CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2016

APRR Group - a French limited company (*société anonyme*) with share capital of €33,911,446.80.
Dijon Trade and Companies Register no: 016 250 029
Registered office: 36, Rue du Docteur-Schmitt / F-21850 Saint- Apollinaire, France – VAT no: FR 33016250029

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CONSOLIDATED FINANCIAL STATEMENTS

1. CONSOLIDATED BALANCE SHEET

(€ millions)	Notes	31/12/2016	31/12/2015
Non-current assets			
Property, plant and equipment	5	163.0	157.8
Intangible assets arising from concessions	5	6,590.6	6,643.8
Other intangible assets	5	50.5	47.0
Investments in associates	5	7.3	2.4
Other non-current financial assets	5	96.9	96.6
Other non-current assets	5	0.0	0.0
Total non-current assets		6,908.3	6,947.6
Current assets			
Inventories		8.4	9.3
Trade and other receivables	7	144.5	129.5
Current tax assets		0.0	0.0
Other current assets	8	212.5	185.0
Cash and cash equivalents	9	2,092.6	1,281.2
Total current assets		2,458.1	1,605.0
TOTAL ASSETS		9,366.4	8,552.5

(€ millions)	Notes	31/12/2016	31/12/2015
Capital and reserves			
Share capital	11	33.9	33.9
Consolidated reserves		(1,544.0)	(1,503.4)
Profit for the year		670.6	538.4
Share of equity attributable to equity holders of the parent company		(839.5)	(931.1)
Non-controlling interests		0.1	0.1
Total equity		(839.4)	(930.9)
Non-current liabilities			
Non-current borrowings	10	7,435.8	7,153.6
Deferred tax liabilities	23	6.3	22.2
Provisions	12	262.2	262.6
Other non-current liabilities	14	92.9	45.4
Total non-current liabilities		7,797.2	7,483.8
Current liabilities			
Trade and other payables		106.3	96.0
Borrowings	10	544.3	344.1
Non-current borrowings due within one year	10	1,388.9	1,229.1
Current tax liability		59.8	40.5
Provisions	12	40.0	33.6
Other liabilities	14	269.3	256.4
Total current liabilities		2,408.6	1,999.7
TOTAL EQUITY AND LIABILITIES		9,366.4	8,552.5

2. CONSOLIDATED INCOME STATEMENT AND STATEMENT OF COMPREHENSIVE INCOME

Consolidated income statement

(€ millions)	Notes	31/12/2016	31/12/2015
Revenue of which:	15	2 582.8	2 379.0
- revenue from the operation of infrastructures		2 327.7	2 213.8
- revenue from the construction of infrastructures held under concessions		255.1	165.3
Purchases and external charges	16	(366.2)	(280.3)
Employee benefit expenses	17	(207.6)	(214.2)
Taxes (other than income tax)	18	(328.5)	(301.1)
Depreciation and amortisation expenses	19	(396.6)	(405.1)
Provisions		(28.4)	(24.2)
Other operating income (expenses) from ordinary activities	20	4.2	5.2
Operating profit on ordinary activities		1 259.6	1 159.3
Other income (expenses) from operations		-	-
Operating profit		1 259.6	1 159.3
Income from cash and cash equivalents	21	9.3	13.1
Gross finance costs	22	(244.2)	(291.7)
Net finance costs		(234.9)	(278.6)
Other financial income and charges	22	(2.2)	0.8
Share of profit (loss) of associates		(0.5)	(2.0)
Income tax expense	23	(351.2)	(340.9)
Profit for the year from continuing operations		670.9	538.7
Profit for the year		670.9	538.7
- Equity holders of the parent company		670.6	538.4
- Non-controlling interests		0.3	0.3
Earnings per share attributable to equity holders of the parent company			
- Basic earnings per share (euros)		5.93	4.76
- Diluted earnings per share (euros)		5.93	4.76

Consolidated statement of comprehensive income

(€ millions)	31/12/2016	31/12/2015
Profit for the year	670.9	538.7
Items that will not be reclassified subsequently to profit or loss		
Actuarial gains and losses on staff benefits	(2.8)	3.3
Tax on items that will not be reclassified to profit or loss	1.0	(1.1)
Share of gains and losses of associates that will not be reclassified to profit or loss	0.0	0.0
Items that may be reclassified subsequently to profit or loss		
Translation differences	0.0	0.0
Re-measurement of derivative hedging instruments	0.0	0.0
Tax on items that are or may be reclassified subsequently to profit or loss	0.0	0.0
Share of gains and losses of associates that are or may be reclassified subsequently to profit or loss	2.6	0.4
Total income and expense recognised directly to equity	0.8	2.5
Comprehensive income for the year	671.6	541.2
Attributable to - Equity holders of the parent company	671.3	540.9
- Non-controlling interests	0.3	0.3

3. CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Consolidated statement of changes in equity for 2016

(€ millions)	Share capital	Share premium	Reserves	Financial instruments	Other (**)	Attributable to equity holders of the parent company	Non-controlling interests	Total equity
At 01/01/2016	33.9	0.3	(938.9)	(21.6)	(4.8)	(931.1)	0.1	(930.9)
Share-based payments			0.6			0.6		0.6
Dividends			(581.0)			(581.0)	(0.3)	(581.3)
Profit for the year			670.6			670.6	0.3	670.9
Income and expense recognised directly to equity				2.6	(1.8)	0.8		0.8
Total recognised income and expenses	*0.0*	*0.0*	*90.2*	*2.6*	*(1.8)*	*90.9*	*0.0*	*91.0*
Changes in scope and reclassifications			*0.6*			0.6		0.6
At 31/12/2016	33.9	0.3	(848.1)	(19.0)	(6.7)	(839.5)	0.1	(839.4)

Consolidated statement of changes in equity for 2015

(€ millions)	Share capital	Share premium	Reserves	Financial instruments	Other (**)	Attributable to equity holders of the parent company	Non-controlling interests	Total equity
At 01/01/2015	33.9	0.3	(99.3)	(22.0)	(7.0)	(94.0)	0.1	(93.9)
Share-based payments			0.5			0.5		0.5
Dividends			(1,379.1)			(1,379.1)	(0.3)	(1,379.3)
Profit for the year			538.4			538.4	0.3	538.7
Income and expense recognised directly to equity				0.4	2.1	2.5		2.5
Total recognised income and expenses	*0.0*	*0.0*	*(840.2)*	*0.4*	*2.1*	*(837.6)*	*0.0*	*(837.6)*
Changes in scope and reclassifications			*0.6*			0.6		0.6
At 31/12/2015	33.9	0.3	(938.9)	(21.6)	(4.8)	(931.1)	0.1	(930.9)

(**) Amounts in this column correspond to the treatment of actuarial gains and losses resulting from the measurement of commitments in respect of retirement indemnities.

