BOARD OF DIRECTORS' MEETING OF 10 MARCH 2016

SNCF Mobilités
31 December 2015

ANNUAL MANAGEMENT REPORT
and
CONSOLIDATED FINANCIAL STATEMENTS

MANAGEMENT STATEMENT FOR FINANCIAL REPORT

La Plaine Saint-Denis, 10 March 2016,

We attest that, to the best of our knowledge, the consolidated financial statements have been prepared in accordance with the applicable accounting principles and give a true and fair view of the assets and liabilities and the financial position of the Group as of 31 December 2015 and of the results of its operations for the year then ended, and that the accompanying management report fairly presents the changes in operations, results and financial position of the Group and a description of its main risks and uncertainties.

The Chairman

Guillaume PEPY

Executive Vice-President,

Performance

Mathias EMMERICH

31 December 2015

ANNUAL MANAGEMENT REPORT

IFRS In € millions

CONTENTS

SNCF MOBILITÉS GROUP IN 2015

1. MAJOR EVENTS OF 2015

1.1. RAIL REFORM

The rail reform law definitively adopted on 22 July 2014 and enacted by the President of the French Republic on 4 August 2014, under number 2014-872, came into force on 1 January 2015. It is based on five objectives:

- Confirmation of a public service that is strengthened and better managed;
- Creation of an integrated public industrial group;
- Introduction of a national agreement to ensure the financial future of the public service;
- Creation of a labour framework for all rail sector players by maintaining the status of railway employees and unifying their group;
- Greater regulatory authority to guarantee the impartiality of network accessibility.

The former organisation of the French rail system and specifically the State-owned industrial and commercial institution (or EPIC) Société Nationale des Chemins de fer Français was profoundly changed as of 1 January 2015, with the creation of a Public Rail Group (PRG) organised according to three economically integrated EPICs:

- The former EPIC Société Nationale des Chemins de fer Français, now SNCF Mobilités, continues to carry out all the transport activities for the former SNCF Proximités, SNCF Voyages and SNCF Logistics divisions, and manage the stations of the Gares & Connexions division.
- The former Réseau Ferré de France (RFF), now SNCF Réseau, unifies all the infrastructure management functions by combining SNCF Infra and Rail Network Operation and Management that was formerly part of the SNCF Infra division. It guarantees fair access to the network for all rail companies.
- A "parent" EPIC, created on 1 December 2014 as part of the reform and called SNCF, is responsible for strategic control and steering, economic coherence, and the Public Rail Group's industrial integration and social unity.

The application decrees, enacted on 10 February 2015, set out the date and effective implementation of the new governance frameworks and the transfer of assets and liabilities between the three EPICs. The date of implementation, 1 July 2015, corresponds to the issue date of the new safety certificates.

Accordingly, SNCF Mobilités Group considered that control of SNCF Infra was transferred to SNCF Réseau as at this same date. Hence, in accordance with IFRS 5 "Non-current assets held for sale and discontinued operations," the profit or loss components of the SNCF Infra division, which must be transferred under the law of 4 August 2014, continue to be reclassified under "Net profit/(loss) from transferred operations" in the consolidated income statement for the period ended 30 June 2015 and the comparative income statement. As of 1 July 2015, there were no longer any income statements items relating to the SNCF Infra division. The assets and liabilities of this segment that were to be transferred were reclassified under "Assets classified as held for sale" and "Liabilities associated with assets classified as held for sale" in the statement of financial position as of 31 December 2014. They were removed from the Group on 1 July 2015.

In addition, non-current assets and entities were transferred to the new parent EPIC, i.e. the new SNCF. These non-current assets and the assets and liabilities of these entities identified at the year-end were reclassified under "Assets classified as held for sale" and “Liabilities associated with assets classified as held for sale” in the statement of financial position as at 31 December 2014. They were removed from the Group on 1 July 2015.

Detailed information is presented in Note 4.2 to the consolidated financial statements.

Lastly, the coming into force of the law was accompanied by an organisational change at SNCF Mobilités, which modified the Group’s segment reporting in accordance with IFRS 8 (see Note 3.1 to the consolidated financial statements).

1.2. IMPAIRMENT LOSSES

Indications of impairment on the TGV France and Europe CGU (excluding Eurostar and Thalys)

As part of the set-up of the new Public Rail Group (PRG), preparations were undertaken to draft a framework agreement and performance contracts between the French State, the PRG, and the two EPICs, SNCF Mobilités and SNCF Réseau, accompanied by a proposed 2025 financial trajectory. For SNCF Mobilités, this financial trajectory arises from a new strategic and financial plan prepared by management and approved by the Board of Directors on 10 March 2016 (see Note 4.3.2), which comes within a shifting environment due to:

- more intense competition spurred by the ramp-up of intermodal services and
- new growth drivers with the commissioning of four high-speed lines (LGV).

This trajectory falls within a context of risks and uncertainties (see Note 4.3.2) and factors in recent events, particularly the step-up in the development of intermodal competition (low-cost airlines, private cars with the fall in oil prices, car sharing, etc.) and the emphasis on a pricing policy geared towards low prices since the first half of 2015.

The fragility of the business equilibrium endures due to flat revenue growth (excluding LGV commissioning), higher infrastructure fees unrelated to revenue growth and significant investments with the necessary renewal of a portion of the fleet, despite performance plans for TGV operating costs and capital productivity (pressure on the fleet in terms of the number of trains and unit prices).

As a result of these changes and measurements regarding its strategic and financial plan, Management identified indications of impairment and conducted impairment tests, which resulted in additional impairment losses of €2,200 million for Voyages SNCF and €38 million for the Corporate function in respect of support assets as at 31 December 2015. Detailed information is presented in Note 4.3.2 to the consolidated financial statements.

Impairment loss on the Gares & Connexions CGU

Following the referral procedure of the Syndicat des Transports d'Ile de France (STIF) with respect to a dispute with the Gares & Connexions segment of SNCF Mobilités, the French Rail and Road Regulatory Body (ARAFER) handed down its decision on 3 February 2015. The claim relating to the allocation of the cash flow from operations generated by the Ile-de-France stations was dismissed. Among the other components of the decision, the following three impacted the consolidated financial statements:

- ARAFER's order that SNCF Mobilités limit, as from the 2014 service schedule, the return on capital employed (ROCE) to a range of 5.5% to 6.9% before tax, compared to the 9.2% applied previously, with respect to regulated services (passenger information facilities for example).
- The request to classify the underground stations of Paris Austerlitz, Paris Gare du Nord and Paris Gare de Lyon as Category B stations (regional stations) as of the 2015 service schedule. This classification determines fee levels.
- The set-up of a new fee modulation system by no later than the 2017 service schedule, to better reflect the use of services by each carrier.

A few days later, ARAFER also issued a negative opinion on the 2016 Document de Référence des Gares (DRG), which sets the rates for all of France. The Authority requested that the same range of 5.5% to 6.9% before tax be applied as of 2016.

SNCF Mobilités appealed the decision on the STIF dispute before the Paris Court of Appeal and the DRG opinion was referred to the Conseil d'Etat.

ARAFER subsequently issued a definitive favourable opinion on the 2016 DRG (based on an ROCE reduced to 6.9%) and a favourable opinion on the draft 2017 DRG, based on a 6.9% ROCE, while duly noting that the ongoing revision of the business and pricing model could be completed by the summer of 2016 and therefore give rise to a new version of the 2017 DRG.

In addition to representing indications of impairment pursuant to IAS 36 "Impairment of Assets," these decisions required Gares & Connexions to adapt its business model and prepare a new financial trajectory.

As at 30 June 2015, impairment tests were carried out based on the reviewed strategic plan prepared by management (see Note 4.3.2). The result was the recognition of an impairment loss of €450 million for the property, plant and equipment and intangible assets of this cash-generating unit, which remained unchanged as at 31 December 2015 due to the absence of any new material items in the second half of 2015. Detailed information is presented in Note 4.3 to the consolidated financial statements.

1.3. BUSINESS COMBINATIONS

Creation of the THI Factory rail company (Thalys)

On 1 April 2015, the rail company THI Factory was created to carry passengers under the Thalys brand. Incorporated under Belgian law, the company is 60% owned by SNCF Mobilités and 40% owned by SNCB, the two entities having concluded a shareholders' agreement under which SNCF Mobilités is granted exclusive control pursuant to IFRS 10 "Consolidated Financial Statements." The transaction and its impacts are described in Note 4.2 to the consolidated financial statements.

Acquisition of Eurostar International Limited (EIL)

The sale of the British partner's stake in EIL to the CDPQ/Hermès consortium resulted in the signing of a new shareholders' agreement on 28 May 2015. Under this agreement, SNCF Mobilités was granted exclusive control of EIL as defined by IFRS 10 "Consolidated Financial Statements." The transaction and its impacts are described in Note 4.2 to the consolidated financial statements.

Acquisition of Ozburn-Hessey Logistics (OHL)

In November 2015, SNCF Logistics took over the US logistics solutions operator Ozburn-Hessey Logistics (OHL), via its wholly-owned subsidiary Geodis. The transaction and its impacts are described in Note 4.2 to the consolidated financial statements.

1.4. COMPETITION AUTHORITY FINE FOR THE DISTRIBUTION AND EXPRESS ACTIVITY

Following the investigation of the Distribution and Express segment, the Competition Authority rendered its decision on 15 December 2015. The €196 million fine imposed on SNCF Mobilités Group was recorded under "Other purchases and external charges" in gross profit. Gross profit excluding the fine totalled €2,597 million. Detailed information is presented in Note 4.5.2.1 to the consolidated financial statements.

1.5. LOSS ON COMPLETION FOR THE INTERCITÉS ACTIVITY

The roadmap presented by the government on 7 July 2015 regarding a new future for the Trains d'Equilibre du Territoire stipulated that a new agreement between the French State and SNCF Mobilités would be completed in 2016 for the 2016-2020 period. Pending the finalisation of the ongoing negotiations between SNCF Mobilités and the French State, covering in particular the level of offerings and the funding of the future agreement over its term, the French State asked SNCF Mobilités to maintain its 2016 Intercités offerings at the 2015 level, without additional funding. In this context, SNCF Mobilités believes that it is too late to implement the operational growth levers that would prevent a loss being recorded for the first year of the multi-year agreement (the French State's objective for the 2016-2020 period), due to lack of development of the offering and additional funding from the French State. Accordingly, SNCF Mobilités recorded a €106 million provision for onerous contracts for Intercités, representing the estimated 2016 loss. Detailed information is shown in Note 4.5 to the consolidated financial statements.

2. KEY FIGURES

In € millions	2015	2014 (1) (2)
Revenue	29,296	27,243
Gross profit	2,401	2,382
Gross profit excluding the competition fine	2,597	2,382
Current operating profit	562	677
Operating profit/(loss) after share of net profit of companies consolidated under the equity method	-1,328	1,049
Finance cost	-265	-412
Net profit/(loss) for the year attributable to equity holders of the parent	-2,178	604
Cash from operations	1,654	2,057
Net investments	1,845	2,168
Current operating profit after share of net profit of companies consolidated under the equity method	489	684
ROCE (3)	2.8%	3.9%
Employees	196,152	245,763

(1) The 2014 income statement was restated for the reclassification of the SNCF Infra division's net profit under the heading "Net profit/(loss) from transferred operations" pursuant to IFRS 5 (see Note 1.1 of Major events of 2015).

(2) Comparative figures were restated following the adoption of IFRIC 21 "Levies" (see Note 1 to the consolidated financial statements).

(3) ROCE or return on capital employed = the ratio between current operating profit after share of net profit of companies consolidated under the equity method and average capital employed.
The capital used in this calculation is the algebraic sum of equity (including non-controlling interests - minority interests) and net indebtedness. It is adjusted for asset impairment. The average with the prior year's capital employed gives the average capital employed.

In € millions	31/12/2015	31/12/2014
Net debt	7,772	7,405
Net debt of continuing operations adjusted for the net debt of the SNCF Infra division	7,772	7,125

3. SUBSEQUENT EVENTS

The main subsequent events are as follows.

3.1. BOND ISSUE

In January 2016, the Group issued a €250 million fixed-rate bond swapped at floating rates, with a maturity of 15 years.

3.2. LOSS OF CONTROL IN AKIEM

To encourage the development of the locomotive leasing activity conducted by its wholly owned subsidiary Akiem, the Group sold 50% of its shares to an investor partner on 5 February 2016. The partnership agreement grants joint control rather than exclusive control to SNCF Mobilités. The transaction's effective date is contingent to the lifting of conditions precedent, and specifically the opinion of the Competition Authority, which should be handed down in the first half of 2016. As of this date, Akiem will be equity-accounted. Pursuant to IFRS 5 "Non-current assets held for sale and discontinued operations," the assets and liabilities of this company were presented under "Assets classified as held for sale" and "Liabilities associated with assets classified as held for sale" in the statement of financial position. Detailed information is presented in Note 4.2.3. to the consolidated financial statements.

3.3 INTERCITÉS

Following the roadmap presented on 7 July 2015, the French Secretary of State for Transport announced the following measures on 19 February 2016 as part of an update:

- The renewal of rolling stock for Trains d'Équilibre du Territoire (TET), including an investment in backbone lines of around €1.5 billion by 2025.
- The discontinuation of funding for 6 out of 8 night lines (the Paris-Briançon, and Paris-Rodez / Latour de Carol night lines will be maintained), and a forthcoming call for expressions of interest to assess all the proposals likely to be drawn up for these 6 lines, including the management of operations by another authority.
- The continuation of discussions with the Regions, to develop the current TET offering, based on the recommendations of the Duron commission.

The Secretary of State for Transport specified that these decisions will be made by the French State as and when agreements are entered into with the Regions on the day lines, and according to the outcome of the call for expressions of interest regarding the night lines, and by 1 July 2016 at the latest.

To date, these announcements do not call into question the Group's assessment of the €106 million provision for onerous contracts recognised as at 31 December 2015 in respect of the future agreement (see Note 4.5 to the consolidated financial statements).

GROUP RESULTS AND FINANCIAL POSITION

4. GENERAL OBSERVATIONS ON GROUP RESULTS

In € millions	2015	2014 (1) (2)	Change 2015 vs 2014	
Revenue	**29,296**	**27,243**	**2,053**	**7.5%**
Infrastructure fees	-4,179	-3,702	-477	12.9%
Purchases and external charges, excluding infrastructure fees	-11,519	-10,397	-1,122	10.8%
Taxes and duties other than income tax	-996	-991	-5	0.5%
Employee benefit expense	-10,623	-10,167	-456	4.5%
Other income and expenses	422	396	26	6.4%
Gross profit	**2,401**	**2,382**	**19**	**0.8%**
Gross profit excluding the competition fine	*2,597*	*2,382*	*215*	*9.0%*
Depreciation and amortisation	-1,581	-1,498	-83	5.6%
Net movement in provisions	-258	-207	-50	24.3%
Current operating profit	**562**	**677**	**-115**	**-17.0%**
Net proceeds from asset disposals	240	238	2	0.8%
Fair value remeasurement of the previously held interest	686	0	685	n/a
Impairment losses	-2,742	126	-2,869	-2,270.8%
Operating profit/(loss)	**-1,254**	**1,042**	**-2,296**	**-220.4%**
Share of net profit/(loss) of companies consolidated under the equity method	-73	7	-80	-1,115.1%
Operating profit/(loss) after share of net profit of companies consolidated under the equity method	**-1,328**	**1,049**	**-2,376**	**-226.6%**
Net finance costs of employee benefits	-6	-102	97	-94.4%
Net borrowing and other costs	-260	-309	50	-16.1%
Finance cost	**-265**	**-412**	**146**	**-35.6%**
Net profit/(loss) before tax	**-1,593**	**637**	**-2,230**	**-350.0%**
Income tax expense	-652	-241	-411	170.4%
Net profit/(loss) from ordinary activities	**-2,245**	**396**	**-2,641**	**-667.1%**
Net profit/(loss) from transferred operations	69	227	-157	-69.4%
Net profit/(loss) for the year	**-2,176**	**623**	**-2,798**	**-449.4%**
Net profit/(loss) for the year attributable to equity holders of the parent	**-2,178**	**604**	**-2,783**	**-460.7%**
Net profit/(loss) for the year attributable to non-controlling interests (minority interests)	3	19	-16	-85.3%

Gross profit excluding the competition fine/revenue	*8.9%*	*8.7%*
Current operating profit/revenue	*1.9%*	*2.5%*
ROCE (3)	*2.8%*	*3.9%*

(1) Adjusted for the reclassification of SNCF Infra's results to a single line item in accordance with IFRS 5 (see Note 4.2 to the consolidated financial statements). The normative wording for this line item, "Net profit/(loss) from discontinued operations", was adapted since this line item only includes the net profit or loss of operations transferred in connection with the rail reform.

(2) Comparative figures were restated following the adoption of IFRIC 21 "Levies" (see Note 1 to the consolidated financial statements).

(3) See definition of ROCE in key figures.

4.1. COMPARABILITY OF THE FINANCIAL STATEMENTS

The comparability of the 2015 results with those of 2014 was impacted by the following changes:

In € millions		Impact on changes in revenue
SNCF Transilien, Régions and Intercités	Change in 2015 Group structure	
	Deconsolidation of SNCF Infra – indirect impact	16
	Creation of EPIC SNCF - indirect impact	7
Voyages SNCF	Change in 2014 Group structure (1)	
	Sale of Avanti	-5
	Changes in 2015 Group structure	
	Creation of Thalys International	138
	Acquisition of Eurostar International Limited (EIL)	707
	Acquisition of EIL - indirect impact	-47
	Deconsolidation of SNCF Infra - indirect impact	2
	Creation of EPIC SNCF - indirect impact	2
	Exchange rate fluctuations	5
Gares & Connexions	Changes in 2015 Group structure	
	Deconsolidation of SNCF Infra - indirect impact	30
	Creation of EPIC SNCF - indirect impact	8
	Acquisition of EIL - indirect impact	-8
SNCF Logistics	Changes in 2014 Group structure(1)	
	Sale of Ciblex	-100
	Sale of the Italian parcel delivery entity	-62
	Changes in 2015 Group structure	
	Acquisition of Akidis	2
	Acquisition of the OHL Group	258
	Deconsolidation of SNCF Infra - indirect impact	46
	Creation of EPIC SNCF - indirect impact	2
	Exchange rate fluctuations	160
Keolis	Change in 2014 Group structure(1)	
	Acquisition of Nettbus Danemark	33
	Changes in 2015 Group structure	
	Acquisition of Striebig	23
	Acquisition of Voyages Doppagne	3
	Acquisition of ATE Group	81
	Acquisition of Schloemer Verkehrsbetrieb GmbH	4
	Acquisition of Van Rompaye NV	2
	Acquisition of KBO and its subsidiaries	11
	Deconsolidation of SNCF Infra - indirect impact	1
	Exchange rate fluctuations	74
Corporate	Changes in 2015 Group structure	
	Acquisition of Ouicar	1
	Deconsolidation of SNCF Infra - indirect impact	118
	Creation of EPIC SNCF - indirect impact	12
	Creation of EPIC SNCF - indirect impact	-29
	Acquisition of EIL - indirect impact	2
	Exchange rate fluctuations	0
Total Group structure and exchange rate impacts		1,500

(1) Operations carried out in 2014 having an impact on 2014/2015 revenue trends.

4.2. 2015 RESULTS

Pursuant to IFRS 5, the profit or loss components of the SNCF Infra division were reclassified under a single income statement heading, "Net profit/(loss) from transferred operations" (see Note 1.1 of Major events of 2015).

4.2.1. Revenue

Consolidated revenue of the SNCF Mobilités Group amounted to €29,296 million for the year ended 31 December 2015, for an increase of €2,053 million (+7.5%) compared to 2014, attributable to:

- a Group structure impact of €1,261 million (see Note 4.1),
- a foreign exchange impact of €239 million (see Note 4.1),
- an organic increase of +€553 million (+2.0%) for the Group; the changes by segment were as follows:

SNCF Transilien, Régions and Intercités	€207 million	+2.7%
Voyages SNCF	€93 million	+1.7%
Gares & Connexions	€51 million	+16.7%
SNCF Logistics	-€48 million	-0.6%
Keolis	€315 million	+7.2%

4.2.2. Gross profit

Standing at €2,401 million in 2015, gross profit improved by €19 million, or 0.8%. Excluding the competition fine, gross profit improved by €215 million to reach €2,597 million. Gross profit (excluding the competition fine) over revenue increased from 8.7% to 8.9% between 2014 and 2015.

The gross profit decrease following the June 2014 strike had been estimated at €172 million.

In € millions	2015	2014	2015 vs 2014 change		2015 vs 2014 change *on a constant Group structure and exchange rate basis*	
Revenue	29,296	27,243	2,053	7.5%	553	2.0%
Employee benefit expense	-10,623	-10,167	-456	4.5%	-376	3.7%
Purchases and external charges (excluding infrastructure fees, traction energy and fuel costs) and other income and expenses	-10,045	-8,905	-1,140	12.8%	-245	2.7%
Infrastructure fees	-4,179	-3,702	-477	12.9%	-156	4.2%
Traction energy and fuel costs	-1,053	-1,096	43	-3.9%	90	-8.2%
Taxes and duties other than income tax	-996	-991	-5	0.5%	-14	1.4%
Gross profit	2,401	2,382	19	0.8%	-147	-6.2%
Gross profit excluding the competition fine	*2,597*	*2,382*	215	9.0%	49	2.0%
Gross profit excluding the competition fine/revenue	*8.9%*	*8.7%*				

NB: The analyses concerning gross profit involve changes on a constant Group structure and exchange rate basis.

Employee benefits expense increased by €376 million, or +3.7%, primarily due to the growth of the Keolis activity, and an accompanying increase in its employee benefits expense for €224 million.

Purchases and external charges (excluding infrastructure fees, traction energy and fuel costs) and **other income and expenses** increased by €196 million due to the competition fine (see Note 2.1.4 to the consolidated financial statements). This fine had an impact on the financial statements of SNCF Logistics. Excluding the fine, this heading was stable.

The €156 million increase in **infrastructure fees** (+4.2%) was attributable for €75 million to a negative price impact on the SNCF Réseau infrastructure fees paid by EPIC SNCF Mobilités

Traction energy and fuel purchases decreased by €90 million (-8.2%), mainly due to the positive impacts on traction energy and fuel costs, in line with falling oil prices.

4.2.3. Current operating profit

Current operating profit stood at €562 million, down by €115 million compared to 2014.

The revenue to current operating profit conversion rate dropped from 2.5% in 2014 to 1.9% in 2015.

The €19 million improvement in gross profit was offset by the €83 million increase in depreciation and amortisation charges and the -€50 million net movement in provisions. Depreciation and amortisation charges were impacted by the acquisition of Eurostar for €122 million.

4.2.4. Operating profit

Operating profit declined by €2,296 million, resulting in a loss of -€1,254 million.

Impairment losses in 2015 (-€2,742 million) mainly concern the impairment of TGV assets for €2,200 million as well as the Gares & Connexions cash-generating unit for -€450 million (see Note 1.2 of Major events of 2015). The 2014 accounts had been particularly impacted by the reversal of an impairment loss for rail freight production resources.

The heading **fair value remeasurement of the previously held interest** was primarily impacted by the acquisition of Eurostar International Limited (see Note 1.3 of Major events of 2015).

Net proceeds from asset disposals in 2015 comprise a gain of €50 million for the resolution of the arbitration procedure involving the sale of high-voltage lines to RTE (see Note 4.1.5 to the consolidated financial statements). The balance of this item essentially comprises property sales.

4.2.5. Share of net profit/(loss) of companies consolidated under the equity method

This item (-€73 million) comprises for -€91 million the share of the net loss of Eurostar International Limited (EIL) for the first five months of the year. This amount was impacted by EIL's redemption of the preference share held by the British shareholder HM Treasury prior to the acquisition of control by SNCF Mobilités.

4.2.6. Finance costs

Finance costs rose by €146 million attributable for €66 million to changes in fair value impacts.

Excluding these impacts, the item rose by €80 million due to the change in valuation assumptions for the provision for employee benefits.

4.2.7. Income tax expense

The 2015 income tax expense primarily comprises the tax on rail company profits (TREF) for a negative amount of -€200 million and the impairment of the deferred tax assets of EPIC SNCF Mobilités for €272 million.

4.2.8. Net profit/(loss) from transferred operations

This item mainly corresponds to the transfers carried out in 2015 in connection with the rail reform.

In 2014, this item was impacted by the net profit components of the SNCF Infra division which were going to be transferred pursuant to the rail reform law of 4 August 2014.

4.2.9. Net profit/(loss) attributable to equity holders of the parent

As a result of all these changes, the net loss attributable to equity holders of the parent was -€2,178 million, compared to a €604 million profit in 2014, after recognition of a net profit attributable to non-controlling interests (minority interests) of €3 million.

The €2,783 million decrease includes €2,455 million for non-recurring items mainly comprising impairment losses and the remeasurement following the acquisition of Eurostar International Limited.

Recurring net profit decreased by -€142 million, standing at +€276 million at the end of December 2015.

ROCE (calculated on current operating profit after share of net profit of companies consolidated under the equity method) dropped from 3.9% to 2.8%.

5. ACTIVITIES AND RESULTS BY SEGMENT

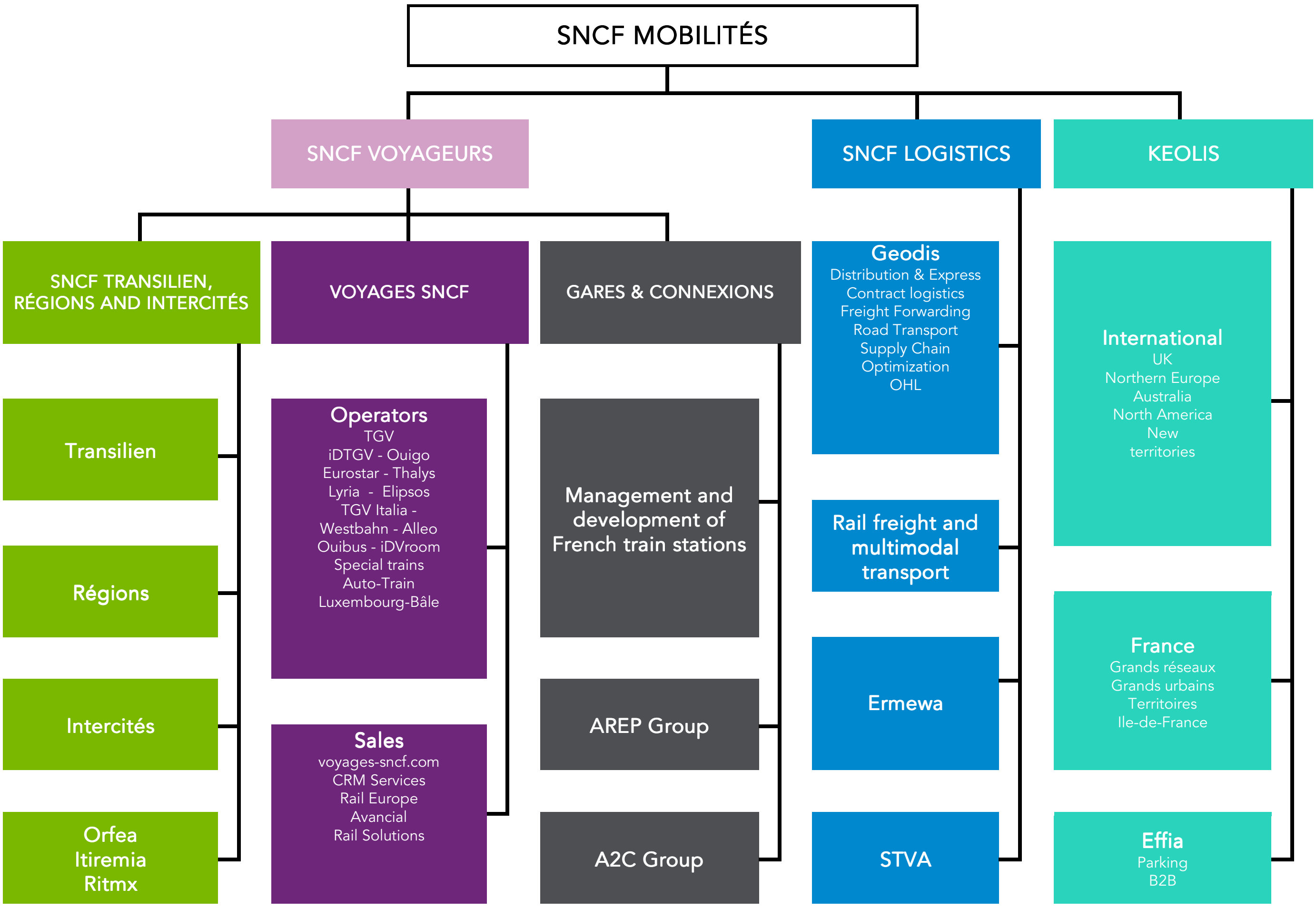
The rail reform law was accompanied by a reorganisation of the SNCF Mobilités group's activity according to three business units: SNCF Voyageurs, SNCF Logistics and Keolis.

Within these business units, the SNCF Mobilités group's activity is broken down into five segments, backed by support functions: SNCF Transilien, Régions and Intercités, Voyages SNCF, Gares & Connexions, SNCF Logistics and Keolis.

SNCF Infra, the activity involving delegated infrastructure management for SNCF Réseau and engineering, fully impacted by the rail reform law of 4 August 2014, was removed from SNCF Mobilités Group on 1 July 2015 (see Note 1.1 of Major events of 2015) and no longer contributed to the consolidated balance sheet and income statement as of that date. As this division satisfied the definition of a "discontinued operation" in accordance with the terms adopted by IFRS 5, its corresponding financial data, detailed in Note 4.2.3, was reclassified to the following line items:

- "Net profit/(loss) from transferred operations" in the income statements for the years ended 31 December 2014 and 2015.
- "Assets classified as held for sale" and "Liabilities associated with assets classified as held for sale" in the statement of financial position as at 31 December 2014.

Further information on the SNCF Infra division is provided in Note 5.6 below.



Only the main subsidiaries are presented in this organisational chart and those that follow.

Contributions to revenue, gross profit, current operating profit, current operating profit after share of net profit of companies consolidated under the equity method and net investments of the Group's components break down as follows (the financial data per segment shown in the table below and the tables on the following pages are presented as a Group contribution).

In € millions	SNCF Transilien, Régions and Intercités	Voyages SNCF	Gares & Connexions	SNCF Logistics	Keolis	Corporate	SNCF Infra (1)	SNCF Mobilités
Revenue	7,872	6,746	356	9,070	4,907	345	2,760	29,296
Gross profit	539	867	220	295	261	219	63	2,401
Current operating profit	201	308	102	-68	28	-9	4	562
Current operating profit after share of net profit of companies consolidated under the equity method	201	205	101	-65	50	-4	5	489
Net investments	-163	-599	-183	-309	-277	-248	-65	-1,845

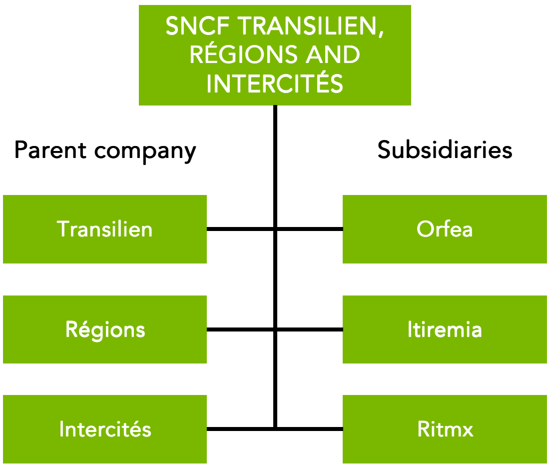
(1) The data for the SNCF Infra division does not contribute to the profit or loss of SNCF Mobilités (see Note 1.1 of Major events of 2015)

Unless stated otherwise, the analyses of results per segment are not restated for Group structure and foreign exchange impacts.

SNCF Mobilités management monitors the external revenue generated by each segment (group contribution) and not the revenue generated between each segment. The revenue presented in the analyses by segment is therefore external revenue.

However, the gross profit/revenue indicator presented by segment is calculated based on revenue between segments since it is not relevant based on revenue contributed.

5.1. SNCF TRANSILIEN, RÉGIONS AND INTERCITÉS



SNCF Transilien, Régions and Intercités offer local transport services, medium-distance links (Intercités), rail transport regulated services (TER, Transilien), and services covering passenger transport (Itiremia, Ritmx) and housing for group employees (Orfea).

In € millions	2015	2014 (1)	Change
Revenue	7,872	7,610	262
Gross profit	539	426	113
Gross profit / revenue at SNCF Transilien, Régions and Intercités level	*6%*	*5%*	
Current operating profit	201	150	51
Current operating profit after share of net profit of companies consolidated under the equity method	201	150	51
Net investments	-163	-470	307

(1) Comparative figures were restated following the adoption of IFRIC 21 "Levies" (see Note 1 to the consolidated financial statements).

Highlights

Transilien

- In February, the French State and the Ile-de-France region signed the Contrat de Plan État-Région (CPER State-Region Contractual Plan) for the 2015-2020 period. Under the plan, nearly 75% of the budgeted investments (i.e. €5.3 billion) will be allocated to mobility projects. It will finance numerous projects assumed by SNCF Transilien, including Eole (westward extension of the RER E line), the Tangentielle Nord, and the modernisation plan for the RER C and D lines.
- With the arrival in April of the SNCF Réseau regulators, the command centre at the RER B line's Denfert-Rochereau station is now fully operational. Created at the end of 2013 for greater efficiency, the centre assembles on one site the SNCF and RATP teams responsible for line operations and performance and passenger information management.
- The operating contract between Transilien and STIF for the period 2016-2019 was signed in November, providing for a budget of €12.6 billion over four years.
- STIF and the Ile-de-France Region validated the single pricing for the Navigo pass (all zones) as from September 2015. The related decline in passenger revenue was fully offset by STIF.

Régions

- In terms of contracts, the first half of 2015 was marked by the signing of a new agreement with the Nord-Pas-de-Calais region for the 2015-2024 period.
- The Regional Council of Franche-Comté approved the order of 7 additional Régiolis trains, bringing the total number in the region to 16. These 7 trains will be delivered between April and July 2018 and will operate on the major TER lines in Franche-Comté: Dijon – Besançon – Belfort and Belfort – Besançon – Lyon.

Intercités

- In March, the Board of Directors of SNCF Mobilités validated the amendment to the TET (Trains d'Équilibre du Territoire) agreement, extending it for one year until the end of 2015.
- The "Avenir des Trains d'Équilibre du Territoire" commission, presided by Philippe Duron, submitted its report on 26 May. On 7 July, the French State presented a "roadmap" specifying the government's commitments in terms of the TET future plan. SNCF Mobilités was asked to maintain the Intercités offering for 2016 at the 2015 level, without additional funding, pending the finalisation of the negotiations for the new 2016-2020 agreement.
- A €106 million provision for onerous contracts was recorded for the loss expected in 2016 (see Note 1.5 of Major events of the year).

2015 results

- Revenue

Revenue rose by €262 million (+3%) compared to 2014. Restated for the effects of the June 2014 strike and Group structure impacts, growth stood at +€93 million (+1.2%), of which +€57 million (+2.1%) for the Transilien activity and +€52 million for the Régions activity (+1.3%); Intercités activity declined by €19 million (-1.9%).

- Gross profit

Gross profit for SNCF Transilien, Régions and Intercités rose by €113 million (+26%) between 2014 and 2015. Excluding the impact of the June 2014 strike, gross profit amounted to +€25 million.

- Current operating profit

Current operating income improved by €51 million in line with gross profit. It was partly offset by a €38 million increase in depreciation and amortisation charges and a €23 million decline in the net movement of provisions.

- Net investments

Investments decreased significantly (€307 million) due to the increase in grants received for rolling stock renewal contracts for Transilien (Francilien) and Intercités (Régiolis).

2016 outlook

Transilien

- The year 2016 will be the first year in effect of the new 2016-2019 STIF contract. Transilien will have to meet new expectations in terms of transport demand and service quality (punctuality and comfort).
- Construction of the Massy-Évry Tram-Train will begin in 2016. The financing plan was approved by the STIF Board of Directors in October 2015.

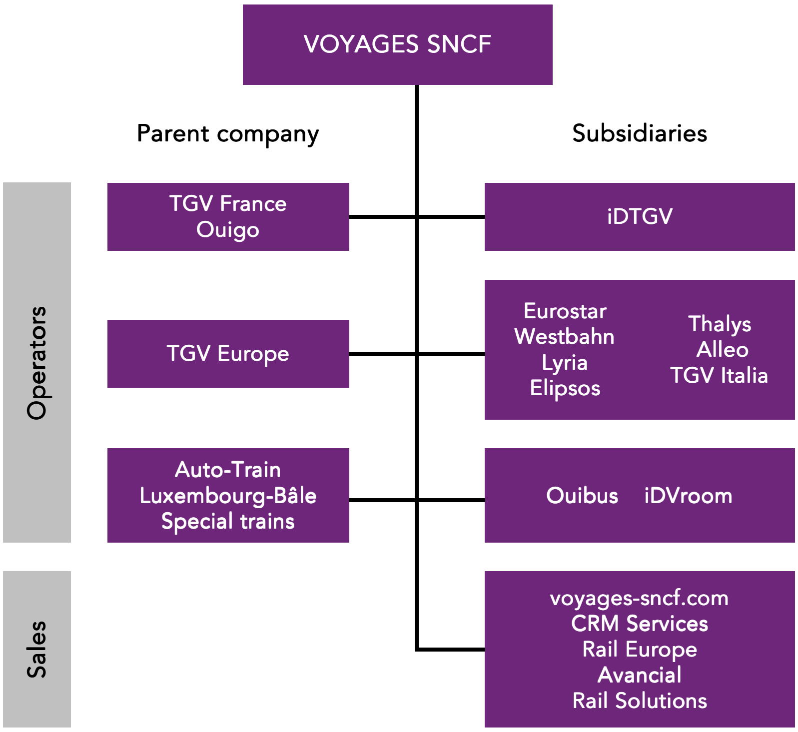
Régions

- With the reorganisation of French regions, SNCF Mobilités will submit to the newly elected regional councils an offering integrating various types of transport and service in order to boost the activity's competitiveness.

Intercités

- In keeping with the strategy initiated in 2015, Intercités will intensify its commercial and marketing policy in order to win back customers.
- A new Intercités agreement covering Trains d'Equilibre du Territoire should be concluded in 2016 for the 2016-2020 period. Discussions between the French State and Intercités are still ongoing.

5.2. VOYAGES SNCF



Voyages SNCF offers its customers:

- door-to-door passenger transport services in France and Europe through its TGV, iDTGV, Ouigo, Eurostar, Thalys, Lyria, Ouibus and iDVroom activities;
- travel-related products: train and airline tickets, car rental and hotel accommodation in particular.

In € millions	2015	2014 (1)	Change
Revenue	6,746	5,848	898
Gross profit	867	680	187
Gross profit / revenue at Voyages SNCF level	*11.7%*	*10.4%*	
Current operating profit	308	276	32
Current operating profit after share of net profit of companies consolidated under the equity method	205	273	-68
Net investments	-599	-477	-122

(1) Comparative figures were restated following the adoption of IFRIC 21 "Levies" (see Note 1 to the consolidated financial statements).

Highlights

- The transformation of Thalys into a rail company took effect on 1 April. The rail company THI Factory, held by SNCB (40%) and SNCF (60%), now includes all the management and production resources of the Thalys activity, enabling it to operate independently in Belgium and France (see Note 1.3 of Major events of 2015).
- On 13 May, the European Commission approved the plan granting Voyages SNCF exclusive control of Eurostar, subject to conditions. On 4 March 2015, the UK government announced that it had concluded an agreement to sell its stake in Eurostar to a private consortium (see Note 1.3 of Major events of 2015).
- Renfe and SNCF renewed their high-speed cooperation by signing a new commercial agreement for the 2014-2018 period.
- A new cooperation agreement was signed between SNCF and Deutsche Bahn on 23 July for high-speed travel between France and Germany for the period 2016-2020.

- During the year, Voyages SNCF developed its international transport offering by proposing a new service to Marseille from London with Eurostar and new domestic offerings with Ouibus and Ouigo.
- Following the creation of a new strategic and financial plan, the Group recognised a €2,200 million impairment loss on TGV assets (see Note 1.2 of Major events of 2015).

2015 results

- Revenue

Voyages SNCF revenue rose by €898 million (+15.3%). This change is mainly explained by:

- a positive Group structure impact of €799 million as detailed in Note 4.1,
- a favourable foreign exchange impact of €5 million.

On a constant Group structure and exchange rate basis, revenue rose by €93 million (+1.7%). This growth was primarily attributable to the positive counter-effect in 2015 of the June 2014 strike as well as the successful sales policy, despite the negative impact of the terrorist attacks in 2015.

- Gross profit

Gross profit rose by €187 million and €60 million on a constant Group structure and exchange rate basis. Excluding the impact of the June 2014 strike, gross profit was stable.

- Current operating profit

Voyages SNCF current operating profit rose by €32 million, amounting to €308 million; operating profit was mainly impacted by the acquisition of EIL regarding depreciation and amortisation charges.

- Current operating profit after share of net profit of companies consolidated under the equity method

In the first five months of 2015, the share of net profit of Eurostar stood at -€91 million, compared to +€4 million in 2014. It was impacted by Eurostar's redemption of the preference share held by the British shareholder HM Treasury prior to the acquisition of control by SNCF Mobilités.

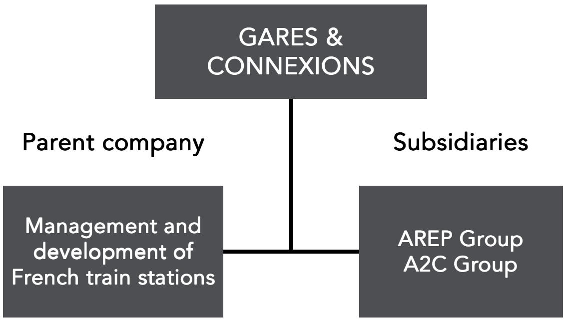
- Net investments

Net investments totalled €599 million in 2015, compared to €477 million in 2014, mainly due to a Group structure impact of €108 million relating to the acquisition of EIL.

2016 outlook

- Voyages SNCF plans to expand its low price policy in order to boost traffic and capture clients for new offerings.
- Ouigo will continue its development by proposing eight new destinations in Western and Northern France.
- Ouibus plans to focus on 4 major challenges in 2016: strengthen the current offering, increase its flexibility to best deal with demand, work on the customer experience and improve the welcome of passengers in bus stations.

5.3. GARES & CONNEXIONS



The purpose of Gares & Connexions is to introduce innovative services into stations, while inventing new areas of mobility for towns and cities. The main subsidiaries included in this division are the AREP group (architecture and urban planning) and the A2C group (commercial enhancement of stations).

In € millions	2015	2014 (1)	Change
Revenue	356	275	82
Gross profit	220	251	-31
Gross profit / revenue at Gares & Connexions level	*18.2%*	*21.3%*	
Current operating profit	102	107	-5
Current operating profit after share of net profit of companies consolidated under the equity method	101	107	-6
Net investments	-183	-168	-16

(1) Comparative figures were restated following the adoption of IFRIC 21 "Levies" (see Note 1 to the consolidated financial statements).

Highlights

- The year 2015 was marked by the inauguration of the Lille-Europe cross-channel terminal and the conclusion of the first phase of the Clermont-Ferrand station multimodal exchange hub. In addition, business centres offering fully equipped offices as well as conference rooms were opened in the Bordeaux-Saint-Jean and Nancy stations.
- Gares & Connexions announced the creation of an AREP Morocco entity in Casablanca that will oversee the construction of a TGV maintenance workshop in Tangiers and planning studies for the Bouregreg district, south of Rabat.
- Gares & Connexions also began to examine possible changes to its business and pricing model. In this context and following the decisions and opinion of ARAFER rendered in 2015 that were unfavourable to Gares & Connexions, an impairment test was carried out as at 30 June 2015 based on its target financial trajectory, resulting in the recognition of an impairment loss of €450 million on the property, plant and equipment and intangible assets of this cash-generating unit (see Note 1.2 of Major events of 2015).

2015 results

- Revenue

Gares & Connexions revenue rose by €82 million (+29.8%). This increase was driven by the AREP subsidiary's international activity growth and the rise in train station concession fees.

- Gross profit

Gross profit declined by €31 million between 2014 and 2015. This was essentially due to regulated activity in line with the aforementioned decisions rendered by ARAFER.

- Current operating profit

Current operating profit decreased by €5 million; it was impacted by a decline in depreciation and amortisation charges by €24 million mainly due to the impairment losses recorded as at 30 June 2015 for Gares & Connexions assets.

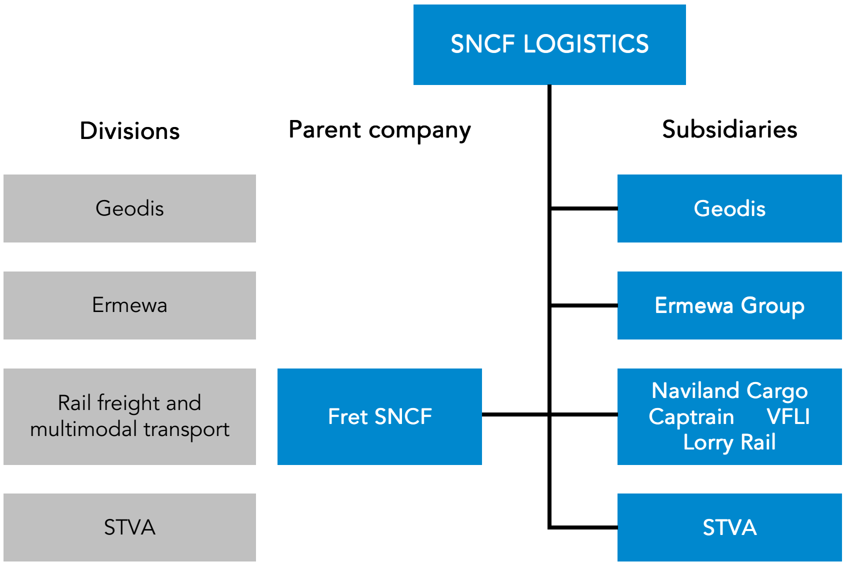
- Net investments

The growth in the investment volume of Gares & Connexions (+€16 million) was related to the modernisation and renovation programme for stations in Île-de-France (accessibility master plan) and the regions (multimodal exchange hubs).

