

**KEOLIS S.A.**  
**FINANCIAL REPORT 2014**

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# 1.

# MANAGEMENT REPORT

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## Management Report of the Board of Directors

at the Annual General Meeting on 11 May 2014

Ladies and Gentlemen,

We have convened this annual 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 2014 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

#### Commercial activity and development

##### *Tender award in Boston*

Following a tender procedure launched in July 2012, the Massachusetts Bay Transportation Authority (MBTA) gave notice on 8 January 2014 that it had selected the proposal submitted by KEOLIS COMMUTER SERVICES LLC for the operation of the urban rail network of the city of Boston (USA). The eight-year contract was signed on 5 February 2014. The system carries 140,000 passengers per day from 134 stations on 13 lines and more than 1,000 km track. The annual turnover generated amounts to approximately USD 300 million.

Operations commenced on 1 July 2014.

##### *Thameslink franchise award*

The British Department for Transport (DfT) awarded the Thameslink Southern and Great Northern (TGSN) rail franchise to Govia, the 18-year on-going partnership between Go-Ahead (65%) and Keolis (35%). This contract is for a period of seven years.

The contract started on 14 September 2014 with the operational handover of the First Capital Connect network and part of the Southeastern network, and with the transfer of 2,500 employees.

The second phase will begin in July 2015, with the transfer of the operations of the Southern and Gatwick Express networks and the integration of the 4,000 employees working on these lines.

##### *Docklands Light Railway (DLR) automatic metro award*

Transport for London (TfL) selected the joint venture comprising Keolis (70%) and Amey (30%) to operate its driverless metro system Docklands Light Railway (DLR). The contract, for an initial period of seven years, started on 7 December 2014. It will

generate £700 million (€883 million) in aggregate turnover throughout the course of the contract.

##### *Renewal of Tbc contract in Bordeaux*

This contract was signed on 18 December 2014 and came into effect on 1 January 2015 for a period of eight years, up to 31 December 2022. With the future extension of the tram system, this leading network for the Group will become the longest tram network in France. The contract will generate aggregate turnover of 1.7 billion euros. Amongst its plans are a 34% increase in ridership and a 7% increase in the service offer, thanks principally to the tram line extensions.

#### The Group's financial results

The Group's turnover for 2014 amounted to €4,275.6 million, an increase of €308.3 million, or 7.8% on December 2013. The currency impact is negative at -€51.7 million in particular due to the appreciation of the euro against the Swedish Crown and the Australian dollar. The consolidation scope effect is +€24.7 million, due to the acquisitions of Bus4You and Yellow by EBH (+12.2 million in 2014) and the acquisition of Nettbuss in Denmark (+12.5 million in 2014).

The portfolio impact of contracts won and lost amounts to +€181.1 million, breaking down into +€4.4 million in France and +€176.6 million abroad. In France we can single out the gain of sub-contracting in Nice (+€10.6 million) counterbalanced by the contract losses of Voyages Chargelègue (-€1.8 million) and Prioris (-€1.7 million). Outside France, the start-up of Boston (+€125.8 million), the award of DLR in the UK (+€6.8 million), the net contract gain in Sweden (+€17.3 million), the start-up of Twente-ZHO in the Netherlands (+€15.4 million) and contract wins at EBH (+€1.3 million) were partially counterbalanced by a negative effect at KTA (-€3.2 million).

Excluding foreign exchange impact and change in reporting scope, revenue is up 8.4%.

Organic growth within existing contracts amounts to +€161.1 million, comprising +€52.4 million for France (large networks +€28.6 million, major urban +€0.1 million, Territories +€6.4 million, Ile-de-France +€17.4 million and Other -€0.2 million); and +€106.7 million for international activities (UK +€3.4 million, Keolis Sverige +€14.5 million, USA +€8.0 million, Australia +€74.2 million and +€6.6 million for other subsidiaries).

Recurrent consolidated EBITDA amounts to €213.9 million, up €21.8 million, or +11.3% on the previous year. The currency impact accounts for -€2.9 million.

The consolidation scope effect improves recurring EBITDA by +€4.2 million and arises from acquisitions by EBH (+€2.7 million) and the acquisition of Nettbuss in Denmark (+€1.5 million).

Excluding foreign exchange impact and change in reporting scope, EBITDA is up 10.7%.

Organic growth increases EBITDA by €22.8 million of which +€22.2 million in France and +€5.3 million internationally (the growth in profitability of Northern Europe and Australian zones compensating for slower growth in North America). The operational costs of holding companies were €4.8 million higher than those recorded in 2013

Recurrent operating profit amounts to €67.7 million, up +€5.4 million (+8.6%) on 2013.

Net income (Group share) for 2013 amounts to €13.5 million as against €8.8 M in 2013.

Cash flow generation is -€74.3 million in 2014 versus -€11.7 million in 2013.

The consolidated net debt of Keolis S.A. amounted to €338.6 million at the end of 2014 compared to €219.4 million at the end of 2013.

## • CONSOLIDATED FINANCIAL STATEMENTS

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

In accordance with the transitional provisions, the Group applied the standards relating to consolidation scope and method (IFRS 10, 11, 12, IAS 27 (version 2011) and IAS 28 revised) retrospectively to 1 January 2013 according to the terms of IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors".

As the standards are applied retrospectively, the impact is determined from the start of the 2013 financial year, i.e. on 1 January 2013. As a consequence of the first application of the standards relating to consolidation scope and method, the opening financial statements at 1 January 2014 were restated:

- ▶ In the income statement
- ▶ In the statement of comprehensive income
- ▶ In the statement of financial position
- ▶ In the statement of cash flows.

The main impact of the application of these standards is the application of IFRS 11 which leads to a change in consolidation method applied to the franchises developed in the United Kingdom in which Keolis is a minority partner. These entities were previously recognised proportionally in the Group's consolidated financial statements; they are now consolidated according to the equity method. Goodwill allocated to the United Kingdom cash-generating unit is still considered to be allocated to this level as overall performance is monitored based on the totality of the country.

Revenues from ordinary activities amounted to €4,301.1 million.

After taking into account all operating costs, operating profit after investments under the equity method amounted to €50.5 million.

Consolidated net profit (group share) amounts to €13.6 million.

## • ANNUAL FINANCIAL STATEMENTS

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

Operating profit, including share of joint ventures, was €(15,769) thousand compared with €(4,236) thousand in 2013.

Financial income amounted to €17,181 thousand as against €40,678 thousand in 2013.

After the posting of an exceptional gain of €7,894 thousand and a corporate income tax credit of €15,845 thousand, Keolis' financial statements show a net profit of €25,151 thousand.

## • SUBSIDIARIES AND HOLDINGS

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

## • NOTIFICATION OF MAJOR HOLDINGS AND ACQUISITIONS OF CONTROL

During the financial year 2014, Keolis S.A. acquired or took control of the following companies:

| ACQUISITION OF COMPANIES IN FRANCE |            |                                   |
|------------------------------------|------------|-----------------------------------|
| Name                               | Date       | Percentage                        |
| Holding Striebig                   | 08/12/2014 | 100% Keolis                       |
| Autocars Striebig                  | 08/12/2014 | 100% Keolis (indirect)            |
| Autocars Eschenlauer               | 08/12/2014 | 100% Keolis (direct and indirect) |
| Voyages Striebig                   | 08/12/2014 | 100% Keolis (indirect)            |

## ACQUISITION OF COMPANIES INTERNATIONALLY

| Name  | Date       | Percentage  |
|---|------------|---|
| Voyages Doppagne                                    | 30/12/2014 | 100% EBH  |
| Striebig Deutschland GmbH                           | 08/12/2014 | 100% Keolis   |
| Striebig GmbH                                       | 08/12/2014 | 100% Holding Striebig                                   |
| Keolis Danmark (formerly known as Nettbuss Danmark) | 29/09/2014 | 100% Keolis Bus Danmark (formerly known as City-Trafik) |
| Kortenbergse Busonderneming-KBO                     | 24/06/2014 | 1.41%: EBH<br>98.59%: Keolis Vlaanderen                 |
| Etablissements Picavet & Co                         | 24/06/2014 | 100% KBO  |
| Société Transports Automobiles Cars Autobus SA      | 24/06/2014 | 100% KBO  |

## ESTABLISHMENT OF COMPANIES IN FRANCE

| Name                      | Date       | Percentage       |
|---------------------------|------------|------------------|
| Keolis Bordeaux Métropole | 24/11/2014 | 100% Keolis S.A. |
| Keolis Bus Verts          | 25/07/2014 | 100% Keolis S.A. |

## ESTABLISHMENT OF COMPANIES INTERNATIONALLY

| Name  | Date       | Percentage                               |
|---|------------|--|
| Keolis Go Ahead Holdings Ltd  | 04/07/2014 | 70% Keolis S.A.                          |
| Keolis Go Ahead Ltd   | 04/07/2014 | 100% Keolis Go Ahead Holdings Ltd        |
| Keolis Amey Docklands Limited (formerly Keam Limited)                   | 04/07/2014 | 70% Keolis UK Limited                    |
| Keolis Canada Investissements 1 Inc.                                    | 30/06/2014 | 100% Keolis S.A.                         |
| Wuhan Tianhe Airport Transport Center Operation and Management Co., Ltd | 24/06/2014 | 40% Keolis S.A.                          |
| GRANDLINQ   | 05/05/2014 | 10% Keolis Waterloo Inc.                 |
| Keolis Waterloo General Partner Inc.                                    | 22/04/2014 | 100% Keolis Canada Investissement 1 Inc. |
| Shanghai Keolis Public Transport Operation Management Co.               | 17/02/2014 | 49% Keolis S.A.                          |

## 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, integrated 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 has been prequalified for a tender in Edmonton, Canada and for the E24 contract in Sweden. The Group is also bidding for two other tenders in the UK with partners as well as for a tender in the Netherlands and two in Denmark.

In France, Keolis S.A. 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 the zones where it is already established but also in new countries.

In 2015 the group will continue to roll out its new digital strategy which was established in 2014. This strategy aims to simplify and increase the use of public transport for our clientele by leveraging the trio "plan-book-ticket". The Group has decided to increase its investment in order to be able to offer its Public Transport Authority clients a range of innovative digital solutions, some of which are already being introduced in several networks. It also aims to bring about structural partnerships with key players in the digital sector to enhance its range of solutions, as illustrated by the agreement concluded with the Israeli start-up Moovit in which Keolis acquired a minority share at the end of 2014.

## SIGNIFICANT EVENTS SINCE THE END OF THE YEAR

Nil.

## • NON-FINANCIAL INFORMATION

In application of article of the Act of Parliament of 12 July 2010 on the national commitment to the environment, the so-called "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 henceforth 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.

It should be noted that the consolidation scope applicable to this information has the same basis as that used for financial consolidation.

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 Lyon, Keolis Lille, Keolis Bordeaux and Keolis Rennes.

## • INFORMATION ON SUPPLIER PAYMENT SETTLEMENT

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

| <i>€ thousand</i>                          | FY 2014       | FY 2013       |
|--|---------------|---------------|
| <b>Breakdown by invoice due date</b>       |               |               |
| - Invoices due:                            | <b>(396)</b>  | 90            |
| ▶ from 0 to 30 days                        | 203           | 36            |
| ▶ from 31 to 60 days                       | (143)         | 4             |
| ▶ over 60 days                             | (456)         | 50            |
| Invoices not yet due                       | <b>13,605</b> | 8,921         |
| <b>TRADE PAYABLES</b>                      | <b>13,210</b> | <b>9,011</b>  |
| Amounts owing by suppliers                 | <b>2,682</b>  | 2,712         |
| Supplier invoices not yet received         | <b>29,124</b> | 17,484        |
| <b>TOTAL</b>                               | <b>45,016</b> | <b>29,207</b> |
| Trade payables and related accounts        | <b>37,827</b> | 25,988        |
| Liabilities on assets and related accounts | <b>7,189</b>  | 3,219         |
| <b>TOTAL</b>                               | <b>45,016</b> | <b>29,207</b> |

## • ALLOCATION OF PROFIT

We propose to allocate the profit for the year, which totaled €25,151,148.94, in the following manner:

|                                    |                       |
|------------------------------------|-----------------------|
| Profit for the year                | €25,151,148.94        |
| <b>DISTRIBUTABLE PROFIT</b>        | <b>€25,151,148.94</b> |
| Allocation: Miscellaneous reserves | €15,686,371.28        |
| Distribution of dividends          | €9,464,777.66         |
| <b>TOTAL</b>                       | <b>€25,151,148.94</b> |

You will additionally be asked to vote on the withdrawal of the sum of €20,211,108.04 from Other Reserves and its allocation as follows:

|                                      |                |
|--------------------------------------|----------------|
| Allocation to miscellaneous reserves | €10,544,948.00 |
| Distribution of dividends            | €9,666,160.04  |

Consequently, you will be asked to vote on the distribution of the total amount of €19,130,937.70 in dividends and on the payment of a €4.90 dividend per share.

These dividends are not eligible for the 40% deduction since they are wholly distributed to legal entities subject to corporation tax.

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 |
|----------------|-----------------------------------|---|---|
| 2013           | €19,130,937.70<br>€4.90 per share | -   | €19,130,937.70                                    |
| 2012           | €19,130,937.70<br>€4.90 per share | -   | €19,130,937.70                                    |
| 2011           | €19,130,937.70<br>€4.90 per share | -   | €19,130,937.70                                    |

The dividends will be paid on or after 22 May 2015.

**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 €206 thousand.

- **SHAREHOLDINGS**

On 31st December 2014, GROUPE KEOLIS S.A.S. owned 100% of the capital.

- **EMPLOYEE SHARES IN THE CAPITAL**

On 31st December 2014, there were no employee shares in the Company's capital.

- **AGREEMENTS COVERED BY ARTICLES L225-38 AND L225-102-1 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 authorized 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 article L.225-102-1, last paragraph of the Commercial Code, we specify that during the financial year no agreements were entered into other than those relating to ordinary transactions concluded in normal 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 23rd 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 appointed Chairman and CEO during the Board of Directors' deliberation of 12 September 2012.

- 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 2014 is appended to this report.

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

**THE BOARD OF DIRECTORS**



## B

## Appendix 1 Non-financial data

### 1 • NOTE ON METHODOLOGY

#### 1.1 Context

Keolis S.A. has voluntarily published non-financial data in the Keolis Group annual report since 2004. Initially, this was consolidated for French subsidiaries only, and then for the whole Group as of 2010.

For the 2014 financial year, this non-financial data is being published for the first time in the Keolis S.A. management 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 turnover is in excess of 100 million euros and for which the average number of permanent employees throughout the financial year exceeds 500.

As the set of indicators has been revised and reliability of the scope improved, we can consider this issue as the year of reference (year 0).

#### 1.2 Scope

Non-financial data is consolidated on the same scope as financial data (excluding Technical Assistance and subsidiaries for which Keolis is not the majority shareholder).

The scope of consolidation for social data is the calendar year, from 1 January to 31 December 2014.

Generally, social data relates to all Group staff according to the indicators concerned.

The scope for societal data also covers 100% of Group staff.

The scope of consolidation for environmental data is the calendar year, from 1 January to 31 December 2014. If this is not the case, rules for estimation or consolidation on a deferred calendar are proposed to the subsidiaries in the set of indicators.

Environmental data has been calculated from data covering 81% of Group staff (represented by 45 subsidiaries).

#### 1.3 Quantitative information

##### Social responsibility / human resources

**Workforce:** workforce registered as at 31 December in all Group subsidiaries and Keolis S.A.

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

**Breakdown of workforce by age bracket:** breakdown of

workforce by age bracket for Keolis S.A. employees. Group data is not available to date.

**Percentage of women in the total workforce:** percentage of women in the total workforce of Keolis S.A. Group data is not available to date.

**Total number of new employees:** the cumulative number of new employees in France for the year, regardless of type of contract.

**Total number of departures:** the cumulative number of departures in France for the year, regardless of the reason for leaving (excluding expired fixed-term contracts).

**Payroll:** Group 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 year N and N-1 in gross value and in %.

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

**Percentage of drivers:** percentage of driver employees in the total Group workforce as at 31 December.

**Rate of absence for sick leave:** measures the rate of sick leave, in France.

**Workplace accident frequency rate:** measures the frequency of workplace accidents declared in a quarter which led 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. Data available to date for France. NB: this rate includes violent behaviour; it does not take into account all ongoing dispute procedures.

**Severity rate of workplace accidents:** measures the severity of accidents by assessing the total number of rest 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. Data available to date for France.

**Total number of training hours:** concerns employees of Keolis S.A. Group data is not available to date.

## Environment

Environmental data concerns consolidated operational subsidiaries and not Keolis S.A., which has an administrative function which does not represent our passenger transport operation business.

**Number of sites certified ISO 14001:** sites operated, owned or rented by Keolis with ISO 14001 certification. The sites concerned are listed in the technical appendices of the certification body or, failing this, are maintenance sites, sales offices, park-and-rides and administrative buildings.

**Number of sites with a different Environmental Management System (EMS):** includes sites which are operated, owned or rented by Keolis with an Environmental Management System which is not ISO 14001 certified. The sites to take into account are the same as for the certified sites.

**Sum of provisions for environmental risks:** this concerns the non-current share of provisions for environmental risks requiring compliance which are not qualifiable as fixed assets, for gradual deterioration other than provisions for site and production tool repairs and refurbishments (payment deadlines > 1 year) and the current part of provisions for environmental risks (payment deadlines < 1 year).

**Total quantity of hazardous waste:** this accounts for the total weight 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 water consumption of the sites:** this corresponds to the volume of potable 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-stressed areas (per country):** this corresponds to the consumption of potable water in Keolis countries where water stress is very high (between 40 and 80%) or extremely high (over 80%). In 2014, these countries were Australia and Belgium (according to the World Resources Institute).

**Traction energy consumption for commercial vehicle fleets (in TOE, excluding rail):** traction energy consumption for commercial vehicle fleets corresponds to the quantity of energy purchased within the framework of commercial services (dead mileage included). The vehicles concerned are those operated / owned by the company used for commercial services, on behalf of others (passengers, Public Transport Authority, other transport provider, corporate customers). The indicator incorporates all means of transport (bus, coach, metro, tram, trolleybus).

**Traction energy consumption for commercial railway use (in TOE):** traction energy consumption for commercial railway use corresponds to the quantity of energy purchased within the framework of commercial services provided by rail (electrical or thermal traction), dead mileage included.

**Energy consumption of the sites (in TOE):** energy consumption of the sites corresponds to the quantity of energy consumed or purchased on the sites, excluding traction energy.

**CO<sub>2</sub> emissions from commercial transport and sites (in TCO<sub>2</sub>e):** Greenhouse Gases emitted by the corresponding use of energy.

### 1.4 Qualitative information

Qualitative information does not require any particular explanations.

## 2 • SOCIAL DATA

### 2.1 Employment

| Article code | Subject of decree  | 2014 data   | Indicator   |
|--------------|--|---|---|
| I-1-a-1      | – Total workforce and breakdown of employees by gender, age and geographical area; | 55,626 of which 1,414 Keolis S.A.   | Number of employees registered as at 31 December                    |
|              |  | 34,236 France<br>of which 1,414 Keolis S.A.<br>6,802 Sweden<br>3,695 United States<br>2,395 Belgium<br>2,309 Australia<br>1,440 Denmark<br>1,292 Netherlands<br>1,144 Germany<br>1,035 UK<br>843 Canada<br>326 India<br>100 Norway<br>7 China<br>2 United Arab Emirates | Total number of employees per country                               |
|              |  | 83 < or = 25 years<br>186 26 to 30 years<br>224 31 to 35 years<br>221 36 to 40 years<br>231 41 to 45 years<br>171 46 to 50 years<br>150 51 to 55 years<br>112 56 to 60 years<br>31 61 to 65 years<br>5 Over 65 years  | Number of employees per age group (Keolis S.A.)                     |
|              |  | 40%   | % of women in the total workforce (Keolis S.A.)                     |
| I-1-a-2      | – new hires and dismissals;  | 6,238 of which 303 Keolis S.A.  | Total number of new employees                                       |
|              |  | 3,153 of which 145 Keolis S.A.  | Total number of departures, excluding expiring fixed-term contracts |
| I-1-a-3      | – remuneration and variation;  | 2,529.1   | Payroll in millions of euros  |
|              |  | +9.7%   | % of change in payroll  |
|              |  | 223.5   | Change in payroll in millions of euros                              |

## 2.2 Organisation of work

| Decree code | Subject of decree               | 2014 data                  | Indicator                         |
|-------------|---------------------------------|----------------------------|-----------------------------------|
| I-1-b-1     | – organisation of working time; | 17%<br>3% Keolis S.A.      | Percentage of part-time employees |
|             |                                 | 67%                        | Percentage of driver employees    |
| II-1-b-1    | – rate of absence;              | 5.63%<br>1.24% Keolis S.A. | Rate of absence for sick leave    |

Absence is monitored locally for each Keolis Group subsidiary. In addition to local action plans, Keolis Group has defined, via its corporate plan, joint areas for progress in order to permanently control the rate of absence and ensure the well-being of employees. Particular effort has been made to better define roles and responsibilities of local managers, develop their skills and include regular monitoring of absence as part of their tasks. A training programme dedicated to this management level has been created and a first pilot was successfully launched in October 2014 in France. To optimise actions related to bringing down the rate of absence, a dedicated space has been created on Keolis' internal collaborative platform so that France and International HR populations can share best practices and build on their lessons learned in terms of absenteeism.

## 2.3 Social relations

### - Subject of decree (article I-1-c-1): organisation of social dialogue, particularly staff information, consultation procedures and negotiations

Each Group subsidiary, in every country where it is active, has employee representative bodies in compliance with local legislation. However, the organisation, 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 social relations department of Keolis Group ensures that all subsidiaries have the necessary tools for their representative bodies to operate in optimal conditions. It regularly gets involved in subjects that may have impact on the road transport sector and provides updates on the legal situation via the quarterly social newsletter. In 2014, the social relations department of Keolis supported the subsidiaries in:

- ▶ reforming vocational training in France
- ▶ setting up the single database for subsidiaries with 300 plus employees
- ▶ managing working time in the Urban and Interurban subsidiaries (including documentation and training) for Human Resources and operators

Keolis also has a European Works Council thanks to an agreement signed on 15 December 2010. 15 representatives have been appointed: 1 for Germany, 1 for Belgium, 1 for Denmark, 10 for France and 2 for Sweden. The purpose of this organisation is to share information on Keolis' strategic orientations and major developments and to share best professional and social practices.

In 2014, this Council met twice.

On 14 December 2014, the first term of the Council ended. A letter was sent to each country to appoint new members.

### - Decree subject (article I-1-c-2): statement of collective agreements

Keolis Group has an agreement concerning how the European Works Council should function. Keolis Group subsidiaries have come to their own agreements on the 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.

## 2.4 Health and safety

### - Decree subject (article I-1-d-1): health and safety at work

The Keolis Group has been committed to a continuous improvement approach to health and safety at work since 2013 within the framework of its corporate plan. In 2013, all subsidiaries in France and abroad performed an analysis of their organisation and the way health and safety at work was managed. This analysis helped them to draw up an action plan, which was rolled out throughout 2014. This approach was presented to the European Works Council in June.

To provide support in rolling out this approach, the HSE department was reinforced, notably to cover the activities of the Territoires and Ile de France branches and to co-ordinate the local network of safety leaders. In 2014, actions were undertaken to make health and safety at work standards and tools available to standardise practices, such as the single professional risk prevention document, the workplace accident register, induction and safety training for new recruits.

150 subsidiary directors were trained by the HSE department and the legal department to reiterate the role and responsibilities of the employer in terms of safety. Equivalent training on the same topic was provided for sector technical managers.

The safety approach is ongoing, the aim being for subsidiaries to constantly improve management of health and safety at work.

### - Decree subject (article I-1-d-2): review of agreements concluded with trade union organisations or staff representative organisations in terms of health and safety at work

As previously stated concerning collective agreements, the Keolis Group has an agreement as to how the European Works Council should function. Keolis Group subsidiaries have come to their own agreements at a local level. In addition to these agreements, Keolis has set up numerous unilateral decisions to ensure that a minimum set of measures is in place where fundamental issues are concerned.

| Article code | Subject of decree   | 2014 data | Indicator                            |
|--------------|---|-----------|--------------------------------------|
| II-1-d-1     | – workplace accidents, notably their frequency and severity, as well as occupational illness; | 57.26     | Workplace accident frequency rate    |
|              |   | 4.17      | Severity rate of workplace accidents |

Work is in progress on analysing workplace accident declarations and on improving the consolidation process.

## 2.5 Training

### - Decree subject (article I-1-e-1): policies implemented in terms of training

Keolis Group sees training as a tool to benefit its employees' development at every step of their career path.

Keolis undertakes to develop the skills of each employee depending on their area of expertise in order to foster their career development, facilitate internal mobility and master key skills for the Group's sustainable growth. Since 2014, its training has been based on a logical career path so that employees, regardless of their sector, can gradually acquire the skills they will need in their current and future professional practice. For example, Keolis has perfected its "Start" course for local managers starting out in this role. Teaching covers theory and practice and a high degree of involvement is expected from the line manager to support the manager throughout the course. Keolis has also developed a full support programme on the subject of business dynamics, which aims to give 16 French urban subsidiaries with a CRM system full control of their tool and help them develop business reflexes in terms of customer relations thanks to training courses tailored to all employee profiles in the sales & marketing branch. Keolis also continued to develop its courses for young managers. These courses include practical training on transport and time spent in the subsidiaries to give them the opportunity to familiarise themselves with the professions and activities covered by the company. In 2014, 19 people took this course in the fields of operation, marketing and maintenance. Lastly, the Group has developed its training programme for employees with support roles. For example, Konformité deals with fairness and business ethics and all Group management committees, including the Executive Committee, have been trained in this. It also overhauled its module on "Keolis' financial dynamics", which provides comprehensive training for the finance branch or initiation for all employees.

Keolis' training department is also responsible for developing a common base of expertise in all Group countries and for assisting the Group in setting up in new markets. In 2014, with support from subsidiaries and experts, 70 people provided 276 days of training abroad. For example, Keolis rolled out an Induction Plan for the Executive Committee of its Hyderabad subsidiary with the aim of transferring know-how in heavy transport modes from its major French networks (Lille and Lyon) to India. The Group also gave instructor training in engineering methods for a week to a team of 15 managers in Hyderabad. In its Australian subsidiary, Yarra Trams, Keolis provided learning assistance for four weeks on tram driving and on incorporating a driving simulator into their internal training programme.

Keolis Group also lends its expertise to its partners. In 2014, Keolis trained the Abu Dhabi transport delegation for three weeks in the fields of buses, trams, metros and railways in France and Germany.

| Article code | Subject of decree                 | 2014 data | Indicator                                    |
|--------------|-----------------------------------|-----------|--|
| I-1-e-2      | - total number of training hours; | 37,769    | Total number of training hours (Keolis S.A.) |

## 2.6 Equality

### - Decree subject (article I-1-f-1): measures implemented in favour of gender equality

For several years, Keolis Group has led an ambitious professional gender equality policy, the targets being to increase mix and instil proper equality between employees. This strategic project is carried by Keolis Group's general management team and is at the centre of the company's human resources policy. Keolis' strategy for equality is based on three main projects:

First, Keolis makes sure that professional equality is included in organisational and human resources processes. In 2014, the Group began to roll out its HRIS, called T@lent Track, which guarantees more transparency and objective human resources processes. Keolis was awarded with the Digital HR prize by the Association Nationale des Directeurs des Ressources Humaines (ANDRH) for implementing this tool at Group level.

Secondly, Keolis has set up an internal network, Keolis Pluriel, which allows employees, regardless of their professional sector, to get involved in moving professional equality forward. In 2014, the network launched a work group covering the Keolis Group and SNCF, consisting of over 60 volunteers, on the subject of appealing to and building the loyalty of female customers of local public transport. It also organised seminars, training workshops and co-development workshops in the regions, supported by testimonials from experts who presented the company's activities. The Keolis Pluriel network also co-organised, with the networks of large French companies, the third edition of the "Sommet des Réseaux" meeting in November 2014 in Lyon, where it received the trophy for professional equality. Lastly, Keolis Pluriel publishes and relays numerous articles via an on-line collective platform. The success of the Keolis Pluriel network is clear through the number of actions set up and also through the increasing number of its members. Between 2013 and 2014, the number of members more than doubled from 100 to 206.

Thirdly, Keolis is committed to spreading its equality approach throughout the Group, operational departments and beyond. Keolis ensures that its subsidiaries share Group values and accompanies them to guarantee equality between all employees, wherever they are. The company also promotes equality and diversity among its external stakeholders. In 2014, the Keolis Group supported several subsidiaries in achieving their professional equality labelling. As a result, Keolis S.A. and Autocars Planche renewed their Egalité (Equality) label and Keolis Lille was awarded this certification by AFNOR for the first time. Keolis was invited to present its equality approach at the international WIT (women's issues in transportation) conference and in front of members of the UITP (international organisation for public transport). It also took part in writing the guide, "La force des Process", on good practices in terms of professional equality, co-authored by companies with the Egalité (Equality) label. The Group's American subsidiary, Keolis Transit America, received the Rosa Parks Diversity Leadership Award for its commitment to diversity and the construction of an inclusive and multi-cultural working environment. Lastly, Keolis Group was involved in Girls' Day, a day organised by SNCF Group in all French regions to introduce its different activities to secondary school and college students. In 2014, around 3,000 girls took part in this event, which was rolled out in over 200 SNCF and Keolis establishments, including Autocars Planche, Keolis Rennes, Keolis Lille, CIF, Keolis Oise, Keolis Bordeaux, Keolis Lyon, Tadao in Lens and TAMM in Metz.

**- Decree subject (article I-1-f-2): measures implemented in favour of employing disabled people**

| Article code | Subject of decree   | 2014 data   | Indicator                                    |
|--------------|---|---|--|
| I-1-f-2      | – measures implemented in favour of employing disabled people | Data concerning employment of persons with disability is not available to date. | Total number of disabled workers (in units)  |
|              |   |   | Percentage of employment of disabled workers |

Keolis ensures that all of its operational subsidiaries fulfil their legal obligations in matters of disability and undertake proactive awareness-raising and social inclusion actions to fight against all forms of discrimination and exclusion. In 2014, for example, Keolis took part in organising a “disabled workers” recruitment day dedicated to management-level staff. This event, which took place on 25 September, was preceded by a communication campaign in both generalist media and media dedicated to disabled workers. As a transport operator, Keolis also plays a major role in terms of the access of the disabled to mobility. The Keolis Group has several subsidiaries which specialise in the transport of persons with reduced mobility (TPRM). In 2014, the communications and marketing department and the accessibility committee worked on harmonising media and messages sent to TPRM customers. A single sales brochure was designed, consisting of two parts: a base shared by all TPRM subsidiaries covering the Group’s policy in terms of accessibility and a part that can be customised by the subsidiaries.

**- Decree subject (article I-1-f-3): discrimination policy**

Keolis is a signatory to the diversity charter since 2006 and has been a partner of AFMD (Association Française des Managers de la Diversité) since 2014. The Group undertakes to encourage employment of young people, seniors with experience or those changing career path, job-seekers, disabled workers and people of different nationalities and origins. For several years, Keolis has been developing essential partnerships with organisations such as Cap Emploi, Pôle Emploi and local missions to help people who face difficulty when entering into employment. 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 outplacement services, the ministry of Defence or the French national police.

**2.7 Promotion of and adherence to stipulations of the International Labour Organisation’s fundamental conventions**

**- Decree subject (article II-1-g-2): to eliminate discrimination in terms of employment and profession;**

Actions implemented to promote diversity, fair treatment and equal opportunities are effective ways of fighting discrimination. In addition to the actions described above, Keolis Group is actively against all forms of discrimination in employment by following these principles:

- ▶ Priority for dialogue
- ▶ The Group intends to train managers and all HR staff in legal aspects relating to discrimination depending on local situations
- ▶ Keolis Group undertakes to raise managers’ and employees’ awareness of diversity issues
- ▶ Keolis encourages its managers to remain objective in view of problems they may encounter in the company related to the matter of diversity
- ▶ Any problems are settled on a case-by-case basis and may give rise to disciplinary action if behaviour does not conform to the values and integration policies supported by the Group.

The Group formalises its commitments and progress via the Global Compact and its certifications in France and abroad.

**- Decree subject (article II-1-g-3): to eliminate forced or compulsory labour;**

**- Decree subject (article II-1-g-4): to abolish child labour;**

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, including Human Rights, employment law and anti-corruption.

### 3 • INFORMATION RELATING TO SOCIETAL COMMITMENTS TO SUSTAINABLE DEVELOPMENT

#### 3.1 Territorial, economic and social impact of the company's activity

- Decree subject (article I-3-a-1): in terms of employment and regional development

- Decree subject (article I-3-a-2): concerning neighbouring or local populations

Keolis has incorporated the topic of “actors within the community” into its corporate plan via a dedicated project. In fact, Group subsidiaries have an important role to play as an actor in the areas in which they are established.

This role is multiple, such as inclusion of vulnerable groups and young people, inclusion through employment of persons facing hardship, participation in the development of culture and sport, or using local and supporting companies. These partnerships already exist in a number of Group subsidiaries and can take the form of sponsoring, patronage, donations or purchases.

The aim of the “actors within the community» project 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, allow each subsidiary to build its own approach and allow the Group to give value (internally and externally) to the subsidiaries’ partnership actions.

#### 3.2 Relations with persons or organisations with an interest in the company's activity, in particular associations which promote inclusion, teaching establishments, environmental protection associations, consumer associations and neighbouring populations

- Decree subject (article I-3-b-1): conditions of dialogue with these persons or organisations

In September 2014, for the fourth successive year, Keolis brought together its external stakeholders, consisting of representatives of associations, the State, companies and experts. The aim was to listen and learn about what these players have to say about our activities, our position and our corporate plan. Part of the Executive Committee was also involved. The dialogue was very rich with regard to two topics: the corporate plan one year on and the energy challenges faced by Keolis.

Within the framework of this “Dialogue with external stakeholders”, Keolis 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 purpose of the dialogue entered into. The subsidiaries also have a model of the rules of play to be applied and an action plan matrix.

- Decree subject (article I-3-b-2): partnership or patronage actions

Partnership and patronage actions are framed by two specific projects in the Group corporate plan: “Fairness of practices” and “Actors within the community”.

Since 2010, Keolis has made awards to “Actions for solidarity”. The aim of this operation is to encourage personal and voluntary commitment from Group employees to an association which acts in favour of solidarity between neighbourhoods to encourage diversity, or which helps vulnerable people or those in difficulty to support their inclusion. Keolis can thus provide financial support. Applications are assessed by a panel made up of representatives of Keolis’ domestic top management and staff representatives. The interest and admissibility of filed applications are assessed based on the following criteria: the targeted audience, social and partnership dimensions, viability and originality, creation of a social tie, etc. Three winners are awarded a grant, which is directly paid to the associations they represent.

For this 2014 edition, 1st prize was awarded to the association Le Bocal, which supervises inclusion projects for young people from the city of Tours. This was nominated by a driver and ticket inspector from the Keolis Tours subsidiary. The second prize was awarded to the association 3ème Avenue, which encourages social ties between people in the same neighbourhood, particularly people living on their own, the elderly or people with a disability. This was nominated by a customer relations officer from Keolis Lyon. 3rd prize was awarded to the I.D.E.E.S (*Initiatives des Diplômés pour l'Education et l'Emploi des Sevranaise*) association which works in favour of young people from Sevrans who are excluded from the employment market, nominated by an Environment and Safety Project manager from Keolis Courriers d’Ile de France.



### 3.3 Sub-contractors and suppliers

#### - Decree subject (article I-3-c-1): consideration of social and environmental issues in procurement policy

#### - Decree subject (article II-3-c-1): the importance of sub-contracting and consideration of social and environmental responsibility in relations with suppliers and sub-contractors

The Procurement Charter, approved by the Group Executive Committee, defines the general principles of 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.

These principles are:

- ▶ Compliance with national and international regulations and laws in force, in particular concerning observance of fundamental rights (child labour, discrimination, health, safety and the environment).
- ▶ Encourage competition in for the permanent interests of fairness and integrity and the avoidance of conflicts of interest.
- ▶ Seek economic performance as part of a total cost strategy (including product or service quality, price, lead-time compliance, social aspects, the environment).
- ▶ Concerted action between the specifier, the purchaser and the supplier for all purchasing acts, as part of a plan to defend the Group's interest without subjectively or randomly favouring the choice of a supplier, service provider or sub-contractor (suppliers must be selected based on the assessment of objective and measurable criteria, and transparent and communicated indicators; assessment of subjective elements is forbidden).
- ▶ Development of firm but cordial relations based on mutual interest, motivated by the ongoing search for competitiveness.
- ▶ Confidentiality / management of sensitive information.

In compliance with the Group's CSR commitments, all employees involved in purchasing must promote sustainable development to their 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 progress plan in the social and environmental fields and ensure compliance with national laws and regulations and international agreements concerning the protection of individuals (employees, sub-contractors, product or service users) and the environment.

Keolis includes in its supplier selection questionnaire, the Request For Information (RFI), a certain number of questions related to the environment. These questions are adjusted to the segment concerned. Weighting is also adjusted to the risk level in terms of safety, the environment and economic impact.

### 3.4 Fairness of practices

#### - Decree subject (article II-3-d-1): actions undertaken to prevent corruption

The Group's growth ambition in France and internationally intensifies commercial competition and therefore managers' and Group entities' exposure to the risks of competition, fraud and corruption.

To minimise risks of implication of managers, prevent financial and legal risks and to continue to develop while complying with business ethics rules, Keolis included the "Konformité" programme within its corporate plan via the "Fairness of practices" project.

"Konformité" is a Group-wide approach covering three areas and concerning all subsidiaries:

- ▶ strict adherence to free and fair competition: each subsidiary implements its sales policy with respect for good attitudes in terms of competition.
- ▶ prevention of corruption and fraud: each subsidiary applies the group "Patronage, sponsoring and donations" and "Gifts and invitations" procedures.
- ▶ protection of personal data: each subsidiary raises its teams' awareness of good practices and applies the "Privacy by Design" principle for all new projects, including handling of personal data. This principle proposes the inclusion of privacy rules in the design and operation of computer systems and networks, and also in designing responsible practices.

"Konformité" aims to disseminate good attitudes to each Group employee to help them comply with business ethics in their work, to make business ethics a shared value and an element of corporate culture.

Clear rules are written for each of the three areas and will be updated by the Ethics & Conformity Committee. They must be supported by management in each subsidiary, with help from the Ethics & Conformity Correspondents network.

In 2014, training and raising awareness of line managers and business communities continued. Around 200 managers were trained in competition law.

At the same time, the programme was added to in a new guide, "Protecting Innovation", which asks employees to be aware of the value and vulnerability of certain information and of the need to protect intellectual property rights of their company, customers and partners. This guide will be widely distributed in 2015.

Further, a seminar sponsored by several of Keolis' top managers and bringing together international development teams, legal counsels, business analysts and developers was organised at the end of 2014. The purpose of this seminar was specifically to raise the awareness of these populations during a study day given over to implementing the anti-corruption programme in relations with business partners. Following this seminar, a Guide will be written and distributed in 2015.

Internationally, contact with different correspondents allowed the Group to ensure management of this in the different countries and to identify any specific requirements.

In addition, in the event of doubt concerning the application of certain rules of conduct in particular situations, employees can use the Group alert scheme by raising any issues to the ethics advisor. This scheme applies in the financial, accounting and banking fields, as well as in competition, anti-corruption and anti-discrimination. The ethics advisor's reports guarantee the anonymity of employees raising the issue and those possibly accused.