4. CONSOLIDATED STATEMENT OF CASH FLOWS

(€ millions)	Notes	31/12/2016	31/12/2015
Cash and cash equivalents at the beginning of the year	9	1,281.2	2,104.9
Profit for the year		670.9	538.7
Net impact of associates		0.5	2.0
Depreciation and amortisation expense and provisions	19	396.9	397.8
Other adjustments		5.0	(2.5)
Gains (losses) on disposals		(0.9)	(3.0)
Cash generated by operations		1,072.4	932.9
Net interest expense		226.1	278.4
Interest paid		(322.2)	(339.4)
Income tax expense	23	351.2	340.9
Income tax paid		(346.9)	(362.2)
Movement in working capital related to ordinary activities		18.5	(25.2)
Net cash from operating activities (I)		999.2	825.4
Purchases of non-current assets		(337.0)	(232.2)
Non-current financial assets		(5.6)	(5.1)
Total purchases of non-current assets		(342.7)	(237.4)
Proceeds from disposals of non-current assets		1.5	4.2
Net cash used in investing activities (II)		(341.1)	(233.1)
Dividends paid to the shareholders	25	(581.3)	(1,379.3)
Repayment of borrowings	10	(1,186.3)	(1,323.8)
New borrowings	10	1,921.0	1,287.2
Net cash from (used in) financing activities (III)		153.4	(1,416.0)
Net increase (decrease) in cash and cash equivalents (I+II+III)		811.4	(823.7)
Cash and cash equivalents at the end of the year	9	2,092.6	1,281.2

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL INFORMATION

The APRR Group is primarily composed of two companies: APRR and AREA. These companies operate motorway networks, the construction of which they financed under the terms of two separate motorway concession agreements that will expire in November 2035 in the case of APRR and September 2036 in the case of AREA. Contract-based plans define the investment programmes for the two concessions and practices regarding tariffs for the periods covered by these plans.

The network covers a total of 2,323 kilometres of motorways, 2,308 kilometres of which are in service.

The motorway concession agreements and the related specifications are the principal instruments defining the relations between the French State, APRR and AREA: they govern the construction and operation of the motorways, the financial provisions applicable, the term of the concessions and the conditions for the return of the facilities at the end of the concession.

The principal provisions that could influence the operating outlook include:

- the obligation to maintain all structures in good service condition and to use every resource to maintain the continuity of traffic flows under good conditions;
- the provisions setting the toll rates and the rules for changing the rates;
- the clauses stipulating the provisions that will apply in the event of a change in the technical regulations or tax rules applicable to motorway companies; if such a change were likely to seriously compromise the financial position of the concessions, the State and the motorway company would come to a mutual agreement regarding compensation.
- the provisions that would guarantee the repair of the concession works at the expiration date, particularly the establishment, seven years prior to the end of the concession, of a maintenance and replacement programme for the last five years;
- the conditions for returning the assets to the State at the end of the concession and the restrictions on the assets: the assets to be returned shall revert to the State without financial consideration and they may not be sold, pledged as security or subjected to easements;
- the option for the French State of pre-emptively terminating concession contracts and buying back concession contracts: under public law, the State has a unilateral option to terminate concessions in the public interest and under the control of the courts; in addition, the agreement gives the State a buyback right as of 1 January 2012 on the grounds of the public interest.

The concession relating to the Maurice Lemaire tunnel (TML) has, since 31 January 2016, been integrated into APRR's concession agreement, whose term has been extended until 30 November 2035.

The parent company, APRR, is a limited company (*Société Anonyme* - SA) having its registered office at 36, Rue du Docteur Schmitt, 21850 Saint-Apollinaire, France.

It is controlled by Eiffage Group through its subsidiary Eiffarie, whose entire capital at 31 December was owned jointly by Eiffage Group and Macquarie Autoroutes de France (a company managed by Macquarie and owned by infrastructure investment funds).

The 2016 consolidated financial statements were approved by the Board of Directors on 21 February 2017 and shareholders will be invited to approve these financial statements at the General Meeting that is to be held on 23 June 2017.

Significant events in 2016:

A 17th amendment to the APRR concession contract was approved by decree no. 2016-70 published in the Official Journal dated 31 January 2016.

The aim of this amendment was to integrate the concession in respect of the Maurice Lemaire tunnel (TML) into the APRR contract, thereby significantly reducing the TML tariffs, in return for a ten-month extension to 30 November 2035 of the term of the APRR contract (the TML contract is in line with this new term).

APRR has also undertaken to repay and cancel a certain number of subsidies in respect of the TML and to participate in the related investments made by the State.

The expiry date of the AREA concession remains unchanged at 30 September 2036.

As a result of the extension of the term of the concession, the depreciation has been recalculated on the basis of the new term.

2. SIGNIFICANT ACCOUNTING POLICIES AND METHODS

2.1. Basis of preparation

The consolidated financial statements of APRR Group for the year ended 31 December 2016 have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union on 31 December 2016.

The information contained in the consolidated financial statements is presented in millions of euros unless otherwise indicated.

As a rule, assets and liabilities are reported at cost in the balance sheet, net of any amortisation and depreciation, subject to the following exceptions:

- cash equivalents, financial investments and derivative instruments are measured at fair value;
- provisions for liabilities and charges represent the discounted present value of the estimated expenditure to settle the obligation;
- provisions for employee benefits provided under defined benefit plans are measured on the basis described in Note 2.9 and section 13.

Changes in International Financial Reporting Standards (IFRS) up to the balance sheet date are summarised below.