2016 outlook

- In 2016, Gares & Connexions will have an ambitious investment program, focusing on multimodal exchange hubs and regulatory and service programmes, including accessibility and passenger information, as well as intermodality and compliance programmes.
- The year 2016 will also be marked by the opening of stores on Sundays in twelve major stations in France.
- The Gares & Connexions business model must be redesigned in order to attain an expected level of profitability in line with the investment policy rolled out following the recent decisions issued by ARAFER (formerly ARAF).

5.4. SNCF LOGISTICS



SNCF Logistics includes a full range of transport and freight logistics businesses.

In € millions	2015	2014 (1)	Change
Revenue	9,070	8,812	258
Gross profit	295	431	-136
Gross profit excluding the competition fine	491	431	60
Gross profit excluding the competition fine/revenue at SNCF Logistics level	*5.3%*	*4.8%*	
Current operating profit	-68	43	-111
Current operating profit after share of net profit of companies consolidated under the equity method	-65	33	-98
Net investments	-309	-290	-19

(1) Comparative figures were restated following the adoption of IFRIC 21 "Levies" (see Note 1 to the consolidated financial statements).

Highlights

- Geodis enhanced its contractual freight-forwarding and logistics offering in the United States with the acquisition of OHL (Ozburn-Hessey Logistics) (see Note 1.3 of Major events of 2015). OHL provides integrated global supply chain management services including transportation, warehousing, customs brokerage, freight forwarding, and import and export consulting. Its annual revenue amounted to €1.2 billion.
- Geodis garnered numerous commercial successes in 2015:
    - Procter & Gamble awarded its downstream traffic flows in France to Geodis for a period of three years. The transport group will set up a multimodal solution (rail, road and multimodal - Fercam) to directly route deliveries from the Amiens plant to south-east and south-west France.
    - Bombardier, the rail transport industry global leader, chose Geodis to manage the logistics and delivery of 75 six-car trains to the province of Queensland in Australia.
    - Geodis will manage the entire global supply chain of Toshiba Global Commerce Solutions for a period of 5 years.
- The Rail Freight and Multimodal Transport division was awarded a three-year contract with the Axereal group for the transport of grain (260,000 tonnes annually) to a malting plant in Antwerp (Belgium) as well as new hydrocarbon and LPG transport services in France and the European Union.

2015 results

- Revenue

Revenue rose by €258 million (+2.9%) compared to 2014. It was impacted by:

- a Group structure impact of +€147 million detailed in Note 1.1,
- a foreign exchange impact for +€160 million.

On a constant Group structure and exchange rate basis, revenue dropped slightly by 0.6% (-€48 million). The decline involves the Road transport and Supply Chain Optimization businesses of Geodis and STVA, whereas revenue increased in the international Distribution & Express and Freight Forwarding businesses at Geodis and the Rail Freight and Multimodal Transport division.

- Gross profit

Gross profit declined by €136 million; after taking into account Group structure and exchange rate impacts and excluding the competition fine (see Note 1.4 of Major events of 2015), gross profit rose by €32 million, of which €49 million for the Rail Freight and Multimodal Transport division. With a €30 million rise in gross profit, Fret SNCF has pursued its recovery plan.

- Current operating profit

Current operating profit decreased by €111 million; added to the growth in gross profit are:

- the €33 million decline in depreciation and amortisation primarily due to the impairment losses recorded on the assets of Fret SNCF and STVA in 2014;
- the net movement in provisions (net charge of €75 million in 2015, compared to a net charge of €66 million in 2014).

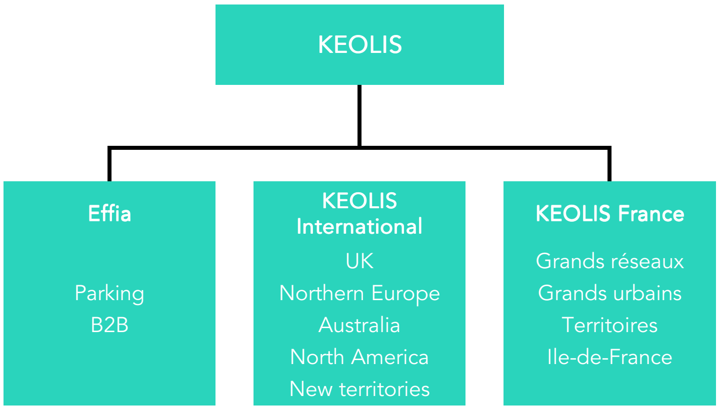
- Net investments

SNCF Logistics investments rose €19 million, the increase being mainly driven by Geodis with €12 million.

2016 outlook

- SNCF Logistics anticipates an increase in its business as a result of proactive commercial development in a contrasted business environment as well as an improvement in its international revenue (Europe/Asia/US).
- Geodis' gross profit will rise due to ongoing productivity efforts and the Freight Forwarding contribution.
- Fret SNCF will pursue its recovery policy in keeping with the trajectory initiated in 2010 that shows a steady improvement in gross profit.
- In 2016, the Multimodal Transport business plans to make its initial investments in the Calais-Orbassano rolling highway and launch the Calais-Le Boulou rolling highway.
- On 5 February 2016, the Group sold 50% of its Akiem shares to an investor partner. The partnership agreement grants joint control rather than exclusive control to SNCF Mobilités. (see Note 3.2 of Subsequent events).

5.5. KEOLIS



Keolis is a mass transit operator in fifteen countries worldwide. Its expertise covers all modes of transportation (train, bus, car, metro, tram, ferry, bicycle), and the management of interconnection points (stations, airports) and parking.

In € millions	2015	2014 (1)	Change
Revenue	4,907	4,361	546
Gross profit	261	261	0
Gross profit / revenue at Keolis level	*5.2%*	*5.9%*	
Current operating profit	28	44	-16
Current operating profit after share of net profit of companies consolidated under the equity method	50	59	-9
Net investments	-277	-247	-30

(1) Comparative figures were restated following the adoption of IFRIC 21 "Levies" (see Note 1 to the consolidated financial statements).

Highlights

- In 2015, Keolis in France renewed the Le Mans, Châteauroux, Vesoul, and Blanc Argent (railway licence) contracts and extended the Lorient and Arras contracts. EFFIA won the contract for beach car parks in Marseille and successfully launched the Bordeaux P+R (5,500 spaces). In Continental Europe, Keolis renewed the Hellweg Netz contract in Germany, obtained the Odense bus and Aarhus tramway contracts in Denmark, won the Zwenzwoka rail call for tenders and the Utrecht bus contract in the Netherlands and was awarded the Dalarna bus contract in Sweden. In the UK, Keolis inaugurated two new lines, thus virtually doubling the tramway network in Nottingham. In North America, Keolis renewed the MRC les Moulins municipal contract in Canada and the VRE rail contract in the United States.
- On 1 May 2015, Keolis Downer (51% and 49% owned by Keolis and Downer EDI, respectively), the leading tramway operator in Australia, acquired Australian Transit Enterprises (ATE), one of the country's main bus operators. Thanks to this acquisition, Keolis Downer is now the no. 1 private operator of multimodal public transport in Australia. Founded in 1974, the family-owned company ATE has since grown steadily and reported revenue of AUD 190 million (€136 million) in 2014. Based in Brisbane, ATE has a fleet of nearly 1,000 buses and operates city, intercity and school lines in three States: South Australia (Adelaide), Western Australia (Perth) and Queensland (Brisbane).
- In the connected mobility solutions sector, Keolis created the subsidiary Kisio which groups the Solutions and Services know-how of Keolis within 5 areas of expertise (analytical expertise with Kisio Analysis, projective expertise with Kisio Consulting, operational expertise with Kisio Services, scientific and industrial expertise with Kisio Solutions and digital expertise with Kisio Digital) and develops numerous service projects for all the transport organising authorities.

2015 results

- Revenue

Revenue rose by €546 million (+12.5%) compared to 2014. This change is mainly explained by:

  - a positive Group structure impact of €158 million detailed in Note 1.1,
  - a favourable foreign exchange impact of €74 million

On a constant Group structure and exchange rate basis, Keolis revenue rose by +€315 million (+7.2%), driven by international activity (+€311 million, or +18.6%) mainly in Australia, the UK (London) and the US (Boston).

- Gross profit

Keolis gross profit was stable between 2014 and 2015.

- Current operating profit

Keolis current operating profit declined by €16 million, primarily due to the change in depreciation and amortisation charges.

- Current operating profit after share of net profit of companies consolidated under the equity method

The item benefited from a €6 million increase in the net profit of Keolis UK companies between 2014 and 2015.

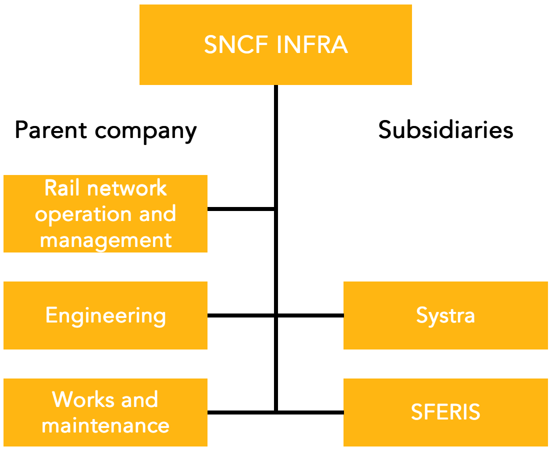
- Net investments

Keolis investments rose by €30 million, primarily in the city and intercity segments

2016 outlook

- In early January 2016, EFFIA became the principal industrial shareholder of Société Anonyme d'Economie Mixte d'Exploitation du Stationnement de la Ville de Paris (SAEMES, semi-public parking system operator for the City of Paris), with a 33.27% stake. EFFIA, which already manages over 30,000 parking spaces in Ile-de-France, has therefore partnered with the second largest Ile-de-France car park operator in terms of revenue, SAEMES (€45 million in revenue – 25,000 spaces). SAEMES operates major car parks, including the no.1 car park in Paris in terms of revenue, Lyon-Méditerranée, at the Gare de Lyon.
- On 14 January, the Keolis group announced its acquisition of Transports Daniel Meyer, a major bus and coach transport operator in France. With this strategic growth transaction, Keolis will extend its coverage in Île-de-France and bolster its positioning in future projects involving the Grand Paris Express.

5.6. SNCF INFRA



SNCF Infra included the following activities prior to its transfer to SNCF Réseau on 1 July 2015:

- delegated infrastructure management activities on behalf of SNCF Réseau (traffic management and network maintenance);
- rail infrastructure engineering (Systra).

The SNCF Infra division was classified as a transferred operation following the enactment of law 2014-872 of 4 August 2014.

The table below presents the data contributed by SNCF Infra to SNCF Mobilités indicators prior to its reclassification under "Net profit/(loss) from transferred operations" in the income statement, pursuant to the adoption of IFRS 5. Consequently, these figures do not contribute to the Group indicators for the first half of 2015 or 2014.

In € millions	H1 2015 (2)	H1 2014	2014 (1)	Change (3)
Revenue	2,760	2,593	5,440	167
Gross profit	63	53	354	10
Gross profit / revenue at SNCF Infra level	*2.2%*	*1.9%*	*6.2%*	
Current operating profit	4	-2	240	6
Current operating profit after share of net profit of companies consolidated under the equity method	5	-2	246	7
Net investments	-65	-61	-139	-4

(1) Comparative figures were restated following the adoption of IFRIC 21 "Levies" (see Note 1 to the consolidated financial statements).

(2) Six months of activity prior to the transfer to SNCF Réseau.

(3) For the purposes of comparability between the 2015 and 2014 financial statements, we will analyse the changes between the first half of 2014 and the first half of 2015

2015 first-half highlights

- In the first half of 2015, SNCF Infra pursued its significant network upgrade both in Île-de-France (RER A, RER C, where €1 billion will be budgeted between 2015 and 2020) and in the regions (Belfort – Besançon corridor, Genève – Annemasse line, work at the Rennes station prior to the commissioning of the new Brittany-Loire high-speed line).
- As part of the Vigirail plan, SNCF Infra set up an experimental junction renovation programme at Paris-Est, based on the routing of pre-fabricated junctions to the placement area and on-site assembly using a Kirow rail crane. This new approach, widely used in several European countries, has several advantages in terms of work safety, productivity and reduced duration.

2015 first-half results

The analysis of SNCF Infra's results was carried out prior to its transfer to SNCF Réseau (see Note 1.1 of Major events of 2015).

- Revenue

In 2015, SNCF Infra revenue decreased by €167 million (-3.1%) to €2,760 million.

- Gross profit

SNCF Infra 2015 gross profit rose slightly in relation to 2014 (+€10 million).

- Current operating profit

The change in current operating profit was primarily attributable to the increase in gross profit.

- Net investments

The investment level in 2015 approached that of 2014 and mainly consisted in the upgrading of production facilities.

6. NET INVESTMENTS AND NET DEBT

6.1. NET INVESTMENTS

In € millions	2015	2014	Change	
Net investments	-1,845	-2,168	323	-15%
Disposals	317	436	-119	-27%
Investments, net of disposals	**-1,528**	**-1,733**	**204**	**-12%**

Net investments, down €323 million compared to 2014, stood at €1,845 million as at 31 December 2015. The change was mainly attributable to the increase in grants received for rolling stock renewal contracts for Transilien (Francilien) and Intercités (Regiolis) and the postponement of disbursements until 2016 for Régions rolling stock (Regiolis and Régio2N).

Net disposals decreased by €119 million compared to 2014; disposals for the period mainly involved real estate assets and a €50 million gain arising from the resolution of arbitration proceedings for the sale of high-voltage lines with RTE (see Note 4.5 to the consolidated financial statements).

6.2. GROUP NET DEBT

In € millions	31/12/2015	31/12/2014	Change
Non-current debt	13,876	13,799	77
Non-current receivables	-4,810	-4,389	-421
Net non-current debt used to calculate net debt	**9,066**	**9,410**	**-344**
Current debt	3,837	4,972	-1,135
Current receivables	-5,131	-6,977	1,846
Net current debt used to calculate net debt	**-1,295**	**-2,005**	**711**
Net debt	7,772	7,405	366
Gearing (Net debt / Equity)	*1.8*	*1.1*	
Net debt of continuing operations adjusted for the net debt of the SNCF Infra division	7,772	7,125	646

Net debt amounted to €7.8 billion as at 31 December 2015, for a gearing (Net debt / Equity) of 1.7 (1.1 as at 31 December 2014). Net debt as a percentage of gross profit, excluding the competition fine, stood at 3.0 as at 31 December 2015, compared to 3.1 as at 31 December 2014.

Net debt was impacted by the following movements in 2015:

Opening net debt	7,405
Cash from operations	-1,654
Net investments	1,845
Disposals	-317
Dividends received from companies consolidated under the equity method	-54
Net external growth	1,133
Change in operating WCR	-294
Dividend paid to the French State	63
Change in fair value, amortised cost, translation difference	-107
Change in tax WCR	254
Transfer to SNCF and SNCF Réseau	-494
Other	-8
Closing net debt	**7,772**

6.3. FINANCING SOURCES AND DEBT MANAGEMENT

Non-current debt increased by €0.1 billion, while current debt decreased by €1.1 billion.

These changes were essentially due to:

- the decrease in cash liabilities for -€0.7 billion;
- bond issue repayments for -€0.6 billion;
- new loans contracted with credit institutions for €0.2 billion;
- changes in Group structure for €0.6 billion, including the acquisition of Eurostar International Limited for +€0.3 billion and the acquisition of OHL for +€0.2 billion.

Current receivables decreased by €1.8 billion, while non-current receivables increased by €0.4 billion.

These changes were essentially due to:

- the decrease in cash and cash equivalents for -€1.3 billion;
- changes in Group structure for +€0.7 billion, of which +€0.5 billion relating to the creation of the Public Rail Group;
- the repayment of the SNCF Réseau receivable for -€0.4 billion;
- the repayment of the PDF receivable for -€0.1 billion.

EPIC SNCF Mobilités is responsible for managing most of the Group’s net debt, carrying 89% of the Group’s external debt at the year-end.

The SNCF Mobilités Group's long-term debt was rated as follows by the main rating agencies:

	Long-term rating	Outlook	Report date
Standard & Poor's	AA-	Negative	9-Jan.-15
Moody's	Aa3	Stable	22-Sep.-15
Fitch Ratings	AA	Stable	26-Oct.-15

6.4. GROUP EXPOSURE TO MARKET RISKS

The management of market risks is governed by a general framework, approved by the SNCF Mobilités Board of Directors, setting out the management principles for parent company risks that may be hedged by financial instruments.

This general framework defines the principles governing the selection of financial products, counterparties and underlyings for derivative instruments.

More specifically, the general framework defines risk limits for the management of euro and foreign currency cash balances and long-term net indebtedness.

In addition, it describes the delegation and decision-making system as well as the reporting and control system and its frequency (daily, twice monthly, monthly and annually).

The breakdown of the strategy implemented is described in the consolidated financial statements.

7. CONSOLIDATED STATEMENT OF FINANCIAL POSITION AND RATIOS

In € millions	31/12/2015	31/12/2014 (1)
Goodwill	2,571	1,385
Intangible assets	1,693	1,086
Property, plant and equipment	12,394	14,317
Non-current financial assets	6,339	5,822
Investments in companies consolidated under the equity method	450	956
Deferred tax assets	966	1,169
Non-current assets	**24,413**	**24,735**
Operating assets	7,386	6,354
Current financial assets	1,150	1,611
Cash and cash equivalents	4,024	5,408
Current assets	**12,560**	**13,374**
Assets classified as held for sale	645	4,086
TOTAL ASSETS	**37,618**	**42,195**
Share capital	4,971	4,971
Consolidated reserves	1,531	1,303
Net profit/(loss) for the year	-2,178	604
Equity attributable to equity holders of the parent	**4,324**	**6,878**
Non-controlling interests (minority interests)	136	106
Total equity	**4,460**	**6,984**
Non-current employee benefits	1,476	1,456
Non-current provisions	1,093	1,037
Non-current financial liabilities	15,152	13,813
Deferred tax liabilities	470	484
Non-current liabilities	**18,192**	**16,791**
Current employee benefits	114	218
Current provisions	354	265
Operating payables	10,628	9,871
Operating liabilities	**11,096**	**10,354**
Current financial liabilities	3,837	4,972
Current liabilities	**14,933**	**15,326**
Liabilities associated with assets classified as held for sale	33	3,094
TOTAL EQUITY AND LIABILITIES	**37,618**	**42,195**
Gearing (Net debt / Equity)	*1.7*	*1.1*
Net debt / Gross profit	*3.0*	*3.1*

(1) Comparative figures were restated following the adoption of IFRIC 21 "Levies" (see Note 1 to the consolidated financial statements).

The statement of financial position recorded the following changes in 2015:

- An increase in goodwill by €1,186 million mainly attributable to the acquisition of OHL (€671 million), the acquisition of Eurostar International Limited (€441 million) and the creation of the Thalys rail company (€61 million);
- A €607 million increase in net intangible assets primarily due to:
  - o acquisitions, net of disposals, for +€182 million;
  - o amortisation and impairment, net of reversals, for -€251 million;
  - o the acquisition of Eurostar International Limited for +€658 million (a portion of the goodwill was allocated to the brand for €223 million and customers for €260 million);

- A €1,923 million decrease in net property, plant and equipment primarily due to:
    - acquisitions, net of disposals, for +€1,578 million;
    - depreciation and impairment, net of reversals, for -€4,231 million;
    - the acquisition of Eurostar International Limited for +€924 million;
    - SNCB's contribution of 7 trains to the new Thalys rail company for +€104 million.
- A decrease of €506 million in investments in companies consolidated under the equity method, of which €481 million relating to the acquisition of Eurostar International Limited.
- A €294 million decline in the working capital requirement;
- The Group reclassified the following items to "Assets classified as held for sale" and "Liabilities associated with assets classified as held for sale":
    - assets and liabilities of the SNCF Infra division to be transferred to SNCF Réseau as at 31 December 2014;
    - assets and liabilities of entities identified at the December 2014 closing for transfer to the new SNCF entity;
    - non-current assets identified at the 2014 closing for transfer to the new SNCF entity.
    - assets and liabilities of Akiem identified at the December 2015 closing as assets and liabilities held for sale.
- A decline in equity attributable to equity holders of the parent, which mainly includes the net loss for the period (-€2,178 million), the dividend paid to the French State as shareholder (-€63 million), the negative impacts of Thalys and Eurostar group structure transactions (-€540 million), the positive change in fair value of cash flow hedges (+€90 million), the actuarial gains and losses on post-employment benefit plans (+€135 million) and the negative change in translation differences (-€12 million).
- A breakdown of financial assets and liabilities is shown in Note 6.1 to the consolidated financial statements.

8. FINANCIAL RELATIONS WITH THE FRENCH STATE, SNCF RÉSEAU AND LOCAL AUTHORITIES

SNCF Mobilités receives:

- public service orders (as is the case with any public service agent or supplier to the French State and local authorities) in a monopoly legislative and regulatory framework;
- operating and investment grants primarily received for the activities of SNCF Transilien, Régions and Intercités.

8.1. PUBLIC SERVICE ORDERS

The table below shows the Group revenue generated with SNCF Réseau, the Regions, STIF and the French State.

The revenue realised with SNCF Réseau was primarily generated by the SNCF Infra division transferred on 1 July 2015 as part of the rail reform (see Note 1.1 of Major events of 2015). The revenue shown below corresponds to the revenue realised by the SNCF Infra division in the first half of 2015 and presented under the heading "Net profit/(loss) from transferred operations" in the income statement.

In € millions	2015	2014	Change
Compensation of Infrastructure Manager by SNCF Réseau	1,707	3,315	-1,608
including traffic and circulation management	*460*	*865*	*-405*
including network and asset management	*1,248*	*2,450*	*-1,202*
Work for SNCF Réseau	1,132	2,101	-969
Total SNCF Réseau	**2,839**	**5,416**	**-2,577**
Compensation for regional rates	514	509	5
Services for the Organising Authorities	4,161	3,998	163
Total Régions and STIF	**4,675**	**4,507**	**168**
Socially-motivated prices	19	26	-7
Defence	146	154	-8
Trains d'Equilibre du Territoire (TET)	298	276	23
Total French State	**463**	**455**	**8**
Total	**7,978**	**10,379**	**-2,401**

The 2015 figures for SNCF Réseau only correspond to the first six months of activity prior to the transfer (see Note 1.1 of Major events of 2015).

The services for the Organising Authorities and STIF increased by €168 million compared to 2014 following the renegotiation of certain agreements and the offering’s development.

8.2. GRANTS AND PUBLIC CONTRIBUTIONS OBTAINED FROM THE FRENCH STATE AND GOVERNMENT AUTHORITIES

Public contributions granted to the Group by the French State and government authorities are presented in the following table:

In € millions	2015	2014	Change
Operating grants	42	41	1
Cash inflows from concession financial assets	787	906	-119
Investment grants relating to intangible assets and PP&E	546	205	342
Total	1,376	1,152	223

Payments received for concession financial assets and investment grants received

SNCF Mobilités receives investment grants, primarily from local authorities, to finance its non-current assets, particularly rolling stock.

In accordance with IFRIC 12, grants received as part of a concession are presented in the statement of financial position as a deduction from intangible assets or financial assets, according to the applicable model, following the analysis of each concession agreement. With regard to concession financial assets, the grants received are considered as a means of reimbursing such assets.

In the other cases, investment grants received are deducted from intangible assets and property, plant and equipment in the balance sheet. In the income statement, they are recorded in operating profit or loss (as a deduction from depreciation and amortisation) according to the estimated economic life of the corresponding assets.

9. EMPLOYEE MATTERS

9.1. AVERAGE WORKFORCE

	31/12/2015	31/12/2014	Change		Change on a constant Group structure basis and excluding internal transfers (1)	
SNCF Transilien, Régions and Intercités	**46,740**	40,290	+16.0%	6,450	-0.9%	-369
Voyages SNCF	**24,113**	23,813	+1.3%	300	-2.2%	-530
Gares & Connexions	**3,501**	3,416	+2.5%	85	+1.8%	61
SNCF Logistics	**52,494**	43,517	+20.6%	8,977	-2.4%	-1,049
including the Geodis division	***39,636***	*30,312*	*+30.8%*	*9,323*	*-2.2%*	*-660*
Keolis	**55,092**	51,602	+6.8%	3,490	+2.0%	1,012
Corporate	**14,213**	30,934	-54.1%	-16,721	-34.4%	-10,629
SNCF Infra	**0**	52,193	-100.0%	-52,193	-100.0%	-52,193
Total	**196,152**	245,763	-20.2%	-49,611	-25.9%	-63,697

(1) Main impacts of change in Group structure:

- Voyages SNCF: acquisition of Eurostar International Limited (+1,439, creation of THI Factory (+220);
- Keolis: acquisition of the ATE Group (+1,619), Nettbus Danemark (+613) and Picavet / STACA (+117);
- SNCF Logistics: acquisition of OHL (+10,624), disposal of Ciblex and the Italian Distribution and Express entity (-641);
- Internal transfers mainly concern the "decentralisation" of production resources (rolling stock maintenance, train driving and maintenance) towards the passenger activities.

The main changes on a constant Group structure basis and excluding internal transfers were as follows:

- The increase in employees at Keolis was primarily due to intercity (+359) and international (+1,007, specifically in the US, UK and India) growth.
- The reduction in the SNCF Logistics workforce was attributable to the slowdown in activity observed for certain business units of this segment.

The change in the number of employees in SNCF Infra and the Corporate function stemmed from the transfers to SNCF Réseau and EPIC SNCF as at 1 July 2015 (see Note 1.1 of Major events of 2015).

The increase in the workforce of subsidiaries in recent years mainly reflects the changes in Group structure:

	Fiscal 2015	*Fiscal 2014*	*Fiscal 2013*	*Fiscal 2012*	*Fiscal 2011*	*Fiscal 2010*
Parent company (1)	90,429	154,272	155,371	156,110	156,047	157,894
Subsidiaries	105,723	91,491	89,200	87,844	89,043	83,084
TOTAL	**196,152**	**245,763**	**244,570**	**243,954**	**245,090**	**240,978**

(1) including seconded employees.

9.2. MAIN AGREEMENTS SIGNED IN 2015

The following collective agreements were signed with representative trade union organisations:

- an incentive scheme was signed on 30 June 2015,
- an agreement on maintaining the scopes of jurisdiction and funds allocated to the works' councils was signed on 8 July 2015,
- an agreement on mandate terms was signed on 8 July 2015,
- a 2015-2018 agreement promoting gender equality and diversity was signed on 10 July 2015,
- on 21 July 2015, electoral agreements were signed for:
    - practical arrangements,
    - the SNCF Mobilités Board of Directors and the SNCF Supervisory Board,
    - employee representatives,
- the Time-Saving Account agreement was signed on 21 September 2015,
- a 2015-2017 agreement promoting the employment of disabled workers was signed on 22 September 2015,
- an agreement covering the improvement to the housing assistance policy for employees of the Public Rail Group was signed on 29 September 2015,
- on 7 October 2015, collective agreements negotiated with the SNCF parent company for all the EPICs comprising the Public Rail Group were signed for employees covered by the general social security scheme. They formalized:
    - a "death and disability" benefit scheme
    - a "healthcare cost" reimbursement scheme
    - a scheme covering the maintenance of wages in the event of temporary invalidity
- a collective agreement covering the increase in the number of seats at the Public Rail Group's Central Committee was signed on 9 October 2015,
- an agreement covering employee representation at the Public Rail Group's Central Committee was signed on 29 October 2015,
- a collective agreement on employee integration was signed on 6 November 2015,
- an agreement covering the SNCF Group Savings Plan was signed on 13 December 2015,
- an agreement on part-time employment was signed on 16 December 2015,
- an agreement covering recruitment within the Public Rail Group and mobility between the EPICs was signed on 30 December 2015,
- the collective agreement covering the management of shared social and cultural activities within the Public Rail Group was signed on 28 December 2015.

All these agreements, with the exception of the profit-sharing arrangement, are applicable within the Public Rail Group.

10. CHALLENGES AND OUTLOOK

10.1 SNCF MOBILITÉS OBJECTIVES FOR 2016

SNCF Mobilités has defined three major priorities: mass transit, international business and digital technology.

10.1.1 Mass transit

SNCF Mobilités is one of the few companies in the world to manage all modes of transport (heavy and light modes, etc.) and have showcases such as Transilien or the Lyon network.

10.1.2 International business

The international revenue target for the 2016 budget is 34% (29% in 2015), perfectly in line with the strategic plan objectives. The Group will mainly focus on its two subsidiaries, Geodis and Keolis, to achieve this target.

10.1.3 Digital technology and door-to-door services

SNCF Mobilités aims to gradually digitalise its products, customer relations and production processes. To achieve this, a €100 million budget has been allocated.

A digital fund has been set up for investments in innovative companies.

SNCF Voyageurs aims to improve customer relations, modernise ticketing, deploy door-to-door services and reinforce its offering (IDPass, IDCab, iDVroom, etc.).

SNCF Logistics is optimising production processes and developing new customer services.

Keolis is developing a digital multimodal integration and simplification platform.

10.2 BREAKDOWN BY BUSINESS UNIT

10.2.1 Chez SNCF Voyageurs

Ongoing adaptation of the TGV business model to a new and increasingly competitive environment (fall in oil prices and intermodal competition), with a widespread expansion of the TGV low fare policy and continued development of the Ouigo offering with 8 new destinations in Western and Northern France.

Adaptation of the regional train offering to incorporate the various modes of transport and services in order to boost the competitiveness of its activity.

Implementation of an operating contract binding Transilien to STIF (SNCF Mobilités' most significant contract in terms of business volume) over the 2016 – 2019 period.

Ongoing discussions with the French State on the future of Intercités.

Definition of a new business model in order to achieve an expected profitability in line with the investment policy implemented following the recent ARAFER decisions.

10.2.2 SNCF Logistics

Important issue of consolidating the OHL acquisition completed at the end of 2015.

Ongoing turnaround of Fret SNCF in keeping with the trajectory initiated since 2010.

Ongoing vigorous sales growth in rail transport.

10.2.3 Keolis

Continued leadership in urban transport.

Pursuit of productivity efforts and contractual negotiation targets.

Priority given to improving the profitability of ongoing transactions.

10.3 FINANCIAL OBJECTIVES

In a very uncertain economic and geopolitical environment, SNCF Mobilités Group has nevertheless set ambitious objectives with **revenue growth of around +2.0%** at constant scope and exchange rates.

Ambitious performance plans (transversal, industrial and commercial performance) with an objective of generating an **additional cash flow of +€2 billion by 2020.**

10.4 INVESTMENTS

The equity investment policy will remain steady and continue to exceed €2 billion annually, thereby confirming our debt stabilisation target and securing future performances.

CORPORATE GOVERNANCE

11. THE BOARD OF DIRECTORS

The Board of Directors of the industrial and commercial public enterprise SNCF Mobilités comprises eighteen members, including, in addition to the SNCF Executive Board chairman:

- Four representatives of the French State appointed by decree, based on the report of the Transport Minister:
    - one at the recommendation of the Transport Minister;
    - one at the recommendation of the Minister for Economy and Finance;
    - one at the recommendation of the Budget Minister;
    - one at the recommendation of the Minister for Sustainable Development;
- Two members chosen for their expertise and appointed by decree:
    - a representative of passengers;
    - a representative chosen for his expertise in the protection of the environment and mobilities;
- Five prominent figures chosen by SNCF Mobilités to represent it;
- Six members, including a management representative, elected by employees of the Company and its subsidiaries having a minimum workforce of 200 members.

A decree lays down the parent company by-laws and sets the procedures for the appointment and election of Board members.

Board members are appointed for a five-year term of office. A director may not exercise more than two consecutive terms of office. Directors receive no compensation for their activities.

The Government Commissioner or, in his absence, the Assistant Government Commissioner, has an advisory seat on the Board and all committees created.

The head of the Transport Economic and Finance Control Office or his representative has an advisory seat on the Board and all committees and commissions.

The Board Secretary and the Secretary of the Joint Labour-Management Committee also have a seat on the Board. The Board of Directors holds at least six meetings annually.

The Board of Directors has five committees:

Audit and Risk Committee, responsible for reviewing the annual and half-year financial statements, risk mapping and the annual internal audit work programme;

Contracting Committee, consulted on projects involving government or private contracts, acquisitions, disposals, building exchanges, based on predetermined thresholds set by the Board;

Passengers Committee, responsible for monitoring rail transport agreements between local authorities, public institutions and SNCF Mobilités, and more generally overall passenger problems;

Transport and Logistics Committee, responsible for reviewing the activity and strategies of the SNCF Logistics business unit;

Tenders Committee, responsible for examining the company’s responses to the various calls for tender in which it will compete.

12. MANAGEMENT TEAM

The Chairman appoints the members of the Executive Committee and defines their tasks. Within their areas of expertise, Executive Committee members are delegated powers by the Chairman enabling them to act and decide in his name. The Executive Committee has five members (including the Chairman).

31 December 2015

SNCF Mobilités GROUP CONSOLIDATED FINANCIAL STATEMENTS

IFRS - In € millions

9, rue Jean-Philippe Rameau – 93212 Saint-Denis Cedex

CONSOLIDATED INCOME STATEMENT

In € millions	Note	31/12/2015	31/12/2014 (*)
Revenue	3	29,296	27,243
Purchases and external charges	3	-15,698	-14,099
Employee benefit expense	3	-10,623	-10,167
Taxes and duties other than income tax	3	-996	-991
Other operating income and expenses	3	422	396
Gross profit	3	2,401	2,382
Gross profit excluding competition fine	*2.1*	*2,597*	*2,382*
Depreciation and amortisation	4.1	-1,581	-1,498
Net movement in provisions	4.5	-258	-207
Current operating profit		562	677
Net proceeds from asset disposals	4.1	240	238
Fair value remeasurement of the previously held interest	4.2	686	0
Impairment losses	4.3	-2,742	126
Operating profit/(loss)		-1,254	1,042
Share of net profit of companies consolidated under the equity method	4.2	-73	7
Operating profit/(loss) after share of net profit of companies consolidated under the equity method		-1,328	1,049
Net borrowing and other costs	6.1	-260	-309
Net finance costs of employee benefits	5.3	-6	-102
Finance cost		-265	-412
Net profit/(loss) before tax from ordinary activities		-1,593	637
Income tax expense	7	-652	-241
Net profit/(loss) from ordinary activities		-2,245	396
Net profit/(loss) before tax of transferred operations (**)	4.2	69	227
Net profit/(loss) for the year		-2,176	623
Net profit/(loss) for the year attributable to equity holders of the parent		-2,178	604
Net profit for the year attributable to non-controlling interests (minority interests)		3	19

(*) Comparative figures were adjusted following the adoption of IFRIC 21 “Levies” (see Note 1.1.3).

(**) Results of SNCF Infra present on a single line item in accordance with IFRS 5 (see Notes 2 and 4.2). The standard wording for this line item “Net profit/(loss) from discontinued operations” has been modified since it only includes the net profit of operations transferred as part of the rail reform.

The share capital comprises a contribution from the French State and not shares. Furthermore, the Group does not fall within the scope of IAS 33 "Earnings per share." For these two reasons, no earnings per share was calculated or presented in the Group consolidated financial statements.

Notes 1 to 10 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

In € millions	Note	31/12/2015	31/12/2014 (*)
Net profit/(loss) for the year		-2,176	623
Change in foreign currency translation		-19	23
Tax on change in foreign currency translation		1	1
		-17	*24*
Change in value of available-for-sale assets	6	-14	7
Tax on change in value of available-for-sale assets		1	1
		-13	*8*
Change in fair value of cash flow hedges	6.3	95	-209
Tax on change in fair value of cash flow hedges		-3	10
		93	*-199*
Share of recyclable other comprehensive income of companies consolidated under the equity method		75	28
Total recyclable other comprehensive income		**137**	**-139**
Actuarial gains and losses arising from employee defined benefit plans	5	142	-222
Tax on actuarial gains and losses arising from defined benefit plans		-4	9
		137	*-213*
Share of non-recyclable other comprehensive income of companies consolidated under the equity method		10	-5
Total non-recyclable other comprehensive income		**147**	**-218**
Total comprehensive income/(loss) for the year		**-1,891**	**266**
Total comprehensive income/(loss) attributable to equity holders of the parent		**-1,901**	**250**
Total comprehensive income attributable to non-controlling interests (minority interests)		11	17

(*) Comparative figures were adjusted following the adoption of IFRIC 21 "Levies" (see Note 1.1.3)

Notes 1 to 10 are an integral part of these consolidated financial statements.

STATEMENT OF FINANCIAL POSITION

CONSOLIDATED ASSETS

In € millions	Note	31/12/2015	31/12/2014 (*)
Goodwill	4.2	2,571	1,385
Intangible assets	4.1	1,693	1,086
Property, plant and equipment	4.1	12,394	14,317
Non-current financial assets	6	6,339	5,822
Investments in companies consolidated under the equity method	4.2	450	956
Deferred tax assets	7	966	1,169
Non-current assets		24,413	24,735
Inventories and work-in-progress	4.4	621	665
Operating receivables	4.4	6,765	5,690
Operating assets		7,386	6,354
Current financial assets	6	1,150	1,611
Cash and cash equivalents	6	4,024	5,408
Current assets		12,560	13,374
Assets classified as held for sale	4.2	645	4,086
Total assets		37,618	42,195

(*)Comparative figures were adjusted following the adoption of IFRIC 21 "Levies" (see Note 1.1.3).

Notes 1 to 10 are an integral part of these consolidated financial statements.

CONSOLIDATED EQUITY AND LIABILITIES

In € millions	Note	31/12/2015	31/12/2014 (*)
Share capital	6.4	4,971	4,971
Consolidated reserves		1,531	1,303
Net profit/(loss) for the year attributable to equity holders of the parent		-2,178	604
Equity attributable to equity holders of the parent		4,324	6,878
Non-controlling interests (minority interests)	6.4	136	106
Total equity		4,460	6,984
Non-current employee benefits	5	1,476	1,456
Non-current provisions	4.5	1,093	1,037
Non-current financial liabilities	6	15,152	13,813
Deferred tax liabilities	7	470	484
Non-current liabilities		18,192	16,791
Current employee benefits	5	114	218
Current provisions	4.5	354	265
Operating liabilities	4.4	10,628	9,871
Operating liabilities		11,096	10,354
Current financial liabilities	6	3,837	4,972
Current liabilities		14,933	15,326
Liabilities associated with assets classified as held for sale	4.2	33	3,094
Total equity and liabilities		37,618	42,195

(*)Comparative figures were adjusted following the adoption of IFRIC 21 “Levies” (see Note 1.1.3).

Notes 1 to 10 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

In € millions	Share capital	Non-recyclable reserves	Group translation reserves	Cash flow hedges	Available-for-sale assets	Reserves before taxes of transferred operations (*)	Retained earnings (*)	Equity attributable to equity holders of the parent	Non-controlling interests (minority interests)	Total equity
Equity published as at 31/12/2013	**4,971**	**-237**	**-20**	**-54**	**3**	**579**	**1,428**	**6,670**	**99**	**6,769**
Impact of changes in accounting method (*)	-	-	-	-	-	8	118	126	1	127
Equity restated as at 01/01/2014 (*)	**4,971**	**-237**	**-20**	**-54**	**3**	**587**	**1,546**	**6,796**	**100**	**6,896**
Net profit for the year (*)	-	-	-	-	-	230	374	604	19	623
Other comprehensive income	-	-216	22	-197	7	0	28	-354	-2	-356
Total comprehensive income	**-**	**-216**	**22**	**-197**	**7**	**230**	**402**	**249**	**17**	**267**
Dividends paid	-	0	-	-	0	-3	-172	-175	-	-175
Dividends of subsidiaries	-	-	-	-	0	-	0	-	-8	-8
Capital transactions	-	-	-	-	-	-	1	1	1	1
Changes of ownership in subsidiaries without loss of control	-	3	2	0	0	-1	2	6	-4	2
Other changes	-	-1	-	-26	14	-732	745	0	0	1
Equity restated as at 31/12/2014 (*)	**4,971**	**-450**	**4**	**-276**	**24**	**82**	**2,526**	**6,880**	**106**	**6,986**
Equity published as at 31/12/2014 (*)	**4,971**	**-450**	**4**	**-276**	**24**	**69**	**2,411**	**6,753**	**105**	**6,857**
Impact of changes in accounting method (*)	-	-	-	-	-	13	113	125	1	127
Equity restated as at 01/01/2015	**4,971**	**-450**	**4**	**-276**	**24**	**82**	**2,524**	**6,878**	**106**	**6,984**
Net profit/(loss) for the year	-	-	-	-	-	2	-2,180	-2,178	3	-2,176
Other comprehensive income	-	135	-12	90	-13	1	76	277	8	285
Total comprehensive income	**-**	**135**	**-12**	**90**	**-13**	**3**	**-2,105**	**-1,901**	**11**	**-1,891**
Dividends paid	-	0	-	0	-	-66	3	-63	-	-63
Dividends of subsidiaries	-	-	-	0	-	-	0	-	-23	-23
Capital transactions	-	-	-	-	-	5	-5	0	31	31
Group structure transactions	-	-4	1	0	-	-25	-513	-540	7	-533
Other changes (**)	0	-2	-1	5	-7	-1	-45	-50	5	-45
Equity published as at 31/12/2015	**4,971**	**-320**	**-7**	**-181**	**3**	**-1**	**-141**	**4,324**	**136**	**4,460**

(*)Comparative figures were adjusted for IFRIC 21 "Levies" (see Note 1.3).

(**) Impacts of an adjustment to the calculation of employee benefits.

Notes 1 to 10 are an integral part of these consolidated financial statements.

CONSOLIDATED CASH FLOW STATEMENT

In € millions	Note	31/12/2015	31/12/2014*
Net profit/(loss) for the year	IS	-2,176	623
Eliminations of:			
share of profit of associates	IS	73	-8
deferred tax expense (income)		284	-9
depreciation, amortisation, impairment losses and provisions		4,517	1,685
revaluation gains/losses (fair value)		-39	24
net proceeds from disposals and gains and losses on dilution		-1,008	-258
Other non-cash income and expenses		1	0
Cash from operations after net borrowing costs and taxes		**1,654**	**2,057**
Eliminations of:			
corporate income tax expense (income)	7	362	254
net borrowing costs		298	296
dividend income		-9	-8
Cash from operations before net borrowing costs and taxes		**2,305**	**2,599**
Impact of change in working capital requirement	4.4	294	-180
Taxes paid (collected)		-615	71
Dividends received		63	39
Cash flow from operating activities	6	**2,046**	**2,528**
Acquisitions of subsidiaries net of cash acquired		-566	-53
Disposals of subsidiaries net of cash transferred(2)		-39	0
Purchases of intangible assets and property, plant and equipment	4.1	-2,323	-2,158
Disposals of intangible assets and property, plant and equipment		317	436
New concession financial assets		-818	-1,100
Cash inflows from concession financial assets	3.2	787	906
Purchases of financial assets		-12	-24
Disposals of financial assets		18	1
Changes in loans and advances		37	47
Changes in cash assets		146	23
Investment grants received		546	205
Cash flow used in investing activities	6	**-1,908**	**-1,717**
Cash from equity transactions		31	9
Issue of debt instruments		434	480
Repayments of borrowings net of inflows from the SNCF Réseau and Public Debt Fund (PDF) receivables (1)		-982	-1,226
Net borrowing costs paid		-309	-294
Dividends paid to Group shareholders	Chg. in eq.	-63	-175
Dividend paid to minority interests	Chg. in eq.	-23	-9
Increase/(decrease) in cash borrowings		-729	814
Cash flow used in financing activities	6	**-1,640**	**-400**
Effects of exchange rate changes		-6	8
Impact of changes in fair value		-1	-1
Increase (decrease) in cash and cash equivalents		**-1,509**	**417**
Opening cash and cash equivalents	6	5,161	4,744
Closing cash and cash equivalents	6	3,652	5,161

(*)Comparative figures were adjusted following the adoption of IFRIC 21 "Levies" (see Note 1.1.3).

(1) Of which cash inflows of €362 million for the SNCF Réseau receivable (€6 million in 2014) and €92 million for the PDF receivable (€0 million in 2014).

(2) Net cash outflow of €39 million in 2015 relating to transfers to SNCF Réseau and SNCF (see Note 2.1).

Pursuant to the options proposed by IFRS 5 "Assets held for sale and discontinued operations", the cash flows of the SNCF Infra division, which was transferred on 1 July 2015 in connection with the rail reform (see Note 2.1.1), were not presented separately in the cash flow statement but are detailed in Note 4.2.

Notes 1 to 10 are an integral part of these consolidated financial statements.

1. ACCOUNTING STANDARDS BASE

Pursuant to Article L2141-10 of the French Transport Code of 28 October 2010, (which supersedes Article 25 of the French Orientation Law on Domestic Transport (LOTI) of 30 December 1982)), the Société Nationale des Chemins de fer Français, a state-owned industrial and commercial institution "is subject to the financial management and accounting rules applicable to industrial and commercial companies." It keeps its accounting books and records in accordance with prevailing legislation and regulations in France. As of 1 January 2015, the date on which the French rail reform law came into effect (see Note 2), the company adopted the name SNCF Mobilités.

