,465	537	35	-	3,120	-330	-
Voyages Dourlens ZAL n°3 - rue de Belle Vue - 62700 Bruay La Buissiere	531	-161	100.00	841	165	-766	-	2,770	165	-
Voyages Fouache 1321 route Nationale - 62117 Brebières	904	53	100.00	4,301	4,301	-393	-	4,755	53	-
Keolis Boulogne sur Mer 46/48 Rue des Canonniers - 59000 Lille	359	212	100.00	559	559	-632	-	-	-6	-
Westeel Voyages 2, rue F. Jiolat - 62430 Sallaumines	3,325	723	100.00	5,520	5,520	-4,939	-	20,038	851	-
Loisirs et Voyages ZI de l'Industrie - 63600 Ambert	914	2,433	100.00	4,254	4,254	-3,199	-	11,670	825	-
KEOLIS NORD ALLIER 140, route de Lyon - 03400 Yzeure	2,675	-3,024	95.44	3,136	3,136	347	-	3,873	-1,202	-
TPR SARL Chemin de la Saligue - 64140 Lons	521	-93	100.00	2,250	2,250	-15	-	3,880	-84	-
Keolis Pyrénées Quartier Lasbats - Route de Pau - 65420 Ibos	1,367	754	95.16	2,626	2,626	-1,108	-	11,915	288	-

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	Share capital	Other equity								
Keolis Grand Tarbes Centre Kennedy - Rue Jean Loup Chretien - 65000 Tarbes	179	67	100.00	747	747	-1,231	-	4,777	51	-
Les Courriers Catalans 7 rue Jean Perrin - 66000 Perpignan	2,160	-1,542	100.00	3,401	600	-444	-	-	-12	-
Transports GEP Vidal 7, rue Jean Perrin - 66000 Perpignan	1,073	-644	100.00	2,087	-	414	-	3,797	-16	-
Compagnie des Transports de Perpignan 20-22 rue Le Peletier - 75009 Paris	-	-	100.00	78	78	-81	-	-	-	-
Holding Striebig 198 avenue de Strasbourg - 67170 Brumath	2,540	331	100.00	11,159	11,159	236	-	-	-290	-
Keolis Obernai 7 rue de la Gare - 67210 Obernai Cedex	31	13	100.00	31	31	-	-	662	4	-
Autocars Striebig 198 avenue de Strasbourg - 67170 Brumath	3,550	-3,733	100.00	2,100	1,200	-121	-	16,009	-963	-
Autocars Eschenlauer Route de Dresenheim - 67620 Soufflenheim	927	-1,461	90.97	1,935	1,935	-336	-	6,271	-842	-
Autocars Planche 69 rue du Champ du Garet - 69400 Arnas	5,000	13,763	100.00	6,567	6,567	-14,233	-	31,051	2,521	-
Keolis PMR Rhône ZI La Bandonnière - 4, rue Maurice Audibert - 69800 Saint-Priest	1,639	-645	100.00	1,639	1,639	-629	-	3,723	-1	-
Interhône Alpes 69, rue du Champ du Garet - BP 80157 - Arnas - 69655 Villefranche sur Saône	40	2,124	100.00	38	38	-2,471	-	795	110	-
Keolis Lyon 19, boulevard Vivier Merle - 69212 Lyon Cedex 03	49,946	-47,741	100.00	53,998	53,998	-50,546	-	370,714	-3,671	-
Keolis Val de Saône 30, rue de Guerlande - Zone Verte - 71880 Chatenay le Royal	953	786	99.27	1,006	1,006	-1,056	-	10,847	515	-
Keolis Aix Les Bains 1700 boulevard Lepic - 73100 Aix Les Bains	540	-294	100.00	540	-	-313	-	176	16	-
Société pour la Mobilité à Paris 58 averue des Terroirs de France - 75012 Paris	162	1,354	100.00	162	162	-317	-	14,241	175	-
Institut Keolis 20-22 rue Le Peletier - 75009 Paris	37	2,478	100.00	37	37	-3,751	-	10,708	2,472	-