The ethics advisor at Keolis can also be contacted by any Group employee faced with a delicate professional situation which they cannot or do not want to handle with their line manager. The role of the ethics advisor is therefore to listen, advise and, if necessary, investigate subjects related to Group values and ethics.

In 2014, the ethics advisor was solicited 12 times by Group employees.

#### **- Decree subject (article II-3-d-2): measures taken in favour of consumers' health and safety**

Within the framework of Keolis Group's activities, consumer safety means the safe operation of passenger transport services. The security of services means prevention and measures taken with regard to external aggression and attacks.

In 2014, various group subsidiaries in France and abroad developed actions to improve the safety of operations. Several subsidiaries organised safety events for passengers and the public (Rennes, Lyon, Courriers d'Ile de France).

In addition, initial bus and coach driver training for new recruits was revised in many sectors of the Territoire branch. A campaign to raise drivers' awareness of careful driving was also rolled out all over France, using one illustration per season. Internal communication for passenger safety also focused on recalling the essential rules of driving, in particular adjusting speed to the situation and paying attention when talking to passengers (20,000 flyers distributed to bus and coach drivers).

2014 saw the development of several Group recommendations resulting from feedback and analysis of incidents or accidents which occurred on the network: passengers on level crossings, fatigue and lifestyle management (30,000 flyers distributed), safety instructions for passengers (200,000 stickers distributed in coaches), maintenance safety instructions and fire prevention.

When accidents occur, pedestrians and passengers are the most affected, and this will lead the Group to step up prevention and communication actions to passengers and third parties in 2015.

## **4 • ENVIRONMENTAL INFORMATION**

### **4.1 General policy in environmental matters:**

Firmer requirements from Public Transport Authorities, greater awareness among the population, stricter regulations and international growth ambitions have led the Keolis Group to maintain and step up its ambition to significantly improve its environmental performance.

The Environment approach is managed by the Group Health, Safety and Environment Department as part of an ongoing improvement approach. It is also based on feedback from its subsidiaries and on an environment management system, which is itself based on international standard ISO 14001.

The Group Environment approach works on:

- ▶ monitoring and assessing compliance with regulations
- ▶ defining an Environment policy for the whole Group
- ▶ designing and rolling out tools for all subsidiaries
- ▶ developing training
- ▶ performing internal audits
- ▶ sharing feedback.

The Group Environment policy mentions the commitments and targets all of its activities (operations, maintenance, business, administration). This policy applies to all Group subsidiaries and is part of the Group corporate plan.

The Group environment approach was certified ISO14001 in 2014. Initially, this certification applies to ten subsidiaries.

While several Group subsidiaries are already ISO 14001 certified, this first grouped certification prompts genuine commitment to three issues: continue to optimise our energy consumption, improve waste management and minimise potable water consumption for industrial activities.

| Article code | Subject of decree   | 2014 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;              | 73        | Number of sites with ISO 14001 certification                     |
|              |   | 0         | Number of sites covered by another Environment Management System |
| II-2-a-1     | – the sum of provisions and guarantees for risks in terms of the environment, provided that this information does not cause serious harm to the company in an existing dispute; | 576       | Sum of provisions for environmental risks in thousands of euros  |

#### - Decree subject (I-2-a-2): actions taken to train and inform employees in terms of environmental protection

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 induction course for all new Keolis S.A. recruits.

Different internal communication channels exist to promote environmental approaches: France and International newsletters, KeoAwards. In 2014, the first prize in the CSR category was awarded to Keolis Lille for substituting products used for maintenance with products that are less harmful to the environment and health at work.

## 4.2 Pollution and waste management

**- Decree subject (I-2-b-1): measures to prevent, reduce or remedy emissions in the air, water and soil seriously affecting the environment**

**- Decree subject (I-2-b-2): measures to prevent, recycle and eliminate waste**

The Group's environment policy has three specific targets, one of which is to improve waste management. This issue is an important environmental factor for the Group.

To this end, the HSE Department provides Group subsidiaries with specific tools, such as a booklet, which can be customised, to raise employees' awareness to sorting waste, a waste management procedure, a model register to monitor waste production and treatment per site.

| Article code | Subject of decree                                  | 2014 data | Indicator                          |
|--------------|--|-----------|------------------------------------|
| I-2-b-2      | – measures to prevent, recycle and eliminate waste | 3,360     | Tonnes of hazardous waste produced |

**- Decree subject (I-2-b-3): consideration of noise pollution and any other form of pollution specific to an activity**

In 2014, with regard to the three specific objectives of the Group environment policy, noise pollution is not a significant environmental issue for the Group.

In accordance with to our general commitments, this subject is handled locally depending on any complaints received and/or the regulations that apply on the sites concerned.

## 4.3 Sustainable use of resources

**- Decree subject (I-2-c-1): water consumption and water supply depending on local factors**

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

Locally, Group subsidiaries consume potable water as well as recycled and/or rain water to wash vehicles.

In 2014, Keolis Group set up subsidiaries in countries facing water stress, i.e. Australia and Belgium (according to the World Resources Institute).

| Article code | Subject of decree   | 2014 data | Indicator  |
|--------------|---|-----------|--|
| I-2-c-1      | – water consumption and water supply depending on local factors | 616,872   | Volume of water purchased in m <sup>3</sup>                  |
|              |   | 7%        | Share of water consumption in areas faced with hydric stress |

**- Decree subject (I-2-c-2): consumption of raw materials and measures taken to improve their efficient use**

The Group's service activity does not entail the substantial consumption of raw materials. This subject is therefore not a major environmental issue for the Group.

**- Decree subject (I-2-c-3): energy consumption, measures taken to improve energy efficiency and use of renewable energies**

Energy consumption is the main environmental impact of our activities. Optimising our consumption is one of the objectives of Keolis Group's environment policy and the subject of a specific project within the Group's strategic plan.

As a public transport operator and world leader in tram and automatic metro transport, operating over 20,000 buses and coaches in Europe and North America, our energy transition strategy is based on three focal points:

**- Improvement of behaviour**

Eco-driving to reduce fuel consumption of buses. Training using simulators raises bus, coach and tramway 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. This also acts as a useful line management tool.

**- Measuring and controlling energy efficiency**

A matrix of the main energy uses has been developed to help subsidiaries identify their avenues for progress.

**- Supporting Public Transport Authorities in their approaches to improve the environmental performance of their fleet and/or building renovations.**

For several years, Keolis has invested in a range of solutions to reduce the environmental impacts of its vehicle fleet, 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 savings systems for heavy modes of transport.

Keolis is particularly active in this field, using the entire range of alternative energies, such as bio-fuels, ethanol, products from the gas sector and electrical energy. When purchasing vehicles, the Group always steers Public Transport Authorities to models which run on alternative fuels, notably biodiesel or biogas. Keolis has rolled out hybrid technology in several networks in France, as well as in Sweden and Denmark. Keolis operates 47 electrically-powered buses and minibuses and a few electrical service vehicles, as well as 131 trolleybuses.

Keolis has also developed the "ParkOvert" tool which measures the environmental impact over time of different energy sectors on a network.

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.

| Article code | Subject of decree  | 2014 data | Indicator   |
|--------------|--|-----------|---|
| I-2-c-3      | – energy consumption, measures taken to improve energy efficiency and use of renewable energies; | 225,335   | Traction energy consumption for commercial vehicle fleets (excluding rail) in TOE |
|              |  | 10,129    | Traction energy consumption for commercial railway use (in TOE)                   |
|              |  | 13,805    | Energy consumption of the sites in TOE  |

#### - Decree subject (II-2-c-1): land use

The Group's activity does not have any significant impact on land use.

However, we can note that, concerning already urbanised areas, the use of public transport contributes to relieving traffic congestion from towns and cities. If we take the same number of passengers, the road footprint of the private car is nearly 20 times more than the tramway and 5 times more than the bus (source UITP).

#### 4.4 Climate change

##### - Decree subject (I-2-d-1): greenhouse gases

CO<sub>2</sub> emissions from Group activities are directly related to our commercial vehicles' energy consumption, which is our leading source of emissions, and to energy use from buildings (heating, lighting).

In addition to the Greenhouse Gas (GHG) Emissions Statement issued by Keolis S.A. in 2012 in application of article 75 of the French "Grenelle II" environment act, methods to assess and reduce CO<sub>2</sub> emissions have been put in place at subsidiary level, voluntarily or in compliance with regulations. Action plans to reduce these emissions must be established and assessed locally, particularly due to the number of contracts and the types of networks operated.

Since 2013, French subsidiaries have had to display their CO<sub>2</sub> data to passengers and some, along with Keolis S.A., also have to issue a GHG Emissions Statement every three years combined with an action plan to reduce their emissions.

French and international subsidiaries have also embarked on voluntary approaches, such as Bilans Carbone™ (carbon footprint statements), of their own accord or in response to expectations from their Public Transport Authority.

In all situations, actions to reduce emissions must be estimated and assessed by way of an indicator which includes the notion of trip or traveller (CO<sub>2</sub> emissions/trip, /passenger.km, etc.). The Greenhouse Gas Emissions Statement for public transport must apply to a given geographical zone. By reducing the CO<sub>2</sub>/trip ratio, we can illustrate the improved efficiency of our transport, the modal shift from the private car to public transport and the increased modal share of public transport in the given area.

| Article code | Subject of decree           | 2014 data | Indicator   |
|--------------|-----------------------------|-----------|---|
| I-2-d-1      | – greenhouse gas emissions; | 703,604   | CO <sub>2</sub> emissions from commercial traction (excluding rail) in TCO <sub>2</sub> e |
|              |                             | 49,644    | CO <sub>2</sub> emissions from commercial rail traction in TCO <sub>2</sub> e             |
|              |                             | 19,440    | CO <sub>2</sub> emissions of the sites in TCO <sub>2</sub> e                              |

##### - Decree subject (II-2-d-1): adjusting to the consequences of climate change

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

#### 4.5 Protection of biodiversity

##### - Decree subject (I-2-e-1): measure to preserve or develop biodiversity

The predominantly urban activity of the group does not cause significant impact on biodiversity. However, the experience and know-how we have gathered throughout the world puts us in a position where we can respond to biodiversity issues wherever necessary.

## B

## Appendix 2

### List of terms of office or functions performed in 2014 in other companies by the executive officers of keolis

#### 1 • LIST OF TERMS OF OFFICE OR FUNCTIONS PERFORMED IN 2014 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                 |
| Chairman                                       | GIE TRANSPORTS PUBLICS |

##### Michel BLEITRACH

|                               |  |
|-------------------------------|--|
| Director                      | EFFIA (up until 18/06/2014)                              |
| Director                      | HOLDING D'INFRASTRUCTURES DES METIERS DE L'ENVIRONNEMENT |
| Director                      | KEOLIS (up until 18/11/2014)                             |
| Director / Vice Chairman      | ALBIOMA (formerly SECHILIENNE – SIDEC)                   |
| Director                      | SPIE SA (formerly CLAYAX ACQUISITION)                    |
| Director                      | SPIE OPERATIONS (formerly SPIE)                          |
| Director                      | SAUR   |
| Chairman of Supervisory Board | VINCI PARK (since 22/07/2014)                            |
| Director                      | JC DECAUX  |

##### Michel LAMBOLEY

|                             |  |
|-----------------------------|--|
| Director                    | KEOLIS LYON                                  |
| Director                    | KEOLIS RENNES (up until 17/04/2014)          |
| Director                    | KEOLIS BORDEAUX                              |
| Director                    | KEOLIS BORDEAUX METROPOLE (since 24/11/2014) |
| Director                    | KEOLIS LILLE                                 |
| Director                    | EUROBUS HOLDING (Belgium)                    |
| Director                    | KEOLIS ESPANA                                |
| Director                    | KEOLIS S.A.                                  |
| Member of Supervisory Board | LION / SENECA FRANCE 1                       |

##### Arnaud van TROEYEN

|                                    |  |
|------------------------------------|--|
| Director                           | KEOLIS                                   |
| Director                           | STE. D'EXPL. AEROPORT ALBERT PICARDIE    |
| Member of Supervisory Board        | AEROLIS                                  |
| Member of the Management Board     | STÉ D'EXPLOITATION AEROPORT DOLE JURIA   |
| Permanent Representative of Keolis | KEOLIS LILLE (formerly TRANSPOLE)        |
| Director                           | EFFIA                                    |
| Director                           | KEOLIS AMERICA INC (up until 01/07/2014) |
| Director                           | KEOLIS TRANSIT AMERICA, INC              |

|                                 |   |
|---------------------------------|---|
| Director                        | 3695158 CANADA INC.   |
| Director / President            | 8072396 CANADA INC. (up until 01/01/2014)                             |
| Director                        | AUTOCARS ORLEANS EXPRESS INC. (Canada)                                |
| Director                        | CENTRE EXPRESS DE SERVICES AUTOCARS DE MONTREAL (up until 01/01/2014) |
| Director                        | GROUPE ORLEANS EXPRESS (Canada) (up until 01/01/2014)                 |
| Director                        | KEOLIS DOWNER PTY LTD (since 15/05/2014)                              |
| Member of the Supervisory Board | KEOLIS NEDERLAND B.V.   |
| Manager                         | KEOLIS COMMUTER SERVICES LLC (up until 01/07/2014)                    |

##### Éric ASSELIN

|                                |                                       |
|--------------------------------|---------------------------------------|
| Director                       | KEOLIS (up until 15/05/2014)          |
| Chairman                       | INSTITUT KEOLIS (up until 19/06/2014) |
| Chairman of Board of Directors | KEOLIS AMERICA INC (since 01/07/2014) |
| Chairman of Board of Directors | KEOLIS COMMUTER SERVICES LLC          |

##### Xavier HUBERT

|          |                             |
|----------|-----------------------------|
| Director | KEOLIS                      |
| Director | KEOLIS ORLEANS VAL DE LOIRE |
| Director | KEOLIS RENNES               |
| Director | KEOLIS LILLE                |

##### Olga DAMIRON

|                      |                                    |
|----------------------|------------------------------------|
| Director             | KEOLIS (since 15/05/2014)          |
| President / Director | INSTITUT KEOLIS (since 19/06/2014) |

##### Isabelle BALESTRA

|          |                                |
|----------|--------------------------------|
| Director | KEOLIS S.A. (since 18/11/2014) |
|----------|--------------------------------|

##### Éric PATOUX

|                   |        |
|-------------------|--------|
| Employee Director | KEOLIS |
|-------------------|--------|

##### Patricia MEUNIER

|                   |                                 |
|-------------------|---------------------------------|
| Employee Director | KEOLIS                          |
| CEO / Director    | Cie DES TRANSPORTS DE PERPIGNAN |

##### Marc VILLENEUVE

|                   |        |
|-------------------|--------|
| Employee Director | KEOLIS |
|-------------------|--------|

**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)

|   | 2014                | 2013         | 2012        | 2011        | 2010        |
|---|---------------------|--------------|-------------|-------------|-------------|
| <b>1 - Capital at end of period</b>   |                     |              |             |             |             |
| a) Share capital  | <b>46,851,276</b>   | 46,851,276   | 46,851,276  | 46,851,276  | 46,851,276  |
| b) number of ordinary shares outstanding                                      | <b>3,904,273</b>    | 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                                 |                     |              |             |             |             |
| <b>2 - Transactions and earnings for the period</b>                           |                     |              |             |             |             |
| a) Share capital  | <b>186,836,372</b>  | 175,946,238  | 166,466,450 | 156,170,734 | 155,223,584 |
| b) Earnings before tax, profit sharing, depreciation and provisions           | <b>14,909,693</b>   | 48,656,168   | 33,829,455  | 33,497,304  | 63,711,712  |
| c) Tax (tax credit) on profits  | <b>(15,845,019)</b> | (10,378,714) | 8,104,182   | 1,197,877   | -327,452    |
| d) Employee profit sharing for the year                                       | -                   | -            | 1,916,846   | -           | -           |
| e) Earnings after tax, profit sharing, depreciation and provisions            | <b>25,151,149</b>   | 38,731,482   | 59,750,217  | 45,477,141  | 20,490,765  |
| f) Distributed earnings   |                     | 19,130,938   | 19,130,938  | 19,130,938  | 19,130,938  |
| <b>3 - Earnings per share</b>   |                     |              |             |             |             |
| a) Earnings after tax, but before allocations to depreciation and provisions  | <b>7.88</b>         | 15.12        | 6.10        | 8.27        | 16.40       |
| b) Earnings after tax and allocations to depreciation and provisions          | <b>6.44</b>         | 9.92         | 15.30       | 11.65       | 5.25        |
| c) Dividend paid on each share (Net dividend)                                 |                     | 4.90         | 4.90        | 4.90        | 4.90        |
| <b>4 - Staff</b>  |                     |              |             |             |             |
| a) Average numbers employed   | <b>1,363</b>        | 1,262        | 1,228       | 1,215       | 1,186       |
| b) Payroll  | <b>90,570,432</b>   | 83,312,146   | 78,350,555  | 72,169,782  | 74,251,465  |
| c) Amounts paid in welfare benefits (Social Security, company benefits, etc.) | <b>42,962,595</b>   | 38,219,435   | 36,186,552  | 32,579,774  | 33,356,699  |







# 2.

# CONSOLIDATED FINANCIAL STATEMENTS

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## A

## Key figures for the Group

| (€ million)   | 31/12/2014     | 31/12/2013<br>Restated <sup>(1)</sup> |
|---|----------------|---------------------------------------|
| <b>Revenue</b>  | <b>4,275.6</b> | <b>3,967.3</b>                        |
| ▶ Revenue France  | 2,602.2        | 2,551.7                               |
| ▶ Revenue International                                 | 1,673.4        | 1,415.6                               |
| Revenue net of sub-contracting                          | 4,101.3        | 3,798.6                               |
| <b>Recurring EBITDA</b>                                 | <b>213.9</b>   | <b>192.2</b>                          |
| <b>EBITDA</b>   | <b>187.4</b>   | <b>175.0</b>                          |
| Recurring operating profit                              | 67.7           | 62.3                                  |
| Operating profit before investments under equity method | 34.5           | 44.4                                  |
| Operating profit after investments under equity method  | 50.5           | 56.8                                  |
| Profit after tax from continuing operations             | 14.8           | 15.5                                  |
| <b>Profit attributable to equity shareholders</b>       | <b>13.6</b>    | <b>8.8</b>                            |
| <b>Total equity</b>                                     | <b>162.5</b>   | <b>163.5</b>                          |
| <i>of which attributable to equity shareholders</i>     | <i>141.7</i>   | <i>150.0</i>                          |
| <b>Net cash flows from operating activities</b>         | <b>141.9</b>   | <b>154.6</b>                          |
| <b>Industrial investments</b>                           | <b>181.5</b>   | <b>181.4</b>                          |
| <b>Net financial debt (cash surplus)<sup>2</sup></b>    | <b>346.9</b>   | <b>227.7</b>                          |

(1) See note 2.4.27 on changes made following the application of IFRS 10 and 11.

(2) Surplus cash positions are presented in brackets

## B

## Consolidated financial statements

## 1 • INCOME STATEMENT

| (€ million)  | Note | 31/12/2014     | 31/12/2013<br>Restated <sup>(1)</sup> |
|--|------|----------------|---------------------------------------|
| Revenue  |      | 4,275.6        | 3,967.3                               |
| Other income from operations   |      | 25.5           | 19.6                                  |
| <b>INCOME FROM CONTINUING OPERATIONS</b>                             |      | <b>4,301.1</b> | <b>3,986.9</b>                        |
| Sub-contracting  |      | (174.3)        | (168.7)                               |
| Purchases consumed and external expenses                             |      | (1,451.8)      | (1,373.5)                             |
| Taxes  |      | (13.6)         | (14.9)                                |
| Staff costs, incentive schemes, profit-sharing                       | 4.1  | (2,458.8)      | (2,239.3)                             |
| Other operating income   | 4.2  | 48.3           | 33.4                                  |
| Other operating expense  |      | (21.9)         | (19.7)                                |
| Net provisions on current assets                                     |      | (4.6)          | (0.7)                                 |
| Net depreciation and other provisions charged                        |      | (163.5)        | (146.2)                               |
| Profit/(loss) on recurring fixed asset disposals                     |      | 1.4            | (2.3)                                 |
| Amortisation of grants received                                      |      | 5.4            | 7.3                                   |
| <b>RECURRING OPERATING PROFIT</b>                                    |      | <b>67.7</b>    | <b>62.3</b>                           |
| Other non-recurring income   |      | 6.6            | 12.8                                  |
| Other non-recurring expense  |      | (30.4)         | (27.6)                                |
| Depreciation and provisions on contractual rights                    | 4.3  | (9.4)          | (3.1)                                 |
| <b>OPERATING PROFIT/LOSS BEFORE INVESTMENTS UNDER EQUITY METHOD</b>  |      | <b>34.5</b>    | <b>44.4</b>                           |
| Profit/(loss) from associates  | 4.6  | 16.0           | 12.4                                  |
| <b>OPERATING PROFIT/(LOSS) AFTER INVESTMENTS UNDER EQUITY METHOD</b> |      | <b>50.5</b>    | <b>56.8</b>                           |
| Net cost of financial borrowing                                      | 4.5  | (8.7)          | (7.2)                                 |
| Other financial income   | 4.5  | 7.1            | 3.9                                   |
| Other financial expense  | 4.5  | (13.5)         | (12.4)                                |
| <b>FINANCIAL INCOME (EXPENSE)</b>                                    |      | <b>(15.1)</b>  | <b>(15.7)</b>                         |
| Profit before tax  |      | 35.4           | 41.1                                  |
| Taxation   | 4.7  | (20.6)         | (25.6)                                |
| <b>PROFIT AFTER TAX FROM CONTINUING OPERATIONS</b>                   |      | <b>14.8</b>    | <b>15.5</b>                           |
| <b>PROFIT FOR THE YEAR</b>   |      | <b>14.8</b>    | <b>15.5</b>                           |
| Profit attributable to non-controlling interests                     |      | (1.3)          | (6.7)                                 |
| <b>PROFIT ATTRIBUTABLE TO GROUP</b>                                  |      | <b>13.6</b>    | <b>8.8</b>                            |

(1) See note 2.4.27 on changes made following the application of IFRS 10 and 11.

**2 • STATEMENT OF COMPREHENSIVE INCOME**

| <i>(€ million)</i>  | <b>31/12/2014</b> | 31/12/2013<br>Restated <sup>(1)</sup> |
|---|-------------------|---------------------------------------|
| <b>PROFIT FOR THE YEAR</b>  | <b>14.8</b>       | <b>15.5</b>                           |
| Actuarial gains and losses on defined benefit pension schemes                   | (14.0)            | 0.1                                   |
| Tax on actuarial gains and losses on defined benefit pension schemes            | 4.8               | (0.3)                                 |
| Share of other items in comprehensive income of investments under equity method | 8.4               | 7.3                                   |
| <b>ITEMS THAT WILL NOT BE RECLASSIFIED TO PROFIT OR LOSS</b>                    | <b>(0.8)</b>      | <b>7.2</b>                            |
| Translation differences and others  | 6.7               | (7.9)                                 |
| Unrealised gains and losses on financial hedging instruments                    | (7.8)             | 0.4                                   |
| Tax on items that may be reclassified to profit or loss                         | 2.7               | (0.1)                                 |
| <b>ITEMS THAT MAY BE RECLASSIFIED TO PROFIT OR LOSS</b>                         | <b>1.6</b>        | <b>(7.6)</b>                          |
| <b>TOTAL GAINS AND LOSSES RECOGNISED DIRECTLY IN EQUITY</b>                     | <b>0.8</b>        | <b>(0.5)</b>                          |
| <b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>                                  | <b>15.6</b>       | <b>15.0</b>                           |
| of which attributable to :  |                   |                                       |
| - Equity shareholders   | 13.7              | 10.0                                  |
| - Non-controlling interests   | 1.9               | 5.1                                   |

(1) See note 2.4.27 on changes made following the application of IFRS 10 and 11.

### 3 • STATEMENT OF FINANCIAL POSITION

| <b>ASSETS</b><br>(€ million)        | Note | 31/12/2014     | 31/12/2013<br>Restated <sup>(1)</sup> | 31/12/2012<br>Restated <sup>(1)</sup> |
|-------------------------------------|------|----------------|---------------------------------------|---------------------------------------|
| Goodwill                            | 5.1  | 233.6          | 222.1                                 | 221.0                                 |
| Other intangible assets             | 5.2  | 149.7          | 119.0                                 | 113.9                                 |
| Property, plant and equipment       | 5.3  | 620.5          | 558.1                                 | 488.9                                 |
| Investments under the equity method | 5.4  | 36.2           | 23.5                                  | 34.2                                  |
| Non-current financial assets        | 5.5  | 149.8          | 104.9                                 | 90.7                                  |
| Deferred tax asset                  | 4.7  | 77.0           | 96.5                                  | 99.5                                  |
| <b>NON-CURRENT ASSETS</b>           |      | <b>1,266.9</b> | <b>1,124.1</b>                        | <b>1,048.3</b>                        |
| Inventories and work in progress    | 5.6  | 78.0           | 64.7                                  | 68.2                                  |
| Trade receivables                   | 5.7  | 365.6          | 361.8                                 | 355.7                                 |
| Other receivables                   | 5.7  | 367.5          | 251.0                                 | 250.5                                 |
| Current financial assets            | 5.5  | 19.8           | 12.8                                  | 12.8                                  |
| Cash and cash equivalents           | 5.8  | 284.7          | 335.5                                 | 233.9                                 |
| <b>CURRENT ASSETS</b>               |      | <b>1,115.7</b> | <b>1,025.9</b>                        | <b>921.0</b>                          |
| <b>TOTAL ASSETS</b>                 |      | <b>2,382.5</b> | <b>2,150.0</b>                        | <b>1,969.3</b>                        |

(1) See note 2.4.27 on changes made following the application of IFRS 10 and 11.

| <b>LIABILITIES</b><br>(€ million)                             | Note | 31/12/2014     | 31/12/2013<br>Restated <sup>(1)</sup> | 31/12/2012<br>Restated <sup>(1)</sup> |
|---|------|----------------|---------------------------------------|---------------------------------------|
| Share capital   | 5.9  | 46.9           | 46.9                                  | 46.9                                  |
| Reserves and premiums   | 5.9  | 81.3           | 94.3                                  | 107.7                                 |
| Net profit/(loss) attributable to Group                       | 5.9  | 13.6           | 8.8                                   | 4.8                                   |
| <b>EQUITY ATTRIBUTABLE TO GROUP</b>                           |      | <b>141.7</b>   | <b>150.0</b>                          | <b>159.4</b>                          |
| Reserves attributable to non-controlling interests            |      | 19.5           | 6.8                                   | 8.1                                   |
| Profit for the year attributable to non-controlling interests |      | 1.3            | 6.7                                   | 8.8                                   |
| <b>EQUITY</b>   |      | <b>162.5</b>   | <b>163.5</b>                          | <b>176.2</b>                          |
| Non-current provisions  | 5.13 | 176.9          | 144.2                                 | 145.1                                 |
| Non-current financial debt                                    | 5.10 | 138.9          | 228.5                                 | 213.6                                 |
| Deferred tax liability  | 4.7  | 43.7           | 81.7                                  | 86.7                                  |
| <b>NON-CURRENT LIABILITIES</b>                                |      | <b>359.5</b>   | <b>454.5</b>                          | <b>445.4</b>                          |
| Current provisions  | 5.13 | 52.0           | 47.1                                  | 46.0                                  |
| Current financial debt  | 5.10 | 167.7          | 75.6                                  | 62.6                                  |
| Bank borrowings   | 5.8  | 376.9          | 287.4                                 | 131.1                                 |
| Trade payables and other liabilities                          | 5.14 | 1,263.9        | 1,121.8                               | 1,107.9                               |
| <b>CURRENT LIABILITIES</b>                                    |      | <b>1,860.5</b> | <b>1,531.9</b>                        | <b>1,347.6</b>                        |
| <b>TOTAL LIABILITIES</b>                                      |      | <b>2,382.5</b> | <b>2,150.0</b>                        | <b>1,969.3</b>                        |

(1) See note 2.4.27 on changes made following the application of IFRS 10 and 11.

## 4 • STATEMENT OF CHANGES IN EQUITY

| (€ million)  | Share capital | RESERVES AND OTHER |  |  |   |               | Sub-total     | Total equity |
|--|---------------|--------------------|--|--|---|---------------|---------------|--------------|
|  |               | Reserves           | Items that may be reclassified to profit or loss |  |   |               |               |              |
|  |               |                    | Translation differences                          | Other unrecognised gains / (losses), net/intents, nets | Other unrealised gains / (losses), net, not re-classifiable to profit or loss |               |               |              |
| <b>AT 31 DECEMBER 2012 - RESTATED (1)</b>                                      | <b>46.9</b>   | <b>152.3</b>       | <b>(3.6)</b>                                     | -  | <b>(19.4)</b>   | <b>129.4</b>  | <b>176.2</b>  |              |
| Attributable to Keolis S.A. shareholders                                       | 46.9          | 137.3              | (5.4)  | -  | (19.4)  | 112.5         | 159.4         |              |
| Attributable to minority shareholders in subsidiaries                          | -             | 15.0               | 1.9  | -  | -   | 16.9          | 16.9          |              |
| Dividends paid to Keolis S.A. shareholders                                     | -             | (19.1)             | -  | -  | -   | (19.1)        | (19.1)        |              |
| <b>OPERATIONS ATTRIBUTABLE TO KEOLIS S.A. SHAREHOLDERS (A)</b>                 | -             | <b>(19.1)</b>      | -  | -  | -   | <b>(19.1)</b> | <b>(19.1)</b> |              |
| Dividends paid to minority shareholders in subsidiaries                        | -             | (8.4)              | -  | -  | -   | (8.4)         | (8.4)         |              |
| <b>OPERATIONS ATTRIBUTABLE TO MINORITY SHAREHOLDERS IN SUBSIDIARIES (B)</b>    | -             | <b>(8.4)</b>       | -  | -  | -   | <b>(8.4)</b>  | <b>(8.4)</b>  |              |
| Profit for the year  | -             | 15.5               | -  | -  | -   | 15.5          | 15.5          |              |
| Gains / (losses) recognised directly in equity                                 | -             | -                  | (7.9)  | 0.2  | 7.2   | (0.4)         | (0.4)         |              |
| <b>COMPREHENSIVE INCOME (C)</b>  | -             | <b>15.5</b>        | <b>(7.9)</b>                                     | <b>0.2</b>   | <b>7.2</b>  | <b>15.1</b>   | <b>15.1</b>   |              |
| <b>CHANGE IN THE YEAR (A+B+C)</b>  | -             | <b>(12.3)</b>      | <b>(7.9)</b>                                     | <b>0.2</b>   | <b>7.2</b>  | <b>(12.7)</b> | <b>(12.7)</b> |              |
| Attributable to Keolis S.A. shareholders                                       | -             | (10.6)             | (6.2)  | 0.2  | 7.2   | (9.4)         | (9.4)         |              |
| Attributable to minority shareholders in subsidiaries                          | -             | (1.7)              | (1.6)  | -  | -   | (3.4)         | (3.4)         |              |
| <b>AT 31 DECEMBER 2013 - RESTATED (1)</b>                                      | <b>46.9</b>   | <b>140.0</b>       | <b>(11.4)</b>                                    | <b>0.3</b>   | <b>(12.2)</b>   | <b>116.7</b>  | <b>163.5</b>  |              |
| Attributable to Keolis S.A. shareholders                                       | 46.9          | 126.7              | (11.6)   | 0.3  | (12.2)  | 103.2         | 150.0         |              |
| Attributable to minority shareholders in subsidiaries                          | -             | 13.3               | 0.2  | -  | -   | 13.5          | 13.5          |              |
| Dividends paid to Keolis S.A. shareholders                                     | -             | (19.1)             | -  | -  | -   | (19.1)        | (19.1)        |              |
| Change in Keolis S.A. shareholdings in its subsidiaries without losing control | -             | (2.8)              | -  | -  | -   | (2.8)         | (2.8)         |              |
| <b>OPERATIONS ATTRIBUTABLE TO KEOLIS S.A. SHAREHOLDERS (A)</b>                 | -             | <b>(22.0)</b>      | -  | -  | -   | <b>(22.0)</b> | <b>(22.0)</b> |              |
| Dividends paid to minority shareholders in subsidiaries                        | -             | (0.3)              | -  | -  | -   | (0.3)         | (0.3)         |              |
| Change in shareholdings in subsidiaries related to gaining / losing control    | -             | -                  | -  | -  | -   | -             | -             |              |
| Change in shareholdings in subsidiaries without gaining/losing control         | -             | 5.8                | -  | -  | -   | 5.8           | 5.8           |              |
| <b>OPERATIONS ATTRIBUTABLE TO MINORITY SHAREHOLDERS IN SUBSIDIARIES (B)</b>    | -             | <b>5.4</b>         | -  | -  | -   | <b>5.4</b>    | <b>5.4</b>    |              |
| Profit for the year  | -             | 14.8               | -  | -  | -   | 14.8          | 14.8          |              |
| Requalification of non-classifiable reserves related to mergers                | -             | (2.8)              | -  | -  | 2.8   | -             | -             |              |
| Gains / (losses) recognised directly in equity                                 | -             | -                  | 6.7  | (5.1)  | (0.8)   | 0.8           | 0.8           |              |
| <b>COMPREHENSIVE INCOME (C)</b>  | -             | <b>12.0</b>        | <b>6.7</b>                                       | <b>(5.1)</b>   | <b>2.0</b>  | <b>15.6</b>   | <b>15.6</b>   |              |
| <b>CHANGE IN THE YEAR (A+B+C)</b>  | -             | <b>(4.6)</b>       | <b>6.7</b>                                       | <b>(5.1)</b>   | <b>2.0</b>  | <b>(1.0)</b>  | <b>(1.0)</b>  |              |
| Attributable to Keolis S.A. shareholders                                       | -             | (8.4)              | 6.1  | (5.1)  | 2.0   | (5.5)         | (5.5)         |              |
| Attributable to minority shareholders in subsidiaries                          | -             | 6.7                | 0.7  | -  | -   | 7.3           | 7.3           |              |
| <b>AT 31 DECEMBER 2014</b>   | <b>46.9</b>   | <b>135.0</b>       | <b>(4.3)</b>                                     | <b>(4.9)</b>   | <b>(10.2)</b>   | <b>115.7</b>  | <b>162.5</b>  |              |
| Attributable to Keolis S.A. shareholders                                       | 46.9          | 115.5              | (5.6)  | (4.9)  | (10.2)  | 94.9          | 141.7         |              |
| Attributable to minority shareholders in subsidiaries                          | -             | 19.5               | 1.3  | -  | (0.1)   | 20.8          | 20.8          |              |

(1) See note 2.4.27 on changes made following the application of IFRS 10 and 11.



## 5 • STATEMENT OF CASH FLOWS

| (€ million)  | Note | 31/12/2014     | 31/12/2013<br>Restated <sup>(1)</sup> |
|--|------|----------------|---------------------------------------|
| Operating profit before investments under equity method  | 4.3  | <b>34.5</b>    | <b>44.4</b>                           |
| Non-cash items   | 4.4  | 152.9          | 130.6                                 |
| <b>EBITDA</b>  | 4.4  | <b>187.4</b>   | <b>175.0</b>                          |
| Elimination of provisions on current assets              |      | 4.6            | 0.9                                   |
| Changes in working capital                               |      | (32.3)         | 28.0                                  |
| Tax paid   |      | (17.8)         | (49.2)                                |
| <b>A) NET CASH FROM OPERATING ACTIVITIES</b>             |      | <b>141.9</b>   | <b>154.6</b>                          |
| Capital expenditure                                      |      | (181.5)        | (181.4)                               |
| Proceeds from the sale of tangible and intangible assets |      | 33.9           | 29.3                                  |
| Investment grants received                               |      | 2.5            | 6.0                                   |
| Change in financial assets for concessions (IFRIC 12)    |      | (19.1)         | (17.5)                                |
| Financial investments                                    |      | (90.0)         | (7.8)                                 |
| Proceeds from disposal of financial assets               |      | 10.9           | 4.2                                   |
| Cash flows on changes in reporting scope                 |      | 27.2           | 0.9                                   |
| <b>B) NET CASH FROM INVESTING ACTIVITIES</b>             |      | <b>(216.1)</b> | <b>(166.3)</b>                        |
| <b>FREE CASH FLOW</b>                                    |      | <b>(74.3)</b>  | <b>(11.7)</b>                         |
| Net dividends paid                                       |      | (19.7)         | (27.2)                                |
| Net dividends received                                   |      | 13.3           | 27.5                                  |
| Change in equity (other transactions with shareholders)  |      | 13.0           | (0.0)                                 |
| New borrowings   |      | 59.3           | 22.7                                  |
| Borrowings repaid  |      | (120.2)        | (44.3)                                |
| Interest received  |      | 1.1            | 1.8                                   |
| Interest paid  |      | (9.8)          | (9.6)                                 |
| Change in other financial debts                          |      | 0.1            | 0.1                                   |
| Other  |      | (6.1)          | (4.3)                                 |
| <b>C) NET CASH FROM FINANCING ACTIVITIES</b>             |      | <b>(69.1)</b>  | <b>(33.4)</b>                         |
| <b>D) FOREIGN EXCHANGE TRANSLATION DIFFERENCES</b>       |      | <b>3.0</b>     | <b>(8.4)</b>                          |
| <b>CHANGE IN CASH AND CASH EQUIVALENTS (A+B+C+D)</b>     |      | <b>(140.4)</b> | <b>(53.5)</b>                         |
| Cash and cash equivalents at beginning of period         | 5.8  | 48.2           | 101.7                                 |
| Cash and cash equivalents at end of period               | 5.8  | (92.2)         | 48.2                                  |
| <b>CHANGE IN CASH AND CASH EQUIVALENTS</b>               |      | <b>(140.4)</b> | <b>(53.5)</b>                         |

(1) See note 2.4.27 on changes made following the application of IFRS 10 and 11.



## Notes to the consolidated financial statements

### 1 • GENERAL INFORMATION

The activity of the Keolis S.A. group and its subsidiaries ("the Group") is multimodal passenger transport. The Group operates in 9 European countries, in Canada, Australia, the United States (Washington, California, Florida and Virginia) and India as a licensed public service operator within public-private contracts.

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, rue le Peletier, 75320 Paris Cedex 09.

The consolidated financial statements of the Group for the financial year ended 31 December 2014 were approved by the Board of Directors on 3 March 2015.

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

### 2 • SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### 2.1 Basis of preparation

The Group's consolidated financial statements for the reporting period ending 31 December 2014 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 2014. They are available at this site:

[http://ec.europa.eu/internal\\_market/accounting/ias/index\\_fr.htm](http://ec.europa.eu/internal_market/accounting/ias/index_fr.htm)

The consolidated financial statements are presented in millions of euros unless otherwise indicated.

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).

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.

#### 2.2 Changes in accounting principles

The basis for the consolidated financial statements at 31 December 2014 as described in this note result from:

► standards and interpretations the application of which is mandatory for reporting periods starting before or on 1st January 2014;

► the adopted options and exemptions used to prepare the financial statements for the reporting period 2014 in addition to those already described in the annual consolidated financial statements for 2013. These options are described below.

#### Application of standards, amended standards and interpretations that are mandatory as of 1st January 2014

The IASB published the standards related to the scope and methods of consolidation (IFRS 10, 11, 12, IAS 27 2011 version) and IAS 28, revised) in May 2011. These standards were adopted by the European Commission on 29 December 2012. The mandatory effective date established by the IASB applied to annual periods starting on or after 1 January 2013. This date was extended by the European Commission to 1 January 2014:

• IFRS 10 "Consolidated Financial Statements" amends IAS 27 "Consolidated and Separate Financial Statements" and replaces Interpretation SIC 12 "Special Purpose Entities". IFRS 10 presents a single consolidation model that identifies control as the basis for consolidation for all types of entities. The standard provides a new definition of control, based on power over the entity, the exposure or rights to variable returns, and the ability to influence these returns.