The consolidated financial statements for the year ended 31 December 2015 were approved by the Board of Directors on 10 March 2016.

The terms "SNCF Mobilités Group", "Group" and "SNCF Mobilités" designate the parent company EPIC Société Nationale des Chemins de fer Français and its consolidated subsidiaries. The State-owned institution (EPIC) or company SNCF Mobilités, "EPIC", "EPIC Mobilités", "Mobilités" and "EPIC SNCF Mobilités" refer solely to the parent company.

1.1 APPLICATION OF IFRS

Pursuant to European Regulation 1606/2002 of 19 July 2002, the consolidated financial statements of SNCF Mobilités Group for the year ended 31 December 2015 have been prepared in accordance with the international accounting standards issued by the IASB (International Accounting Standards Board) and adopted by the European Union as at this date. The IFRS framework as adopted in the European Union may be consulted on the European Commission website:
(http://ec.europa.eu/internal_market/accounting/ias/index_fr.htm).

The basis of preparation for the 2015 consolidated financial statements detailed in the following notes is the result of:

- standards and interpretations of mandatory application for fiscal years commencing on or before 1 January 2015, as described in a grey inset in each note to the financial statements;
- elected accounting options and exemptions applied in the preparation of the 2015 financial statements. These options and exemptions are described in the notes to the financial statements concerned.

As the Group has elected not to round off figures, there may be minimal differences.

1.1.1 Standards and interpretations published by the IASB whose application is mandatory for financial periods commencing on or after 1 January 2015

The amendments to standards and interpretations and new published standards applicable as of 1 January 2015 which, in particular, have an impact on the Group consolidated financial statements are as follows:

Standard or interpretation	Summarised description	2015 impacts	Date of adoption (period beginning as of)
IFRIC 21 "Levies"	This interpretation covers the recognition of levies not falling under IAS 12 "Income taxes." Its purpose is to clarify the obligating event that gives rise to the recognition of a liability to pay a levy without treating the offset of this liability.	See Note 1.1.3	IASB: 01/01/2014 EU: 17/06/2014 Group: 01/01/2015

1.1.2 Standards and interpretations not adopted in advance for the preparation of the 2015 consolidated financial statements

The Group has generally not opted for the early application of the standards and interpretations applicable to financial periods commencing on or after 31 December 2015, regardless of whether they were adopted by the European Commission.

In particular, the Group did not adopt the following standards for its 2015 consolidated financial statements:

Standard or interpretation	Summarised description	Expected impacts	Date of adoption (period beginning as of
IFRS 15 "Revenue from contracts with customers"	This new standard proposes a single revenue recognition model applicable to all types of customer contracts, regardless of the entity's business segment. This model, which follows five key steps, is based on the transfer of control which may be continuous or at a given time. The notion of the transfer of risks and rewards is no longer predominant. Revenue is recognised on the supply of goods or services for the amount of the consideration expected in exchange.	Analysis ongoing	IASB: 01/01/2018 EU: Not adopted Group: awaiting adoption
IFRS 9 "Financial instruments"	The purpose of the revised standard is to replace the current IAS 39 on financial instruments. The three topics covered are the classification and measurement of financial instruments, a methodology for the impairment of financial assets and hedge accounting.	Analysis ongoing	IASB: 01/01/2018 EU: Not adopted Group: awaiting adoption

1.1.3 Changes added to the fiscal period and comparative fiscal periods

The reconciliations between restated comparative figures and published figures for the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of financial position and consolidated cash flow statement are presented in Note 1.1.3.4 below.

Other than the streamlining of the financial information (see Note 1.1.3.3), changes added to the comparative fiscal periods concern the adoption of IFRIC 21 "Levies" (See Note 1.1.1) as of 1 January 2015 and a correction of the amount of employee benefits.

1.1.3.1 Adoption of IFRIC 21 "Levies"

The Group has adopted IFRIC 21 retrospectively to 1 January 2014 in accordance with IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors." The main impacts on the consolidated financial statements are listed below:

- Certain levies, which until now have been spread out on a straight-line basis over year Y (year of the obligating event triggering the levy), shall now be recognised in their full amount as of 1 January of year Y. This change mainly concerns the flat tax on network companies (IFER), property taxes and the annual tax on Ile-de-France offices. While the absence of progressive recognition had impacts on interim periods, the adoption of the interpretation had no impact on the consolidated financial statements for the 31 December year-end.
- Certain taxes, which until now have been recognised on a straight-line basis over year Y-1 (reference year for the tax base calculation) shall be fully recognised as of 1 January of Y, the year in which the obligating event occurs. This change mainly concerns the corporate social solidarity contribution (C3S) and the regional solidarity tax (CST). For these Y-1 taxes, the impact on equity as at 31 December 2014 totalled €128 million, of which:
    - o €1 million for net profit attributable to equity holders of the parent: this impact corresponds to the difference between the expense amounts published in 2014 and 2013 which, due to the adoption of IFRIC 21, was recognised in the 2014 restated financial statements;

- o €127 million for consolidated reserves: this impact corresponds to the expense published in 2013 and cancelled through reserves so as to be recognised in the 2014 restated net profit.

In the 2014 restated consolidated financial statements, the restated net profit is similar to the published amount, the tax amounts being equivalent from one year to another. The main impacts are described below:

- On the date of the change in method, i.e. 1 January 2015, consolidated equity remained unchanged compared to the amount published as at 31 December 2014, the 2014 published expense having been cancelled so as to be recognised as of 1 January 2015 in the 2015 net profit.
- All things being equal, if IFRIC 21 had not been adopted, consolidated equity as at 31 December 2015, would have declined by around €150 million.

1.1.3.2 Adjustment to the calculation of employee benefit obligations

The Group adjusted the calculation of certain employee benefit obligations. The €53 million impact mainly related to long-term employee benefits. Considering that the costs of a retrospective adjustment exceed the expected benefits and in view of the lack of materiality for the 2014 published consolidated equity and earnings, the correction was treated prospectively during the period. The impact was calculated as at 1 January 2015 and offset in equity against an increase in liabilities under employee benefits.

1.1.3.3 Streamlining of financial information

During the year, the Group reviewed the organisation of the financial information published in its financial statements in order to improve fluidity and readability. The changes made consisted in:

- Reorganising the information initially presented in 33 notes under approximately ten topics following the order of the line items in the statement of income and the statement of financial position.
- Creating a topic entitled "Gross profit" with respect to the importance of this indicator in the monitoring of performance where segment reporting, purchases and external charges, employee benefits expense and taxes and duties other than income tax are presented.
- Reorganising the information relating to concession activities in a single section within the "Gross profit topic."
- Reorganising the information relating to financial instruments under a single topic, "Capital and financing."
- Within each topic, breaking down the accounting policies applied by identifying them with a grey background.
- Eliminating redundant information.
- Reducing the list of scope entities by restricting it to the main entities based on revenue and total assets thresholds.

A table mapping the correspondence between the old and new chart is presented after Note 10 on the scope of consolidation.

1.1.3.4 Reconciliation between published data and restated comparative data

Adoption of IFRIC 21

The adoption of IFRIC 21 mainly impacts the consolidated liabilities of the statement of financial position. There are no impacts on the assets and they are immaterial for the consolidated statements of income, comprehensive income and cash flow.

In € millions	31/12/2013 published accounts	IFRIC 21 impact	31/12/2013 restated accounts

Share capital	4,971	0	4,971
Consolidated reserves	1,879	126	2,005
Net profit/(loss) for the year attributable to equity holders of the parent	-180	0	-180
Equity attributable to equity holders of the parent	6,670	126	6,796
Non-controlling interests (minority interests)	99	1	100
Total equity	6,769	127	6,896
Non-current employee benefits	2,044	0	2,044
Non-current provisions	874	0	874
Non-current financial liabilities	14,235	0	14,235
Deferred tax liabilities	238	0	238
Non-current liabilities	17,390	0	17,390
Current employee benefits	180	0	180
Current provisions	264	0	264
Operating payables	11,613	-119	11,494
Operating liabilities	**12,057**	**-119**	**11,938**
Current financial liabilities	3,603	0	3,603
Current liabilities	15,660	-119	15,541
Liabilities associated with assets classified as held for sale	4	-9	-5
Total equity and liabilities	39,823	0	39,823

In € millions	31/12/2014 published accounts	IFRIC 21 impact	31/12/2014 restated accounts
Share capital	4,971	0	4,971
Consolidated reserves	1,177	126	1,303
Net profit/(loss) for the year attributable to equity holders of the parent	605	-1	604
Equity attributable to equity holders of the parent	**6,753**	**125**	**6,878**
Non-controlling interests (minority interests)	105	1	106
Total equity	**6,857**	**127**	**6,984**
Non-current employee benefits	1,456	0	1,456
Non-current provisions	1,037	0	1,037
Non-current financial liabilities	13,813	0	13,813
Deferred tax liabilities	486	0	484
Non-current liabilities	16,793	0	16,791
Current employee benefits	218	0	218
Current provisions	265	0	265
Operating payables	9,989	-118	9,871
Operating liabilities	**10,472**	**-118**	**10,354**
Current financial liabilities	4,972	0	4,972
Current liabilities	**15,444**	**-118**	**15,326**
Liabilities associated with assets classified as held for sale	3,103	-9	3,094
Total equity and liabilities	**42,197**	**0**	**42,195**

1.2 ACCOUNTING JUDGEMENTS AND ESTIMATES

In preparing the Group accounts, management must make estimates, as numerous items included in the consolidated financial statements cannot be valued precisely. The accounting estimates used for the 31 December 2015 financial statements were prepared under the current context of uncertainty regarding business outlooks. Management is required to revise its estimates in the event of a change in the circumstances on which they are based or as a result of new information or further experience. As such, the estimates adopted as at 31 December 2015 may be materially modified and subsequent actual results may differ materially from these estimates based on different assumptions or conditions.

These estimates and assumptions primarily concern:

- Determination of goodwill:

Business combinations are accounted for using fair value estimates of the assets acquired and liabilities assumed and previously held equity investments in a step acquisition are remeasured at fair value. Goodwill is the difference between the acquisition price plus the value of the previously held equity investments and the fair value of the acquired assets and liabilities.

- Impairment of non-financial assets:

The Group performs impairment tests at least once a year on goodwill balances and intangible assets with an indefinite life. In addition, the Group assesses at each balance sheet date whether there is any indication that a non-financial asset may have lost value, necessitating the performance of a test.

These tests seek, in part, to determine a value in use or a market value less costs to sell. Value in use calculations are based on management estimates of expected future cash flows from the asset or cash-generating unit (CGU), the appropriate discount rate to be used to calculate the present value of these future cash flows and the growth rate adopted. Market value calculations are based on an assessment by management of the transaction price that could be obtained for the sale of the assets tested, taking into account the current condition of such assets.

- Employee-benefit related items:

Considering that these benefits are settled several years after the personnel has rendered the corresponding services, the obligations under defined benefit plans and other long-term liabilities are recognised using actuarial valuations based on financial and demographic assumptions including discount, inflation, and salary increase rates and mortality tables. Due to the long-term nature of these plans, changes in these assumptions can generate actuarial gains and losses and may lead to a significant change in the commitments recorded.

- Recognition of deferred tax assets:

A deferred tax asset is recognised when it is probable that the Group will generate future taxable profits against which unused tax savings may be offset. The Group's ability to recover these tax assets is analysed based on its business plan, contingencies relating to the economy and the uncertainties surrounding markets in which the Group is active. Deferred tax assets are adjusted upward or downward should there be any material change in future Group tax results, the adjustment mainly being offset in the income statement.

- Provisions for environmental risks:

The Group records a provision for environmental risks when there exists a legal or implicit obligation towards a third party that can be reliably measured and which would result in an outflow of resources.

Amounts recorded for site decontamination are based on the best possible estimate resulting from year-end assessments and take into account valuations for known risks currently being assessed (see Note 4.5).

Amounts recorded for the dismantling of rolling stock containing asbestos correspond to the estimated dismantling costs at the end of the equipment life. These costs are determined based on the prices invoiced by scrap metal dealers and asbestos removers and the target prices of ongoing calls for tender. A change in these costs would be passed on to the amounts recorded.

- Derivative financial instruments:

The Group uses assumptions to measure the fair value of its derivative instruments. The recognition and measurement principles are described in Note 6.3.

1.3 BASIS OF CONSOLIDATION

1.3.1 Entities under control, joint control or significant influence

Controlled companies over which the Group exercises exclusive control, directly or indirectly, are fully consolidated. Under IFRS 10, control is defined and determined based on three criteria: power, exposure to variable returns and the relationship between power and these returns.

Practically speaking, control is presumed to exist where the Group holds 50% or more of the voting rights in an entity (total of existing voting rights and potential voting rights which are substantially exercisable before the holding of management body meetings) or where the Group can:

- control over half the voting rights pursuant to an agreement with other investors;
- manage the financial and operating policy of the entity pursuant to a contract;
- appoint or dismiss the majority of the members of the Board of Directors or an equivalent management body;
- control the majority of the voting rights at meetings of the Board of Directors or an equivalent management body.

All material transactions between the controlled companies are eliminated.

The profit or loss of subsidiaries is divided between the Group and the non-controlling interests based on their percentage interest even if this results in the recording of negative non-controlling interests.

Joint arrangements qualified as "joint operations" within the meaning of IFRS 11 are recorded for their share of assets and liabilities and revenues and expenses after elimination of intra-group transactions.

The following are equity-accounted:

- Joint arrangements qualified as joint ventures under IFRS 11, meaning that they solely give rights to the net assets of an entity.
- Entities in which the Group exercises significant influence over financial and operating policies, but which it does not control (associates) under IAS 28. Significant influence is presumed to exist where the Group holds an interest of 20% or more.

The results of companies acquired or disposed of during the fiscal year are included in the consolidated income statement of the Group from the date control is acquired up to the date of transfer of control.

The financial statements of the companies included in the scope of consolidation are drawn up to 31 December 2015 and restated to comply with Group accounting policies. All internal profits and losses between controlled companies are fully eliminated and those between companies accounted for under the equity method are eliminated according to the percentage interest held.

A list of the main subsidiaries, joint ventures, joint operations, and associates and the factors used to assess control in certain entities is presented in Note 10.

1.3.2 Translation of the financial statements of foreign subsidiaries

The financial statements of foreign subsidiaries whose functional currency is not the euro are translated into euros using the period-end exchange rate method:

- balance sheet accounts are translated using exchange rates prevailing on the balance sheet date,
- income statement items are translated at the average annual rate of exchange,
- translation differences arising on the retranslation of opening balance sheet items (movement between opening and closing exchange rates) and income statement items (movement between average and closing exchange rates) are taken to "Translation differences" under other comprehensive income in consolidated equity.

Likewise, foreign exchange differences arising from the translation of receivables and payables that are part of the net investment in a foreign subsidiary are also recorded in Translation differences in consolidated equity. They are recorded in profit or loss upon removal of the net investment.

2. MAJOR EVENTS

2.1 MAJOR EVENTS OF THE YEAR

2.1.1 Rail reform

The rail reform law definitively adopted on 22 July 2014 and enacted by the President of the French Republic on 4 August 2014, under number 2014-872, came into force on 1 January 2015. It is based on five objectives:

- Confirmation of a public service that is strengthened and better managed;
- Creation of an integrated public industrial group;
- Introduction of a national agreement to ensure the financial future of the public service;
- Creation of a labour framework for all rail segment players by maintaining the status of railway employees and unifying their group;
- Greater regulatory authority to guarantee the impartiality of network accessibility.

The former organisation of the French rail system and specifically the State-owned industrial and commercial institution (or EPIC) Société Nationale des Chemins de fer Français was profoundly changed as of 1 January 2015, with the creation of a Public Rail Group (PRG) organised according to three economically integrated EPICs:

- The former EPIC Société Nationale des Chemins de fer Français (SNCF), now SNCF Mobilités, continues to carry out all the transport activities of the former SNCF Proximités, SNCF Voyages and SNCF Logistics segments, and manage stations of the Gares & Connexions segment
- The former Réseau Ferré de France (RFF), now SNCF Réseau, unifies all the infrastructure management functions by combining SNCF Infra and Rail Network Operation and Management formerly part of the SNCF Infra division. It guarantees fair access to the network for all rail companies.
- A "parent" EPIC, created on 1 December 2014 as part of the reform and called SNCF is responsible for strategic control and steering, economic coherence, and the Public Rail Group's industrial integration and social unity.

The application decrees, enacted on 10 February 2015, set out the date and effective implementation of the new governance frameworks and the transfer of assets and liabilities between the three EPICs. The date of implementation, 1 July 2015, corresponds to the issue date of the new safety certificates.

Accordingly, SNCF Mobilités Group considered that control of SNCF Infra was transferred to SNCF Réseau as at this same date. Hence, in accordance with IFRS 5 "Non-current assets held for sale and discontinued operations," the profit or loss components of the SNCF Infra division, which must be transferred under the law of 4 August 2014, continue to be reclassified under "Net profit/(loss) from transferred operations" in the consolidated income statement for the period ended 30 June 2015 and the comparative income statement. As of 1 July 2015, there were no longer any income statements items relating to the SNCF Infra division. The assets and liabilities of this segment that were to be transferred were reclassified under "Assets classified as held for sale" and "Liabilities associated with assets classified as held for sale" in the statement of financial position as of 31 December 2014. They were removed from the Group on 1 July 2015.

In addition, non-current assets and entities were transferred to the new parent EPIC, i.e. the new SNCF. These non-current assets and the assets and liabilities of these entities identified at the year-end were reclassified under "Assets classified as held for sale" and “Liabilities associated with assets classified as held for sale” in the statement of financial position as at 31 December 2014. They were removed from the Group on 1 July 2015.

Detailed information is presented in Note 4.2 to the consolidated financial statements.

Lastly, the coming into force of the law was accompanied by an organisational change at SNCF Mobilités, which modified the Group’s segment reporting in accordance with IFRS 8 (see Note 3.1 to the consolidated financial statements).

2.1.2 Impairment losses

Indications of impairment on the TGV France and Europe CGU (excluding Eurostar and Thalys)

As part of the set-up of the new Public Rail Group (PRG), preparations were undertaken to draft a framework agreement and performance contracts between the French State, the PRG, and the two EPICs, SNCF Mobilités and SNCF Réseau, accompanied by a proposed 2025 financial trajectory. For SNCF Mobilités, this financial trajectory arises from a new strategic and financial plan prepared by management and approved by the Board of Directors of SNCF Mobilités on 10 March 2016 (see Note 4.3.2), which comes within a shifting environment due to:

- more intense competition spurred by the ramp-up of intermodal services; and
- new growth drivers with the commissioning of four high-speed lines (LGV).

This trajectory falls with a context of risks and uncertainties (see Note 4.3.2) and factors in recent events, particularly the step-up in the development of intermodal competition (low-cost airlines, private cars with the fall in oil prices, car sharing, etc.) and the emphasis on a pricing policy geared towards low prices since the first half of 2015.

The fragility of the business equilibrium endures due to flat revenue growth (excluding LGV commissioning), higher infrastructure fees unrelated to revenue growth and significant investments with the necessary renewal of a portion of the fleet, despite performance plans for TGV operating costs and capital productivity (pressure on the fleet in terms of the number of trains and unit prices).

As a result of these changes and measurements regarding its strategic and financial plan, SNCF Mobilités management had identified indications of impairment and conducted impairment tests, which resulted in additional impairment losses of €2,200 million for Voyages SNCF and €38 million for the Corporate function in respect of support assets as at 31 December 2015. Detailed information is presented in Note 4.3.2 to the consolidated financial statements.

Impairment loss on the Gares & Connexions CGU

Following the referral procedure of the Syndicat des Transports d'Ile de France (STIF) with respect to a dispute with the Gares & Connexions segment of SNCF Mobilités, the French Rail and Road Regulatory Body (ARAFER) handed down its decision on 3 February 2015. The claim relating to the allocation of the cash flow from operations generated by the Ile-de-France stations was dismissed. Among the other components of the decision, only the following three impacted the consolidated financial statements:

- ARAFER's order that SNCF Mobilités limit, as from the 2014 service schedule, the return on capital employed (ROCE) to a range of 5.5% to 6.9% before tax, compared to the 9.2% applied previously, with respect to regulated services (passenger information facilities for example).
- The request to classify the underground stations of Paris Austerlitz, Paris Gare du Nord and Paris Gare de Lyon as Category B stations (regional stations) as of the 2015 service schedule. The classification determines fee levels.
- The set-up of a new fee modulation system by no later than the 2017 service schedule, to better reflect the use of services by each carrier.

A few days later, ARAFER also issued a negative opinion on the 2016 Document de Référence des Gares (DRG), which set the rates for all of France. The Authority requested that the same range of 5.5% to 6.9% before tax be applied as of 2016.

SNCF Mobilités appealed the decision on the STIF dispute before the Paris Court of Appeal and the DRG opinion was referred to the Conseil d'Etat.

ARAFER subsequently issued a definitive favourable opinion on the 2016 DRG (based on an ROCE reduced to 6.9%) and a favourable opinion on the draft 2017 DRG, based on a 6.9% ROCE, while duly noting that the ongoing revision of the business and pricing model could be completed by the summer of 2016 and therefore give rise to a new version of the 2017 DRG.

In addition to representing indications of impairment pursuant to IAS 36 "Impairment of Assets," these decisions will require Gares & Connexions to adapt its business model and prepare a new financial trajectory

As at 30 June 2015, Impairment tests were carried out based on the reviewed strategic plan prepared by SNCF Mobilités management (see Note. 4.3.2). The result was the recognition of an impairment loss of €450 million for the property, plant and equipment and intangible assets of this cash-generating unit, which remained unchanged as at 31 December 2015 due to the absence of any new material items in the second half of 2015. Detailed information is presented in Note 4.3 to the consolidated financial statements.

2.1.3 Business combinations

Creation of the THI Factory rail company (Thalys)

On 1 April 2015, the rail company THI Factory was created to carry passengers under the Thalys brand. Incorporated under Belgian law, the company is 60% owned by SNCF Mobilités and 40% owned by SNCB, the two entities having concluded a shareholders' agreement under which SNCF Mobilités is granted exclusive control pursuant to IFRS 10 "Consolidated Financial Statements." The transaction and its impacts are described in Note 4.2 to the consolidated financial statements.

Acquisition of Eurostar International Limited (EIL)

The sale of the British partner's stake in EIL to the CDPQ/Hermès consortium resulted in the signing of a new shareholders' agreement on 28 May 2015. Under this agreement, SNCF Mobilités is granted exclusive control of EIL as defined by IFRS 10 "Consolidated Financial Statements." The transaction and its impacts are described in Note 4.2 to the consolidated financial statements.

Acquisition of OHL (Ozburn-Hessey Logistics)

In November 2015, SNCF Logistics took over the US logistics solutions operator Ozburn-Hessey Logistics (OHL), via its wholly-owned subsidiary Geodis. The transaction and its impacts are described in Note 4.2 to the consolidated financial statements.

2.1.4 Competition Authority fine for the Distribution and Express activity

Following the investigation of the Distribution and Express segment, the Competition Authority rendered its decision on 15 December 2015. The €196 million fine imposed on SNCF Mobilités Group was recorded under "Other purchases and external charges" in gross profit. Gross profit excluding the fine totalled €2,597 million. Detailed information is presented in Note 4.5.2.1 to the consolidated financial statements.

2.1.5 Loss on completion for the Intercités activity

The roadmap presented by the government on 7 July 2015 regarding a new future for the Trains d'Equilibre du Territoire stipulated that a new agreement between the French State and SNCF Mobilités would be completed in 2016 for the 2016-2020 period. Pending the finalisation of the ongoing negotiations between SNCF Mobilités and the French State, covering in particular the level of offerings and the funding of the future agreement over its term, the French State asked SNCF Mobilités to maintain its 2016 Intercités offerings at the 2015 level, without additional funding. In this context, SNCF Mobilités believes that it is too late to implement the operational growth levers that would prevent a loss being recorded for the first year of the multi-year agreement (the French State's objective for the 2016-2020 period), due to lack of development of the offering and additional funding from the French State. Accordingly, SNCF Mobilités recorded a €106 million provision for onerous contracts for Intercités, representing the estimated 2016 loss. Detailed information is shown in Note 4.5 to the consolidated financial statements.

2.2 SUBSEQUENT EVENTS

The main subsequent events at the year-end closing are as follows.

2.2.1 Bond issue

In January 2016, the Group issued a €250 million fixed-rate bond swapped at floating rates, with a maturity of 15 years.

2.2.2 Loss of control in Akiem

To encourage the development of the locomotive leasing activity conducted by its wholly owned subsidiary Akiem, the Group sold 50% of its shares to an investor partner on 5 February 2016. The partnership agreement grants joint control rather than exclusive control to SNCF Mobilités. The transaction's effective date is contingent to the lifting of conditions precedent, and specifically the opinion of the Competition Authority, which should be handed down in the first half of 2016. As of this date, Akiem will be equity-accounted. Pursuant to IFRS 5 "Non-current assets held for sale and discontinued operations," the assets and liabilities of this company were presented under "Assets classified as held for sale" and "Liabilities associated with assets classified as held for sale" in the statement of financial position. Detailed information is presented in Note 4.2.3. to the consolidated financial statements.

2.2.3 Intercités

Following the roadmap presented on 7 July 2015, the French Secretary of State for Transport announced the following measures on 19 February 2016 as part of an update:

- The renewal of rolling stock for Trains d'Équilibre du Territoire (TET), including an investment in backbone lines of around €1.5 billion by 2025.
- The discontinuation of funding for 6 out of 8 night time lines (the Paris-Briançon, and Paris-Rodez / Latour de Carol night time lines will be maintained), and a forthcoming call for expressions of interest to assess all the proposals likely to be drawn up for these 6 lines, including the management of operations by another authority.
- The continuation of discussions with the Regions, to develop the current TET offering, based on the recommendations of the Duron commission.

The Secretary of State for Transport specified that these decisions will be made by the French State as and when agreements are entered into with the Regions on the day time lines, and according to the outcome of the call for expressions of interest regarding the night time lines, and by 1 July 2016 at the latest.

To date, these announcements do not call into question the Group's assessment of the €106 million provision for onerous contracts recognised as at 31 December 2015 in respect of the future agreement (see Note 4.5 to the consolidated financial statements).

3. GROSS PROFIT

Gross profit is equal to revenue plus incidental income, net of expenses directly relating to operating activities.

Revenue is recognised based on the effective transportation of passengers and freight. Revenue recognised in the systems on the issue of a passenger transport ticket is adjusted at the period-end for tickets issued but not used, which are recorded in "Deferred income" under "Operating payables".

Pursuant to IFRIC 13, customer loyalty programmes are measured and recognised at the fair value of the unused point's consideration in "Deferred income" under "Operating payables," with an offsetting decrease in revenue. This deferred income is transferred through profit or loss under the "Revenue" heading as and when the loyalty points are used by customers.

Revenue includes contributions of the French State and Organising Authorities. These contributions comprise price subsidies covering socially motivated prices introduced by the French State and contributions remunerating global services within a contractual framework or specific services.

Expenses directly relating to operating activities include primarily purchases, subcontracting costs, other external services, employee costs, taxes and duties other than income tax, asset disposals related to the activity (property, plant and equipment within the operating cycle sold in connection with the renewal of production facilities, primarily transport equipment) and other miscellaneous items. All charges to employee-related provisions and, specifically, charges relating to employee commitments (excluding the finance cost), are included in "Employee benefits expense".

Gross profit is separate from current operating profit, which includes the majority of non-cash items (depreciation and amortisation, provisions, impairment, etc.) and other miscellaneous items not directly attributable to another income statement account. Write-down and write-down reversals of operating assets are recognised below gross profit under "Net movement in provisions". In this case, the gross profit allocation is entered when the loss becomes effective.

Charges to provisions for risks are also recognised under "Net movement in provisions," as are unused reversals. Used reversals are recognised with the expense they hedge within gross profit.

3.1 SEGMENT REPORTING

3.1.1 Determination of segments presented

The activity of SNCF Mobilités is based on three business units: SNCF Voyageurs, SNCF Logistics and Keolis. Within these business units, five operating segments are now regularly examined by the SNCF Mobilités Executive Committee in order to assess their performance and allocate resources, with SNCF Voyageurs being subject to a breakdown in internal reporting. These segments, which target different customers and sell separate products and services, are as follows:

- Within the SNCF Voyageurs business unit:
    - SNCF Transilien, Régions and Intercités: local transport activities of the Group encompassing medium-distance links (Trains d'Équilibre du Territoire - Intercités), rail transport regulated services (TER, Transilien, etc.), and additional services covering passenger transport (Itiremia, Ritmx) and housing for Group employees (Orfea).
    - Voyages SNCF: door-to-door passenger transport services in France and Europe (TGV, Ouigo, Eurostar, Thalys, Lyria, Ouibus, iDVroom, etc.) and distribution of travel-related products.
    - Gares & Connexions: dedicated to the development and operation of all stations and the non-discriminatory welcome of all operators.

- SNCF Logistics, including a full range of transport and freight logistics businesses. These activities are differentiated between the activity Geodis logistics, STVA freight forwarding, rail freight fleet management and freight rail transport.
- Keolis in charge of mass transit in fifteen countries worldwide. Its expertise covers all modes of transportation (train, bus, car, metro, tramway, ferries, bicycles), and the management of interconnection points (stations, airports) and parking.

These segments rely on common support functions (Corporate), which combine the holding company activities of SNCF Participations, the service provider activities of SNCF Mobilités Group (equipment, real estate functions and other transversal services) and certain operating subsidiaries.

SNCF Infra, in charge of delegated infrastructure management activities for SNCF Réseau and engineering and fully impacted by the law of 4 August 2014 on rail reform, was removed from SNCF Mobilités Group on 1 July 2015 (see Note 2), and no longer contributed to the consolidated income statement and balance sheet as of that date. As this segment satisfies the definition of a "discontinued operation" in accordance with the terms adopted by IFRS 5, its corresponding financial data, as detailed in Note 4.2.3, was reclassified to the following line items:

- "Net profit/(loss) from transferred operations" in the income statements for the years ended 31 December 2015 and 2014.
- "Assets classified as held for sale" and "Liabilities associated with assets classified as held for sale" in the statement of financial position as at 31 December 2014.

Revenue generated by SNCF Infra with the Group's other segments amounted to €151 million in 2015 (€303 million in 2014).

3.1.2 Segment indicators

The main balance sheet and income statement indicators monitored by Management for each segment are as follows:

- External revenue, after elimination of all transactions with the Group's other segments.
- Gross profit
- Net investments comprising cash flows relating to concession financial assets and acquisitions of intangible assets and property, plant and equipment (less investment grants), plus new finance-leased assets.
- Net indebtedness (see definition of the aggregate in Note 6).

As a result, the presentation of segment reporting was reviewed in accordance with IFRS 8 "Operating segments," and comparative financial data was restated accordingly.

The accounting methods adopted for the preparation of financial data for each segment are those used in the preparation of the consolidated financial statements. The internal revenue presented below is made up of transactions between segments, eliminated in an "Inter-segment" column for purposes of reconciliation with the Group consolidated financial statements.

3.1.3 Information by segment

In € millions 31/12/2015	SNCF Transilien, Régions and Intercités	Voyages SNCF	Gares & Connexions	SNCF Logistics	Keolis	Corporate	Inter-segment	Total
External revenue	7,872	6,746	356	9,070	4,907	345		29,296
Internal revenue	631	649	851	181	95	2,569	-4,976	
Revenue	8,503	7,394	1,208	9,251	5,002	2,914	-4,976	29,296
Gross profit	539	867	220	295	261	219		2,401
Gross profit excluding competition fine	539	867	220	491	261	219		2,597
Net investments (1)	-163	-599	-183	-309	-277	-248		-1,845
Net indebtedness (2)	101	1,747	480	1,987	791	-1,360		7,772

(1) Total including the net investments of SNCF Infra (-€65 million in the first half of 2015)
(2) Indicator calculated excluding Fret SNCF for the SNCF Logistics segment. Total net indebtedness of SNCF Logistics amounts to €6,012 million.

In € millions 31/12/2014	SNCF Transilien, Régions and Intercités	Voyages SNCF	Gares & Connexions	SNCF Logistics	Keolis	Corporate	Inter-segment	Total
External revenue	7,610	5,848	275	8,812	4,361	337		27,243
Internal revenue	640	683	909	229	98	3,129	-5,687	
Revenue	8,250	6,531	1,183	9,041	4,459	3,466	-5,687	27,243
Gross profit	426	680	251	431	261	332		2,382
Net investments (1)	-470	-477	-168	-290	-247	-376		-2,168
Net indebtedness(1) (2)	442	2,043	480	1,685	608	-1,924		7,405

(1) Total including the net investments (-€139 million) and net indebtedness (€280 million) of SNCF Infra
(2) Indicator calculated excluding Fret SNCF for the SNCF Logistics segment. Total net indebtedness of SNCF Logistics amounted to 5,477 million.

Revenue generated by the SNCF Voyageurs business unit, after elimination of transactions internal to this business, totalled €15,391 million for the year ended 31 December 2015 (€14,124 million for the year ended 31 December 2014), of which €14,974 million in external revenue (€13,733 million for the year ended 31 December 2014).

Pursuant to IFRS 8 (section 33), information concerning geographical areas is not provided since the necessary information is unavailable and the cost to prepare it would be excessive.

3.2 TRANSACTIONS WITH TRANSPORT ORGANISING AUTHORITIES

As part of its regional, trans-regional and local transport activities, the Group provides public services (rail transport regulated service) for the French State (Transport Organising Authority for Trains d'Equilibre du Territoire) or for public authorities (in France, the Regions - Regional transport network organising authorities - and urban centres, and at the international level, various local authorities), in return for a consideration. These activities are essentially carried out at Keolis, SNCF Transilien Régions and Intercités. These services are covered by operating agreements with terms of 3 to 10 years. They are included in the scope of IFRIC 12 when the assets used to provide a public service are controlled by the Organising Authority (OA). Control is deemed to occur when the following two conditions are met:

- the OA controls or regulates the public service, i.e. the OA controls or regulates the services that must be provided with the infrastructure that is the subject of the concession, to whom it must provide them, and at what price; and
- the OA controls the infrastructure, i.e. the OA can acquire it at the end of the arrangement’s term.

Pursuant to IFRIC 12, the infrastructures used cannot in these cases be recorded as property, plant and equipment in the operator's balance sheet, but rather as an intangible asset ("intangible asset model") and/or a financial asset ("financial asset model") according to the level of consideration given by the OA:

- the "intangible asset model" applies where the Group, as operator, receives a right to charge users of the public service and is paid in substance by the user, which means it bears a demand risk;
- the "financial asset model" applies where the Group has an unconditional right to receive cash or another financial asset, either directly from the OA or indirectly by means of guarantees given by the OA on the revenue from users of the public service. The consideration is independent of the users' use of the infrastructure. In this case, investment grants are classified as a repayment clause of the operating financial asset. The Group has opted to categorise these financial assets in loans and receivables pursuant to IAS 39 and to record them at amortised cost calculated using the effective interest rate.

IFRIC 12 is applied retrospectively to financial periods beginning on or after 1 January 2010 for investments carried out following the conclusion of such agreements. Prior investments continue to be recorded in property, plant and equipment.

Transactions with transport organising authorities had the following impacts on the Group’s consolidated financial statements:

In € millions	31/12/2015	31/12/2014	Change
Services with the OA (Regions and STIF)	4,131	3,983	148
Services with the French state as OA of the Trains d'Equilibre du Territoire	263	242	21
Interest income arising from concession financial assets	65	48	17
Impacts on revenue	4,460	4,274	186
Cash inflows from concession financial assets	787	906	-119
Investment grants relating to intangible assets and PP&E	546	205	342
Impacts on cash flow used in investing activities	1,334	1,111	180
Concession intangible assets	48	57	-8
Concession non-current financial assets	1,279	1,156	123
Impacts on non-current assets	1,328	1,213	115

3.3 OTHER GROSS PROFIT ITEMS

3.3.1 Purchases and external charges

Purchases, sub-contracting and other external charges break down as follows:

In € millions	31/12/2015	31/12/2014	Change
Sub-contracting	-5,368	-5,266	-102
Infrastructure fees payable to SNCF Réseau	-3,766	-3,544	-222
Eurotunnel and other infrastructure fees	-413	-158	-255
Purchases and external charges	-5,098	-4,035	-1,063
Traction energy and fuel	-1,053	-1,096	43
Purchases and external charges	-15,698	-14,099	-1,599

3.3.2 Employee benefit expenses and headcount

Employee benefit expenses mainly comprise wages, social security contributions, employee profit-sharing and expenses for other employee benefits. As from 1 January 2015, pursuant to Law 2014-288 of 5 March 2014 relating to professional training, employment and social democracy, the DIF will be replaced by the personal training account (CPF). However, employees will retain the DIF rights they have acquired up to 31 December 2014 and can activate them until 1 January 2021.

The personal training account is recorded in the amount of hours and activated by the employee in order to constitute a reserve of training time to be used at his or her initiative with or without the approval of the employer depending on whether the training is eligible within the meaning of articles L. 6323-6, L. 6323-16 and L. 6323-21, and does or does not take place during working hours.

The account is assigned to the individual (and not the employment contract) and accompanies the employee throughout his or her professional life. Training hours recorded in the holder's account remain vested in the event of a change in occupation or job loss.

The accounting treatment of the CPF is the same as that applied to the DIF: the sums paid to training organisations represent an expense for the period and no provision is recognised. As the case may be, and given that in most cases employee training will benefit the company's future activity, the outflow of resources relating to its funding obligation would be compensated.

As at 31 December 2015, the employee benefit expenses and headcount break down as follows:

In € millions	31/12/2015	31/12/2014	Change
Wages and salaries	-10,265	-9,877	-388
Other employee benefits	-13	13	-26
Profit-sharing and incentive schemes	-30	-29	-1
Seconded and temporary employees	-315	-274	-41
Total employee benefit expenses	**-10,623**	**-10,167**	**-456**
Average number of equivalent full-time employees	**196,152**	**245,763**	**-49,611**

The employee benefit expenses of the SNCF Infra division were not included in the above expenses but reclassified to "Net profit/(loss) from transferred operations" in the 2015 and 2014 income statements (see Note 2 to the consolidated financial statements).

The average number of equivalent full-time employees does not include employees for the SNCF Infra division as at 31 December 2015, as they were transferred under the rail reform as at 1 July 2015. However, as at 31 December 2014, the average number of equivalent full-time employees included 52,193 employees for the SNCF Infra division.

3.3.3 Taxes and duties other than income tax

Taxes and duties other than income tax included in gross profit mainly comprise the flat rate taxation of network companies (IFER), the Territorial Economic Contribution (CET), and the Territorial Solidarity Tax (CST).

The CET has two components: the Cotisation Foncière des Entreprises (CFE), assessed on the rental value of buildings, and the Cotisation sur la Valeur Ajoutée des Entreprises (CVAE), calculated on the basis of the added value generated by the company.

The Territorial Solidarity Tax (Contribution de Solidarité Territoriale - CST) is based on total revenue collected on the year-end tax due date relating to non-regulated passenger rail transport services and commercial services, net of State contributions compensating reduced and regulated fares.

In € millions	31/12/2015	31/12/2014	Change
IFER	-263	-264	1
Property taxes	-86	-80	-6
Territorial Economic Contribution	-286	-330	44
Territorial Solidarity Tax	-90	-90	0
Other taxes and duties other than income tax	-270	-226	-44
Taxes and duties other than income	**-996**	**-991**	**-5**

3.3.4 Other operating income and expenses

Other operating income and expenses primarily represent the Competitiveness and Employment Tax Credit (CICE) introduced by the amending finance act of 29 December 2012. It was created to help companies finance their competitiveness particularly through investment, research, innovation, recruitment, new market prospection, environmental and energy transition and working capital restoration measures. It is based on compensation not exceeding two and a half times the minimum growth salary that companies pay their employees during the calendar year. For 2013, the tax credit amounted to 4% of this compensation and will be increased to 6% for forthcoming years.

The CICE is offset against the corporate income tax payable for the year in which the compensation used for the tax credit calculation was paid. The amount receivable from the French State corresponding to the amount not offset may therefore be used to settle the tax payable in the three years following the year in which the credit is recorded. At the end of this period, the non-offset portion is paid back to the company.

Considering that the CICE is used to finance expenditure in favour of competitiveness and its calculation and payment methods do not satisfy the definition of corporate income tax pursuant to IAS 12, it was analysed in substance by the Group as a government grant within the scope of IAS 20. Insofar as the CICE is used by the Group to finance expenditure relating to working capital, it corresponds more specifically to an operating grant, the accounting impacts of which are recorded under “Other operating income and expenses” in the consolidated income statement.

4. OPERATING ASSETS AND LIABILITIES

4.1 INTANGIBLE ASSETS AND PROPERTY, PLANT AND EQUIPMENT

4.1.1 Intangible assets

Intangible assets primarily comprise the customer base, leasehold rights, licences and software, and trade names acquired during business combinations. They are recorded at historical cost or, where necessary, at fair value on the date of acquisition if such assets are acquired in connection with a business combination. Certain assets are amortised using the method specified in Note 4.1.4.

In € millions	31/12/2015			31/12/2014		
	Gross	Amortisation/ impairment	Net	Gross	Amortisation/ impairment	Net
Concessions, patents, software	987	-718	269	1,085	-854	231
Concession intangible assets (Note 3.2)	149	-100	48	144	-88	57
Other intangible assets	1,853	-578	1 27	1,113	-485	629
Intangible assets in progress	103	-3	100	174	-5	169
TOTAL	**3,091**	**-1,399**	**1,693**	**2,517**	**-1,431**	**1,086**

Movements in intangible assets break down as follows:

In € millions	Concessions, patents, software	Concession intangible assets	Other intangible assets	Intangible assets in progress	Total
Net carrying amount as at 01/01/2014	**367**	**60**	**667**	**166**	**1,260**
Acquisitions	31	6	7	160	**204**
Disposals	0	0	-3	0	**-3**
Amortisation	-162	-17	-64	0	**-244**
Impairment losses	-20	0	8	-5	**-16**
Change in consolidation scope	0	0	6	0	**6**
Exchange differences	0	0	3	0	**3**
Other changes	16	8	3	-152	**-125**
Net carrying amount as at 31/12/2014	**231**	**57**	**629**	**169**	**1,086**
Acquisitions	40	7	23	131	**202**
Disposals	-2	0	-18	-1	**-20**
Amortisation	-132	-21	-90	0	**-244**
Impairment losses	0	0	-1	-7	**-7**
Change in consolidation scope	4	0	741	0	**745**
Exchange differences	0	0	-12	0	**-12**
Other changes	128	5	3	-193	**-57**
Net carrying amount as at 31/12/2015	**269**	**48**	**1,275**	**100**	**1,693**

In 2015, the impacts in the "Change in consolidation scope" heading are mainly attributable to the acquisition of Eurostar (see Note 4.2.1)

As at 31 December 2014, the impacts of the reclassification to assets classified as held for sale of the data relating to the SNCF Infra division and the other entities and non-current assets to be transferred in connection with the rail reform (see Note 2) are presented in the "Other changes" heading (see Note 4.2.3). They represent a net decline of €131 million in intangible assets. In 2015, movements for the fiscal year include those generated by these entities over the first half and subsequently cancelled under "Other changes."

4.1.2 Property, plant and equipment

The property, plant and equipment of the Group include assets made available by the French State, assets owned outright and assets under finance lease agreements.

Property, plant and equipment owned outright are recorded in consolidated assets at acquisition cost. Internally produced assets are recorded at production cost. Property, plant and equipment acquired as part of a business combination are recorded at their fair value on entry into the consolidation scope.

The production cost of assets manufactured comprises the cost of raw materials and labour used to manufacture the assets, including that of purchased spare parts. Interest costs have been capitalised since 1 January 2009 pursuant to revised IAS 23. Property, plant and equipment are not subject to periodic revaluation.

Maintenance and repair expenses are recognised as follows:

- Rolling stock:
  - current maintenance expenses borne during the useful life of equipment (repair work on faulty spare parts and replacement of unusable and missing parts) are recorded as operating expenses;
  - expenses under multi-year major overhaul programmes are capitalised as a separate overhaul component and depreciated;
  - overhauls performed at the end of the initial useful life of a component, together with refurbishment and transformation costs, are capitalised in assets where they extend the useful life;
- Fixed installations:
  - current maintenance and repair expenses (technical inspections, maintenance contracts, etc.) are recorded as operating expenses;
  - expenses under multi-year major building maintenance programmes are capitalised via the partial or total replacement of each component concerned.

Dismantling obligations for rolling stock containing asbestos are offset against an increase in the value of the equipment in balance sheet assets (see Note 4.5).

The Group receives investment grants for the financing of some of its assets. The grants received are primarily from regional authorities. They are presented as a deduction from the corresponding asset.

The methods used to amortise and release grants are specified in Note 4.1.4.