The following new amendments adopted by the European Union were applied with effect from 1 January 2016:

- amendments resulting from the "Annual improvements to IFRSs 2010-2012 cycle"
- amendments to IAS 19, "Defined Benefit Plans: Employee contributions"
- amendments to IAS 1, "Disclosure Initiatives"
- amendments to IAS 16 and IAS 38, "Clarification of Acceptable Methods of Depreciation and Amortisation"
- amendments to IFRS 11, "Accounting for Acquisitions of Interests in Joint Operations"
- amendments resulting from the "Annual improvements to IFRSs 2012-2014 cycle"
- amendments to IAS 27, "Equity method in Separate Financial Statements"

A number of new standards adopted by the European Union will be effective for annual periods beginning on or after 1 January 2018. These were not applied early for the preparation of the present consolidated financial statements:

- IFRS 9, "Financial Instruments",
- IFRS 15, "Revenue from Contracts with Customers".

The Group is currently analysing the impacts of the application of these standards.

IFRS 16, "Leases", is one of the standards and amendments not yet adopted by the European Union. It is currently under review and, if adopted, will be applicable as from 2019.

2.2. Basis and methods of consolidation

Pursuant to IFRS10, entities controlled directly or indirectly by APRR are consolidated under the full consolidation method.

Control is established if APRR fulfils all the following conditions:

- it has power over the investee enabling it to direct the activities that significantly affect the investee’s returns;
- it has exposure to variable returns from its involvement with the investee; and
- it has the ability to use its power over the investee to affect the amount of the variable returns.

Pursuant to IAS 28 (revised), entities over which APRR exercises significant influence or possesses a right to the net assets through joint control of the entity are consolidated under the equity method.

APRR Group consists of the parent company APRR, its wholly-owned subsidiary AREA Participation which is consolidated under the full method, AREA, its 99.84%-owned subsidiary which is consolidated under the full method, and Adelac, a 49.90%-owned associate of AREA that is consolidated under the equity method. It also includes Axxès, a 34.01%-owned associate of APRR (including 6.42 % by AREA) consolidated under the equity method.

APRR has its registered office at 36, rue du docteur Schmitt, 21850 Saint-Apollinaire, France.
AREA and AREA Participation have their registered office at 250, avenue Jean Monnet, 69671 Bron, France.
AXXES has its registered office at 10-12, boulevard Vivier Merle, 69003 Lyons, France.

2.3. Non-current assets

Non-current assets are classified in three categories:

- Property, plant and equipment;
- Intangible assets arising from concessions
- Other intangible assets

2.3.1 Property, plant and equipment

Property, plant and equipment consist of “renewable” assets that have a useful life shorter than the concession (toll equipment, signage, remote transmission, video surveillance and computer equipment, motor vehicles and tooling). These assets are reported on the balance sheet at their historical cost, net of accumulated depreciation.

They are depreciated using the straight line method over their useful life, which is estimated at between three and ten years.

2.3.2 Intangible assets arising from concessions

Since the application of IFRIC 12 in 2009, intangible assets arising from concessions correspond to the right of the operator to charge users of the motorway networks held under concession arrangements, which was given in return for building the infrastructures.

The right granted to the operator is measured at the fair value of the construction services of the infrastructures, to which are added borrowing costs incurred during the period of construction and from which are deducted all remuneration received in cash, i.e. subsidies received from the party having granted the concession.

The intangible asset is amortised over the term of the concession using the straight-line method to reflect the rate at which the economic benefits derived from the service concession arrangement are consumed, as from the date the infrastructure is brought into service.

2.3.3 Other intangible assets

Other intangible assets comprise mainly software applications that are amortised using the straight-line method over their useful life, estimated at between three and five years.

2.4. Borrowing costs

Borrowing costs incurred during the period of construction of a qualifying asset are capitalised as part of the cost of the asset. In the Group's case, qualifying assets are intangible assets arising from concessions for which construction took longer than 12 months to complete.

In respect of qualifying assets:

- interest is capitalised on the basis of the average monthly value of the assets or work in progress for which a payment has been made during the year;
- the specific effective interest rate for the loan is applied to this monthly average disbursement, if the qualifying asset has been financed by a specific loan, or the weighted average effective interest rate for other loans for qualifying assets not financed by a specific loan.

2.5. Asset impairment

Given the legal terms of the existing concession agreements and the financial provisions governing these agreements, two distinct cash-generating units (CGU) have been identified: one for the two APRR concessions and the other for the AREA concession.

Impairments tests are performed when there is any indication that an asset may be impaired. When there is an indication of impairment, the net carrying amount of the asset is compared to its recoverable amount, which is defined as the higher of an asset's fair value less costs to sell and its value in use. The value in use is the discounted present value of the future cash flows expected to be generated by the cash-generating unit, taking into account the asset's residual value when appropriate. The present value of this cash flow is determined using a discount rate appropriate to the nature of the cash-generating unit.

2.6. Financial instruments

2.6.1 Financial assets and liabilities

Financial assets comprise available-for-sale financial assets, held-to-maturity financial assets, financial assets at fair value through profit or loss, derivative instruments, operating loans and receivables, and cash and cash equivalents.

Financial liabilities comprise financial liabilities measured at amortised cost, financial liabilities at fair value through profit or loss, other financings and bank facilities, derivative instruments, and operating liabilities.

The above financial assets and financial liabilities are recognised and measured in accordance with IAS 39, "Financial Instruments: Recognition and Measurement".

2.6.2 Recognition and measurement

a) Held-to-maturity financial assets are investments with a determinable payment and fixed maturity. After initial recognition at fair value, these assets are measured and accounted for at amortised cost using the effective interest method, less any impairment losses.

b) Available-for-sale financial assets comprise mainly non-consolidated participating interests (included under other non-current financial assets) and marketable securities not meeting the definition of the other categories of financial assets. After initial recognition, these assets are measured at fair value, any change in fair value being recognised directly in equity except for impairment losses. When these assets are derecognised, any cumulative gain or loss that has been recognised in equity is reversed to profit or loss (included under other financial income and expenses).

c) Financial assets and financial liabilities at fair value through profit or loss comprise assets and liabilities that the Group intends to sell or repurchase in the near term to generate a gain as well as those assets that the Group has opted to designate as at fair value. Gains and losses on these assets correspond to interest, dividends, changes in fair value and gains or losses on disposal.