• IFRS 11 "Joint Arrangements" replaces IAS 31 "Interests in Joint Ventures" and Interpretation SIC 13 "Jointly Controlled Entities - Non-Monetary Contributions by Venturers" for all aspects relating to the accounting of arrangements under joint control. Joint control is said to exist when decisions regarding significant activities of the arrangement require the unanimous consent of the parties sharing control. This new standard now provides for the classification into two categories depending upon the nature of the rights and obligations arising, and consequently two distinct accounting treatments:

1. Joint arrangements qualifying as joint ventures, which only give a right to a share of the entity's net assets, are consolidated according to the equity method;
2. Joint arrangements qualifying as joint operations are accounted for according to the share of assets, liabilities, income and expenses in the joint activities held by the Group. A joint operation may be realised through an entity that may or may not be a joint venture.

The impact of the application of these standards, in particular IFRS 11 – Joint Arrangements, has led to a reduction in annual turnover of around 1 billion euros. In particular, certain major entities in the United Kingdom are jointly controlled by the KEOLIS S.A. group. and its partners Go-Ahead or First Group. Furthermore, the Group has no joint operations.

• Revised IAS 27 "Separate Financial Statements" now only outlines the accounting of investments in the separate financial statements.

- Revised IAS 28 "Investments in Associates and Joint Ventures" defines the concept of "significant influence" and the equity accounting method for investments in associates and joint ventures as described by IFRS 11.
- IFRS 12 "Disclosure of Interests in Other Entities". This standard refers to mandatory disclosures of interests in subsidiaries, joint arrangements, associates and unconsolidated "structured" entities.

Furthermore, the Group has applied the following amendments:

- Amendments to IAS 32 and IFRS 7: Offsetting Financial Assets and Financial Liabilities;
- Amendments to IAS 36: Recoverable Amount Disclosures for Non-Financial Assets;
- Amendments to IAS 39 and IFRS 9: Novation of Derivatives and Continuation of Hedge Accounting.

### **Standards, amendments to standards and interpretations without early application**

The Group has not applied in advance standards and interpretations adopted by the European Union which are applicable for annual periods starting after 1 January 2014.

- IFRS 9 "Financial Instruments: classification and measurement";
- IFRS 15 "Revenue from Contracts with Customers";
- Amendments to IAS 19 "Employee contributions to defined benefit plans";
- Amendments to IFRS 11 "Acquisition of an interest in a joint operation";
- Amendments to IAS 16 and IAS 38 "Clarification of Acceptable Methods of Depreciation and Amortisation"
- Annual Improvements cycle 2010-2012;
- Annual Improvements cycle 2011-2013;
- IFRIC 21 "Levies".

The Group is currently conducting an analysis to identify and assess the impacts to be expected from the application of these new standards, interpretations and amendments.

### **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 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 2014.

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 accounts;

## **2.4 Accounting principles**

### **2.4.1 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**

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 verify 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". Special purpose 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.

### 2.4.2 Translation of transactions and financial statements of foreign companies

The Group's consolidated financial statements are prepared in euros, which is the functional and reporting currency of the parent.

### Translation of the financial statements of foreign companies

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

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

### Translation of foreign currency transactions

The functional currency of Group companies is their local cur-

rency. 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).

### 2.4.3 Business combination

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

A business combination is understood to involve the obtaining or losing 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 assets and liabilities acquired (the so-called complete goodwill method).

Acquisition costs are expensed in the year.

For a takeover in several stages, the investment held prior to the establishment of control is revalued at its fair value on the date of takeover and any profit or loss arising therefrom is recognised under operating 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: counterpart in goodwill.

The 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.

### 2.4.4 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, they 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 2.4.9).

Goodwill is allocated to cash generating units or groups thereof which are likely to benefit from synergies resulting from aggregation as described in note 2.4.9.

Negative goodwill is recognised in the income statement on the date of acquisition.

#### 2.4.5 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. In accordance with IFRS 3 revised, they are recognised in financial debts against a reduction of these 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.

The fair value of non-controlling interest buyout commitments is reviewed at each financial accounting period end. The 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.

#### 2.4.6 Service concession arrangements

##### Presentation of the IFRIC12 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, i.e., the right to regain possession of the infrastructure at the end of the contract.

In its public transport activities, the Group is in particular 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 infrastructures used 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 rented infrastructure, 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.

#### 2.4.7 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.

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 2.4.6).

#### 2.4.8 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 or joint ventures 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.

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

The Group has identified components of capital assets. These have useful lives similar to the main asset to which they relate, and are therefore not separately accounted for. Through its public passenger transport activity, the Group incurs multiyear expenditure on major repairs to its light rail (underground railway, tramway) and passenger rail rolling stock. Since these assets were provided by local government authorities, they are not recognised separately as components under assets. However,

renewals which are refurbishments or lead to an increase in productive capacity and modifications bringing new functionality or that extend lifespans are contributions that can be qualified as operator assets. Expenditure on major maintenance is provisioned when there is a contractual liability at the year end.

### 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                      | <b>15 - 20 years</b> |
| Equipment and tooling          | <b>5 - 10 years</b>  |
| Office equipment and furniture | <b>5 - 10 years</b>  |
| Vehicles:                      |                      |
| <i>Cars</i>                    | <b>5 years</b>       |
| <i>Coaches and buses</i>       | <b>10 - 15 years</b> |
| <i>Rolling stock</i>           | <b>15 - 30 years</b> |

### Rental agreements

Payments made for the purpose of ordinary rental agreements are recognised as expenses in the income statement.

### Government investment grants

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

#### 2.4.9 Impairment of capitalised assets and non-financial assets

The Group performs systematic impairment tests annually (or more frequently where value impairment is indicated) of goodwill and other intangible assets that have indefinite useful lives, and therefore cannot be depreciated.

For property, plant and equipment, and intangible assets with finite useful lives, which are therefore depreciated or amortised, an impairment test is only conducted where impairment is indicated.

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

France and, internationally, mainly by country.

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

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

The carrying amount of each asset group tested was 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 according to the main assumptions and procedures set out below:

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

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

This allocation must not result in the carrying amount of an individual asset being lower than its fair value, value in use or zero. Impairment losses allocated to acquisition goodwill cannot be reversed, unlike the impairment losses of other property, plant and equipment and intangible assets.

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



#### 2.4.10 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.

#### 2.4.11 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.

#### 2.4.12 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 at the amortised cost using the effective interest rate method, less any impairment allowances.

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.



#### 2.4.13 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.

#### 2.4.14 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 in Europe and in the USA. 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 according to 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 in particular 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.

#### 2.4.15 Financial debt and long term borrowings

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.

#### 2.4.16 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;
- ▶ cross-currency swaps;
- ▶ cap calls;
- ▶ sales of caps to unwind an existing cap or to realise a cap spread;
- ▶ floor puts if tied with cap calls to create a symmetrical or asymmetrical collar;
- ▶ floor calls, in particular to buy back floors that constitute asymmetrical collars;
- ▶ swaption calls;
- ▶ swaption puts if tied with calls to constitute swaption collars.

Derivative financial instruments eligible for hedge accounting are recognised under cash flow hedges. The derivative financial instruments that are not eligible are recognised under trading. Changes in the intrinsic value of derivative financial instruments recognised under cash flow hedges are entirely recognised within equity (OCI - other comprehensive income). The other items are recognised as financial income/(expense):

- ▶ changes in fair value of derivative financial instruments not eligible for hedge accounting (for example, the asymmetrical portion of collars);

- ▶ changes in the time value of all derivative financial instruments;
- ▶ option premiums.

#### **Foreign exchange risk**

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

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

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

- ▶ forward and futures sales and purchases;
- ▶ foreign exchange swaps;
- ▶ cross-currency 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**

Within the scope of its activities, the Group is exposed to a risk in the fluctuation of the price of certain commodities, in particular diesel.

The diesel price fluctuation risk is generally hedged using price indexation included in the contracts signed by Keolis S.A. and its subsidiaries with their clients. For its diesel purchases, the Group nonetheless bears the price risk until it is passed on to its customers. This time lag, when it exists, usually lasts only a few months, and up to a maximum of twenty-four months. A hedging

policy has been set up to cover this partial exposure. Management's objective for commodity risk management is to defend the prices indexed under the contracts.

The Group covers this commodities risk using 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;
- ▶ barrier options on a proportion of the underlying asset limited to 20%.

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.

#### 2.4.17 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 discounting rates and expected long-term yields from the funds invested for each country, and on assumptions regarding life expectancy, staff turnover, trends in pay, annuity revaluations and the discounted value of payable sums. The specific assumptions for each plan take local economic and demographic factors into account.

The value entered in the statement of financial position under provisions "pensions and other employment benefits" is the



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

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

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

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

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

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.

Furthermore, the Group has implemented a long-term employee retention scheme.

#### **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 maintain and repair facilities managed under a public service agreement. The resulting maintenance and repair costs are analysed in accordance with IAS 37 on provisions and, where applicable, provisions are accrued for major repairs or even for lossmaking contracts in the event that

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.

#### **2.4.18 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.

#### **2.4.19 Trade payables and other accounts payable**

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

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

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

#### **2.4.20 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.

#### 2.4.21 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.

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

The CICE (tax credit for competitiveness and employment) 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 2013, the tax credit rate was set at 4% of these salaries, then it was raised to 6% for the following years.

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.

#### 2.4.23 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.

#### 2.4.24 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.

#### 2.4.25 EBITDA calculation

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

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

#### 2.4.26 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 includes 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.

#### 2.4.27 Changes made to comparative periods (restated 2013)

**Application of standards relating to consolidation scope and method (IFRS 10, 11, 12, IAS 27 (version 2011) and IAS 28 revised)**

In accordance with the transitional provisions, the Group applied



the standards relating to consolidation scope and method retrospectively to 1 January 2013 according to the terms of IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors".

As the standards are applied retrospectively, the impact is determined at the start of the 2013 financial year, i.e. on 1 January 2013. As a consequence of the first application of the standards relating to consolidation scope and method, the opening financial statements at 1 January 2014 were restated:

- ▶ In the income statement
- ▶ In the statement of comprehensive income
- ▶ In the statement of financial position
- ▶ In the statement of cash flows.

Full details of the impacts of the application of these standards on the 2012 financial statements as published in the 2013 financial statements, and on the 2013 financial statements, are set out in the following pages.

The main impact of the application of these standards is the application of IFRS 11 which leads to a change in consolidation method applied to joint ventures in the United Kingdom. These entities were previously recognised proportionally in the Group's consolidated financial statements; they are now consolidated according to the equity method. Goodwill allocated to the United Kingdom cash-generating unit is still considered to be allocated to this level as overall performance is monitored based on the country.

• **ANNUAL STATEMENT OF FINANCIAL POSITION  
AT 31 DECEMBER 2012**

| <b>ASSETS</b><br>(€ million)        | Published<br>31/12/2012 | Impact of<br>IFRS 10 - 11 | Restated<br>31/12/2012 |
|-------------------------------------|-------------------------|---------------------------|------------------------|
| Goodwill                            | 224.7                   | (3.6)                     | 221.0                  |
| Other intangible assets             | 115.5                   | (1.6)                     | 113.9                  |
| Property, plant and equipment       | 510.7                   | (21.8)                    | 488.9                  |
| Investments under the equity method | 1.8                     | 32.4                      | 34.2                   |
| Non-current financial assets        | 99.0                    | (8.4)                     | 90.7                   |
| Deferred tax asset                  | 69.1                    | 30.5                      | 99.5                   |
| <b>NON-CURRENT ASSETS</b>           | <b>1,020.7</b>          | <b>27.5</b>               | <b>1,048.3</b>         |
| Inventories and work in progress    | 72.8                    | (4.6)                     | 68.2                   |
| Trade receivables                   | 390.0                   | (34.3)                    | 355.7                  |
| Other receivables                   | 296.8                   | (46.3)                    | 250.5                  |
| Current financial assets            | 35.5                    | (22.7)                    | 12.8                   |
| Cash and cash equivalents           | 408.0                   | (174.1)                   | 233.9                  |
| <b>CURRENT ASSETS</b>               | <b>1,203.1</b>          | <b>(282.1)</b>            | <b>921.0</b>           |
| <b>TOTAL ASSETS</b>                 | <b>2,223.8</b>          | <b>(254.6)</b>            | <b>1,969.3</b>         |

| <b>LIABILITIES</b><br>(€ million)                             | Published<br>31/12/2012 | Impact of<br>IFRS 10 - 11 | Restated<br>31/12/2012 |
|---|-------------------------|---------------------------|------------------------|
| Share capital   | 46.9                    | -                         | 46.9                   |
| Reserves and premiums   | 107.7                   | -                         | 107.7                  |
| Net profit/(loss) attributable to Group                       | 4.8                     | -                         | 4.8                    |
| <b>EQUITY ATTRIBUTABLE TO GROUP</b>                           | <b>159.4</b>            | <b>-</b>                  | <b>159.4</b>           |
| Reserves attributable to non-controlling interests            | 8.1                     | 0.1                       | 8.1                    |
| Profit for the year attributable to non-controlling interests | 8.8                     | -                         | 8.8                    |
| <b>EQUITY</b>   | <b>176.2</b>            | <b>-</b>                  | <b>176.2</b>           |
| Non-current provisions  | 145.2                   | (0.1)                     | 145.1                  |
| Non-current financial debt                                    | 215.1                   | (1.5)                     | 213.6                  |
| Deferred tax liability  | 55.4                    | 31.2                      | 86.7                   |
| <b>NON-CURRENT LIABILITIES</b>                                | <b>415.8</b>            | <b>29.6</b>               | <b>445.4</b>           |
| Current provisions  | 46.1                    | -                         | 46.0                   |
| Current financial debt  | 96.8                    | (34.2)                    | 62.6                   |
| Bank borrowings   | 131.3                   | (0.2)                     | 131.1                  |
| Trade payables and other liabilities                          | 1,357.7                 | (249.8)                   | 1,107.9                |
| <b>CURRENT LIABILITIES</b>                                    | <b>1,631.9</b>          | <b>(284.2)</b>            | <b>1,347.6</b>         |
| <b>TOTAL LIABILITIES</b>                                      | <b>2,223.8</b>          | <b>(254.6)</b>            | <b>1,969.3</b>         |

## • INCOME STATEMENT

| (€ million)  | Published<br>31/12/2013 | Impact of<br>IFRS 10 - 11 | Restated<br>31/12/2013 |
|--|-------------------------|---------------------------|------------------------|
| Revenue  | <b>4,920.7</b>          | (953.4)                   | <b>3,967.3</b>         |
| Other income from operations                                 | 19.7                    | -                         | 19.6                   |
| <b>INCOME FROM CONTINUING OPERATIONS</b>                     | <b>4,940.4</b>          | (953.5)                   | <b>3,986.9</b>         |
| Sub-contracting  | (171.2)                 | 2.5                       | (168.7)                |
| Purchases consumed and external expenses                     | (2,003.3)               | 629.9                     | (1,373.5)              |
| Taxes  | (15.3)                  | 0.4                       | (14.9)                 |
| Staff costs, incentive schemes, profit-sharing               | (2,466.5)               | 227.2                     | (2,239.3)              |
| Other operating income                                       | 33.4                    | -                         | 33.4                   |
| Other operating expense                                      | (82.2)                  | 62.6                      | (19.7)                 |
| Net provisions on current assets                             | (0.8)                   | 0.1                       | (0.7)                  |
| Net depreciation and other provisions charged                | (160.3)                 | 14.1                      | (146.2)                |
| Profit/(loss) on recurring fixed asset disposals             | (2.4)                   | 0.1                       | (2.3)                  |
| Amortisation of grants received                              | 9.0                     | (1.6)                     | 7.3                    |
| <b>RECURRING OPERATING PROFIT</b>                            | <b>80.7</b>             | <b>(18.3)</b>             | <b>62.3</b>            |
| Other non-recurring income                                   | 12.8                    | -                         | 12.8                   |
| Other non-recurring expense                                  | (29.2)                  | 1.6                       | (27.6)                 |
| Depreciation and provisions on contractual rights            | (3.1)                   | -                         | (3.1)                  |
| <b>OPERATING PROFIT/(LOSS)</b>                               | <b>61.2</b>             | <b>(16.7)</b>             | <b>44.4</b>            |
| Net cost of financial borrowing                              | (7.3)                   | 0.1                       | (7.2)                  |
| Other financial income                                       | 7.5                     | (3.6)                     | 3.9                    |
| Other financial expense                                      | (16.0)                  | 3.6                       | (12.4)                 |
| <b>FINANCIAL INCOME (EXPENSE)</b>                            | <b>(15.9)</b>           | <b>0.2</b>                | <b>(15.7)</b>          |
| <b>PROFIT BEFORE TAX AND INVESTMENTS UNDER EQUITY METHOD</b> | <b>45.3</b>             | <b>(16.6)</b>             | <b>28.7</b>            |
| Profit/(loss) from associates                                | (0.2)                   | 12.6                      | 12.4                   |
| Taxation   | (29.6)                  | 4.0                       | (25.6)                 |
| <b>PROFIT AFTER TAX FROM CONTINUING OPERATIONS</b>           | <b>15.5</b>             | <b>0.1</b>                | <b>15.5</b>            |
| <b>PROFIT FOR THE YEAR</b>                                   | <b>15.5</b>             | <b>0.1</b>                | <b>15.5</b>            |
| Profit attributable to non-controlling interests             | (6.7)                   | -                         | (6.7)                  |
| <b>PROFIT ATTRIBUTABLE TO GROUP</b>                          | <b>8.8</b>              | <b>-</b>                  | <b>8.8</b>             |



• **STATEMENT OF COMPREHENSIVE INCOME**

| <i>(€ million)</i>  | Published<br>31/12/2013 | Impact of<br>IFRS 10 - 11 | Restated<br>31/12/2013 |
|---|-------------------------|---------------------------|------------------------|
| <b>PROFIT FOR THE YEAR</b>  | <b>15.5</b>             | -                         | <b>15.5</b>            |
| Actuarial gains and losses on defined benefit pension schemes                   | 9.6                     | (9.5)                     | 0.1                    |
| Tax on actuarial gains and losses on defined benefit pension schemes            | (2.4)                   | 2.1                       | (0.3)                  |
| Share of other items in comprehensive income of investments under equity method | -                       | 7.3                       | 7.3                    |
| <b>ITEMS THAT WILL NOT BE RECLASSIFIED TO PROFIT OR LOSS</b>                    | <b>7.2</b>              | -                         | <b>7.2</b>             |
| Translation differences and others  | (7.9)                   | -                         | (7.9)                  |
| Unrealised gains and losses on financial hedging instruments                    | 0.4                     | -                         | 0.4                    |
| Tax on items that may be reclassified to profit or loss                         | (0.1)                   | -                         | (0.1)                  |
| Other impacts, net  | -                       | -                         | -                      |
| <b>ITEMS THAT MAY BE RECLASSIFIED TO PROFIT OR LOSS</b>                         | <b>(7.6)</b>            | -                         | <b>(7.6)</b>           |
| <b>TOTAL GAINS AND LOSSES RECOGNISED DIRECTLY IN EQUITY</b>                     | <b>(0.5)</b>            | -                         | <b>(0.5)</b>           |
| <b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>                                  | <b>15.0</b>             | -                         | <b>15.0</b>            |
| of which attributable to :  |                         |                           |                        |
| - Equity shareholders   | 9.9                     | 0.1                       | 10.0                   |
| - Non-controlling interests   | 5.1                     | -                         | 5.1                    |

## • ANNUAL STATEMENT OF FINANCIAL POSITION

| <b>ASSETS</b><br>(€ million)        | Published<br>31/12/2013 | Impact of<br>IFRS 10 - 11 | Restated<br>31/12/2013 |
|-------------------------------------|-------------------------|---------------------------|------------------------|
| Goodwill                            | 225.6                   | (3.5)                     | 222.1                  |
| Other intangible assets             | 119.4                   | (0.4)                     | 119.0                  |
| Property, plant and equipment       | 604.4                   | (46.3)                    | 558.1                  |
| Investments under the equity method | 1.6                     | 22.0                      | 23.5                   |
| Non-current financial assets        | 104.9                   | -                         | 104.9                  |
| Deferred tax asset                  | 66.1                    | 30.5                      | 96.5                   |
| <b>NON-CURRENT ASSETS</b>           | <b>1,122.0</b>          | <b>2.1</b>                | <b>1,124.1</b>         |
| Inventories and work in progress    | 69.0                    | (4.3)                     | 64.7                   |
| Trade receivables                   | 403.1                   | (41.3)                    | 361.8                  |
| Other receivables                   | 314.5                   | (63.4)                    | 251.0                  |
| Current financial assets            | 34.3                    | (21.5)                    | 12.8                   |
| Cash and cash equivalents           | 468.2                   | (132.7)                   | 335.5                  |
| <b>CURRENT ASSETS</b>               | <b>1,289.1</b>          | <b>(263.2)</b>            | <b>1,025.9</b>         |
| <b>TOTAL ASSETS</b>                 | <b>2,411.0</b>          | <b>(261.1)</b>            | <b>2,150.0</b>         |

| <b>LIABILITIES</b><br>(€ million)                             | Published<br>31/12/2013 | Impact of<br>IFRS 10 - 11 | Restated<br>31/12/2013 |
|---|-------------------------|---------------------------|------------------------|
| Share capital   | 46.9                    | -                         | 46.9                   |
| Reserves and premiums   | 94.2                    | 0.2                       | 94.3                   |
| Net profit/(loss) attributable to Group                       | 8.8                     | -                         | 8.8                    |
| <b>EQUITY ATTRIBUTABLE TO GROUP</b>                           | <b>149.8</b>            | <b>0.2</b>                | <b>150.0</b>           |
| Reserves attributable to non-controlling interests            | 6.8                     | 0.1                       | 6.8                    |
| Profit for the year attributable to non-controlling interests | 6.7                     | -                         | 6.7                    |
| <b>EQUITY</b>   | <b>163.3</b>            | <b>0.2</b>                | <b>163.5</b>           |
| Non-current provisions  | 144.3                   | (0.1)                     | 144.2                  |
| Non-current financial debt                                    | 229.4                   | 7.4                       | 236.8                  |
| Deferred tax liability  | 50.5                    | 31.2                      | 81.7                   |
| <b>NON-CURRENT LIABILITIES</b>                                | <b>424.3</b>            | <b>38.5</b>               | <b>462.8</b>           |
| Current provisions  | 47.1                    | -                         | 47.1                   |
| Current financial debt  | 72.6                    | (5.2)                     | 67.4                   |
| Bank borrowings   | 288.4                   | (1.0)                     | 287.4                  |
| Trade payables and other liabilities                          | 1,415.3                 | (293.5)                   | 1,121.8                |
| <b>CURRENT LIABILITIES</b>                                    | <b>1,823.4</b>          | <b>(299.8)</b>            | <b>1,523.6</b>         |
| <b>TOTAL LIABILITIES</b>                                      | <b>2,411.0</b>          | <b>(261.1)</b>            | <b>2,150.0</b>         |

## • ANNUAL STATEMENT OF CASH FLOWS

| <i>(€ million)</i>                                    | Published<br>31/12/2013 | Impact of<br>IFRS 10 - 11 | Restated<br>31/12/2013 |
|---|-------------------------|---------------------------|------------------------|
| EBITDA  | 204.3                   | (29.3)                    | 175.0                  |
| Changes in working capital                            | 29.5                    | (0.7)                     | 28.9                   |
| Tax paid  | (56.0)                  | 6.8                       | (49.2)                 |
| <b>A) NET CASH FROM OPERATING ACTIVITIES</b>          | <b>177.8</b>            | <b>(23.2)</b>             | <b>154.6</b>           |
| Capital expenditure                                   | (213.7)                 | 32.4                      | (181.4)                |
| Proceeds from sale of tangible and intangible assets  | 23.1                    | 6.2                       | 29.3                   |
| Investment grants received                            | 37.4                    | (31.5)                    | 6.0                    |
| Change in financial assets for concessions (IFRIC 12) | (17.5)                  | -                         | (17.5)                 |
| Financial investments                                 | (8.4)                   | 0.7                       | (7.8)                  |
| Proceeds from disposal of financial assets            | 5.6                     | (1.5)                     | 4.2                    |
| Cash flows on changes in reporting scope              | 0.8                     | 0.1                       | 0.9                    |
| <b>B) NET CASH FROM INVESTING ACTIVITIES</b>          | <b>(172.7)</b>          | <b>6.5</b>                | <b>(166.3)</b>         |
| <b>FREE CASH FLOW</b>                                 | <b>0.6</b>              | <b>(16.8)</b>             | <b>(16.2)</b>          |
| Net dividends paid                                    | (27.2)                  | -                         | (27.2)                 |
| Net dividends received                                | 0.2                     | 27.3                      | 27.5                   |
| Change in equity (capital increase)                   | -                       | -                         | -                      |
| New borrowings  | 24.7                    | (2.0)                     | 22.7                   |
| Borrowings repaid                                     | (74.7)                  | 30.4                      | (44.3)                 |
| Interest received                                     | 2.5                     | (0.9)                     | 1.6                    |
| Interest paid   | (10.6)                  | 1.0                       | (9.6)                  |
| Change in other financial debts                       | 0.1                     | -                         | 0.1                    |
| Other   | (4.2)                   | -                         | (4.2)                  |
| <b>C) NET CASH FROM FINANCING ACTIVITIES</b>          | <b>(89.3)</b>           | <b>55.9</b>               | <b>(33.4)</b>          |
| <b>D) FOREIGN EXCHANGE TRANSLATION DIFFERENCES</b>    | <b>(11.6)</b>           | <b>3.2</b>                | <b>(8.4)</b>           |
| <b>CHANGE IN CASH AND CASH EQUIVALENTS (A+B+C+D)</b>  | <b>(95.8)</b>           | <b>42.3</b>               | <b>(53.5)</b>          |
| Cash and cash equivalents at beginning of period      | 275.6                   | (173.9)                   | 101.7                  |
| Cash and cash equivalents at end of period            | 179.8                   | (131.6)                   | 48.2                   |
| <b>CHANGE IN CASH AND CASH EQUIVALENTS</b>            | <b>(95.8)</b>           | <b>42.3</b>               | <b>(53.5)</b>          |

### 3 • HIGHLIGHTS OF FINANCIAL YEAR 2014

#### **Tender award in Boston**

Following a tender procedure launched in July 2012, the Massachusetts Bay Transportation Authority (MBTA) gave notice on 8 January 2014 that it had selected the proposal submitted by KEOLIS COMMUTER SERVICES LLC for the operation of the urban rail network of the city of Boston (USA). The eight-year contract was signed on 5 February 2014. The system carries 140,000 passengers per day from 134 stations on 13 lines and more than 1,000 km track. The annual turnover generated amounts to approximately USD 300 million.

Operations commenced on 1 July 2014.

#### **Thameslink franchise award**

The British Department for Transport (DfT) awarded the Thameslink Southern and Great Northern (TGSN) rail franchise to Govia, the 18-year on-going partnership between Go-Ahead (65%) and Keolis (35%). This contract is for a period of seven years.

The contract started up on 14 September 2014 with the operational handover of the First Capital Connect network and part of the Southeastern network, and with the transfer of 2,500 employees.

The second phase will start up in July 2015, with the transfer of the operations of the Southern and Gatwick Express networks and the integration of the 4,000 employees working on these lines.

#### **Docklands Lightway Rail (DLR) automatic metro award**

Transport for London (TfL) selected the joint venture comprising Keolis (70%) and Amey (30%) to operate its driverless metro system Docklands Light Railway (DLR). The contract, for an initial period of seven years, started up on 7 December 2014. It will generate £700 million (€883 million) in overall turnover throughout the course of the contract.

#### **Renewal of Tbc contract in Bordeaux**

This contract was signed on 18 December 2014 and came into effect on 1 January 2015 for a period of eight years, up to 31 December 2022. With the future extension of the tram system, this leading network for the Group will become the longest tram network in France. The contract will generate cumulative turnover of 1.7 billion euros. Amongst its plans are a 34% increase in ridership and a 7% increase in the service offer, thanks principally to the tram line extensions.

#### **Monetisation of the receivable relating to the “Crédit d’Impôt pour la Compétitivité et l’Emploi” (CICE)**

Just as in 2013, the CICE receivable, which results from the tax credit for competitiveness and employment implemented by the French government and recognised by French consolidated tax groups, was subject to a “Daily” sale.

The sale was for the full amount of the receivable for the eligible payroll paid in the 2014 calendar year. The sale occurred in December 2014, without recourse; in particular counterparty and late payment risks are transferred to the banking institution, as well as the benefits attached to this receivable, with the Group no longer being able to receive the future reimbursement of the tax credit or allocate it to a future cost.

With the receivable being in euros and transferred in euros, no foreign exchange rate risk exists. Pursuant to IAS 39, the Group transferred almost all of the risks and benefits of this receivable and no related consequences remain.

This was a trade receivable, the sale of which resulted in net proceeds of €46.4 million, corresponding to 98% of the receivable transferred, which is included within the flows relating to operating activities in the cash flow statement.

## 4 • NOTES TO THE CONSOLIDATED INCOME STATEMENT

### 4.1 Staff costs

#### Staff costs

| (€ million)              | 31/12/2014       | 31/12/2013<br>Restated |
|--------------------------|------------------|------------------------|
| Wages and social charges | (2,173.6)        | (2,069.6)              |
| Taxes on remuneration    | (61.1)           | (57.0)                 |
| Other staff expenses (1) | (224.1)          | (112.7)                |
| <b>TOTAL</b>             | <b>(2,458.8)</b> | <b>(2,239.3)</b>       |

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

#### Average number of employees

The average number of Group employees breaks down as follows:

| (en nombre d'individus)                | 31/12/2014    | 31/12/2013<br>Restated |
|--|---------------|------------------------|
| Managers                               | 1,769         | 1,754                  |
| Supervisory and technical staff        | 5,919         | 5,546                  |
| Clerical and manual employees, drivers | 42,143        | 39,561                 |
| <b>TOTAL</b>                           | <b>49,831</b> | <b>46,861</b>          |

The average number of staff in the companies acquired during the period is averaged over the period.

### 4.2 Other operating income

Under the auspices of the CICE, the Group received €48.1 million in 2014, compared to € 34.4 million in 2013.

### 4.3 Operating profit

| (en millions d'euros)  | 31/12/2014    | 31/12/2013<br>Restated |
|--|---------------|------------------------|
| <b>RECURRING OPERATING PROFIT</b>                              | <b>67.7</b>   | <b>62.3</b>            |
| Non-recurring costs of offensive bids                          | (15.6)        | (3.0)                  |
| Profit/(loss) on non-recurring fixed asset disposals           | 1.0           | (0.1)                  |
| Amortisation of contractual rights and trademarks (1)          | (9.4)         | (3.1)                  |
| Other non-recurring items                                      | (9.3)         | (11.8)                 |
| ▶ Net reorganisation expenses                                  | (6.0)         | (11.9)                 |
| ▶ Change in provisions for contract losses                     | 3.3           | 2.3                    |
| ▶ Other  | (6.6)         | (2.1)                  |
| <b>TOTAL NON-RECURRING ITEMS</b>                               | <b>(33.2)</b> | <b>(17.9)</b>          |
| <b>OPERATING PROFIT BEFORE INVESTMENTS UNDER EQUITY METHOD</b> | <b>34.5</b>   | <b>44.4</b>            |

(1) In 2014, this entry includes €5.3 million of depreciation of goodwill in the USA.

**4.4 EBITDA calculation**

| (€ million)   | 31/12/2014   | 31/12/2013<br>Restated |
|---|--------------|------------------------|
| <b>OPERATING PROFIT</b>                                       | <b>34.5</b>  | <b>44.4</b>            |
| Net depreciation and other provisions charged                 | 163.5        | 146.2                  |
| Depreciation and provisions on non-recurring items            | 11.8         | 6.4                    |
| ▶ Including amortisation of contractual rights and trademarks | 9.4          | 3.1                    |
| Amortisation of grants received                               | (5.4)        | (7.3)                  |
| Reversals of operating provisions utilised on recurring items | (10.3)       | (11.3)                 |
| Reversals of provisions utilised on non-recurring items       | (4.2)        | (5.7)                  |
| Profit/(loss) on non-recurring fixed asset disposals          | (1.0)        | 0.1                    |
| Scope effects recognised directly in profit for the year      | 0.0          | 0.0                    |
| Profit/(loss) on fixed asset disposals                        | (1.4)        | 2.3                    |
| <b>EBITDA</b>   | <b>187.4</b> | <b>175.0</b>           |
| Non-recurring income and expense (1)                          | 26.6         | 17.2                   |
| <b>RECURRING EBITDA</b>                                       | <b>213.9</b> | <b>192.2</b>           |

(1) Non-recurring income and expense include significant offensive bid costs, major restructuring expenses and other significant exceptional items.

**4.5 Financial income / (expense)**

| (€ million)                                      | 31/12/2014    | 31/12/2013<br>Restated |
|--|---------------|------------------------|
| Net cost of financial debt                       | (8.7)         | (7.2)                  |
| ▶ of which Cost of gross financial debt          | (9.9)         | (8.8)                  |
| ▶ of which Income from cash and cash equivalents | 1.2           | 1.6                    |
| Other financial income and charges               | 7.1           | 3.9                    |
| Other financial charges                          | (13.5)        | (12.4)                 |
| ▶ of which foreign exchange impact               | (1.0)         | (2.7)                  |
| <b>FINANCIAL INCOME / (EXPENSE)</b>              | <b>(15.1)</b> | <b>(15.7)</b>          |

**4.6 Share in net profit for the year from investments under the equity method**

| (€ million)                                | 31/12/2014  | 31/12/2013<br>Restated |
|--|-------------|------------------------|
| Govia (UK)                                 | 5.7         | 4.8                    |
| First / Keolis Transpennine (UK)           | 10.1        | 7.6                    |
| Other associates (France)                  | 0.1         | -                      |
| <b>TOTAL JOINT VENTURES AND ASSOCIATES</b> | <b>16.0</b> | <b>12.4</b>            |

#### 4.7 Taxation

The 2014 tax charge was €20.6 million

| (€ million)                           | 31/12/2014    | 31/12/2013<br>Restated |
|---------------------------------------|---------------|------------------------|
| <b>CURRENT TAX EXPENSE</b>            | <b>(35.3)</b> | <b>(29.0)</b>          |
| Tax payable for the period            | (35.9)        | (29.5)                 |
| Adjustments in respect of prior years | 0.6           | 0.5                    |
| <b>DEFERRED TAX INCOME</b>            | <b>14.6</b>   | <b>3.4</b>             |
| Deferred tax for the period           | 17.7          | 3.4                    |
| Impairment loss on deferred tax asset | (3.1)         | 0.0                    |
| <b>TAX EXPENSE FOR THE YEAR</b>       | <b>(20.6)</b> | <b>(25.6)</b>          |

The Group has opted to present a reconciliation of its effective rate at 34.43%, rather than 38%, which is the 2013 rate including the additional contribution of 10.7% (2013 Finance Act).

In reality, this rate of 38% will not apply to the Group because a) the impact of the reversal of deferred income taxes is insignificant in the period and b) currently this measure is only temporary.

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

|   | 31/12/2014     |               | 31/12/2013<br>Restated |               |
|---|----------------|---------------|------------------------|---------------|
|   | In %           | In € million  | In %                   | In € million  |
| <b>PROFIT FOR THE YEAR</b>                                      |                | <b>14.8</b>   |                        | <b>15.5</b>   |
| Profit/(loss) from associates                                   |                | 16.0          |                        | 12.4          |
| Taxation  |                | (20.6)        |                        | (25.6)        |
| <b>PROFIT BEFORE TAX AND BEFORE PROFIT/LOSS FROM ASSOCIATES</b> |                | <b>19.4</b>   |                        | <b>28.7</b>   |
| Legal rate of taxation in France                                | 34.43%         | (6.7)         | 34.43%                 | (9.9)         |
| French / foreign taxation rate differentials                    | 3.59%          | (0.7)         | (0.36%)                | 0.1           |
| Effect of reduced rates and changes in tax rates                | (4.73%)        | 1.0           | 10.90%                 | (3.1)         |
| Adjustment in respect of tax for prior years                    | (3.18%)        | 0.6           | (1.81%)                | 0.5           |
| Other permanent differences                                     | 17.13%         | (3.3)         | (0.51%)                | 0.1           |
| Crédit d'Impôt Compétitivité Emploi                             | (85.27%)       | 16.6          | (39.90%)               | 11.4          |
| Effect of direct taxation (CVAE)                                | 37.69%         | (7.3)         | 24.37%                 | (7.0)         |
| Unrecognised deferred tax assets                                | 106.44%        | (20.7)        | 62.23%                 | (17.7)        |
| <b>EFFECTIVE RATE OF TAXATION</b>                               | <b>106.10%</b> | <b>(20.6)</b> | <b>89.35%</b>          | <b>(25.6)</b> |

Unused losses amounted to €384.2 million at 31 December 2014 of which €275.8 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 €89.7 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:

| <i>(€ million)</i>  | Net position |
|---|--------------|
| <b>OPENING BALANCE ON 1 JANUARY 2014</b>                    | <b>14.8</b>  |
| Recognised in equity  | 7.6          |
| Recognised in profit for the year                           | 14.6         |
| Effect of consolidation scope changes                       | (5.2)        |
| Foreign exchange translation difference and other movements | 1.5          |
| <b>CLOSING BALANCE ON 31 DECEMBER 2014</b>                  | <b>33.3</b>  |

| <i>(€ million)</i>  | Net position |
|---|--------------|
| <b>OPENING BALANCE ON 1 JANUARY 2013 - RESTATED</b>         | <b>12.9</b>  |
| Recognised in equity  | (1.1)        |
| Recognised in profit for the year                           | 3.4          |
| Effect of consolidation scope changes                       | (1.3)        |
| Foreign exchange translation difference and other movements | 1.0          |
| <b>CLOSING BALANCE ON 31 DECEMBER 2013 - RESTATED</b>       | <b>14.8</b>  |

Net deferred taxes by type are as follows:

| <i>(€ million)</i>                     | 31/12/2014  | 31/12/2013<br>Restated |
|--|-------------|------------------------|
| Temporary differences                  | 5.1         | 8.3                    |
| Purchase accounting asset revaluations | (33.2)      | (30.0)                 |
| Staff benefits                         | 40.7        | 35.2                   |
| Tax losses                             | 34.5        | 25.2                   |
| Other                                  | (13.7)      | (23.9)                 |
| <b>CLOSING BALANCE ON 31 DECEMBER</b>  | <b>33.3</b> | <b>14.8</b>            |



## 5 • NOTES TO THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

### 5.1 Goodwill

#### Changes in carrying amount

| (€ million)  | France      | Continental Europe | UK | North America | Total         |
|--|-------------|--------------------|----|---------------|---------------|
| <b>At 1 January 2014</b>                                 | <b>84.6</b> | <b>103.4</b>       | -  | <b>34.0</b>   | <b>222.1</b>  |
| Acquisitions (1)   | 12.1        | 5.2                | -  | -             | <b>17.3</b>   |
| Disposals  | -           | -                  | -  | -             | -             |
| Impairment loss for the period                           | -           | -                  | -  | (5.3)         | <b>(5.3)</b>  |
| Foreign exchange translation differences and others      | (1.2)       | (2.3)              | -  | 3.1           | <b>(0.4)</b>  |
| <b>At 31 December 2014</b>                               | <b>95.6</b> | <b>106.3</b>       | -  | <b>31.8</b>   | <b>233.6</b>  |
| Of which gross value                                     | 96.0        | 106.3              | -  | 41.8          | <b>244.1</b>  |
| Of which accumulated amortisation and impairment charges | (0.4)       | -                  | -  | (10.0)        | <b>(10.5)</b> |

(1) The additional goodwill recorded in 2014 arises principally from the acquisition of the Striebig group on 8 December 2014. The assessment of assets and liabilities at the date of acquisition (no definitive financial data available) is currently underway and will be completed within one year.

| (€ million)  | France      | Continental Europe | UK | North America | Total        |
|--|-------------|--------------------|----|---------------|--------------|
| <b>At 1 January 2013 - Restated</b>                      | <b>84.5</b> | <b>100.3</b>       | -  | <b>36.2</b>   | <b>221.0</b> |
| Acquisitions   | -           | 3.1                | -  | -             | <b>3.1</b>   |
| Disposals  | -           | -                  | -  | -             | -            |
| Impairment loss for the period                           | -           | -                  | -  | -             | -            |
| Foreign exchange translation differences and others      | 0.1         | 0.1                | -  | (2.2)         | <b>(2.0)</b> |
| <b>At 31 December 2013 - Restated</b>                    | <b>84.6</b> | <b>103.4</b>       | -  | <b>34.0</b>   | <b>222.1</b> |
| Of which gross value                                     | 85.0        | 103.4              | -  | 38.0          | <b>226.5</b> |
| Of which accumulated amortisation and impairment charges | (0.4)       | -                  | -  | (4.0)         | <b>(4.4)</b> |

#### 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 5.6% in 2014 versus 6.3% in 2013.

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.