Excluding investment grants, property, plant and equipment break down as follows by category:

In € millions	31/12/2015 Gross	Depreciation/ impairment	Net	31/12/2014 Gross	Depreciation/ impairment	Net
Land and buildings	11,313	-5,765	5,548	11,196	-5,370	5,825
Industrial and technical plant and other assets (ITP)	3,770	-2,433	1,337	3,685	-2,185	1,500
Transportation equipment	32,303	-22,913	9,390	31,176	-20,492	10,684
Property, plant and equipment in progress	824	-60	764	768	-7	761
TOTAL	48,209	-31,170	17,040	46,825	-28,053	18,772

Movements in property, plant and equipment, after investment grants, break down as follows:

In € millions	Land and buildings	ITP	Transportation equipment	Property, plant and equipment in progress	Investment grants	**Total net of grants**
Net carrying amount as at 01/01/2014	**6,072**	**1,792**	**10,758**	**1,055**	**-4,670**	**15,007**
Acquisitions	20	70	974	875	-178	1,761
Disposals	-115	-6	-49	0	1	-169
Depreciation, net of grants released	-390	-331	-1,126	0	380	-1,467
Impairment losses	-11	-14	176	0	0	151
Change in consolidation scope	-6	0	35	0	0	29
Exchange differences	1	1	2	0	0	4
Other changes	254	-12	-85	-1 167	12	-999
Net carrying amount as at 31/12/2014	**5,825**	**1,500**	**10,684**	**761**	**-4,454**	**14,317**
Of which assets under finance lease	*99*	*7*	*1,115*	*0*	*0*	*1,221*
Acquisitions	32	78	1,440	781	-588	1,743
Disposals	-101	-11	-52	-1	0	-165
Depreciation, net of grants released	-373	-253	-1,252	0	382	-1,498
Impairment losses	-417	-208	-2,049	-59	0	-2,733
Change in consolidation scope	88	51	1,054	6	1	*1,200*
Exchange differences	-1	1	-23	0	0	*-23*
Other changes	494	180	-411	-724	15	*-447*
Net carrying amount as at 31/12/2015	**5,548**	**1,337**	**9,390**	**764**	**-4,645**	**12,394**
Of which assets under finance lease	*84*	*5*	*1,050*	*0*	*0*	*1,138*

A breakdown of depreciation charges and impairment losses recorded in the income statement is presented in Notes 4.1.4 and 4.3. The impact on the "Impairment losses" heading in 2015 is attributable to:

- the impairment loss recognised for the France and Europe CGU (excluding Eurostar and Thalys) for €2,200 million,
- the impairment loss recognised for the Corporate function regarding the support assets of the TGV France and Europe (excluding Eurostar and Thalys) CGU for €38 million,
- the impairment loss recognised for the Gares & Connexions CGU for €450 million.

The impact on the "Impairment losses" heading in 2014 was attributable to the reversal of impairment recorded for the Rail Freight Fleet Management CGU for €163 million, and the reversal of impairment recorded for Fret SNCF spare parts inventories for €22 million, offset by land and building sales.

The impacts on the "Change in consolidation scope" heading are mainly attributable to the acquisition of Eurostar and the creation of the rail company THI Factory (see Note 4.2.1).

In 2015, the impact of the reclassification of Akiem property, plant and equipment to “Assets classified as held for sale” (see Note 4.2.3) amounts to -€498 million and is presented in “Other changes.”

Conversely, the other changes were impacted in the amount of €50 million (€177 million in 2014) by the upwards revaluation of the dismantling component relating to rolling stock containing asbestos offset against a provision (see Note 4.5).

In 2014, the impacts of the reclassification to assets classified as held for sale of the data relating to the SNCF Infra division and the other entities and non-current assets to be transferred in connection with the rail reform (see Note 2) are presented in “Other changes” (see Note 4.2.3). They represent a net decline of €1,161 million in property, plant and equipment. In 2015, movements for the fiscal year include those generated by SNCF Infra for the first half, subsequently reclassified through “Other changes.”

4.1.2.1 Assets made available by the French State

The French Orientation Law on Domestic Transport (LOTI), partially recodified in the legislative section of the French Transport Code of 28 October 2010, lays down the terms of possession of assets entrusted to SNCF Mobilités Group.

On the creation of the industrial and commercial public institution SNCF on 1 January 1983, the real estate assets previously given under concession to the semi-public limited liability company which it succeeded were appropriated to it. These assets made available by the French State, without transfer of title, are recorded in the SNCF Mobilités Group balance sheet to enable an economic assessment of Group performance.

Subject to legal provisions applicable to infrastructures deemed of general interest or public utility, SNCF Mobilités exercises full management powers over all real estate assets entrusted to it or purchased by it.

Real estate assets held by the public institution, no longer used in the performance of its activities or which are part of its private domain, may be allocated to another purpose or sold by the public institution for profit.

As at 31 December 2015, assets made available by the French State, without transfer of title, which are recorded in the SNCF Mobilités Group balance sheet, amounted to €465 million for land and €339 million for buildings and upgrades. As at 31 December 2014, they amounted to €543 million and €439 million.

4.1.2.2 Leased assets

Leased assets are recorded as purchases financed by loan when the contract terms and conditions correspond to finance lease agreements. Finance lease agreements are contracts whereby the Group, as lessee, recovers the right to use an asset for a given period and most of the risks and rewards inherent to ownership of the asset, in exchange for payment. The appraisal criteria applied to these agreements include the following:

- the agreement provides for the mandatory transfer of ownership at the end of the lease period,
- the agreement contains a purchase option and the conditions of this option are such that it is reasonably certain, at the conclusion of the lease, that ownership will be transferred,
- the lease term is for the major part of the estimated economic life of the leased asset,
- the present value of the minimum lease payment under the agreement is close to the fair value of the leased asset,
- the leased assets are of such a specific nature that only the lessee can use them without significant modification.

The assets concerned are recorded in assets at the lower of the discounted present value of the minimum lease payments and fair value. They are depreciated over the same period as equivalent assets owned outright or made available when it is reasonably certain that the Group will have ownership at the end of the lease.

Lease agreements not having the characteristics of finance leases are recorded as operating leases and only the lease instalments are recorded in profit or loss.

4.1.3 Investments

Capital expenditure flows break down as follows:

In € millions	31/12/2015	31/12/2014
Intangible assets	-202	-204
Property, plant and equipment	-2,331	-1,939
Total acquisitions	**-2,534**	**-2,143**
incl. non-current assets held as finance-leasing	*-37*	*-21*
Acquisitions excluding finance-leasing	**-2,496**	**-2,122**
Investment working capital	173	-36
Intangible assets and PP&E capital expenditure flows	**-2,323**	**-2,158**

Capital expenditure for 2015 primarily comprised:

- Software developed in-house, either already brought into service or still under development, of which €95 million for the parent company EPIC SNCF Mobilités.
- Acquisitions and upgrades to stations and buildings totalling €676 million (including the creation of the Tangentielle Légère Nord (TLN) line, track renewals, implementation of the TGV master development plan (development of garage and maintenance capacities), creation or adaptation of maintenance workshops for Régiolis trains, upgrade to the Versailles station, upgrades to the multimodal exchange hubs of Grenoble and Rennes and replacement of track-to-train radio communication systems with GSMR technology).
- Acquisition and renovation of rail and road equipment totalling €1,440 million (of which acquisition of TGV Duplex and Euroduplex trains, wagons, transcontainers, rail freight locomotives and containers, renovation of TGVs and electrical railcars).

Asset-financing grants received totalled €588 million, including €394 million for rail equipment and €195 million for fixed installations.

Capital expenditure for 2014 primarily comprised:

- Software developed in-house, either already brought into service or still under development, of which €115 million for the parent company EPIC SNCF Mobilités.
- Acquisition and upgrades to stations and buildings totalling €746 million (including upgrades to the multimodal exchange hub of Montpellier Saint-Roch and the Versailles-Chantiers station, creation or adaptation of maintenance workshops for Régiolis trains, implementation of the TGV master development plan (development of garage and maintenance capacities), track renewals, replacement of track-to-train radio communication systems with GSMR technology).
- Acquisition and renovation of transportation equipment totalling €974 million (of which acquisition of TGV Euroduplex, wagons, transcontainers, containers and rail freight locomotives, renovation of TGV, electrical railcars and locomotives, passenger trains and locotractors).

Asset-financing grants received totalled €178 million, including €45 million for rolling stock and €134 million for fixed installations.

4.1.4 Depreciation and amortisation

Amortisation of intangible assets

The principles of amortisation are as follows:

- Where an intangible asset has a finite life, it is amortised on a straight-line basis over its useful life, which is generally less than five years.
- Concession intangible assets are amortised over the term of the arrangement.
- Where an intangible asset has an indefinite life, it is not amortised but is subject to impairment tests at least once a year, according to the methods described in Note 4.3.

Depreciation of property, plant and equipment

Property, plant and equipment are depreciated over their estimated useful life mainly on a straight-line basis. Property, plant and equipment are depreciated over the following periods:

- Fixed installations broken down by component:

	Complex constructions (stations, administrative buildings, etc.)	Simple constructions (workshops, warehouses, etc.)
Building shell	50 years	30 years
Enclosure	25 years	30 years
Light work	25 years	30 years
Fixtures and fittings	15 years	15 years
Technical work	15 years	15 years

- Rolling stock broken down by component:

	TGV and motorised carriages	Passenger carriages	Electric and diesel locomotives
Structure	30 years	30 years	30 years
Interior fittings	15 years	15 years	Not applicable
Overhaul work	15 years	10 to 15 years	15 years

- Other property, plant and equipment not broken down by component:

Land development	20 years
Plant and equipment	5 to 20 years
Cars	5 years
Freight cars	30 years ± 20%
Ships	20 years
IT equipment	Declining over 4 years
Other property, plant and equipment	3 to 5 years

Reversals of investment grants

Grants relating to investments are recorded in operating profit (decrease in depreciation and amortisation) based on the estimated useful life of the related assets.

Liabilities relating to concession assets excluded from the scope of IFRIC 12

In certain cases, the Group recognises liabilities for the same amount as the investments carried out under concession arrangements that are excluded from the scope of IFRIC 12. These liabilities are reversed each year based on the depreciation and amortisation recognised for the related assets and under the same line item in the statement of income. They mainly comprise a liability called "an operator's right of use".

Depreciation and amortisation break down as follows:

In € millions	31/12/2015	31/12/2014	Change
Amortisation of intangible assets	-232	-220	-12
Depreciation of property, plant and equipment	-1,834	-1,758	-76
Grants released to profit or loss	379	379	0
Reversal of liabilities relating to concession assets excluded from the scope of IFRIC 12	106	100	5
Depreciation and amortisation	-1,581	-1,498	-83

4.1.5 Net proceeds from asset disposals

Real estate disposals and asset disposals not directly related to the activity are included in separate transactions below current operating profit due to their unusual nature in terms of both their frequency and amount. This presentation has been adopted in order to provide the most reliable overview possible of the Group's recurring performance.

The net proceeds from disposal correspond to the difference between the sale price and the net carrying amount of the asset.

With respect to sale and leaseback transactions, the recognition of the net proceeds from disposal depends on the nature of the lease.

In the case of an asset disposal resulting in a finance lease, the gain on disposal is deferred and spread over the term of the lease.

In the event of a sale resulting in an operating lease arrangement, the impacts differ according to the sale price in relation to fair value:

- If the sale price is lower than or equal to fair value, any profit or loss shall be immediately recorded in the income statement.
- If the sale price is strictly below fair value with a loss compensated for by future lease payments at below market price, the loss shall be deferred and amortised over the lease term.
- If the sale price is strictly above fair value, the excess over fair value shall be deferred and amortised over the lease term.

Asset disposals had the following impacts on profit or loss:

In € millions	31/12/2015	31/12/2014	Change
Disposal of intangible assets	-17	-3	-14
Disposal of property, plant and equipment	215	251	-36
Disposal of financial assets	42	-10	52
Net proceeds from asset disposals	240	238	2

As at 31 December 2015, net proceeds from the disposal of property, plant and equipment primarily concerned the sales of various complexes and properties by:

- EPIC SNCF Mobilités for €184 million;
- ICF-NOVEDIS for €18 million.

In addition, a positive impact of €50 million was recognised regarding the resolution of the arbitration procedure with RTE involving the sale of high-voltage lines (see Note 4.5.2.1).

As at 31 December 2014, net proceeds from the disposal of property, plant and equipment were related to:

- EPIC SNCF Mobilités for €173 million;
- ICF-NOVEDIS for €36 million.

4.2 GOODWILL, INVESTMENTS IN COMPANIES CONSOLIDATED UNDER THE EQUITY METHOD AND CHANGES IN CONSOLIDATION SCOPE

4.2.1 Business combinations and goodwill

Pursuant to the purchase method, the identifiable assets and liabilities of the acquired company that meet IFRS recognition criteria are recognised at their fair value at the acquisition date, except for assets classified as held for sale, which are measured at fair value less costs to sell, deferred taxes which are recognized under IAS 12 "Income taxes" and employee benefits recognized in accordance with IAS 19.

Only identifiable liabilities meeting the recognition criteria of a liability or contingent liability in the acquired company are recognised at the acquisition date for the purpose of allocating the cost of the business combination. Therefore, a restructuring liability of the acquired company is only recognised for the purpose of allocating the business combination cost if, at the date of the acquisition, the acquired entity has a present obligation to perform this restructuring.

Adjustments to the fair value of assets and liabilities acquired as part of a business combination initially recognised based on provisional values (due to ongoing external valuation procedures or outstanding additional analyses), are recognised as retrospective adjustments to goodwill if they arise in the 12 months following the acquisition date and relate to additional information obtained on situations prevailing at the acquisition date. After this period, any adjustments are recognised directly in profit or loss unless they represent corrections of an error.

Goodwill is not amortised but is subject to impairment tests when there is an indication of impairment and at least once a year, according to the methods described in Note 1.2. Negative goodwill is immediately recognised in operating profit.

In the event of a loss of control of a subsidiary, the disposal capital gain or loss takes into account the net carrying amount of the allocated goodwill.

Purchases and disposals of non-controlling interests (minority interests) without a change in the level of control are allocated to equity.

The accounting principles differ for business combinations prior or subsequent to 1 January 2010:

Groupings	Prior to 01/01/2010 (Former IFRS 3)	Subsequent to 01/01/2010 (IFRS 3 revised)
Non-controlling interests	Valued based on their proportion of the net fair value of the assets and liabilities recognised.	For each combination, choice between two methods: Partial goodwill: Same as the former IFRS 3. Full goodwill: Goodwill recognised in full for the Group portion and the portion of non-controlling interests
Directly attributable costs	Included in the acquisition cost	Excluded from the acquisition cost and expensed
Step acquisition	Fair value remeasurement through equity of the previously held interest	Fair value remeasurement through operating profit of the previously held interest
Additional considerations	Recognised according to management's best estimate at the acquisition date once they are probable and can be reliably measured	Recognised at fair value at the acquisition date

Adjustments to additional considerations offset in goodwill	Over an indefinite period	If and only if they occur during the allocation period and relate to new information on the existing situation on the date of control In other cases, recognition in profit or loss in other comprehensive income in accordance with IAS 39

Movements in goodwill in 2015 break down as follows:

In € millions	Gross value	Impairment	Net value
As at 1 January 2014	1,722	-368	1,354
Acquisitions	16	0	16
Impairment losses	0	-7	-7
Disposals	-6	0	-6
Foreign exchange	17	-1	16
Other changes	-1	13	12
As at 31 December 2014	1,748	-363	1,385
As at 1 January 2015	1,748	-363	1,385
Acquisitions	1,230	-1	1,229
Impairment losses	0	0	0
Disposals	-4	1	-3
Foreign exchange	9	0	9
Other changes	-48	0	-48
As at 31 December 2015	2,934	-363	2,571

The main movements during the year are related to THI Factory (see Note 4.2.1.1), Eurostar (see Note 4.2.1.2) and OHL (see Note 4.2.1.3) Group structure transactions and the decision to bring in a new investor to Akiem (see Note 4.2.3).

The main goodwill balances recorded by the Group at the balance sheet date were as follows:

In € millions	31/12/2015	31/12/2014	Change
Keolis	499	464	35
Voyages SNCF	503	10	493
SNCF Logistics	1,548	909	640
Of which Geodis CGU	*1,340*	*650*	*690*
of which Rail Freight Fleet Management CGU	*198*	*248*	*-50*
of which Other rail companies	*10*	*10*	*0*
Corporate / Performance	21	3	18
TOTAL	2,571	1,385	1,186

For the business combinations carried out, the Group opted for the partial goodwill method. In other words, it only recognised the portion of goodwill attributable to equity holders of the parent in the balance sheet, without taking into account the portion of goodwill attributable to non-controlling interests.

4.2.1.1 Creation of the THI Factory rail company (Thalys)

THI Factory, a company incorporated under Belgian law, emerged from the plans by SNCF Mobilités and SNCB to create an independent entity, run by a single management team, to operate high-speed passenger rail transport services under the Thalys brand. The company became operational on 1 April 2015 once each party had contributed, either in kind or in cash, the necessary assets for the business in consideration for a stake in the company's share capital. Following these contributions, THI Factory was 60% owned by SNCF Mobilités and 40% owned by SNCB.

After taking into account the rights of SNCF Mobilités and the governance methods, THI Factory was fully consolidated as of 1 April 2015.

The assets contributed by the shareholders were accompanied by operating agreements (maintenance allocation of personnel, etc.), that allow THI Factory to operate the Thalys routes independently. Furthermore, tickets issued prior to 1 April 2015 and not used as at this date as well as the benefits allocated by the shareholders under loyalty programmes were transferred to the new rail company.

The fair values of the assets and liabilities acquired from the Belgian partner as at 1 April 2015 are as follows:

	Provisional fair value recognised on the acquisition date
Intangible assets	0
Property, plant and equipment	104
Non-current financial assets	0
Investments in companies consolidated under the equity method	0
Deferred tax assets	0
Non-current assets	*104*
Inventories and work-in-progress	0
Operating receivables	11
Current financial assets	0
Cash and cash equivalents	0
Current assets	*11*
Assets classified as held for sale	0
Total assets	115
Non-current employee benefits	0
Non-current provisions	0
Non-current financial liabilities	0
Deferred tax liabilities	0
Non-current liabilities	*0*
Current employee benefits	0
Current provisions	0
Operating payables	11
Current financial liabilities	0
Current liabilities	*11*
Liabilities associated with assets classified as held for sale	0
Total liabilities	11
Net assets at 100%	104
60% share of fair value of net assets acquired	62
Deferred tax assets related to goodwill	32
Goodwill	61
Cost of the business combination	155

Property, plant and equipment correspond to trains finance-leased by THI Factory from SNCB. Operating payables correspond to the deferred income transferred by SNCB (tickets issued but not used and the loyalty programme) that will be included in net profit once the transport services are rendered.

The cost of the business combination comprises the portion of the fair value of the assets and liabilities of the Thalys business (40%) transferred to the partner by SNCF Mobilités.

Consideration transferred	155
Of which paid in cash	-33
Net cash acquired with the subsidiary	0
Net cash flow	-32

The assets and liabilities contributed by SNCF Mobilités continue to be recognised at their historical value in the consolidated financial statements. The allocation to SNCB of a 40% portion in the assets and liabilities transferred by SNCF Mobilités generated a positive impact of €67 million on Group equity. This impact corresponds to 40% of the difference between the historical value of these assets and liabilities and their fair value, net of cash transferred.

The goodwill arising from the business combination includes the cost and revenue synergies expected from the creation of an independent entity.

SNCB holds a put option on its investment in THI Factory, irrevocably granted by SNCF Mobilités Group and exercisable under certain conditions. This purchase commitment given was recognised in non-current financial liabilities based on the best estimate of the price payable should the put option be exercised, through a deduction from the total carrying amount of the non-controlling interests (minority interests) and, for the amount exceeding this value, equity attributable to equity holders of the parent. This commitment had a negative impact of €128 million on equity attributable to equity holders of the parent at the acquisition date.

The acquisition costs arising from the business combination totalled €7 million and were recognised under purchases and external charges in the income statement for immaterial amounts in 2015 and €3 million in 2014.

Since 1 April 2015, THI Factory has respectively contributed €346 million and €11 million to revenue and net profit attributable to equity holders of the parent.

The recognition of the business combination remains provisional. The allocation period for the acquisition cost runs until 1 April 2016. On first analysis, goodwill will be allocated to a new Thalys CGU.

4.2.1.2 Acquisition of Eurostar

"Eurostar International Limited" (EIL), a company incorporated under UK law, emerged in 2010 from the plans by SNCF Mobilités, LCR and SNCB to create an independent entity run by a single management team, in order to operate cross-Channel high-speed passenger rail transport services.

On 28 May 2015, following the sale by the UK government of its stake in EIL to the CDPQ/Hermès consortium, a new shareholders' agreement came into force between the partners, SNCF Mobilités and SNCB, which remained shareholders of EIL with interests of 55% and 5%, respectively.

This agreement introduced new governance rules and increased the rights attributable to SNCF Mobilités, resulting in the full consolidation of EIL on the agreement's effective date. EIL was equity-accounted until such date in the amount of €481 million.

	Provisional fair value recognised on the acquisition date
Intangible assets	658
Property, plant and equipment	924
Deferred tax assets	88
Non-current assets	*1,670*
Inventories and work-in-progress	11
Operating receivables	263
Cash and cash equivalents	83
Current assets	*357*
Total assets	2,028
Non-current employee benefits	69
Non-current financial liabilities	319
Deferred tax liabilities	15
Non-current liabilities	*403*
Current employee benefits	9
Operating payables	310
Current financial liabilities	9
Current liabilities	*327*
Total liabilities	730
Net assets at 100%	**1,298**
55% share of fair value of net assets acquired	**714**
Goodwill	441
Cost of the business combination	**1,155**

The cost of the business combination comprises the fair value of the previously held interest for €1,118 million, plus the transferred consideration for €37 million. This consideration corresponds to the valuation of the put options granted to minority shareholders.

The goodwill arising from the business combination includes the cost and revenue synergies expected to arise from the creation of a new partnership.

Fair value of the previously held share	1,118
Consideration transferred	37
Net cash acquired with the subsidiary	83
Net cash flow	83

The acquisition of control involved the fair value remeasurement of the investment previously held in EIL, and the release to profit or loss of recyclable and translation reserves. These items had a net impact of €680 million on the line item "Fair value measurement of the previously held investment."

The CDPQ/Hermès consortium and SNCB hold put options on their investments in EIL, irrevocably granted by SNCF Mobilités Group and exercisable under certain conditions. These purchase commitments given were recognised in non-current financial liabilities based on the best estimate of the price payable should the put option be exercised, through a deduction from the total carrying amount of the non-controlling interests (minority interests) and, for the amount exceeding this value, equity attributable to equity holders of the parent. This commitment had a negative impact of €607 million on equity attributable to equity holders of the parent at the acquisition date.

The costs arising from the transaction amounted to €3 million for SNCF Mobilités. They were recognised under purchases and external charges in the income statement.

Since 31 May 2015, EIL has respectively contributed €707 million and -€42 million to revenue and net profit attributable to equity holders of the parent.

The recognition of the transaction remains provisional. The allocation period for the acquisition cost runs until 28 May 2016. On first analysis, goodwill will be allocated to a new Eurostar CGU.

Finally, the acquisition of Eurostar impacted Group off-balance sheet commitments (see Note 9).

4.2.1.3 Acquisition of OHL (Ozburn-Hessey Logistics)

OHL (Ozburn-Hessey Logistics) is a US logistics solutions operator that was founded in 1951. It employs over 8,000 transport and logistics professionals and operates more than 120 distribution centres in North America. It provides integrated global supply chain management services including transportation, warehousing, customs brokerage, freight forwarding (i.e. commissioning for transport organisation) and import and export consulting.

On 2 November 2015, SNCF Logistics acquired OHL via Geodis, its wholly owned subsidiary, with the intent of strengthening its US presence. Geodis and OHL share highly compatible customer portfolios and the acquisition will expand their network to a strategic and prosperous market with complementary capacities.

OHL is fully consolidated. A hedging strategy was set up as part of the acquisition, which was denominated US dollars.

As at 31 December 2015, the recognition of the transaction remains provisional. The goodwill recognized on a provisional basis amounted to €671 million. Among the other most significant impacts on the statement of financial position were operating receivables for €179 million and operating payables for €201 million. In addition, pursuant to IFRS 3 revised "Business combinations," a brand was identified for OHL in the amount of €15 million ($17 million) and subsequently derecognised, Geodis having decided to abandon it as part of its single-brand policy. The impact net of deferred tax amounts to €9 million in the income statement.

The Group expects to finalise the assessment of assets and liabilities acquired at fair value in the year following the acquisition. This assessment will essentially cover the valuation of intangible assets and the determination of identifiable assets and liabilities.

The transaction had the following impacts on "Acquisitions of subsidiaries net of cash acquired" in the consolidated cash flow statement.

Consideration transferred	559
Of which paid in cash	-559
Net cash acquired with the subsidiary	86
Net cash flow	**-472**

The costs arising from the transaction amounted to €12 million for SNCF Mobilités. They were recorded in purchases and external charges in the income statement.

Since 2 November 2015, OHL has contributed to revenue and net profit attributable to equity holders of the parent for, respectively, €259 million and a negative €4.8 million (after taking into account the brand's derecognition), the contribution to current operating profit amounting to €7.5 million.

The allocation period for the acquisition cost runs until November 2016. On first analysis, goodwill will be allocated to the Geodis CGU.

Lastly, the acquisition of OHL impacted the Group off-balance sheet commitments (see Note 9).

4.2.2 Investments in companies consolidated under the equity method

The Group holds several investments in joint ventures and associates, consolidated under the equity method. The recognition and measurement principles are described in Note 1.3.1.

The movements in the heading over the year break down as follows:

In € millions	31/12/2015	31/12/2014
As at 1 January	956	1,058
Group share in net profit/(loss)	-73	20
Impairment	0	-12
Share of net profit of companies consolidated under the equity method	*-73*	*8*
Change in consolidation scope	-467	12
Reclassification to assets classified as held for sale	2	-113
Share in other comprehensive income	9	-22
Distribution	-53	-32
Exchange differences	77	45
As at 31 December	450	956
Of which: Significant joint ventures	*32*	*572*
Significant associates	*333*	*309*
Other companies consolidated under the equity method	*85*	*74*

A portion of the share of net profit of companies consolidated under the equity method was presented in the income statement under "Net profit/(loss) from transferred operations" for €1 million in 2014. The impacts were mainly attributable to the associate Systra, which belongs to the SNCF Infra division that was fully impacted by the rail reform (see Note 2). Like its division, Systra satisfies the definition of a "discontinued" operation within the meaning of IFRS 5. Hence, the carrying amount of Systra's equity investments was reclassified to "Assets classified as held for sale" in the statement of financial position as at 31 December 2014. Furthermore, the share of net profit of companies consolidated under the equity method for this entity was reclassified to "Net profit/(loss) from transferred operations" in 2015 and 2014 (see Note 4.2.3.2). Pursuant to IFRS, the Group stopped recording its share of this entity's net profit following its classification under IFRS 5. The unrecognised portion amounted to €6 million in 2014.

The Change in consolidation scope line item mainly corresponds to the change in consolidation method for EIL in the amount of -€481 million. The previously equity-accounted company is now fully consolidated (see Note 4.2.1.2).

4.2.2.1 Significant joint ventures

Govia and First Transpennine are significant joint ventures within Keolis. Both entities are local passenger carriers in the UK. The Group's percentage control is 35% in Govia (7 companies) and 45% in First Transpennine (3 companies).

Eurostar International Limited (hereinafter "EIL"), which is 55% owned, operates long-distance passenger transport services between the UK, France and Belgium. EIL has been fully consolidated since 28 May 2015 (see Note 4.2.1.2).

The summarised financial statements of significant joint ventures are shown at 100% and after cancellations of any internal profits. The income statement of EIL presented as a joint venture covers the period from 1 January to 28 May 2015.

In € millions	31/12/2015		31/12/2014		
STATEMENT OF FINANCIAL POSITION	Govia	First Transpennine	Govia	First Transpennine	EIL
Cash and cash equivalents	859	91	661	80	382
Other current assets	396	58	349	46	233
Total current assets	**1,255**	**149**	**1,009**	**126**	**615**
Non-current assets	**27**	**2**	**37**	**3**	**998**
Current financial liabilities (excluding trade payables, other creditors and provisions)	73	2	82	2	9
Other current liabilities	1,150	121	920	95	255
Total current liabilities	**1,223**	**123**	**1,002**	**97**	**264**
Non-current financial liabilities (excluding trade payables, other creditors and provisions)	0	0	0	0	299
Other non-current liabilities	2	0	-2	0	67
Total non-current liabilities	**2**	**0**	**-2**	**0**	**365**
Net assets	**57**	**27**	**47**	**32**	**984**
Reconciliation of financial data with value of investments in companies consolidated under the equity method:					
Group share in net assets	**20**	**12**	**16**	**14**	**541**
Net carrying amount of investments in companies consolidated under the equity method	**20**	**12**	**16**	**14**	**541**

The operating companies of the Keolis activity in the UK are contractually required to have a certain level of cash and cash equivalents and comply with a Liquidity Maintenance Ratio in order to sustain the public service offering should one of the operators fail. The required amount corresponds to the activity's direct costs for a certain number of weeks until the term of the franchise. Because of this restriction, the liquidity in question is qualified as cash and cash equivalents that cannot be transferred to the Group. These cash and cash equivalents amount to €261 million as of 31 December 2015 (€195 million as at 31 December 2014).

The share of net profit of equity-companies, presented below, mainly comprises the Eurostar International Limited (EIL) share for the first five months of the year in the negative amount of -€91 million. This amount was impacted by the payment made at the time of the removal of HMT from the EIL entity (EIL's former shareholders' agreement provided for the payment to HMT, which replaced the partner LCR, of a preferred dividend calculated based on taxable profits).

In € millions	31/12/2015			31/12/2014		
INCOME STATEMENT	Govia	First Transpennine	EIL	Govia	First Transpennine	EIL
Revenue	3,574	389	460	2,694	340	1,105
Operating profit	**52**	**27**	**-8**	**26**	**30**	**22**
Of which depreciation and amortisation	*-16*	*0*	*-59*	*-22*	*0*	*-115*
Finance cost	**0**	**0**	**-218**	**0**	**0**	**-11**
Of which interest expense on debt	*-4*	*0*	*-223*	*-3*	*0*	*-16*
Of which revenue from financial assets	*4*	*0*	*0*	*3*	*0*	*0*
Income tax expense	**-16**	**-6**	**65**	**-10**	**-7**	**-2**
Net profit/(loss) from ordinary activities	**35**	**21**	**-161**	**16**	**23**	**9**
Net profit for the year	**35**	**21**	**-161**	**16**	**23**	**9**
Group share in net profit/(loss)	**12**	**9**	**-91**	**6**	**10**	**5**

In € millions	31/12/2015			31/12/2014		
OTHER INFORMATION	Govia	First Transpennine	EIL	Govia	First Transpennine	EIL
Net profit for the year	35	21	-161	16	23	9
Other comprehensive income (net of tax)	39	-1	74	30	1	10
Total comprehensive income	**75**	**20**	**-87**	**46**	**24**	**18**
Dividends paid to the Group	20	11	13	10	2	12

4.2.2.2 Significant associates

EUROFIMA is a transnational company based in Basel, Switzerland Suisse whose purpose is to finance rolling stock equipment (percentage interest of 22.6%)

NTV is a high-speed passenger transport company in Italy (percentage interest of 20%). Following a dilution of capital, which reduced the percentage interest from 20% to1.4%, NTV was deconsolidated without being sold as at 31 December 2015.

The summarised financial statements of significant associates are shown at 100% and after cancellations of any internal profits. For NTV, balance sheet and P&L items for 2015 were not included as the company is no longer consolidated.

In € millions	31/12/2015	31/12/2014	
STATEMENT OF FINANCIAL POSITION	Eurofima	Eurofima	NTV
Current assets	4,695	4,481	117
Non-current assets	16,349	17,216	734
Current liabilities	531	466	249
Non-current liabilities	19,039	19,913	545
Net assets	**1,474**	**1,318**	**58**
Group share in net assets	**333**	**298**	**12**
Goodwill	0	0	34
Other	0	0	-34
Net carrying amount of investments in companies consolidated under the equity method	**333**	**298**	**12**

In € millions	31/12/2015	31/12/2014	
INCOME STATEMENT	Eurofima	Eurofima	NTV
Revenue	0	0	270
Operating profit	**-5**	**-7**	**-6**
Net profit/(loss) from ordinary activities	**27**	**27**	**-37**
Net profit for the year	**27**	**27**	**-37**
Group share in net profit/(loss)	**6**	**6**	**-7**

In € millions	31/12/2015	31/12/2014	
OTHER INFORMATION	Eurofima	Eurofima	NTV
Net profit/(loss) for the year	27	27	-37
Other comprehensive income (net of tax)	129	32	5
Total comprehensive income	**156**	**59**	**-32**
Dividends paid to the Group	0	0	0

Items of property, plant and equipment purchased under finance leases through Eurofima were capitalised in the Group financial statements for a gross value of €654 million as at December 2015 (€772 million as at 31 December 2014). The related financing liability amounted to €550 million as at 31 December 2015, compared to €630 million as at 31 December 2014. Eurofima's share capital was not entirely called up as at 31 December 2015. The callable share capital attributed to SNCF Mobilités amounted to €434 million as at 31 December 2015 (€391 million as at 31 December 2014).

On this same date, the share of loans granted by Eurofima to members of countries whose sovereign debt is rated "non-investment grade" (i.e. rating granted by rating agencies of less than BBB-/Baa3) stood at €868 million or CHF 944 million (€1,527 million or CHF 1,836 million as at 31 December 2014). These loans are included in the non-current assets of the company's statement of financial position. In addition, Eurofima shareholders are jointly and severally liable for the undertakings falling under the financing agreements granted by Eurofima to the latter, each shareholder in proportion to its shareholding interest and the maximum amount thereof. This guarantee can only be called following a payment default by the borrower and the related State, which issued the guarantee and when the Eurofima guarantee reserve (CHF 674 million) is insufficient to cover the loss arising from the payment default. The maximum commitment of SNCF Mobilités amounts to €542 million as at 31 December 2015 (€489 million as at 31 December 2014). The French State guarantees all SNCF Mobilités obligations towards Eurofima (the portion of share capital to be paid up, the fulfilment of financing agreements granted by Eurofima to SNCF Mobilités and the guarantee granted by SNCF Mobilités with respect to these financing agreements).

4.2.2.3 Other companies consolidated under the equity method

The Group also holds interests in other joint ventures and associates which, considered individually, are immaterial.

The aggregate contributions of these companies to the Group's net profit are as follows:

In € millions	31/12/2015		31/12/2014	
Group share	Immaterial joint ventures	Immaterial associates	Immaterial joint ventures	Immaterial associates
Net profit/(loss) from ordinary activities	4	-1	0	1
Net profit/(loss) from discontinued operations, net of tax	0	0	1	0
Net profit for the year	4	-1	0	1
Other comprehensive income (net of tax)	0	0	0	0
Total comprehensive income	4	-1	0	1
Net carrying amount of investments in companies consolidated under the equity method	**53**	**32**	**45**	**28**

4.2.2.4 Transactions with companies accounted for under the equity method

Transactions with associates, excluding Eurofima are not material.

The following tables present the main transactions with joint ventures and Group balance sheet headings with respect to these companies. These transactions were conducted on an arm's length basis.

In € millions	31/12/2015	31/12/2014
Revenue	99	208
Purchases and external charges	-47	-108
Other income and expenses	22	34
Gross profit with joint ventures	**74**	**134**

In € millions	31/12/2015	31/12/2014
Current financial assets	18	22
Non-current financial assets	4	5
Current financial liabilities	3	6
Non-current financial liabilities	0	1

4.2.3 Assets and liabilities classified as held for sale

In accordance with IFRS 5 "Non-current assets held for sale and discontinued operations":

- Non-current assets held for sale are presented on a separate line of the balance sheet at the lower of their net carrying amount and fair value less costs to sell. A non-current asset can only considered as held for sale when a certain number of criteria listed in the standard are met: asset available in its present condition for immediate sale, sale initiated, decided and planned and highly probable within twelve months. In the case of a Group of assets held for sale any related liabilities are also presented on a separate line under a liability heading.
- Pursuant to the terms used by IFRS 5, a "discontinued operation" is a component from which the Group is separated or which it has transferred to a third party or which is classified as held for sale, and which represents a separate major line of business or geographical area of operations for the Group or which is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations. In addition to the reclassification of assets and liabilities under a separate balance sheet heading, the impact on profit or loss of the period of all discontinued operations, including any expected capital losses, is presented on a separate line of the income statement, after ordinary activities. The impact of discontinued operations on cash flows is presented in the notes to the financial statements.

In € millions	31/12/2015	31/12/2014
Assets classified as held for sale	645	4,086
Liabilities associated with assets classified as held for sale	33	3,094
Net impact on balance sheet	612	992

4.2.3.1 Loss of control of Akiem

In order to develop Akiem, it was decided to bring in a new capital partner. Following the transaction, whose purpose is to sell 50% of the interest, the company will be jointly controlled and equity-accounted. The company's activity (leasing of locomotives) belonging to the Rail Freight Fleet Management CGU is classified as a group of assets held for sale as at 31 December 2015. The main assets and liability categories are as follows as at 31 December 2015:

In € millions	31/12/2015
Goodwill	50
Intangible assets and property, plant and equipment	499
Deferred tax assets	7
Operating receivables	11
Cash and cash equivalents	2
Assets classified as held for sale	568

In € millions	31/12/2015
Provisions	1
Financial liabilities	3
Operating payables	25
Liabilities associated with assets classified as held for sale	29

4.2.3.2 SNCF Infra division:

Up to 1 July 2015, following the enactment of the Law 2014-872 on 4 August 2014, the SNCF Infra division, which is to be transferred in connection with the rail reform (see Note 2.1), was treated as a "discontinued operation," in accordance with the terms defined by IFRS 5. The segment's results during the fiscal year were as follows (for fiscal year 2015, the results correspond to the activity of the first six months):

In € millions	31/12/2015	31/12/2014
Revenue	2,760	5,440
Purchases and external charges	-940	-1,864
Employee benefit expense	-1,720	-3,196
Taxes and duties other than income tax	-81	-141
Other operating income and expenses	45	115
Depreciation and amortisation	-54	-107
Net movement in provisions	-5	-6
Net proceeds from asset disposals	1	1
Impairment losses	0	0
Operating profit	**4**	**242**
Share of net profit of companies consolidated under the equity method	0	1
Operating profit after share of net profit of companies consolidated under the equity method	**4**	**242**
Finance cost	**-2**	**-12**
Profit/(loss) from transferred operations before tax (1)	**2**	**231**
Income tax expense	-1	-1
Net profit/(loss) from transferred operations (1)	**2**	**230**
Net profit for the year	**2**	**230**

(1) The standard wording of this line item, "Net profit/(loss) from discontinued operations", was adapted since it only includes the net profit/(loss) of operations transferred in connection with the rail reform.

Following the issue of a tax ruling, the deferred tax liability of €3 million recognised in the second half of 2014 at Corporate level was cancelled, as the reversal of the difference underlying this deferred tax was deferred by this ruling. This cancellation gave rise to a gain of the same amount in "Net profit/(loss) from transferred operations".

As at 1 July 2015, the SNCF Infra division was transferred, and the segment's main asset and liability categories classified as held for sale up to 30 June 2015 were derecognised. The table below recaps the SNCF Infra division's assets and liabilities as at 31 December 2014. The operating payable amounts differ by €9 million from those published as at 31 December 2014 due to the retrospective adoption of IFRIC 21 in 2015 (see Note 1.1.3.1).

In € millions	31/12/2015	31/12/2014
Intangible assets and property, plant and equipment	0	780
Investments in companies consolidated under the equity method	0	113
Deferred tax assets	0	109
Inventories and work-in-progress	0	437
Operating receivables	0	2,074
Financial assets	0	0
Cash and cash equivalents	0	0
Assets classified as held for sale	0	3,514

In € millions	31/12/2015	31/12/2014
Employee benefits	0	873
Provisions	0	114
Financial liabilities	0	0
Operating payables	0	2,028
Liabilities associated with assets classified as held for sale	0	3,016

The net cash flows of the transferred activity over the period were as follows:

In € millions	31/12/2015	31/12/2014
Cash flow from operating activities	300	243
Cash flow from/(used in) investing activities	41	-148
Cash flow used in financing activities	-299	-5
Net increase in cash and cash equivalents	42	91

Even though, as shown in Note 6.1, the SNCF Infra division's cash, representing its net indebtedness, is strictly within the Group, its transactions with external third parties generate cash flows that are outside the Group.

4.2.3.3 Other groups of assets classified as held for sale

The application decrees of the Law of 4 August 2014 provide for the transfer to the new SNCF (parent EPIC) of other asset and liability groups within Corporate. As these assets and liabilities do not satisfy the definition of a "discontinued operation" within the meaning of IFRS 5, they were classified as held for sale in the statement of financial position solely as at 31 December 2014. These transfers took place on 1 July 2015. The retrospective adoption of IFRIC 21 in 2015 (see Note 1.1.3.1) had immaterial impacts compared to the amounts published as at 31 December 2014.The main asset and liability categories as at 31 December 2015 are as follows.

In € millions	31/12/2015	31/12/2014
Intangible assets and property, plant and equipment	0	2
Investments in companies consolidated under the equity method	0	0
Deferred tax assets	0	0
Inventories and work-in-progress	0	0
Operating receivables	0	46
Financial assets	0	2
Cash and cash equivalents	0	0
Assets classified as held for sale	0	51

In € millions	31/12/2015	31/12/2014
Employee benefits	0	0
Provisions	0	1
Financial liabilities	0	3
Operating payables	0	68
Liabilities associated with assets classified as held for sale	0	72

4.2.3.4 Other non-current assets classified as held for sale

Finally, the application decrees provide for the transfer of separate non-current assets to the new SNCF and SNCF Réseau. As at 1 July 2015, property, plant and equipment for €420 million and intangible assets for €107 million were transferred. As at 31 December 2015, property, plant and equipment for €75 million was not yet transferred.

4.3 IMPAIRMENT TESTS FOR NON-CURRENT ASSETS

The Group assesses whether there is an indication that an asset has been significantly impaired at each balance sheet date. Where there is such an indication, an impairment test is performed.

Goodwill and indefinite life intangible assets are subject to an impairment test each year and whenever there is an indication of impairment. Impairment losses recorded on goodwill cannot be reversed.

When performing impairment tests, goodwill is allocated to the Cash-Generating Unit (CGU) or Group of CGUs that are expected to benefit from the synergies of the combination, regardless of whether other assets and liabilities of the acquired entity are allocated to these CGUs or Groups of CGUs. The CGU (or Group of CGUs) in question represents the lowest level at which the goodwill is monitored for internal management purposes. A CGU represents one or more legal entities or is defined based on the purpose of the assets used.

Property, plant and equipment and finite life intangible assets are subject to impairment when events or circumstances during the period (obsolescence, physical deterioration, significant changes in the method of utilisation, performances falling short of forecasts, decline in revenues, other external indicators, etc.) indicate that a loss in value may have occurred and that the recoverable amount may be less than the net carrying amount.

Impairment tests consist of comparing the net carrying amount of an asset or goodwill balance with its recoverable amount, equal to the higher of the fair value less costs to sell and the value in use. The recoverable amount of an asset is determined individually, unless the asset does not generate cash flows independent of those of other assets or Groups of assets. In such cases, which encompass the majority of property, plant and equipment and intangible assets of SNCF Mobilités and goodwill balances, the Group determines the recoverable amount of the Group of assets (Cash-Generating Unit) to which the tested asset belongs.

The value in use corresponds to the value of the future economic benefits expected from the asset's use or removal. It is assessed based on discounted future cash flows determined according to economic assumptions and projected operating conditions adopted by SNCF Mobilités management:

- cash flows are determined in business plans, drawn up for periods of 3 to 5 years and validated by the management bodies;
- beyond this timeframe, the flows are extrapolated by applying a long-term growth rate that is close to the long-term inflation rate expected by the Group, subject to the expected useful life of the assets tested or the indefinite life for goodwill and other indefinite life intangible assets;
- flows are discounted at a rate appropriate to the activity segment.

The impacts on the income statement are as follows:

In € millions	31/12/2015	31/12/2014	Change
Intangible assets and property, plant and equipment	-2,742	132	-2,874
Goodwill	0	-7	7
Provision for liabilities and charges	0	2	-2
Impairment losses	-2,742	126	-2,869

The impairments and reversals recorded in the financial statements as at 31 December 2015 and 2014, with respect to the tests conducted, had the following main impacts on net profit
(in € millions):

CGU with significant goodwill	Note	Segment	P&L impact as at 31/12/2015	P&L impact as at 31/12/2014
Geodis	4.3.1.1	SNCF Logistics	0	0
Keolis	4.3.1.2	Keolis	0	0
Rail freight fleet management	4.3.1.3	SNCF Logistics	0	€163 million

CGU without significant goodwill but with indication	Note	Segment	P&L impact as at 31/12/2015	P&L impact as at 31/12/2014
TGV France and Europe (excluding Eurostar and Thalys)	4.3.2.2	Voyages SNCF	-€2,200 million	0
Support assets allocated to TGV France and Europe (excluding Eurostar and Thalys)		Corporate	-€38 million	0
Gares & Connexions	4.3.2.3	Gares & Connexions	-€450 million	0
Rail freight	4.3.2.4	SNCF Logistics	No indication	0

The values presented in the tables below for the assets tested are net of losses or reversals recognised in prior years and acquisitions and losses of control over the year.

4.3.1 CGUs with significant goodwill in relation to total goodwill

4.3.1.1. Geodis CGU

Of the total goodwill net of impairment, €1,340 million (€650 million as at 31 December 2014) was allocated to the Geodis cash-generating unit, which comprises the logistics and freight transport activities (excluding rail freight transport and STVA) of the SNCF Logistics segment. A test is carried out at least once a year for this CGU. As at 31 December 2015, the test was performed excluding the provisional goodwill of the OHL activity amounting to €671 million (see Note 4.2.1.3). The main assumptions used to determine the recoverable amount were as follows:

	2015	2014
Segment	SNCF Logistics	SNCF Logistics
CGU	Geodis	Geodis
Assets tested	€1,283 million	€1,215 million
Base used for the recoverable amount	Value in use	Value in use
Source used	5-year plan and indefinite projection of a normative year	5-year plan and indefinite projection of a normative year
Discount rate (minimum - maximum)	7.1% - 8.1%	7.3% - 8.3%
Long-term growth rate	1.80%	2.00%

As at 31 December 2015 and 2014, the annual impairment test corroborated the carrying amount of the CGU assets. Sensitivity tests conducted on the discount (± 50 bp), organic growth (± 30 bp), and gross profit (± 50 bp) rates will likely support the analysis.

The assessment was carried out in the context of deteriorated economic environment. It represents the Group's best estimate.