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	Share capital	Other equity								
Keolis Seine Maritime 55/57, le Nid de Verdier - 76400 Fécamp	185	4,967	100.00	5,631	5,631	-6,210	-	17,252	1,098	-
Les Courriers de l'Ile-de-France 34, rue de Guivry - 77980 Le Mesnil-Amelot	344	25,376	99.99	560	560	13,430	-	106,250	3,442	-
Val Trans Services Roissy Rue des Acacias - 77990 Le Mesnil Amelot	37	2,277	100.00	660	660	-2,167	-	2,523	490	-
Airelle 266 Avenue du Président Wilson - Bâtiment Le Stadium 93210 La Plaine Saint-Denis	6,108	-11,269	100.00	6,104	-	4,393	-	-	-91	-
Transroissy SNC Rue de Paris Lieu-dit La Maladrerie - 77990 Mesnil Amelot	3,419	-2,697	100.00	3,419	3,419	515	-	11,790	493	-
Aerosat Rue des Acacias - 77990 Le Mesnil Amelot	50	1,633	85.00	43	43	-1,780	-	6,606	448	-
Keolis Mobilité Roissy 34 rue de Guivry - 77990 Le Mesnil Amelot	324	-168	100.00	324	324	-2,372	-	8,559	24	-
Keolis Roissy Services Aeroportuaires Rue de Paris - Lieu-dit La Maladrerie - 77990 Le Mesnil Amelot	180	-	100.00	180	180	-1,432	-	-	-	-
Cie des Transports Collectifs de l'Ouest Parisien 18, rue de la Senette - 78755 Carrières sous Poissy	40	1,700	50.00	20	20	-300	-	10,313	-7	-
SVTU SA 12 avenue du Général de Gaulle - Les Manèges - 78000 Versailles	680	12,700	99.90	2,960	2,960	-3,818	-	31,416	1,556	-
Keolis Yvelines 12 avenue du Général de Gaulle - Les Manèges - 78000 Versailles	358	76	99.68	959	959	1,181	-	7,960	155	-
Keolis Somme ZI du Frier - 80290 Poix de Picardie	219	81	99.99	219	219	-151	-	1,647	-	-
Société d'Exploitation de l'Aéroport Albert Picardie Rue Henri Potez - 80300 Meaulte	50	-173	50.96	26	-	203	-	108	-55	-
Keolis Abbeville Place de la Gare - 80100 Abbeville	162	97	99.02	186	186	-989	-	2,427	39	-
Cariane Littoral Place de la Gare - 59820 Gravelines	2,822	-2,359	100.00	2,824	2,824	-136	-	4,345	-14	-
Société Départementale des Transports du Var 175 Chemin du Palyvestre - 83400 Hyères	1,344	2,413	95.08	5,303	5,303	689	-	16,529	-6	-