Impairment testing carried out on assets with an indefinite life has led the group to record depreciation amounting to €5.3 million on goodwill in the USA.

## 5.2 Other intangible assets

| (€ million)  | Software    | Trademarks | Contractual rights | Other       | Total          |
|--|-------------|------------|--------------------|-------------|----------------|
| <b>At 1 January 2014</b>                                     | <b>29.7</b> | <b>3.9</b> | <b>32.8</b>        | <b>52.6</b> | <b>119.0</b>   |
| Acquisitions   | 14.7        | -          | 0.2                | 25.7        | <b>40.5</b>    |
| Assets disposed of and scrapped                              | -           | -          | -                  | (0.1)       | <b>(0.1)</b>   |
| Amortisation   | (16.0)      | (0.3)      | (3.7)              | (14.7)      | <b>(34.7)</b>  |
| Changes in reporting scope                                   | 0.1         | -          | 6.1                | -           | <b>6.2</b>     |
| Foreign exchange translation differences and other movements | 5.9         | 0.5        | 1.2                | 11.2        | <b>18.8</b>    |
| <b>At 31 December 2014</b>                                   | <b>34.3</b> | <b>4.1</b> | <b>36.6</b>        | <b>74.6</b> | <b>149.7</b>   |
| Of which gross value   | 102.8       | 5.4        | 56.9               | 153.5       | <b>318.6</b>   |
| Of which cumulative depreciation and impairment losses       | (68,5)      | (1,3)      | (20,3)             | (78,9)      | <b>(169,0)</b> |

| (€ million)  | Software    | Trademarks | Contractual rights | Other       | Total          |
|--|-------------|------------|--------------------|-------------|----------------|
| <b>At 1 January 2013 - restated</b>                          | <b>18.9</b> | <b>6.0</b> | <b>35.6</b>        | <b>53.5</b> | <b>113.9</b>   |
| Acquisitions   | 13.9        | -          | -                  | 23.5        | <b>37.3</b>    |
| Assets disposed of and scrapped                              | (1.3)       | (0.6)      | -                  | (0.2)       | <b>(2.1)</b>   |
| Amortisation   | (12.6)      | (0.1)      | (2.0)              | (10.9)      | <b>(25.6)</b>  |
| Changes in reporting scope                                   | -           | 7.2        | (4.9)              | 0.4         | <b>2.6</b>     |
| Foreign exchange translation differences and other movements | 10.9        | (8.5)      | 4.1                | (13.7)      | <b>(7.2)</b>   |
| <b>At 31 December 2013 - restated</b>                        | <b>29.7</b> | <b>3.9</b> | <b>32.8</b>        | <b>52.6</b> | <b>119.0</b>   |
| Of which gross value   | 82.8        | 4.7        | 49.2               | 116.6       | <b>253.4</b>   |
| Of which cumulative depreciation and impairment losses       | (53,1)      | (0,8)      | (16,4)             | (64,1)      | <b>(134,4)</b> |

## 5.3 Property, plant and equipment

| (€ million)  | Land & Developments | Buildings   | Equipment and tooling | Transport equipment | PPE under construction | Other       | Total          |
|--|---------------------|-------------|-----------------------|---------------------|------------------------|-------------|----------------|
| <b>At 1 January 2014</b>                                     | <b>25.6</b>         | <b>42.6</b> | <b>30.2</b>           | <b>379.1</b>        | <b>20.4</b>            | <b>60.2</b> | <b>558.1</b>   |
| Acquisitions   | 3.8                 | 10.7        | 6.7                   | 116.3               | 11.8                   | 24.5        | <b>173.7</b>   |
| Assets disposed of and scrapped                              | (3.0)               | (0.9)       | (0.3)                 | (26.3)              | (0.4)                  | (1.1)       | <b>(31.8)</b>  |
| Depreciation   | (1.0)               | (6.9)       | (7.8)                 | (84.6)              | -                      | (16.6)      | <b>(116.9)</b> |
| Changes in reporting scope                                   | -                   | 0.7         | -                     | 35.3                | -                      | 1.0         | <b>37.0</b>    |
| Foreign exchange translation differences and other movements | -                   | 0.9         | 0.4                   | 6.6                 | (7.0)                  | (0.5)       | <b>0.5</b>     |
| <b>At 31 December 2014</b>                                   | <b>25.5</b>         | <b>47.0</b> | <b>29.2</b>           | <b>426.4</b>        | <b>24.9</b>            | <b>67.5</b> | <b>620.5</b>   |
| Of which gross value   | 30.8                | 110.6       | 85.9                  | 1 048.3             | 25.0                   | 154.2       | <b>1,454.8</b> |
| Of which cumulative depreciation and impairment losses       | (5,3)               | (63,6)      | (56,6)                | (621,9)             | (0,1)                  | (86,7)      | <b>(834,3)</b> |

| (€ million)  | Land & Developments | Buildings   | Equipment and tooling | Transport equipment | PPE under construction | Other       | Total          |
|--|---------------------|-------------|-----------------------|---------------------|------------------------|-------------|----------------|
| <b>At 1 January 2013 - restated</b>                          | <b>27.3</b>         | <b>36.1</b> | <b>26.6</b>           | <b>317.6</b>        | <b>26.4</b>            | <b>54.9</b> | <b>488.9</b>   |
| Acquisitions   | 1.3                 | 9.8         | 7.0                   | 154.5               | 12.4                   | 20.9        | <b>205.9</b>   |
| Assets disposed of and scrapped                              | (2.2)               | (8.0)       | (0.4)                 | (18.4)              | -                      | (2.7)       | <b>(31.7)</b>  |
| Depreciation   | (0.9)               | (5.7)       | (6.5)                 | (75.8)              | (0.1)                  | (15.8)      | <b>(104.8)</b> |
| Changes in reporting scope                                   | -                   | 0.4         | -                     | 2.7                 | -                      | 0.1         | <b>3.2</b>     |
| Foreign exchange translation differences and other movements | 0.1                 | 10.0        | 3.3                   | (1.5)               | (18.2)                 | 2.8         | <b>(3.5)</b>   |
| <b>At 31 December 2013 - restated</b>                        | <b>25.6</b>         | <b>42.6</b> | <b>30.2</b>           | <b>379.1</b>        | <b>20.4</b>            | <b>60.2</b> | <b>558.1</b>   |
| Of which gross value   | 30.0                | 101.4       | 82.1                  | 936.4               | 20.5                   | 131.9       | <b>1,302.3</b> |
| Of which cumulative depreciation and impairment losses       | (4.4)               | (58.8)      | (51.9)                | (557.4)             | (0.1)                  | (71.7)      | <b>(744.2)</b> |

## Finance leases

At 31 December 2014, finance leased assets included within assets in the statement of financial position comprise:

| (€ million)                              | Transport equipment | Land and Buildings | Total        |
|--|---------------------|--------------------|--------------|
| Gross value                              | 250.1               | 7.0                | 257.1        |
| Depreciation                             | (126.0)             | (3.5)              | (129.6)      |
| <b>TOTAL FINANCE LEASED FIXED ASSETS</b> | <b>124.1</b>        | <b>3.4</b>         | <b>127.5</b> |

## Schedule of minimum finance lease payments

| (€ million)                   | 1 year      | 1 to 5 years | > 5 years   | Total        |
|-------------------------------|-------------|--------------|-------------|--------------|
| Principal                     | 25.9        | 64.3         | 25.7        | 116.0        |
| Interest                      | 3.7         | 9.2          | 5.4         | 18.3         |
| <b>FINANCE LEASE PAYMENTS</b> | <b>29.7</b> | <b>73.5</b>  | <b>31.1</b> | <b>134.3</b> |

#### 5.4 Investments under the equity method

The Group holds several investments in joint ventures and associates, 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)   | 31/12/2014  | 31/12/2013<br>Restated |
|---|-------------|------------------------|
| <b>AT 1 JANUARY</b>                                       | <b>23.5</b> | <b>34.2</b>            |
| Net profit attributable to Group                          | 16.0        | 12.4                   |
| Depreciation  | -           | -                      |
| <b>PROFIT/(LOSS) FROM INVESTMENTS UNDER EQUITY METHOD</b> | <b>16.0</b> | <b>12.4</b>            |
| Change in fair value affecting equity (1)                 | 8.4         | 7.3                    |
| Foreign exchange translation differences                  | 1.0         | (3.0)                  |
| Dividends paid  | (12.9)      | (27.4)                 |
| Changes in consolidation scope & other                    | 0.2         | -                      |
| <b>AT 31 DECEMBER</b>                                     | <b>36.2</b> | <b>23.5</b>            |

(1) Changes in fair value affecting equity relate to actuarial gains and losses connected to defined benefit pension schemes specific to the Railway Pension Schemes according to the length of the franchise.

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

| (€ million)   | 31/12/2014       |                               |            |                  | 31/12/2013 Restated |                               |            |                  |
|---|------------------|-------------------------------|------------|------------------|---------------------|-------------------------------|------------|------------------|
|   | Govia & subsid's | First / Keolis<br>Transpenine | Others     | Total associates | Govia & subsid's    | First / Keolis<br>Transpenine | Others     | Total associates |
| Non-current assets  | 47.9             | 2.8                           | NA         | NA               | 50.4                | 2.8                           | NA         | NA               |
| Net WCR   | 7.5              | 29.2                          | NA         | NA               | (7.1)               | 9.8                           | NA         | NA               |
| Equity  | 55.4             | 32.0                          | NA         | NA               | 42.9                | 13.5                          | NA         | NA               |
| Inc. Net profit   | 16.4             | 22.5                          | NA         | NA               | 13.6                | 17.0                          | NA         | NA               |
| Non-current liabilities   | -                | -                             | NA         | NA               | -                   | (0.4)                         | NA         | NA               |
| <b>Net assets</b>   | <b>55.4</b>      | <b>32.0</b>                   | <b>NA</b>  | <b>NA</b>        | <b>43.3</b>         | <b>13.6</b>                   | <b>NA</b>  | <b>NA</b>        |
| Percentage owned  | 35%              | 45%                           | -          | -                | 35%                 | 45%                           | -          | -                |
| Reconciliation of financial data with value of investments under equity method: | -                | -                             | -          | -                | -                   | -                             | -          | -                |
| Group share of net assets   | 19.4             | 14.4                          | 2.4        | 36.2             | 15.2                | 6.1                           | 2.3        | 23.5             |
| Goodwill  | -                | -                             | -          | -                | -                   | -                             | -          | -                |
| Other   | -                | -                             | -          | -                | -                   | -                             | -          | -                |
| <b>Net book value of investments</b>  | <b>19.4</b>      | <b>14.4</b>                   | <b>2.4</b> | <b>36.2</b>      | <b>15.2</b>         | <b>6.1</b>                    | <b>2.3</b> | <b>23.5</b>      |

## 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        |
|----------------------------|-----------------------|-------------------------------|-------------------------|-------------------|-----------------------------|--------------|
| <b>At 31 December 2014</b> |                       |                               |                         |                   |                             |              |
| Gross value                | 8.4                   | 23.3                          | 32.4                    | 0.1               | 106.1                       | <b>170.1</b> |
| Impairment                 | -                     | (0.3)                         | -                       | -                 | -                           | <b>(0.3)</b> |
| <b>Net value</b>           | <b>8.3</b>            | <b>23.0</b>                   | <b>32.3</b>             | <b>0.1</b>        | <b>106.1</b>                | <b>169.7</b> |
| ▶ Less than one year       | 0.1                   | -                             | 19.7                    | 0.1               | -                           | <b>19.8</b>  |
| ▶ More than one year       | 8.2                   | 23.0                          | 12.6                    | -                 | 106.1                       | <b>149.8</b> |

| (€ million)                           | Loans and receivables | Securities available for sale | Deposits and guarantees | Derivative assets | Concession financial assets | Total        |
|---------------------------------------|-----------------------|-------------------------------|-------------------------|-------------------|-----------------------------|--------------|
| <b>At 31 December 2013 - restated</b> |                       |                               |                         |                   |                             |              |
| Gross value                           | 13.2                  | 4.3                           | 13.3                    | 0.6               | 86.7                        | <b>118.1</b> |
| Impairment                            | -                     | (0.3)                         | (0.1)                   | -                 | -                           | <b>(0.3)</b> |
| <b>Net value</b>                      | <b>13.2</b>           | <b>4.0</b>                    | <b>13.2</b>             | <b>0.6</b>        | <b>86.7</b>                 | <b>117.7</b> |
| ▶ Less than one year                  | 11.5                  | -                             | 0.7                     | 0.6               | -                           | <b>12.8</b>  |
| ▶ More than one year                  | 1.7                   | 4.0                           | 12.5                    | -                 | 86.7                        | <b>104.9</b> |

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 €24.8 million and reimbursements for €5.7 million.

## 5.6 Inventories

| (€ million)            | 31/12/2014  | 31/12/2013 Restated |
|------------------------|-------------|---------------------|
| Gross inventories      | 82.5        | 68.8                |
| Provisions             | (4.4)       | (4.2)               |
| <b>NET INVENTORIES</b> | <b>78.0</b> | <b>64.7</b>         |

### 5.7 Trade and other receivables

| (€ million)                                 | 31/12/2014   | 31/12/2013<br>Restated |
|---|--------------|------------------------|
| Trade receivables                           | 367.6        | 362.6                  |
| Advances and down payments on orders        | 8.0          | 4.8                    |
| Amortisation of accounts receivable         | (10.0)       | (5.6)                  |
| <b>TRADE RECEIVABLES</b>                    | <b>365.6</b> | <b>361.8</b>           |
| Receivables from staff and welfare agencies | 6.9          | 3.7                    |
| Central government and local authorities    | 180.6        | 97.3                   |
| Prepayments                                 | 21.2         | 22.3                   |
| Other <sup>1</sup>                          | 159.8        | 129.0                  |
| Depreciation of other debtors               | (1.1)        | (1.2)                  |
| <b>OTHER RECEIVABLES</b>                    | <b>367.5</b> | <b>251.0</b>           |

(1) Other receivables include €63 million for 2014 representing the Australian Department for Transport's guarantee on extra holiday rights; these rights appear under liabilities as payables to staff.

### 5.8 Cash and cash equivalents

#### Analysis by type

| (€ million)                          | 31/12/2014     | 31/12/2013<br>Restated |
|--------------------------------------|----------------|------------------------|
| Cash                                 | 218.7          | 243.0                  |
| Short term investments               | 66.0           | 92.6                   |
| <b>TOTAL RECOGNISED AS ASSETS</b>    | <b>284.7</b>   | <b>335.5</b>           |
| <b>BANK OVERDRAFTS</b>               | <b>(376.9)</b> | <b>(287.4)</b>         |
| <b>NET CASH AND CASH EQUIVALENTS</b> | <b>(92.2)</b>  | <b>48.2</b>            |

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 2014, two disposals of receivables without recourse were recognised for an amount of €23.6 million of trade receivables (versus €24.3 million in 2013) and €48.6 million of CICE receivables.

The receivable relative to the CICE implemented in 2013 and 2014 by the French government and recognised by French consolidated tax groups was subject to a "Daily" sale.

As this is a trade receivable, the net disposal proceeds of €46.4 million appear within the flows relating to operating activities in the cash flow statement. Costs relating to the transaction were recognised as financial expenses.

## 5.9 Equity

### Share capital and share premium

At 31 December 2014, the share capital was €46.9 million, comprising 3,904,273 ordinary shares with a nominal value of 12 euros each. No diluting instrument was issued during the financial year ended 31 December 2014.

The Group's borrowing contracts do not include any mandatory gearing ratio clauses.

### Treasury shares

At 31 December 2014, 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 2014, Keolis S.A. held distributable reserves and earnings of €88.0 million and €25.2 million respectively.

### Foreign exchange translation reserve

During 2014, the foreign exchange translation reserves increased by €6.1 million.

The following were the main exchange rates against the euro used for the 2014 and 2013 financial years:

| (for 1 euro)      | 2014         |              | 2013         |              |
|-------------------|--------------|--------------|--------------|--------------|
|                   | Average rate | Closing rate | Average rate | Closing rate |
| Pound Sterling    | 0.806100     | 0.778900     | 0.849255     | 0.833700     |
| Australian dollar | 1.471900     | 1.482900     | 1.377695     | 1.542300     |
| Danish Crown      | 7.454800     | 7.445300     | 7.457924     | 7.459300     |
| Swedish Crown     | 9.098500     | 9.393000     | 8.651538     | 8.859100     |
| Norwegian Crown   | 8.354400     | 9.042000     | 7.806712     | 8.363000     |
| US dollar         | 1.328500     | 1.214100     | 1.328118     | 1.379100     |
| Canadian dollar   | 1.466100     | 1.406300     | 1.368373     | 1.467100     |
| Indian Rupee      | 81.040600    | 76.719000    | 77.929968    | 85.366000    |

## 5.10 Financial debt and long term borrowings

### Financial debt breakdown by type

| (€ million)                                       | At 31 December 2014                            |           |                |
|---|--|-----------|----------------|
|   | Amounts in the statement of financial position | Term      | Rates          |
| Finance leasing                                   | 10.1   | 2015      | Variable rates |
| Finance leasing                                   | 15.8   | 2015      | Fixed rates    |
| Owed to non-controlling shareholders (put option) | -  |           |                |
| Derivatives                                       | 1.6  | 2015      |                |
| Loans   | 1.8  | 2015      | Fixed rates    |
| Loans   | 138.5  | 2015      | Variable rates |
| <b>SUBTOTAL, LESS THAN 1 YEAR</b>                 | <b>167.8</b>                                   |           |                |
| Owed to non-controlling shareholders (put option) | 10.4   | 2016      |                |
| Finance leasing                                   | 7.9  | 2016-2020 | Variable rates |
| Finance leasing                                   | 82.1   | 2016-2020 | Fixed rates    |
| Employee profit-sharing                           | 0.9  | 2016-2019 | Fixed rates    |
| Derivatives                                       | -  |           |                |
| Loans   | 9.0  | 2016-2020 | Fixed rates    |
| Loans   | 28.6   | 2016-2020 | Variable rates |
| <b>SUBTOTAL, MORE THAN 1 YEAR</b>                 | <b>138.9</b>                                   |           |                |
| <b>TOTAL</b>                                      | <b>306.7</b>                                   |           |                |

| (€ million)                                       | At 31 December 2013 Restated                   |           |                       |
|---|--|-----------|-----------------------|
|   | Amounts in the statement of financial position | Term      | Rates                 |
| Finance leasing                                   | 5.0  | 2014      | <b>Variable rates</b> |
| Finance leasing                                   | 9.7  | 2014      | <b>Fixed rates</b>    |
| Owed to non-controlling shareholders (put option) | -  | 2014      |                       |
| Derivatives                                       | 0.7  | -         |                       |
| Loans   | 2.4  | 2014      | <b>Fixed rates</b>    |
| Loans   | 57.9   | 2014      | <b>Variable rates</b> |
| <b>SUBTOTAL, LESS THAN 1 YEAR</b>                 | <b>75.7</b>                                    |           |                       |
| Owed to non-controlling shareholders (put option) | 2.8  | 2016      |                       |
| Finance leasing                                   | 13.9   | 2015-2018 | <b>Variable rates</b> |
| Finance leasing                                   | 76.5   | 2015-2018 | <b>Fixed rates</b>    |
| Employee profit-sharing                           | 1.3  | 2015-2018 | <b>Fixed rates</b>    |
| Derivatives                                       | -  |           |                       |
| Loans   | 10.7   | 2015-2018 | <b>Fixed rates</b>    |
| Loans   | 123.3  | 2015-2018 | <b>Variable rates</b> |
| <b>SUBTOTAL, MORE THAN 1 YEAR</b>                 | <b>228.5</b>                                   |           |                       |
| <b>TOTAL</b>                                      | <b>304.2</b>                                   |           |                       |

#### Financial debt breakdown by maturity

| (€ million)       | Maturity     |             |             |             |             |             |              |
|-------------------|--------------|-------------|-------------|-------------|-------------|-------------|--------------|
|                   | 2015         | 2016        | 2017        | 2018        | 2019        | After 2019  | Total        |
| Finance leasing   | 25.9         | 18.0        | 16.8        | 17.9        | 11.7        | 25.6        | 116.0        |
| Other liabilities | 141.8        | 25.6        | 8.2         | 5.5         | 2.4         | 7.2         | 190.7        |
| <b>TOTAL</b>      | <b>167.8</b> | <b>43.6</b> | <b>25.1</b> | <b>23.4</b> | <b>14.1</b> | <b>32.8</b> | <b>306.7</b> |

#### Financial debt breakdown by currency

| (€ million)       | At 31 December 2014 | At 31 December 2013 |
|-------------------|---------------------|---------------------|
| Euro              | 97.2                | 145.1               |
| Canadian Dollar   | 53.9                | 44.4                |
| Pound Sterling    | 0.7                 | 30.5                |
| Swedish Crown     | 34.1                | 37.9                |
| US Dollar         | 73.5                | 23.4                |
| Australian Dollar | 9.9                 | 13.6                |
| Danish Crown      | 37.4                | 9.2                 |
| Norwegian Crown   | -                   | 0.1                 |
| <b>TOTAL</b>      | <b>306.7</b>        | <b>304.2</b>        |



### Mandatory financial ratios

The documentation for the financing contract entered into on 27 September 2010 and arranged by the Crédit Agricole CIB (“CRPP”) includes a Leverage ratio and a “Net Interest Coverage” ratio. At 31 December 2014, these two ratios were complied with.

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

The Net Interest Coverage ratio corresponds to the ratio between the adjusted recurring EBITDA and the adjusted financial income (expense).

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

Taking account of the spread of this financing among various subsidiaries and the quality of the Group’s liquidity resources, the existence of these financial ratios does not create a material risk to the Group’s financial situation.

In 2014 the Group introduced monitoring of these financial ratios relating to the financing of the Group and its subsidiaries in order to anticipate any adverse change to the ratios.

The aggregations used to calculate the financial ratios strictly comply with the definitions set out in the CRPP documentation.

### Statement of changes in financial debts

| <i>(€ million)</i>                                | 31/12/2013<br>Restated | Increase    | Decrease       | Changes in<br>reporting scope | Impact of exchange<br>rate | Other          | 31/12/2014   |
|---|------------------------|-------------|----------------|-------------------------------|----------------------------|----------------|--------------|
| Finance leasing                                   | 14.7                   | 8.4         | (0.3)          | 1.9                           | 0.2                        | 1.2            | 25.9         |
| Owed to non-controlling shareholders (put option) | -                      | -           | -              | -                             | -                          | -              | -            |
| Derivatives                                       | 0.7                    | -           | -              | -                             | -                          | 0.9            | 1.6          |
| Loans   | 60.3                   | 16.7        | (58.9)         | 5.1                           | 2.9                        | 114.1          | 140.3        |
| <b>SUBTOTAL, LESS THAN 1 YEAR</b>                 | <b>75.7</b>            | <b>25.1</b> | <b>(59.3)</b>  | <b>7.0</b>                    | <b>3.1</b>                 | <b>116.2</b>   | <b>167.8</b> |
| Owed to non-controlling shareholders (put option) | 2.8                    | -           | -              | 8.5                           | -                          | (1.0)          | 10.4         |
| Finance leasing                                   | 90.3                   | 19.8        | (20.5)         | 0.3                           | 0.9                        | (0.7)          | 90.0         |
| Employee profit-sharing                           | 1.3                    | -           | -              | -                             | -                          | (0.4)          | 0.9          |
| Derivatives                                       | -                      | -           | -              | -                             | -                          | -              | -            |
| Loans   | 134.1                  | 38.0        | (40.5)         | 14.9                          | 5.4                        | (114.2)        | 37.6         |
| <b>SUBTOTAL, MORE THAN 1 YEAR</b>                 | <b>228.5</b>           | <b>57.8</b> | <b>(61.0)</b>  | <b>23.7</b>                   | <b>6.2</b>                 | <b>(116.3)</b> | <b>138.9</b> |
| <b>TOTAL</b>                                      | <b>304.2</b>           | <b>82.8</b> | <b>(120.2)</b> | <b>30.6</b>                   | <b>9.3</b>                 | <b>(0.1)</b>   | <b>306.7</b> |

## 5.11 Financial assets and liabilities by category

| € million                               | At 31 December 2014<br>Book value by category of instruments |                           |  |                          |                |
|---|--|---------------------------|--|--------------------------|----------------|
|   | Fair value through profit and loss                           | Fair value through equity | Fair value through P&L and equity (derivative instruments) | Debits at amortised cost | Total          |
| Investments available for resale        | -  | 23.0                      | -  | -                        | 23.0           |
| Other non-current financial assets      | -  | -                         | -  | 126.9                    | 126.9          |
| Trade receivables                       | -  | -                         | -  | 365.6                    | 365.6          |
| Other receivables                       | -  | -                         | -  | 367.5                    | 367.5          |
| Current financial assets                | -  | -                         | 0.1  | 19.8                     | 19.8           |
| Cash and cash equivalents               | 65.9   | -                         | -  | 218.8                    | 284.7          |
| <b>ASSETS</b>                           | <b>65.9</b>  | <b>23.0</b>               | <b>0.1</b>   | <b>1,098.5</b>           | <b>1,187.5</b> |
| Non-current financial debt              | -  | -                         | -  | 138.9                    | 138.9          |
| Current financial debt                  | -  | -                         | 1.6  | 166.2                    | 167.8          |
| Bank borrowings                         | -  | -                         | -  | 376.9                    | 376.9          |
| Customer deposits and advances received | -  | -                         | -  | 58.4                     | 58.4           |
| Trade and other payables                | -  | -                         | -  | 481.4                    | 481.4          |
| Other current operating liabilities     | -  | -                         | 6.8  | 717.4                    | 724.2          |
| <b>LIABILITIES</b>                      | <b>-</b>   | <b>-</b>                  | <b>8.3</b>   | <b>1,939.2</b>           | <b>1,947.5</b> |

| € million                           | At 31 December 2014<br>Fair value by level |  |  |             |
|-------------------------------------|--|--|--|-------------|
|                                     | Level 1:<br>Listed price                   | Level 2:<br>Model based on observable parameters | Level 3:<br>Model based on non-observable parameters | Total       |
| Investments available for resale    | -  | -  | 23.0   | 23.0        |
| Other receivables                   | -  | -  | -  | -           |
| Current financial assets            | -  | 0.1  | -  | 0.1         |
| Cash and cash equivalents           | 65.9                                       | -  | -  | 65.9        |
| <b>ASSETS</b>                       | <b>65.9</b>                                | <b>0.1</b>                                       | <b>23.0</b>  | <b>89.0</b> |
| Current financial debt              | -  | 1.6  | -  | 1.6         |
| Other current operating liabilities | -  | 6.8  | -  | 6.8         |
| <b>LIABILITIES</b>                  | <b>-</b>                                   | <b>8.3</b>                                       | <b>-</b>   | <b>8.3</b>  |

### 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 2014, the Group held derivative instruments:

- ▶ eligible for hedge accounting and recognised as cash flow hedges (CFH), or as net investment hedges (NIH);
- ▶ 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 impacts on performance and the financial position of derivatives are presented in the table below:

| (€ million)                 |                  |                             | Other comprehensive income<br>account (OCI)<br>(reclassifiable as income) |                             | Latent<br>financial<br>income/<br>(expense) |                             |
|-----------------------------|------------------|-----------------------------|---|-----------------------------|---|-----------------------------|
| Underlying<br>asset         | Hedge accounting | Fair value at<br>31/12/2013 | Change <sup>(1)</sup>   | Reclassified <sup>(2)</sup> | Change <sup>(3)</sup>                       | Fair value at<br>31/12/2014 |
| Interest rates              | CFH              | (0.4)                       | -   | 0.2                         | -   | (0.2)                       |
| Interest rates              | Trading          | -                           | -   | -                           | -   | -                           |
| <b>TOTAL INTEREST RATES</b> |                  | <b>(0.4)</b>                | <b>-</b>  | <b>0.2</b>                  | <b>-</b>                                    | <b>(0.2)</b>                |
| Currency                    | NIH              | -                           | -   | -                           | -   | -                           |
| Currency                    | Trading          | 0.3                         | -   | -                           | (1.6)                                       | (1.3)                       |
| <b>TOTAL CURRENCY</b>       |                  | <b>0.3</b>                  | <b>-</b>  | <b>-</b>                    | <b>(1.6)</b>                                | <b>(1.3)</b>                |
| Commodities                 | CFH              | 0.2                         | (8.1)   | 0.9                         | 0.4   | (6.5)                       |
| Commodities                 | Trading          | -                           | -   | -                           | (0.2)                                       | (0.2)                       |
| <b>TOTAL COMMODITIES</b>    |                  | <b>0.2</b>                  | <b>(8.1)</b>  | <b>0.9</b>                  | <b>0.2</b>                                  | <b>(6.8)</b>                |
| <b>TOTAL</b>                |                  | <b>0.2</b>                  | <b>(8.1)</b>  | <b>1.1</b>                  | <b>(1.4)</b>                                | <b>(8.3)</b>                |

(1) Changes in market values, which have impacted the other comprehensive income account (reclassifiable reserves) for the financial year.

(2) Reclassifications from equity to EBITDA or financial income/ expense for the financial year.

(3) Changes in market values that have impacted financial income/ expense for the financial year.

This table excludes accrued interest.

The impact on 2014 profit for the year is presented in the table below:

| (€ million)                 |                  | EBITDA       | Financial result obtained |
|-----------------------------|------------------|--------------|---------------------------|
| Underlying                  | Hedge accounting | Change       | Change                    |
| Interest rates              | CFH              | -            | (0,2)                     |
| Interest rates              | Trading          | -            | (1,3)                     |
| <b>TOTAL INTEREST RATES</b> |                  | <b>-</b>     | <b>(1,6)</b>              |
| Currency                    | NIH              | -            | -                         |
| Currency                    | Trading          | -            | (2,3)                     |
| <b>TOTAL CURRENCY</b>       |                  | <b>-</b>     | <b>(2,3)</b>              |
| Commodities                 | CFH              | (1.8)        | 0,0                       |
| Commodities                 | Trading          | -            | (0,2)                     |
| <b>TOTAL COMMODITIES</b>    |                  | <b>(1.8)</b> | <b>(0,1)</b>              |
| <b>TOTAL</b>                |                  | <b>(1.8)</b> | <b>(4,0)</b>              |

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

| (€ million)               | At 31 December 2014 |             | At 31 December 2013 |             |
|---------------------------|---------------------|-------------|---------------------|-------------|
|                           | Assets              | Liabilities | Assets              | Liabilities |
| Interest rate instruments | -                   | 0.2         | -                   | 0.4         |
| Currency instruments      | -                   | 1.4         | 0.6                 | 0.3         |
| Commodities instruments   | -                   | 6.8         | 0.4                 | 0.2         |
| <b>TOTAL</b>              | -                   | <b>8.4</b>  | <b>1.0</b>          | <b>0.8</b>  |

### 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.

At 31 December 2014, the hedging instruments held by the Group are directly linked to the “private placement with Caisses Régionales de Crédit Agricole” or CRPP debt agreement put in place on 30 September 2010.

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

| (€ million)  | At 31 December 2014 | At 31 December 2013 |
|--|---------------------|---------------------|
| Variable rate  | <b>186.7</b>        | 200.8               |
| Fixed rate   | <b>109.6</b>        | 103.4               |
| <b>FINANCIAL DEBT AND LONG TERM BORROWINGS ADJUSTED FOR ACCRUED INTEREST</b> | <b>296.3</b>        | <b>304.2</b>        |
| Variable rate cash and cash equivalents                                      | <b>92.2</b>         | (48.2)              |
| Fixed rate cash and cash equivalents   | -                   | -                   |
| <b>CASH AND CASH EQUIVALENTS</b>   | <b>92.2</b>         | <b>(48.2)</b>       |
| Accrued interest receivable  | <b>(0.1)</b>        | -                   |
| Loans and receivables  | <b>(8.3)</b>        | (13.4)              |
| Deposits and guarantees  | <b>(32.3)</b>       | (13.1)              |
| Derivative assets  | <b>(0.1)</b>        | (0.6)               |
| Profit sharing   | <b>(0.9)</b>        | (1.3)               |
| <b>NET FINANCIAL DEBT</b>  | <b>346.8</b>        | <b>227.7</b>        |

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

At 31 December 2014, on the basis of a constant net financial debt, an increase of 50 basis points in market interest rates would have increased the annual borrowing cost by €0.9 million (excluding accrued interest, derivatives and amounts owed to non-controlling shareholders) and in parallel would have generated financial charges on cash and cash equivalents by €0.5 million.

On the basis of the interest rate hedging portfolio, an instantaneous increase of 50 basis points in market interest rates would cut the cost of annual debt by €0.4 million.

Hence, on the basis of constant net financial debt adjusted to reflect the impact of interest rate hedging derivative financial instruments, an immediate increase of 50 basis points in market interest rates would have increased the annual cost of debt by €1.0 million.

Equally, on the basis of constant net financial debt adjusted to reflect the impact of interest rate hedging derivative financial instruments, an immediate decrease of 50 basis points in market interest rates would have reduced the annual cost of debt by €1.4 million.

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

| (€ million)                | At 31 December 2014 |             | At 31 December 2013 |             |
|----------------------------|---------------------|-------------|---------------------|-------------|
|                            | Assets              | Liabilities | Assets              | Liabilities |
| Interest rate instruments: |                     |             |                     |             |
| ▶ Cash flow hedges         | -                   | 0.2         | -                   | 0.4         |
| ▶ Trading                  | -                   | -           | -                   | -           |
| <b>TOTAL</b>               | -                   | <b>0.2</b>  | -                   | <b>0.4</b>  |

The nominal amounts and fair values of the derivative financial instruments are as follows:

| (€ million)          | At 31 December 2014 |              |
|----------------------|---------------------|--------------|
|                      | Nominal             | Fair Value   |
| Rate swaps           | 200.0               | (0.2)        |
| Purchases of options | -                   | -            |
| Collars              | 12.5                | -            |
| Sales of options     | -                   | -            |
| <b>TOTAL</b>         | <b>212.5</b>        | <b>(0.2)</b> |

The sensitivity of the portfolio of derivative financial instruments to an impact of 0.50% on interest rate levels is presented below:

| (€ million)                                    | At 31 December 2014 |                   |
|--|---------------------|-------------------|
|  | Market rate -0.5%   | Market rate +0.5% |
| Impact OCI (reserves reclassifiable as income) | -                   | 0.0               |
| Impact financial income/(expense)              | -                   | (0.3)             |
| <b>VALUATION</b>                               | -                   | <b>(0.4)</b>      |

All of the interest rate derivative financial instruments held at 31 December 2014 mature in 2015.

**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)             | At 31 December 2014 |             | At 31 December 2013 |             |
|-------------------------|---------------------|-------------|---------------------|-------------|
|                         | Assets              | Liabilities | Assets              | Liabilities |
| Currency instruments:   |                     |             |                     |             |
| ▶ Net investment hedges | -                   | -           | -                   | -           |
| ▶ Trading               | -                   | 1.4         | 0.6                 | 0.3         |
| <b>TOTAL</b>            | -                   | <b>1.4</b>  | <b>0.6</b>          | <b>0.3</b>  |

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

All of the foreign exchange hedging derivatives held at 31 December 2014 mature in 2015.

The sensitivity of foreign exchange hedging contracts to a variation of plus or minus 10% in foreign exchange rates is detailed below:

| (€ million)                                    | At 31 December 2014      |                           |
|--|--------------------------|---------------------------|
|  | 90% of the exchange rate | 110% of the exchange rate |
| Impact OCI (reserves reclassifiable as income) | -                        | -                         |
| Impact financial income/(expense)              | 15.1                     | (17.7)                    |
| <b>FAIR VALUE</b>                              | <b>15.1</b>              | <b>(17.7)</b>             |

### 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:

|   | At 31 December 2014 |             | At 31 December 2013 |             |
|---|---------------------|-------------|---------------------|-------------|
|   | Assets              | Liabilities | Assets              | Liabilities |
| (€ million)                                     |                     |             |                     |             |
| Derivative financial instruments on commodities |                     |             |                     |             |
| ▶ Cash flow hedges                              | -                   | 6.5         | 0.3                 | 0.1         |
| ▶ Trading                                       | -                   | 0.2         | 0.1                 | 0.1         |
| <b>TOTAL</b>                                    | -                   | <b>6.8</b>  | <b>0.4</b>          | <b>0.2</b>  |

The sensitivity of commodity hedging contracts to a variation of plus or minus 10% in raw materials prices is detailed below:

|  | At 31 December 2014 |                      |
|--|---------------------|----------------------|
|  | 90% of diesel price | 110% of diesel price |
| (€ million)                                    |                     |                      |
| Impact OCI (reserves reclassifiable as income) | (8.9)               | (5.4)                |
| Impact financial income/(expense)              | 0.3                 | 0.5                  |
| <b>IMPACT FAIR VALUE</b>                       | <b>(8.6)</b>        | <b>(4.9)</b>         |

All commodities hedging instruments held at 31 December 2014 mature between January 2015 and December 2016.

Open hedging positions at 31 December 2014 were as follows:

- ▶ swaps for a nominal volume of 29,800 metric tons, of which 28,000 tons mature in 2015 and 1,800 tons mature in 2016;
- ▶ collars:

- symmetrical collars made up of call purchases and floor sales for a nominal volume of 10,050 metric tons, of which 9,150 tons mature in 2015 and 900 in 2016;
- asymmetric collars, made up of floor sales for a nominal volume of 1,200 metric tons, maturing in 2015.

### Counterparty risk

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

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

Since 2013, the Group has 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 2014:

- ▶ 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

Since the new Syndicated Loan was set up on 12 July 2013, the only external financing arrangement held by the Keolis S.A. group is the private placement with “Caisses Régionales de Crédit Agricole” or (CRPP) for €100 million, arranged by Crédit Agricole CIB, running until 30 September 2015. This credit line has been totally drawn down.

At 31 December 2014, there are therefore no undrawn credit facilities available to Keolis S.A.

At 31 December 2014, the repayment schedule for the financial liabilities of the Group’s main external financing arrangement (CRPP) and the debt burden related to this schedule are as follows:

| (€ million)                     | < = 1 year | 2 years | From 3 to 5 years | > 5 years |
|---------------------------------|------------|---------|-------------------|-----------|
| Financial debt                  | (100)      | -       | -                 | -         |
| Debt expense                    | (2.1)      | -       | -                 | -         |
| ▶ of which interest rate hedges | (0.2)      | -       | -                 | -         |

The forecasted interest charges on the debt are calculated on the gross debt on the basis of the forward Euribor 1 month/3 months rate on the date of closing, to which is added the Group’s interest margin.