4.3.1.2 Keolis CGU

Of the total goodwill, €499 million (€464 million as at 31 December 2014) was allocated to the "Keolis" cash-generating unit, which comprises all activities included in the passenger multimodal transport solutions of the Keolis segment. Furthermore, the indefinite life intangible assets allocated to this CGU amounted to €87 million (€100 million as at 31 December 2014), primarily comprising trade names. A test is performed at least once a year for this CGU. The following main assumptions were adopted to determine the recoverable amount:

	2015	2014
Segment	Keolis	Keolis
CGU	Keolis	Keolis
Assets tested	€1,443 million	€1,444 million
Base used for the recoverable amount	Value in use	Value in use
Source used	5-year plan and indefinite projection of a normative year	5-year plan and indefinite projection of a normative year
Discount rate (minimum - maximum)	6.0% - 6.9%	6.4% - 7.2%
Long-term growth rate	1.80%	2.00%

No impairment was recognised, as the recoverable amount exceeded the value of the tested assets. Sensitivity tests conducted on the discount (± 50 bp) and organic growth (± 50 bp) rates show a variation of ± €150 million on the recoverable amount. The sensitivity test conducted on the gross profit rate (± 50 bp) shows a variation of ± €430 million on the recoverable amount.

4.3.1.3 Rail Freight Fleet Management CGU

Of the total goodwill, €198 million (€248 million as at 31 December 2014) was allocated to the Rail Freight Fleet Management Cash-Generating Unit, whose operational and managerial scope was extended in early 2014 to the engine management activity (see Note 4.3.2.1). A test is conducted at least a year for this CGU. As at 31 December 2015, the test was performed excluding the goodwill of Akiem, which was reclassified as a group of assets held for sale (see Note 4.2.3).

The test performed for the Rail Freight Fleet Management CGU, based on a value in use, gave rise to a recoverable amount that exceeded the net carrying amount. The following main assumptions were adopted to determine the recoverable amount:

	2015	2014	30 June 2014
Segment	SNCF Logistics	SNCF Logistics	SNCF Logistics
CGU	Rail Freight Fleet Management CGU	Rail Freight Fleet Management CGU	Rail Freight Fleet Management CGU
Assets tested	€1,353 million	€1,891 million*	€1,739 million
Base used for the recoverable amount	Value in use	Value in use	Value in use
Source used	5-year plan and indefinite projection of a normative year	5-year plan and indefinite projection of a normative year	5-year plan and indefinite projection of a normative year
Discount rate (minimum - maximum)	4.2% - 4.7%	5.3% - 5.9%	6.0% - 6.6%
Long-term growth rate	1.80%	2.00%	2.00%

**: of which €523 million relating to Akiem reclassified in 2015 as a Group of assets held for sale (see Note 4.2.3.)*

No impairment was recognised, as the recoverable amount exceeded the value of the tested assets. Sensitivity tests conducted on the discount (± 50 bp), organic growth (± 30 bp) and gross profit (± 50 bp) rates will likely support the analysis conducted.

In 2014, following changes in the business model, the asset having increased in relation to the previous closing, the Group conducted an impairment test as at 30 June 2014. The test, based on a value in use, gave rise to a recoverable amount that was significantly higher than the net carrying amount. Accordingly, an impairment reversal for production resources previously tested with the Rail Freight CGU of €163 million recorded under “Impairment losses” in the 2014 income statement. Pursuant to IAS 36, the reversal was limited to the net carrying amount that would have been obtained as at 30 June 2014 for the relevant assets had they not been impaired.

4.3.2 CGUs with indications of impairment or impairment reversal in 2015 and/or 2014

4.3.2.1 Contextual items

A new strategic plan was presented and approved in its various components, including financial, by the Board of Directors on 10 March 2016.

The plan’s financial trajectory, underlying the implementation of impairment tests for certain assets, was determined for the various businesses of SNCF Mobilités within a context of:

- a difficult economic environment;
- rapidly expanding and intensified intermodal competition;

- ensuing price pressure;
- changing business models not yet properly defined due to the ongoing discussions with various stakeholders;
- growth and investment projects that may hinder profitability.

SNCF Mobilités management therefore reviewed several defining economic and financial assumptions for the preparation of its financial trajectory and its impairment tests, in a situation where it is difficult to assess the impacts of these new challenges.

4.3.2.2 TGV France and Europe (excluding Eurostar and Thalys) CGU

As mentioned in Note 4.3.2.1, in connection with the preparation of its strategic plan, SNCF Mobilités had identified indications of impairment as of 30 June 2015 related to changes in mobility resulting in new consumption behaviour (see Note 2.1.2). However, this was not reflected in its condensed consolidated half-year financial statements, considering the lack of arbitration by the supervisory authorities on the main defining assumptions of the strategic plan (following the government commissioner's letter of 18 September 2015). Discussions continued until the Board of Directors' meeting of 10 March 2016 during which the new strategic plan was approved. The Group was then able to revise the recoverable amount of the TGV France and Europe (excluding Eurostar and Thalys) CGU's assets downward, resulting in impairment losses of €2,200 million for Voyages SNCF and €38 million for the support assets of the Corporate function recognised in "Impairment losses" in the consolidated income statement.

The value for the assets tested and the main assumptions used to determine the recoverable amount were as follows:

	2015	2014
Segment	Voyages SNCF	Voyages SNCF
CGU	TGV France and Europe (excluding Eurostar and Thalys)	TGV France and Europe (excluding Eurostar and Thalys)
Assets tested	€3,805 million	€3,581million
Base used for the recoverable amount	Value in use	Value in use
Source used	5-year plan and indefinite projection of a normative year	5-year plan and indefinite projection of a normative year
Discount rate (minimum - maximum)	6.9% - 7.8%	7.9% - 9.2%
Long-term growth rate	1.80%	2.00%

The activity's cash flow forecasts used to assess the recoverable amount of assets rely on a significant number of key assumptions, including:

- The stability of traffic revenue excluding new lines given the macro-economic assumptions corresponding to those of the French State, the step-up in the development of intermodal competition (low-cost airlines, private cars with the fall in oil prices, car sharing, etc.) and the emphasis on a pricing policy geared towards low prices;
- The higher infrastructure fees and specifically the rail index, the level of which, now determined by the French State, will surpass the inflation rate as from 2020, and the number of services and their pricing for the new lines;

- Expenses (employees, purchases, etc.), some of which are subject to industrial and transversal performance plans;
- The investment level for fleet renewal taking into account performance plans relating to the optimisation and utilisation of trains and including technical features designed to reduce the purchase cost of future generation TGVs;
- Discount rates, although less sensitive, are also an assumption used to calculate the value in use of this CGU;
- The terminal value calculated by extrapolating the target gross profit rate for the 2025 investment, as presented in the strategic plan approved by the Board of Directors on 10 March 2016, after inclusion of the CST in gross profit and the TREF in the income tax expense.

These estimates and assumptions included in the calculation of the recoverable amount of assets are prepared in the changing context of a ramp-up in multimodal competition (low-cost airlines, private cars with the fall in oil prices, car sharing, etc.) and uncertainties concerning certain external charges (infrastructure pricing, CST, TREF), which make it difficult to assess economic outlooks (volume and price impacts on revenues and expense). Under these conditions, certain future assumptions and the ultimate reality could differ significantly in relation to these estimates.

The sensitivity tests carried out on:

- traffic revenue revealed that a change of 20 bp in the growth rate for this revenue excluding new lines would have an impact of ± €830 million on the recoverable amount.
- the amount of infrastructure fees revealed that a rail index equalling inflation as from 2020 would have an impact of around ± €1,300 million on the recoverable amount.
- a decline in infrastructure fees by around -4% in 2017 would have an impact of around +€999 million on the recoverable amount;
- the activity's gross profit rate revealed that a change of ±50 bp in this rate for a normative year would have an impact of ± €290 million on the recoverable amount.
- investments revealed that a change of €10 million in the amount forecast in a normative year would have an impact of ± €85 million on the recoverable amount.
- the discount rate (±50 bp) resulted in a change in the recoverable amount for approximately ±€130 million.
- the growth rate for a normative year revealed that a change of ± 20 bp in this rate over the entire period would have an impact of ± €50 million on the recoverable amount.

No goodwill or indefinite life intangible assets were allocated to this CGU. The impairment losses recorded subsequent to the tests mainly concern property, plant and equipment and can therefore be reversed.

As at 31 December 2014, considering the new indications of impairment, particularly the reduced usage, a new test had been performed at the year-end. The recoverable amount calculated as at 31 December 2014 supported the carrying amount of the CGU.

4.3.2.3. Gares & Connexions CGU

The decisions and opinions issued by ARAFER in the first half of 2015, challenging the return on capital invested by Gares & Connexions that was used in the calculation of regulated service fees, had an impact on the CGU's gross profit and represent an indication of impairment. Gares & Connexions has therefore begun to examine possible changes to its business and pricing model, based on open discussions with the various stakeholders (partners, organising authorities, supervisory authorities, regulatory authorities, etc.) The discussions will continue in forthcoming months, with a view to submitting this new model to ARAFER for validation.

In this context, Gares & Connexions drafted a strategic plan for the period 2016-2025 incorporating its target vision of the new pricing model. At this stage, the outcome of the current negotiations regarding this model and the resulting final economic terms and conditions remain uncertain.

An impairment test was also carried out on the Gares & Connexions CGU, which accounts for most of the Gares & Connexions segment (see Note 3.1). An impairment loss of €450 million was recorded as at 30

June 2015 under "Impairment losses" within operating profit in the consolidated income statement. In the aforementioned uncertain context, the financial trajectory assumption used to perform the impairment test may be affected, particularly in terms of revenue and operating profitability as well as the resulting level of investment. The outcome of the proceedings currently before the Appeal Court and the Conseil d'Etat may also have a future positive impact on the recoverable amount of the assets.

The net value of the assets tested and the main assumptions used to determine the recoverable amount are as follows:

	30 June 2015
Segment	Gares & Connexions
CGU	Gares & Connexions
Assets tested	€1,643 million
Base used for the recoverable amount	Value in use
Source used	5-year plan and indefinite projection of a normative year
Discount rate (minimum - maximum)	4.8% - 5.3%
Long-term growth rate	1.80%

The key assumptions used to carry out the tests mainly concerned:

- The gross profit rate reflecting, among other factors, the return on capital employed (ROCE);
- The level of future investments.This resulted in a predominant terminal value, which was calculated by extrapolating the gross profit rate and investment amount for 2019. The depreciation adopted for the normative year reflects the depreciation curve trend for the 2019-2025 period.

The sensitivity tests carried out on:

- investments revealed that a change of €20 million in the amount forecast in a normative year would have an impact of ± €500 million on the recoverable amount.
- the activity's gross profit rate revealed that a change of ±50 bp in this rate for a normative year would have an impact of ± €100 million on the recoverable amount.
- the discount rate (±50 bp) resulted in a change in the recoverable amount for approximately ±€200 million.
- the growth rate for a normative year revealed that a change of ±20 bp in this rate over the entire period would have an impact of ± €75 million on the recoverable amount.

In the absence of goodwill and intangible assets with indefinite useful lives, the impairment loss mainly concerns property, plant and equipment and can therefore be reversed.

As at 31 December 2015, in the absence of any change in the second half of 2015 likely to significantly modify the outcome of the test carried out at the end of June 2015 and the resulting impairment amount, the impairment of €450 million recognized as at 30 June 2015 was maintained.

4.3.2.4. Rail Freight CGU

Up to 31 December 2013, the Fret SNCF activity, within the SNCF Logistics segment, was broken down into four CGUs to reflect the organisation set up as part of the master development plan made public in September 2009 and rolled out in the first half of 2010. Production resources, whether owned by Fret SNCF or the asset management company Akiem and regardless of the final user (Fret SNCF, or another rail entity within or outside the Group), were tested for overall impairment within the Rail Freight CGU. The Group's rolling stock (engines) was impaired based on usage.

- if the equipment has not been allocated or if the equipment's allocated CGU generates negative cash flows:
  - 100% impairment of rolling stock that has no market value;
  - net carrying amount written down to the market value if the latter is lower.
- if the equipment's allocated CGU generates positive cash flows, the rolling stock is not impaired.

Due to an increasingly accessible engine leasing market for freight transport, most engines leased by the Group are being used more and more outside the Rail Freight CGU. The operational and managerial scope of the engine management activity also changed in early 2014 to be included within the same scope as the Rail Freight Fleet Management CGU. Finally, the Fret SNCF activity is no longer broken down, but monitored on an overall basis within the Rail Freight CGU. The Group therefore stopped testing the relevant assets within the Rail Freight CGU in order to include them in the Rail Freight Fleet Management CGU, which now encompasses all the activities included in the leasing of freight transport equipment and engines (locomotives, wagons, containers, etc.). Following these business model changes, the Group was able to carry out two impairment tests as at 30 June 2014: one for the Rail Freight Fleet Management CGU (see Note 4.3.1.3) and the other for the Rail Freight CGU. The impacts were treated as a change in estimate over the period in accordance with IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors».

As at 30 June 2014, the Group performed an impairment test on rail rolling stock, the net carrying amount of which totalled €78 million, based on the fair value less costs to sell in accordance with IAS 36:

- An analysis was carried out by an independent expert specialising in the valuation of rail equipment. The level 3 market values documented in this analysis exceeding the net carrying amounts could not be used in the absence of an active market. Nevertheless, they still indicated a market value above zero for this fleet.
- In this context, the test consisted in determining the recoverable amount by discounting cash flows using the observable data, i.e. the leasing values for SNCF Mobilités Group external transactions involving high potential equipment. Among the assumptions used were a discount rate of between 6.0% and 6.6% and a zero growth rate. The collected data was used to support the net carrying amount presented for the rolling stock as at 30 June 2014 and therefore did not give rise to any impairment loss or reversal during the period.

The following assumptions were used to determine the recoverable amount:

	30 June 2014
Segment	SNCF Logistics
CGU	Rail Freight
Assets tested	€78 million
Base used for the recoverable amount	Fair value less costs to sell
Source used	Engine lease payments observable in the market over their remaining useful lives
Discount rate (minimum - maximum)	6.0% - 6.6%
Long-term growth rate	0.00%

In the second half of 2014, the test was extended to cover all the production resources amounting to €125 million as at 31 December 2014. Overall, the test was used to support the carrying amount which was €750 million lower than the net carrying amount which would have been obtained had these resources never been impaired. The Group considers that this level of impairment represents its best estimate.

No new impairment losses or reversals were recorded as at 31 December 2015.

4.4 WORKING CAPITAL REQUIREMENT

In € millions	31/12/2015	31/12/2014
Change in inventories and work-in-progress	22	76
Change in operating receivables (excluding share disposals and capital expenditure flows)	-238	322
Change in operating payables (excluding capital expenditure flows and liabilities relating to assets excluded from IFRIC 12)	78	218
Impact of the change in the WCR in the consolidated cash flow statement	294	-180

4.4.1 Inventories and work-in-progress

Inventories are valued at the lower of cost price and net realisable value. Cost price is equal to acquisition or production cost. Production cost includes both direct and indirect production expenses.

Cost price is calculated using the weighted average cost method.

Inventories are written down based on the turnover, nature, age and useful life of items.

As at 31 December 2015, inventories and work-in-progress break down as follows:

In € millions	Gross	31/12/2015 Write-down	Net	31/12/2014 Net	Change
Raw materials	478	-60	418	439	-22
Finished goods	194	0	194	210	-15
Production work-in-progress	15	-5	9	16	-6
Inventories and work-in-progress	**687**	**-66**	**621**	**665**	**-43**

Movements in inventory write-down break down as follows.

In € millions	31/12/2014	Charges	Reversals	Reclassification	Change in consolidation scope	31/12/2015
Raw materials and supplies - write-down	**-46**	-26	12	0	-1	**-60**
Production work-in-progress - write-down	**-3**	-2	0	0	0	**-5**
Write-down of inventories	**-49**	**-28**	**12**	**0**	**-1**	**-66**

4.4.2 Operating receivables

Receivables are recorded at nominal value on issue, except for receivables with a maturity of more than one year, which are discounted to present value where the impact of discounting is material. Impairment is recognised when there is a potential risk of non-recovery (substantial payment delays, bankruptcy proceedings, litigation, etc.). This impairment is determined based on an individual or statistical appraisal of non-recovery risk using historical data.

Operating receivables break down as follows:

In € millions	31/12/2015			31/12/2014	
	Gross	Impairment	Net	Net	Change
Trade receivables and related accounts	3,554	-139	3,415	3,166	249
Amounts payable to the French State and local authorities	1,519	0	1,519	1,269	250
Other operating receivables	1,732	-29	1,703	1,211	492
Capital expenditure flow receivables and share disposals	128	-1	128	44	84
Net operating receivables	**6,933**	**-168**	**6,765**	**5,690**	**1,075**

Movements in the impairment of trade receivables and other operating receivables were as follows in 2015 and 2014.

In € millions	31/12/2014	Charges	Reversals	Reclassification	Change in consolidation scope	Foreign exchange and other	31/12/2015
Trade receivables and related accounts	-145	-35	41	2	-3	0	-139
Other operating receivables - impairment	-41	-1	14	-1	0	0	-29
Total	**-186**	**-36**	**55**	**1**	**-3**	**0**	**-168**

In € millions	31/12/2013	Charges	Reversals	Reclassification	Change in consolidation scope	Foreign exchange and other	31/12/2014
Trade receivables and related accounts - impairment	-161	-68	52	6	26	-1	-145
Other operating receivables - impairment	-70	-11	38	3	0	0	-41
TOTAL	**-231**	**-79**	**90**	**9**	**26**	**-1**	**-186**

Due to its business, Group exposure to credit risk is limited. Tickets are sold to passengers on a cash basis. In addition, the Group has significant relations with a number of public-sector customers (RFF, regional authorities, RATP, STIF, armed forces, etc.) In the SNCF Logistics (formerly SNCF Geodis) activity, dependence on customers is reduced by the number of the latter. In carrying out its transport and/or freight forwarding activities, the Group also has the right to hold the merchandise with which it is entrusted, which reduces the risk of non-payment for services. Finally, based on an assessment of customer credit risk, payment terms and conditions before transport may be determined to limit the risk of non-payment.

While receivables from these customers may be past due, there are no grounds for impairment. Receivables are impaired when the Group is in dispute with a customer or when the ability to recover the receivable in full is modified.

Trade receivables past due break down as follows (gross value):

31/12/2015 *In € millions*	Not past due	Impaired	Past due but not impaired				Total
			< 3 months	4 to 6 months	7 to 12 months	> 12 months	
Trade receivables and related accounts	2,302	467	502	102	118	62	3,554
Total	**2,302**	**467**	**502**	**102**	**118**	**62**	**3,554**

31/12/2014 *In € millions*	Not past due	Impaired	Past due but not impaired				Total
			< 3 months	4 to 6 months	7 to 12 months	> 12 months	
Trade receivables and related accounts	2,183	494	474	90	32	38	3,311
Total	**2,183**	**494**	**474**	**90**	**32**	**38**	**3,311**

4.4.3 Operating payables and other accounts in credit

Operating payables include payments to third parties with respect to operating activities (trade payables, employee-related liabilities, taxes and duties other than income tax, etc.), and asset acquisitions.

Receivables are recorded at nominal value on issue, except for receivables with a maturity of more than one year, which are discounted to present value where the impact of discounting is material.

Operating payables break down as follows:

In € millions	31/12/2015	31/12/2014	Change
Trade payables and related accounts	4,691	4,043	648
o/w amounts payable to suppliers of PP&E	703	542	160
Liabilities relating to concession assets excluded from the scope of IFRIC 12	417	464	-47
Payments received on account for orders	466	450	16
o/w advances received on sales of PP&E	20	13	7
Employee-related liabilities	1,844	2,029	-185
Amounts payable to the French State and local authorities	1,171	1,312	-141
Other operating payables	775	423	352
Deferred income	1,256	1,141	115
Liability derivative instruments for raw materials and foreign exchange on business transactions	7	9	-1
Total operating payables	10,628	9,871	757

For the liabilities relating to concession assets excluded from the scope of IFRIC 12 see Note 4.1.4

4.5 PROVISIONS FOR RISKS AND LITIGATION

Provisions are recorded when, at the balance sheet date, the Group has a present obligation to a third party as a result of a past event and the settlement of this obligation will require an outflow of company resources with no consideration.

This obligation may be legal, regulatory or contractual. It may also result from Group practice or external commitments that create valid expectations in third parties that the Group will assume certain responsibilities.

The estimated amount of the provision reflects the outflow of resources that is likely to be necessary to settle the Group's obligation. If a reliable estimate of this amount cannot be made, a provision is not recorded. Disclosure is provided in the notes to the financial statements.

Provisions are discounted when the impact of the time value of money is deemed material. The discount rate is determined with reference to a closing market rate based on leading corporate bonds with a maturity comparable to the estimated maturity of the provision. The reference used is Bloomberg AA for the Eurozone.

A contingent liability is a possible obligation that arises from past events whose existence will only be confirmed by the occurrence of uncertain future events not wholly within the control of the Group, or a probable obligation where it is not probable that an outflow of resources will be required. Except for contingent liabilities recognised as part of a business combination, contingent liabilities are not recorded. Disclosure is provided in the notes to the financial statements.

Movements in provisions for liabilities and charges during the year break down as follows:

In € millions	01/01/2015	Charges	Reversals (used)	Reversals (not used)	Other changes	31/12/2015	of which current	of which non-current
Litigation and contractual risks	340	200	-64	-113	10	372	191	181
Tax, employee and customs risks	88	88	-2	-4	-13	156	12	145
Environmental risks	613	80	-27	-26	24	664	31	633
Restructuring costs	36	16	-16	-7	3	32	29	3
Other	225	69	-46	-26	1	223	91	131
Total provisions	1,302	453	-155	-176	23	1,447	354	1,093

Cash flows for the year include those generated by the SNCF Infra division in the first half of 2015, as presented in the income statement under Net profit/(loss) from transferred operations (see Note 2.1). They include €18 million in charges and €13 million in reversals, of which €2 million used for this segment. The impacts of the reclassification of the segment's remaining provisions to "Liabilities associated with assets classified as held for sale" are presented in the "Other" column (see Note 4). They represent a €5 million decrease in provisions.

The impact of the passage of time (reverse discounting) gave rise to a €6 million increase in provisions in 2015, including €5 million offset against financial profit from continuing operations.

The change in the discount rate in 2015 gave rise to a €36 million decrease in provisions of which €7 million was offset against "Net movement in provisions" under current operating profit and €29 million was offset against non-current assets. It mainly involved provisions for asbestos-related costs.

This provision covers the costs of environmental protection and site restoration and clean-up. It specifically includes a provision for asbestos lawsuits filed against the Group.

SNCF Mobilités Group has set up an environmental management team in response to the enactment in French law of Directive 2004/35 of 21 April 2004 regarding so-called "polluter-payer" environmental liability. One of the team's objectives is to shed light on the impacts with respect to the Group's activities, primarily in terms of storage and distribution installations for fuel, water disposal, waste, etc. The related assessments are recorded on their completion. Directive 2004/35 has since been transposed in France by Decree 2009-468 of 23 April 2009.

Furthermore, the French government decree of 3 June 2011 relating to the protection of the public against health risks resulting from exposure to asbestos in buildings that came into effect on 1 February 2012 was to be accompanied by implementation decrees. These decrees were published at the end of December 2012 for an implementation date of 1 January 2013. They define the criteria for assessing the state of the materials to be investigated, the content of the report on the identification of asbestos-containing materials as well as the content of the asbestos technical file summary sheet. An action plan has been implemented covering the compliance of the asbestos technical analyses within the deadline stipulated by the new decree, i.e. by 2021. At this stage, the additional work performed has not generated a material change in the provision for environmental risks. The analyses are still in progress.

With regard to its rolling stock, the Group has a dismantlement and restoration obligation. With respect to rolling stock containing asbestos, there is a present obligation from the time the asbestos is detected. Any increase in the provision is offset by an increase in the value of the equipment on the balance sheet for equipment not fully depreciated and in profit or loss for equipment at the end of its useful life. An impairment loss is recognised when the carrying amount of the asset exceeds its recoverable amount. The cost of dismantlement is amortised over the asset's remaining useful life. Should there be a decrease in the estimated probable outflow of resources, the provision is reversed against the corresponding asset in the balance sheet and in profit or loss for the portion exceeding the net carrying amount of this asset. The provision is gradually extinguished in profit or loss as the dismantlement is completed.

4.5.1 Provisions for environmental risks

At the year-end, environmental risks that been provided for primarily concerned the following items:

- site decontamination: €16 million (€73 million in 2014).
- asbestos-related costs : €634 million (€567 million in 2014).

The change in the provision for asbestos-related costs primarily concerns rolling stock containing asbestos and is based on the availability of new information to assess the cost of dismantlement. It is offset in the amount of €50 million (in the “Other” column) against the dismantlement component of the capitalised rolling stock (see Note 4.1.2) and in the amount of €40 million against “Net movement in provisions” in the income statement. The dismantlement costs of rolling stock containing asbestos were revised upwards based on new signed contracts, recently placed orders and responses obtained regarding new calls for tenders.

4.5.2 Provisions for contractual litigation and risks

The provision for contractual litigation and risks mainly includes risks associated with legal disputes and contract settlements in addition to contractual risks.

4.5.2.1 Litigation

The Group is involved in several unresolved legal disputes arising in the normal course of its activities

Such disputes are provided based on an assessment of the related risk and the probability of realisation.

Unused reversals were mainly attributable to the elimination of risks relating to current litigation or the adjustment to their measurement.

Resolved litigation

- Resolution of a claim for compensation

A litigation involving an opposing claim for compensation filed against SNCF Mobilités ended on 3 April 2015. The purpose of the litigation was to order SNCF Mobilités to pay damages for the allegedly unauthorised termination of several caretaking contracts in July 2009. The decision to terminate the contracts on grounds of fraud was made by EPIC SNCF Mobilités following repeated infringements by the contractor with regard to subcontracting and failure to comply with a notice to perform. The presiding judge at the Paris Trade Court welcomed the conclusions filed by the EPIC for the purposes of striking out the proceedings and dismissed the case filed by the plaintiff due to lack of evidence. The unused provision set aside for this file amounting to €25 million was reversed under “Net movement in provisions” in the consolidated income statement.

- Sale of high-voltage lines to RTE

The sale of high-voltage lines to RTE led to the recognition of an asset disposal gain of €80 million in 2010. The remaining disposal price has since depended on the resolution of expert proceedings between the two parties, which was followed by a Conseil d’Etat decision on 10 September 2015. As a result, an additional disposal gain of €50 million was recorded in Net proceeds from asset disposals in 2015.

Ongoing litigation

- Investigation of the Competition Authority regarding Fret SNCF

An investigation was conducted by the Competition Authority regarding Fret SNCF. In March 2012, the reporting judges transmitted a final report to the Competition Authority with a certain number of grievances, all of which were challenged by SNCF Mobilités (formerly SNCF) due to their unfounded nature and the lack of competition law infringement. Following the Competition Authority’s decision (December 2012), EPIC SNCF Mobilités was ordered to pay a fine of €61 million for having conducted several practices that hindered or delayed the entry of new operators into the rail freight transport market. This fine was expensed in 2012 under “Purchases and external charges” within gross profit. The Authority also issued a judicial order regarding SNCF Fret’s pricing policy and imposed that certain measures, particularly of an accounting and commercial nature, be implemented and in effect at the end of a three-year period in order to render such policy more objective. In January 2013, SNCF Mobilités appealed this decision before the Paris Appeal Court, which rendered its decision on 6 November 2014, judging that the grievance concerning predatory pricing was unsubstantiated and the order to pay was no longer justified. It also reduced the financial penalty that SNCF Mobilités was ordered to pay to €48 million. ECR and the Competition Authority appealed in December 2014. Proceedings continued in 2015, with further pleadings by ECR and the Competition Authority, and SNCF Mobilités’ observations in reply (also applicable for the appeal).

- Investigation of the Competition Authority regarding Distribution and Express

The Competition Authority is currently investigating the Distribution and Express segment with regard to an alleged agreement on pricing adjustments for the 2005/2010 period. A notice of grievances was officially received in July 2014. After observations of the parties, the Competition Authority’s investigation department issued a report on 22 April 2015, largely dismissing the arguments presented by the various stakeholders. Geodis and SNCF Mobilités put forward their observations in reply. The Competition Authority’s board hearing was held on 30 September 2015.

The Competition Authority rendered its decision on 15 December 2015, imposing a fine of €196 million on Geodis, a Group subsidiary. SNCF Mobilités is jointly and severally liable for the fine's payment in the amount of €89 million. SNCF Mobilités and Geodis appealed the decision of the Competition Authority before the Paris Court of Appeal. As at 31 December 2015, an accrued expense was recorded for the amount of the fine under the "Purchases and external charges" heading within gross profit. The offsetting entry in the balance sheet was recorded under operating payables. Excluding this fine, gross profit amounted to €2,597 million.

- Disputes with ARAFER

SNCF Mobilités is involved in legal proceedings with ARAFER regarding a litigation with Syndicat des Transports d'Ile-de-France (see Note 2) and with the Pays de-la-Loire region. ARAFER rendered two dispute settlement decisions that were favourable for STIF and the Pays-de-la-Loire region. Gares & Connexions appealed these decisions before the Paris Court of Appeal.

- Ruling of the Paris Industrial Tribunal

The Paris Industrial Tribunal handed down its decisions on 21 September 2015 with respect to the appeals filed by 834 former employees who claimed unfair treatment regarding their careers and retirement. SNCF Mobilités accounted for the consequences in its consolidated financial statements by readjusting the provision related to this litigation based on the penalties handed down. An appeal is underway, thus suspending payment of the sums claimed. Furthermore, an additional provision has been set aside to cover some of the 250 new appeals that have been filed. The provision was recorded under Provisions for tax, employee-related and customs risks.

- Brétigny-sur-Orge accident

Following the derailment on 12 July 2013 of Paris-Limoges intercity train no. 3657 in Brétigny-sur-Orge (Essonne) station, and after having filed the two expert reports requested by the investigating judges, RFF and SNCF, which became SNCF Réseau and SNCF Mobilités, respectively, on 1 January 2015 (see Note 2), were indicted for "involuntary manslaughter and unintentional injuries through carelessness, recklessness, inattention, negligence, or failure to observe an obligation of due care or precaution" and heard by the judges.

SNCF Réseau and SNCF Mobilités firmly challenged the expert reports, cast doubt on the seriousness of the metallurgical evaluation, and requested that additional work be carried out for which the approval was notified at the end of January 2016.

Since the accident, SNCF Mobilités has set up a dedicated team to assist the victims and their families. Under the aegis of the coordination authority designated by the Ministry of Transport, EPIC SNCF Mobilités immediately committed to a compensation programme for the accident's human and material consequences. The liability insurer has now assumed responsibility for the compensation since the date the deductible (€3 million) was exceeded.

As a precautionary measure, on 8 October 2013, SNCF Mobilités and SNCF Réseau launched the Vigirail programme, designed to improve switching safety and upgrade track maintenance. This programme includes actions that meet the recommendations issued by the BEA-TT in its progress report of 10 January 2014. Following the conclusions of the final report made public by the BEA-TT on 18 September 2015, SNCF Mobilités has pledged to implement three new recommendations.

4.5.2.2 Provisions for onerous contracts

Provisions are recognised for long-term contracts when they become onerous, which is to say when the inevitable costs required to satisfy the contractual obligations exceed the future economic benefits expected from these contracts. Provisions are valued based on inevitable costs, which reflect the net contract exit cost, which is to say the lower of the contract performance cost or any other compensation or penalty arising from failure of performance.

Charges include an amount of €153 million with respect to onerous contracts, of which €106 million for the Intercités agreement covering the Trains d'Equilibre du Territoire (TET) (see Note 2.1). The agreement, initially concluded with the French State for the 2011-2013 period, was renewed for two successive years up to 31 December 2015. The roadmap presented by the government on 7 July 2015 regarding a new future for the Trains d'Equilibre du Territoire stipulated that a new agreement between the French State and SNCF Mobilités would be completed in 2016 for the 2016-2020 period. Pending the finalisation of the ongoing negotiations between SNCF Mobilités and the French State, covering in particular the level of offerings and the funding of the future agreement over its term, the French State asked SNCF Mobilités to maintain its 2016 Intercités offerings at the 2015 level, without additional funding.

In this context, SNCF Mobilités believes that the operational growth levers that would impact 2016 can no longer be implemented. Therefore, due to the lack of development of the offering and additional funding from the French State, the first year of the new multi-year agreement (the French State's objective for the 2016-2020 period) should be loss–making. For subsequent years (2017-2020), discussions are continuing with the French State so that the agreement will break even over its residual term.

Accordingly, SNCF Mobilités recorded a €106 million provision for onerous contracts as at 31 December 2015, representing the estimated first-year loss of the future agreement. Given the ongoing negotiations, there are risks and uncertainties for the assumptions underlying the provision's estimate, specifically in terms of the period planned for the new agreement and the prospects of a financial break-even beyond the first year.

4.5.3 Provisions for tax, employee-related and customs risks

The changes recognised in regard to provisions for tax, employee-related and customs risks stem primarily from the decisions handed down by the Paris Industrial Tribunal in connection with litigations opposing SNCF Mobilités and former employees (see Note 4.5.2.1, Ongoing litigation).

4.5.4 Provisions for restructuring costs

The cost of restructuring measures is provided in full in the year when such measures are decided and announced in sufficient detail prior to the period-end closing in order to create a valid expectation that they will be implemented. Restructuring costs primarily consist of employee departure costs and the cost of writing off non-current assets, inventory and other assets that will no longer be used.

5 .EMPLOYEE BENEFITS

5.1 DESCRIPTION OF EMPLOYEE BENEFITS

5.1.1 Pension and similar plans

Through its subsidiaries, the Group participates in pension plans and other employee benefits in accordance with the laws and customs of each country where it is established and outside of the statutory pension plans governed by law. These benefits comprise end-of-career or retirement benefits and bonuses with respect to long-service awards (France), defined benefit pension plans (United Kingdom, Italy (TFR), Germany, the Netherlands, Sweden, Norway, Australia and Canada) and retiree health costs (Canada).

In France, pension benefits paid to an employee at the retirement date are determined in accordance with the national collective agreement or the company agreement in force in the entity. The two main collective agreements in force within the Group are as follows:

- urban public transport collective agreement (CCN_3099) within the Keolis subsidiaries;
- non-rail transport collective agreement (CCN_3085).

These plans can be partially funded.

In Italy, employees receive the Trattamento di Fine Rapporto di lavoro subordinato (TFR). This employment termination benefit, payable by the employer regardless of the reason for the contract's termination, takes the form of a single payment representing approximately 1/14th of the annual compensation per year of service. This plan is recorded as a post-employment benefit since the benefits are granted in respect of the service rendered during the working period.

5.1.2 Provident plan

The provident plan concerns supplementary benefits for EPIC SNCF Mobilités top executives not otherwise covered.

5.1.3 Social welfare initiatives

A number of social welfare initiatives have been implemented for the personnel of EPIC SNCF Mobilités: access to infrastructures, consultation of social workers, etc. Both active (short-term benefits) and retired employees (post-employment benefits) may benefit from these initiatives.

A provision in the amount of benefit granted to retired employees has been recognised.

5.1.4 Compensation for work-related injuries

Compensation for work-related injuries is self-financed for active and retired employees of EPIC SNCF Mobilités, independently of the current general regime.

Life annuities are provided in full at the date of grant to injured employees without any seniority conditions. They represent long-term (active employees in a period of business) and post-employment benefits (retired employees).

5.1.5 Gradual cessation of activity

The gradual cessation of activity is a procedure used to adjust the work time of employees who have reached the end of their careers. A work-time formula is thus arranged so as to provide a transition period between professional activity and retirement. A new agreement effective in July 2008 offers the possibility of a gradual or complete cessation for EPIC SNCF Mobilités personnel. The granting of benefits is based on a combination of criteria: years of service, hardship and employee category. The agreement is treated as a long-term benefit in the consolidated financial statements pursuant to IAS 19.

The calculation is mainly based on the assumption relating to the expected proportion of agents to be covered by the procedure.

5.1.6 Long-service awards and other benefits

This heading combines the other long-term employee benefits granted by the Group through its subsidiaries, particularly bonuses with respect to long-service awards (France).

5.1.7 Circulation privileges

EPIC SNCF Mobilités personnel (active employees, retired employees and their beneficiaries) receive circulation privileges (CP) which enable them to travel under certain circumstances at prices that differ from the market. The Group considers that these travel privileges do not have a material impact on its production resources.

With respect to active personnel (over the period of activity), no liability is recognised since the CP are granted in consideration for services rendered by the beneficiaries over this period. They thus meet the definition of a short-term benefit.

For active employees over the post-employment period, current retirees and their beneficiaries, considering that the marginal average cost of this programme is lower than the average price paid on reservation, no liability is recorded in the financial statements regarding this post-employment benefit.

5.2 CHANGE IN THE NET POSITION OF THE PLANS

Pursuant to the law of 4 August 2014 covering rail reform, EPIC SNCF Mobilités transferred a portion of its personnel to SNCF Réseau and SNCF. These transfers resulted in an overall decrease in commitments for €961 million, i.e. €847 million for SNCF Réseau and €114 million for SNCF. The obligations of SNCF Mobilités Group thus decreased by 46% as at 1 July 2015.

The accounting treatment of the SNCF Infra division as a “discontinued” operation within the meaning of IFRS 5 gave rise to the reclassification of its obligations, i.e. €874 million valued to date, to “Liabilities associated with assets classified as held for sale” in the statement of financial position as at 31 December 2014. Consequently, this segment’s net obligation with regard to defined benefit plans has been excluded from the total net liabilities (assets) recorded in the SNCF Mobilités Group balance sheet under “Employee benefits” since 31 December 2014. In the change in obligations, the removal of these liabilities was then presented under the “Other” heading.

Previously equity-accounted, the UK subsidiary Eurostar has been fully consolidated since 28 May 2015. It offers its employees a pension plan that is partially funded by plan assets. The resulting increase for several aggregates in the net positon of the Group’s employee benefits as at 31 December 2015 breaks down as follows:

In € millions	
Present value of the obligations	338
Fair value of plan assets	278
Net liabilities (assets)	**60**
Financial cost of the obligation	11
Implicit return on plan assets	- 10
Net financial interest	**1**
Contribution paid to the fund	**- 9**

5.2.1 Breakdown of net liabilities (assets)

In € millions	31/12/2015	Total before IFRS 5	**IFRS 5 reclassification**	**31/12/2014**
Present value of the obligations	1,949	2,632	-874	1,759
Fair value of plan assets	-358	-83	0	-83
Net position of the plans	**1,591**	**2,549**	**-874**	**1,676**
Effect of the asset celling	1	0	0	0
Total net liabilities (assets) at closing date	**1,591**	**2,549**	**-874**	**1,676**
Of which net liabilities recorded	*1,591*	*2,549*	*-874*	*1,676*

The Group's main employee benefit plans gave rise to the recognition of the following liabilities:

In € millions	31/12/2015	Total before IFRS5	IFRS 5 reclassification	31/12/2014
Pensions and other similar benefits	369	303	-5	298
Provident obligations	33	60	-17	43
Social welfare initiatives	181	318	-103	215
Compensation for work-related injuries	531	1,134	-508	626
Liabilities relating to post-employment benefits	**1,113**	**1,816**	**-633**	**1,183**
Compensation for work-related injuries	24	45	-18	28
Long-service awards and other benefits	126	156	-33	123
Gradual cessation of activity	267	437	-146	291
Time savings account	60	94	-44	50
Liabilities relating to other long-term benefits	**477**	**732**	**-241**	**492**
Total liabilities	**1,590**	**2,548**	**-874**	**1,675**
- of which non-current	*1,476*	*2,403*	*0*	*1,456*
- of which current	*114*	*145*	*0*	*218*

5.2.2 Change in net liabilities (assets)

The items explaining the change in net liabilities over the period are as follows:

In € millions	31/12/2015	31/12/2014
Total net liabilities (assets) at opening date	**1,675**	**2,224**
Current service cost	142	134
Past service cost	11	0
Effect of plan settlements	-1	0
Net financial interest	28	54
Actuarial gains and losses generated during the period	-166	272
Benefits paid to employees by the company	-133	-141
Employer's fund contribution	-12	-3
Effect of changes in Group structure	-9	9
Foreign exchange impact	2	0
Other (IFRS 5 reclassification in 2014)	49	-872
Total net liabilities (assets) at closing date	**1,591**	**1,675**

Past service cost arises from plan amendments over the period.

The decrease in net financial interest is primarily due to a reduction in the EPIC SNCF Mobilités commitments over the second half of 2015 following the rail reform and the significant drop in the discount rate between 2013 (2.55%) and 2014 (1.35%).

The net actuarial gain recognised is essentially attributable to the higher discount rate in all the monetary zones. An amount of €140 million is related to the EPIC SNCF Mobilités plans, of which €24 million was recognised in finance costs with respect to other long-term benefits.

The "Effect of changes in Group structure" heading mainly comprises the following items:

- the net liabilities of Eurostar valued on the acquisition date (€80 million),

- the total liabilities transferred to SNCF as at 1 July under the rail reform (€114 million). As at 31 December 2014, the latter was classified in current liabilities for an amount then valued at €138 million.
- the residual impact of the transfers for SNCF Réseau, i.e. €26 million, in response to the change in the first half of 2015 of the SNCF Infra division's commitment presented under "Liabilities associated with assets classified as held for sale" as at 31 December 2014.

The Group adjusted the calculation of certain employee benefit obligations in the first half of 2015. The €53 million impact, recorded under the "Other" heading, mainly related to long-term employee benefits. As the impacts on the 2014 published consolidated equity and earnings were immaterial, the Group did not perform a retrospective calculation. The impact was calculated as at 1January 2015 and recorded as a deduction from equity through an increase in liabilities under employee benefits.

Changes in the present value of obligations, the fair value of plan assets and the net liabilities (assets) for 2015 (following transfers) are as follows:

31/12/2015 In € millions	Pensions and other similar benefits	Provident obligations	Social welfare initiatives	**Compensation for work-related injuries**	Gradual cessation of activity and time savings account	Long-service awards and other benefits	Total
Present value of the obligation at opening date	**382**	**43**	**215**	**654**	**341**	**123**	**1,759**
Current service cost	27	1	5	37	42	30	**142**
Employee contribution	1						**1**
Past service cost arising from a plan amendment	14	0	0	0	0	0	**14**
Past service cost arising from a plan curtailment	-1	0	0	0	0	-1	**-2**
Effect of settlements	-2	0	0	0	0	0	**-2**
Finance cost	19	1	3	12	5	1	**41**
Actuarial gains and losses generated during the period	-21	-2	-27	-91	-16	-5	**-162**
Benefits paid to employees by the company	-15	-2	-10	-49	-35	-22	**-133**
Benefits paid by the fund	-13						**-13**
Effect of changes in Group structure	333	-8	-6	-9	-59	-3	**248**
Foreign exchange impact	5					1	**5**
Other	0	0	0	0	48	3	**51**
Present value of the obligation at closing date	**728**	**33**	**181**	**554**	**327**	**126**	**1,949**
Of which present value of unfunded obligations	*265*	*33*	*181*	*554*	*327*	*126*	***1,486***
Of which present value of fully or partially funded obligations	*463*						***463***

31/12/2015 In € millions	Pensions and other similar benefits
Fair value of plan assets at opening date	**83**
Implicit return on plan assets	13
Actuarial gains and losses generated during the period	4
Effect of curtailments and settlements	-1
Employer’s fund contribution	12
Employee fund contribution	1
Benefits paid by the fund	-13
Effect of changes in Group structure	257
Foreign exchange impact	3
Other	-1
Fair value of plan assets at closing date	**358**

Effect of the asset ceiling at opening date	**0**
Change in effect of the asset ceiling	0
Interest expense on effect of the asset ceiling	0
Effect of the asset ceiling at closing date	**1**

31/12/2015 In € millions	Pensions and other similar benefits	Provident obligations	Social welfare initiatives	Compensation for work-related injuries	Gradual cessation of activity and time savings account	Long-service awards and other benefits	Total
(+) Present value of the obligation at closing date	728	33	181	554	327	126	**1,949**
(-) Fair value of plan assets at closing date	-358	0	0	0	0	0	**-358**
(-) Effect of the asset ceiling at closing date	-1	0	0	0	0	0	**-1**
Total net liabilities (assets) at closing date	**370**	**33**	**181**	**554**	**327**	**126**	**1,591**
Assets available after effect of the asset ceiling	0						**0**
Total liabilities at closing date	**370**	**33**	**181**	**554**	**327**	**126**	**1,591**

Changes in the present value of obligations, the fair value of plan assets and the net liabilities (assets) for 2014 are as follows:

31/12/2014 In € millions	Pensions and other similar benefits	Provident obligations	Social welfare initiatives	Compensation for work-related injuries	Gradual cessation of activity and time savings account	Long-service awards and other benefits	Total
Present value of the obligation at opening date	**333**	**51**	**279**	**1,038**	**471**	**124**	**2,296**
Current service cost	18	1	5	45	46	19	**134**
Employee contribution	0						**0**
Past service cost arising from a plan amendment	0	0	0	0	0	0	**0**
Past service cost arising from a plan curtailment	0	0	0	0	0	0	**0**
Effect of settlements	0	0	0	0	0	0	**0**
Finance cost	10	1	7	26	12	2	**58**
Actuarial gains and losses generated during the period	43	9	41	136	38	7	**274**
Benefits paid to employees by the company	-13	-2	-13	-66	-35	-11	**-141**
Benefits paid by the fund	-4	0	0	0	0	0	**-4**
Effect of changes in Group structure	-5	0	0	0	0	15	**10**
Foreign exchange impact	4					0	**4**
Other (of which IFRS 5 reclassification)	-4	-17	-103	-525	-190	-33	**-872**
Present value of the obligation at closing date	**382**	**43**	**215**	**654**	**341**	**123**	**1,759**
Of which present value of unfunded obligations	*254*	*43*	*215*	*654*	*341*	*123*	***1,631***
Of which present value of fully or partially funded obligations	*128*						***128***

31/12/2014 In € millions	Pensions and other similar benefits
Fair value of plan assets at opening date	**73**
Implicit return on plan assets	3
Actuarial gains and losses generated during the period	2
Effect of curtailments and settlements	0
Employer's fund contribution	3
Employee fund contribution	0
Benefits paid by the fund	-4
Effect of changes in Group structure	1

Foreign exchange impact	4
Other	0
Fair value of plan assets at closing date	**83**

Effect of the asset ceiling at opening date	**0**
Change in effect of the asset ceiling	1
Interest expense on effect of the asset ceiling	0
Effect of the asset ceiling at closing date	**0**

31/12/2014 In € millions	Pensions and other similar benefits	Provident obligations	Social welfare initiatives	Compensation for work-related injuries	Gradual cessation of activity and time savings account	Long-service awards and other benefits	Total
(+) Present value of the obligation at closing date	382	43	215	654	341	123	**1,759**
(-) Fair value of plan assets at closing date	-83	0	0	0	0	0	**-83**
(-) Effect of the asset ceiling at closing date	0	0	0	0	0	0	**0**
Total net liabilities (assets) at closing date	**300**	**43**	**215**	**654**	**341**	**123**	**1,676**
Assets available after effect of the asset ceiling	0						**0**
Total liabilities at closing date	**300**	**43**	**215**	**654**	**341**	**123**	**1,676**

5.2.3 Breakdown of plan assets

In € millions	31/12/2015	31/12/2014
Bonds	104	33
Shares	240	22
Real estate	2	3
Cash and cash equivalents	3	2
Other	9	22
Total fair value of plan assets	**358**	**83**

Assets mainly concern the pension plans for the Group's UK subsidiaries.