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Keolis Châtellerault 6 rue Le Prince Ringuet - 86100 Châtellerault	113	54	100.00	111	111	-1,078	-	3,447	27	-
Keolis Epinal ZAC de la Magdeleine - 88000 Epinal	141	521	100.00	141	141	-90	-	5,040	307	-
Autocars Garrel et Navarre 19, rue Charles Mory - 91210 Draveil	47	6,592	100.00	5,783	5,783	-1,470	-	11,189	777	-
Transports Daniel Meyer 123 rue Paul Fort - 91310 Montlhery	-	-	100.00	39,039	39,039	-2,037	-	-	-	-
Société d'Exploitation Transport de Voyageurs Evry-Ris 172 Avenue François Mitterrand - 91200 Athis Mons	50	118	100.00	1,982	-	-171	-	98	67	-
Keolis Seine Val de Marne 172 avenue François Mitterrand - 91200 Athis Mons	230	5,526	100.00	5,594	5,594	5,236	-	28,875	446	-
Keolis Seine Essonne 110, route Nationale 191 - La belle Etoile - 91540 Mennecy	3,004	-1,704	100.00	5,705	5,705	3,891	-	9,327	257	-
Keolis Orly Airport 266 Avenue du Président Wilson - Bâtiment Le Stadium 93210 La Plaine Saint-Denis	282	1,095	100.00	759	759	-343	-	11,518	-44	-
Société & Exp. Francilienne Inter Modalité (STEFIM) 266 Avenue du Président Wilson - Bâtiment Le Stadium 93210 La Plaine Saint-Denis	40	-613	100.00	40	-	1,982	-	547	-123	-
Autocars Delion 12 rue Jean Perrin - 92000 Nanterre	482	481	100.00	2,557	2,557	202	-	5,535	99	-
Keolis Mobilité Hauts de Seine 266 Avenue du Président Wilson - Bâtiment Le Stadium 93210 La Plaine Saint-Denis	10	-1,396	100.00	10	-	1,403	-	1	-8	-
S.F.D 20-22 rue Le Peletier - 75009 Paris	40	526	100.00	1,184	566	-562	-		-1	-
Keolis Travel Services 12 rue Jean Perrin - 92000 Nanterre	517	-1,048	100.00	1,057	1,057	154	-	2,533	-566	-
Voyages Autocars Services 52 rue Jean Lemoine - 93230 Romainville	2,064	-1,413	100.00	4,020	4,020	4,746	-	9,743	-	-
Pacific Cars 20 rue du Bailly - 93210 La Plaine Saint-Denis	1,300	-3,004	100.00	4,581	-	2,122	-	91	-109	-
Prioris 266 Avenue du Président Wilson - Bâtiment Le Stadium 93210 La Plaine Saint-Denis	38	-14	100.00	38	38	-31	-	-	-17	-

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	Share capital	Other equity								
Société des Transports et de Serv. Aéroportuaires 266 Avenue du Président Wilson - Bâtiment Le Stadium 93210 La Plaine Saint-Denis	150	-22	100.00	98	98	-70	-	-	-48	-
Transports Services Aérolignes 34 rue de Guivry - 77990 Le Mesnil Amelot	8	12	100.00	8	8	-13	-	-	12	-
Keolis Val d'Oise 1,chemin Pavé - 95340 Bernes sur Oise	128	1,806	99.99	130	130	1,208	-	5,398	180	-
Aérobag Rue de Paris - lieu-dit La Maladrerie - Mesnil Amelot 77990	8	-2,886	100.00	8	-	2,937	-	5,283	-73	-
Aerolis Lieu-dit La Maladrerie - Rue de Paris au Mesnil Amelot (77990)	259	-1,178	96.56	4,277	-	7,581	-	25,872	-2,057	-
Keolis Conseil & Projets 20 rue de la Villette - Immeuble le Bonnel - 69003 Lyon	8	200	100.00	8	8	222	-	2,838	199	-
Motion Lines 20 rue Hector Malot - 75012 Paris	10	8	100.00	7,235	4,356	1,976	-	-	-333	-
SCI Héron Verdier 55/57 Le Nid de Verdier - 76400 Fécamp	-	-	100.00	228	228	-	-	-	-	-
REV (Réseau en Vosges) 3 place Gambetta - 88300 Neufchâteau	10	10	70.00	7	7	-302	-	2,434	8	-
Keolis Amiens 45 rue Dejean - 80000 Amiens	654	473	100.00	654	654	-8,411	-	31,974	147	-
Les Transports Dunois Route de la souterraine - Dun le Palestel 23800	629	-464	100.00	651	171	-161	-	59	-3	-
STA Creilloise ZI du Marais sec - rue du pont de la brèche sud - Villers Saint-Paul 60780	250	501	83.97	210	210	-1,758	-	7,239	283	-
Voyages Chargélègue 20 rue Grand rue Vasles - 79340 Menigoute	1,291	-1,725	100.00	1,772	-	249	-	82	6	-
TRANSKEO 266 avenue du Président Wilson - Immeuble Le Stadium - 93200 Saint Denis	100	-	51.00	765	765	-	-	-	-	-