It takes into account the impact of the interest rate derivative financial instruments.

After hedging, the two debt tranches are at fixed rates: tranche A at a rate of 2.78% and tranche B at a rate of 2.88%.

| At 31 December 2014    | 2015  | 2016  | 2017  | 2018  |
|------------------------|-------|-------|-------|-------|
| Forward interest rates | 0.01% | 0.04% | 0.13% | 0.29% |

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 2014 |                  |              | At 31 December 2013 restated |                  |              |
|--|---------------------|------------------|--------------|------------------------------|------------------|--------------|
|  | More than a year    | Less than a year | Total        | More than a year             | Less than a year | Total        |
| Pensions   | 116.8               | 2.4              | <b>119.2</b> | 100.9                        | 2.4              | 103.3        |
| Other employee benefits                                  | 30.1                | 0.9              | <b>31.0</b>  | 13.3                         | 0.9              | 14.2         |
| Employment and tax risks                                 | 13.3                | 16.5             | <b>29.8</b>  | 7.6                          | 15.2             | 22.8         |
| Losses on contract termination and loss-making contracts | 4.0                 | 2.6              | <b>6.6</b>   | 8.5                          | 1.9              | 10.4         |
| Contract fines   | -                   | 1.9              | <b>1.9</b>   | -                            | 2.6              | 2.6          |
| Major repairs and maintenance                            | 6.2                 | 26.2             | <b>32.4</b>  | 6.4                          | 23.1             | 29.5         |
| Other  | 6.5                 | 1.5              | <b>8.0</b>   | 7.6                          | 1.1              | 8.7          |
| <b>TOTAL</b>   | <b>176.9</b>        | <b>52.0</b>      | <b>228.9</b> | <b>144.3</b>                 | <b>47.2</b>      | <b>191.5</b> |

#### Movements during the financial year

| (€ million)  | At 1 January 2014 | Charges     | Reversals     | Changes in reporting scope | Other movements | At 31 December 2014 |
|--|-------------------|-------------|---------------|----------------------------|-----------------|---------------------|
| Pensions   | 103.3             | 8.8         | (7.3)         | -                          | 14.4            | 119.2               |
| Other employee benefits                                  | 14.2              | 2.5         | (0.7)         | -                          | 15.1            | 31.1                |
| Employment and tax risks                                 | 22.7              | 14.7        | (7.3)         | -                          | (0.4)           | 29.7                |
| Losses on contract termination and loss-making contracts | 10.4              | 0.6         | (5.2)         | 0.8                        | -               | 6.6                 |
| Contract fines   | 2.6               | 1.9         | (2.6)         | -                          | -               | 1.9                 |
| Major repairs and maintenance                            | 29.5              | 5.7         | (2.9)         | -                          | 0.1             | 32.4                |
| Other  | 8.6               | 4.4         | (4.9)         | -                          | (0.1)           | 8.0                 |
| <b>TOTAL</b>   | <b>191.3</b>      | <b>38.6</b> | <b>(30.9)</b> | <b>0.8</b>                 | <b>29.1</b>     | <b>228.9</b>        |

| (€ million)  | At 1 January 2013 restated | Charges     | Reversals     | Changes in reporting scope | Other movements | At 31 December 2013 restated |
|--|----------------------------|-------------|---------------|----------------------------|-----------------|------------------------------|
| Pensions   | 104.4                      | 9.3         | (6.1)         | -                          | (4.2)           | 103.3                        |
| Other employee benefits                                  | 13.7                       | 1.4         | (1.0)         | -                          | -               | 14.2                         |
| Employment and tax risks                                 | 24.6                       | 13.0        | (12.4)        | -                          | (2.4)           | 22.7                         |
| Losses on contract termination and loss-making contracts | 14.0                       | 4.2         | (7.7)         | -                          | -               | 10.4                         |
| Contract fines   | 3.6                        | 2.6         | (3.6)         | -                          | -               | 2.6                          |
| Major repairs and maintenance                            | 27.8                       | 7.5         | (5.7)         | -                          | (0.1)           | 29.5                         |
| Other  | 2.9                        | 7.0         | (1.7)         | -                          | 0.4             | 8.6                          |
| <b>TOTAL</b>   | <b>191.1</b>               | <b>44.9</b> | <b>(38.2)</b> | <b>-</b>                   | <b>(6.4)</b>    | <b>191.3</b>                 |

The €30.9 million of reversals of provisions comprise utilised reversals of -€23.1 million, of which -€7.3 million relating to pensions. Non-utilised releases amount to -€7.8 million.

### Pensions and similar benefits

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

| <i>(€ million)</i>   | At 31 December 2014 |              | At 31 December 2013 restated |
|--|---------------------|--------------|------------------------------|
| <b>Commitments recorded in the statement of financial position</b> |                     |              |                              |
| Pensions and other post-employment benefits                        |                     | 119.1        | 103.3                        |
| Other employee benefits  |                     | 31.0         | 14.2                         |
| <b>TOTAL</b>   |                     | <b>150.1</b> | <b>117.5</b>                 |
| Of which:  |                     |              |                              |
| ▶ Non-current  |                     | 142.9        | 110.6                        |
| ▶ Current  |                     | 7.5          | 6.9                          |

### 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:

| <i>(per cent)</i>                 | At 31 December 2014 |        | At 31 December 2013 |        |
|-----------------------------------|---------------------|--------|---------------------|--------|
|                                   | France              | Canada | France              | Canada |
| Discount rate                     | 1.35                | 3.75   | 2.55                | 4.00   |
| Rate of increase in salaries      | 2.00-5.80           | N/A    | 2.00-8.00           | N/A    |
| Expected rate of return on assets | 1.35                | 4.25   | 2.55                | 4.00   |

The plan assets break down as follows:

| <i>(€ million)</i> | At 31 December 2014 |        | At 31 December 2013 |        |
|--------------------|---------------------|--------|---------------------|--------|
|                    | France              | Canada | France              | Canada |
| Equities           | -                   | 5.9    | -                   | 4.5    |
| Bonds              | 0.2                 | 1.6    | 0.3                 | 2.1    |
| Real estate        | -                   | 0.3    | -                   | 0.4    |
| Other              | -                   | -      | 0.2                 | -      |

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

| <i>(€ million)</i>               | Commitment at 31/12/2014 | Service cost 2014 | Financial cost 2014 |
|----------------------------------|--------------------------|-------------------|---------------------|
| discount rate less 0.25%         | 122.1                    | 7.0               | 1.7                 |
| discount rate (basic assumption) | 119.3                    | 6.8               | 2.0                 |
| discount rate plus 0.25%         | 116.6                    | 6.7               | 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 2014 | At 31 December 2013 restated |
|--|---------------------|------------------------------|
| Present value of non-financed liabilities          | 121.2               | 102.3                        |
| Present value of financed liabilities              | 6.2                 | 8.4                          |
| <b>PRESENT VALUE OF TOTAL LIABILITIES</b>          | <b>127.4</b>        | <b>110.7</b>                 |
| Fair value of pension scheme assets                | (8.1)               | (7.5)                        |
| <b>PRESENT VALUE OF NET LIABILITIES RECOGNISED</b> | <b>119.3</b>        | <b>103.3</b>                 |

**Analysis of changes in liabilities and assets**

The net present value of the liabilities comprises:

| (€ million)  | At 31 December 2014 | At 31 December 2013 restated |
|--|---------------------|------------------------------|
| <b>NET PRESENT VALUE OF LIABILITIES AT 1 JANUARY</b>   | <b>110.8</b>        | <b>113.4</b>                 |
| Service cost   | 5.9                 | 6.1                          |
| Financial cost (including Franchise Adjustment)        | 2.9                 | 3.2                          |
| Benefits paid  | (7.5)               | (6.3)                        |
| Employee contributions                                 | -                   | -                            |
| Changes in pension schemes                             | 0.1                 | -                            |
| Actuarial gains/(losses)                               | 14.6                | (3.1)                        |
| Foreign exchange translation difference                | 0.3                 | (1.2)                        |
| Effect of changes in consolidation scope               | 0.3                 | (1.0)                        |
| Effect of reductions and pension scheme settlements    | -                   | (0.1)                        |
| <b>NET PRESENT VALUE OF LIABILITIES AT 31 DECEMBER</b> | <b>127.4</b>        | <b>110.8</b>                 |

The fair value of the assets comprises:

| (€ million)   | At 31 December 2014 | At 31 December 2013 restated |
|---|---------------------|------------------------------|
| <b>FAIR VALUE OF PENSION PLAN ASSETS AT 1 JANUARY</b>   | <b>7.5</b>          | <b>8.7</b>                   |
| Expected return on assets                               | 0.3                 | 0.3                          |
| Actuarial gains/(losses) on pension fund returns        | 0.7                 | (0.1)                        |
| Employer contributions                                  | 0.3                 | 0.4                          |
| Employee contributions                                  | -                   | -                            |
| Benefits paid   | (0.9)               | -                            |
| Foreign exchange translation differences                | 0.3                 | (1.0)                        |
| Effect of changes in consolidation scope                | -                   | (0.8)                        |
| Effect of reductions and pension scheme settlements     | -                   | -                            |
| <b>FAIR VALUE OF PENSION PLAN ASSETS AT 31 DECEMBER</b> | <b>8.1</b>          | <b>7.5</b>                   |

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

| (€ million)                                  | At 31 December 2014 | At 31 December 2013 restated |
|--|---------------------|------------------------------|
| Impact of changes in assumptions             | 11.7                | 0.5                          |
| Losses/(gains) in the light of experience    | 2.2                 | (3.7)                        |
| <b>ACTUARIAL LOSSES/(GAINS) FOR THE YEAR</b> | <b>13.9</b>         | <b>(3.2)</b>                 |

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

| (€ million)                                 | At 31 December 2014 |            |              |
|---|---------------------|------------|--------------|
|   | France              | Canada     | Total        |
| Present value of the liabilities            | 119.0               | 8.3        | 127.3        |
| Fair value of pension scheme assets         | (0.3)               | (7.8)      | (8.1)        |
| <b>NET PRESENT VALUE OF NET OBLIGATIONS</b> | <b>118.7</b>        | <b>0.6</b> | <b>119.3</b> |

#### **Benefit cost for the financial year**

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

| (€ million)   | At 31 December 2014 | At 31 December 2013 restated |
|---|---------------------|------------------------------|
| Service cost  | 5.9                 | 6.1                          |
| Interest cost   | 2.9                 | 3.2                          |
| Expected return on assets                               | (0.3)               | (0.3)                        |
| Depreciation of past service costs                      | 0.1                 | -                            |
| Changes in pension schemes                              | -                   | -                            |
| <b>TOTAL EXPENSE RECOGNISED IN THE INCOME STATEMENT</b> | <b>8.6</b>          | <b>8.9</b>                   |

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)  | At 31 December 2014 | At 31 December 2013 restated |
|--|---------------------|------------------------------|
| <b>OPENING PROVISION AT 1 JANUARY</b>                      | <b>103.4</b>        | <b>104.8</b>                 |
| Newly consolidated companies                               | 0.3                 | (1.0)                        |
| Benefit cost for the financial year                        | 8.6                 | 8.9                          |
| Used (Benefits / Contributions paid)                       | (6.9)               | (6.6)                        |
| Provision charged to/(reversed from) equity                | 13.9                | (3.2)                        |
| Foreign exchange translation differences and other changes | -                   | 0.5                          |
| <b>CLOSING PROVISION AT 31 DECEMBER</b>                    | <b>119.4</b>        | <b>103.4</b>                 |

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

| (€ million)  | 31/12/2014  | 31/12/2013 restated |
|--|-------------|---------------------|
| <b>CUMULATIVE OPENING BALANCE OF CHARGES/(REVERSALS)</b>   | <b>24.3</b> | <b>27.5</b>         |
| Actuarial (gains) / losses for the year                    | 13.9        | (3.2)               |
| Foreign exchange translation differences and other changes | 0,0         | 0.0                 |
| <b>CUMULATIVE CLOSING BALANCE OF CHARGES/(REVERSALS)</b>   | <b>38.3</b> | <b>24.3</b>         |

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

| (€ million)                             | 31/12/2014 IAS 19R | 31/12/2013 IAS 19R restated | 31/12/2012 IAS 19R restated | 31/12/2011 IAS 19R restated |
|---|--------------------|-----------------------------|-----------------------------|-----------------------------|
| Present value of liabilities            | 127.4              | 110.8                       | 113.2                       | 88.8                        |
| Fair value of pension scheme assets     | (8.1)              | (7.5)                       | (8.7)                       | (8.2)                       |
| Surplus (deficit) of the pension scheme | 119.3              | 103.3                       | 104.5                       | 80.7                        |
| Adjustments related to experience       | 2.2                | (3.7)                       | 1.1                         | 0.4                         |

### 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 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 movements in obligations

| (€ million)  | 01/01/2014  | Charge     | Reversals    | Change in scope | Foreign exch transl. diff & other | 31/12/2014  |
|--|-------------|------------|--------------|-----------------|-----------------------------------|-------------|
| France – long service awards                         | 14.2        | 2.2        | (0.7)        | -               | -                                 | 15.6        |
| USA – healthcare expenses of early-retired employees | -           | 0.3        | -            | -               | 15.1                              | 15.4        |
| <b>TOTAL</b>   | <b>14.2</b> | <b>2.5</b> | <b>(0.7)</b> | <b>-</b>        | <b>15.1</b>                       | <b>31.0</b> |

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

### 5.14 Operating liabilities and other debt

| (€ million)                                       | At 31 December 2014 | At 31 December 2013 restated |
|---|---------------------|------------------------------|
| Trade receivables: advances and deposits received | 58.4                | 76.2                         |
| Trade payables                                    | 481.4               | 451.7                        |
| Payables to PPE suppliers                         | 33.6                | 23.7                         |
| Payables to staff                                 | 440.0               | 394.4                        |
| Central government and local authorities          | 67.9                | 26.2                         |
| Deferred income                                   | 95.4                | 85.4                         |
| Other   | 87.3                | 64.3                         |
| <b>TOTAL</b>                                      | <b>1 263.9</b>      | <b>1 121.8</b>               |

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

| (€ million)  | At 31 December 2014 | At 31 December 2013 restated |
|--|---------------------|------------------------------|
| <b>UNUTILISED CREDIT LINES</b>   | <b>8.1</b>          | <b>4.0</b>                   |
| Guarantees given to secure debt  | 42.1                | 60.2                         |
| Guarantees given for operating commitments                                     | 640.6               | 620.0                        |
| Securities provided  | -                   | -                            |
| <b>TOTAL COMMITMENTS MADE AND GUARANTEES GIVEN, EXCLUDING OPERATING LEASES</b> | <b>682.7</b>        | <b>680.3</b>                 |

The amount of path access entitlements within the “Guarantees given for operating commitments” is €73.8 million at 31 December 2014 compared to €131.2 million at 31 December 2013.

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

| (€ million)          | At 31 December 2014 | At 31 December 2013 restated |
|----------------------|---------------------|------------------------------|
| Less than one year   | 162.3               | 164.4                        |
| One to five years    | 449.2               | 460.6                        |
| More than five years | 149.5               | 131.9                        |
| <b>TOTAL</b>         | <b>761.0</b>        | <b>756.9</b>                 |

Future commitments linked to leases primarily relate to the rental of transport equipment and buildings. They comprise €484.5 million internationally and €276.5 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 SA 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 €17.8 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 €103.8 million.

#### Bus and coach contracts

Rental instalments outstanding on these contracts amount to €241.4 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).

On 27 June 2014, the Group decided to terminate a subcontractor agreement. On 4 August 2014, the subcontractor filed a claim against a subsidiary of the Group without producing any evidence to support this action, which is thus entirely refuted by the subsidiary concerned. At this stage in the procedure, no provision has been made in the financial statements.

## 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 Keolis S.A. and the members of the Executive Committee. Remuneration and other short-term benefits paid to these directors amounted to €3.0 million for 8 people in 2014, compared to €4.8 million for 15 people in 2013.

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

### 10.1 Subsidiaries

At 31 December 2014, the consolidation scope included:

| Name   | Registered office      | Siren N°    | Method of consolidation | % of shareholding |
|--|------------------------|-------------|-------------------------|-------------------|
| <b>Aérobag</b>                                 | Le Mesnil-Amelot       | 451 776 702 | FC                      | 100.00%           |
| <b>Aérolis</b>                                 | Roissy CDG             | 501 481 915 | FC                      | 50.10%            |
| <b>Aéroport de Troyes Barberey</b>             | Barbèrey Saint Sulpice | 501 642 722 | FC                      | 100.00%           |
| <b>Aérosat</b>                                 | Le Mesnil-Amelot       | 442 194 932 | FC                      | 85.00%            |
| <b>Airelle</b>                                 | Saint Denis            | 384 225 389 | FC                      | 100.00%           |
| <b>Athis Cars</b>                              | Athis-Mons             | 962 201 711 | FC                      | 100.00%           |
| <b>Autocars Delion</b>                         | Nanterre               | 339 361 164 | FC                      | 100.00%           |
| <b>Autocars Garrel et Navarre</b>              | Draveil                | 380 496 893 | FC                      | 100.00%           |
| <b>Autocars Planche</b>                        | Arnas                  | 403 070 154 | FC                      | 100.00%           |
| <b>Caennaise de Services</b>                   | Caen                   | 479 872 129 | FC                      | 100.00%           |
| <b>Cariane Littoral</b>                        | Gravelines             | 339 590 937 | FC                      | 100.00%           |
| <b>Caron Voyages</b>                           | Outreau                | 616 320 354 | FC                      | 100.00%           |
| <b>Cars de Bordeaux</b>                        | Bordeaux               | 309 552 578 | FC                      | 100.00%           |
| <b>Cars et Autobus de Cassis – SCAC</b>        | Roquefort-la-Bédoule   | 057 808 339 | FC                      | 100.00%           |
| <b>Cars Planche</b>                            | Savigneux Montbrison   | 339 821 654 | FC                      | 100.00%           |
| <b>Compagnie des Transports Méditerranéens</b> | Cannes                 | 695 820 357 | FC                      | 100.00%           |
| <b>Compagnie du Blanc Argent</b>               | Paris                  | 542 097 720 | FC                      | 99.40%            |
| <b>Devillairs</b>                              | Versailles             | 732 820 717 | FC                      | 100.00%           |
| <b>Holding Striebig</b>                        | Strasbourg             | 499 318 137 | FC                      | 100.00%           |
| <b>Institut Keolis</b>                         | Paris                  | 482 068 954 | FC                      | 100.00%           |
| <b>Interhône-Alpes</b>                         | Saint-Priest           | 388 946 659 | FC                      | 100.00%           |
| <b>Intrabus Orly</b>                           | Paray Vieille Poste    | 349 684 753 | FC                      | 100.00%           |
| <b>Keolis Abbeville</b>                        | Lille                  | 692 000 482 | FC                      | 99.02%            |
| <b>Keolis Agen</b>                             | Bon Encontre           | 487 875 593 | FC                      | 100.00%           |
| <b>Keolis Aix-les-Bains</b>                    | Aix-Les-Bains          | 501 785 117 | FC                      | 100.00%           |
| <b>Keolis Alençon</b>                          | Alençon                | 380 132 167 | FC                      | 100.00%           |
| <b>Keolis Amiens</b>                           | Amiens                 | 751 882 317 | FC                      | 100.00%           |
| <b>Keolis Angers</b>                           | St Barthélémy d'Anjou  | 317 193 860 | FC                      | 100.00%           |
| <b>Keolis Arles</b>                            | Arles                  | 330 457 706 | FC                      | 100.00%           |
| <b>Keolis Armor</b>                            | Chantepie              | 321 840 225 | FC                      | 100.00%           |
| <b>Keolis Artois Gohelle</b>                   | Lens                   | 493 510 093 | FC                      | 100.00%           |
| <b>Keolis Atlantique</b>                       | Nantes                 | 301 941 332 | FC                      | 100.00%           |
| <b>Keolis Auch</b>                             | Auch                   | 353 848 559 | FC                      | 100.00%           |
| <b>Keolis Aude</b>                             | Narbonne               | 348 046 210 | FC                      | 100.00%           |
| <b>Keolis Baie des Anges</b>                   | Cannes La Bocca        | 692 049 596 | FC                      | 100.00%           |
| <b>Keolis Bassin de Pompey</b>                 | Bouxières-aux-Dames    | 799 237 896 | FC                      | 100.00%           |
| <b>Keolis Besançon</b>                         | Besançon               | 572 028 702 | FC                      | 99.96%            |



| Name   | Registered office    | Siren N°    | Method of consolidation | % of shareholding |
|--|----------------------|-------------|-------------------------|-------------------|
| <b>Keolis Blois</b>  | Blois                | 314 927 500 | FC                      | 100.00%           |
| <b>Keolis Bordeaux</b>   | Bordeaux             | 509 752 218 | FC                      | 99.99%            |
| <b>Keolis Bordeaux Métropole</b>   | Bordeaux             | 808 227 052 | FC                      | 100.00%           |
| <b>Keolis Boulogne sur Mer</b>   | Lille                | 552 048 043 | FC                      | 100.00%           |
| <b>Keolis Bourgogne</b>  | Dijon                | 015 450 596 | FC                      | 99.00%            |
| <b>Keolis Brest</b>  | Brest                | 314 655 788 | FC                      | 100.00%           |
| <b>Keolis Bus Verts</b>  | Caen                 | 804 363 521 | FC                      | 100.00%           |
| <b>Keolis Caen</b>   | Caen                 | 572 028 660 | FC                      | 100.00%           |
| <b>Keolis Cahors*</b>  | Cahors               | 389 105 719 | FC                      | 100.00%           |
| <b>Keolis Calvados</b>   | Mondeville           | 314 328 006 | FC                      | 100.00%           |
| <b>Keolis Camargue</b>   | Arles                | 376 420 030 | FC                      | 99.97%            |
| <b>Keolis Centre</b>   | Saint-Doulchard      | 332 454 149 | FC                      | 100.00%           |
| <b>Keolis Châlons-en-Champagne</b>   | Châlons-en-Champagne | 582 022 760 | FC                      | 99.24%            |
| <b>Keolis Charente Maritime</b>  | Rochefort            | 509 352 951 | FC                      | 99.94%            |
| <b>Keolis Château Thierry</b>  | Brasles              | 523 108 470 | FC                      | 100.00%           |
| <b>Keolis Châteauroux</b>  | Châteauroux          | 401 744 347 | FC                      | 100.00%           |
| <b>Keolis Châtelleraut</b>   | Châtelleraut         | 347 774 879 | FC                      | 100.00%           |
| <b>Keolis Chaumont</b>   | Chaumont             | 523 576 395 | FC                      | 100.00%           |
| <b>Keolis Chauny – Tergnier</b>  | Chauny               | 795 089 457 | FC                      | 100.00%           |
| <b>Keolis Cherbourg</b>  | Tourlaville          | 572 028 678 | FC                      | 100.00%           |
| <b>Keolis Concarneau</b>   | Concarneau           | 391 617 370 | FC                      | 100.00%           |
| <b>Keolis Conseil et Projets</b>   | Lyon                 | 441 338 878 | FC                      | 100.00%           |
| <b>Keolis Dijon</b>  | Chenove              | 16 450 942  | FC                      | 100.00%           |
| <b>Keolis Drôme</b>  | Portes-lès-Valence   | 775 573 074 | FC                      | 100.00%           |
| <b>Keolis Drouais</b>  | Dreux                | 501 674 865 | FC                      | 100.00%           |
| <b>Keolis Emeraude</b>   | Saint-Malo           | 303 940 340 | FC                      | 100.00%           |
| <b>Keolis en Cévennes</b>  | Alès                 | 327 948 402 | FC                      | 99.19%            |
| <b>Keolis Epinal</b>   | Epinal               | 538 495 201 | FC                      | 100.00%           |
| <b>Keolis Eure</b>   | Evreux               | 543 650 535 | FC                      | 100.00%           |
| <b>Keolis Eure et Loir</b>   | Dreux                | 712 950 104 | FC                      | 100.00%           |
| <b>Keolis Garonne</b>  | Mazeres              | 304 927 320 | FC                      | 100.00%           |
| <b>Keolis Gascogne</b>   | Mont de Marsan       | 896 950 243 | FC                      | 100.00%           |
| <b>Keolis Gironde (ex SNCOA)</b>   | St Médard en Jalles  | 322 188 194 | FC                      | 100.00%           |
| <b>Keolis Grand Tarbes</b>   | Tarbes               | 393 623 939 | FC                      | 100.00%           |
| <b>Keolis Ile et Vilaine</b>   | Rennes               | 533 033 882 | FC                      | 100.00%           |
| <b>Keolis Languedoc</b>  | Agde                 | 343 104 444 | FC                      | 100.00%           |
| <b>Keolis Laval</b>  | Laval                | 383 943 206 | FC                      | 100.00%           |
| <b>Keolis Lille (ex Transports en Commun de la Métropole Lilloise (Transpole))</b> | Marcq-en-Baroeul     | 552 048 027 | FC                      | 100.00%           |

| Name  | Registered office       | Siren N°    | Method of consolidation | % of shareholding |
|---|-------------------------|-------------|-------------------------|-------------------|
| <b>Keolis Littoral</b>                      | Rochefort               | 339 343 808 | FC                      | 100.00%           |
| <b>Keolis Lorient</b>                       | Lorient                 | 572 028 694 | FC                      | 100.00%           |
| <b>Keolis Lyon</b>                          | Lyon                    | 308 077 635 | FC                      | 99.99%            |
| <b>Keolis Manche</b>                        | Mondeville              | 575 650 296 | FC                      | 100.00%           |
| <b>Keolis Maritime Brest</b>                | Brest                   | 383 935 582 | FC                      | 100.00%           |
| <b>Keolis Maritime Lorient</b>              | Larmor – plage          | 501 677 322 | FC                      | 99.00%            |
| <b>Keolis Marmande</b>                      | Paris                   | 432 545 135 | FC                      | 100.00%           |
| <b>Keolis Mobilité Hauts de Seine</b>       | La Plaine Saint-Denis   | 519 423 131 | FC                      | 100.00%           |
| <b>Keolis Mobilité Roissy</b>               | Le Mesnil-Amelot        | 520 045 006 | FC                      | 100.00%           |
| <b>Keolis Montargis</b>                     | Villemandeur            | 325 600 393 | FC                      | 100.00%           |
| <b>Keolis Montélimar</b>                    | Montélimar              | 339 893 927 | FC                      | 100.00%           |
| <b>Keolis Montluçon</b>                     | Montluçon               | 302 453 667 | FC                      | 100.00%           |
| <b>Keolis Morlaix</b>                       | Saint Martin des Champs | 380 331 884 | FC                      | 100.00%           |
| <b>Keolis Multimodal International*</b>     | Paris                   | 422 056 796 | FC                      | 100.00%           |
| <b>Keolis Narbonne</b>                      | Narbonne                | 341 649 242 | FC                      | 100.00%           |
| <b>Keolis Nevers</b>                        | Nevers                  | 498 381 581 | FC                      | 100.00%           |
| <b>Keolis Nord Allier</b>                   | Saint Eloy Les Mines    | 301 896 478 | FC                      | 100.00%           |
| <b>Keolis Obernai</b>                       | Obernai                 | 519 803 845 | FC                      | 100.00%           |
| <b>Keolis Oise</b>                          | Senlis                  | 527 220 982 | FC                      | 100.00%           |
| <b>Keolis Orléans</b>                       | Saint Jean de Brayes    | 537 978 603 | FC                      | 100.00%           |
| <b>Keolis Oyonnax</b>                       | Arbent                  | 793 140 609 | FC                      | 100.00%           |
| <b>Keolis Pays d'Aix</b>                    | Bouc Bel Air            | 533 545 794 | FC                      | 100.00%           |
| <b>Keolis Pays de Montbéliard</b>           | Voujeaucourt            | 304 953 755 | FC                      | 100.00%           |
| <b>Keolis Pays des Volcans</b>              | Marcillat               | 408 366 177 | FC                      | 100.00%           |
| <b>Keolis Pays Nancéien</b>                 | Bouxières aux Dames     | 513 010 934 | FC                      | 100.00%           |
| <b>Keolis Pays Normands</b>                 | Carentan                | 441 288 800 | FC                      | 100.00%           |
| <b>Keolis PMR Rhône</b>                     | Saint Priest            | 343 261 590 | FC                      | 100.00%           |
| <b>Keolis Provence</b>                      | Marseille               | 442 140 307 | FC                      | 100.00%           |
| <b>Keolis Pyrénées</b>                      | Ibos                    | 722 780 517 | FC                      | 95.16%            |
| <b>Keolis Quimper</b>                       | Quimper                 | 334 226 974 | FC                      | 100.00%           |
| <b>Keolis Rennes</b>                        | Rennes                  | 340 035 526 | FC                      | 100.00%           |
| <b>Keolis Réseau Départemental Sud Oise</b> | Senlis                  | 511 281 479 | FC                      | 100.00%           |
| <b>Keolis Rouen Vallée de Seine</b>         | Sotteville-lès-Rouen    | 532 279 304 | FC                      | 100.00%           |
| <b>Keolis S.A.</b>                          | Paris                   | 552 111 809 | FC                      | 100.00%           |
| <b>Keolis Saint Malo</b>                    | Saint-Malo              | 490 948 163 | FC                      | 100.00%           |
| <b>Keolis Saintes</b>                       | Saintes                 | 322 214 073 | FC                      | 100.00%           |
| <b>Keolis Seine Maritime</b>                | Fécamp                  | 345 850 531 | FC                      | 100.00%           |
| <b>Keolis Somme</b>                         | Poix de Picardie        | 408 578 771 | FC                      | 100.00%           |
| <b>Keolis Sud Allier</b>                    | Cusset                  | 975 720 111 | FC                      | 100.00%           |

| Name   | Registered office        | Siren N°    | Method of consolidation | % of shareholding |
|--|--------------------------|-------------|-------------------------|-------------------|
| <b>Keolis Sud Lorraine</b>                                     | Metz                     | 343 348 694 | FC                      | 100.00%           |
| <b>Keolis Touraine</b>   | Loches                   | 394 499 628 | FC                      | 100.00%           |
| <b>Keolis Tours</b>  | Saint-Pierre des Corps   | 311 567 416 | FC                      | 100.00%           |
| <b>Keolis Travel Services</b>                                  | Nanterre                 | 398 660 159 | FC                      | 100.00%           |
| <b>Keolis Trois Frontières</b>                                 | Metz                     | 572 042 026 | FC                      | 100.00%           |
| <b>Keolis Urbest</b>   | Besançon                 | 382 532 349 | FC                      | 100.00%           |
| <b>Keolis Val d'Oise</b>                                       | Bernes-sur-Oise          | 339 654 147 | FC                      | 100.00%           |
| <b>Keolis Val de Maine</b>                                     | St Barthélémy d'Anjou    | 490 838 794 | FC                      | 100.00%           |
| <b>Keolis Val de Saône</b>                                     | Chalon sur Saône         | 328 162 987 | FC                      | 100.00%           |
| <b>Keolis Val Hainaut</b>                                      | Valenciennes             | 775 627 102 | FC                      | 96.32%            |
| <b>Keolis Vesoul</b>   | Vesoul                   | 449 726 777 | FC                      | 100.00%           |
| <b>Keolis Vichy</b>  | Cusset                   | 330 940 891 | FC                      | 100.00%           |
| <b>Keolis Voyages</b>  | Nantes                   | 332 665 421 | FC                      | 100.00%           |
| <b>Keolis Yvelines</b>   | Versailles               | 323 161 554 | FC                      | 100.00%           |
| <b>KTA</b>   | Bellegarde sur Valserine | 351 774 625 | FC                      | 100.00%           |
| <b>Les Autobus d'Arcachon</b>                                  | La Teste de Buch         | 455 203 182 | FC                      | 100.00%           |
| <b>Les Cars du Bassin de Thau</b>                              | Sète                     | 444 312 847 | FC                      | 100.00%           |
| <b>Les Cars Roannais</b>                                       | Le Coteau                | 302 457 262 | FC                      | 100.00%           |
| <b>Les Courriers Catalans</b>                                  | Perpignan                | 572 033 579 | FC                      | 99.99%            |
| <b>Les Courriers de l'Île-de-France</b>                        | Le Mesnil-Amelot         | 562 091 132 | FC                      | 99.99%            |
| <b>Les Courriers du Midi</b>                                   | Montpellier              | 572 047 215 | FC                      | 100.00%           |
| <b>Les Transports Dunois</b>                                   | Dun Le Palestel          | 385 247 986 | FC                      | 100.00%           |
| <b>Loisirs et Voyages</b>                                      | Ambert                   | 788 118 867 | FC                      | 100.00%           |
| <b>Millau Cars</b>   | Creissels                | 327 003 372 | FC                      | 100.00%           |
| <b>Monnet Tourisme</b>   | St Etienne de St Geoirs  | 997 655 600 | FC                      | 100.00%           |
| <b>Monts Jura Autocars</b>                                     | Besançon                 | 344 148 515 | FC                      | 99.99%            |
| <b>Pacific Cars</b>  | La Plaine Saint-Denis    | 542 068 820 | FC                      | 100.00%           |
| <b>Prioris</b>   | La Plaine Saint-Denis    | 504 494 139 | FC                      | 66.00%            |
| <b>Réseau en Vosges</b>  | Neufchâteau              | 522 004 597 | FC                      | 70.00%            |
| <b>S.T.E.F.I.M.</b>  | La Plaine Saint-Denis    | 432 371 235 | FC                      | 100.00%           |
| <b>SA SAP Drogoul</b>  | Vence                    | 415 750 595 | FC                      | 100.00%           |
| <b>SAP Cariane Provence</b>                                    | Vence                    | 415 750 595 | FC                      | 100.00%           |
| <b>SCAC Bagnis</b>   | Barjols                  | 399 921 428 | FC                      | 100.00%           |
| <b>Setver</b>  | Draveil                  | 303 494 181 | FC                      | 100.00%           |
| <b>SFD</b>   | Paris                    | 397 080 037 | FC                      | 100.00%           |
| <b>Société d'Exploitation des Transports Urbains d'Oyonnax</b> | Oyonnax                  | 450 675 798 | FC                      | 100.00%           |
| <b>Société d'exploitation de l'Aéroport de Dole Jura</b>       | Lons Le Saunier          | 519 108 526 | FC                      | 51.00%            |
| <b>Société d'exploitation de l'Aéroport Albert Picardie</b>    | Meaulte                  | 497 767 525 | FC                      | 51.00%            |

| Name  | Registered office       | N° Siren / Country | Method of consolidation | % of shareholding |
|---|-------------------------|--------------------|-------------------------|-------------------|
| <b>Société de Gestion de l'Aéroport d'Angers-Marcé</b>          | Marcé                   | 419 836 432        | FC                      | 100.00%           |
| <b>Société de Transports et de Services Aéroportuaires</b>      | Saint Denis             | 333 363 539        | FC                      | 100.00%           |
| <b>Société Départementale des Transports du Var</b>             | Hyères                  | 639 500 602        | FC                      | 95.07%            |
| <b>Société des Transports Côte d'Azur Riviera</b>               | Opio                    | 415 850 148        | FC                      | 100.00%           |
| <b>Société des Transports de la Communauté Urbaine d'Arras</b>  | Arras                   | 313 151 110        | FC                      | 100.00%           |
| <b>Société des Transports en Commun Nîmois</b>                  | Nîmes                   | 334 172 871        | FC                      | 100.00%           |
| <b>Société des Transports Robert</b>                            | Martigues               | 329 690 671        | FC                      | 100.00%           |
| <b>Société pour la Mobilité à Paris – SOMAP</b>                 | Paris                   | 450 041 595        | FC                      | 100.00%           |
| <b>Société Rennaise de Transport et de Services (Handistar)</b> | Chantepie               | 421 286 188        | FC                      | 100.00%           |
| <b>STA</b>  | Mennecey                | 314 988 619        | FC                      | 100.00%           |
| <b>STAC</b>   | Creil                   | 696 480 573        | FC                      | 100.00%           |
| <b>SVTU</b>   | Versailles              | 778 151 662        | FC                      | 100.00%           |
| <b>TPR</b>  | Pau                     | 095 680 393        | FC                      | 100.00%           |
| <b>Train Bleu St Marcellin</b>                                  | Saint-Marcellin         | 058 501 909        | FC                      | 100.00%           |
| <b>Trans Val de Lys</b>   | Comines                 | 468 501 150        | FC                      | 99.99%            |
| <b>Transétude</b>   | Lyon                    | 300 938 297        | FC                      | 100.00%           |
| <b>Transports de la Brière</b>                                  | Saint Nazaire           | 005 780 390        | FC                      | 60.00%            |
| <b>Transports et Services Aérolignes</b>                        | Le Mesnil-Amelot        | 403 485 915        | FC                      | 100.00%           |
| <b>Transports Evrard</b>  | Creil                   | 696 480 516        | FC                      | 100.00%           |
| <b>Transports Gep Vidal</b>                                     | Perpignan               | 615 650 082        | FC                      | 100.00%           |
| <b>Transroissy</b>  | Roissy-en-France        | 385 301 288        | FC                      | 100.00%           |
| <b>Var Tours</b>  | Cogolin                 | 579 502 014        | FC                      | 94.55%            |
| <b>Voyages Autocars Services</b>                                | Romainville             | 324 973 163        | FC                      | 100.00%           |
| <b>Voyages Chargelègue</b>                                      | Menigoute               | 626 920 185        | FC                      | 100.00%           |
| <b>Voyages Dourlens</b>   | Bruay-la-Buissière      | 392 354 304        | FC                      | 100.00%           |
| <b>Voyages Monnet</b>   | St Etienne de St Geoirs | 071 502 827        | FC                      | 100.00%           |
| <b>VTS Roissy</b>   | Le Mesnil-Amelot        | 483 987 913        | FC                      | 100.00%           |
| <b>Westeel Voyages</b>  | Sallaumines             | 334 630 076        | FC                      | 100.00%           |
| <b>Keolis Deutschland GmbH &amp; Co. KG</b>                     | Berlin                  | (Germany)          | FC                      | 100.00%           |
| <b>Keolis Deutschland Holding GmbH</b>                          | Mainz                   | (Germany)          | FC                      | 100.00%           |
| <b>Keolis Deutschland Verwaltung GmbH</b>                       | Mainz                   | (Germany)          | FC                      | 100.00%           |
| <b>Striebig Deutschland</b>                                     | Bad Bergzabern          | (Germany)          | FC                      | 100.00%           |