   Gains and losses are accounted for as finance costs or other financial income and charges depending on their nature.

d) Cash and cash equivalents are also measured at fair value through profit or loss. They include cash in hand, cash at bank, short-term deposits on the date of initial recognition, and very short-term UCITS not presenting significant risk of an impairment in value.

   Bank facilities repayable on demand form an integral part of the Group's treasury management and constitute a component of cash positions for the purpose of the statement of cash flows.

e) Loans and other financial liabilities are recognised initially at fair value less transaction costs. Subsequently, they are measured at amortised cost using the effective interest rate method.

f) Derivative financial instruments held by the Group to hedge its exposure to risks of changes in interest rates in respect of certain variable rate loans are recognised initially at fair value. Attributable transaction costs are recognised in profit or loss when incurred. Subsequent changes in fair value, obtained from the financial institutions having issued the instruments, are recognised directly in equity for the effective portion of the derivative instruments designated as cash flow hedges.

   Derivative instruments, when they have been entered into to hedge risks of changes in fair value arising from the interest rate risk on certain fixed rate loans, are recognised initially at fair value. Subsequent changes in fair value, obtained from the financial institutions having issued the instruments, are recognised directly in profit or loss, the hedged loans being re-measured to reflect the interest risk and any changes are recognised in profit or loss.

   Changes in fair value of the ineffective portion are recognised in profit or loss. Instruments not qualifying as hedging instruments for accounting purposes are recognised initially and measured subsequently at fair value, with changes in fair value recognised in profit or loss under "other financial income and charges".

   The gain or loss relating to the effective portion of a hedge is recognised as a component of borrowing costs in the periods during which the hedged items affect the income statement.

   The valuation linked to the credit risk of derivative instruments is calculated from past default probabilities based on the calculations produced by a first-rate credit rating agency, to which are then applied a collection rate.

2.7. Inventories

Inventories are valued applying the weighted average cost method. An impairment loss is recognised when net realisable value is less than the cost of acquisition.

2.8. Trade and other receivables

Trade and other receivables have due dates under six months. They are measured at face value. Appropriate allowances for estimated irrecoverable amounts are recognised when it is uncertain whether these amounts can be collected.

2.9. Employee benefits

2.9.1 Retirement indemnities

Employee benefits under defined benefit plans concern retirement indemnities. The actuarial method used to measure these obligations is the projected unit credit method.

Assets allocated to cover these obligations are measured at fair value and deducted from the actuarial obligation reported on the balance sheet.

Actuarial gains and losses result from the effects of changes in actuarial assumptions and from experience adjustments (differences between the previous actuarial assumptions and what has actually occurred). These actuarial differences are now recognised directly in other comprehensive income.

Past service cost corresponds to benefits vested when the company introduces a new defined benefit plan or when it modifies the level of benefits for an existing plan. Past service cost is now recognised directly in profit or loss.

2.9.2 Commitments arising under the early retirement scheme

A provision has been recognised in respect of the Group's commitments arising from the agreement signed in 2007 regarding early retirement. Payments that are to be made are accounted for as termination benefits.

The provision was determined on an actuarial basis for the population concerned. The average retirement age was estimated at 62 years (given the particular characteristics of the population). The same discount hypotheses were used as for retirement indemnities.

The provision covers the replacement indemnity payable to the employee until the effective retirement date for that part that is borne by the employer.

2.10. Provisions

2.10.1 Non-current provisions

Non-current provisions comprise provisions for retirement indemnities and for long service medals (see Note 2.9 above) as well as provisions for maintaining infrastructures in condition.

Contractual obligations for maintaining infrastructures in condition require provisions to be recognised. These provisions cover mainly the cost of heavy repairs to the surface courses. They are determined based on a multi-year spending programme, which is revised each year. This spending is re-measured by applying appropriate indexes (mainly the TP09 index).

Provisions are also recognised when it is established that repairs must be carried out to specific engineering works to remedy problems.

These provisions are recognised at their present value. The cost of discounting provisions is recognised under other finance costs.

The current portion of these provisions is classified as current provisions.

2.10.2 Current provisions

Current provisions comprise mainly:

- the current portion of provisions for maintaining infrastructures in condition;
- the current portion of provisions for retirement indemnities and for long service medals; and
- other provisions for liabilities and charges, which include the provisions for early retirement (see Note 2.9 above), for staff disputes and for disputes related to the activities (i.e. disputes with customers, sub-contractors and suppliers).

2.11. Leasing agreements

2.11.1 Operating leases

When assets are made available to the Group under operating leases (equipment, offices, buildings and parking lots), lease payments are recognised by spreading all expenses related to these leases, including set-up costs, over the term of the lease agreement using the straight line method.

When assets built by the Group are made available under operating leases (fibre optic cables leased to telecommunication operators, commercial facilities leased to operators at rest areas), these assets are recognised as assets in the balance sheet and are accounted for in the same way as other items of property, plant and equipment. Income guaranteed under these lease agreements is recognised over the term of the lease agreements using the straight line method. Conditional rents are recognised when earned.

2.11.2 Finance leases

Assets made available under finance leasing agreements are recognised as non-current assets when the lease agreement transfers substantially all the risks and rewards incident to ownership to the Group, the other side of the entry being to recognise the corresponding liability.

Assets made available under finance leases are depreciated over their estimated useful life.

2.12. Revenue and other income

Revenue from the operation of infrastructures is generated mainly by the tolls collected for the use of these infrastructures. It is recognised as and when the corresponding services are provided.

As required by IFRIC 12, revenue from the construction of infrastructures held under concessions includes the income relating to construction services subcontracted by the Group (determined using the percentage of completion method as required by IAS 11). Related costs are included under purchases and external charges.

2.13. Income tax

Income tax includes current tax and deferred tax.

Income tax is calculated in accordance with tax regulations applicable in France.

As a rule, deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax is calculated at the rates that are expected to apply in the period when the liability is settled or the asset realised insofar as these rates are known at the balance sheet date.

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which to obtain relief.

Deferred tax assets and liabilities are offset, regardless of the period when they are expected to reverse, given the existence of a tax group, provided these assets and liabilities relate to transactions entered into since the election to be assessed on a group basis.

Since 1 January 2011, APRR Group has been a member of the tax consolidation group of which the parent company is Financière Eiffarie and which includes Eiffarie, APRR, AREA Participation, AREA and SIRA. The agreement signed by the companies belonging to this tax group was drawn up on the basis of fiscal neutrality for the various group companies.