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	Share capital	Other equity								
KLP05 20-22 rue Le Peletier - 75009 Paris	10	-	100.00	10	10	-	-	-	-	-
KLP06 20-22 rue Le Peletier - 75009 Paris	10	-	100.00	10	10	-	-	-	-	-
KLP07 20-22 rue Le Peletier - 75009 Paris	10	-	100.00	10	10	-	-	-	-	-
KLP08 20-22 rue Le Peletier - 75009 Paris	10	-	100.00	10	10	-	-	-	-	-
KLP09 20-22 rue Le Peletier - 75009 Paris	10	-	100.00	10	10	-	-	-	-	-
KLP10 20-22 rue Le Peletier - 75009 Paris	10	-	100.00	10	10	-	-	-	-	-

(€ thousand) **Companies or groups of companies**	Equity at 31 December 2015 Share capital	Equity at 31 December 2015 Other equity	Percentage of capital held at 31 December 2016	Gross value of securities held at 31 December 2016	Net carrying value of securities held at 31 December 2016	Loans and advances granted by the Company and not refunded in credit at 31 December 2016	Amount of deposits and guarantees supplied by the Company at 31 December 2016	Revenue excl. VAT for financial year ended 31/12/2015	Net profit or loss (-) for financial year ended 31/12/2015	Dividends collected by the Company during the 2016 financial year
2) FOREIGN SUBSIDIARIES										
Keolis Nordic * c/o Advokatfirman Vinge KB - Box 1703 - 111 87 Stockholm - Sweden	100 SEK	-80,256 SEK	100.00	46,034	46,034	15,189	-	SEK	4,771 SEK	-
Keolis Espagne Via Augusta, 291 - 08017 Barcelona - Spain	4,508	-511	100.00	20,445	3,997	-3,925	-	-	16	-
Keolis Canada inc * 1 place Ville Marie - H3B 4M7 Montréal - Canada	29,569 CAD	-28,551 CAD	100.00	20,892	20,892	28,193	-	82,770 CAD	-4,853 CAD	-
Keolis UK * Evergreen Buiding North - 160 Euston Road - NW1 2DX London - United Kiingdom	2,000 GBP	19,989 GBP	100.00	3,059	3,059	4,137	-	GBP	18,090 GBP	-
Keolis Bus Danmark 2/4, Thorvald Borgs Gade - 2300 Copenhagen - Denmark	1,800 DKK	155,790 DKK	100.00	21,680	21,680	49,040	-	843,226 DKK	22,407 DKK	-
Keolis Deutschalnd GmbH & Co. KG Rheinstrasse 4E - 55116 Mainz - Germany	51	-23,918	100.00	736	-	-40,000	-	132,249	-10,273	-
Keolis Deutschland Verwaltungsgesellschaft GmbH KG Postfach-103255 - 40023 Düsseldorf - Germany	26	-16	100.00	26	-	-	-	-	-1	-
Keolis Vlaanderen Oosterring 17 - 3600 Genk - Belgium	7,349	10,473	100.00	22,708	22,708	-	-	-	1,568	-
Keolis America * c/o National Corporate Research, 615 South Dupont Highway Dover, Kent County 19901 Delaware - USA	69,605 USD	-24,032 USD	100.00	64,153	64,153	92,509	-	-	-7,625 USD	-
Keolis Australie * 140 William Street - VIC 3000 Melbourne - Australia	32,020	16,131	100.00	22,616	22,616	599	-	-	-710 AUD	-
Keolis Tramway d'Alger * 2 impasse Bossuet - Alger - Algeria	-	-	100.00	198	-	-	-	-	-	-
Eurobus Holding SA 62 av. de Navagne - 4600 Visé - Belgium	25,000	36,589	100.00	131,453	131,453	-	-	-	128	-
Keolis Hyderabad Mass Rapid Transit System Private Limited Cyber Tower - Q3 L4 - 500081 Hyderabad - India	3,500 INR	17,764 INR	100.00	50	50	-	-	308,179 INR	2,756 INR	-
Kilux Weiswampach - Grand Duché - Luxembourg	13	51	100.00	20	20	-	-	764	31	-
Striebig Deutschland GmbH Lundelbrunnstrasse 6 - 76887 Bad Bergzabern - Germany	60	-5	100.00	1,000	1,000	-	-	887	33	-
KIBEL 62 av. de Navagne - 4600 Visé - Belgium	37,671	31,853	100.00	81,708	81,708	-185,259	-	-	1,420	-
SYNTUS 5 Visbystraat - 7418 BE Deventer - Netherlands	272	10,614	100.00	22,248	22,248	5	-	122,236	-441	-