5.2.4 Reimbursement rights

Certain SNCF Logistics subsidiaries, mainly in Germany, have reimbursement rights (€10 million as at 31 December 2015, compared to €9 million as at 31 December 2014), which are recognised at fair value as a separate asset in the statement of financial position. Actuarial gains and losses generated over the period with respect to these reimbursement rights are recognised immediately in non-recyclable reserves, under the same terms and conditions as the actuarial gains and losses arising from the plan assets.

5.2.5 Analysis of contributions payable to the pension fund in Y+1

Under plans totally or partially funded by plan assets (mainly in Anglo-Saxon countries), the contributions payable in fiscal 2016 by companies and/or beneficiaries break down as follows:

31/12/2015 **In € millions**	Pensions and other similar benefits
Employer's fund contribution	11
Employee fund contribution	6
Total contributions payable	**17**

31/12/2014 **In € millions**	Pensions and other similar benefits
Employer's fund contribution	2
Employee fund contribution	0
Total contributions payable	**2**

5.3 EMPLOYEE BENEFIT PLAN EXPENSES

For the basic plans and other defined-contribution plans, the Group expenses contributions payable when they are due. No provisions are recognised as the Group does not have any obligation beyond the contributions paid. This primarily concerns the special retirement plan for employees with SNCF qualifying status.

In the case of defined-benefit plans, when benefits are covered by third parties (insurance contracts, provident organisations unrelated to the Group), and the Group has no legal or implicit obligation to cover any losses relating to past services over the period or prior periods, no obligation is recognised and the insurance/provident premiums paid are recognised as payments to a defined contribution plan, the obligation to provide benefits to employees being the sole responsibility of the third party organisation.

In the other cases, the obligations are subject to actuarial valuations and provisions are recorded on the balance sheet upon vesting of benefit rights by employees. The actuarial liability (or present value of the obligation with respect to defined benefits) is determined according to the projected unit credit actuarial method, which stipulates that each period of service gives rise to an additional unit of benefit and measures each unit separately to determine the final obligation.

These calculations include assumptions concerning the discount rate, mortality, employee turnover and expected future salary levels.

In the case of plans partially or fully funded by plan assets, the net liability (asset) is recognised in the amount of the negative or positive difference between the present value of the obligation and the fair value of the plan assets.

Changes in the net obligation are recorded according to their nature. The net charge for the period is recognised:

- In current operating profit (within gross profit under "Employee benefit expense") for the portion corresponding to service costs representing the straight-line vesting of benefits, past service costs relating to a plan amendment and curtailment and the impact of settlements. Past service costs are immediately recorded in profit or loss whether the rights are vested or not.
- In finance costs for the portion corresponding to the net financial interest (cost of the reverse discounting of the debt less the implicit return on plan assets, if any, and the interest on the asset ceiling impact) and the actuarial gains and losses generated by other long-term benefits.

5.3.1 Net expense with respect to defined benefit plans

The income statement expense for 2015 breaks down as follows.

For the first half of 2015 and comparative 2014, it is presented before reclassification to profit/(loss) from transferred operations before tax in accordance with IFRS 5.

31/12/2015 In € millions	Pensions and other similar benefits	Provident obligations	Social welfare initiatives	Compensation for work-related injuries	Gradual cessation of activity and time-savings account	Long-service awards and other benefits	TOTAL
Current service cost	27	1	5	37	42	30	**142**
Past service cost	13	0	0	0	0	-1	**11**
Of which effect of plan amendments	14	0	0	0	0	0	**14**
Of which effect of plan curtailments	-1	0	0	0	0	-1	**-2**
Effect of settlements on the obligation	-2	0	0	0	0	0	**-2**
Effect of settlements on plan assets	1						**1**
Other	0	0	0	0	0	-1	**-1**
Gross profit	**39**	**1**	**5**	**37**	**42**	**27**	**151**
Net financial interest	6	1	3	12	5	1	**29**
Of which finance cost	*19*	*1*	*3*	*12*	*5*	*1*	***41***
Of which implicit return on plan assets	*-13*						***-13***
Of which interest on asset ceiling	*0*						***0***
Actuarial gains and losses generated during the year with respect to long-term benefits	0			-3	-16	-5	**-24**
Other	1	0	0	0	0	0	*1*
Finance cost	**7**	**1**	**3**	**9**	**-11**	**-4**	**5**
Total expense recognised before IFRS 5	**45**	**2**	**8**	**46**	**32**	**24**	**156**

31/12/2014 In € millions	Pensions and other similar benefits	Provident obligations	Social welfare initiatives	Compensation for work-related injuries	Gradual cessation of activity and time-savings account	Long-service awards and other benefits	TOTAL
Current service cost	18	1	5	45	46	19	**134**
Past service cost	0	0	0	0	0	0	**0**
Of which effect of plan amendments	1	0	0	0	0	0	**1**
Of which effect of plan curtailments	0	0	0	0	0	0	**0**
Effect of settlements on the obligation	0	0	0	0	0	0	**0**
Effect of settlements on plan assets	0						**0**
Other	-1	0	0	0	0	0	**-1**
Gross profit	**17**	**1**	**5**	**45**	**46**	**19**	**133**
Net financial interest	7	1	7	26	12	2	**54**
Of which finance cost	*10*	*1*	*7*	*26*	*12*	*2*	***58***
Of which implicit return on plan assets	*-3*						***-3***
Of which interest on asset ceiling	*0*						***0***
Actuarial gains and losses generated during the year with respect to long-term benefits	0			5	38	7	**50**
Other	*0*	*0*	*0*	*0*	*0*	*0*	***0***
Finance cost	**7**	**1**	**7**	**30**	**50**	**9**	**105**
Total expense recognised before IFRS 5	**24**	**2**	**11**	**76**	**95**	**29**	**238**

5.3.2 Net expense with respect to defined contribution plans

The expense recorded for defined contribution plans included in "Employee benefits expense" amounted to €1.3 billion in 2015 (€1.6 billion in 2014).

5.3.3 Remeasurements of the net defined liability (asset) benefit in non-recyclable reserves

As of 1 January 2013, given the application of IAS 19 revised and the elimination of the corridor method, the actuarial gains and losses generated over the period for post-employment benefits are immediately offset in non-recyclable reserves (equity).

In the event of the partial or total derecognition of the liability, the gains and losses will never be transferred to profit or loss in subsequent periods. Where necessary, they may be transferred to another equity component (mainly Other reserves).

Actuarial gains and losses generated for other long-term benefits (compensation for work-related injuries of active employees over the period of service, long service awards, time-savings account and gradual cessation of activity) continue to be immediately recognised in finance costs over the period.

31/12/2015 In € millions	Pensions and other similar benefits	Provident obligations	Social welfare initiatives	Compensation for work-related injuries	TOTAL
(losses) and gains					
Remeasurements at the opening date	**-96**	**-13**	**39**	**-394**	**-464**
Actuarial gains and losses generated during the year with respect to obligations	21	2	27	88	**138**
Actuarial gains and losses generated during the year with respect to plan assets	4				**4**
Actuarial gains and losses generated during the year with respect to reimbursement rights	0				**0**
Net changes in the effect of the asset ceiling	0				**0**
Foreign exchange impact	-1				**-1**
Other (acquisition of Eurostar)	-88				**-88**
Remeasurements at the closing date	**-160**	**-11**	**66**	**-306**	**-411**

31/12/2014 In € millions	Pensions and other similar benefits	Provident obligations	Social welfare initiatives	Compensation for work-related injuries	TOTAL
(losses) and gains					
Remeasurements at the opening date	**-57**	**-4**	**79**	**-263**	**-243**
Actuarial gains and losses generated during the year with respect to obligations	-43	-9	-41	-131	**-223**
Actuarial gains and losses generated during the year with respect to plan assets	2				**2**
Actuarial gains and losses generated during the year with respect to reimbursement rights	0				**0**
Net changes in the effect of the asset ceiling	0				**0**
Foreign exchange impact	1				**1**
Other (acquisition of Eurostar)	0				**0**
Remeasurements at the closing date	**-96**	**-13**	**39**	**-394**	**-464**

5.4 ACTUARIAL ASSUMPTIONS AND GAINS AND LOSSES

5.4.1 Main actuarial assumptions used

Provisions for employee obligations are calculated on an actuarial basis, using the projected unit credit method. The parameters used in the modelling of the main employee benefits are as follows:

Discount rate

Obligations relating to the main post-employment benefits were discounted at the closing date's market rate based on leading corporate bonds of comparable maturity. The benchmark used to determine the discount rate is Bloomberg AA for the Eurozone. The last two rates indicated correspond to the plans of the subsidiaries that apply the rail (Geodis) and freight transport collective agreements. The rate for Sweden concerns the plans covering the subsidiaries of the SNCF Logistics business unit, while that for the UK concerns Eurostar, the subsidiary of the SNCF Voyageurs business unit.

Mortality table

Since the second half of 2013, EPIC SNCF Mobilités social welfare initiatives and provident obligations have been measured using a prospective mortality table by sex specific to railway employees (special pension plan base). This table prepared by the Caisse de Prévoyance Retraite (provident pension fund) was validated by a certifying actuary.

A table including a degradation coefficient was extrapolated for compensation for work-related injuries/illnesses. Based on the certified table, the mortality tables of the other plans were also modified.

These mortality table changes satisfy the requirement of the revised standard according to which mortality assumptions must reflect that of the plan members both during and after employment.

Gradual cessation of activity plan membership

The amount of the obligation under the gradual cessation of activity agreement was calculated using a membership assumption. In connection with the rail reform and the transfers on 1 July 2015, the breakdown of the commitment between the EPICs was determined using a different rate. The membership rate of EPIC SNCF Mobilités beneficiaries is now 25.94%, compared to 27.1% in 2014. A 100 point increase or decrease in this assumption would have an impact of around €10 million on the obligation amount.

5.4.1.1 Assumptions used for the EPIC SNCF Mobilités main plans

As the obligations under the EPIC SNCF Mobilités plans represent more than 75% of the Group total, the actuarial assumptions used for their measurement are described below.

	31/12/2015	31/12/2014
Discount rate	1.75%	1.35%
Inflation rate	1.75%	1.75%
Benefit remeasurement rate		
Provident obligations	*2.80%*	*2.80%*
Social welfare initiatives	*1.75%*	*1.75%*
Compensation for work-related injuries	*1.75%*	*1.75%*
Gradual cessation of activity	*2.37%*	*2.37%*
Retirement benefits and long-service awards	*2.37%*	*2.37%*
Mortality table		
Provident obligations and social welfare initiatives	*CPR H / CPRF*	*CPR H / CPRF*
Active and retired employees with work-related injuries	*CPR AT*	*CPR AT*
Widows of employees with work-related injuries	*CPR F*	*CPR F*
Gradual cessation of activity	*CPR 80%H 20%F*	*CPR 80%H 20%F*
Retirement benefits and long-service awards	*CPR 80%H 20%F*	*CPR 80%H 20%F*
Gradual cessation of activity plan membership	25.94%	27.10%

5.4.1.2 Assumptions used for other plans by geographical area

With respect to the plans granted by Group subsidiaries, the assumptions used for the principal monetary zones according to the plan terms are as follows:

	31/12/2015			31/12/2014		
	Eurozone	UK	Sweden	Eurozone	UK	Sweden
Discount rate	1.49% 1.72% 1.78%	3.80%	3.00%	1.35% 1.56% 1.62%	3.60%	2.75%

5.4.2 Analysis by nature of actuarial gains and losses (excluding IFRS 5 impacts)

Actuarial gains and losses are recognised according to the plan's qualification:

- For defined benefit plans covering post-employment benefits, actuarial gains and losses are recognised in other comprehensive income under non-recyclable reserves. They are never recycled in profit or loss but can be reclassified in undistributed reserves if the entity concerned is removed from the consolidation scope.
- For other long-term defined benefit plans (long-service awards, unemployment, salary maintenance, gradual cessation of activity, etc.), actuarial gains and losses are immediately recognised in finance costs.

5.4.2.1 Change and breakdown of actuarial gains and losses

31/12/2015 In € millions	Pensions and other similar benefits	Provident obligations	Social welfare initiatives	Post-employment compensation for work-related injuries	**TOTAL Post-employment benefits**	Long-term compensation for work-related injuries	Gradual cessation of activity and time-savings account (**)	Long service awards and other benefits (*)	**TOTAL Long-term benefits**
Opening actuarial gains (losses)	**-97**	**-13**	**39**	**-394**	**-464**				
Experience adjustments relating to liabilities	2	-3	3	1	2	1	-12	3	**-8**
Effects of changes in demographic assumptions relating to liabilities	2	0	0	0	2	0	0	0	**0**
Effects of changes in financial assumptions relating to liabilities	17	5	24	87	134	2	29	2	**33**
Actuarial gains and losses on the obligation generated over the year	**21**	**2**	**27**	**88**	**138**	**3**	**16**	**5**	**24**
Experience adjustments relating to assets	4				4				
Effects of changes in financial assumptions relating to assets	0				0				
Actuarial gains and losses on the plan assets generated over the year	**4**				**4**				
Foreign exchange impact	-1				-1				
Other (acquisition of Eurostar)	-88				-88				
Closing actuarial gains (losses)	**-160**	**-11**	**66**	**-306**	**-411**				
Total experience adjustments	*5*	*-3*	*3*	*1*	***6***	*1*	*-12*	*3*	***-8***
Total impacts relating to changes in actuarial assumptions	*20*	*5*	*24*	*87*	***136***	*2*	*29*	*2*	***33***

31/12/2014 In € millions	Pensions and other similar benefits	Provident obligations	Social welfare initiatives	Post-employment compensation for work-related injuries	**TOTAL Post-employment benefits**	Long-term compensation for work-related injuries	Gradual cessation of activity and time-savings account (**)	Long service awards and other benefits (*)	**TOTAL Long-term benefits**
Opening actuarial gains (losses)	**-57**	**-4**	**79**	**-263**	**-243**				
Experience adjustments relating to liabilities	0	0	1	11	12	0	-2	4	**2**
Effects of changes in demographic assumptions relating to liabilities	-1	0	2	2	3	-2	4	0	**3**
Effects of changes in financial assumptions relating to liabilities	-41	-10	-43	-143	-238	-4	-41	-10	**-55**
Actuarial gains and losses on the obligation generated over the year	**-43**	**-9**	**-41**	**-131**	**-223**	**-5**	**-38**	**-7**	**-50**
Experience adjustments relating to assets	1				1				**0**
Effects of changes in financial assumptions relating to assets	1				1				**0**
Actuarial gains and losses on the plan assets generated over the year	**2**				**2**				0
Foreign exchange impact	1				1				**0**
Other	0				0				**0**
Closing actuarial gains (losses)	**-97**	**-13**	**39**	**-394**	**-464**				0
Total experience adjustments	*1*	*0*	*1*	*11*	***13***	*0*	*-2*	*4*	***2***
Total impacts relating to changes in actuarial assumptions	*-42*	*-10*	*-41*	*-142*	***-234***	*-5*	*-37*	*-10*	***-52***

(*) For other long-term benefits, actuarial gains and losses were not monitored as they have always been recognised immediately in net finance cost for the period.

With respect to fiscal 2015, the impacts relating to changes in financial assumptions were mainly due to the increase in the discount rate; those relating to experience adjustments were primarily due to the transfers carried out in connection with the rail reform.

With respect to fiscal 2014, the impacts relating to changes in financial assumptions were mainly due to the decline in the discount and inflation rates.

5.4.2.2 Analysis of the obligation's sensitivity to the main actuarial assumptions

The amounts below correspond to the decrease (actuarial gain) or increase (actuarial loss) in obligations as recognised as at 31 December 2015.

31/12/2015 In € millions	Pensions and other similar benefits	Provident obligations	Social welfare initiatives	Compensation for work-related injuries	Gradual cessation of activity and time-savings account
Sensitivity to the discount rate					
Change of + 0.25pt	-24	-1	-7	-19	-8
Change of - 0.25pt	29	1	7	20	9
Sensitivity to Gradual cessation of activity membership rate					
Change of + 1pt					10
Change of - 1pt					-10

31/12/2014 In € millions	Pensions and other similar benefits	Provident obligations	Social welfare initiatives	Compensation for work-related injuries	Gradual cessation of activity and time-savings account
Sensitivity to the discount rate					
Change of + 0.25pt	-11	-2	-13	-42	-13
Change of – 0.25pt	10	2	13	45	14
Sensitivity to the inflation rate					
Change of + 0.25pt		2	13	44	0
Change of – 0.25pt		-2	-13	-42	0
Sensitivity to Gradual cessation of activity membership rate					
Change of + 1pt					16
Change of + 1pt					-15

5.5. MANAGEMENT COMPENSATION

The Group's key management personnel are members of the SNCF Mobilités Group Executive Committee. Their cumulative taxable compensation indicated below corresponds to short-term benefits.

	31/12/2015	31/12/2014	Change
Number of managers concerned	5	17	-12
Average number of managers during the year	5	15	-10
Total compensation in € millions	2	5	-3

The decrease in the number of managers between 2015 and 2014 was attributable to the reorganisation set up after the rail reform.

6 CAPITAL AND FINANCING

6.1 NET INDEBTEDNESS

Net indebtedness is the sum of current and non-current financial liabilities less current and non-current financial assets, when the latter arise from transactions which, in substance, only involve exchanges of cash flow: issue or receipt of cash in consideration for a cash reimbursement or expected cash reimbursement. Net indebtedness excludes the following items:

- Pension assets and liabilities which are covered by IAS 19 and presented in Note 5.
- Non-controlling interest purchase commitments as they are equity transactions and do not involve an exchange of cash flow. Keeping in line with the exclusion of equity from net indebtedness, the financial liabilities arising from these transactions are also excluded.
- Non-consolidated investments, classified as available-for-sale assets.

6.1.1 Net borrowing costs

Net borrowing costs consist of:

- interest paid on Group borrowings;
- proceeds from the SNCF Réseau receivable (see Note 6.1.2.1);
- proceeds from the Public Debt Fund receivable (see Note 6.1.2.2);
- and interest received on available cash balances.

These items are presented after hedging transactions and include fair value gains and losses on derivative instruments not qualifying for IFRS hedge accounting. Net changes in fair value and hedges records gains and losses on financial instruments at fair value through profit or loss, the ineffective portion of hedges, and the change in fair value of borrowings using the fair value option.

Net borrowing costs break down as follows:

In € millions	31/12/2015	31/12/2014	Change
Net changes in fair value and hedges	41	-25	66
Net interest expense	-296	-284	-12
Other interest expense and income	-5	-1	-4
Net borrowing and other costs	**-260**	**-309**	**50**

In € millions	31/12/2015	31/12/2014	Change
Interest expense	-790	-679	-111
Interest income	530	369	161
Net borrowing and other costs	**-260**	**-309**	**50**

6.1.2 Calculation of net indebtedness

The following tables present the categories and classes of financial assets and liabilities as well as the methods used for their fair value measurement.

The items excluded from the net indebtedness calculation do not appear in the "Net indebtedness" column or in the "Group net indebtedness" sub-total.

Financial assets or liabilities maturing in less than 12 months at the balance sheet date are recorded in current financial assets or current financial liabilities. The fair value of asset or liability derivative instruments is classified as current or non-current based on the final maturity of the derivative.

The loans, borrowings and fair value of derivative instrument line items include accrued interest.

"Regular way" purchases are recorded at the settlement date.

For financial instruments recognised at fair value in the balance sheet, the fair value hierarchy is shown by category and comprises the following three levels under IFRS 13:

- Level 1: fair value measured using quoted prices by reference to the closing stock market price for listed financial instruments.
- Level 2: fair value measured using inputs other than quoted prices that are observable directly or indirectly on the market. It is used for unlisted financial instruments, for which there exists listed instruments of a similar nature and maturity and by reference to the stock market price of such instruments.
- Level 3: fair value determined using valuation techniques not based on observable market data. It is used for other unlisted instruments. The fair value is determined using valuation techniques such as the revalued net asset method, discounted cash flows or option valuation models.

The fair values given for classes not recognized at fair value in the balance sheet were determined according to Level 2.

The debt portion issued by the Group to finance the business of the SNCF Infra division was allocated on a management basis in connection with the allocation of Group resources to its various activities. The allocation is similar to the raising of internal loans. The reclassification of the assets and liabilities of the SNCF Infra division to dedicated line items pursuant to IFRS 5, and for which the net indebtedness amounted to €280 million as at 31 December 2014, did not therefore have any impact on period-end Group net indebtedness. This amount reflects the Group's net indebtedness vis-a-vis external third parties. Once the rail reform came into effect and the control of SNCF Infra transferred to SNCF Réseau on 1 July 2015, the Group's net internal loans to the division were reimbursed in cash by the acquirer. The transfer increased SNCF Mobilités Group's cash flow and reduced its net indebtedness by the same amount as the SNCF Infra division's debt with the Group, amounting to €98 million on the transfer date. In anticipation of these transfers as at 1 July 2015, the Group considered that, as from 31 December 2014, it was more appropriate to disclose information on net indebtedness of continuing operations adjusted for the net indebtedness of the SNCF Infra division which amounted to €7,125 million as at 31 December 2014.

31/12/2015 Balance sheet heading and classes of financial instruments In € millions	Note	Non-Current	Current	Net indebtedness	Financial instruments: At fair value through equity	Financial instruments: Loans, receivables, debt at amortised cost	Financial instruments: At fair value through profit or loss	Financial instruments: Qualified for hedging	Total: Net carrying amount of the class on the balance sheet	Fair value: Level 1	Fair value: Level 2	Fair value: Level 3	Fair value of the class
SNCF Réseau receivable	*6.1.2.1*	676	184	859	-	859	-	-	859	-	-	-	1,243
SNCF receivable	*6.1.2.1*	487	55	542	-	542	-	-	542	-	-	-	604
Public Debt Fund receivable	*6.1.2.2*	1,515	42	1,556	-	1,556	-	-	1,556	-	-	-	2,091
Cash collateral assets		-	592	592	-	592	-	-	592	-	-	-	592
Other loans and receivables		533	49	581	-	581	-	-	581	-	-	-	-
Concession financial assets	*3.2*	1,279	43	-	-	1,322	-	-	1,322	-	-	-	-
Sub-total loans and receivables		**4,489**	**963**	**4,130**	**-**	**5,452**	**-**	**-**	**5,452**	**-**	**-**	**-**	**4,529**
Pension assets	5	11	-	-	-	-	-	-	-	-	-	-	-
Available-for-sale assets	*6.1.2.3*	239	-	-	239	-	-	-	239	40	-	199	239
Assets at fair value through profit or loss	*6.1.2.4*	-	-	-	-	-	-	-	-	-	-	-	-
Positive fair value of hedging derivatives	*6.3*	697	64	761	-	-	-	761	761	-	761	-	761
Positive fair value of trading derivatives	*6.3*	904	122	1,026	-	-	1,026	-	1,026	-	1,026	-	1,026
Cash and cash equivalents	*6.1.2.6*	-	4,024	4,024	-	-	4,024	-	4,024	3,624	400	-	4,024
Total current and non-current financial assets		6,339	5,174	9,942	239	5,452	5,050	761	11,503	3,664	2,187	199	10,580
Bonds		10,083	940	11,023	-	10,830	194	-	11,023	-	192	-	13,523
Bank borrowings		1,742	336	2,078	-	2,078	-	-	2,078	-	-	1	2,141
Finance-lease borrowings		817	283	1,100	-	1,100	-	-	1,100	-	1	-	1,061
Sub-total borrowings	*6.1.2.5*	**12,642**	**1,559**	**14,201**	**-**	**14,007**	**194**	**-**	**14,201**	**-**	**193**	**1**	**16,725**
of which:		-	-	-	-	-	-	-	-	-	-	-	-
- measured at amortised cost		*11,593*	*1,441*	*13,034*	-	*13,034*	-	-	*13,034*	-	-	-	*15,559*
- recognised using fair value hedge accounting		*858*	*116*	*973*	-	*973*	-	-	*973*	-	-	*1*	*973*
*- designated at fair value**		*191*	*3*	*194*	-	-	*194*	-	*194*	-	*193*	-	*193*
Negative fair value of hedging derivatives	*6.3*	545	63	608	-	-	-	608	608	-	608	-	608
Negative fair value of trading derivatives	*6.3*	689	86	775	-	-	775	-	775	-	775	-	775
Loans and borrowings		**13,876**	**1,707**	**15,584**	**-**	**14,007**	**969**	**608**	**15,584**	**-**	**1,576**	**1**	**18,108**
Cash borrowings and overdrafts		-	2,130	2,130	-	2,130	-	-	2,130	-	-	-	2,438
Amounts payable on non-controlling interest purchase commitments	*6.1.2.5*	1,276	-	-	1,276	-	-	-	1,276	-	1,276	-	-
Total current and non-current liabilities		15,152	3,837	17,713	1,276	16,137	969	608	18,989	0	2,852	1	21,823
					-	-	-	-	-	-	-	-	-
Group net indebtedness		9,066	-1,295	7,772	-	12,006	-4,081	-153	7,771	-3,624	-611	1	10,206

*** The nominal amount of liabilities designated under the fair value option was €148 million.**

31/12/2014 Balance sheet heading and classes of financial instruments In € millions	Note	Non-Current	Current	Net indebtedness	Financial instruments: At fair value through equity	Financial instruments: Loans, receivables, debt at amortised cost	Financial instruments: At fair value through profit or loss	Financial instruments: Qualified for hedging	Total: Net carrying amount of the class on the balance sheet	Fair value: Level 1	Fair value: Level 2	Fair value: Level 3	Fair value of the class
SNCF Réseau receivable	*6.1.2.1*	823	406	1,229	-	1,229	-	-	1,229	-	-	-	1,670
Public Debt Fund receivable	*6.1.2.2*	1,525	153	1,678	-	1,678	-	-	1,678	-	-	-	2,290
Cash collateral assets		-	738	738	-	738	-	-	738	-	-	-	738
Other loans and receivables		516	54	570	-	570	-	-	570	-	-	-	-
Concession financial assets	*3.2*	1,156	43	-	-	1,199	-	-	1,199	-	-	-	-
Sub-total loans and receivables		**4,020**	**1,394**	**4,215**	-	**5,414**	-	-	**5,414**	**-**	**-**	**-**	**4,698**
Pension assets	5	9	-	-	-	-	-	-	-	-	-	-	-
Available-for-sale assets	*6.1.2.3*	268	-	-	268	-	-	-	268	73	-	195	267
Positive fair value of hedging derivatives	6.3	501	58	560	-	-	-	560	560	-	560	-	560
Positive fair value of trading derivatives	6.3	1,024	159	1,183	-	-	1,183	-	1,183	-	1,183	-	1,183
Cash and cash equivalents	*6.1.2.6*	-	5,408	5,408	-	-	5,408	-	5,408	5,408	-	-	5,408
Total current and non-current financial assets		5,822	7,020	11,366	268	5,414	6,591	560	12,832	5,481	1,742	195	12,116
Bonds		10,007	1,521	11,528	-	11,126	402	-	11,528	-	400	-	14,293
Bank borrowings		1,452	364	1,816	-	1,816	-	-	1,816	-	-	-	1,841
Finance-lease borrowings		1,004	149	1,153	-	1,153	-	-	1,153	1	-	1	1,153
Sub-total borrowings	*6.1.2.5*	**12,463**	**2,034**	**14,497**	**-**	**14,095**	**402**	**-**	**14,497**	**1**	**400**	**1**	**17,287**
- measured at amortised cost		*11,235*	*1,657*	*12,892*	-	*12,892*	-	-	*12,892*		-	-	*15,683*
- recognised using fair value hedge accounting		*1,040*	*163*	*1,202*	-	*1,202*	-	-	*1,202*	-	-	-	*1,202*
*- designated at fair value**		*187*	*214*	*402*	-	-	*402*	-	*402*	-	*400*	*1*	*402*
Negative fair value of hedging derivatives	6.3	534	45	579	-	-	-	579	*579*	-	579	-	579
Negative fair value of trading derivatives	6.3	800	141	941	-	-	941	-	*941*	-	941	-	941
Loans and borrowings		**13,797**	**2,220**	**16,017**	**-**	**14,094**	**1,343**	**579**	**16,016**	**1**	**1,920**	**1**	**18,807**
Cash borrowings and overdrafts		3	2,752	2,754	-	2,754	-	-	2,754	-	-	-	**2,754**
Amounts payable on non-controlling interest purchase commitments	*6.1.2.5*	14	-	-	14	-	-	-	14	-	14	-	**14**
Total current and non-current liabilities		13,813	4,972	18,771	14	16,848	1,343	579	18,784	1	1,934	1	21,575
Group net indebtedness		9,410	-2,005	7,405	-	12,633	-5,249	20	7,404	-5,408	178	1	9,713

*** The nominal amount of liabilities designated under the fair value option was €347 million.**

6.1.2.1 Public Rail Group receivables

SNCF Réseau (formerly Réseau Ferré de France until 31 December 2014) receivable

In the law of 13 February 1997 that led to the creation of Réseau Ferré de France (RFF), Article 7 provides for the transfer of a €20.5 billion liability to Réseau Ferré de France in consideration of the transfer of infrastructure assets as at 1 January 1997.

This transfer resulted in the recognition of an RFF receivable in the SNCF Mobilités Group's assets, with no change in liabilities.

The RFF receivable was constructed line by line so as to present a maturity, currency and interest rate structure identical in all respects to that of the company's liability, which totalled €30.3 billion as at 31 December 1996, after swap contracts.

The 1996 year-end exchange rate was the initial rate used for the foreign currencies included in the receivable.

Deferred income and expenses corresponding to issue premiums and costs or swap contract income or expenses were also transferred, resulting in a cash payment. This payment was recognised in the SNCF Mobilités Group financial statements as deferred income, which is released to the income statement according to the maturities of the corresponding transactions.

The RFF receivable is embodied in an agreement signed by both companies.

The receivable is recorded at amortised cost and, where appropriate, is subject to fair value or cash flow hedge accounting. The fair value is determined by applying fair value hierarchy level 2.

SNCF receivable

The SNCF receivable resulted from the transfers pursuant to the Law of 4 August 2014 on rail reform. It reflects the fixed-rate payment by SNCF of the transfer price in ten annual instalments until 1 July 2025 and was recognized at amortised cost. The fair value is determined by applying fair value hierarchy level 2.

6.1.2.2 Public Debt Fund receivable

In accordance with the corporate plan (contrat de plan) signed by the French State and SNCF Mobilités (formerly SNCF) in 1990, a Special Debt Account was set up on 1 January 1991 in order to isolate a portion of SNCF Mobilités' debt.

On the preparation of SNCF Mobilités' opening IFRS balance sheet as at 1 January 2006, the debt from the Special Debt Account was transferred to the EPIC Mobilités balance sheet. At the same time, confirmation of the French State's commitment to contribute to the amortisation and servicing of the debt led to the recognition of a receivable in respect of expected payments from the French State.

In December 2007, in order to find a long-term and definitive solution to the future of these commitments and the financing of Special Debt Account debts, a series of transactions were carried out in order to replace the French State receivable with a Public Debt Fund receivable, the terms and conditions of which reflect commitments to third-parties ring-fenced in the Special Debt Account.

Following these transactions, SNCF Mobilités:

- remains indebted towards holders of securities with the banking counterparties of forward financial instruments (foreign currency and interest rate swaps) it has contracted;
- holds a receivable on the Public Debt Fund exactly reflecting the amount of the Special Debt Account debt and its terms and conditions and also covering the related derivatives.

The method of accounting for the receivable is unchanged in relation to the method that had been adopted for the recognition of a receivable in respect of expected payments from the French State in the opening IFRS balance sheet as at 1 January 2006, namely:

- the receivable is initially recorded, at the transfer date, at the fair value of debts transferred and subsequently at amortised cost;
- derivative instruments relating to the receivable are recorded at fair value, with gains and losses on remeasurement recognised in profit or loss.

The net carrying amounts do not include derivative instruments. The fair value is determined by applying fair value hierarchy level 2.

6.1.2.3 Available-for-sale assets

Available-for-sale assets include Group investments in the share capital of unconsolidated companies for €239 million (€268 million as at 31 December 2014) that the Group does not hold for short-term profit (particularly the low-rental housing companies (ESH) described in Note 10.2) and investments that do not qualify for inclusion in other asset categories.

Group investments are measured at fair value unless this cannot be reliably determined, in which case they are retained in the balance sheet at acquisition cost. Fair value is determined based on the financial criteria most appropriate to the specific situation of each company. The most commonly adopted criteria are the market value or the share in equity held and the profitability outlook if the market value cannot be obtained.

Other investments are measured at fair value using the market data, yield curves and credit spreads of each securities issuer. The measurement of these investments is compared to the listing price when available.

Fair value gains and losses on available-for-sale assets are recorded in a specific account in other comprehensive income. Amounts recognised in equity are only transferred to profit or loss on disposal of the asset. In the event of a significant or extended fall in the fair value below the net carrying amount, an impairment loss is recognised. This is recorded in an impairment loss account through profit or loss and cannot be reversed if it concerns shares.

6.1.2.4 Assets at fair value through profit or loss (trading assets)

Trading assets consist of assets that the Group intends to sell in the near term in order to realise a capital gain and assets recorded in this category by designation.

In particular, SNCF Mobilités Group cash flow is globally managed pursuant to a general market risk management framework approved by the Board of Directors and combining investments in negotiable debt instruments and French money market mutual funds (UCITS). Its performance is measured, in the same way as that of UCITS, by reference to EONIA (Euro Overnight Index Average). As UCITS are measured at net asset value taking into account portfolio fair value, and in order to achieve overall consistency, investments with an initial maturity of more than three months are recorded in this category by designation.

Assets are valued at fair value at the balance sheet date and fair value gains and losses are recorded in finance costs.

The decline in assets at fair value though profit or loss was attributable to the maturing of investments.

6.1.2.5 Current and non-current financial liabilities

Financial liabilities include guarantee deposits received in respect of derivative instruments (cash collateral liabilities).

Borrowings and other financial liabilities are initially measured at fair value less transaction costs and subsequently at amortised cost determined using the effective interest rate.

Certain borrowings are subject to fair value or cash flow hedge accounting. In addition, certain borrowings with detachable embedded derivatives recorded using hedge accounting are recorded at fair value ("fair value" option). Fair value gains and losses are recorded in finance costs.

The option to record liabilities at fair value through profit or loss is used when the liabilities in question comprise an embedded derivative significantly modifying the cash flows which would otherwise result from the contract or where the Group is unable to value the embedded derivative separately. This option only concerns liabilities of EPIC Mobilités. The Group considers that exposure to own credit risk does not give rise to any change in value.

The fair value of financial liabilities is determined using measurement techniques such as option valuation models or the discounted cash flow method. The models take into account assumptions based on market data at the balance sheet date.

IFRS 10, "Consolidated financial statements", and IAS 32, "Financial instruments: presentation", as they currently stand, lead the Group to record firm and conditional non-controlling interest purchase commitments as a financial liability with an offsetting reduction in non-controlling interests. Where the commitment value exceeds the amount of non-controlling interests, the residual balance is deducted from Group equity. The fair value of non-controlling interest purchase commitments is reviewed at each balance sheet date and the corresponding financial liability is offset in equity.

6.1.2.6 Cash and cash equivalents

Cash and cash equivalents consist of immediately available liquid assets (cash) and short-term investments, easily converted into a known amount of cash with an initial maturity of less than or equal to three months and which are exposed to a negligible risk of change in value. In particular, investments in French mutual funds (SICAV) and monetary funds with marginal sensitivity are classified in this category and notably French mutual funds and monetary funds classified by the French Stock Market Authority (AMF) in the Euro monetary category or which have a sensitivity of less than 0.25 basis points.

For these securities, the fair value adopted is the UCITS net asset value. The fair value falls under Level 1 of the fair value hierarchy set forth in paragraph 72 of IFRS 13. However, considering their residual life at closing, other investments, particularly, negotiable debt securities, are recognised at nominal value, as the Group considers this to be a reasonable estimate of their market value.

Current bank facilities classified in current financial liabilities are included in cash and cash equivalents in the cash flow statement.

In € millions	31/12/2015	31/12/2014	Change
Monetary mutual funds equivalent to cash and negotiable debt securities maturing in less than three months (*)	2,715	4,568	-1,852
Cash at bank and in hand	1,309	841	468
Cash and cash equivalents in the statement of financial position	**4,024**	**5,408**	**-1,384**
Accrued interest payable	-3	-1	-1
Current bank facilities	-371	-246	-125
Cash and cash equivalents of discontinued operations classified as assets held for sale and liabilities associated with assets held for sale (see Note 4.2.3)	2	0	2
Cash and cash equivalents in the cash flow statement	**3,652**	**5,161**	**-1,509**

(*) Including deposits and commercial paper

The Group considers the nominal value of negotiable debt securities recorded in cash and cash equivalents to be a reasonable estimate of their market value. The risk of changes in value is immaterial for these instruments. Monetary mutual funds equivalent to cash are stated at fair value and amounted to €1,920 million as at 31 December 2015 for the parent company (€3,490 million as at 31 December 2014). The parent company contributed around 99% of the total consolidated amount of monetary mutual funds equivalent to cash and negotiable debt securities maturing in less than three months (98% as at 31 December 2014).

As permitted under IFRS 5 "Non-current assets held for sale and discontinued operations", the Group elected not to restate the flows relating to the SNCF Infra division in the consolidated cash flow statement but to describe them in Note 4.2 to the consolidated financial statements. As the division's cash is entirely within the Group, no external amounts were reclassified to "Assets classified as held for sale" in the statement of financial position.

Net cash from operating activities totalled €2,046 million in 2015 (€2,528 million in 2014), primarily generated from operations for €1,654 million (€2,057 million in 2014). Taxes disbursed this year were particularly substantial due to the payment in the same fiscal year of the TREF for both this year in the amount of €200 million and last year in the amount of €200 million, due to the delayed publication of the decrees.

Net cash used in investing activities totalled €1,908 million in 2015 (net cash of €1,717 million was used in investing activities in 2014).

- The cash outflows were primarily attributable to:
    - Group structure impacts for €566 million in 2015 (-€53 million in 2014), primarily due to the acquisition of OHL in 2015 (see Note 4.2.1);
    - capital expenditure on intangible assets and property, plant and equipment in the amount of €2,323 million in 2015 (€2,158 million in 2014);
    - new concession financial assets for €818 million (€1,100 million in 2014).

- They were offset by:
    - disposals of intangible assets and property, plant and equipment for €317 million in 2015 compared to €436 million in 2014;
    - investment grants received for €546 million in 2015, compared to €205 million in 2014;
    - amounts received from concession financial assets for €787 million in 2015, compared to €906 million in 2014.

Net cash used in financing activities totalled €1,640 million in 2015 (net cash of €400 million was used in financing activities in 2014), and was primarily attributable to:

- payment of dividends to the State for €63 million (€175 million in 2014);
- net financial interest payment for €309 million (€294 million in 2014);
- cash liability repayments for €729 million (compared to an increase in cash liabilities for €814 million in 2014);
- borrowing repayments, net of amounts received on the SNCF Réseau and PDF receivables, for €982 million (€1,226 million in 2014); amounts received from the SNCF Réseau and PDF receivables totalled €362 million (€6 million in 2014) and €92 million (€0 million in 2014), respectively;
- new borrowings for €434 million (€480 million in 2014), of which €24 million for EPIC SNCF Mobilités (€358 million in 2014), including an EMTN loan issue for €11 million (€295 million in 2014).

6.2 MANAGEMENT OF MARKET RISKS AND HEDGING

The management of market risks is governed by a general framework, approved by the Group's Board of Directors, setting out the management principles for parent company risks that may be hedged by financial instruments.

This general framework defines the principles governing the selection of financial products, counterparties and underlyings for derivative instruments.

More specifically, the general framework defines risk limits for the management of euro and foreign currency cash balances and long-term net indebtedness.

In addition, it details the delegation and decision-making system and the reporting and control system and its frequency (daily, twice monthly, monthly and annually).

6.2.1. Interest rate risk management

The cost of long-term net indebtedness is optimised, with regard to interest rates, by managing the mix of fixed and floating rate borrowings. The Group uses firm and optional interest rate swap instruments within the limits defined, for SNCF Mobilités, by the aforementioned general framework.

From an economic standpoint, fixed-rate net borrowings of the parent company represented 100% of total borrowings as at 31 December 2015, compared to 110% as at 31 December 2014. On the same basis, the cost of long-term net indebtedness was 3.96% for fiscal year 2015, compared to 3.83% for fiscal year 2014.

Sensitivity analysis

The sensitivity of profit or loss to the risk of interest rate fluctuations is related to:

- floating-rate net debt after taking into account hedges;
- fair value option debt;
- derivative instruments not qualified as hedges within the meaning of IAS 39.

The sensitivity of recyclable reserves (equity) to the risk of interest rate fluctuations is related to derivatives qualified as cash flow hedges.

The sensitivity analysis was determined based on a 0.5% increase and decrease in the interest rate curve at the year-end, and breaks down as follows:

	31/12/2015				31/12/2014			
	+50 bp		- 50 bp		+50 bp		- 50 bp	
In € millions	Profit or loss	Recyclable reserves	Profit or loss	Recyclable reserves	Profit or loss	Recyclable reserves	Profit or loss	Recyclable reserves
Floating-rate financial instruments (after taking into account fair value hedges)	3		-3		5		-5	
Fair value option debt	6		-6		7		-7	
Derivatives not qualified as hedges	4		-4		4		-5	
Derivatives qualified as cash flow hedges		50		-56		63		-71
Total	**13**	**50**	**-13**	**-56**	**16**	**63**	**-17**	**-71**

The breakdown by interest rate of loans and borrowings, before and after adjustment for derivatives (hedging and trading), is as follows:

In € millions	Initial debt structure		Structure after IFRS hedging	
	31/12/2015	31/12/2014	31/12/2015	31/12/2014
Fixed rate	11,031	11,119	10,962	11,081
Floating rate	3,170	3,379	3,239	3,415
Total loans and borrowings	14,201	14,497	14,201	14,497

6.2.2 Foreign currency risk management

Foreign currency-denominated transactions are translated by the subsidiary into its functional currency at the exchange rate prevailing at the transaction date.

Monetary items in the balance sheet are retranslated at the closing exchange rate at each balance sheet date, and the resulting translation differences are recorded in profit or loss or as a separate equity component if they relate to hedging transactions qualifying as net investment or cash flow hedges under IFRS.

The commercial activities of the Group do not expose it to material foreign currency risk.

Excluding subsidiaries operating in their own country, Group indebtedness denominated in currencies other than the euro is managed in line with the acceptable risk limit defined, for SNCF Mobilités, in the same general framework. The Group uses currency swaps for this purpose, generally set up when the borrowing is issued.

As at 31 December 2015, the portion of foreign currency denominated net debt for EPIC Mobilités, after hedging by currency swaps, remained stable at 1.25% (1.83% as at 31 December 2014).

Given the small percentage of unhedged foreign currency denominated borrowings, net profit or loss is not, in the Group's opinion, sensitive to foreign currency risk.

The breakdown by currency of loans and borrowings, before and after adjustment for derivatives (hedging and trading), is as follows:

In € millions	Initial debt structure		Structure after currency hedging	
	31/12/2015	31/12/2014	31/12/2015	31/12/2014
Euro	10,537	10,635	13,347	13,727
Swiss franc	1,471	1,538	143	339
US dollar	470	449	237	237
Canadian dollar	30	144	30	32
Pound sterling	1,328	1,099	359	136
Yen	281	462	3	0
Australian dollar	76	150	76	7
Other	7	19	7	19
Total loans and borrowings	14,201	14,497	14,201	14,497

The pound sterling denominated debt is fully hedged by pound sterling assets, while Swiss franc and Dollar denominated debt are partially hedged by Swiss franc and Dollar assets.

6.2.3 Commodity risk management

The Group's production requirements expose it to the risk of fluctuations in the price of petroleum products. This risk is managed using firm and optional derivatives (swaps, options, caps, floors).

For the full year 2014, no hedges were set up.