2.14. Dividends

Dividends distributed to the Company's shareholders are recognised as a liability in the consolidated financial statements in the period when these dividends have been approved by the Shareholders' General Meeting.

2.15. Segment reporting

The Group has a single activity consisting of the operation of motorway networks under concession agreements. In the case of the two main concessions consolidated under the full method, the agreements expire on 30 November 2035 and 30 September 2036 respectively. These networks are located exclusively in France. All key indicators for the Group and its performances are analysed by management at consolidated level. Furthermore, the Toll activity accounts for 97% of revenue (excluding revenue from the construction of infrastructures held under concessions), so that ancillary activities are not material as regards the Group's performances. Consequently, no information broken down by business segment or by geographic region is provided in the consolidated financial statements.

2.16. Basis of presentation

In the balance sheet, assets and liabilities are analysed and reported as either current or non-current items.

In the income statement, operating expenses are analysed and reported according to their nature.

Operating profit on ordinary activities, operating profit, finance costs and net finance costs reported in the income statement and in the statement of comprehensive income are presented in accordance with recommendation no. 2013-03 of 7 November 2013.

Net finance costs represent total finance cost on borrowings less financial income generated by cash and cash equivalents.

2.17. Tax credit for competitiveness and employment

The third Additional Budget Act for 2012 introduced a tax credit for competitiveness and employment (*Crédit d'Impôt pour la Compétitivité et l'Emploi* - CICE) effective from 1 January 2013.

The income receivable in respect of this tax credit is recognised to match the pace at which corresponding payroll costs are committed.

Income relating to this tax credit is offset against employee benefit expense in the income statement.

This tax credit was applied mainly to the acquisition of production software and equipment along with investments in research and innovation, training and accident prevention, customer services, and sustainable development.

3. FINANCIAL RISK MANAGEMENT

Currency risk

The Group operates principally in the countries of the euro zone, essentially in France. It is therefore exposed to a limited currency risk on the transactions to which it is party.

All of the Group's borrowings are denominated in euros.

Liquidity risk

The liquidity risk is mitigated by the recurring nature of the cash flow and debt repayments.

To finance its day-to-day operations, the Group has negotiated a €1,800 million syndicated loan bearing a variable interest rate. At 31 December 2016, no amount had been drawn down against this loan.

Two bond issues were completed in 2016:

- in June, an issue of €700 million of fixed-rate bonds maturing in January 2026,
- in November, an issue of €1,000 million of fixed-rate bonds in two tranches of €500 million each, maturing in January 2027 and January 2031 respectively.

Under these conditions, the amount remaining available under the EMTN programme came to €0.85 billion at 31 December 2016 taking into account notes issued and redeemed since the programme's inception.

The Group has given undertakings to Caisse Nationale des Autoroutes (CNA) and the members of the banking pool to comply with the following ratios:

- Net debt will be less than 7 times EBITDA
- EBITDA will be more than 2.2 times net financial charges.

These two ratios were 4.3 times and 7.2 times, respectively, at 31 December 2016.

Non-compliance with either of these ratios would be regarded as a default event, triggering the early repayment of APRR's entire debt.

The Group's long-term debt is rated A- (Stable Outlook) by Standard & Poors and BBB+ (Positive Outlook) by Fitch.

Were these ratings to be downgraded, this would push up spreads and interest rates on the bank loans and on the bonds issued in connection with the EMTN programme.

An analysis of financial liabilities is provided in Note 10.

Interest rate risk

At 31 December 2016, 81% of the Group's gross borrowings bore fixed rates, 1% fixed rates on a nominal amount indexed to inflation, and 19% variable rates.

Based on borrowing at the year-end, the Group does not have significant exposure in terms of interest expenses to a rise in interest rates.

A sensitivity analysis was performed, which indicates that:

- Based on borrowings at 31 December 2015, a 100 basis point change in variable rates (Euribor) would impact finance costs by €17.5 million and net profit by €11.4 million.

- Based on borrowings at 31 December 2016, a 100 basis point change in variable rates (Euribor) would impact finance costs by €14.4 million and net profit by €9.4 million.

Inflation risk

As toll fares are indexed to the annual retail price index, excluding tobacco, the Group is exposed to a fall in inflation.

This exposure is partly mitigated to the extent that a portion of the Group's borrowing bears a rate fixed on a nominal indexed to inflation.

The portion of the borrowings in question amounted to around 1% at 31 December 2016 (compared with 4% at 31 December 2015).

In this way, the Group benefits from a partial hedge of the risk attendant to weaker inflation. If inflation is weaker, this will lead to a lower increase in toll fares but it will also reduce finance costs in the portion of the borrowings indexed to inflation, as a result reducing the overall negative impact of weaker inflation on the Group's earnings.

Credit risk

(€ millions)	2016	2015
Past dues: between 0 and 3 months	8.8	5.4
Past dues: between 3 and 6 months	1.9	1.7
Past dues: over 6 months	4.4	5.4
Total past dues	15.0	12.6

Past dues concern a very large number of customers given the activities carried on by the Group. It is therefore impossible to assess the overall financial solidity of these customers.

The provisioning rate in respect of past dues is around 28% of the total amount receivable.

For the purpose of managing its cash position and hedging transactions, the Group enters into relations only with the most reputable financial institutions.

Risk management

Risk management is aimed at identifying, assessing, processing and monitoring the risks to which the Group is exposed. These risks are of a diverse nature: operational, financial, strategic, human, regulatory and reputational.

Risk management is based on a structured, documented process and on the risk management policy as defined by top management.

The mapping of the risks to which the Group is exposed was updated in 2016.

4. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

When preparing the consolidated financial statements, reliance is placed on estimates and assumptions that could affect the amounts of the assets and liabilities at the balance sheet date and income and charges for the period.

These estimates take into account economic data as well as assumptions that may vary over time, and contain elements of uncertainty.

The estimates concern essentially the determination of recoverable amounts of the assets, retirement obligations, the fair value of derivative instruments, and current and non-current provisions.