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	Share capital	Other equity								
Keolis Nederland 5 Visbystraat - 7418 BE Deventer - Netherlands	18	-322	100.00	68	-	-38,990	-	-	-5	-
RDK 54 quai de la Rapée - 75012 Paris	-	-	50.00	-	-	-	-	-	-	-

B - NON CONSOLIDATED INVESTMENTS (BETWEEN 10% AND 50% HELD BY COMPANY)

(€ thousand) Companies or groups of companies	Equity at 31 December 2015		Percentage of capital held at 31 December 2016	Gross value of securities held at 31 December 2016	Net carrying value of securities held at 31 December 2016	Loans and advances granted by the Company and not refunded in credit at 31 December 2016	Amount of deposits and guararantees supplied by the Company at 31 December 2016	Revenue excl. VAT for financial year ended 31/12/2015	Net profit or loss (-) for financial year ended 31/12/2015	Dividends collected by the Company during the 2016 financial year
	Share capital	Other equity								
1) French subsidiaries										
T.I.C.E 352 rue des Champs Elysées - 91026 Evry	182	1,153	19.00	35	35	-	-	-	-	-
Scodec Voyages SCOP La Tuilerie du Vignault - 79140 Cerisay	338	617	35.00	111	111	92	-	-	-	-
Canal TP 20 bd Poniatowski - 75012 Paris	867	3,884	34.02	1,687	1,687	12,346	-	9,698	569	-
Trans Pistes 37-39 rue d'Athènes - 13127 Vitrolles	80	-66	40.00	32	-	-	-	1,017	-117	-
Transports de l'Agglomération de Metz Metropole 10 rue des intendants Joseph et Ernest Joba - 57000 Metz	2,000	-83	25.00	500	500	-	-	45,722	7	-
Société Transports Voyageurs Devillairs 12 avenue du Général De Gaulle - 78000 Versailles	359	5,959	40.36	310	310	1,768	-	16,675	976	-
Keolis Pays des Volcans 14, avenue de la Gare - 63260 Aigueperse	904	309	45.97	416	416	-276	-	5,348	278	-
ONE PARK Essec - Avenue Bernard Hirsch BP 50105 - 95021 Cergy Pontoise Cedex	-	-	20.25	1,750	1,750	-	-	-	-	-

(€ thousand) Companies or groups of companies	Equity at 31 December 2015 Share capital	Equity at 31 December 2015 Other equity	Percentage of capital held at 31 December 2016	Gross value of securities held at 31 December 2016	Net carrying value of securities held at 31 December 2016	Loans and advances granted by the Company and not refunded in credit at 31 December 2016	Amount of deposits and guarantees supplied by the Company at 31 December 2016	Revenue excl. VAT for financial year ended 31/12/2015	Net profit or loss (-) for financial year ended 31/12/2015	Dividends collected by the Company during the 2016 financial year
2) Foreign subsidiaries										
Prometro Rua de Campo Alegre 17, 2 - 4150-177 Porto - Portugal	500	766	20.00	100	100	579	-	33,781	300	-
Goldlinq Holdings Pty Ltd Level 2,7 Bay Street - Southport Qld 4215 - Australia	-	-	-	4,287	4,287	-	-	-	-	-
Wuhan Tianhe Airport Transport Center Operation and Management Co., Ltd * 47 Huang Xia He Road - District of Jaang An - Wuhan - China	1,739 CNY	- CNY	40.00	85	85	-	-	-	-	-
Shanghai KEOLIS Public Transport Operation Management Co.* 5F Building No.1 - 909 Gullin Road - 201 103 Shangai - China	10,000 CNY	-2,823 CNY	49.00	724	724	-	-	2,926 CNY	-2,385 CNY	-
STAR* Abidjan plateau - Avenue Nogue Immeuble Brodway - 011450 Abidjan - Ivory Coast	1,000 CFA BEAC	-	25.00	1,000 CFA BEAC	1,000 CFA BEAC	-	-	-	-	-