| Name   | Registered office | Country     | Method of consolidation | % of shareholding |
|--|-------------------|-------------|-------------------------|-------------------|
| <b>KDR Gold Coast Pty Ltd</b>                              | Melbourne         | (Australia) | FC                      | 51.00%            |
| <b>KDR Victoria Pty Ltd</b>                                | Melbourne         | (Australia) | FC                      | 51.00%            |
| <b>Keolis Australia</b>                                    | Melbourne         | (Australia) | FC                      | 100.00%           |
| <b>Keolis Downer Pty Ltd</b>                               | Melbourne         | (Australia) | FC                      | 51.00%            |
| <b>Autobus De Genval</b>                                   | Rixensart         | (Belgium)   | FC                      | 100.00%           |
| <b>Autobus Dony</b>  | Borgloon          | (Belgium)   | FC                      | 100.00%           |
| <b>Autobus Dujardin</b>                                    | Tournai           | (Belgium)   | FC                      | 100.00%           |
| <b>Autobus Lienard</b>                                     | Chimay            | (Belgium)   | FC                      | 100.00%           |
| <b>Cardona-Deltenre</b>                                    | Nivelles          | (Belgium)   | FC                      | 100.00%           |
| <b>Cariane Internationale Développement*</b>               | Brussels          | (Belgium)   | FC                      | 100.00%           |
| <b>Cintra</b>  | Ramillies-Offus   | (Belgium)   | FC                      | 100.00%           |
| <b>Cintral</b>   | Landen            | (Belgium)   | FC                      | 100.00%           |
| <b>De Turck</b>  | Geraardsbergen    | (Belgium)   | FC                      | 100.00%           |
| <b>Eltebe</b>  | Bruges            | (Belgium)   | FC                      | 100.00%           |
| <b>Etablissements Picavet &amp; Co</b>                     | Brain L'alleud    | (Belgium)   | FC                      | 100.00%           |
| <b>Eurobus Holding</b>                                     | Vise              | (Belgium)   | FC                      | 100.00%           |
| <b>Eurobussing Airport</b>                                 | Vilvoorde         | (Belgium)   | FC                      | 100.00%           |
| <b>Eurobussing Brussels</b>                                | Nivelles          | (Belgium)   | FC                      | 100.00%           |
| <b>Eurobussing Wallonie</b>                                | Nivelles          | (Belgium)   | FC                      | 100.00%           |
| <b>Flanders Bus</b>  | Oostende          | (Belgium)   | FC                      | 100.00%           |
| <b>Garage Du Perron</b>                                    | Petit Rechain     | (Belgium)   | FC                      | 100.00%           |
| <b>Gino Tours</b>  | Jabbeke           | (Belgium)   | FC                      | 100.00%           |
| <b>Heyerick</b>  | Zulte             | (Belgium)   | FC                      | 100.00%           |
| <b>Joye</b>  | Koekelaere        | (Belgium)   | FC                      | 100.00%           |
| <b>Keolis Vlaanderen</b>                                   | Genk              | (Belgium)   | FC                      | 100.00%           |
| <b>Kibel (ex Belbus)</b>                                   | Ixelles           | (Belgium)   | FC                      | 100.00%           |
| <b>Kortenbergse Busonderneming</b>                         | Kortenberg        | (Belgium)   | FC                      | 100.00%           |
| <b>L.I.M. Collard-Lambert</b>                              | Malmedy           | (Belgium)   | FC                      | 100.00%           |
| <b>Le Cinacien</b>   | Ciney             | (Belgium)   | FC                      | 100.00%           |
| <b>N.V. Autobusbedrijf Bronckaers Hamont</b>               | Genk              | (Belgium)   | FC                      | 100.00%           |
| <b>N.V. Autobussen De Reys</b>                             | Mechelen          | (Belgium)   | FC                      | 100.00%           |
| <b>N.V. Autobussen Monserez-Verhenne*</b>                  | Marke             | (Belgium)   | FC                      | 100.00%           |
| <b>N.V. Autocars Henri De Boeck En Reizen Andre Leloup</b> | Brussels          | (Belgium)   | FC                      | 100.00%           |
| <b>Pirnay</b>  | Gedinne           | (Belgium)   | FC                      | 100.00%           |
| <b>Ramoudt Tours</b>                                       | Bruges            | (Belgium)   | FC                      | 100.00%           |
| <b>Reniers &amp; Co</b>                                    | Landen            | (Belgium)   | FC                      | 50.02%            |
| <b>S.A.D.A.R</b>   | La Calamine       | (Belgium)   | FC                      | 100.00%           |
| <b>SA A.B.C. Cars</b>                                      | Brussels          | (Belgium)   | FC                      | 100.00%           |
| <b>Satracom</b>  | Waimes            | (Belgium)   | FC                      | 100.00%           |

| Name  | Registered office | Pays             | Method of consolidation | % of shareholding |
|---|-------------------|------------------|-------------------------|-------------------|
| <b>Société de Transport Automobiles Cars Autobus SA</b>           | Kortenberg        | (Belgium)        | FC                      | 100.00%           |
| <b>Sophibus</b>   | Philippeville     | (Belgium)        | FC                      | 100.00%           |
| <b>Sprl Bertrand</b>  | Louveigne         | (Belgium)        | FC                      | 100.00%           |
| <b>Sprl Taxis Melkior</b>   | Liège             | (Belgium)        | FC                      | 100.00%           |
| <b>Sprl Voyages F. Lenoir</b>                                     | La Louvière       | (Belgium)        | FC                      | 100.00%           |
| <b>Sprl Truck Bus Repair (Tbr)</b>                                | La Louvière       | (Belgium)        | FC                      | 100.00%           |
| <b>T.C.M. Cars</b>  | Vise              | (Belgium)        | FC                      | 100.00%           |
| <b>Transport Penning</b>  | Tintigny          | (Belgium)        | FC                      | 100.00%           |
| <b>Trimi</b>  | Antwerp           | (Belgium)        | FC                      | 100.00%           |
| <b>Voyages Doppagne</b>   | Marche-en Famenne | (Belgium)        | FC                      | 100.00%           |
| <b>Voyages Nicolay</b>  | Erquelinnes       | (Belgium)        | FC                      | 100.00%           |
| <b>West Belgium Coach Company</b>                                 | Jabbeke           | (Belgium)        | FC                      | 100.00%           |
| <b>Westhoek*</b>  | Koekelaere        | (Belgium)        | FC                      | 100.00%           |
| <b>Groupe Orleans Express*</b>                                    | Québec            | (Canada)         | FC                      | 100.00%           |
| <b>Keolis Canada Inc.</b>   | Montreal          | (Canada)         | FC                      | 100.00%           |
| <b>Keolis Grand River Sec</b>                                     | Kitchener         | (Canada)         | FC                      | 100.00%           |
| <b>Keolis Bus Danmark (ex City Trafik)</b>                        | Copenhagen        | (Denmark)        | FC                      | 75.00%            |
| <b>Keolis Espagne</b>   | Barcelona         | (Spain)          | FC                      | 100.00%           |
| <b>Keolis America Inc.</b>  | Delaware          | (USA)            | FC                      | 100.00%           |
| <b>Keolis Commuter Services Llc</b>                               | Dover             | (USA)            | FC                      | 60.00%            |
| <b>Keolis Rail Services America</b>                               | Delaware          | (USA)            | FC                      | 100.00%           |
| <b>Keolis Rail Services Virginia</b>                              | Delaware          | (USA)            | FC                      | 100.00%           |
| <b>Keolis Transit America</b>                                     | Delaware          | (USA)            | FC                      | 100.00%           |
| <b>Keolis Hyderabad Mass Rapid Transit System Private Limited</b> | Hyderabad         | (India)          | FC                      | 100.00%           |
| <b>Kilux</b>  | Weiswampach       | (Luxembourg)     | FC                      | 100.00%           |
| <b>Luxbus</b>   | Luxembourg        | (Luxembourg)     | FC                      | 100.00%           |
| <b>Keolis Nederland</b>   | Amsterdam         | (Netherlands)    | FC                      | 100.00%           |
| <b>Keolis Norge (ex Fjord1bo Partner AS)</b>                      | Floro             | (Norway)         | FC                      | 100.00%           |
| <b>Syntus BV</b>  | Doetinchem        | (Netherlands)    | FC                      | 100.00%           |
| <b>Keolis Amey Docklands Ltd</b>                                  | London            | (United Kingdom) | FC                      | 70.00%            |
| <b>Keolis UK</b>  | London            | (United Kingdom) | FC                      | 100.00%           |
| <b>Nottingham Trams Ltd</b>                                       | London            | (United Kingdom) | FC                      | 80.00%            |
| <b>Citypendeln</b>  | Stockholm         | (Sweden)         | FC                      | 100.00%           |
| <b>CSG Commuter Security</b>                                      | Stockholm         | (Sweden)         | FC                      | 100.00%           |
| <b>Keolis Nordic</b>  | Stockholm         | (Sweden)         | FC                      | 100.00%           |
| <b>Keolis Sverige AB</b>  | Stockholm         | (Sweden)         | FC                      | 100.00%           |

\* Companies removed from the consolidation scope on 31 December 2014

## 10.2 Joint ventures

| Name   | Registered office    | Siren N° / Country | Method of consolidation | % of shareholding |
|--|----------------------|--------------------|-------------------------|-------------------|
| <b>Compagnie des Transports Collectifs de l'Ouest Parisien</b> | Carrière-sous-Poissy | 411 861 834        | EM                      | 50.00%            |
| <b>Orgebus</b>   | Brétigny sur Orge    | 382 761 104        | EM                      | 50.00%            |
| <b>Société de Transport de l'Agglomération de Chauny</b>       | Chauny               | 414 072 462        | EM                      | 50.00%            |
| <b>Trans Pistes</b>  | Vitrolles            | 434 644 969        | EM                      | 40.00%            |
| <b>Transévry</b>   | Bondoufle            | 303 775 175        | EM                      | 39.42%            |
| <b>First Keolis Holding Limited</b>                            | London               | (United Kingdom)   | EM                      | 45.00%            |
| <b>First Keolis Transpennine Holding Limited</b>               | London               | (United Kingdom)   | EM                      | 45.00%            |
| <b>First Keolis Transpennine Limited</b>                       | London               | (United Kingdom)   | EM                      | 45.00%            |
| <b>Govia</b>   | Newcastle            | (United Kingdom)   | EM                      | 35.00%            |
| <b>Govia Thameslink Railway Limited</b>                        | Newcastle            | (United Kingdom)   | EM                      | 35.00%            |
| <b>London &amp; Birmingham Railway Limited</b>                 | Birmingham           | (United Kingdom)   | EM                      | 35.00%            |
| <b>London &amp; South Eastern Railway Limited</b>              | Kent                 | (United Kingdom)   | EM                      | 35.00%            |
| <b>New Southern Railway Limited</b>                            | Newcastle            | (United Kingdom)   | EM                      | 35.00%            |
| <b>Southern Railway Limited</b>                                | Newcastle            | (United Kingdom)   | EM                      | 35.00%            |
| <b>Thameslink Rail Limited</b>                                 | Newcastle            | (United Kingdom)   | EM                      | 35.00%            |

## 10.3 Associates

| Name  | Registered office  | Siren N° / Country | Method of consolidation | % of shareholding |
|---|--------------------|--------------------|-------------------------|-------------------|
| <b>Passerelle CDG</b>   | Tremblay en France | 501 480 255        | EM                      | 34.00%            |
| <b>SCODEC</b>   | Cerizay            | 322 750 415        | EM                      | 35.00%            |
| <b>Transports de l'Agglomération de Metz</b>                                  | Metz               | 538 567 793        | EM                      | 25.00%            |
| <b>Transports Intercommunaux Centre Essonne (TICE)</b>                        | Evry               | 343 077 095        | EM                      | 19.00%            |
| <b>NETLOG</b>   | Neubrandenburg     | (Germany)          | EM                      | 33.00%            |
| <b>Shanghai Keolis Public Transport Operation Management Co</b>               | Shanghai           | (China)            | EM                      | 49.00%            |
| <b>Wuhan Tianhe Airport Transport Center Operation and Management Co. Ltd</b> | Wuhan              | (China)            | EM                      | 40.00%            |
| <b>PROMETRO</b>   | Oporto             | (Portugal)         | EM                      | 20.00%            |

# Statutory auditors' report on the consolidated financial statements (For the year ended December 31, 2014)

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, 2014, 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 posi-

tion of the Group at December 31, 2014 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 matter set out in the Note 2.4.27 of the notes to the consolidated financial statements which exposes the change in accounting method related to the adoption as of January 1, 2014 of several standards, including IFRS 11.

## 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 2.4.17 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.

- ▶ Note 2.4.17 specifies 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.
- ▶ As mentioned in the first part of our report, note 2.4.27 of the notes to the consolidated financial statements exposes the change in accounting method related to the adoption of several standards, including IFRS 11 as of January 1<sup>st</sup>, 2014. According to standard IAS 8, the comparative information presented in the consolidated financial statements has been restated retrospectively to take into account this change of method and presentation. As a consequence, the comparative information differs from the consolidated financial statements published for the year ended December 31, 2013. In our diligences regarding the evaluation of accounting policies adopted by the company, we have examined the correct restatement of the comparative 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 5, 2015

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 financial statements presented below as at 31 December 2013 are those of the audited version of the financial statements, published in the 2013 annual financial report. The management accounts as at 31 December 2014 have not been audited.

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## 1 • KEY FIGURES

| <i>(€ million)</i>                                  | <b>31/12/2014</b> | <b>31/12/2013</b><br>Restated <sup>(1)</sup> |
|---|-------------------|--|
| <b>Revenue</b>                                      | <b>5,381.4</b>    | <b>4,920.7</b>                               |
| ▶ Revenue France                                    | <b>2,614.5</b>    | 2,564.3                                      |
| ▶ Revenue International                             | <b>2,766.9</b>    | 2,356.4                                      |
| Revenue net of sub-contracting                      | <b>5,204.4</b>    | 4,749.6                                      |
| <b>Recurring EBITDA</b>                             | <b>259.5</b>      | <b>223.1</b>                                 |
| <b>EBITDA</b>                                       | <b>228.5</b>      | <b>204.3</b>                                 |
| Recurring operating profit                          | <b>94.5</b>       | 80.7   |
| Operating profit                                    | <b>56.9</b>       | 61.2   |
| Profit after tax from continuing operations         | <b>14.8</b>       | 15.5   |
| <b>Profit attributable to equity shareholders</b>   | <b>13.6</b>       | <b>8.8</b>                                   |
| <b>Total equity</b>                                 | <b>179.4</b>      | <b>163.4</b>                                 |
| <i>of which attributable to equity shareholders</i> | <b>158.7</b>      | 149.8  |
| <b>Net cash flows from operating activities</b>     | <b>239.2</b>      | <b>177.8</b>                                 |
| <b>Industrial investments</b>                       | <b>192.3</b>      | <b>213.7</b>                                 |
| <b>Net financial debt (cash surplus)</b>            | <b>99.4</b>       | <b>72.4</b>                                  |

(1) As published in the Keolis S.A. 2013 annual report.

## 2 • INCOME STATEMENT

| <i>(€ million)</i>                                       | <b>31/12/2014</b> | 31/12/2013<br>Restated <sup>(1)</sup> |
|--|-------------------|---------------------------------------|
| Revenue  | <b>5,381.4</b>    | <b>4,920.7</b>                        |
| Other income from operations                             | 25.5              | 19.7                                  |
| <b>INCOME FROM CONTINUING OPERATIONS</b>                 | <b>5,406.9</b>    | <b>4,940.4</b>                        |
| Sub-contracting  | (177.0)           | (171.2)                               |
| Purchases consumed and external expenses                 | (2,157.9)         | (2,003.3)                             |
| Taxes  | (14.1)            | (15.3)                                |
| Staff costs, incentive schemes, profit-sharing           | (2,728.9)         | (2,466.5)                             |
| Other operating income                                   | 48.5              | 33.4                                  |
| Other operating expense                                  | (102.7)           | (82.2)                                |
| Net provisions on current assets                         | (4.6)             | (0.8)                                 |
| Net depreciation and other provisions charged            | (185.5)           | (160.3)                               |
| Profit/(loss) on recurring fixed asset disposals         | 1.4               | (2.4)                                 |
| Amortisation of grants received                          | 8.5               | 9.0                                   |
| <b>RECURRING OPERATING PROFIT</b>                        | <b>94.5</b>       | <b>80.7</b>                           |
| Other non-recurring income                               | 4.4               | 12.8                                  |
| Other non-recurring expense                              | (32.6)            | (29.2)                                |
| Depreciation and provisions on contractual rights        | (9.4)             | (3.1)                                 |
| <b>PROFIT BEFORE INVESTMENTS UNDER THE EQUITY METHOD</b> | <b>57.0</b>       | <b>61.2</b>                           |
| Profit/(loss) from associates                            | 0.2               | (0.2)                                 |
| <b>PROFIT AFTER INVESTMENTS UNDER THE EQUITY METHOD</b>  | <b>57.2</b>       | <b>60.9</b>                           |
| Net cost of financial borrowing                          | (8.6)             | (7.3)                                 |
| Other financial income                                   | 10.7              | 7.5                                   |
| Other financial expense                                  | (17.1)            | (16.0)                                |
| <b>FINANCIAL INCOME (EXPENSE)</b>                        | <b>(14.9)</b>     | <b>(15.9)</b>                         |
| <b>NET PROFIT BEFORE TAXATION</b>                        | <b>42.3</b>       | <b>45.1</b>                           |
| Taxation   | (27.5)            | (29.6)                                |
| <b>NET PROFIT FROM CONTINUING OPERATIONS</b>             | <b>14.8</b>       | <b>15.5</b>                           |
| <b>PROFIT FOR THE YEAR</b>                               | <b>14.8</b>       | <b>15.5</b>                           |
| Profit attributable to non-controlling interests         | (1.3)             | (6.7)                                 |
| <b>PROFIT ATTRIBUTABLE TO GROUP</b>                      | <b>13.6</b>       | <b>8.8</b>                            |

(1) As published in the Keolis S.A. 2013 annual report.

## 3 • STATEMENT OF FINANCIAL POSITION

| <b>ASSETS</b><br>(€ million)       | <b>31/12/2014</b> | <b>31/12/2013</b><br>Restated <sup>(1)</sup> |
|------------------------------------|-------------------|--|
| Goodwill                           | 237.5             | 225.6  |
| Other intangible assets            | 150.8             | 119.4  |
| Property, plant and equipment      | 636.5             | 604.4  |
| Investments under equity method    | 2.0               | 1.6  |
| Other non-current financial assets | 149.9             | 104.9  |
| Deferred tax asset                 | 46.6              | 66.1   |
| <b>NON-CURRENT ASSETS</b>          | <b>1.223.3</b>    | <b>1.122.0</b>                               |
| Inventories and work in progress   | 85.1              | 69.0   |
| Trade receivables                  | 411.4             | 403.1  |
| Other receivables                  | 444.3             | 314.5  |
| Other current financial assets     | 13.9              | 34.3   |
| Cash and cash equivalents          | 553.7             | 468.2  |
| <b>CURRENT ASSETS</b>              | <b>1.508.4</b>    | <b>1.289.1</b>                               |
| <b>TOTAL ASSETS</b>                | <b>2.731.6</b>    | <b>2.411.0</b>                               |

(1) As published in the Keolis S.A. 2013 annual report.

| <b>LIABILITIES</b><br>(€ million)                             | <b>31/12/2014</b> | <b>31/12/2013</b><br>Restated <sup>(1)</sup> |
|---|-------------------|--|
| Share capital   | 46.9              | 46.9   |
| Reserves and premiums   | 81.4              | 94.2   |
| Net profit/(loss) attributable to Group                       | 13.6              | 8.8  |
| <b>EQUITY ATTRIBUTABLE TO GROUP</b>                           | <b>141.8</b>      | <b>149.8</b>                                 |
| Reserves attributable to non-controlling interests            | 19.5              | 6.8  |
| Profit for the year attributable to non-controlling interests | 1.3               | 6.7  |
| <b>EQUITY</b>   | <b>162.5</b>      | <b>163.3</b>                                 |
| Non-current provisions  | 177.0             | 144.3  |
| Non-current financial debt                                    | 139.4             | 229.4  |
| Deferred tax liability  | 12.5              | 50.5   |
| <b>NON-CURRENT LIABILITIES</b>                                | <b>329.0</b>      | <b>424.3</b>                                 |
| Current provisions  | 52.0              | 47.1   |
| Current financial debt  | 181.9             | 72.6   |
| Bank borrowings   | 377.8             | 288.4  |
| Trade payables and other liabilities                          | 1,628.3           | 1,415.2                                      |
| <b>CURRENT LIABILITIES</b>                                    | <b>2,240.1</b>    | <b>1,823.4</b>                               |
| <b>TOTAL LIABILITIES</b>                                      | <b>2,731.6</b>    | <b>2,411.0</b>                               |

(1) As published in the Keolis S.A. 2013 annual report.

## 4 • STATEMENT OF CASH FLOWS

| (€ million)   | 31/12/2014     | 31/12/2013<br>Restated <sup>(1)</sup> |
|---|----------------|---------------------------------------|
| Operating profit before investments under equity method | 57.0           | 61.2                                  |
| Non-cash items  | 171.6          | 143.1                                 |
| <b>EBITDA</b>   | <b>228.5</b>   | <b>204.3</b>                          |
| Elimination of provisions in current assets             | 4.6            | 1.0                                   |
| Changes in working capital                              | 31.9           | 28.5                                  |
| Tax paid  | (25.8)         | (56.0)                                |
| <b>A) NET CASH FROM OPERATING ACTIVITIES</b>            | <b>239.3</b>   | <b>177.8</b>                          |
| Capital expenditure                                     | (192.3)        | (213.7)                               |
| Proceeds from sale of tangible and intangible assets    | 34.5           | 23.1                                  |
| Investment grants received                              | 7.3            | 37.4                                  |
| Change in financial assets for concessions (IFRIC 12)   | (19.1)         | (17.5)                                |
| Financial investments                                   | (86.1)         | (8.5)                                 |
| Gains/ (losses) from disposal of financial assets       | 34.9           | 5.6                                   |
| Cash flows on changes in reporting scope                | 27.2           | 0.8                                   |
| <b>B) NET CASH FROM INVESTING ACTIVITIES</b>            | <b>(193.6)</b> | <b>(172.7)</b>                        |
| <b>FREE CASH FLOW</b>                                   | <b>45.7</b>    | <b>5.1</b>                            |
| Net dividends paid                                      | (19.7)         | (27.2)                                |
| Net dividends received                                  | 0.3            | 0.2                                   |
| Change in equity (other transactions with shareholders) | 13.0           | (0.0)                                 |
| New borrowings  | 63.3           | 24.7                                  |
| Borrowings repaid                                       | (107.8)        | (74.7)                                |
| Interest received                                       | 2.3            | 2.7                                   |
| Interest paid   | (10.8)         | (10.6)                                |
| Change in other financial debts                         | 0.1            | 0.1                                   |
| Other   | (6.1)          | (4.4)                                 |
| <b>C) NET CASH FROM FINANCING ACTIVITIES</b>            | <b>(65.4)</b>  | <b>(89.4)</b>                         |
| <b>D) FOREIGN EXCHANGE TRANSLATION DIFFERENCES</b>      | <b>15.8</b>    | <b>(11.6)</b>                         |
| <b>CHANGE IN CASH AND CASH EQUIVALENTS (A+B+C+D)</b>    | <b>(3.9)</b>   | <b>(95.8)</b>                         |
| Cash and cash equivalents at beginning of period        | 179.8          | 275.6                                 |
| Cash and cash equivalents at end of period              | 175.9          | 179.8                                 |
| <b>CHANGE IN CASH AND CASH EQUIVALENTS</b>              | <b>(3.9)</b>   | <b>(95.8)</b>                         |

(1) As published in the Keolis S.A. 2013 annual report.





## 4.

## ANNUAL FINANCIAL STATEMENTS

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## A

## Financial statements at 31 December 2014

## 1 • BALANCE SHEET AT 31 DECEMBER 2014

|  | 31/12/14                        |                          |                      | 31/12/13             |
|--|---------------------------------|--------------------------|----------------------|----------------------|
|  | Gross                           | Depreciation - Provision | Net                  | Net                  |
| <i>(in euros)</i>                                  |                                 |                          |                      |                      |
| <b>ASSETS</b>                                      |                                 |                          |                      |                      |
| <b>INTANGIBLE ASSETS</b>                           |                                 |                          |                      |                      |
| Preliminary expenses                               | 35,273                          | 35,273                   | -                    | -                    |
| Development costs                                  | -                               | -                        | -                    | -                    |
| Concessions, patents and related rights            | 56,069,346                      | 38,237,226               | 17,832,120           | 18,813,551           |
| Goodwill   | 24,871,229                      | 17,015,018               | 7,856,211            | 7,856,211            |
| Other intangible assets                            | 17,422,127                      | -                        | 17,422,127           | 9,100,843            |
| Advances, down payments for intangible assets      | -                               | -                        | -                    | -                    |
| <b>PROPERTY, PLANT AND EQUIPMENT</b>               |                                 |                          |                      |                      |
| Land   | 8,316,686                       | 1,553,583                | 6,763,103            | 6,348,239            |
| Buildings  | 18,184,619                      | 6,438,982                | 11,745,637           | 7,997,041            |
| Technical facilities, equipment, machinery         | 820,612                         | 715,416                  | 105,196              | 106,901              |
| Other property, plant and equipment                | 11,057,497                      | 8,000,422                | 3,057,075            | 2,436,867            |
| PPE under construction                             | 13,337,847                      | -                        | 13,337,847           | 6,480,237            |
| Advances and down payments                         | -                               | -                        | -                    | -                    |
| <b>NON-CURRENT FINANCIAL ASSETS (1)</b>            |                                 |                          |                      |                      |
| Shareholdings under the equity method              | -                               | -                        | -                    | -                    |
| Other shareholdings                                | 735,635,095                     | 99,027,528               | 636,607,568          | 526,074,187          |
| Receivables from shareholdings                     | 239,137,155                     | 21,262,363               | 217,874,792          | 141,911,249          |
| Other long-term investments                        | 188,361                         | 7,622                    | 180,738              | 180,738              |
| Loans  | 769,618                         | 42,340                   | 727,277              | 727,277              |
| Other non-current financial assets                 | 3,290,444                       | -                        | 3,290,444            | 5,119,366            |
| <b>TOTAL FIXED ASSETS</b>                          | <b>(i) 1,129,135,910</b>        | <b>192,335,775</b>       | <b>936,800,135</b>   | <b>733,152,708</b>   |
| <b>INVENTORIES AND WORK IN PROGRESS</b>            |                                 |                          |                      |                      |
| Raw materials, supplies                            | -                               | -                        | -                    | -                    |
| Production in progress (goods)                     | -                               | -                        | -                    | -                    |
| Production in progress (services)                  | -                               | -                        | -                    | -                    |
| Semi-finished and finished goods                   | -                               | -                        | -                    | -                    |
| Goods  | -                               | -                        | -                    | -                    |
| Advances and down payments on orders               | 178,234                         | -                        | 178,234              | 395,513              |
| <b>TRADE RECEIVABLES</b>                           |                                 |                          |                      |                      |
| Trade receivables and related accounts             | 51,494,388                      | 439,404                  | 51,054,985           | 41,740,409           |
| Other receivables                                  | 206,776,686                     | 26,076,375               | 180,700,311          | 160,709,897          |
| Subscribed called non paid-up capital              | -                               | -                        | -                    | -                    |
| <b>MISCELLANEOUS</b>                               |                                 |                          |                      |                      |
| Marketable securities held for trading             | 63,317,410                      | -                        | 63,317,410           | 91,369,516           |
| Cash   | 40,732,148                      | -                        | 40,732,148           | 108,125,635          |
| <b>ACCRUALS</b>                                    |                                 |                          |                      |                      |
| Prepayments  | 1,014,794                       | -                        | 1,014,794            | 106,629              |
| <b>TOTAL CURRENT ASSETS</b>                        | <b>(ii) 363,513,660</b>         | <b>26,515,779</b>        | <b>336,997,881</b>   | <b>402,447,599</b>   |
| Unrealised losses on foreign exchange transactions | (iii) 2,400,374                 | -                        | 2,400,374            | 3,245,881            |
| <b>TOTAL ASSETS</b>                                | <b>(i TO iii) 1,492,649,570</b> | <b>218,851,554</b>       | <b>1,276,198,390</b> | <b>1,138,846,188</b> |

|  | 31/12/2014                     | 31/12/2013           |
|--|--------------------------------|----------------------|
| <i>(in euros)</i>                                    |                                |                      |
| <b>LIABILITIES</b>                                   |                                |                      |
| <b>EQUITY</b>  |                                |                      |
| Share capital  | 46,851,276                     | 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                                       | 87,982,086                     | 68,381,541           |
| <b>Net profit/(loss) for the year</b>                | 25,151,149                     | 38,731,482           |
| Investment grants                                    | 502,000                        | -                    |
| Regulated provisions                                 | 1,406,150                      | 1,343,059            |
| <b>TOTAL EQUITY</b>                                  | <b>(I) 168,423,151</b>         | <b>161,837,849</b>   |
| <b>PROVISIONS</b>                                    |                                |                      |
| Provisions for contingencies                         | 3,406,066                      | 5,633,031            |
| Provisions for charges                               | 4,640,296                      | 7,640,991            |
| <b>TOTAL PROVISIONS</b>                              | <b>(II) 8,046,362</b>          | <b>13,274,022</b>    |
| <b>LIABILITIES (1)</b>                               |                                |                      |
| Bank borrowings (2)                                  | 141,738,544                    | 192,957,186          |
| Loans and other financial debts                      | 116,916,997                    | 93,917,489           |
| Customer advances and down payments                  | 39,067                         | 39,067               |
| Trade payables and related accounts                  | 37,826,797                     | 25,987,670           |
| Tax and social security liabilities                  | 48,721,468                     | 47,743,768           |
| Liabilities on assets and related accounts           | 7,188,556                      | 3,218,949            |
| Other liabilities                                    | 742,004,671                    | 596,028,541          |
| <b>ACCRUALS</b>                                      |                                |                      |
| Deferred income                                      | 1,707,341                      | 2,535,642            |
| <b>TOTAL LIABILITIES AND ACCRUALS</b>                | <b>(III) 1,096,143,442</b>     | <b>962,428,313</b>   |
| Unrealised gains on foreign exchange transactions    | (IV) 3,585,435                 | 1,306,004            |
| <b>TOTAL LIABILITIES</b>                             | <b>(I TO IV) 1,276,198,390</b> | <b>1,138,846,188</b> |
| (1) Revaluation reserves incorporated in equity      | 1,845,363                      | 1,845,363            |
| (2) Including bank overdrafts & bank balances credit | 141,738,544                    | 192,957,186          |
| Amounts payable after one year                       | 10,570,000                     | 110,569,914          |
| Amounts payable within one year                      | 131,168,544                    | 82,387,272           |

## 2 • INCOME STATEMENT AT 31 DECEMBER 2014

| <i>(in euros)</i>  | France             | Export           | 31/12/2014          | 31/12/2013          |
|--|--------------------|------------------|---------------------|---------------------|
| <b>OPERATING INCOME</b>                                    |                    |                  |                     |                     |
| Sales of goods   | -                  | -                | -                   | -                   |
| Services produced  | 178,953,311        | 7,883,061        | 186,836,372         | 175,946,238         |
| <b>NET REVENUE</b>   | <b>178,953,311</b> | <b>7,883,061</b> | <b>186,836,372</b>  | <b>175,946,238</b>  |
| Production held as inventory                               |                    |                  | -                   | -                   |
| Capitalised production                                     |                    |                  | 2,057,089           | 1,463,175           |
| Operating grants   |                    |                  | 10,600              | -                   |
| Reversal of depreciation, provision and expense transfers  |                    |                  | 4,915,127           | 5,945,112           |
| Other income   |                    |                  | 11,453,079          | 7,487,528           |
| <b>TOTAL OPERATING REVENUE</b>                             |                    | <b>(I)</b>       | <b>205,272,268</b>  | <b>190,842,054</b>  |
| <b>OPERATING EXPENSES</b>                                  |                    |                  |                     |                     |
| Purchases of raw materials and other supplies              |                    |                  | -                   | -                   |
| Change in inventory purchases (raw materials and supplies) |                    |                  | -                   | -                   |
| Other purchases and operating expenses                     |                    |                  | 65,367,351          | 64,590,200          |
| Taxes and similar charges                                  |                    |                  | 8,611,379           | 8,148,020           |
| Wages and salaries   |                    |                  | 90,570,432          | 83,312,146          |
| Social contributions                                       |                    |                  | 43,410,303          | 38,319,770          |
| <b>OPERATING ALLOWANCES</b>                                |                    |                  |                     |                     |
| On capital/ Fixed assets: ▶ depreciation expense           |                    |                  | 10,714,491          | 8,933,309           |
| ▶ charges  |                    |                  | -                   | -                   |
| On current assets: charge to provisions                    |                    |                  | -                   | -                   |
| For contingency and loss provisions: charge to provisions  |                    |                  | 4,234,359           | 3,821,842           |
| Other charges  |                    |                  | 6,403,405           | 1,977,739           |
| <b>TOTAL OPERATING EXPENSES</b>                            |                    | <b>(II)</b>      | <b>229,311,719</b>  | <b>209,103,026</b>  |
| <b>1. OPERATING PROFIT/ (LOSS)</b>                         |                    | <b>(I - II)</b>  | <b>(24,039,450)</b> | <b>(18,260,972)</b> |

| <i>(in euros)</i>                                    |                                       | 31/12/2014         | 31/12/2013         |
|--|---------------------------------------|--------------------|--------------------|
| <b>Net gains (losses) from joint ventures</b>        |                                       |                    |                    |
| Attributed profit or transferred loss                | (III)                                 | 15,101,308         | 17,974,947         |
| Loss borne or transferred profit                     | (IV)                                  | 6,830,367          | 3,950,209          |
| <b>FINANCIAL INCOME</b>                              |                                       |                    |                    |
| Financial income from shareholdings                  |                                       | 23,271,213         | 47,667,696         |
| Income from non-current financial assets             |                                       | -                  | -                  |
| Other interest and similar income                    |                                       | 2,523,468          | 2,869,784          |
| Reversal of provisions charged and expense transfers |                                       | 41,768,296         | 44,450,458         |
| Foreign exchange gains                               |                                       | 48,517,369         | 17,873,822         |
| Net gains on sales of marketable securities          |                                       | 79,321             | 45,756             |
| <b>TOTAL FINANCIAL INCOME</b>                        | <b>(V)</b>                            | <b>116,159,666</b> | <b>112,907,517</b> |
| <b>FINANCIAL EXPENSES</b>                            |                                       |                    |                    |
| Changes to depreciation and provisions               |                                       | 36,976,223         | 51,433,651         |
| Interest and similar expenses                        |                                       | 9,364,077          | 6,767,592          |
| Foreign exchange losses                              |                                       | 52,638,381         | 14,027,193         |
| Net expenses on sales of marketable securities       |                                       | -                  | 769                |
| <b>TOTAL FINANCIAL EXPENSES</b>                      | <b>(VI)</b>                           | <b>98,978,681</b>  | <b>72,229,204</b>  |
| <b>2. FINANCIAL INCOME / EXPENSE</b>                 | <b>(V - VI)</b>                       | <b>17,180,984</b>  | <b>40,678,312</b>  |
| <b>3. PROFIT BEFORE TAX RECURRING</b>                | <b>(I - II + III - IV + V - VI)</b>   | <b>1,412,476</b>   | <b>36,442,078</b>  |
| <b>EXCEPTIONAL GAINS</b>                             |                                       |                    |                    |
| Exceptional gains on operations                      |                                       | -                  | -                  |
| Exceptional gains on equity transactions             |                                       | 15,775,457         | 10,775,486         |
| Reversal of provisions charged and expense transfers |                                       | 2,542,576          | 1,209,816          |
| <b>TOTAL EXCEPTIONAL GAINS</b>                       | <b>(VII)</b>                          | <b>18,318,033</b>  | <b>11,985,302</b>  |
| <b>EXCEPTIONAL LOSSES</b>                            |                                       |                    |                    |
| Exceptional losses on operations                     |                                       | 5,141,037          | 6,686,054          |
| Exceptional losses on equity transactions            |                                       | 4,727,577          | 8,981,589          |
| Exceptional charges to depreciation and provisions   |                                       | 555,765            | 4,406,970          |
| <b>TOTAL EXCEPTIONAL LOSSES</b>                      | <b>(VIII)</b>                         | <b>10,424,379</b>  | <b>20,074,613</b>  |
| <b>4. EXCEPTIONAL INCOME/ (LOSS)</b>                 | <b>(VII - VIII)</b>                   | <b>7,893,654</b>   | <b>(8,089,311)</b> |
| Employee profit-sharing                              | (IX)                                  | -                  | -                  |
| Corporate income tax                                 | (X)                                   | (15,845,019)       | (10,378,714)       |
| <b>TOTAL INCOME</b>                                  | <b>(I + III + V + VII)</b>            | <b>363,680,451</b> | <b>333,709,819</b> |
| <b>TOTAL CHARGES</b>                                 | <b>(II + IV + VI + VIII + IX + X)</b> | <b>338,529,302</b> | <b>294,978,337</b> |
| <b>5. NET PROFIT/ (LOSS)</b>                         |                                       | <b>25,151,149</b>  | <b>38,731,482</b>  |

## 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, in 2014, Keolis S.A. subscribed to capital increases in its subsidiaries for a total amount of €31,994,920.30.

The main subscriptions are as follows:  
(in euros)

| Subsidiary name   | Capital increase |
|-------------------|------------------|
| Keolis Lille      | 17,701,166       |
| Keolis Littoral   | 2,923,008        |
| Keolis Brest      | 2,142,672        |
| Keolis Rennes     | 1,326,176        |
| Keolis Touraine   | 1,312,720        |
| Keolis Pays d'Aix | 1,245,690        |

**CICE**

The *Crédit d'impôt pour la Compétitivité et l'Emploi* (tax credit for competitiveness and employment), or CICE, whose objective is to improve firms' competitiveness, was allotted to the replenishment of working capital (see note 6.6).

**"Better fortunes" obtained**

Following subsidies containing better fortunes clauses granted by Keolis S.A. in prior financial years, an entitlement amounting to €6,191,851 was recognised under exceptional income / loss at 31/12/2014.

(in euros)

| Subsidiary name      | Better fortunes obtained |
|----------------------|--------------------------|
| Keolis Bordeaux      | 3,200,000                |
| Keolis Sud Lorraine  | 971,702                  |
| Keolis Manche        | 590,024                  |
| Keolis Pays Nancéien | 399,808                  |
| Keolis Tours         | 310,380                  |
| Keolis Val de Saône  | 308,912                  |
| Transport Evrard     | 163,605                  |
| Keolis Somme         | 125,200                  |
| Keolis Nevers        | 62,220                   |
| Keolis Saint-Malo    | 60,000                   |
| <b>TOTAL</b>         | <b>6,191,851</b>         |

**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 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.

There were no exceptions from standards nor changes in method that affected the annual financial statements.

**The main accounting policies used are described below.**

Tangible and intangible assets are valued either at cost of acquisition of, when produced, at their production cost or revalued amount according to legal requirements.

**2.1 Fixed assets****Goodwill**

A technical loss on mergers is recognised further to a merger or a complete transfer of assets and liabilities, and corresponds to the negative difference between the net asset received and the net carrying amount of the absorbed company's securities recorded on Keolis S.A.'s balance sheet under assets. When applicable, it is adjusted to take into account the tax benefit resulting from the allocation of unused losses transferred by the absorbed company. This negative goodwill is not amortised.

At the year end, an impairment loss is recorded when the value in use determined on the basis of a range of valuation methods (DCF, revalued net position) is less than the acquisition value of goodwill. The goodwill is grouped with other assets to determine its utility value as part of impairment testing.

**Other intangible assets**

This item mainly concerns the cost of systems software acquired which is amortised 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 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 value, an impairment is recognised for the difference. For each of the holdings, the inventory value is determined on the basis of a range of valuation methods (DCF, revalued net position).

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, the difference resulting from this adjustment appearing in "foreign currency translation". The unrealised foreign exchange losses are subject to a provision for liabilities, the 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 loss is recognised for each line of securities of a similar nature, in order to bring their value to their 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. The difference that results from this adjustment is recognised in the year's income statement in foreign exchange gains and losses.

## 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 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                     | 1.35%                             |
| ▶ Long-term expected inflation rate | 1.50%                             |
| ▶ Rate of salary increases          | 4.40%                             |
| ▶ Mobility rate                     | 5.90%                             |
| ▶ Type of retirement                | At the initiative of the employee |
| ▶ Mortality table                   | INSEE TD/TV 2010 – 2012           |

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 "share of profit from joint ventures".