5. NON-CURRENT ASSETS

2016

	At 1 January	Increases	Decreases	At 31 December
a) Cost or valuation				
Property, plant and equipment	745	53	(47)	750
Intangible assets arising from concessions	13,265	288	(10)	13,544
Other intangible assets	200	14	(0)	215
Investments in associates	2	5	-	7
Unlisted participating interests	4	-	-	4
Other investments	-	1	-	1
Loans	6	1	(0)	6
Other financial assets	89	5	(6)	88
Total other financial assets	99	6	(6)	99
Total	14,311	366	(62)	14,615

	At 1 January	Increases	Decreases	At 31 December
***b) Accumulated depreciation and impairment* (1)**				
Property, plant and equipment	(587)	(47)	46	(587)
Intangible assets arising from concessions	(6,621)	(341)	9	(6,953)
Other intangible assets	(153)	(11)	0	(164)
Investments in associates	-	-	-	-
Unlisted participating interests	(2)	-	0	(2)
Other investments	-	-	-	-
Loans	-	-	-	-
Other financial assets	-	-	-	-
Total other financial assets	(2)	-	0	(2)
Total	(7,363)	(399)	56	(7,707)
Carrying value (a-b)	6,948	(33)	(6)	6,908

(1) No impairment loss was recognised in 2016.

The increase in intangible assets from concessions in 2016 was due notably to new constructions (the connection between the A6 and the A89) and work aimed at widening motorway sections (A46 North, A6, A71, A75 and A480 motorways).

Borrowing costs amounting to €0.8 million were capitalised in 2016 (2015: €1.1 million).

2015

	At 1 January	Increases	Decreases	At 31 December
a) Cost or valuation				
Property, plant and equipment	748	51	(54)	745
Intangible assets arising from concessions	13,097	173	(5)	13,265
Other intangible assets	191	9	(0)	200
Investments in associates	1	1	-	2
Unlisted participating interests	4	0		4
Other investments	-			-
Loans	5	1	(0)	6
Other financial assets	88	5	(5)	89
Total other financial assets	98	5	(5)	99
Total	14,136	240	(64)	14,311

	At 1 January	Increases	Decreases	At 31 December
b) Accumulated depreciation and impairment *(1)*				
Property, plant and equipment	(594)	(46)	54	(587)
Intangible assets arising from concessions	(6,267)	(358)	4	(6,621)
Other intangible assets	(145)	(8)	0	(153)
Investments in associates	-	-	-	-
Unlisted participating interests	(2)	-	0	(2)
Other investments	-	-	-	-
Loans	-	-	-	-
Other financial assets	-	-	-	-
Total other financial assets	(2)	-	0	(2)
Total	(7,009)	(413)	58	(7,363)
Carrying value (a-b)	7,127	(173)	(6)	6,948

(1) No impairment loss was recognised in 2015.

(€ millions)	**31/12/2016**	**31/12/2015**
Works contracts signed but not executed	197.8	184.4

Furthermore, from 2017 to 2021, the Group is committed to undertaking work to build and widen motorways and to create new exchanges that are expected to cost €790 million in total.

6. INVESTMENTS IN ASSOCIATES

Investments in associates consist of the Group's shareholding in Adelac, the concession holder for a 19-kilometre section of the A41 motorway between Villy le Pelloux-Saint Martin-Bellevue and Saint-Julien-en-Genevois, and Axxès, which markets and manages toll subscriptions for heavy goods vehicles.

Key financial data for associates are summarised in the table below:

(€ millions)	ADELAC	AXXES
Country	France	France
Percentage owned	49.82%	34.01%
Dividends paid to the Group	0.0	
Current assets	103.9	172.7
Non-current assets	729.5	20.8
Total assets	833.4	193.4
Capital and reserves	5.9	12.8
Current liabilities	3.1	168.9
Non-current liabilities	824.4	11.8
Total equity and liabilities	833.4	193.4
Revenue	51.4	875.5
Net loss for the year	(30.0)	(1.6)
Other comprehensive income	35.1	
Comprehensive income	5.1	(1.6)
Share of profit (losses) of associates recognised	0.0	(0.5)
Share of items of other comprehensive income of associates recognised	2.6	
Group's share of the capital and reserves of associates	3.0	4.3
Share of losses of associates not recognised	22.0	0.0
Share of items of other comprehensive income of associates not recognised	(22.0)	0.0
Carrying amount of investment	3.0	4.3
Market capitalisation	N/A	N/A
Headcount	0	53

Other items of comprehensive income are related to changes in the fair value of interest-rate hedging instruments, which are treated in a similar way as the APRR group (See Note 2.6.2).

7. TRADE AND OTHER RECEIVABLES

(€ millions)	31/12/2016	31/12/2015
Trade receivables – Tolls	92.0	85.0
Trade receivables - Other activities	56.7	49.3
Impairment losses	(4.2)	(4.8)
Trade and other receivables	144.5	129.5

Trade receivables arising from other activities include mainly amounts billed to sub-concession operators in respect of commercial establishments at motorway rest areas.

8. OTHER CURRENT ASSETS

(€ millions)	31/12/2016	31/12/2015
State - Value added tax	35.5	28.4
Sundry receivables	173.8	153.8
Prepayments	1.3	1.3
Other	2.0	1.4
Other current assets	212.5	185.0

Sundry receivables comprise mainly receivables linked to inter-company toll payments.

9. CASH AND CASH EQUIVALENTS

(€ millions)	31/12/2016	31/12/2015
Cash at bank and in hand	408.1	590.7
Cash equivalents	1,684.5	690.6
Cash and cash equivalents	2,092.6	1,281.2

Cash and cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and that present negligible risk of changes in value.

10. FINANCIAL ASSETS AND FINANCIAL LIABILITIES

In 2016, two new bond issues amounting to €1,700 million were completed in connection with the EMTN programme.

During the year, loans totalling €386 million were repaid to Caisse Nationale des Autoroutes (CNA) along with debenture loans totalling €800 million in respect of the EMTN programme.

As regards the syndicated loan which totalled €1,800 million, no amounts were drawn down nor were any repayments made during the year under review.

The outstanding commercial paper totalled €353 million at 31 December 2016, compared with €132 million at 31 December 2015.