For 2015, a cash flow hedge was designated. Three zero premium tunnels were set up for a volume of 18,000 tonnes of diesel, giving rise to the recognition of a liability derivative at fair value for €0.3 million in operating payables. The maturity date of these tunnels is 1 January 2016.

For 2016, 2 swaps were set up for a volume of 12,000 tonnes of diesel, giving rise to the recognition of a liability derivative at fair value for €0.4 million in operating payables.

6.2.4 Counterparty risk management

The transactions which could generate counterparty risk are mainly financial investments and financial instruments as described below. Customer credit risk is limited and presented in Note 4.4.2.

6.2.4.1 Financial investments

The aforementioned general framework defines, for SNCF Mobilités, the counterparty approval procedure, which is based on a quantitative and qualitative analysis of counterparties.

Volume limits according to investment terms are defined for each counterparty, taking into account its equity, rating and nationality. The extent to which authorised limits are used, based on the nominal amount of the transactions, is measured daily and reported.

Cash and cash equivalents

Financial investments are diversified. They primarily consist of negotiable debt instruments (certificates of deposit, commercial paper), treasury note repos and subscriptions to French money market mutual funds (UCITS). Given their short residual term and breakdown, no major credit risk exposure is generated.

Portfolio of available-for-sale assets

Since 31 December 2014, available-for-sale assets have solely comprised non-consolidated investments.

6.2.4.2 Derivative financial instruments

Derivative transactions seek to manage interest rate, foreign currency and commodity risk.

The aforementioned general framework defines, for the parent company, the counterparty approval procedure, which is based on a quantitative and qualitative analysis of counterparties. Investment volume and term limits are also defined for each counterparty. The extent to which authorised limits are used, based on future payments or replacement costs, is measured daily and reported.

The counterparty approval procedure for derivative products also involves the signature of a framework agreement. A collateral agreement is also signed with certain counterparties in order to limit counterparty risk.

The extent to which the allocated limit is used is measured based on the collateral limit plus a lump-sum amount, taking into account the absolute value of the most significant changes in market value for all collaterised financial agreements with the counterparty.

The table below presents the information required by IFRS 7 "Disclosures: offsetting financial assets and financial liabilities." For financial assets and liabilities subscribed as part of agreements with a legally enforceable netting clause, this involves a presentation of amounts before and after offsetting as at 31 December. It includes commodity derivatives recognised in operating payables and receivables. As at 31 December 2015, they were classified as liabilities for €7 million (liabilities for €9 million as at 31 December 2014). The "Cash collateral" column corresponds to the outstandings on collateralisation agreements for derivative financial instruments that do not meet the offsetting criteria established by IAS 32 "Financial instruments: presentation."

31/12/2015 *In € millions*	Gross amount	Amounts offset in the balance sheet	Net amounts presented in the balance sheet	Amounts not offset in the balance sheet		Net amounts based on IFRS 7
				Cash collateral	Derivatives with netting agreement	
Asset derivatives	1,787		1,787	1,181	578	28
Liability derivatives	1,390		1,390	582	578	230
Net derivative position	397		397	599	0	-202

31/12/2014 *In € millions*	Gross amount	Amounts offset in the balance sheet	Net amounts presented in the balance sheet	Amounts not offset in the balance sheet		Net amounts based on IFRS 7
				Cash collateral	Derivatives with netting agreement	
Asset derivatives	1,742		1,742	1,011	636	95
Liability derivatives	1,529		1,529	601	636	293
Net derivative position	213		213	411	0	-197

As at 31 December 2015, three counterparties represent 95% of the active position's credit risk. The remaining exposure is explained by trigger thresholds in the collateralisation agreements and monthly margin calls.

As at 31 December 2014, three counterparties represented 80% of the active position's credit risk.

6.2.5 Liquidity risk management

SNCF Mobilités assures its daily liquidity through a commercial paper program capped at €3,048 million, used in the amount of €110 million as at 31 December 2015 (€145 million as at 31 December 2014) and in the amount of €39 million on average in 2015, compared to €320 million in 2014.

SNCF Mobilités also set up a Euro Commercial Paper program in early 2009 for a maximum amount of €2,000 million, used in the amount of €457 million as at 31 December 2015 (€1,300 million as at 31 December 2014) and in the amount of €788 million on average in 2015 (€890 million in 2014).

In addition, the company has bilateral credit lines of €780 million (€780 million in 2014). Total confirmed credit lines of the Group break down as follows:

In € millions	Total	Maturity schedule		
		< 1 year	1 to 5 years	> 5 years
Confirmed credit lines as at 31/12/2015	1,401	60	1,181	160
Confirmed credit lines as at 31/12/2014	1,146	505	640	0

The maturity schedule for the carrying amounts of loans and borrowings is as follows:

In € millions	31/12/2015	31/12/2014
Less than 1 year	1,542	2,047
1 to 5 years	3,465	2,855
More than 5 years	8,412	8,932
Changes in fair value (designated at "fair value")	39	13
Changes in fair value (hedge accounting)	743	651
Total	**14,201**	**14,497**
Fair value of non-current derivatives	1,234	1,334
Fair value of current derivatives	149	187
Total loans and borrowings	**15,584**	**16,017**

The maturity schedule based on year-end exchange and interest rates is as follows (outflows in negative and inflows in positive):

Maturity schedule	31/12/2015						
In € millions	Total	Less than 1 year	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	More than 5 years
Bonds	-14,685	-1,134	-524	-1,260	-862	-888	-10,016
Principal	*-10,232*	*-688*	*-92*	*-830*	*-461*	*-500*	*-7,660*
Interest cash flow	*-4,452*	*-446*	*-432*	*-430*	*-400*	*-388*	*-2,358*
Bank borrowings	-2,204	-358	-127	-140	-286	-776	-517
Principal	*-2,102*	-330	-109	-123	-269	-759	-511
Interest cash flow	*-102*	-27	-18	-17	-17	-17	-6
Finance-leased liabilities	-1,097	-289	-58	-201	-64	-219	-266
Principal	*-1,085*	-283	-57	-200	-63	-218	-265
Interest cash flow	*-12*	-6	-2	-1	-1	-1	-2
Borrowings sub-total	-17,986	-1,781	-709	-1,602	-1,211	-1,884	-10,799
Principal	-13,420	-1,301	-258	-1,154	-794	-1,478	-8,435
Interest cash flow	-4,566	-480	-451	-448	-418	-406	-2,364
Cash borrowings and overdrafts	-2,130	-2,130	0	0	0	0	0
I - Total borrowings	-20,116	-3,910	-709	-1,602	-1,211	-1,884	-10,799
SNCF Réseau receivable	1,274	218	60	59	58	58	821
Principal	*836*	*160*	*6*	*5*	*3*	*3*	*658*
Interest cash flow	*439*	*58*	*54*	*54*	*54*	*54*	*163*
SNCF receivable	621	62	62	62	62	62	311
Principal	*534*	*47*	*48*	*50*	*51*	*52*	*286*
Interest cash flow	*87*	*15*	*14*	*13*	*11*	*10*	*25*
Public debt fund receivable	*2,142*	*99*	*99*	*99*	*99*	*99*	*1,149*
Principal	*1,407*	*0*	*0*	*0*	*0*	*500*	*907*
Interest cash flow	*735*	*99*	*99*	*99*	*99*	*99*	*242*
Other loans and receivables and cash collateral	983	657	90	2	150	2	83
Principal	*972*	*648*	*89*	*1*	*150*	*1*	*82*
Interest cash flow	*11*	*8*	*1*	*1*	*0*	*0*	*0*
Cash and cash equivalents	4,024	4,024	0	0	0	0	0
II – Financial assets	9,045	5,060	311	222	368	720	2,363
Interest cash flow on hedging derivatives with a negative fair value	*-687*	*-86*	*-89*	*-85*	*-72*	*-59*	*-298*
Interest cash flow on trading derivatives with a negative fair value	*-881*	*-92*	*-92*	*-91*	*-91*	*-91*	*-424*
Interest cash flow on hedging derivatives with a positive fair value	*620*	*68*	*67*	*66*	*60*	*49*	*310*
Interest cash flow on trading derivatives with a positive fair value	*1,189*	*137*	*137*	*137*	*137*	*137*	*505*
III – Derivative financial instruments	241	28	24	27	33	37	93
Net indebtedness (I + II + III)	-10,830	1,177	-374	-1,353	-810	-1,127	-8,343

Maturity schedule	31/12/2014						
In € millions	Total	Less than 1 year	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	More than 5 years
Bonds	-15,498	-1,721	-511	-508	-1,221	-810	-10,727
Principal	*-10,669*	*-1,250*	*-82*	*-83*	*-798*	*-416*	*-8,040*
Interest cash flow	*-4,829*	*-471*	*-429*	*-425*	*-423*	*-394*	*-2,687*
Bank borrowings	-1,839	-363	-288	-95	-541	-184	-368
Principal	*-1,789*	-347	-275	-88	-537	-182	-360
Interest cash flow	*-50*	-16	-13	-7	-4	-2	-8
Finance-lease liabilities	-970	-118	-247	-23	-170	-30	-382
Principal	*-959*	-115	-245	-22	-169	-29	-379
Interest cash flow	*-11*	-3	-2	-1	-1	-1	-3
Borrowings sub-total	-18,307	-2,202	-1,046	-626	-1,932	-1,024	-11,477
Cash borrowings and overdrafts	-2,754	-2,754					
I - Total borrowings	-21,061	-4,956	-1,046	-626	-1,932	-1,024	-11,477
SNCF Réseau receivables	1,708	446	205	60	59	58	879
Principal	*1,204*	*381*	*147*	*6*	*5*	*3*	*662*
Interest cash flow	*504*	*65*	*58*	*54*	*54*	*54*	*218*
Public Debt Fund receivable	2,352	210	99	99	99	99	1,747
Principal	*1,514*	*107*	*0*	*0*	*0*	*0*	*1,407*
Interest cash flow	*838*	*104*	*99*	*99*	*99*	*99*	*340*
Other loans and receivables	1,039	742	9	59	7	151	71
Principal	*1,038*	*742*	*9*	*59*	*7*	*151*	*70*
Interest cash flow	*1*	*0*	*0*	*0*	*0*	*0*	*1*
Cash and cash equivalents	5,408	5,408					
II – Financial assets	10,507	6,807	313	218	165	307	2,697
Interest cash flow on hedging derivatives with a negative fair value	*-624*	*-68*	*-69*	*-65*	*-64*	*-54*	*-303*
Interest cash flow on trading derivatives with a negative fair value	*-1,083*	*-117*	*-109*	*-109*	*-108*	*-108*	*-533*
Interest cash flow on hedging derivatives with a positive fair value	*689*	*78*	*68*	*64*	*63*	*58*	*357*
Interest cash flow on trading derivatives with a positive fair value	*1,330*	*141*	*137*	*137*	*137*	*137*	*642*
III – Derivative financial instruments	313	34	27	28	27	32	164
Net indebtedness (I + II + III)	-10,242	1,885	-706	-381	-1,740	-685	-8,615

6.3. HEDGING AND DERIVATIVE INSTRUMENTS

The derivative instruments used by the Group to manage currency, interest rate and commodity risks are initially recognized at fair value and remeasured in the balance sheet to their fair value at closing.

Fair value is determined using measurement techniques such as option valuation models or the discounted cash flow method. The models fall under Level 2 of the fair value hierarchy set forth in paragraph 81 of IFRS 13.

Changes in the fair value of derivative financial instruments that are not associated with operations and not part of a designated hedging relationship as defined by IAS 39 are recorded in profit or loss for the period, in finance costs. Hedge accounting depends on their designation.

Cash flow hedges

The Group trades on the derivatives market to hedge floating-rate receivables and payables and receipts and payments relating to its commercial activities.

When IAS 39 criteria are met, the derivative instruments are designated as cash flow hedges and fair value gains and losses are recorded directly in a specific account in other comprehensive income, except for the ineffective portion of the hedge, which is recorded in profit or loss. When the hedged item impacts profit or loss, the amounts deferred in other comprehensive income are released to profit or loss to match the flows of the hedged item.

Fair value hedges

The Group also uses derivative instruments to hedge the fair value of fixed-rate receivables and payables denominated in euro and foreign currencies.

When IAS 39 criteria are met, the derivative instruments are designated as fair value hedges and:

- fair value gains and losses arising on the derivative are recorded in profit or loss for the period,
- the hedged item is initially recognised at amortised cost and remeasured to its fair value at the balance sheet date, for the hedged portion of the risk, through profit or loss.

As such, fair value gains and losses on the derivative and the hedged item cancel out in profit or loss, except for the ineffective portion of the hedge.

The fair value of current and non-current asset and liability derivative instruments breaks down as follows:

	31/12/2015			31/12/2014		
In € millions	Non-current	Current	Total	Non-current	Current	Total
Asset derivative instruments						
Cash flow hedging derivatives	522	30	552	354	27	380
Fair value hedging derivatives	175	34	209	148	32	179
Trading derivatives	904	122	1,026	1,024	159	1,183
Total asset derivative instruments	**1,601**	**186**	**1,787**	**1,525**	**217**	**1,742**
Liability derivative instruments						
Cash flow hedging derivatives	545	63	608	534	45	579
Trading derivatives	689	86	775	800	141	941
Total liability derivative instruments	**1,234**	**149**	**1,383**	**1,334**	**187**	**1,520**

6.3.1 Foreign currency derivatives

The SNCF Mobilités Group operates regularly on the foreign currency derivatives market, primarily in order to hedge borrowings issued. The fair value of these instruments in the balance sheet breaks down as follows by instrument and transaction type:

In € millions	BALANCE SHEET FAIR VALUE AS AT 31/12/2015					BALANCE SHEET FAIR VALUE AS AT 31/12/2014				
	Cash flow hedge	Fair value hedge	Trading	Net investment hedge	TOTAL	Cash flow hedge	Fair value hedge	Trading	Net investment hedge	TOTAL
Currency swaps (with principal)	0	0	14		14			34		34
Currency swaps	512	167	44		723	360	131	62	0	554
Forward foreign currency purchases	5				5			0		0
Forward foreign currency sales			0		0					
Foreign currency options										
Asset derivative instruments	**517**	**167**	**58**	**0**	**742**	**360**	**131**	**96**	**0**	**587**
Currency swaps (with principal)			0		0					
Currency swaps	15	0	5		20	27		73	0	100
Forward foreign currency purchases	0		0		0					
Forward foreign currency sales	1				1	2		0		2
Foreign currency options	0									
Liability derivative instruments	**16**	**0**	**5**	**0**	**21**	**29**	**0**	**73**	**0**	**102**
Net foreign currency position	**501**	**166**	**53**	**0**	**721**	**331**	**131**	**23**	**0**	**486**

As at 31 December 2015 and 2014, the nominal commitments and maturities of the different instruments subscribed were as follows:

6.3.1.1 Currency swaps with an underlying liability

In millions	Nominal commitments received as at 31/12/2015													
	Less than 1 year		1 to 2 years		2 to 3 years		3 to 4 years		4 to 5 years		More than 5 years		Total	
	foreign currency	euro equivalent at the year-end exchange rate	foreign currency	euro equivalent at the year-end exchange rate	foreign currency	euro equivalent at the year-end exchange rate	foreign currency	euro equivalent at the year-end exchange rate	foreign currency	euro equivalent at the year-end exchange rate	foreign currency	euro equivalent at the year-end exchange rate	foreign currency	euro equivalent at the year-end exchange rate
Swiss franc			100	92	325	300	500	461			450	415	1,375	1,269
US dollar	100	92									150	138	250	230
Canadian dollar														
Pound sterling	21	29									550	749	571	778
Yen					4,000	31					28,500	217	32,500	248
Australian dollar														
Euro (1)											60	60	60	60
Total		**121**		**92**		**330**		**461**		**0**		**1,580**		**2,585**

(1) Former EUR/ESP currency swap

In millions	Nominal commitments received as at 31/12/2014													
	Less than 1 year		1 to 2 years		2 to 3 years		3 to 4 years		4 to 5 years		More than 5 years		Total	
	foreign currency	euro equivalent at the year-end exchange rate	foreign currency	euro equivalent at the year-end exchange rate	foreign currency	euro equivalent at the year-end exchange rate	foreign currency	euro equivalent at the year-end exchange rate	foreign currency	euro equivalent at the year-end exchange rate	foreign currency	euro equivalent at the year-end exchange rate	foreign currency	euro equivalent at the year-end exchange rate
Swiss franc					100	83	325	270	500	416	450	374	1,375	1,144
US dollar			100	82							150	124	250	206
Canadian dollar	150	107											150	107
Pound sterling	29	37	21	27							550	706	600	770
Yen	30,000	207					4,000	28			28,500	196	62,500	430
Australian dollar	200	135											200	135
Euro (1)											60	60	60	60
Total		**485**		**110**		**83**		**298**		**416**		**1,460**		**2,852**

(1) Former EUR/ESP currency swap

In millions	Nominal commitments given as at 31/12/2015					
	Less than 1 year	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	More than 5 years
Euro	112	66	247	333		1,586
Total	**112**	**66**	**247**	**333**	**0**	**1,586**

In millions	Nominal commitments given as at 31/12/2014					
	Less than 1 year	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	More than 5 years
Euro	502	112	66	247	333	1,586
Total	**502**	**112**	**66**	**247**	**333**	**1,586**

6.3.1.2 Currency swaps with an underlying asset

In millions	Nominal commitments given as at 31/12/2015											
	Less than 1 year		1 to 2 years		2 to 3 years		3 to 4 years		4 to 5 years		More than 5 years	
	foreign currency	euro equivalent at the year-end exchange rate	foreign currency	euro equivalent at the year-end exchange rate	foreign currency	euro equivalent at the year-end exchange rate	foreign currency	euro equivalent at the year-end exchange rate	foreign currency	euro equivalent at the year-end exchange rate	foreign currency	euro equivalent at the year-end exchange rate
US dollar	43	40										
Canadian dollar												
Total		**40**										

In millions	Nominal commitments given as at 31/12/2014											
	Less than 1 year		1 to 2 years		2 to 3 years		3 to 4 years		4 to 5 years		More than 5 years	
	foreign currency	euro equivalent at the year-end exchange rate	foreign currency	euro equivalent at the year-end exchange rate	foreign currency	euro equivalent at the year-end exchange rate	foreign currency	euro equivalent at the year-end exchange rate	foreign currency	euro equivalent at the year-end exchange rate	foreign currency	euro equivalent at the year-end exchange rate
US dollar	35	29										
Canadian dollar	150	107										
Total		**135**										

In millions	Nominal commitments received as at 31/12/2015					
	Less than 1 year	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	More than 5 years
Euro	39					
Total	**39**					

In millions	Nominal commitments received as at 31/12/2014					
	Less than 1 year	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	More than 5 years
Euro	119					
Total	**119**					

6.3.2. Interest rate derivatives

The Group operates in the interest rate swap and swaption market in order to manage its exposure to interest rate risk on borrowings. The fair value of these instruments in the balance sheet breaks down as follows by instrument and transaction type:

In € millions	BALANCE SHEET FAIR VALUE AS AT 31/12/2015					BALANCE SHEET FAIR VALUE AS AT 31/12/2014				
	Cash flow hedge	Fair value hedge	Trading	Net investment hedge	TOTAL	Cash flow hedge	Fair value hedge	Trading	Net investment hedge	TOTAL
Fixed-rate receiver swaps	0	43	968	0	1,011	0	48	1,086	0	1,134
Fixed-rate payer swaps	34	0	0	0	34	20	0	0	0	20
Swaptions	1	0	0	0	1	0	0	0	0	0
Asset derivative instruments	**35**	**43**	**968**	**0**	**1,045**	**20**	**48**	**1,086**	**0**	**1,155**
Fixed-rate receiver swaps	4	0	0	0	4	5	0	0	0	5
Fixed-rate payer swaps	586	0	770	0	1,356	545	0	868	0	1,413
Swaptions	2	0	0	0	2	1	0	0	0	1
Liability derivative instruments	**592**	**0**	**770**	**0**	**1,362**	**551**	**0**	**868**	**0**	**1,419**
Net interest rate position	**-557**	**43**	**198**	**0**	**-317**	**-530**	**48**	**218**	**0**	**-264**

As at 31 December 2015 and 2014, the nominal value and maturities of the different instruments subscribed were as follows:

In € millions	31/12/2015		31/12/2014	
	Net long-term debt	Net short-term debt	Net long-term debt	Net short-term debt
Fixed-rate receiver swaps	3,698		3,450	
Fixed-rate payer swaps	6,034	86	5,857	100
Index swaps				
Swaptions	23	1		46

6.3.3. Cash flow hedges

The fair value of derivatives designated as cash flow hedges breaks down by hedged item as follows:

In € millions	Balance sheet fair value as at 31/12/2015	Maturity schedule		
		< 1 year	1 to 5 years	> 5 years
Bonds	90	-10	232	-133
Non-bond borrowings	-146	-14	-117	-14
Finance lease obligations	0	0	0	0
Loans and receivables	0	0	0	0
Fair value of derivatives designated as cash flow hedges	-56	-24	114	-147

In € millions	Balance sheet fair value as at 31/12/2014	Maturity schedule		
		< 1 year	1 to 5 years	> 5 years
Bonds	-141	-11	138	-268
Non-bond borrowings	-28	-8	-2	-18
Finance lease obligations	-30	0	-14	-17
Loans and receivables	0	0	0	0
Fair value of derivatives designated as cash flow hedges	-199	-19	123	-303

The impacts on equity, profit or loss for the period and reserves break down as follows (- debit, + credit):

In € millions	Recyclable equity
Opening balance 01/01/2014	-63
Recycled in profit or loss	-66
Changes in effective portion	-143
Changes in value of available-for-sale assets	7
Closing balance 31/12/2014	-265
Opening balance 01/01/2015	-265
Recycled in profit or loss	-149
Changes in effective portion	244
Changes in value of available-for-sale assets	-14
Closing balance 31/12/2015	-184

6.3.4 Fair value hedges

The P&L impacts of remeasurements relating to fair value hedges and the ineffectiveness recognized in finance costs are as follows (a positive amount is a gain, a negative amount is an expense):

(In € millions)	2015	2014
P&L impact of loan remeasurements	-45	-148
Change in fair value of asset derivatives	36	118
Change in fair value of liability derivatives	0	32
Fair value hedging ineffectiveness	-9	3

6.4 EQUITY

6.4.1. Share capital

On 1 January 1983, the State-owned industrial and commercial institution (EPIC) "Société Nationale des Chemins de fer Français" (SNCF) was created, pursuant to the French Orientation Law on Domestic Transport (LOTI) of 30 December 1982. The French State is the sole shareholder.

On the creation of the industrial and commercial public institution EPIC SNCF (which became SNCF Mobilités on 1 January 2015), the State-owned or private real estate assets previously given under concession to the semi-public limited liability company (created on 31 August 1937) which it succeeded were appropriated to it. These assets made available by the French State, without transfer of title, are recorded in the EPIC statement of financial position under the appropriate asset headings and offset in share capital for the same amount.

As at 31 December 2015, the SNCF Mobilités share capital primarily comprised:

- €2.2 billion in capital grants essentially representing the various cash contributions of the French State;
- €2.8 billion in property grants representing the various contributions in kind received from the French State.

A dividend for 2014 was approved and paid to the State in August 2015 for €63 million.
A dividend for 2013 was approved and paid to the State in April 2014 for €175 million.

6.4.2 Non-controlling interests (minority interests)

Non-controlling interests break down according to the following sub-groups:

In € millions	31/12/2015	31/12/2014	Change
Geodis	10	10	0
STVA	2	4	-2
Ermewa	5	5	1
CapTrain	20	19	1
Keolis	91	65	26
Other	8	3	5
Total	136	106	31

The Keolis sub-group, whose main indicators are monitored by Group management (Note 3.1), is 30% owned by minority shareholders.

The condensed financial information for this sub-group, before cancellation of transactions with the rest of the group, is as follows.

In € millions	31/12/2015	31/12/2014
Revenue	5,002	4,459
Net profit (loss) for the year	23	30
Total comprehensive income	35	26
Cash flow generated during the period	-54	-17
Of which dividends paid to minority shareholders	*-16*	*-1*
Current assets	1,190	1,095
Non-current assets	2,265	2,098
Current liabilities	1,766	1,770
Non-current liabilities	1,272	1,030
Net assets	**417**	**394**

The approval of Keolis' minority shareholders is required for divestments, disposals or restructurings exceeding a predefined threshold.

The net profit of the Keolis sub-group attributable to minority shareholders totalled €13 million for the year ended 31 December 2015 (€14 million for the year ended 31 December 2014).

7. INCOME TAX EXPENSE

Income tax expense encompasses all taxes calculated on an accounting profit or loss net of income and expenses. The following items are recognized under this line item at the bottom of the income statement:

- Corporate income tax and the various additional contributions associated with it.
- Sponsorship and foreign tax credits.
- Fixed-rate taxes calculated on an item of net profit or loss.
- The additional 3% corporate income tax contribution on dividends paid outside of the tax consolidation group as from 1 August 2012 introduced by the Amending Finance Law for 2012.
- The tax on rail company profits (Taxe sur le Résultat des Entreprises Ferroviaires - TREF): introduced by Article 65 of the 2011 Finance Law; it is based on corporate taxable income, before the allocation of tax loss carry-forwards, with respect to the last year closed before the tax due date. The tax was capped at €200 million as from 1 January 2013 and calculated after the add-back of depreciation and amortisation charges from taxable profit for fiscal year 2013. Taking into account its base, this tax is recorded under the "Corporate tax" heading. Only EPIC SNCF Mobilités was impacted by this tax within the Group.
- The impact of tax reassessments in respect of income tax.
- Deferred tax.

Deferred tax

The Group recognises, for each tax entity, deferred tax on all timing differences between the tax and book values of assets and liabilities in the consolidated balance sheet. Deferred tax is calculated using the liability method, applying the most recently voted tax rate at the year-end applicable to the period in which the timing differences are expected to reverse.

Deferred tax assets in respect of timing differences and tax losses or credits carried forward are only recognised when recovery is deemed probable. The Group's ability to recover these tax assets is assessed through an analysis of its business plan and the uncertainties presented by the economy and Group markets.

A deferred tax liability is recognised in respect of investments in subsidiaries, joint ventures and associates on all timing differences between the book and tax values of shares, unless:

- the Group controls the date at which the timing difference will reverse (e.g. through a dividend distribution or the sale of an investment); and
- it is probable that this difference will not reverse in the foreseeable future.

Therefore, a deferred tax liability is only recognised in respect of wholly consolidated companies or joint ventures in the amount of any withholding tax due on dividend distributions planned by the Group.

A deferred tax asset is only recognised to the extent that it is probable that:

- the timing difference will reverse in the foreseeable future; and
- taxable profits will exist against which this timing difference can be offset.

Deferred tax assets and liabilities are not discounted and are offset in a separate line item under non-current assets and liabilities

Other income tax expense

Income tax expense other than deferred tax is offset against operating payables and receivables in the balance sheet.

7.1 INCOME TAX EXPENSE ANALYSIS

7.1.1 Tax in the income statement

In € millions	31/12/2015	31/12/2014	Change
Current tax (expense)/income	-365	-253	-112
Deferred tax (expense)/income	-288	12	-299
Total	-652	-241	-411

The tax on the profits of rail companies was stable at €200 million as at 31 December 2015, unchanged compared to 31 December 2014. This tax had a negative €131 million tax proof impact on "Differences in tax rates" in 2015 (same in 2014).

The increase in the current tax expense was mainly due to the change in tax consolidation scope arising from the rail reform (see Note 2). As from 1 January 2015, a new tax group within the meaning of Article 223 A bis of the French General Tax Code was set up. EPIC SNCF Mobilités, the parent of the former SNCF tax group until 31 December 2014, its consolidated subsidiaries and EPIC SNCF Réseau joined this new group, whose parent is EPIC SNCF as from 1 January 2015. Hence, subsidiary tax losses can no longer be offset against subsidiary tax profits within the SNCF Mobilités Group.

SNCF Mobilités' deferred tax recovery forecasts were updated based on the strategic plan approved by the Board of Directors on 10 March 2016 and in line with the assumptions adopted for the impairment tests conducted on the TGV France and Europe (excluding Eurostar and Thalys) and Gares & Connexions CGUs (see Note 2). Following these updates, the deferred tax asset impairment loss of €272 million recorded as at 31 December 2015 primarily explains the change in deferred tax in the consolidated income statement.

7.1.2 Tax in comprehensive income

In 2015, the deferred tax expense recognised in other comprehensive income amounted to €5 million.

In 2014, the deferred tax income recognised in other comprehensive income amounted to €21 million.

7.2 TAX PROOF

For its tax proof, the Group adopted the corporate income tax rate (33.33%) applicable in France, plus the 3.3% social security contribution, but without the 10.7% exceptional contribution. This exceptional contribution applies to businesses whose revenue exceeds €250 million during fiscal years up to 30 December 2016.

In € millions	31/12/2015	31/12/2014
Net profit/(loss) for the year	**-2,176**	**624**
Share of net profit of associates	-73	7
Net profit/(loss) before tax of transferred operations	69	227
Income tax expense	-652	-241
Net profit/(loss) before tax from ordinary activities and before the share of net profit of companies consolidated under the equity method	**-1,520**	**631**
Income tax rate applicable in France	34.43%	34.43%
THEORETICAL INCOME TAX (EXPENSE)/INCOME	523	-217
Permanent differences	56	-40
Capitalisation of prior year losses	5	84
Tax losses and temporary differences of the period not capitalised	-942	-10
Impairment of deferred taxes previously capitalised	-279	-12
Utilisation of tax losses and temporary differences not previously capitalised	1	-10
Differences in tax rates	-90	-124
Tax credits	84	89
Impacts of exchange rate fluctuations	-10	0
INCOME TAX (EXPENSE)/INCOME RECORDED	-652	-241
EFFECTIVE RATE	42.92%	38.22%

The Amending Finance Law for 2012 and Finance Act for 2013 provided for the following measures applicable in France:

- With respect to tax loss carry-forwards, the allocation of prior losses to the income recognised for a fiscal year is now capped at €1 million plus 50% of the taxable income of the fiscal year exceeding this initial limit. The portion of the loss that cannot be deducted from income due to the application of these provisions can still be allocated to subsequent fiscal years, under the same conditions and for an unlimited period of time.
- Only 75% of the net financial expenses obtained according to a calculation defined by the Amending Finance Law were deductible from taxable income as from 2014. The non-deductible portion represents a permanent difference in the tax proof.
- The additional 3% corporate income tax contribution on dividends paid outside of the tax consolidation group as from 1 August 2012 falls under “Differences in tax rates” in the tax proof. The impact recorded under the "Income tax expense" heading was immaterial.
- A Competitiveness and Employment Tax Credit (CICE) was set up to finance and improve the competitiveness of French companies and came into effect as from1 January 2013 (see Note 3.3.4). There was a positive impact of €78 million in “Tax credits” in the tax proof (€80 million as at 31 December 2014).

7.3 DEFERRED TAX SOURCES

Group tax losses carried forward as at 31 December 2015 amounted to €8.3 billion, compared to €6.4 billion as at 31 December 2014. Tax assets not recognised at this date totalled €4.6 billion (€3.2 billion as at 31 December 2014).

In € millions	31/12/2014	Net profit	Equity	Reclassification	Change in consolidation scope and foreign exchange	31/12/2015
Tax losses carried forward	2,159	43	-15	0	517	2,704
Employee benefits	*58*	*26*	*-24*	*0*	*0*	*60*
Differences in asset values	*-98*	*16*	*-10*	*-1*	*-5*	*-98*
Finance leases	*-25*	*0*	*0*	*3*	*-2*	*-23*
Tax-driven provisions	*-134*	*-13*	*0*	*1*	*0*	*-146*
Financial instruments	*45*	*-25*	*-31*	*0*	*23*	*13*
Remeasurement of identifiable assets and liabilities acquired in business combinations	*-206*	*33*	*0*	*0*	*-130*	*-304*
Internal profits and losses	*63*	*-1*	*0*	*0*	*1*	*62*
Total consolidation restatements	-298	37	-64	3	-113	-435
Non-deductible provisions and other tax differences	2,017	807	-2	30	-68	2,785
Deferred taxes not recognised	-3,194	-1,154	77	-4	-284	-4,558
Net deferred taxes recognised	685	-267	-5	30	53	495
Deferred tax assets	1,172	0	0	0	0	966
Deferred tax liabilities	486	0	0	0	0	470
Net deferred taxes on balance sheet	685	0	0	0	0	495

8. RELATED PARTY TRANSACTIONS

SNCF Mobilités, as an industrial and commercial public institution wholly owned by the French State (via the French Government Shareholding Agency), is related, within the meaning of IAS 24, Related Party Disclosures, to all companies and entities controlled by the French State.

Disclosures on individually or collectively material transactions with these entities concern the following related parties:

- The EPICs belonging to the Public Rail Group, SNCF Réseau and SNCF;
- The French State, as shareholder, and the transport organising authorities (Régions and STIF); conversely, taxes paid pursuant to ordinary law are excluded from the scope of related party transactions.
- ICF Group ESH low-rental housing companies.

Transactions between SNCF Mobilités Group and other State companies (EDF, France Telecom, La Poste, etc.) are all performed on an arm's length basis, except for transactions entered into by mutual agreement with RFF (which became SNCF Réseau on 1 January 2015).

No Group companies other than the parent company carry out material transactions with these related parties.

8.1. RELATIONS WITH THE PUBLIC RAIL GROUP

8.1.1 Relations with SNCF Réseau

SNCF Mobilités is currently SNCF Réseau's main customer.

The operating receivables and revenue realised with SNCF Réseau (formerly RFF) were largely generated by the SNCF Infra division transferred in connection with the rail reform (see Note 2.1). Accordingly, these financial statement headings with this related party decreased significantly. The revenue shown below includes the revenue realised by the SNCF Infra division in the first half of 2015 and presented under the heading "Net profit/(loss) from transferred operations" in the income statement.

8.1.1.1 Balance sheet headings

In € millions	31/12/2015	31/12/2014
SNCF Réseau net receivables (*)	593	1,016
SNCF Réseau payables	1,073	413
SNCF Réseau net receivables and payables	-479	603

(*) Balance sheet headings excluding the financial receivable presented separately in assets (see Note 6.1).

8.1.1.2 Income and expenses

In € millions	31/12/2015	31/12/2014
Revenue with SNCF Réseau	2,951	5,479
Other operating income	40	
Infrastructure fees paid on the French rail network(1)	-3 766	-3,544
Revenue net of infrastructure fees	**-775**	**1,935**

(1) of which €3,608 million paid directly to SNCF Réseau (€3,384 million as at 31 December 2014) and €158 million through the STIF (€160 million as at 31 December 2014)

As these transactions are between related parties owned by the French State, credit risk is considered nil. No doubtful receivables were identified.

8.1.2 Relations with SNCF

In charge of the economic and strategic steering of the Public Rail Group, SNCF carries out general safety, energy supply, IT outsourcing and general services to SNCF Mobilités. In addition, as SNCF recovered the external leases, it reinvoices the lease payments for the surface area occupied by SNCF Mobilités.

8.1.2.1 Balance sheet headings

In € millions	31/12/2015	31/12/2014
Operating receivables (*)	242	
Operating payables	379	
Current financial liabilities	42	

(*) Balance sheet headings excluding the financial receivables presented separately in assets (see Note 6.1.2)

8.1.2.2 Income and expenses

In € millions	31/12/2015	31/12/2014
Revenue	65	
Purchases and external charges	-686	
Other income and expenses	21	
Gross profit with SNCF	-600	

8.2 RELATIONS WITH OTHER RELATED PARTIES

8.2.1 Transactions with the French State and local communities

The information presented below concerns transactions entered into with the French State via its ministries, central authorities and transport Organising Authorities (OA), not governed by ordinary law.

The operating grants transferred to SNCF Mobilités Group by the State and local communities are presented in the following table:

In € millions	31/12/2015	31/12/2014
Operating grants received	42	41
TOTAL	42	41

The amounts received from the French State and the OA in connection with transport services are described in Note 3.2.

8.2.2 Transactions with ICF Group ESH low-rental housing companies

8.2.2.1 Balance sheet headings

In € millions	31/12/2015	31/12/2014
Current financial assets	10	11
Non-current financial assets	287	288
Current financial liabilities	0	0
Non-current financial liabilities	0	0

Non-current financial assets primarily comprise building loans granted by SNCF Mobilités and ICF to ESH subsidiaries and equity investments of the ESH subsidiaries. The latter amounted to €145 million (same as at 31 December 2014) and are included in available-for-sale assets (see Note 6.2.1.3). Given the low-rental housing regulations and the SNCF Mobilités structure, these assets cannot be transferred to other Group entities.

8.2.2.2 Income and expenses

Transactions with low-rental housing companies recorded in the income statement are not material.

9. OFF-BALANCE SHEET COMMITMENTS

9.1 COMMITMENTS RECEIVED AND GIVEN

Commitments received (in M€)		31/12/2015				31/12/2014
		Total commitment	Amount of commitments per period			Total commitment
			Less than one year	From one to five years	More than five years	
Commitments relating to financing		**1,532**	**147**	**1,197**	**188**	**1,283**
Personal collateral	(4)	113	81	4	28	122
Security interests		18	6	12	0	16
Unused confirmed credit lines	(8)	1,401	60	1,181	160	1,146
Commitments relating to operations		**6,961**	**2,642**	**3,624**	**713**	**6,584**
Investment commitments for operation of rail equipment	(1)	2,728	879	1,850	0	2,424
Purchase commitments for non-current assets other than rail equipment	(2)	977	255	653	69	826
Property sale undertakings		104	101	1	2	153
Operating guarantees	(13)	1,402	1,032	365	5	1,682
Operating leases: equipment	(6)	654	206	306	160	466
Operating leases: property	(6)	1,063	156	429	478	1,008
Commitments relating to operating and fixed asset purchase agreements		32	11	20	0	14
Firm commodity purchase commitments (electricity, diesel)		1	1	0	0	11
Commitments relating to the Group consolidation scope		**18**	**0**	**10**	**8**	**3**
Warranties		1	0	0	1	3
Security commitments (option contracts)		17	0	10	7	0
Other commitments received		**7**	**7**	**0**	**0**	**4**
Total commitments received	(14)	**8,517**	**2,795**	**4,831**	**909**	**7,875**

Commitments given (in M€)		31/12/2015 Total commitment	Amount of commitments per period: Less than one year	From one to five years	More than five years	31/12/2014 Total commitment
Commitments relating to financing		**544**	**138**	**148**	**258**	**1,569**
Personal collateral	(3)	283	137	90	56	287
Personal collateral: guarantees given for loans to employees	(5)	0	0	0	0	1,018
Security interests	(7)	261	1	58	202	229
Unused confirmed credit lines		0	0	0	0	35
Commitments relating to operations		**10,937**	**3,871**	**6,209**	**857**	**10,481**
Investment commitments for operation of rail equipment	(1)	4,345	1,511	2,791	42	4,419
Purchase commitments for non-current assets other than rail equipment	(2)	2,836	738	1,995	103	1,743
Property sale undertakings		140	138	1	0	152
Operating guarantees	(12)	745	320	87	338	675
Customs guarantees (Geodis)		172	112	32	28	167
Operating leases: equipment	(6)	911	280	503	128	969
Operating leases: property	(6)	1,216	361	648	207	1,566
Commitments relating to operating and fixed asset purchase agreements	(11)	171	156	9	6	189
Firm commodity purchase commitments (electricity, diesel)	(10)	400	253	142	5	602
Commitments relating to the Group consolidation scope		**22**	**13**	**5**	**4**	**666**
Security commitments (option contracts)	(9)	0	0	0	0	635
Other commitments relating to the Group consolidation scope		22	13	5	4	31
Other commitments given		**21**	**13**	**7**	**1**	**49**
Other commitments given	(14)	**11,525**	**4,035**	**6,369**	**1,120**	**12,765**

(1) Commitments given concern investments concluded with rolling stock manufacturers. Some of them are linked with transport Organising Authorities for the future commissioning of rail equipment. The net decrease was due to the investments carried out during the period that exceeded the new commitments undertaken. Commitments received correspond to investment funding receivable from the OA for ordered rolling stock. They declined by the amount of the investments ordered by the Organising Authorities that were carried out and, conversely, increased in the amount of new investment orders. In 2015, commitments received increased mainly due to the new commitments regarding Transilien for €134 million, Intercités for €112 million and TER for €124 million, net of realised investments. The data change observed on commitments given masks increases relating to new commitments regarding the Transilien network for €269 million and the full consolidation of EIL for €522 million in respect of future investments, particularly in Siemens trains, and decreases relating to the acquisitions of TGV® trains for €336 million, and TER and Intercités Regiolis and Regio2N trains for €517 million.

(2) The increase in the commitment received involves the new State/Region corporate plan for network extension (€173 million). For the commitment given, the very substantial increase mainly stems from the new agreement signed with the STIF.

(3) Security interests given did not change significantly.

(4) The joint and several first-demand counter-guarantee given to SNCF Mobilités in respect of the loans granted to Sofiap was lower than €1 million (€5 million as at 31 December 2014), strictly mirroring security interests given.

(5) The total outstanding on guarantees given by SNCF Mobilités in respect of property loans secured by employees was transferred to SNCF in connection with the rail reform (see Note 2.1). Statistically, guarantee calls are very limited.

(6) Equipment and property operating leases given decreased by €408 million due to the impact arising from the transfer of leases to SNCF for €725 million, partially offset by the conclusion of new leases with SNCF and SNCF Réseau for €74 million following the rail reform (see Note 2.1) and the consolidation of OHL for €268 million (see Note 2.1.3). Equipment and property operating leases received increased by €242 million, mainly due to the new locomotive leases signed by AKIEM, a company classified as held for sale at the 2015 year-end (see Note 4.2.3).

(7) Security interests include the Eurostar guarantee of €136 million for the payment of new Siemens trains following the acquisition of control over the entity (see Note 2.1.3). Conversely, the pledge of NTV securities for €101 million was removed due to the accumulated impairment recognised for these securities.

(8) For the unused credit lines, see Notes 6.2.5 and 9.2.

(9) The decrease resulted from the recognition in liabilities of the put option on shares granted by the Group to its partners in the EIL joint venture following the acquisition of control over the entity (see Note 4.2.1).

(10) Commodity purchase commitments essentially concern electricity supply contracts. The decrease was attributable for €97 million to the fall in the volume and price of energy in the contracts subscribed in 2015 and for €106 million to the transfer of traction commitments to SNCF in connection with the rail reform (see Note 2.1).

(11) Other operating purchase commitments given declined by €18 million. These commitments include rail and station access purchase commitments for €151 million that decreased by €5 million due to the lapse of time.

(12) Operating guarantees given increased by €70 million mainly due to the set-up of new guarantees.

(13) Operating guarantees received primarily concern bank guarantees received from rail equipment suppliers.

(14) The portion of commitments relating to joint ventures amounts to:

  - €8 million for commitments received.
  - €0 million for commitments given.

  Total commitments received and given in 2014 included, respectively, €39 million and €76 million relating to the SNCF Infra division, subject to the rail reform, and whose assets, liabilities and profit or loss items were reclassified to a separate line item in the income statement and statement of financial position in accordance with IFRS 5 (see Note 3). These commitments were removed following the division's transfer to SNCF Réseau on 1 July 2015.

9.2 LEASE TRANSACTIONS

EPIC SNCF Mobilités (formerly SNCF EPIC until the end of 2014) carried out transactions in the form rather than substance of a lease. These transactions comprised:

- the leasing of a qualified technological equipment network to a US lessor, who immediately sub-leases it to EPIC SNCF Mobilités for a maximum period of 16 years. The assets in question are all the EPIC SNCF Mobilités ticket sale and reservation equipment; or
- the sale of rolling stock (Corail Téoz cars, TGV trains, etc. commissioned or to be delivered, etc.) to an investor who immediately sub-leases it to EPIC SNCF Mobilités for a determined period of 4 to 25 years according to the contracts;
- the leasing of rolling stock to a US lessor for a period of around 40 years, who immediately sub-leases it to EPIC SNCF Mobilités for a period of 20 years.

In certain cases, the lessor is a fiscally transparent special entity created for this transaction that can only operate for this purpose.

During the sub-leasing (16 years) or leasing (4 to 25 years) periods, all payments made and received in connection with the lease offset each other and do not impact the financial statements, apart from the net profit recognised in the transaction period under finance costs. This profit corresponds to the retrocession of a portion of the tax deferral obtained by the investor. The asset sold or leased is maintained in the Group balance sheet.

At the end of the sub-leasing or leasing periods, EPIC SNCF Mobilités has several options based on the type of transaction:

- exercise a purchase option at a pre-determined price, thus maintaining its initial profit,
- give the equipment to the lessor, who will use it for his own purpose,
- give the equipment to the lessor, for whom EPIC SNCF Mobilités will act as market sales agent for the equipment, guaranteeing a sale price at least equal to the amount of the purchase option,
- resell the equipment on the lessor's behalf, for a resale commission.

The use, replacement, operation or definition of assets is in no way affected. The risks borne by EPIC SNCF Mobilités are limited to equipment ownership, the risks generated by French law, and, depending on the case, counterparty risks covered by collateralisation contracts.

9.3 TRANSFER OF FINANCIAL ASSETS

In 2014, the receivable generated by the Competitiveness and Employment Tax Credit set up by the French government (see Note 3.3.4) and recorded for French tax consolidation groups was assigned under the Dailly Law. In 2015, the assignment only concerned one of the French tax consolidation groups.

The assignment, carried out in December without recourse to a discount, covered the entire receivable relating to the eligible payroll paid in the calendar year. The counterparty and late payment risks were transferred to the banking institution along with the rewards attached to the receivable, as the Group can no longer collect the future refund of the tax credit or allocate it to a future cost. As the receivable was denominated and assigned in euros, there is no foreign exchange risk. Accordingly, the Group is deemed to have transferred virtually all the risks and rewards relating to the receivable.

As this involved an operating receivable, the assignment represented a net receipt of €50 million in 2015 (€306 million in 2014) in cash flows from operating activities in the cash flow statement.