### 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 latter 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 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.

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

Keolis S.A. contracted on 30th September 2010 a syndicated bullet loan arranged by Crédit Agricole CIB ("Private placement with Caisses Régionales de Crédit Agricole" or CRPP) for a value of €100 million divided into part A €87.5 million and part B €12.5 million. The CRPP matures on 30th September 2015.

When the loan was put in place, Keolis S.A. traded interest rate derivative financial instruments with Crédit Agricole CIB: swaps, caps, floors and swaptions. The objective was to obtain, after hedging, a fixed-rate debt throughout the entire duration of the loan. The overall structure of the CRPP after hedging (debt + derivative instruments) finally came to fixed rate of 2.78% for part A and 2.88% for part B.

In accordance with the original contract, certain options within the structure were exercised (part A moving to variable rate on 28 September 2012) or matured (floors on 30 September 2013). However, the overall structure of the CRPP after hedging remains unchanged, at 2.78% for part A and 2.88% for part B.

The distribution of the CRPP between fixed and variable rates, excluding and including the derivatives portfolio are respectively:



| <b>Split excluding derivatives (€M)</b> | <b>31/12/2014</b> | <b>31/12/2013</b> |
|---|-------------------|-------------------|
| Variable rates                          | 100               | 100               |
| Fixed rates                             | -                 | -                 |

| <b>Split including derivatives (€M)</b> | <b>31/12/2014</b> | <b>31/12/2013</b> |
|---|-------------------|-------------------|
| Variable rates                          | -                 | -                 |
| Fixed rates                             | 100               | 100               |

Due to the structure of the CRPP after hedging, Keolis S.A. is not subject to variations in interest rates.

Apart from the derivative financial instruments contracted to hedge the CRPP, Keolis S.A. holds no interest rate derivative financial instruments.

#### 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;
- ▶ cross-currency swaps;
- ▶ call options;
- ▶ put options in combination with call options to provide symmetric or asymmetric collars.

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.

Inter-company loan hedges that were still open at 31 December 2014 are as follows:

| <b>Hedging instruments</b>       | <b>Nominal</b> | <b>Maturity</b> |
|----------------------------------|----------------|-----------------|
| Forward sell AUD / EUR swaps     | AUD 5.7 M      | 2015            |
| Forward sell CAD / EUR swaps     | CAD 30.1 M     | 2015            |
| Forward sell DKK/ EUR swaps      | DKK 147.6 M    | 2015            |
| Forward purchase DKK / EUR swaps | DKK 5.0 M      | 2015            |
| Forward sell GBP / swaps         | GBP 39.2 M     | 2015            |
| Forward sell SEK / EUR swaps     | SEK 100.0 M    | 2015            |
| Forward sell USD / EUR swaps     | USD 4.8 M      | 2015            |
| Forward sell USD / EUR swaps     | USD 74.2 M     | 2015            |

#### Commodity risk

Within the scope of its activities, the Group is exposed to a risk in the fluctuation of the price of certain commodities, in particular diesel.

The diesel price fluctuation risk is generally hedged using price indexation included in the contracts signed by Keolis S.A. and its subsidiaries with their clients. For its diesel purchases, the Group nonetheless bears the price risk until it is passed on to its customers. This time lag, when it exists, usually lasts only a few months, and up to a maximum of twenty-four months. A hedging policy has been set up to cover this partial exposure.

Management's objective for commodity risk management is to defend the prices indexed under the contracts.

Keolis S.A. covers this commodities risk using 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;
- ▶ barrier options on a proportion of the underlying asset limited to 20%.



Hedges of diesel taken by Keolis S.A. as at 31st December 2014 are as follows:

- ▮ swaps for a nominal volume of 26,100 metric tons, of which 24,300 tons mature in 2015 and 1,800 tons mature in 2016;
- ▮ collars:
  - symmetrical collars made up of cap purchases and sales of floors, for a nominal volume of 9,300 metric tons, of which 8,400 mature in 2015 and 900 in 2016;
  - asymmetric collars, made up of floor sales for a nominal volume of 1,200 metric tons, maturing in 2015.

## 5 • NOTES ON THE BALANCE SHEET

### 5.1 Fixed assets

#### Gross values

| <i>(in € thousand)</i>                      | Gross value at start of year | Increase       | Decrease        | Transfers between items | Gross value at end of year |
|---|------------------------------|----------------|-----------------|-------------------------|----------------------------|
| <b>INTANGIBLE ASSETS</b>                    |                              |                |                 |                         |                            |
| Concessions, patents, licences              | <b>48,113</b>                | 4,500          | -               | 3,491                   | <b>56,104</b>              |
| Goodwill                                    | <b>24,871</b>                | -              | -               | -                       | <b>24,871</b>              |
| Other intangible assets                     | <b>9,101</b>                 | 11,812         | -               | (3,491)                 | <b>17,422</b>              |
| <b>TANGIBLE ASSETS</b>                      |                              |                |                 |                         |                            |
| Land and development                        | <b>7,891</b>                 | 426            | -               | -                       | <b>8,317</b>               |
| - on own land                               | <b>10,566</b>                | 3,764          | -               | -                       | <b>14,330</b>              |
| Buildings                                   | <b>1,259</b>                 | 548            | (572)           | 572                     | <b>1,807</b>               |
| - general facilities                        | <b>2,047</b>                 | -              | -               | -                       | <b>2,047</b>               |
| Plant, equipment, tooling                   | <b>821</b>                   | 16             | (120)           | 104                     | <b>820</b>                 |
| Office and computer equipment and furniture | <b>9,388</b>                 | 2,010          | (237)           | (104)                   | <b>11,057</b>              |
| Assets under construction                   | <b>6,481</b>                 | 7,430          | -               | (572)                   | <b>13,339</b>              |
| <b>FINANCIAL ASSETS</b>                     |                              |                |                 |                         |                            |
| Holdings                                    | <b>799,005</b>               | 192,813        | (17,046)        | -                       | <b>974,772</b>             |
| Other fixed investments                     | <b>188</b>                   | -              | -               | -                       | <b>188</b>                 |
| Loans and other financial assets            | <b>5,889</b>                 | 147            | (1,976)         | -                       | <b>4,060</b>               |
| <b>GRAND TOTAL</b>                          | <b>925,620</b>               | <b>223,466</b> | <b>(19,951)</b> | -                       | <b>1,129,135</b>           |

**Intangible assets**

Intangible assets principally include goodwill for €24,871 thousand, (net value of €7,865 thousand) consisting of technical deficits relating to equities of Keolis Sud Allier for €17,006 thousand and companies of the group Ernest Planche for €7,807 thousand.

**Assets under construction**

Intangible assets in progress focus primarily on the design, development and deployment of the supply management and inventory tracking module in the Group's ERP, CRM software, human resource management software and ticketing software. These are carried out by dedicated teams, internal and external.

Tangible assets under construction are mainly related to real estate.

**Transport equipment**

Investments in road passenger transport equipment are made by the Group's subsidiaries or funding bodies.

**Investments**

The major increases in the year arising from purchase, creation of companies, exchanges and capital increases are:

- ▶ Kibel: €35,889 thousand,
- ▶ Keolis Lille: €17,701 thousand,
- ▶ Holding Streibig: €11,159 thousand,
- ▶ Keolis America: €8,063 thousand,
- ▶ Keolis Bordeaux Métropole: €5,000 thousand,
- ▶ Goldlinq: €4,203 thousand,
- ▶ Keolis Littoral: €2,923 thousand.

The major decreases in the year come from sales and liquidations. They are as follows:

- ▶ Keolis Danmark: €3,758 thousand,
- ▶ Cariane International Développement: €534 thousand.

**Receivables related to investments**

The major increases in the year are:

- ▶ Keolis America: €38,551 thousand,
- ▶ Keolis Danmark: €20,492 thousand,
- ▶ Syntus: €10,703 thousand.

The main decreases in the year:

- ▶ Keolis Australia: €6,613 thousand,
- ▶ Keolis America: €5,366 thousand.

**Depreciation and amortisation**

| <i>(€ thousand)</i>          | Depreciation at start of year | Increase      | Decrease     | Transfers between items | Depreciation at year end |       |
|------------------------------|-------------------------------|---------------|--------------|-------------------------|--------------------------|-------|
| <b>INTANGIBLE ASSETS</b>     |                               |               |              |                         |                          |       |
| Intangible assets            | 29,309                        | 8,972         | -            | -                       | 38,281                   |       |
| <b>TANGIBLE ASSETS</b>       |                               |               |              |                         |                          |       |
| Land and development         | 1,489                         | 11            | -            | -                       | 1,500                    |       |
| Buildings                    | - on own land                 | 3,053         | 450          | -                       | -                        | 3,503 |
|                              | - on other land               | 859           | 74           | -                       | -                        | 933   |
|                              | - general facilities          | 1,964         | 40           | -                       | -                        | 2,004 |
| Plant, equipment and tooling | 714                           | 24            | (120)        | 97                      | 715                      |       |
| Other tangible assets        | 6,950                         | 1,178         | (31)         | (97)                    | 8,000                    |       |
| <b>TOTAL</b>                 | <b>44,338</b>                 | <b>10,749</b> | <b>(151)</b> | <b>-</b>                | <b>54,936</b>            |       |

## 5.2 Receivables

| <i>(in € thousand)</i>                 | Gross amount   | Due in less than one year | Due in more than one year |
|--|----------------|---------------------------|---------------------------|
| <b>FIXED ASSETS</b>                    |                |                           |                           |
| Receivables related to investments     | 239,137        | 2,459                     | 236,678                   |
| Loans                                  | 770            | -                         | 770                       |
| Other financial assets                 | 3,290          | 600                       | 2,690                     |
| <b>CURRENT ASSETS</b>                  |                |                           |                           |
| Prepayments and deposits made          | 178            | 178                       | -                         |
| Trade receivables and related accounts | 51,494         | 50,781                    | 713                       |
| Other receivables (1)                  | 206,777        | 206,777                   | -                         |
| Deferred charges                       | 1,015          | 1,015                     | -                         |
| <b>TOTAL</b>                           | <b>502,661</b> | <b>261,810</b>            | <b>240,851</b>            |

(1) Other receivables: these include in particular €174,693 thousand of current accounts and €15,092 thousand of share of profits from joint ventures.

### Details of accrued income at 31 December 2014

(in € thousand)

|   |               |
|---|---------------|
| Accrued interest on advances and current accounts | 3,052         |
| Client invoices to be sent out                    | 20,659        |
| Supplier credit notes receivable                  | 6             |
| Tax and social security receivables               | 228           |
| <b>TOTAL</b>                                      | <b>23,945</b> |

### 5.3 Details of prepayments and deferred income

#### Details of prepaid expenditure at 31 December 2014

(in € thousand)

|                   |              |
|-------------------|--------------|
| Diesel swaps      | 30           |
| Rent and charges  | 920          |
| IT licences       | 43           |
| Abu Dhabi balance | 23           |
| <b>TOTAL</b>      | <b>1,016</b> |

#### Details of deferred income at 31 December 2014

(in € thousand)

|                             |              |
|-----------------------------|--------------|
| Diesel swaps                | 1,690        |
| Miscellaneous subscriptions | 17           |
| <b>TOTAL</b>                | <b>1,707</b> |

## 5.4 Equity

| <i>(in € thousand)</i> | Amount at 31/12/2013 | Distributions 2014 | Profit 31/12/2014 | Other movements | Amount at 31/12/2014 |
|------------------------|----------------------|--------------------|-------------------|-----------------|----------------------|
| Capital                | 46,851               | -                  | -                 | -               | 46,851               |
| Revaluation difference | 1,845                | -                  | -                 | -               | 1,845                |
| Legal reserve          | 4,685                | -                  | -                 | -               | 4,685                |
| Other reserves         | 68,382               | 19,600             | -                 | -               | 87,982               |
| Profit for the year    | 38,731               | (38,731)           | 25,151            | -               | 25,151               |
| Regulated provisions   | 1,343                | -                  | -                 | 63              | 1,406                |
| Investment grants      | -                    | -                  | -                 | 502             | 502                  |
| <b>TOTAL</b>           | <b>161,838</b>       | <b>(19,131)</b>    | <b>25,151</b>     | <b>565</b>      | <b>168,423</b>       |

The General Meeting of 15 May 2014 allocated the profit of the 2013 financial year, amounting to €38,731,481.75, as follows:

|                                   |                    |
|-----------------------------------|--------------------|
| Profit for the year               | 38,731,482         |
| Retained earnings brought forward | -                  |
| <b>DISTRIBUTABLE PROFIT</b>       | <b>38,731,482</b>  |
| Other reserves                    | 68,381,541         |
| <b>TOTAL</b>                      | <b>107,113,023</b> |
| Dividends paid                    | 19,130,938         |
| Other reserves                    | 87,982,085         |

#### Share capital

At 31 December 2014, capital is fixed at the sum of 46,851,276 Euros divided into 3,904,273 shares of nominal value of €12.

#### Regulated provisions

Regulated provisions include in particular €1,009 thousand for depreciation, including €9 thousand charged in the year and €54 thousand relating to the dissolution of Keolis Multimodal International.

### 5.5. Provisions

| <i>(in € thousand)</i>                         | At start of year | Increase      | Decrease      | At year end    |
|--|------------------|---------------|---------------|----------------|
| <b>REGULATED PROVISIONS</b>                    | 1,343            | 63            | -             | 1,406          |
| <b>PROVISIONS FOR CONTINGENCIES AND LOSSES</b> |                  |               |               |                |
| Provisions for disputes                        | 2,403            | 54            | 1,451         | 1,006          |
| Provisions for exchange losses                 | 3,230            | 2,400         | 3,230         | 2,400          |
| Provisions for charges                         | 7,154            | 554           | 3,619         | 4,089          |
| Provisions for long service awards             | 487              | 103           | 38            | 552            |
| <b>ASSET DEPRECIATION</b>                      |                  |               |               |                |
| Goodwill                                       | 17,006           | -             | -             | 17,006         |
| Land   | 54               | -             | -             | 54             |
| Depreciation of investments                    | 113,827          | 23,715        | 38,515        | 99,027         |
| Depreciation of other financial assets         | 17,242           | 4,071         | -             | 21,313         |
| Depreciation of client accounts                | 440              | -             | 1             | 439            |
| Other depreciation (1)                         | 15,239           | 10,861        | 23            | 26,077         |
| <b>TOTAL</b>                                   | <b>178,425</b>   | <b>41,821</b> | <b>46,877</b> | <b>173,369</b> |

(1) composed primarily of write-downs of Group current accounts.

Reversals of provisions used amount to €4,058 thousand, including €1,451 thousand related to provisions for disputes.

#### Depreciation of investments

The major increases in the year are:

- ▶ Keolis Bordeaux: €11,229 thousand,
- ▶ Keolis America: €5,344 thousand,
- ▶ Keolis Brest: €2,143 thousand,
- ▶ Syntus: €1,545 thousand.

The major decreases in the year are:

- ▶ Transport Armor: €6,051 thousand,
- ▶ Keolis Lille: €6,340 thousand,
- ▶ Voyages Autocars Services: €4,020 thousand,
- ▶ Keolis Sud Lorraine: €2,576 thousand,
- ▶ Autocars Delion: €2,557 thousand,
- ▶ Keolis Littoral: €2,398 thousand,
- ▶ GEP Vidal: €2,087 thousand,
- ▶ Keolis Touraine: €1,644 thousand,
- ▶ Keolis Garonne: €1,515 thousand,
- ▶ Keolis Manche: €1,213 thousand,
- ▶ Transports Palois Réunis: €1,156 thousand,
- ▶ Keolis Val de Saône: €1,006 thousand.

**5.6 Liabilities**

| <i>(in € thousand)</i>               | Gross amount     | Up to 1 year   | Between 1 and 5 years | More than 5 years |
|--------------------------------------|------------------|----------------|-----------------------|-------------------|
| Bank borrowings (1)                  | 141,739          | 131,169        | 10,570                | -                 |
| Loans and other financial debts      | 116,917          | 842            | 116,075               | -                 |
| Trade payables and related accounts  | 37,827           | 37,827         | -                     | -                 |
| Tax and social security debts        | 48,721           | 48,721         | -                     | -                 |
| Debts on assets and related accounts | 7,189            | 7,189          | -                     | -                 |
| Other liabilities (2)                | 743,751          | 743,751        | -                     | -                 |
| <b>TOTAL</b>                         | <b>1,096,143</b> | <b>969,498</b> | <b>126,645</b>        | <b>-</b>          |

(1) Includes €30,135 thousand of creditor bank balances and €1,034 thousand of loan repayments and accrued interest.

(2) Other liabilities: include short-term current account deposits and cash pooling from subsidiaries of €730,259 thousand and deferred income of €1,707 thousand.

**Details of accrued liabilities at 31/12/2014**

| <i>(in € thousand)</i>                            |               |
|---|---------------|
| Accrued interest on advances and current accounts | 1,598         |
| Supplier invoices not received                    | 29,124        |
| Tax and social security liabilities               | 38,472        |
| Accrued cash interest                             | 1,034         |
| Discounts and rebates                             | 1,459         |
| <b>TOTAL</b>                                      | <b>71,687</b> |

**Details of borrowing**

Borrowings can be broken down as follows:

*(in € thousand)*

**Other bond issues and borrowing**

|                                  |                |
|----------------------------------|----------------|
| Loans from credit institutions   | 110,570        |
| Creditor bank balances           | 30,135         |
| Accrued interest from borrowings | 1,034          |
| <b>TOTAL</b>                     | <b>141,739</b> |

**Loans and other financial debts**

|  |                |
|--|----------------|
| Current account advances to subsidiaries       | 116,625        |
| Guarantee deposits received on rented property | 283            |
| Other financial liabilities                    | 9              |
| <b>TOTAL</b>                                   | <b>116,917</b> |

**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 7,883,061.26 euros.

**6.2 Details of other income and expenses**

*(in € thousand)*

**Other operating income**

|                         |               |
|-------------------------|---------------|
| Gains on diesel hedging | 4,817         |
| Supplier discounts      | 6,327         |
| Other                   | 309           |
| <b>TOTAL</b>            | <b>11,453</b> |

**Other operating expenses**

|                          |              |
|--------------------------|--------------|
| Losses on diesel hedging | 5,644        |
| Royalties                | 472          |
| Other                    | 287          |
| <b>TOTAL</b>             | <b>6,403</b> |

**6.3 Transfers of expenses**

*(in € thousand)*

|   |              |
|---|--------------|
| Staff-related expenditure                     | 107          |
| Government vocational training agency refunds | 1,425        |
| Insurance                                     | 626          |
| Construction work                             | 192          |
| <b>TOTAL</b>                                  | <b>2,350</b> |

**6.4 Financial income and expense**

| <i>(in € thousand)</i>                        | Income         | Expense         | Balance       |
|---|----------------|-----------------|---------------|
| Income from investments                       | 15,559         | -               | 15,559        |
| Depreciation and provisions, net of reversals | 41,768         | (36,976)        | 4,792         |
| Interest on current accounts                  | 7,712          | (2,237)         | 5,475         |
| Interest on loans                             | -              | (3,251)         | (3,251)       |
| Foreign exchange gains / losses               | 48,517         | (52,638)        | (4,121)       |
| Losses/receivables related to investments     | -              | (31)            | (31)          |
| Income from sale of marketable securities     | 79             | -               | 79            |
| Technical gains/losses on mergers             | 37             | (1,550)         | (1,513)       |
| Other financial income and expense            | 2,566          | (2,296)         | 191           |
| <b>TOTAL</b>                                  | <b>116,159</b> | <b>(98,979)</b> | <b>17,181</b> |

**6.5 Exceptional gains and losses**

| <i>(in € thousand)</i>                         | Gains         | Losses          | Balance      |
|--|---------------|-----------------|--------------|
| Staff-related expenditure                      | -             | (5,139)         | (5,139)      |
| Tax penalties                                  | -             | (2)             | (2)          |
| Income / (loss) from tangible asset disposals  | 692           | (778)           | (86)         |
| Income / (loss) from financial asset disposals | 8,598         | (3,950)         | 4,648        |
| Better fortunes on 2011 subsidiaries (1)       | 6,192         | -               | 6,192        |
| Other exceptional items                        | 293           | -               | 293          |
| Depreciation and provisions, net of reversals  | 2,543         | (556)           | 1,987        |
| <b>TOTAL</b>                                   | <b>18,318</b> | <b>(10,424)</b> | <b>7,894</b> |

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

The income from financial asset disposals of €4.6 million is primarily due to the disposal of 25% of Keolis Denmark.

**6.6 Corporate income tax**

The corporate income tax for the year consists of:

| <i>(in € thousand)</i> | Profit before tax | Tax due         | Net profit    |
|------------------------|-------------------|-----------------|---------------|
| Current                | 1,412             | 3,145           | (1,733)       |
| Exceptional            | 7,894             | (2,973)         | 10,867        |
| CICE                   | -                 | (15,979)        | 15,979        |
| Other, tax, credits    | -                 | (37)            | 37            |
| <b>TOTAL</b>           | <b>9,306</b>      | <b>(15,845)</b> | <b>25,151</b> |

**Increase and reduction in future tax liabilities**

The deferred tax bases are as follows:

| (€ thousand)                           | Deferred tax base at 1 January | Increase      | Decrease       | Deferred tax base at 31 December |
|--|--------------------------------|---------------|----------------|----------------------------------|
| <b>PROVISIONS AND DEFERRED CHARGES</b> |                                |               |                |                                  |
| Provisions for foreign exchange losses | 3,230                          | 2,400         | (3,230)        | 2,400                            |
| Other provisions                       | 914                            | 686           | (914)          | 686                              |
| <b>Other temporary differences</b>     |                                |               |                |                                  |
| Contribution Sociale de solidarité     | 931                            | 912           | (931)          | 912                              |
| Translation difference - liability     | 1,306                          | 3,585         | (1,306)        | 3,585                            |
| Translation difference - asset         | (3,246)                        | 2,400         | 3,246          | 2,400                            |
| Income subject to deferred taxation    | 3,374                          | 952           | (683)          | 2,643                            |
| Other                                  | 273                            | 52            | (273)          | 52                               |
| <b>TOTAL</b>                           | <b>6,782</b>                   | <b>10,987</b> | <b>(5,091)</b> | <b>12,678</b>                    |

**7 • OTHER INFORMATION****7.1 Related party information**

No disclosures are made with regard to transactions between related parties, insofar as these transactions are completed in normal market conditions.

| (€ thousand)                           | At 31/12/2014 |
|--|---------------|
| <b>ASSETS</b>                          |               |
| Investments                            | 735,635       |
| Receivables related to investments     | 239,137       |
| Trade receivables and related accounts | 47,347        |
| Other operating receivables            | 190,379       |
| <b>LIABILITIES</b>                     |               |
| Loans and other financial debts        | 116,625       |
| Trade payables and related accounts    | 5,690         |
| Debts on fixed assets                  | -             |
| Other operating liabilities            | 737,506       |
| <b>FINANCIAL INCOME</b>                |               |
| Income from investments                | 15,559        |
| Guarantees and others                  | 2,487         |
| Interest on current accounts           | 7,712         |
| <b>FINANCIAL EXPENSES</b>              |               |
| Interest on current accounts           | 2,237         |

**7.2. Financial commitments**

Keolis S.A. contracted on 30th September 2010 a syndicated bullet loan arranged by Crédit Agricole CIB ("Private placement with Caisses Régionales de Crédit Agricole» or CRPP) for a value of €100 million divided into part A €87.5 million and part B €12.5 million. The CRPP matures on 30th September 2015.

At 31 December 2014, the conditions of the CRPP remain unchanged: the amount outstanding remains at €100 M divided into part A €87.5 million and part B €12.5 million, maturing on 30th September 2015.

At 31 December 2014, the portfolio of guarantees and securities given by Keolis S.A. breaks down as follows.

|  |                |
|--|----------------|
| Bank guarantees (guarantees and endorsements): | €319.4 million |
| Parent company guarantee:                      | €792.7 million |

**7.3 Pension and long service award commitments****Retirement payments**

The amount of pension liabilities at 31 December 2014 stood at €8,762 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 2014 related to long service awards stands at €552 thousand.



#### 7.4 Leasing commitments

The booking as capital assets and depreciation of goods financed by leasing would have resulted in the following values at 31 December 2014:

| ASSETS UNDER LEASE<br><i>(€ thousand)</i> | Initial cost | Depreciation charges |              | Net value  |
|---|--------------|----------------------|--------------|------------|
|   |              | In year              | Accumulated  |            |
| Land                                      | 278          | -                    | -            | 278        |
| Buildings                                 | 1,517        | -                    | 1,517        | -          |
| Transport equipment                       | 912          | 50                   | 777          | 135        |
| <b>TOTALS</b>                             | <b>2,707</b> | <b>50</b>            | <b>2,294</b> | <b>413</b> |

Commitments at 31 December 2014 are as follows:

| LEASING COMMITMENTS<br><i>(in € thousand)</i> | Rentals paid |              | Rentals yet to be paid |                            |           |                  | Residual purchasing price |
|---|--------------|--------------|------------------------|----------------------------|-----------|------------------|---------------------------|
|   | In year      | Accumulated  | Up to 1 year           | Between 1 year and 5 years | + 5 years | Total to be paid |                           |
| Land, buildings                               |              | 1,239        | -                      | -                          | -         | -                | -                         |
| Transport equipment                           |              | 2,574        | -                      | -                          | -         | -                | -                         |
| <b>TOTAUX</b>                                 |              | <b>3,813</b> | <b>-</b>               | <b>-</b>                   | <b>-</b>  | <b>-</b>         | <b>-</b>                  |

#### 7.5 Contractual obligations

The operating leases 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 2014 amounted to €275,549 thousand, split up as follows:

- ▶ less than one year: €69,024 thousand
- ▶ from 1 to 5 years: €172,203 thousand,
- ▶ more than 5 years: €34,322 thousand.

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.

#### 7.6 Individual training entitlements (DIF)

The overall amount of training entitlements acquired by employees under the French DIF programme at 31 December 2014 is 108,366 hours.

The amount of training which had not been requested as at 31 December 2014 is 108,366 hours.

#### 7.7 Number of employees

The average headcount can be broken down as follows:

|                             | 31/12/2014   | 31/12/2013   |
|-----------------------------|--------------|--------------|
| Executives                  | 1,153        | 1,071        |
| Supervisors and technicians | 171          | 135          |
| Employees                   | 39           | 56           |
| <b>TOTAL</b>                | <b>1,363</b> | <b>1,262</b> |

#### 7.8 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 2014.

#### 7.9 Post-balance sheet events

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

#### 7.10 Identity of the consolidating company

The Company belongs a group whose consolidating company is GROUPE KEOLIS S.A.S., incorporated and domiciled in France, under SIRET number 494 321 276 00037, 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 2014)

## DETAILED INFORMATION ON SHAREHOLDINGS WHOSE CARRYING AMOUNTS EXCEEDS 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)  | Equity at 31 December 2013 |              | Percentage of capital held at 31 December 2014 | Gross value of securities held at 31 December 2014 | Net carrying value of securities held at 31 December 2014 | Loans and advances granted by the Company and not refunded in credit at 31 December 2014 | Amount of deposits and guarantees supplied by the Company at 31 December 2014 | Revenue excl. VAT for financial year ended 31/12/2013 | Net profit of loss (-) for financial year ended 31/12/2013 | Dividends collected by the Company during the 2014 financial year |
|---|----------------------------|--------------|--|--|---|--|---|---|--|---|
|   | Share capital              | Other equity |  |  |   |  |   |   |  |   |
| <b>1) FRENCH SUBSIDIARIES</b>   |                            |              |  |  |   |  |   |   |  |   |
| <b>Keolis Châlons-en-Champagne</b><br>Chemin des Grèves - BP 68 - 51000 Châlons-en-Champagne                  | 148                        | 536          | 99.24%   | 861  | 861   | -2,155   | 0   | 6,251   | 446  | 330   |
| <b>Keolis Touriscar Ain</b><br>Immeuble "Le Bonnel" - 20 rue de la Villette - 69328 Lyon                      | 1,746                      | -1,773       | 100.00%  | 1,715  | 0   | 28   | 0   |   | -27  |   |
| <b>Société d'Exploitation des Transports Urbains d'Oyonnax</b><br>7 Place Vaillant Couturier - 01100 Oyonnax  | 44                         | 17           | 100.00%  | 43   | 43  | -72  | 0   | 1,001   | 8  |   |
| <b>Keolis Oyonnax</b><br>Rue de la Tuilerie - 01100 Arpent  | 90                         | 27           | 99.98%   | 90   | 90  | 154  | 0   | 1,092   | -2   |   |
| <b>Sté des Transp. de l'Agglo.de Chauny</b><br>150 Avenue Jean Jaurès - 02300 Chauny                          | 8                          | 352          | 50.00%   | 4  | 0   | 0  | 0   | 458   | 85   |   |
| <b>Keolis Château-Thierry</b><br>5 rue Vallée - 02400 Château-Thierry   | 25                         | 11           | 99.51%   | 25   | 25  | -371   | 0   | 2,110   | 18   |   |
| <b>Keolis Chauny-Tergnier</b><br>150 Avenue Jean Jaurès - 02300 Chauny  | 45                         | 31           | 100.00%  | 45   | 45  | -289   | 0   | 304   | 5  |   |
| <b>Keolis Montluçon</b><br>Rue des Canaris - 03100 Montluçon  | 197                        | 252          | 100.00%  | 197  | 197   | -1,369   | 0   | 5,450   | 41   |   |
| <b>Keolis Sud Allier</b><br>14 boulevard Alsace Lorraine - 03300 Cusset                                       | 325                        | 2,191        | 100.00%  | 3,088  | 3,088   | 20   | 0   | 8,061   | 452  |   |
| <b>Keolis Vichy</b><br>Boulevard Alsace Lorraine - 03300 Cusset   | 300                        | 578          | 100.00%  | 660  | 660   | -1,608   | 0   | 3,439   | 147  |   |
| <b>Cie Transports Méditerranéens</b><br>Allée des Cormorans - ZI la Frayère Mandelieu - 06150 Cannes la Bocca | 160                        | 646          | 100.00%  | 9,279  | 9,279   | -1,611   | 0   | 8,964   | 154  |   |
| <b>Société Automobile de Provence</b><br>840 Avenue Emile Hugues - 06140 Vence                                | 220                        | 118          | 99.79%   | 1,982  | 1,982   | 1,690  | 0   | 3,628   | -92  |   |
| <b>Keolis Garonne</b><br>ZI de Bonzom - 09270 Mazères   | 38                         | 850          | 100.00%  | 1,608  | 1,608   | -622   | 0   | 4,252   | 125  |   |
| <b>Société de gestion de l'Aéroport de Troyes en Champagne</b><br>20-22 rue Le Peletier - 75009 Paris         | 10                         | -23          | 100.00%  | 10   | 0   | 63   | 0   | 108   | -25  |   |

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| <b>Keolis Aude</b><br>Pech Loubat - 11000 Narbonne   | 1,783                      | -890         | 100.00%  | 2,857  | 2,857   | 136  | 0   | 9,306   | 108  |   |
| <b>Keolis Narbonne</b><br>Avenue de Pech Loubat - 11000 Narbonne Cedex                           | 344                        | -393         | 100.00%  | 504  | 504   | 41   | 0   | 8,183   | -164   |   |
| <b>Keolis Aveyron Millau Cars</b><br>ZA Saint Martin - 8 Impasse de l'Aigoutal - 12100 Creissels | 45                         | 15           | 100.00%  | 624  | 624   | -229   | 0   | 1,747   | -182   |   |
| <b>Keolis Côte d'Azur</b><br>59, rue de la Buffa - 06000 Nice                                    | 289                        | 125          | 100.00%  | 289  | 289   | -596   | 0   | 3,029   | 182  |   |
| <b>Keolis Baie des Anges</b><br>742 route de Grenoble - 06200 Nice                               | 7,305                      | -6,921       | 100.00%  | 10,790   | 10,790  | -1,486   | 0   | 3,685   | 55   |   |
| <b>Keolis Camargue</b><br>Immeuble "Le Bonnel" - 20, rue de la Villette - 69328 Lyon             | 58                         | 17           | 99.97%   | 2,889  | 194   | -92  | 0   | 10  | -83  |   |
| <b>Société Transports Robert</b><br>31 avenue José Nobre - BP 57 - 13500 Martigues               | 38                         | 1,867        | 100.00%  | 821  | 821   | -1,080   | 0   | 7,601   | 468  |   |
| <b>Société Autocars de Provence</b><br>289 rue des Roseaux - 13320 Bouc Bel Air                  | 46                         | 704          | 99.97%   | 840  | 840   | 1,129  | 0   | 7,969   | 203  |   |
| <b>Keolis Pays d'Aix</b><br>Rue des roseaux - Quartier du verger - 13320 Bouc Bel Air            | 624                        | -1,241       | 100.00%  | 1,902  | 1,902   | -1,965   | 0   | 36,394  | -882   |   |
| <b>SCAC SA</b><br>398 Avenue du Mistral - ZI ATHELIA - 13600 - La Ciotat                         | 1,980                      | -2,047       | 100.00%  | 3,359  | 0   | 1,409  | 0   | 9,398   | -1,307   |   |
| <b>Keolis Arles</b><br>Immeuble "Le Bonnel" - 20, rue de la Villette - 69328 Lyon                | 135                        | -148         | 100.00%  | 134  | 0   | 59   | 0   |   | 11   |   |
| <b>Caennaise de Services</b><br>40, rue de Bengales - 14000 Caen                                 | 11                         | 23           | 100.00%  | 11   | 11  | -248   | 0   | 1,080   | 10   |   |
| <b>Keolis Calvados</b><br>19, chemin de Courcelle - BP 127 - 14128 Mondeville                    | 1,100                      | 1,826        | 100.00%  | 1,152  | 1,152   | -5,133   | 0   | 30,748  | 1,579  | 825   |
| <b>Keolis Bus Verts (est. 2014)</b><br>19 chemin de Courcelles - 14120 Mondeville                | 1,100                      | 0            | 100.00%  | 1,100  | 1,100   |  |   |   |  |   |
| <b>Keolis Pays Normands</b><br>ZI la Madeleine, rue de l'Île du Marais Carentan - 50500 Carentan | 276                        | -30          | 100.00%  | 1,268  | 0   | 219  | 0   | 2,558   | -89  |   |
| <b>Keolis Caen</b><br>15 rue de la Geôle - 14000 Caen  | 1,065                      | 4,203        | 100.00%  | 2,251  | 2,251   | -8,827   | 0   | 52,595  | 1,328  |   |
| <b>Keolis Littoral</b><br>2 avenue du Pont Neuf - 17300 Rochefort                                | 643                        | -2,789       | 100.00%  | 3,565  | 3,565   | -886   | 0   | 13,465  | -2,827   |   |

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| <b>Keolis Saintes</b><br>Rue des Perches - ZI Charriers - 17100 Saintes                 | 140                        | 39           | 100.00%  | 139  | 139   | -692   | 0   | 2,689   | 31   | 26  |
| <b>Compagnie du Blanc Argent CBA</b><br>Gare de Romorantin - 41200 Romorantin           | 279                        | 701          | 99.41%   | 4,139  | 4,139   | -31  | 0   | 6,432   | 514  | 417   |
| <b>Keolis Centre</b><br>86 rue du village d'En Haut - 18230 Saint Doulchard             | 4,061                      | -3,395       | 100.00%  | 4,163  | 0   | 127  | 0   | 6,893   | -1,045   |   |
| <b>Keolis Bourgogne</b><br>17, rue du Bailly - ZI Dijon Saint Apollinaire - 21000 Dijon | 153                        | 1,656        | 99.50%   | 1,917  | 1,917   | -3,421   | 0   | 13,281  | 24   |   |
| <b>Keolis Dijon</b><br>49, rue des Ateliers - 21000 Dijon                               | 1,206                      | 311          | 100.00%  | 1,414  | 1,414   | -11,886  | 0   | 64,120  | 302  | 125   |
| <b>Monts Jura Autocars SA</b><br>4, rue Berthelot - 25000 Besançon                      | 2,329                      | -181         | 100.00%  | 10,196   | 10,196  | 1,622  | 0   | 26,599  | -164   |   |
| <b>Keolis Pays Montbéliard</b><br>CD 126 La Chamotte - 25420 Voujeaucourt               | 546                        | 201          | 100.00%  | 542  | 542   | -4,970   | 0   | 18,407  | 193  | 137   |
| <b>Keolis Besançon</b><br>46 rue de Trey - BP 1123 - 25002 Besançon                     | 91                         | 140          | 99.96%   | 89   | 89  | -36  | 0   | 614   | 124  | 130   |
| <b>Keolis Urbest</b><br>4 rue Berthelot - 25000 Besançon                                | 640                        | 553          | 100.00%  | 801  | 801   | -1,041   | 0   | 1,506   | 157  | 40  |
| <b>Keolis Drôme Ardèche</b><br>26, rue Laurent de Lavoisier - 26800 Portes les Valence  | 573                        | 1,198        | 99.96%   | 3,507  | 3,507   | -2,141   | 0   | 14,421  | 558  | 65  |
| <b>Keolis Montélimar</b><br>8 avenue de la Feuillade - ZA du Meyrol - 26200 Montélimar  | 47                         | 46           | 100.00%  | 47   | 47  | -550   | 0   | 2,496   | 23   |   |
| <b>Keolis Eure</b><br>2 rue Lakanal - ZI n° 2 - 27031 Evreux                            | 467                        | 1,558        | 100.00%  | 1,555  | 1,555   | -812   | 0   | 10,534  | 543  | 117   |
| <b>Keolis Eure et Loir</b><br>Les Fenots - 28100 Dreux                                  | 538                        | 1,385        | 100.00%  | 2,363  | 2,363   | -1,724   | 0   | 8,458   | 721  | 269   |
| <b>Keolis Drouais</b><br>Les Fenots - 28100 Dreux                                       | 82                         | 42           | 100.00%  | 82   | 82  | -460   | 0   | 3,072   | 16   |   |
| <b>Keolis Concarneau</b><br>ZA de Keramperu - 29900 Concarneau                          | 65                         | 41           | 100.00%  | 137  | 137   | -435   | 0   | 1,985   | 36   | 20  |
| <b>Keolis Quimper</b><br>1 Rond Point de Quistinidal - 29000 Quimper                    | 259                        | 88           | 100.00%  | 257  | 257   | -2,506   | 0   | 11,765  | 69   | 32  |
| <b>Keolis Brest</b><br>7 rue Ferdinand de Lesseps - 29806 Brest                         | 1,684                      | -2,328       | 100.00%  | 3,818  | 0   | 3,921  | 0   | 39,508  | -1,491   |   |