Net debt analysed by maturity and related interest receivable and payable:

At 31 December 2016	Carrying value	Capital and interest movements	Less than 1 year	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	After 5 years
Cash and cash equivalents								
Marketable securities	1,684.5							
Cash at bank and in hand	408.1							
Sub-total	**2,092.6**							
Financial liabilities: current and non-current								
Long-term borrowings	7,415.6	7,460.3	0.0	1,215.4	1,080.2	1,080.1	757.6	3,327.0
Derivative instruments - liabilities	20.2							
Interest payable in respect of non-current financial liabilities		*828.5*	*163.9*	*162.5*	*105.1*	*74.9*	*58.3*	*263.6*
Non-current borrowings	**7,435.8**	**8,288.8**	**163.9**	**1,377.9**	**1,185.4**	**1,155.0**	**815.9**	**3,590.7**
Long-term borrowings due within 1 year	1,388.9	1,393.5	1,393.5					
Interest payable in respect of long-term borrowings due within 1 year		*72.3*	*72.3*					
Non-current borrowings due within one year	**1,388.9**	**1,465.8**	**1,465.8**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
Current borrowings and other debts	**544.3**	**353.0**	**353.0**					
Total borrowings	**9,369.0**	**10,107.6**	**1,982.7**	**1,377.9**	**1,185.4**	**1,155.0**	**815.9**	**3,590.7**
Net debt	**-7,276.3**							

Capital and interest movements excluding loan issuance costs, issuance premiums and other items not involving the movement of funds.

Capital and interest movements in the above table concern the debt as reported on the balance sheet at 31 December 2016. They do not reflect any early repayments or new loans that may occur in the future.

Interest movements include movements relating to derivative instruments reported as assets and liabilities (i.e. interest rate swaps). They were not discounted to their present value.

Interest movements for variable rate loans are based on interest rates ruling on 31 December 2016. Movements for loans with fixed rates on an indexed nominal are based on projected annual inflation of 1.50%.

€191 million of the movements in respect of current borrowings and other debts was due to accrued interest payable, which is included in the above interest movement. The remainder, amounting to €353 million, corresponds to outstanding commercial paper that has been issued.

At 31 December 2015	Carrying value	Capital and interest movements	Less than 1 year	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	After 5 years
Cash and cash equivalents								
Marketable securities	690.6							
Cash at bank and in hand	590.7							
Sub-total	**1,281.2**							
Financial liabilities: current and non-current								
Long-term borrowings	7,128.4	7,150.2	0.0	1,392.0	1,214.7	1,079.7	1,079.6	2,384.1
Derivative instruments - liabilities	25.2							
Interest payable in respect of non-current financial liabilities		*836.9*	*215.2*	*215.3*	*141.6*	*83.4*	*52.0*	*129.4*
Non-current borrowings	**7,153.6**	**7,987.1**	**215.2**	**1,607.3**	**1,356.3**	**1,163.1**	**1,131.6**	**2,513.6**
Long-term borrowings due within 1 year	1,229.1	1,237.0	1,237.0					
Interest payable in respect of long-term borrowings due within 1 year		*45.8*	*45.8*					
Non-current borrowings due within one year	**1,229.1**	**1,282.8**	**1,282.8**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
Current borrowings and other debts	**344.1**	**132.0**	**132.0**					
Total borrowings	**8,726.8**	**9,401.9**	**1,630.0**	**1,607.3**	**1,356.3**	**1,163.1**	**1,131.6**	**2,513.6**
Net debt	**-7,445.5**							

Capital and interest movements excluding loan issuance costs, issuance premiums and other items not involving the movement of funds.

(€ millions)	Carrying value 31/12/2016	Fair value 31/12/2016	Carrying value 31/12/2015	Fair value 31/12/2015
Financial assets				
Cash and cash equivalents	2,092.6	2,092.6	1,281.2	1,281.2
Loans	6.2	6.2	5.7	5.7
Interest rate swaps	5.4	5.4	7.8	7.8
Other financial assets	85.3	85.3	83.0	83.0
Trade and other receivables	144.5	144.5	129.5	129.5
Other current assets	212.5	212.5	185.0	185.0
Other non-current assets	0.0	0.0	0.0	0.0
Financial liabilities				
Variable rate loans	1,625.6	1,675.0	1,924.2	1,992.3
Fixed rate loans with indexed nominal	52.7	65.0	332.8	360.1
Fixed rate loans	7,100.8	7,566.7	6,076.6	6,512.7
Interest rate swaps	20.2	20.2	25.2	25.2
Other financial liabilities	569.7	569.7	368.0	368.0
Trade and other payables	106.3	106.3	96.0	96.0
Other non-current liabilities	92.9	92.9	45.4	45.4
Other liabilities	269.3	269.3	256.4	256.4

The fair value of derivative instruments corresponds to the mark-to-market value communicated by the various counterparties.

(€ millions)	2016			2015		
	Fair value hierarchy level:			Fair value hierarchy level:		
	level 1:	level 2:	level 3:	level 1:	level 2:	level 3:
Financial assets measured at fair value						
Cash and cash equivalents	2,092.6			1,281.2		
Interest rate swaps		5.4			7.8	
Unlisted participating interests			2.4			2.3
Total financial assets measured at fair value	**2,092.6**	**5.4**	**2.4**	**1,281.2**	**7.8**	**2.3**
Financial liabilities						
Fixed-rate loans measured at fair value						
Notional		*75.0*			*75.0*	
Revalued		*2.4*			*4.2*	
Interest rate swaps		20.2			25.2	
Total financial liabilities measured at fair value	**-**	**97.6**	**-**	**-**	**104.4**	**-**

Level 1: quoted prices in an active market
Level 2: internal model with observable inputs
Level 3: internal model with unobservable inputs

(€ millions)	Notional amounts analysed by maturity date at 31 December 2016				o/w derivatives qualifying as fair value hedges		o/w derivatives qualifying as autonomous	
	2018	2020	Total	Fair value	Notional	Fair value	Notional	Fair value
Interest rate swaps								
Interest rate swap, pay variable/receive 3.38%	75.0	-	**75.0**	5.4	75.0	5.4		
Interest rate swap, pay variable/receive variable	58.4	-	**58.4**	0.0	0.0	-	58.4	0.0
Interest rate swap, pay variable/receive 4.5 %	75.0	-	**75.0**	(0.4)	-	-	75.0	(0.4)
Interest rate swap, pay variable/receive variable	75.0	-	**75.0**	(2.5)	-	-	75.0	(2.5)
Interest rate swap, pay 4.5%/receive variable		91.6	**91.6**	(17.4)	-	-	91.6	(17.4)
Total financial assets measured at fair value	**283.4**	**91.6**	**375.0**	**(14.8)**	**75.0**	**5.4**	**300.0**	**(20.2)**