10. SCOPE OF CONSOLIDATION

10.1 NUMBER OF CONSOLIDATED COMPANIES

The number of companies consolidated by SNCF Mobilités Group breaks down as follows:

	31/12/2015	31/12/2014	Change
Parent company and fully consolidated companies	833	788	45
Equity-accounted companies (joint ventures)	40	48	-8
Equity-accounted companies (significant influence)	62	63	-1
Total scope of consolidation	935	899	36

10.2 ANALYSIS OF THE CONTROL OF CERTAIN ENTITIES

10.2.1 E.S.H. (Low-rental housing companies)

The assessment of control exercised over low-rental housing companies (Entreprises Sociales pour l'Habitat or ESH) is a complex issue that must be approached with pragmatism, taking into account the constraints resulting from the extremely strict regulatory framework governing low-rental housing and the focus set by SNCF Mobilités for its housing policy. It would appear that consolidation is not appropriate as:

- while SNCF Mobilités exercises influence over certain aspects of management of the ESH, it cannot be qualified as a controlling influence; SNCF Mobilités neither directs the relevant activities of the ESH pursuant to IFRS 10, nor influences policy-making pursuant to IAS 28 revised, due to the restrictions and strict supervision imposed by the Law;
- the SNCF Mobilités Group's decision to own the four ESH concerned is primarily based on institutional and general interest arguments and not on financial and asset ownership considerations, whether direct or indirect, the potential returns being very limited.

Shares in the ESH companies are therefore retained in balance sheet assets and classified in available-for-sale financial assets (see Notes 6.1.2.3 and 8.2.2).

The main consolidated balance sheet headings of these companies were as follows:

- Non-current assets: €4,210 million (€4,049 million in 2014);
- Non-current liabilities (debt): €2,330 million (€2,293 million in 2014).

The net indebtedness of unconsolidated ESH low-rental housing companies as at 31 December 2015 amounted to €2.3 billion (€2.4 billion as at 31 December 2014).

10.2.2 SOFIAP

SNCF Mobilités holds shares in a group of real-estate financing companies. Under the Socrif brand, the group comprises SNCF Habitat (a wholly-owned public interest cooperative), Sofiap (a credit institution 34% held and controlled by La Banque Postale since 20 May 2014 after having been 49% held by Crédit Immobilier de France Développement) and Soprim (a wholly-owned simplified joint stock company). Given the legal restrictions governing the returns obtained by investors from public interest cooperatives for home ownership (specific statutory regulations enacted by the French Construction and Housing Code), the Group is neither exposed to the variable returns of SNCF Habitat, nor can it exercise any power on these returns. Consequently, SNCF Habitat is not consolidated according to IFRS 10. The same is true for Sofiap and Soprim, which are indirectly held through SNCF Habitat, due to the absence of effective control. Soprim has a very limited activity. The shares are therefore retained in balance sheet assets and classified in available-for-sale financial assets. The year-end financial aggregates of Sofiap were as follows:

- Non-current assets: €1,651 million (€1,500 million as at 31 December 2014)

- Non-current liabilities: €1,650 million (€1,498 million as at 31 December 2014)

10.2.3 Eurostar International Limited (EIL)

The sale of the British partner's stake in EIL to the CDPQ/Hermès consortium resulted in the signing of a new shareholders' agreement on 28 May 2015. Under this agreement, SNCF Mobilités is granted exclusive control of EIL as defined by IFRS 10 "Consolidated Financial Statements." The transaction and its impacts are described in Note 4.2 to the consolidated financial statements.

10.3 MAIN ENTITIES WITHIN THE SCOPE OF CONSOLIDATION

The following table lists only the main significant entities. A significant entity is any entity with revenue of over €30 million or total assets of over €50 million. The activities belonging to EPIC SNCF Mobilités are identified by the wording "EPIC".

Consolidation methods:

FC: Full Consolidation

JO: Joint Operation – Recognition of shares of assets, liabilities, revenues and expenses

JV: Joint Venture – Equity-accounted

SI: Significant Influence – Equity-accounted

NC: Not Consolidated

Percentage interest: share in the share capital of the consolidated company held by the consolidating company, either directly or indirectly.

Percentage control: percentage of voting rights held by the consolidating company in the consolidated company, either directly or indirectly.

Geographical area	Country	Company	M	PC Year Y	PI Year Y	PC Year Y-1	PI Year Y-1
		Parent Company					
FRANCE	FRANCE	SNCF Mobilités	FC	100.00	100.0	100.00	100.00
	Segment	SNCF Transilien, Régions, Intercités					
FRANCE	FRANCE	SNCF – Transilien EPIC	FC	100%	100%	100%	100%
	FRANCE	SNCF – TER EPIC	FC	100%	100%	100%	100%
	FRANCE	SNCF – Intercités EPIC	FC	100%	100%	100%	100%
	FRANCE	SNCF - FC - Traction EPIC	FC	100%	100%	100%	100%
	Segment	SNCF Voyages					
AMERICAS	UNITED STATES	Rail Europe Inc	FC	88%	88%	88%	88%
	AUSTRIA	Rail Holding AG	JV	17%	17%	28%	28%
	BELGIUM	THI Factory	FC	60%	60%	60%	60%
EUROPE EXCL. FRANCE	BELGIUM	Thalys International	JV	62%	62%	62%	62%
	UNITED KINGDOM	Groupe Eurostar	FC	55%	55%	55%	55%
	ITALY	NTV	NC	0%	0%	20%	20%
FRANCE	FRANCE	SNCF Voyages Central EPIC	FC	100%	100%	100%	100%
	FRANCE	SNCF - Voyages - TGV EPIC	FC	100%	100%	100%	100%
	FRANCE	SNCF - Voyages - Europe EPIC	FC	100%	100%	100%	100%
	FRANCE	IDTGV	FC	100%	100%	100%	100%
	FRANCE	RE 4A	JV	50%	50%	50%	50%
	Segment	Gares & Connexions					
FRANCE	FRANCE	SNCF - Gares & Connexions EPIC	FC	100%	100%	100%	100%
	FRANCE	Société des commerces en gares	JV	50%	50%	50%	50%
	Segment	Keolis					
AMERICAS	CANADA	Keolis Canada Inc	FC	100%	70%	100%	70%
	UNITED STATES	Keolis Commuter Services LLC	FC	100%	82%	100%	82%
	UNITED STATES	Keolis Transit America	FC	100%	70%	100%	70%
ASIA, PACIFIC	AUSTRALIA	KDR Victoria Pty Ltd	FC	100%	36%	100%	36%
	AUSTRALIA	Path Transit Pty Ltd	FC	100%	36%	0%	0%
EUROPE (EXCL. FRANCE)	GERMANY	Keolis Deutschland COKG	FC	100%	70%	100%	70%
	DENMARK	Keolis Danmark	FC	75%	52%	75%	52%
	UNITED KINGDOM	First / Keolis Transpennine	JV	45%	31%	45%	31%
	UNITED KINGDOM	Govia Thameslink Railway Limited	JV	35%	24%	35%	24%
	UNITED KINGDOM	Keolis-Amey Docklands Ltd	FC	70%	49%	70%	49%
	UNITED KINGDOM	London Midland	JV	35%	24%	35%	24%
	UNITED KINGDOM	London&South Eastern Railway - LSER	JV	35%	24%	35%	24%
	UNITED KINGDOM	Southern Railway Ltd	JV	35%	24%	35%	24%
	NETHERLANDS	Syntus	FC	100%	70%	100%	70%
	PORTUGAL	Prometro	SI	20%	14%	20%	14%
	SWEDEN	Keolis Sverige	FC	100%	70%	100%	70%
FRANCE	FRANCE	Transports de l'agglomération de Metz Métropole	SI	40%	32%	40%	32%

	FRANCE	Les Courriers d'Ile de France	FC	100%	70%	100%	70%
	FRANCE	Keolis	FC	100%	70%	100%	70%
	FRANCE	Keolis Amiens	FC	100%	70%	100%	70%
	FRANCE	Keolis Angers	FC	100%	70%	100%	70%
	FRANCE	Keolis Artois	FC	100%	70%	100%	70%
	FRANCE	Keolis Atlantique	FC	100%	70%	100%	70%
	FRANCE	Keolis Bordeaux	FC	100%	70%	100%	70%
	FRANCE	Keolis Brest	FC	100%	70%	100%	70%
	FRANCE	Keolis Caen	FC	100%	70%	100%	70%
	FRANCE	Keolis Dijon	FC	100%	70%	100%	70%
	FRANCE	Keolis Lille	FC	100%	70%	100%	70%
	FRANCE	Keolis Lorient	FC	100%	70%	100%	70%
	FRANCE	Keolis Lyon	FC	100%	70%	100%	70%
	FRANCE	Keolis Nîmes	FC	100%	70%	100%	70%
	FRANCE	Keolis Orléans	FC	100%	70%	100%	70%
	FRANCE	Keolis Pays d'Aix	FC	100%	70%	100%	70%
	FRANCE	Keolis Rennes	FC	100%	70%	100%	70%
	FRANCE	Keolis Tours	FC	100%	70%	100%	70%
	FRANCE	Effia Concessions	FC	100%	70%	100%	70%
	Segment	SNCF Logistics					
AMERICAS	BRAZIL	GW Freight Management Brazil	FC	100%	100%	100%	100%
	CANADA	Geodis Global Solutions Canada	FC	100%	100%	100%	100%
	CHILE	Geodis Wilson Chile Limitada	FC	100%	100%	100%	100%
	UNITED STATES	Geodis Global Solutions USA Inc	FC	100%	100%	100%	100%
	UNITED STATES	Geodis Wilson USA Inc.	FC	100%	100%	100%	100%
	UNITED STATES	Ozburn-Hessey Holding Company, LLC	FC	100%	100%	0%	0%
	UNITED STATES	Ozburn-Hessey Logistics, LLC (Logistic activity)	FC	100%	100%	0%	0%
	UNITED STATES	Ozburn-Hessey Transportation, LLC	FC	100%	100%	0%	0%
	MEXICO	Geodis Global Solutions Mexico	FC	100%	100%	100%	100%
	MEXICO	Geodis Wilson Mexico S.A. de C.V.	FC	100%	100%	100%	100%
ASIA, PACIFIC	AUSTRALIA	Geodis Wilson Pty Ltd Australia	FC	100%	100%	100%	100%
	CHINA	Combined Logistics (Hong Kong) Limited	FC	100%	100%	100%	100%
	CHINA	Geodis Overseas international Forwarding - 4PL	FC	100%	100%	100%	100%
	CHINA	Geodis Wilson China Limited	FC	100%	100%	100%	100%
	CHINA	Geodis Wilson Hong Kong Ltd.	FC	100%	100%	100%	100%
	INDIA	Geodis Overseas India	FC	100%	100%	100%	100%
	JAPAN	Geodis SCO Japan Co. Ltd.	FC	100%	100%	100%	100%
	SINGAPORE	Geodis Wilson Singapore Pte Ltd	FC	100%	100%	100%	100%
	SINGAPORE	Geodis Wilson Singapore - 4PL	FC	100%	100%	100%	100%
EUROPE (EXCL. FRANCE)	GERMANY	Ermefret Berlin	FC	100%	100%	100%	100%
	GERMANY	Geodis Global Solutions Germany	FC	100%	100%	100%	100%

	GERMANY	Geodis Logistics Deutschland GmbH	FC	100%	100%	100%	100%
	GERMANY	Geodis Wilson Germany GmbH & Co KG	FC	100%	100%	100%	100%
	GERMANY	ITL Eisenbahngesellschaft mbH	FC	100%	100%	100%	100%
	GERMANY	NEB	JV	67%	34%	67%	34%
	GERMANY	TBB	FC	100%	100%	100%	100%
	GERMANY	WEA	FC	100%	96%	90%	86%
	AUSTRIA	Chemfreight (Rail Cargo Logistics)	JV	34%	34%	34%	34%
	BELGIUM	Geodis Wilson Belgium N.V.	FC	100%	100%	100%	100%
	DENMARK	Geodis Wilson Denmark A/S	FC	100%	100%	100%	100%
	SPAIN	Geodis BM Iberica	FC	100%	100%	100%	100%
	SPAIN	Geodis Wilson Spain, S.L.U.	FC	100%	100%	100%	100%
	FINLAND	Geodis Wilson Finland Oy	FC	100%	100%	100%	100%
	UNITED KINGDOM	Geodis UK Ltd Messagerie	FC	100%	100%	100%	100%
	UNITED KINGDOM	Geodis Wilson UK Ltd	FC	100%	100%	100%	100%
	UNITED KINGDOM	STVA UK	FC	100%	96%	100%	96%
	IRELAND	Geodis Ireland Ltd	FC	100%	100%	100%	100%
	ITALY	Geodis Wilson Italia Spa	FC	100%	100%	100%	100%
	ITALY	Geodis Logistics S.P.A.	FC	100%	100%	100%	100%
	ITALY	Bourgey Montreuil Italia	FC	100%	100%	100%	100%
	LUXEMBOURG	LORRY Rail	FC	58%	58%	58%	58%
	NETHERLANDS	Geodis Logistics Netherlands BV	FC	100%	100%	100%	100%
	NETHERLANDS	Geodis Wilson Netherlands B.V.	FC	100%	100%	100%	100%
	NETHERLANDS	GeodisGlobal Solutions Netherlands BV	FC	100%	100%	100%	100%
	POLAND	Geodis Calberson Polska	FC	100%	100%	100%	100%
	SWEDEN	Geodis Wilson Sweden AB	FC	100%	100%	100%	100%
	SWITZERLAND	Ermewa Intermodal (Switzerland)	FC	100%	100%	100%	100%
	SWITZERLAND	PIRCO SA (Mont-Blanc)	JV	45%	45%	0%	0%
FRANCE	FRANCE	ALPS1	FC	100%	100%	0%	0%
	FRANCE	BM Virolle	SI	35%	35%	35%	35%
	FRANCE	Bourgey Montreuil Alsace	FC	100%	100%	100%	100%
	FRANCE	Bourgey Montreuil Francilienne	FC	100%	100%	100%	100%
	FRANCE	Bourgey Montreuil Presse (formerly Beugniet)	FC	100%	100%	100%	100%
	FRANCE	Calberson Armorique	FC	100%	100%	100%	100%
	FRANCE	Calberson Bretagne	FC	100%	100%	100%	100%
	FRANCE	Calberson Ile de France	FC	100%	100%	100%	100%
	FRANCE	Calberson Loiret	FC	100%	100%	100%	100%
	FRANCE	Calberson Méditerranée	FC	100%	100%	100%	100%
	FRANCE	Calberson Normandie	FC	100%	100%	100%	100%
	FRANCE	Calberson Paris Europe	FC	100%	100%	100%	100%
	FRANCE	Calberson Picardie	FC	100%	100%	100%	100%
	FRANCE	Calberson Rhône Alpes	FC	100%	100%	100%	100%
	FRANCE	Calberson Sud-Ouest	FC	100%	100%	100%	100%
	FRANCE	Chalenge International SA	FC	100%	100%	100%	100%
	FRANCE	Chaveneau Bernis Transport	FC	100%	72%	100%	72%

	FRANCE	Dusolier Calberson	FC	100%	100%	100%	100%
	FRANCE	Ecorail	FC	100%	100%	100%	100%
	FRANCE	Ermewa (Paris)	FC	100%	100%	100%	100%
	FRANCE	Ermewa Ferroviaire	FC	100%	100%	100%	100%
	FRANCE	Ermewa Holding	FC	100%	100%	100%	100%
	FRANCE	Ermewa Intermodal	FC	100%	100%	100%	100%
	FRANCE	Eurotainer SAS	FC	100%	100%	100%	100%
	FRANCE	Flandre Express	FC	100%	100%	100%	100%
	FRANCE	Geodis Automotive Est	FC	100%	100%	100%	100%
	FRANCE	Geodis Calberson Aquitaine	FC	100%	100%	100%	100%
	FRANCE	Geodis Calberson Lille Europe	FC	100%	100%	100%	100%
	FRANCE	Geodis Calberson Valenciennes	FC	100%	100%	100%	100%
	FRANCE	Geodis Euromatic Logistics	FC	100%	100%	100%	100%
	FRANCE	Geodis Logistics Ile-de-France	FC	100%	100%	100%	100%
	FRANCE	Geodis Logistics Rhône-Alpes	FC	100%	100%	100%	100%
	FRANCE	Geodis Projets	FC	100%	100%	100%	100%
	FRANCE	Geodis SA	FC	100%	100%	100%	100%
	FRANCE	Geodis Wilson France	FC	100%	100%	100%	100%
	FRANCE	Geoparts	FC	100%	100%	100%	100%
	FRANCE	Grimaldi ACL France	JV	60%	60%	60%	60%
	FRANCE	Naviland Cargo	FC	100%	100%	100%	100%
	FRANCE	Rhône Dauphiné Express	FC	100%	100%	100%	100%
	FRANCE	S.M.T.R. Calberson	FC	100%	100%	100%	100%
	FRANCE	Sealogis	FC	100%	100%	100%	100%
	FRANCE	Seine Express	FC	100%	100%	100%	100%
	FRANCE	SNCF Geodis - Fret EPIC	FC	100%	100%	100%	100%
	FRANCE	STVA SA	FC	96%	96%	96%	96%
	FRANCE	Transfer International	FC	98%	98%	98%	98%
	FRANCE	Transports Bernis	FC	68%	68%	68%	68%
	FRANCE	VFLI	FC	100%	100%	100%	100%
	FRANCE	Walbaum	FC	100%	100%	100%	100%
		Corporate					
EUROPE (EXCL. FRANCE)	SWITZERLAND	EUROFIMA	SI	23%	23%	23%	23%
FRANCE	FRANCE	SNCF - FC S&F (excluding DFT-FM) EPIC	FC	100%	100%	100%	100%
	FRANCE	SNCF - FC - Matériel EPIC	FC	100%	100%	100%	100%
	FRANCE	SNCF - FC - Entreprise EPIC	FC	100%	100%	100%	100%
	FRANCE	SNCF - FC - DI EPIC	FC	100%	100%	100%	100%
	FRANCE	SNCF - FC - DFT-FM EPIC	FC	100%	100%	100%	100%
	FRANCE	Espaces Ferroviaires Aménagement	FC	100%	100%	100%	100%
	FRANCE	Espaces Ferroviaires Résidences du Rail	FC	100%	100%	100%	100%
	FRANCE	ICF	FC	100%	100%	100%	100%
	FRANCE	NOVEDIS-ICF	FC	100%	100%	100%	100%

APPENDIX: STREAMLINING OF THE CONSOLIDATED FINANCIAL STATEMENTS

The table below presents the conversion from the former chart to the new chart following the streamlining of the financial information during the year.

12.2014 SNCF Mobilités IFRS consolidated financial statements		Correspondence in the new charter	
	CONSOLIDATED INCOME STATEMENT		CONSOLIDATED INCOME STATEMENT
	CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME		CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
	STATEMENT OF FINANCIAL POSITION		STATEMENT OF FINANCIAL POSITION
	CONSOLIDATED STATEMENT OF CHANGES IN EQUITY		CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
	CONSOLIDATED CASH FLOW STATEMENT		CONSOLIDATED CASH FLOW STATEMENT
1	ACCOUNTING STANDARDS BASE	1	ACCOUNTING STANDARDS BASE
1.1	ACCOUNTING RULES AND METHODS		
1.1.1	Presentation of standards and interpretations applied in the preparation of the 2014 Consolidated financial statements		
1.1.1.1	Standards and interpretations published by the IASB whose application is mandatory for financial periods commencing on or after 1 January 2014	1.1	Application of IFRS
1.1.1.2	Standards and interpretations not adopted in advance for the preparation of the 2014 consolidated financial statements	1.1	Application of IFRS
1.1.2	Description of accounting options adopted		
1.1.2.1	Accounting options provided by the IFRS adopted by the Group (assets at amortised cost and presentation of grants)	4.1	Intangible assets and property, plant and equipment
1.1.2.2	Accounting positions adopted by the SNCF Mobilités Group		
	- non-controlling interest purchase commitments	6.1.2.5	Current and non-current financial liabilities
	- Individual Training Entitlement (DIF)	3.3.2	Employee benefit expenses and headcount
1.1.2.3	Accounting positions adopted by the Group for certain tax regulations applicable in France		
	- Territorial Economic Contribution (CET), Territorial Solidarity Tax (CST), Competitiveness and Employment Tax Credit (CICE)	3.3.3	Taxes and duties other than income tax
	- Tax on rail company profits (TREF)	7	Income tax expense
1.2	ACCOUNTING ESTIMATES	1.2	Accounting judgements and estimates
2	ACCOUNTING POLICIES		

2.1	BASIS OF CONSOLIDATION		
2.1.1	Entities under control, joint control or significant influence	1.3	Basis of consolidation
2.1.2	Low-rental housing companies (ESH)	10.2	Control analysis for certain entities
2.1.3	SOFIAP	10.2	Control analysis for certain entities
2.1.4	Eurostar International Limited (EIL)	10.2	Control analysis for certain entities
2.2	BUSINESS COMBINATIONS AND GOODWILL		
2.2.1	General principles	4.2.1	Business combinations and goodwill
2.2.2	Business combinations prior to 1 January 2010 (application of the former IFRS 3)	4.2.1	Business combinations and goodwill
2.2.3	Business combinations subsequent to 1 January 2010 (application of the revised IFRS 3)	4.2.1	Business combinations and goodwill
2.3	TRANSLATION OF THE FINANCIAL STATEMENTS OF FOREIGN SUBSIDIARIES	1.3	Basis of consolidation
2.4	TRANSLATION OF FOREIGN CURRENCY TRANSACTIONS	6.2.2	Management of
2.5	SERVICE CONCESSION ARRANGEMENTS		
2.5.1	Presentation of IFRIC 12	3.2	Transactions with transport organising authorities
2.5.2	Group activities that could be concerned	3.2	Transactions with organising transport authorities
2.5.3	Scenarios identified	3.2	Transactions with organising transport authorities
2.5.4	Related investment grants	4.1	Intangible assets and property, plant and equipment
2.6	INTANGIBLE ASSETS	4.1.1	Intangible assets
2.7	PROPERTY, PLANT AND EQUIPMENT		
2.7.1	Owned assets	4.1.2	Property, plant and equipment
2.7.2	Depreciation and amortisation periods	4.1.4	Depreciation and amortisation
2.8	IMPAIRMENT OF GOODWILL, INTANGIBLE ASSETS AND PROPERTY, PLANT AND EQUIPMENT	4.3	Impairment tests for non-current assets
2.9	ASSETS AND LIABILITIES ASSOCIATED WITH ASSETS CLASSIFIED AS HELD FOR SALE AND DISCONTINUED OPERATIONS	4.2.3	Assets and liabilities classified as held for sale
2.10	FINANCE LEASE TRANSACTIONS		
2.10.1	Lease transactions	4.1.2.2	Leased assets
2.10.2	Sale and leaseback transactions and equivalent	4.1.2.2	Leased assets
2.10.2.1	Leaseback transactions	4.1.2.2	Leased assets
2.10.2.2	Other transactions	9.2	
2.11	FINANCIAL ASSETS EXCLUDING OPERATING RECEIVABLES		
2.11.1	Available-for-sale assets	6.1	Net indebtedness

2.11.2	Assets at fair value through profit or loss (trading assets)	6.1	Net indebtedness
2.11.3	Cash and cash equivalents	6.1	Net indebtedness
2.11.4	Loans and receivables issued		
2.11.4.1	Réseau Ferré de France (which became SNCF Réseau on 1 January 2015) receivable	6.1	Net indebtedness
2.11.4.2	Public Debt Fund receivable	6.1	Net indebtedness
2.11.4.3	Financial assets relating to concession arrangements (IFRIC 12)	3.2	Transactions with transport organising authorities
2.12	INVENTORIES	4.4	Working capital requirement
2.13	OPERATING PAYABLES	4.4	Working capital requirement
2.14	FINANCIAL LIABILITIES	6.1	Net indebtedness
2.15	DERIVATIVE INSTRUMENTS AND HEDGE ACCOUNTING	6.3	Hedging and derivative instruments
2.15.1	General case	6.3	Hedging and derivative instruments
2.15.2	Cash flow hedges	6.3	Hedging and derivative instruments
2.15.3	Fair value hedges	6.3	Hedging and derivative instruments
2.16	INVESTMENT GRANTS	4.1	Intangible assets and property, plant and equipment
2.17	DEFERRED TAX	7	Income tax expense
2.18	PROVISIONS		
2.18.1	Provisions for tax, employee-related and customs risks	4.5	Provisions for contingencies and litigation
2.18.2	Provisions for environmental risks	4.5	Provisions for contingencies and litigation
2.18.3	Provisions for contractual litigation and risks	4.5	Provisions for contingencies and litigation
2.18.3.1	Provisions for disputes and litigation arising from operations	4.5	Provisions for contingencies and litigation
2.18.3.2	Provisions for onerous contracts	4.5	Provisions for contingencies and litigation
2.18.4	Provisions for restructuring costs	4.5	Provisions for contingencies and litigation
2.19	EMPLOYEE BENEFITS	5	Employee benefits
2.20	REVENUE RECOGNITION		
2.20.1	Transportation activity (passenger, freight)	3	Gross profit
2.20.2	Contributions of the French State and Organising Authorities	3	Gross profit
2.20.3	Engineering and contracting services performed by the Group		Non applicable following the reform
2.20.4	Maintenance		Non applicable following the reform
2.21	SEGMENT REPORTING		
2.21.1	Determination of segments presented		

2.21.2	Segment indicators	3.1	Segment reporting
2.22	INCOME STATEMENT ANALYTICAL BALANCES SNCF		
2.22.1	Gross profit	3.	Gross profit
2.22.2	Current operating profit	3.	Gross profit
2.22.3	Operating profit		Eliminated
2.22.4	Operating profit after share of net profit of companies consolidated under the equity method		Eliminated
2.22.5	Finance cost	6.1/5.3	Net indebtedness / Pension costs
3	MAJOR EVENTS	2.	HIGHLIGHTS
3.1	IMPAIRMENT LOSS REVERSALS	2.1	Major events of the year
3.2	RAIL REFORM	2.1	Major events of the year
3.3	LABOUR MOVEMENT	2.1	Major events of the year
3.4	ASSIGNMENT OF A RECEIVABLE	2.1	Major events of the year
4	SEGMENT REPORTING	3.1	Segment reporting
5	PURCHASES AND EXTERNAL CHARGES	3.3	Other gross profit items
6	EMPLOYEE BENEFIT EXPENSES AND HEADCOUNT	3.3	Other gross profit items
7	DEPRECIATION AND AMORTISATION	4.1.4	Depreciation and amortisation
8	IMPAIRMENT LOSSES	4.3	Impairment tests for non-current assets
8.1	CGUS WITH SIGNIFICANT GOODWILL IN RELATION TO TOTAL GOODWILL	4.3	Impairment tests for non-current assets
8.1.1	“Geodis” CGU (formerly “Global Offering”)	4.3	Impairment tests for non-current assets
8.1.2	Keolis/EFFIA CGU	4.3	Impairment tests for non-current assets
8.1.3	Rail Freight Fleet Management CGU	4.3	Impairment tests for non-current assets
8.2	CGUS WITH INDICATIONS OF IMPAIRMENT OR IMPAIRMENT REVERSAL	4.3	Impairment tests for non-current assets
8.2.1	Rail Freight CGU	4.3	Impairment tests for non-current assets
8.2.2	TGV France and Europe (excluding Eurostar) CGU	4.3	Impairment tests for non-current assets
8.2.3	SNCF Infrastructure - Works and Maintenance CGU	4.3	Impairment tests for non-current assets

9	**NET PROCEEDS FROM ASSET DISPOSALS**	**4.1.5**	**Net proceeds from asset disposals**
10	**NET BORROWING COSTS**	**6.1**	**Net indebtedness**
11	**INCOME TAX EXPENSE**	**7**	**Income tax expense**
11.1	ANALYSIS OF THE INCOME TAX EXPENSE		
11.1.1	Tax in the income statement	7.1	Analysis of the income tax expense
11.1.2	Tax in comprehensive income	7.1	Analysis of the income tax expense
11.2	TAX PROOF	7.2	Tax proof
11.3	DEFERRED TAX SOURCES	7.3	Deferred tax sources
12	**GOODWILL**	**4.2.1**	**Business combinations and goodwill**
13	**INTANGIBLE ASSETS**	**4.1.1**	**Intangible assets**
14	**PROPERTY, PLANT AND EQUIPMENT**	**4.1.2**	**Property, plant and equipment**
15	**FINANCIAL ASSETS**	**6**	**CAPITAL AND FINANCING**
15.1	RÉSEAU FERRÉ DE FRANCE RECEIVABLE	6.1	Net indebtedness
15.2	PUBLIC DEBT FUND RECEIVABLE	6.1	Net indebtedness
15.3	AVAILABLE-FOR-SALE ASSETS	6.1	Net indebtedness
15.4	OTHER LOANS AND RECEIVABLES	6.1	Net indebtedness
15.5	CONCESSION FINANCIAL ASSETS	3.2	Transactions with transport organising authorities
16	**INVESTMENTS IN COMPANIES CONSOLIDATED UNDER THE EQUITY METHOD**	**4.2.2**	**Investments in companies consolidated under the equity method**
16.1	SIGNIFICANT JOINT VENTURES	4.2.2	Investments in companies consolidated under the equity method
16.2	SIGNIFICANT ASSOCIATES	4.2.2	Investments in companies consolidated under the equity method
17	**INVENTORIES AND WORK-IN-PROGRESS**	**4.4**	**Working capital requirement**
18	**OPERATING RECEIVABLES**	**4.4**	**Working capital requirement**
19	**CASH AND CASH EQUIVALENTS**	**6.1**	**Net indebtedness**

20	**EQUITY**	**6**	**CAPITAL AND FINANCING**
20.1	SHARE CAPITAL	6.4	Equity
20.2	NON-CONTROLLING INTERESTS (MINORITY INTERESTS)	6.4	Equity
21	**EMPLOYEE BENEFITS**	**5**	**EMPLOYEE BENEFITS**
21.1	CHANGES IN THE NET OBLIGATION	5.2	Change in the net position of the plans
21.1.1	Breakdown of net liabilities (assets)	5.2	Change in the net position of the plans
21.1.2	Change in net liabilities (assets)	5.2	Change in the net position of the plans
21.1.3	Breakdown by nature of liability	5.2	Change in the net position of the plans
21.2	DESCRIPTION OF EMPLOYEE BENEFITS	5.1	Description of employee benefits
21.2.1	Compensation for work-related injuries	5.1	Description of employee benefits
21.2.2	Social welfare initiatives	5.1	Description of employee benefits
21.2.3	Gradual cessation of activity	5.1	Description of employee benefits
21.2.4	Other benefits granted	5.1	Description of employee benefits
21.3	MAIN ACTUARIAL ASSUMPTIONS USED	5.4	Actuarial assumptions and gains and losses
21.3.1	EPIC Mobilités main plans	5.4	Actuarial assumptions and gains and losses
21.3.2	Other plans by geographical area	5.4	Actuarial assumptions and gains and losses
21.3.3	Methodology for the calculation of the main actuarial assumptions	5.4	Actuarial assumptions and gains and losses
21.4	NET EXPENSE RECORDED IN PROFIT OR LOSS	5.3	Employee benefit plan costs
21.4.1	Net expense with respect to defined benefit plans	5.3	Employee benefit plan costs
21.4.2	Net expense with respect to defined contribution plans	5.3	Employee benefit plan costs
21.5	REMEASUREMENTS OF THE NET DEFINED LIABILITY (ASSET) BENEFIT IN EQUITY	5.4	Actuarial assumptions and gains and losses
21.6	CHANGE IN THE NET POSITION OF THE PLANS	5.2	Change in the net position of the plans
21.6.1	Net obligation	5.2	Change in the net position of the plans
21.6.2	Breakdown of plan assets	5.2	Change in the net position of the plans
21.6.3	Reimbursement rights	5.2	Change in the net position of the plans
21.6.4	Analysis of contributions payable to the pension fund in Y+1	5.2	Change in the net position of the plans
21.7	ANALYSIS BY NATURE OF ACTUARIAL GAINS AND LOSSES (EXCLUDING IFRS 5 IMPACTS)	5.4	Actuarial assumptions and gains and losses
21.7.1	Change and breakdown of actuarial gains and losses	5.4	Actuarial assumptions and gains and losses
21.7.2	Analysis of the obligation’s sensitivity to the main actuarial assumptions	5.4	Actuarial assumptions and gains and losses
21.8	CIRCULATION PRIVILEGES	5.1	Description of employee benefits

22	**PROVISIONS**	**4.5**	**Provisions for contingencies and litigation**
22.1	PROVISIONS FOR ENVIRONMENTAL RISKS	4.5	Provisions for contingencies and litigation
22.2	PROVISIONS FOR CONTRACTUAL LITIGATION AND RISKS	4.5	Provisions for contingencies and litigation
22.3	RESTRUCTURING COSTS	4.5	Provisions for contingencies and litigation
23	**FINANCIAL LIABILITIES**	**6**	**CAPITAL AND FINANCING**
23.1	CURRENT/NON-CURRENT BREAKDOWN OF NET INDEBTEDNESS	6.1	Net indebtedness
23.2	LOANS AND BORROWINGS MATURITY SCHEDULE	6.2	Management of financial (liquidity) risks
23.3	BREAKDOWN OF LOANS AND BORROWINGS BY FOREIGN CURRENCY	6.2	Management of financial *(foreign currency)* risks
23.4	BREAKDOWN OF LOANS AND BORROWINGS BY INTEREST RATE	6.2	Management of financial *(interest rate)* risks
24	**DERIVATIVE FINANCIAL INSTRUMENTS:**	**6.3**	**Hedging and derivative instruments**
24.1	FOREIGN CURRENCY DERIVATIVES	6.3	Hedging and derivative instruments
24.1.1	Currency swaps with an underlying liability	6.3	Hedging and derivative instruments
24.1.2	Currency swaps with an underlying asset	6.3	Hedging and derivative instruments
24.2	INTEREST RATE DERIVATIVES	6.3	Hedging and derivative instruments
25	**MANAGING MARKET RISKS AND HEDGING**	**6.2**	**Financial risk management**
25.1	MANAGEMENT STRATEGY	6.2	Financial risk management
25.1.1	Interest rate risk management	6.2.1	Interest rate risk management
25.1.2	Foreign currency risk management	6.2.2	Foreign currency risk management
25.1.3	Commodity risk management	6.2.3	Commodity risk management
25.1.4	Counterparty risk management	6.2.4	Counterparty risk management
25.1.4.1	Financial investments	6.2.4	Counterparty risk management
25.1.4.2	Derivative financial instruments	6.2.4	Counterparty risk management
25.1.5	Liquidity risk management	6.2.5	Liquidity risk management
25.2	CASH FLOW HEDGES	6.3	Hedging and derivative instruments
25.3	FAIR VALUE HEDGES	6.3	Hedging and derivative instruments

26	**OPERATING PAYABLES AND OTHER ACCOUNTS IN CREDIT**	**4.4**	**Working capital requirement**
27	**ASSETS AND LIABILITIES CLASSIFIED AS HELD FOR SALE**	**4.2.3**	**Assets and liabilities classified as held for sale**
27.1	SNCF INFRA DIVISION	4.2.3	Assets and liabilities classified as held for sale
27.2	OTHER GROUPS OF ASSETS CLASSIFIED AS HELD FOR SALE	4.2.3	Assets and liabilities classified as held for sale
28	**OFF-BALANCE SHEET COMMITMENTS**	**9**	**OFF-BALANCE SHEET COMMITMENTS**
28.1	LEASE TRANSACTIONS	9.2	Lease transactions
28.2	KEOLIS	9.3	Keolis
28.3	TRANSFER OF FINANCIAL ASSETS	9.4	Transfer of financial assets
28.3.1	Transfer of concession financial assets	9.4	Transfer of financial assets
28.3.2	Transfer of the Competitiveness and Employment Tax Credit (CICE)	9.4	Transfer of financial assets
29	**RELATED PARTY TRANSACTIONS**	**8**	**RELATED PARTY TRANSACTIONS**
29.1	TRANSACTIONS WITH THE FRENCH STATE		
29.1.1	Public assistance	8.2	Relations with other related parties
29.1.2	Government grants received and compensation for service concession arrangements	8.2	Relations with other related parties
29.2	TRANSACTIONS WITH OTHER STATE COMPANIES		
29.2.1	Balance sheet headings	8.1	Relations with the Public Rail Group
29.2.2	Income and expenses	8.1	Relations with the Public Rail Group
29.3	TRANSACTIONS WITH ICF GROUP ESH LOW-RENTAL HOUSING COMPANIES		
29.3.1	Balance sheet headings	8.2	Relations with other related parties
29.3.2	Income and expenses	8.2	Relations with other related parties
29.4	TRANSACTIONS WITH JOINT VENTURES		
29.4.1	Balance sheet headings	4.2.2	Investments in companies consolidated under the equity method
29.4.2	Income and expenses	4.2.2	Investments in companies consolidated under the equity method
29.5	TRANSACTIONS WITH ASSOCIATES	4.2.2	Investments in companies consolidated under the equity method
30	**MANAGEMENT COMPENSATION**	**5.5**	**Management compensation**
31	**LITIGATION AND DISPUTES**	**4.5**	**Provisions for contingencies and litigation**
31.1	RESOLVED LITIGATION	4.5	Provisions for contingencies and litigation

31.2	ONGOING LITIGATION	4.5	Provisions for contingencies and litigation
31.2.1	Investigation of the Competition Authority regarding Fret SNCF	4.5	Provisions for contingencies and litigation
31.2.2	Investigation of the Competition Authority regarding Distribution and Express	4.5	Provisions for contingencies and litigation
31.3	OTHER LEGAL PROCEEDINGS	4.5	Provisions for contingencies and litigation
32	**SUBSEQUENT EVENTS**	**2.2**	**Subsequent events**
33	**SCOPE OF CONSOLIDATION**	**10**	**Main consolidated entities**
33.1	NUMBER OF CONSOLIDATED COMPANIES	10.1	Number of consolidated companies
33.2	DETAILED SCOPE OF CONSOLIDATION	10.3	List of main scope entities

REPORT ON THE

SNCF MOBILITÉS GROUP'S

CORPORATE GOVERNANCE

AND INTERNAL CONTROL

CHAIRMAN'S REPORT ON THE TERMS AND CONDITIONS GOVERNING THE PREPARATION AND ORGANISATION OF THE BOARD OF DIRECTORS' WORK AND THE INTERNAL CONTROL AND RISK MANAGEMENT PROCEDURES

The report on the terms and conditions governing the preparation and organisation of the Board of Directors' work and the internal control and risk management procedures was presented by the Chairman to the Board of Directors of SNCF Mobilités.

The report is based on the reference framework proposed by the AMF (French Securities Regulator).

The main changes and improvements to the SNCF Mobilités internal control and risk management functions for 2015 concern the following:

- The creation of a Public Rail Group (PRG), initiated under law 2014-872 of 4 August 2014, was one of the major events of 2015. The creation of *SNCF Group* (comprising EPIC SNCF, EPIC SNCF Réseau and EPIC SNCF Mobilités and their respective subsidiaries) consisted in the transfer of the SNCF Infrastructure activity (including Rail network operation and management) of SNCF Mobilités to SNCF Réseau (formerly RFF), and the creation of the EPIC SNCF parent company which is responsible for:
    - strategic control and steering, economic coherence, and industrial integration and social unity;
    - transversal tasks necessary for the national rail transport system, and shared tasks.
- The pursuit of the internal control plan with a campaign scope expanded to the subsidiaries of SNCF Mobilités, the development of workshops to exchange best practices between the various entities of EPIC SNCF Mobilités and its subsidiaries, and the implementation of transversal action plans. In 2015, three self-assessment campaigns for the entire scope of SNCF Mobilités and its subsidiaries were carried out. They covered key controls for the control environment, purchasing processes, supplier payments and expense claims. Some 200 entities were involved.
- The roll-out by the EPIC SNCF Mobilités Ethics representatives of the anti-corruption programme as well as their participation in two "Ethics mornings" on Corruption, Ethics and Digital Technology, for clarification and discussion with recognised experts. Furthermore, in 2015, four new factsheets were made available within EPIC SNCF Mobilités on the following topics: employee conduct in trains, principles of secularism and neutrality, gifts and technical trips (anti-corruption), corporate sponsorship and associative partnership initiatives (anti-corruption).
- The set-up of a reporting system for cases of internal and external fraud and ongoing awareness-raising among persons in charge of supplier payments within the Group on the increasing risk of fraudulent transfers (fraud involving the "Chairman" and similar cases).
- As part of the roll-out of the anti-corruption programme within SNCF Mobilités and its subsidiaries, the duties of the Géodis Ethics and Compliance Director created in 2014 were extended to include facilitation on these topics for the entire SNCF Logistics division. In addition, specific measures for each unit of the SNCF Logistics division were implemented, with the Division's support, in order to take into account the specificities of each business unit.
- To increase awareness-raising on occupational accident risks, the work health and safety training programmes being carried out until 2016 with the CNAM for the chairmen of Committees for Health, Safety and Working Conditions (2 days) and most managers (1 day) continued in cooperation with the Prevention & Health Branch.
- EPIC SNCF Mobilités and its subsidiaries have adopted the general safety policy set up within EPIC SNCF, and rolled out in 2015, for rail activity in France. It covers operational safety, employee and public health and safety, and environmental protection.

  Furthermore, in early 2016, a new SNCF Group transversal organisation was set up to ensure uniform coordination of the entire rail safety policy.

- Following the attacks in France, the safety measures for clients and employees were reinforced as follows:
    - Experiments designed to limit the impact of parcels abandoned on our lines are currently being conducted under the authority of the French State (particle detector, bomb blast protection).
    - The installation of security gates in stations used by Thalys. These installations have been equipped with X-ray scanners since December 20 at Paris Gare du Nord.
    - The deployment of teams with sniffer dogs trained to detect weapons and explosives at Paris Gare du Nord.
    - Close daily cooperation with security forces: joint exercises were organised with the Police and VIGIPIRATE military personnel.

This report is available on simple request from the SNCF Mobilités Finance and Development Department 9, rue Jean-Philippe Rameau 93212 LA PLAINE SAINT DENIS CEDEX

SNCF Mobilités

Statutory Auditors' report on the consolidated financial statements

For the year ended 31 December 2015

PricewaterhouseCoopers Audit
63, rue de Villiers
92208 Neuilly-sur-Seine Cedex
France

ERNST & YOUNG Audit
1-2, place des Saisons
92400 Courbevoie – Paris-La Défense 1
France
French S.A.S. with variable capital

Statutory Auditors' report on the consolidated financial statements

For the year ended 31 December 2015

SNCF Mobilités
9, rue Jean-Philippe Rameau
93212 Saint-Denis Cedex
France

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 readers. 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 an explanatory paragraph 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 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 should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

In compliance with the assignment entrusted to us by the French Minister for the Economy, Industry and Digital Affairs on 18 April 2014, we hereby report to you, for the year ended 31 December 2015, on:

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

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

I – Opinion on the consolidated financial statements

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

In our opinion, the consolidated financial statements give a true and fair view of the assets and liabilities and of the financial position of the Group at 31 December 2015 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:

- Notes 2.1.2, 4.3.2.1, 4.3.2.2 and 4.3.2.3 to the consolidated financial statements, which describe the context, uncertainties and contingencies as to certain economic and financial assumptions used by SNCF Mobilités to determine the recoverable amount of the assets of its TGV France and Europe (excluding Eurostar and Thalys) and Gares & Connexions cash-generating units. Given the uncertainty of these assumptions and the very high level of sensitivity of the recoverable amounts, the measurement of the value of these assets, and consequently that of deferred tax assets, could vary significantly over time.
- Notes 2.1.5, 2.2.3 and 4.5.2.2 to the consolidated financial statements, which describe the context within which SNCF Mobilités has recognised a provision for loss on completion of the future Intercités contract. The recognition of this provision and its amount are based on a certain number of assumptions which, as described in the notes to the consolidated financial statements, are subject to contingencies and uncertainties.

II – Justification of our assessments

As stated in Note 1.2 “Accounting judgements and estimates” to the consolidated financial statements, the accounting estimates used in the preparation of the consolidated financial statements for the year ended 31 December 2015 were made at a time of uncertainty regarding the business outlook and new economic challenges. It is in this context that, 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 bring to your attention the following matters:

- As stated in Note 4.3 “Impairment tests for non-current assets” to the consolidated financial statements, the Group carried out impairment tests on its assets. We examined the methods used to implement these tests and the key assumptions used to determine the recoverable amount, assessed the sensitivity of the evaluations to these assumptions and the governance approval process for the strategic plan wherein these assumptions are found, and verified that

Notes 2.1.2 and 4.3.2 to the consolidated financial statements provided appropriate disclosure.

- As indicated in Notes 5 "Employee benefits" and 3.3.2 "Employee benefit expenses and headcount", the Group recognises employee benefit liabilities and charges determined using actuarial calculations based on financial and demographic assumptions. Our work involved reviewing the data and reasonableness of the assumptions and estimates used and verifying that Notes 5 and 3.3.2 to the consolidated financial statements provided appropriate disclosure.

- Note 4.5 "Provisions for contingencies and litigation" to the consolidated financial statements, which describe the operating risks faced by SNCF Mobilités and the provisions set aside to cover these risks in the consolidated financial statements. We examined the procedures used by the Group to identify, measure and account for such risks and provisions. We assessed the reasonableness of these provisions, on the basis of currently available information, and verified that any uncertainties identified during the implementation of these procedures were appropriately disclosed in Note 4.5 to the consolidated financial statements.

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 and in accordance with professional standards applicable in France, we have also verified 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 and Paris-La Défense, 11 March 2016

The Statutory Auditors

PricewaterhouseCoopers Audit		ERNST & YOUNG Audit	
Laurent Daniel	Philippe Vincent	Christine Vitrac	Denis Thibon