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| <b>Keolis Morlaix</b><br>ZI de Kérivin -<br>29600 St Martin des Champs  | 59                         | 47           | 100.00%  | 57   | 57  | -476   | 0   | 2,475   | 37   | 15  |
| <b>Keolis Maritime Brest</b><br>1 rue Eperon - Port de Commerce -<br>BP 80713 - 29200 Brest                             | 8                          | -420         | 100.00%  | 8  | 0   | 622  | 0   | 8,097   | -124   |   |
| <b>Keolis en Cévennes</b><br>389 chemin du Viget - 30100 Alès   | 97                         | 138          | 99.19%   | 95   | 95  | -1,700   | 0   | 6,130   | 38   |   |
| <b>Sté des Transports en Commun Nimois</b><br>388 rue Robert Bompard -<br>30000 Nîmes                                   | 750                        | 328          | 100.00%  | 1,090  | 1,090   | -14,064  | 0   | 52,070  | 160  |   |
| <b>Keolis Auch</b><br>7 Place de la Libération - 32000 Auch   | 61                         | -1           | 100.00%  | 81   |   | -10  | 0   | 1,404   | 23   | 15  |
| <b>Les Cars de Bordeaux</b><br>8, rue d'Artagnan - 33000 Bordeaux   | 264                        | 599          | 49.97%   | 379  | 379   | -36  | 0   | 5,344   | 54   | 94  |
| <b>Keolis Gironde</b><br>ZA les Artignons Issac -<br>33160 Saint Médard en Jalles                                       | 684                        | 8,024        | 90.65%   | 6,658  | 6,658   | -5,729   | 0   | 17,845  | 830  | 682   |
| <b>Autobus d'Arcachon</b><br>1431 bd de l'Industrie -<br>33260 La Teste de Buch   | 217                        | 2,289        | 100.00%  | 2,931  | 2,931   | -1,833   | 0   | 3,130   | 60   |   |
| <b>Keolis Bordeaux Métropole (est. 2014)</b><br>12 boulevard Antoine Gautier -<br>33000 Bordeaux                        | 5,000                      |              | 100.00%  | 5,000  | 5,000   | 0  |   |   | -3   |   |
| <b>Keolis Bordeaux</b><br>12 boulevard Antoine Gautier -<br>33000 Bordeaux  | 18,058                     | -14,378      | 100.00%  | 18,058   | 6,829   | -36,949  | 0   | 179,133   | -1,025   |   |
| <b>Les Courriers du Midi</b><br>9, rue de l'Abrivado - BP 85121 -<br>34073 Montpellier Cedex 3                          | 2,039                      | 608          | 100.00%  | 5,117  | 4,071   | -1,889   | 0   | 18,420  | 589  |   |
| <b>Keolis Languedoc</b><br>927, avenue Joliot Curie -<br>30000 Nîmes  | 90                         | 771          | 99.98%   | 899  | 899   | -823   | 0   | 5,520   | 353  | 180   |
| <b>Cars du Bassin de Thau</b><br>21 av de la Méditerranée -<br>Lieu dit Etang d'Ingril -<br>34110 Frontignan-La Peyrade | 278                        | 123          | 100.00%  | 278  | 278   | 26   | 0   | 4,205   | 102  | 46  |
| <b>Keolis Emeraude</b><br>Rue des Rougeries ZI Sud -<br>35400 Saint Malo  | 1,562                      | -500         | 100.00%  | 1,568  | 0   | 460  | 0   | 10,194  | -316   |   |
| <b>Keolis Armor</b><br>26, rue du Bignon - CS 27403 -<br>35135 Chantepie  | 1,472                      | 4,417        | 77.71%   | 10,877   | 10,877  | -3,701   | 0   | 32,497  | -497   |   |
| <b>Société Rennaise de Transports &amp; Services Handistar</b><br>26 rue Bignon - 35135 Chantepie                       | 43                         | 32           | 100.00%  | 44   | 44  | -916   | 0   | 3,167   | 26   | 6   |

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| <b>Keolis Saint Malo</b><br>rue des Rougeries BP 70548 -<br>35405 Saint Malo Cedex                     | 461                        | -34          | 100.00%  | 461  | 461   | -2,368   | 0   | 7,988   | 56   |   |
| <b>Keolis Rennes</b><br>Rue Jean Marie Huchet -<br>CS 94001 - 35040 Rennes                             | 1,132                      | -149         | 99.99%   | 2,456  | 2,456   | -19,320  | 0   | 104,505   | -160   |   |
| <b>Keolis Châteauroux</b><br>6 allée de la Garenne - ZI -<br>36000 Châteauroux                         | 170                        | 38           | 100.00%  | 169  | 169   | -1,089   | 0   | 4,406   | 36   | 11  |
| <b>Keolis Touraine</b><br>Impasse de Florence -<br>37700 St Pierre des Corps                           | 4,774                      | -3,262       | 100.00%  | 7,472  | 7,472   | 224  | 0   | 13,928  | -509   |   |
| <b>Keolis Tours</b><br>Avenue de Florence -<br>37700 Saint Pierre des Corps                            | 1,910                      | -167         | 100.00%  | 1,906  | 1,906   | -10,610  | 0   | 56,375  | 694  |   |
| <b>Train Bleu SARL</b><br>3 impasse Claude Charon -<br>38160 St Marcellin                              | 274                        | -10          | 99.97%   | 594  | 594   | -54  | 0   | 1,920   | 137  |   |
| <b>Voyages Monnet</b><br>Route de Grenoble -<br>38590 St Etienne de St Geoirs                          | 537                        | -275         | 100.00%  | 2,505  | 0   | 897  | 0   | 3,930   | 23   |   |
| <b>Sté d'exploitation Aéroport Dole Jura</b><br>33 place de la Comédie - 39000<br>Lons Le Saunier      | 50                         | 61           | 51.00%   | 25   | 0   |  | 0   | 2,452   | 27   |   |
| <b>Keolis Gascogne</b><br>215 Route de Benquet -<br>ZA de la Téoulière -<br>40280 Saint Pierre du Mont | 135                        | 445          | 52.89%   | 594  | 594   | 706  | 0   | 7,443   | -195   |   |
| <b>Keolis Blois</b><br>9 rue Alexandre Vezin - 41000 Blois   | 308                        | 39           | 100.00%  | 307  | 307   | -21  | 0   | 9,223   | 21   |   |
| <b>Les Cars Roannais</b><br>ZI les Guérins - 42120 Le Coteau   | 156                        | 1,562        | 100.00%  | 374  | 374   | -2,159   | 0   | 3,344   | 460  | 117   |
| <b>Cars Planche</b><br>10 boulevard Duguet -<br>42600 Savigneux  | 94                         | 919          | 100.00%  | 874  | 874   | -794   | 0   | 3,895   | 129  | 88  |
| <b>Keolis Atlantique</b><br>3, rue de la Garde - ZI Bois Briand -<br>44300 Nantes                      | 2,076                      | 2,718        | 100.00%  | 9,926  | 9,926   | -3,248   | 0   | 34,381  | 2,449  | 519   |
| <b>Transports de la Brière SA</b><br>7, rue Pierre Vergniaud - Penhoet -<br>44600 Saint-Nazaire        | 92                         | 1,120        | 59.70%   | 1,221  | 0   | -320   | 0   | 3,234   | -96  |   |
| <b>Keolis Voyages</b><br>3, rue de la Garde - Zone de Bois<br>Briand - 44300 Nantes                    | 8                          | 87           | 100.00%  | 7  | 7   | -104   | 0   | 3,916   | 22   |   |
| <b>Keolis Montargis</b><br>16 rue de la Baraudière -<br>45700 Villemandeur                             | 163                        | 329          | 100.00%  | 163  | 163   | -1,267   | 0   | 4,030   | 61   | 51  |

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| <b>Keolis Orléans Val de Loire</b><br>64 rue Pierre Louget -<br>45800 Saint Jean de Braye                     | 802                        | 364          | 100.00%  | 802  | 802   | -9,979   | 0   | 67,033  | 360  | 56  |
| <b>Keolis Cahors</b><br>127 boulevard Léon Gambetta -<br>46000 Cahors   | 96                         | 36           | 100.00%  | 0  | 0   | 2  |   | 932   | 12   |   |
| <b>Keolis Agen</b><br>Rue Georges Clemenceau -<br>47240 Bon Encontre  | 224                        | 7            | 100.00%  | 224  | 224   | -1,226   | 0   | 6,662   | -8   |   |
| <b>Keolis Marmande</b><br>Impasse Doumayne - ZA de Girauflat<br>- 47200 Marmande                              | 110                        | -8           | 100.00%  | 110  | 110   | 127  | 0   | 2,172   | -11  |   |
| <b>Keolis Val de Maine</b><br>Rue du Bois Rinier - ZI Saint<br>Barthélémy -<br>49124 Saint Barthélémy d'Anjou | 35                         | -2           | 100.00%  | 35   | 35  | -179   | 0   | 1,048   | 4  |   |
| <b>Société de Gestion de l'Aéroport d'Angers Marcé</b><br>Aéroport d'Angers-Marcé -<br>49140 Marcé            | 8                          | 98           | 100.00%  | 8  | 0   | 1,232  | 0   | 1,769   | -56  |   |
| <b>Keolis Angers</b><br>Rue du Bois Rinier -<br>49124 Saint Barthélémy d'Anjou                                | 922                        | 755          | 100.00%  | 921  | 921   | -10,269  | 0   | 54,743  | 566  | 288   |
| <b>Keolis Manche</b><br>La Fosse Yvon -<br>50440 Beaumont Hague   | 497                        | 385          | 100.00%  | 3,102  | 3,102   | -1,776   | 0   | 6,193   | 500  |   |
| <b>Keolis Cherbourg</b><br>491 rue de la Chasse aux Loups -<br>50110 Tourlaville                              | 299                        | -44          | 100.00%  | 382  | 382   | -1,443   | 0   | 8,346   | -30  |   |
| <b>Keolis Chaumont</b><br>Rue du Vieux Moulin -<br>52000 Chaumont   | 116                        | 11           | 100.00%  | 149  | 149   | -266   | 0   | 3,063   | -12  |   |
| <b>Keolis Laval</b><br>Centre JM Moron - rue Henri Batard -<br>BP 0909 - 53009 Laval Cedex                    | 369                        | -14          | 100.00%  | 368  | 368   | -1,985   | 0   | 13,065  | 24   |   |
| <b>Keolis Sud Lorraine</b><br>1 rue de la Sablière -<br>54136 Bouxières Aux Dames                             | 2,575                      | -850         | 100.00%  | 2,576  | 2,576   | -726   | 0   | 24,947  | 34   |   |
| <b>Keolis Bassin de Pompey</b><br>3 rue de la Sablière -<br>54136 Bouxières Aux Dames                         | 95                         |              | 100.00%  | 95   | 95  | -591   | 0   |   |  |   |
| <b>Keolis Lorient</b><br>Boulevard Yves Demaine -<br>56323 Lorient Cedex                                      | 489                        | 65           | 100.00%  | 563  | 563   | -6,861   | 0   | 29,096  | 37   |   |
| <b>Keolis Maritime Lorient</b><br>1 rue Yves Montand -<br>56260 Larmor-Plage                                  | 10                         | 523          | 99.00%   | 10   | 10  | -572   | 0   | 2,458   | 201  | 47  |

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| <b>Keolis 3 Frontières</b><br>5 rue de l'Abbé Grégoire - 57050 Metz                               | 1,976                      | 1,242        | 100.00%  | 5,869  | 5,869   | -7,279   | 0   | 35,940  | 1,241  |   |
| <b>Keolis Nevers</b><br>120 route de Marzy - 58000 Nevers   | 324                        | 1            | 100.00%  | 324  | 324   | -1,776   | 0   | 6,378   | 79   |   |
| <b>Trans Val-de-Lys</b><br>ZA de la Nouvelle Energie - Rue de l'Energie Prolongée - 59560 Comines | 1,101                      | 3,261        | 100.00%  | 2,027  | 2,027   | -6,956   | 0   | 23,494  | 1,395  | 1,058   |
| <b>Keolis Val Hainaut</b><br>36, rue Ernest Macarez - 59300 Valenciennes                          | 165                        | 1,414        | 96.32%   | 3,222  | 3,222   | -2,605   | 0   | 6,966   | 212  | 96  |
| <b>Keolis Lille</b><br>Château Rouge - 276 avenue de la Marne - 59700 Marcq en Baroeuil           | 5,843                      | -17,475      | 100.00%  | 24,041   | 24,041  | 48,745   | 0   | 309,175   | -14,342  |   |
| <b>Transports Evrard</b><br>304 avenue du Tremblay - ZI de Vaux - 60100 Creil                     | 1,320                      | -226         | 100.00%  | 8,450  | 0   | 2,002  | 0   | 10,417  | 300  |   |
| <b>Keolis Oise</b><br>21 avenue Felix Louat - 60300 Senlis  | 183                        | 5,787        | 100.00%  | 4,027  | 4,027   | 7,487  | 0   | 21,112  | 781  |   |
| <b>Keolis Alençon</b><br>20 rue Ampère - 61000 Alençon  | 38                         | 651          | 100.00%  | 38   | 38  | 132  | 0   | 2,485   | -7   |   |
| <b>Keolis Arras</b><br>Rue Mongolfier ZI Est - 62000 Arras  | 581                        | -131         | 100.00%  | 669  | 669   | -2,892   | 0   | 9,532   | -3   |   |
| <b>Keolis Artois Gohelle</b><br>59 avenue Van Pelt - 62300 Lens                                   | 908                        | 744          | 99.99%   | 677  | 677   | -9,251   | 0   | 54,070  | 479  | 363   |
| <b>Caron Voyages</b><br>Resurgat 1 - 64 Boulevard industriel - 62230 Outreau                      | 815                        | -826         | 100.00%  | 1,715  | 0   | 752  | 0   | 4,424   | -489   |   |
| <b>Voyages Dourlens</b><br>ZAL n°3 - rue de Belle Vue - 62700 Bruay La Buisserie                  | 209                        | -150         | 100.00%  | 641  | 641   | -600   | 0   | 2,514   | -103   |   |
| <b>Keolis Boulogne sur Mer</b><br>46/48 Rue des Canoniers - 59000 Lille                           | 359                        | 185          | 100.00%  | 559  | 559   | -649   | 0   | 88  | 112  |   |
| <b>Westeel Voyages</b><br>2, rue F. Jiolat - 62430 Sallaumines                                    | 3,325                      | -828         | 100.00%  | 5,520  | 5,520   | -2,348   | 0   | 18,387  | 599  |   |
| <b>Loisirs et Voyages</b><br>ZI de l'Industrie - 63600 Ambert                                     | 914                        | 1,428        | 100.00%  | 4,254  | 4,254   | -1,977   | 0   | 11,552  | 615  | 60  |
| <b>TPR SARL</b><br>Chemin de la Saligue - 64140 Lons  | 249                        | 97           | 99.99%   | 2,070  | 1,248   | 550  | 0   | 3,503   | -46  |   |
| <b>Keolis Pyrénées</b><br>Quartier Lasbats - Route de Pau - 65420 Ibos                            | 1,367                      | 848          | 95.17%   | 2,626  | 2,626   | -613   | 0   | 9,577   | 482  | 501   |
| <b>Keolis Grand Tarbes</b><br>Centre Kennedy - Rue Jean Loup Chretien - 65000 Tarbes              | 136                        | -9           | 100.00%  | 747  | 502   | -743   | 0   | 4,588   | -15  |   |



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|--|----------------------------|--------------|--|--|---|--|---|---|--|---|
|  | Share capital              | Other equity |  |  |   |  |   |   |  |   |
| <b>Les Courriers Catalans</b><br>7 rue Jean Perrin - 66000 Perpignan   | 2,160                      | -1,499       | 100.00%  | 3,401  | 630   | -465   | 0   | 0   | -10  |   |
| <b>Transports GEP Vidal</b><br>7 rue Jean Perrin - 66000 Perpignan   | 1,073                      | -603         | 100.00%  | 2,087  | 2,087   | 58   | 0   | 4,260   | -378   |   |
| <b>Compagnie des Transports de Perpignan</b><br>20-22 rue Le Peletier - 75009 Paris                                | 85                         |              | 99.89%   | 78   | 78  | -85  | 0   |   | -2   |   |
| <b>Holding Striebig</b><br>198 avenue de Strasbourg - 67170 Brumath  |                            |              | 100.00%  | 11,159   | 11,159  |  |   | 0   |  |   |
| <b>Keolis Obernai</b><br>7 rue de la Gare - 67210 Obernai Cedex  | 31                         | 13           | 100.00%  | 31   | 31  |  | 0   | 670   | 6  |   |
| <b>Autocars Eschenlauer</b><br>Route de Dresenheim - 67620 Soufflenheim  |                            |              | 100.00%  | 335  | 335   |  |   |   |  |   |
| <b>Autocars Planche</b><br>69 rue du Champ du Garet - 69400 Arnas  | 5,000                      | 10,687       | 100.00%  | 6,567  | 6,567   | -12,670  | 0   | 26,922  | 2,443  | 250   |
| <b>Keolis PMR Rhône</b><br>ZI La Bandonnière - 4, rue Maurice Audibert - 69800 Saint-Priest                        | 1,639                      | -719         | 100.00%  | 1,639  | 0   | -1,086   | 0   | 3,563   | 463  |   |
| <b>Interhône Alpes</b><br>69 rue du Champ du Garet - BP 80157 - Arnas - 69655 Villefranche sur Saône               | 40                         | 2,054        | 100.00%  | 38   | 38  | -1,852   | 0   | 987   | 178  |   |
| <b>Keolis Lyon</b><br>19 boulevard Vivier Merle - 69212 Lyon Cedex 03  | 45,946                     | -38,472      | 100.00%  | 45,998   | 45,998  | -61,655  | 0   | 370,752   | -52  |   |
| <b>Keolis Val de Saône</b><br>30 rue de Guerlande Zone Verte - 71880 Chatenay le Royal                             | 953                        | 193          | 99.27%   | 1,006  | 1,006   | -1,255   | 0   | 10,839  | 159  |   |
| <b>Keolis Aix Les Bains</b><br>1700 boulevard Lepic - 73100 Aix Les Bains  | 405                        | -349         | 100.00%  | 540  | 0   | 184  | 0   | 4,252   | -112   |   |
| <b>Société pour la Mobilité à Paris</b><br>58 avenue des Terroirs de France - 75012 Paris                          | 162                        | 726          | 100.00%  | 162  | 162   | -334   | 0   | 14,059  | 601  |   |
| <b>Institut Keolis</b><br>20-22 rue Le Peletier - 75009 Paris  | 37                         | 1,187        | 100.00%  | 37   | 37  | -516   | 0   | 9,600   | 1,182  | 1,180   |
| <b>Keolis Seine Maritime</b><br>55/57 le Nid de Verdier - 76400 Fécamp   | 185                        | 3,450        | 100.00%  | 5,631  | 5,631   | -2,749   | 0   | 15,816  | 610  |   |
| <b>Keolis Rouen Vallée de Seine</b><br>3 Bis rue Nicephore Niepce - Zone Industrielle - 76300 Sotteville les Rouen | 63                         | 259          | 100.00%  | 63   | 63  | -1,460   | 0   | 4,067   | 144  | 6   |

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|---|----------------------------|--------------|--|--|---|--|---|---|--|---|
|   | Share capital              | Other equity |  |  |   |  |   |   |  |   |
| <b>Les Courriers de l'Ile-de-France</b><br>34 rue de Guivry -<br>77990 Le Mesnil-Amelot                           | 344                        | 14,613       | 99.99%   | 560  | 560   | 16,994   | 0   | 94,532  | 3,101  | 2,234   |
| <b>Val Trans Services Roissy</b><br>Rue des Acacias -<br>77990 Le Mesnil-Amelot                                   | 37                         | 1,388        | 100.00%  | 660  | 660   | -1,474   | 0   | 4,878   | 757  | 52  |
| <b>Airelle</b><br>1 à 9 avenue Francois Mitterand -<br>Immeuble Le Jade -<br>93200 Saint-Denis                    | 6,108                      | -11,099      | 99.80%   | 6,104  | 0   | 4,227  | 0   | 5   | -537   |   |
| <b>Transroissy SNC</b><br>Lieu-dit La Madallerie - Rue de Paris -<br>77990 Le Mesnil-Amelot                       | 2,043                      | -2,242       | 100.00%  | 2,519  | 0   | 393  | 0   | 9,950   | -649   |   |
| <b>Aerosat</b><br>Rue des Acacias -<br>77990 Le Mesnil-Amelot   | 50                         | 2,032        | 85.00%   | 42   | 42  | -4,976   | 0   | 13,366  | 1,303  | 880   |
| <b>Keolis Mobilité Roissy</b><br>34 rue de Guivry -<br>77990 Le Mesnil-Amelot                                     | 104                        | -47          | 100.00%  | 104  | 0   | -2,003   | 0   | 7,681   | 14   |   |
| <b>Cie des Transports Collectifs de l'Ouest Parisien</b><br>18 rue de la Senette -<br>78755 Carrières sous Poissy | 40                         | 327          | 50.00%   | 20   | 20  | -300   | 0   | 3,718   | 327  | 29  |
| <b>SVTU SA</b><br>12 avenue du Général de Gaulle -<br>Les Manèges - 78000 Versailles                              | 680                        | 8,769        | 99.90%   | 2,960  | 2,960   | -904   | 0   | 28,968  | 1,038  |   |
| <b>Keolis Yvelines</b><br>12 avenue du Général de Gaulle -<br>Les Manèges - 78000 Versailles                      | 332                        | -175         | 99.66%   | 959  | 959   | 1,142  | 0   | 4,435   | -253   |   |
| <b>Keolis Somme</b><br>ZI du Frier - 80290 Poix de Picardie   | 219                        | 96           | 99.99%   | 219  | 219   | -574   | 0   | 1,793   | 71   |   |
| <b>Société d'Exploitation de l'Aéroport Albert Picardie</b><br>Rue Henri Potez - 80300 Meaulte                    | 50                         | 240          | 50.94%   | 25   | 0   | 240  | 0   | 1,488   | -96  |   |
| <b>Keolis Abbeville</b><br>Place de la Gare - 80100 Abbeville   | 162                        | 95           | 99.02%   | 186  | 186   | -1,039   | 0   | 2,358   | 33   | 21  |
| <b>Cariane Littoral</b><br>Place de la Gare - 59820 Gravelines  | 2,762                      | -2,220       | 100.00%  | 2,764  | 2,764   | -571   | 0   | 5,932   | -144   |   |
| <b>Société Départementale des Transports du Var</b><br>175 Chemin du Palyvestre -<br>83400 Hyères                 | 1,344                      | 2,387        | 95.08%   | 5,303  | 5,303   | 696  | 0   | 17,297  | 21   |   |
| <b>Keolis Châtelleraut</b><br>6 rue Le Prince Ringuet -<br>86100 Châtelleraut                                     | 113                        | 51           | 100.00%  | 111  | 111   | -1,191   | 0   | 4,026   | 43   | 35  |
| <b>Keolis Epinal</b><br>ZAC de la Magdeleine - 88000 Epinal   | 141                        | 262          | 100.00%  | 141  | 141   | 993  | 0   | 4,966   | 176  |   |

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|---|----------------------------|--------------|--|--|---|--|---|---|--|---|
|   | Share capital              | Other equity |  |  |   |  |   |   |  |   |
| <b>Autocars Garrel et Navarre</b><br>19 rue Charles Mory - 91210 Draveil  | 47                         | 5,489        | 100.00%  | 5,783  | 5,783   | -6,853   | 0   | 10,998  | 616  |   |
| <b>Société d'Exploitation Transport de Voyageurs Evry-Ris</b><br>172 Avenue François Mitterrand - 91200 Athis Mons                        | 50                         | -78          | 100.00%  | 1,982  | 0   | 25   | 0   | 108   | -91  |   |
| <b>Athis Cars SA</b><br>172 avenue François Mitterrand - 91200 Athis Mons   | 230                        | 4,056        | 100.00%  | 5,594  | 5,594   | 4,188  | 0   | 23,300  | 615  |   |
| <b>STA SARL</b><br>110, route Nationale 191 - La Belle Etoile - 91540 Mennecy   | 2,167                      | -1,937       | 100.00%  | 5,705  | 837   | 3,897  | 0   | 8,651   | -772   |   |
| <b>Intrabus EUROL</b><br>1 à 3 avenue François Mitterrand - Bâtiment le Jade - 93200 Saint-Denis  | 282                        | 936          | 100.00%  | 759  | 759   | 473  | 0   | 10,530  | 561  |   |
| <b>Société &amp; Exp. Francilienne Inter Modalité (STEFIM)</b><br>1 à 3 avenue François Mitterrand - Bâtiment Le Jade - 93200 Saint-Denis | 40                         | 175          | 100.00%  | 40   | 0   | 1,205  | 0   | 525   | 168  | 168   |
| <b>Autocars Delion</b><br>12 rue Jean Perrin - 92000 Nanterre   | 482                        | 587          | 100.00%  | 2,557  | 2,557   | -302   | 0   | 6,478   | 6  | 284   |
| <b>Keolis Mobilité Hauts de Seine</b><br>1-3 av François Mitterrand - Bâtiment le Jade - 93200 La Plaine Saint-Denis                      | 10                         | -1,298       | 100.00%  | 10   | 0   | 1,370  | 0   | 718   | -36  |   |
| <b>S.F.D. SA</b><br>20-22 rue Le Peletier - 75009 Paris   | 40                         | 528          | 100.00%  | 1,184  | 568   | -563   | 0   |   |  |   |
| <b>Keolis Travel Services</b><br>12 rue Jean Perrin - 92000 Nanterre  | 70                         | -229         | 100.00%  | 397  | 0   | 243  | 0   | 2,271   | -168   |   |
| <b>Voyages Autocars Services</b><br>52 rue Jean Lemoine - 93230 Romainville   | 2,064                      | -1,720       | 100.00%  | 4,020  | 4,020   | 3,307  | 0   | 8,545   | -176   |   |
| <b>Pacific Cars</b><br>20 rue du Bailly - 93210 La Plaine Saint-Denis   | 1,300                      | -2,763       | 99.99%   | 4,581  | 0   | 2,074  | 0   | 102   | -377   |   |
| <b>Prioris</b><br>1 à 3 avenue François Mitterrand - 93200 La Plaine Saint-Denis  | 38                         | 348          | 66.00%   | 25   | 25  | -56  | 0   | 1,683   | -6   | 206   |
| <b>Société des Transports et de Serv. Aéroportuaires</b><br>1 à 3 avenue François Mitterrand - Bâtiment Le Jade - 93200 Saint-Denis       | 150                        | 40           | 100.00%  | 98   | 98  | -236   | 0   | 0   | -74  |   |
| <b>Transports Services Aérolignes</b><br>34 rue de Guivry - 77990 Le Mesnil-Amelot  | 8                          | 103          | 100.00%  | 8  | 8   | 29   | 0   | 34  | 6  | 103   |
| <b>Keolis Val d'Oise</b><br>1, chemin Pavé - 95340 Bernes sur Oise  | 128                        | 1,030        | 99.99%   | 130  | 130   | 1,184  | 0   | 5,165   | 234  | 60  |

4. ANNUAL FINANCIAL STATEMENTS

| (€ thousand)<br><br>Companies or groups of companies   | Equity at 31 December 2013 |              | Percentage of capital held at 31 December 2014 | Gross value of securities held at 31 December 2014 | Net carrying value of securities held at 31 December 2014 | Loans and advances granted by the Company and not refunded in credit at 31 December 2014 | Amount of deposits and guarantees supplied by the Company at 31 December 2014 | Revenue excl. VAT for financial year ended 31/12/2013 | Net profit of loss (+/-) for financial year ended 31/12/2013 | Dividends collected by the Company during the 2014 financial year |
|--|----------------------------|--------------|--|--|---|--|---|---|--|---|
|  | Share capital              | Other equity |  |  |   |  |   |   |  |   |
| <b>Aérobag</b><br>Lieu-dit La Maladrerie - Rue de Paris - 77990 Le Mesnil-Amelot                     | 8                          | -2,592       | 100.00%  | 8  | 0   | 2,951  | 0   | 4,932   | -298   |   |
| <b>Aerolis</b><br>Lieu-dit La Maladrerie - Rue de Paris - 77990 Le Mesnil-Amelot                     | 259                        | 519          | 50.10%   | 777  | 777   | 1,481  | 0   | 28,036  |  |   |
| <b>Transétude</b><br>20 rue de la Villette - Immeuble le Bonnel - 69003 Lyon                         | 300                        | 59           | 100.00%  | 393  | 393   | -135   | 0   | 1,023   | 37   | 35  |
| <b>Keolis Conseil &amp; Projets</b><br>20 rue de la Villette - Immeuble le Bonnel - 69003 Lyon       | 8                          | 409          | 100.00%  | 8  | 8   | -4   | 0   | 3,349   | 408  | 408   |
| <b>Motion Lines</b><br>20-22 rue Le Peletier - 75009 Paris   | 10                         | -8           | 100.00%  | 10   | 10  | 7  | 0   |   | -2   |   |
| <b>SCI St Nicolas</b><br>55/57 le Nid de Verdier - 76400 Fécamp                                      | 37                         | -15          | 95.83%   | 196  | 196   |  | 0   |   | -15  | 116   |
| <b>SCI Héron Verdier</b><br>55/57 Le Nid de Verdier - 76400 Fécamp                                   | 2                          | 0            | 95.83%   | 228  | 228   |  | 0   |   | 69   | 66  |
| <b>REV (Réseau en Vosges)</b><br>3 place Gambetta - 88300 Neufchâteau                                | 10                         | 4            | 70.00%   | 7  | 7   | -879   | 0   | 2,453   | 2  | 1   |
| <b>Keolis Amiens</b><br>45 rue Dejean - 80000 Amiens   | 654                        | 302          | 100.00%  | 654  | 654   | -8,742   | 0   | 33,236  | 170  |   |
| <b>Les Transports Dunois</b><br>Route de la Souterraine - 23800 Dun le Palestel                      | 629                        | -452         | 100.00%  | 651  | 130   | -156   |   | 257   | -103   |   |
| <b>STA Creilloise</b><br>ZI du Marais Sec - Rue du Pont de la Brèche Sud - 60780 Villiers Saint Paul | 250                        | 111          | 100.00%  | 210  | 210   | -617   |   | 7,602   | 219  |   |
| <b>Keolis Nord Allier</b><br>140, Route de Lyon - 03400 Yzeure                                       | 950                        | -1,116       | 100.00%  | 1,794  | 1,794   | 1,185  |   | 6,178   | -621   |   |
| <b>Voyages Chargelègue</b><br>20, Grand Rue - Vasles - 79340 Menigoute                               | 1,291                      | -1,731       | 99.66%   | 1,772  | 0   | 133  |   | 1,920   | -1,083   |   |

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|--|----------------------------|----------------|--|--|---|--|---|---|--|---|
|  | Share capital              | Other equity   |  |  |   |  |   |   |  |   |
| (€ thousand)   |                            |                |  |  |   |  |   |   |  |   |
| <b>2) FOREIGN SUBSIDIARIES</b>   |                            |                |  |  |   |  |   |   |  |   |
| <b>Keolis Nordic</b><br>c/o Advokattfirmen Vinge KB - Box 1703 - 111 87 Stockholm - Sweden   | 100<br>SEK                 | -79,484<br>SEK | 100.00%  | 8,246  | 8,246   | 15,448   | 0   |   | -32,139<br>SEK   |   |
| <b>Keolis Espagne</b><br>Via Augusta, 291 - 08017 Barcelona - Spain  | 4,508                      | -657           | 100.00%  | 20,445   | 3,913   | -3,916   | 0   |   | 61   |   |
| <b>Keolis Canada Inc</b><br>1 place Ville Marie - H3B 4M7 - Montréal - Canada  | 29,569<br>CAD              | -176<br>CAD    | 100.00%  | 20,892   | 20,892  | 21,372   | 0   |   | -94<br>CAD   |   |
| <b>Keolis UK</b><br>55, Colmore Row - Birmingham B3 2AS - United Kingdom   | 2,000<br>GBP               | 1,135<br>GBP   | 100.00%  | 3,059  | 3,059   | 50,161   | 0   |   | 22,107<br>GBP  | 2,502   |
| <b>Keolis Bus Danmark</b><br>2/4, Thorvald Borgs Gade - 2300 Copenhagen - Denmark  | 24,857<br>DKK              | 124,258<br>DKK | 75.00%   | 11,275   | 11,275  | 20,495   | 0   | 499,168<br>DKK  | 6,350<br>DKK   |   |
| <b>Keolis Deutschland GmbH &amp; Co. KG</b><br>Rheinstrasse 4E - 55116 Mainz - Germany   | 52                         | -11,303        | 100.00%  | 736  | 0   | -11,100  | 0   | 115,071   | -3,457   |   |
| <b>Keolis Deutschland Verwaltungsgesellschaft GmbH</b><br>KG Postfach 103255 - 40023 Düsseldorf - Germany  | 26                         | -15            | 100.00%  | 26   | 14  | 0  | 0   |   |  |   |
| <b>Keolis Vlaanderen</b><br>Oosterring 17 - 3600 Genk, Belgium   | 7,349                      | 6,173          | 100.00%  | 22,708   | 22,708  | 0  | 0   |   | 1,370  |   |
| <b>Keolis America</b><br>c/o National Corporate Research, 615 South Dupont Highway Dover, Kent County, Delaware 19901 - USA                      | 35,765<br>USD              | -10,812<br>USD | 100.00%  | 35,123   | 29,779  | 57,091   | 0   |   | -5,150<br>USD  |   |
| <b>Keolis Tramway d'Alger</b><br>2 impasse Bossuet, Alger - Algeria  | 20,000,000<br>DZD          |                | 100.00%  | 198  | 0   |  | 0   |   |  |   |
| <b>Eurobus Holding SA</b><br>62 av. de Navagne - 4600 Visé, Belgium  | 25,000                     | 36,304         | 100.00%  | 131,453  | 131,453   | 0  | 0   |   | 1,604  |   |
| <b>Keolis Hyderabad Mass Rapid Transit System Private Limited</b><br>Plot n°18 -iLabs Centre Oval Building - Madhapur - 500081 Hyderabad - India | 3,500<br>INR               | 38,599<br>INR  | 100.00%  | 50   | 50  |  | 0   | 131,047<br>INR  | 33,175<br>INR  |   |
| <b>Luxbus</b><br>10 rue Nicolas Adames - L 1114 Luxembourg   | 35,905                     | -64            | 100.00%  | 44,234   | 44,234  |  | 0   |   | -11  |   |
| <b>Kilux</b><br>Am Hock2 - 9991 Weiswampach - Luxembourg   | 13                         | 20             | 100.00%  | 20   | 20  |  | 0   | 255   | 24   |   |
| <b>Striebig Deutschland GmbH</b><br>Lundelbrunnstrasse 6 - 76887 Bad Bergzabern - Germany  |                            |                | 100.00%  | 1,000  | 1,000   |  | 0   | 0   | 0  |   |
| <b>Kibel</b><br>62 Avenue de Navagne - 4600 Visé - Belgium   | 1,786                      | 29,132         | 100.00%  | 35,885   | 35,885  | -132,900   |   |   | 739  |   |
| <b>Syntus</b><br>5 Visbstraat - 7418 BE Deventer - Netherlands   | 272                        | -947           | 100.00%  | 1,545  | 0   | 10,702   | 0   | 105,285   | -2,885   |   |
| <b>Keolis Nederland</b><br>5 Visbstraat - 7418 BE Deventer - Netherlands   | 18                         | -305           | 100.00%  | 68   | 68  | -16,890  | 0   |   | -11  |   |

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

| (€ thousand)<br>Companies or groups of companies   | Equity at 31 December 2013 |              | Percentage of capital held at 31 December 2014 | Gross value of securities held at 31 December 2014 | Net carrying value of securities held at 31 December 2014 | Loans and advances granted by the Company and not refunded in credit at 31 December 2014 | Amount of deposits and guarantees supplied by the Company at 31 December 2014 | Revenue excl. VAT for financial year ended 31/12/2013 | Net profit of loss (-) for financial year ended 31/12/2013 | Dividends collected by the Company during the 2014 financial year |
|--|----------------------------|--------------|--|--|---|--|---|---|--|---|
|  | Share capital              | Other equity |  |  |   |  |   |   |  |   |
| <b>1) French subsidiaries</b>  |                            |              |  |  |   |  |   |   |  |   |
| <b>T.I.C.E</b><br>352 rue des Champs Elysées -<br>91026 Evry   | 182                        | 1,153        | 18.83%   | 35   | 35  |  | 0   | 35,497  | 40   |   |
| <b>Scodec Voyages SCOP</b><br>La Tuilerie du Vignault -<br>79140 Cerisay   | 317                        | 561          | 70.00%   | 111  | 111   | 92   | 0   | 3,074   | -27  |   |
| <b>Canal TP</b><br>20 bd Poniatowski - 75012 Paris   | 763                        | 1,884        | 24.99%   | 191  | 191   | 195  | 0   | 8,491   | 615  | 56  |
| <b>Passerelle CDG</b><br>Continental Square Roissy Pole -<br>4 place de Londres - 93290 Tremblay<br>en France  | 40                         | 11           | 34.00%   | 14   | 0   |  | 0   | 22,230  | 441  |   |
| <b>Trans Pistes</b><br>37-39 rue d'Athènes - 13127 Vitrolles   | 80                         | 76           | 40.00%   | 32   | 32  |  | 0   | 1,350   | 59   |   |
| <b>Transports de l'Agglomération de Metz Metropole</b><br>10 rue des Intendants Joseph et<br>Ernest Joba - 57000 Metz                                | 2,000                      | -71          | 24.97%   | 500  | 500   |  | 0   | 38,083  | -71  |   |
| <b>Société Transports Voyageurs Devillars</b><br>12 avenue du Général De Gaulle -<br>78000 Versailles  | 359                        | -1,436       | 40.36%   | 310  | 310   | 5,290  | 0   | 12,913  | 355  |   |
| <b>Keolis Pays des Volcans</b><br>14. avenue de la Gare -<br>63260 Aigueperse  | 904                        | -308         | 45.97%   | 416  | 416   | 757  | 0   | 6,010   | 419  |   |
| <b>Les Cars de Bordeaux</b><br>8. rue d'Artagnan -<br>33000 Bordeaux   | 264                        | 734          | 49.97,%  | 379  | 379   | 0  | 0   | 5,390   | 223  | 94  |
| <b>2) Foreign subsidiaries</b>   |                            |              |  |  |   |  |   |   |  |   |
| <b>Prometro</b><br>Rua de Campo Alegre 17.<br>2 - 4150-177 Porto - Portugal  | 500                        | 593          | 20.00%   | 100  | 100   | 579  | 0   | 46,937  | 159  |   |
| <b>Goldinq Holdings Pty Ltd</b><br>Level 2, 7 Bay Street -Southport QLD<br>4215 - Australia  |                            |              | 10.00%   | 4,286  | 4,286   |  | 0   |   |  |   |
| <b>Wuhan Tianhe Airport Transport</b><br>Center Operation and Management<br>Co., Ltd<br>47 HuangXiaoHe Road- District of<br>Jiang An - Wuhan - China |                            |              | 40.00%   | 85   | 85  |  | 0   |   |  |   |
| <b>Shanghai KEOLIS Public Transport</b><br>Operation Management Co.<br>5F Building N°1- 909 Guilin Road -<br>201 103 Shanghai - China                |                            |              | 49.00%   | 90   | 90  |  | 0   |   |  |   |

# Statutory auditors' report on the financial statements

## (For the year ended December 31, 2014)

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, 2013, 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, 2013 and of the results of its operations for the year then ended in accordance with French accounting principles.

### 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 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 value in use of financial investments and the recoverable value of current accounts and receivables from investments (§2.3 of the notes);
- ▶ measure the recoverable amount of goodwill resulting from technical losses on mergers (§2.1 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.

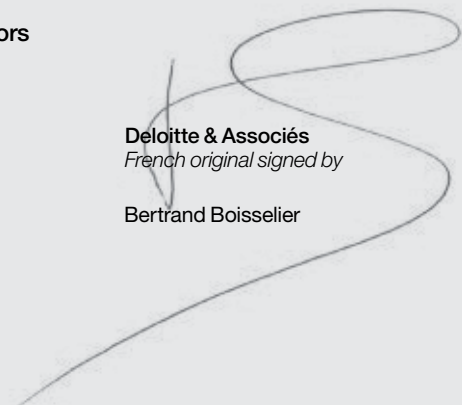
According to the law, we have ensured that the information related with acquisitions of subsidiaries or increases in their share capital were communicated to you in the management report.

Neuilly-sur-Seine, March 5, 2014

The Statutory Auditors

  
PricewaterhouseCoopers Audit  
French original signed by

Françoise Garnier-Bel

  
Deloitte & Associés  
French original signed by

Bertrand Boisselier