* Subsidiaries presented in local currency for Equity, Revenue and Net profit.

Statutory auditors’ report on the financial statements
(For the year ended December 31, 2016)

This is a free translation into English of the statutory auditors’ report issued in French and is provided solely for the convenience of English speaking users. The statutory auditors’ report includes information specifically required by French law in such reports, whether modified or not. This information is presented below the opinion on the financial statements and includes explanatory paragraphs discussing the auditors’ assessments of certain significant accounting and auditing matters. These assessments were considered for the purpose of issuing an audit opinion on the financial statements taken as a whole and not to provide separate assurance on individual account captions or on information taken outside of the financial statements.
This report also includes information relating to the specific verification of information given in the management report and in the document addressed to shareholders.
This report should be read in conjunction with, and is construed in accordance with, French law and professional auditing standards applicable in France.

To the Shareholders,

In compliance with the assignment entrusted to us by your Annual General Meeting, we hereby report to you, for the year ended December 31, 2016, on:
- the audit of the accompanying financial statements of Keolis;
- the justification of our assessments;
- the specific verifications and information required by law.

These financial statements have been approved by the Board of Directors. Our role is to express an opinion on these financial statements based on our audit.

I. OPINION ON THE FINANCIAL STATEMENTS

We conducted our audit in accordance with professional standards applicable in France; those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit involves performing procedures, using sampling techniques or other methods of selection, to obtain audit evidence about the amounts and disclosures in the financial statements. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made, as well as the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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 at December 31, 2016 and of the results of its operations for the year then ended in accordance with French accounting principles.

Without qualifying our opinion, we draw your attention to the notes 2 and 2.4.1 which set out the change in the accounting method introduced by the ANC 2015-06 regulation concerning the accounting treatment of technical losses from mergers and witch led, on January 1st, 2016 and prospectively, to a reassignment in the balance sheet of these technical losses, previously presented on the line “Goodwill”, to the line “Other shareholdings”.

II - JUSTIFICATION OF OUR ASSESSMENTS

In accordance with the requirements of article L.823-9 of the French Commercial Code (Code de commerce) relating to the justification of our assessments, we inform you of the following:

Change in accounting method

As part of our assessment of the accounting rules and methods followed by our company, we ensured of the correct application of the change in accounting method introduced by the ANC 2015-06 regulation and the presentation made.

Accounting estimates:
As part of our assessment, we inform you that the 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 recoverable amount of goodwill resulting from technical losses on mergers (§2.3 of the notes);
- current accounts and receivables from investments (§2.3 of the notes);
- risks related to current litigations (§2.7 of the notes).

These assessments were made as part of our audit of the financial statements taken as a whole, and therefore contributed to the opinion we formed which is expressed in the first part of this report.

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

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 documents addressed to shareholders with respect to the financial position and the financial statements.

According to the law, we have ensured that the information related with acquisitions of subsidiaries or increases in their share capital were communicated to you in the management report.

Neuilly-sur-Seine, March 10, 2017

The Statutory Auditors

PricewaterhouseCoopers Audit
French original signed by

Françoise Garnier-Bel

Deloitte & Associés
French original signed by

Bertrand Boisselier