At 31 December 2016, the portfolio of derivative instruments held by the APRR Group consisted of a remaining group of five derivative contracts, including one swap receiving a fixed rate and paying a variable rate, which was designated as a fair value hedge (with a nominal value of €75 million, maturing in 2018), and three options entered into partly to mitigate exposure to higher interest rates and one swap paying a fixed rate and receiving a variable rate (arising from the exercise of a swaption having matured in April 2010), which are treated as autonomous instruments for accounting purposes. These were entered into in the second half of 2005 as part of a variable rate programme scaled back to €300 million at 30 June 2010, matched to the following loans:

- €208.4 million against the 4.50% CNA loan maturing on 28 March 2018; and
- €91.6 million until April 2020, corresponding to a portion of the debt equivalent to the 4.50% CNA loan that matured on 25 April 2010;

Taking into account the credit risk in the measurement of the fair value of derivative instruments, as required by IFRS 13, did not have a material impact.

Financial assets and financial liabilities analysed by category

At 31 December 2016

Financial assets	Carrying value	Financial asset category (*): Financial assets available for sale	Financial assets at fair value through	Loans and receivables	Financial hedging instruments	Fair value	
Other non-current financial assets and investments in associates	104.2	2.4	7.3	89.1	5.4	104.2	(2) and (3)
Trade and other receivables	144.5	0.0	0.0	144.5	0.0	144.5	(2)
Other current assets	212.5	0.0	0.0	212.5	0.0	212.5	(2)
Cash and cash equivalents	2,092.6	0.0	2,092.6	0.0	0.0	2,092.6	(1)
Total	**2,553.9**	**2.4**	**2,100.0**	**446.1**	**5.4**	**2,553.9**	

(*) There was no reclassification of financial assets between categories in 2016.

Financial liabilities	Carrying value	Liability at amortised cost	Financial hedging instruments	Fair value	
Borrowings and other debts	9,369.0	9,348.8	20.2	9,896.6	(2)
Trade payables	106.3	106.3	0.0	106.3	(2)
Other current and non-current liabilities	362.2	362.2	0.0	362.2	(2)
Total	**9,837.5**	**9,817.3**	**20.2**	**10,365.1**	

Fair value determined by reference to:
(1): Level 1: quoted prices in an active market
(2): Level 2: internal model with observable inputs
(3): Level 3: internal model with unobservable inputs

At 31 December 2015

Financial assets	Carrying value	Financial asset category (*): Financial assets available for sale	Financial assets at fair value through profit or loss	Loans and receivables	Financial hedging instruments	Fair value	
Other non-current financial assets and investments in associates	99.0	2.3	2.4	86.4	7.8	99.0	(2) and (3)
Trade and other receivables	129.5	0.0	0.0	129.5	0.0	129.5	(2)
Other current assets	185.0	0.0	0.0	185.0	0.0	185.0	(2)
Cash and cash equivalents	1,281.2	0.0	1,281.2	0.0	0.0	1,281.2	(1)
Total	**1,694.6**	**2.3**	**1,283.6**	**400.8**	**7.8**	**1,694.6**	

(*) There was no reclassification of financial assets between categories in 2015.

At 31 December 2015

Financial liabilities	Carrying value	Liability at amortised cost	Financial hedging instruments	Fair value	
Borrowings and other debts	8,726.8	8,701.6	25.2	9,258.2	(2)
Trade payables	96.0	96.0	0.0	96.0	(2)
Other current and non-current liabilities	301.7	301.7	0.0	301.7	(2)
Total	**9,124.5**	**9,099.3**	**25.2**	**9,655.9**	

Fair value determined by reference to:
(1): Level 1: quoted prices in an active market
(2): Level 2: internal model with observable inputs
(3): Level 3: internal model with unobservable inputs

11. SHARE CAPITAL

	Number of shares	Euros
Ordinary shares issued and fully paid at 31 December 2016	113,038,156	33,911,446.80

The share capital consists of shares with a par value of €0.30 each.

The number of shares in issue and their par value have not changed since 1 January 2016.

The company does not hold any of its shares in treasury. No particular right, preference or restriction is attached to the shares.

12. PROVISIONS

	At 01/01/2016	Additional provisions in the year	Provisions utilised	Provisions reversed	Other	At 31/12/2016
Provision for retirement indemnities	41.2	3.2	(1.3)		2.4	45.5
Provision for long-service medals	0.9	0.1	(0.2)		0.0	0.8
Provision for maintaining infrastructures in condition	220.5	32.8	(31.7)		(5.8)	215.9
Non-current provisions	**262.6**	**36.1**	**(33.2)**	**0.0**	**(3.4)**	**262.2**
Provision for retirement indemnities	0.6				0.4	1.0
Provision for long-service medals	0.2				(0.0)	0.2
Provision for maintaining infrastructures in condition	31.6				5.8	37.4
Other provisions for liabilities and charges	1.2	0.7	(0.3)	(0.3)		1.4
Current provisions	**33.6**	**0.7**	**(0.3)**	**(0.3)**	**6.2**	**40.0**

Items in the "Other" column correspond mainly to actuarial gains and losses on retirement indemnities recognised in other comprehensive income.

	At 01/01/2015	Additional provisions in the year	Provisions utilised	Provisions reversed	Other	At 31/12/2015
Provision for retirement indemnities	42.5	3.2	(1.6)		(2.9)	41.2
Provision for long-service medals	1.0	0.1	(0.3)		0.1	0.9
Provision for maintaining infrastructures in condition	223.9	27.8	(33.5)		2.4	220.5
Non-current provisions	**267.4**	**31.1**	**(35.4)**	**0.0**	**(0.4)**	**262.6**
Provision for retirement indemnities	1.0				(0.4)	0.6
Provision for long-service medals	0.3				(0.1)	0.2
Provision for maintaining infrastructures in condition	34.0				(2.4)	31.6
Other provisions for liabilities and charges	1.9	0.5	(0.9)	(0.3)	0.0	1.2
Current provisions	**37.2**	**0.5**	**(0.9)**	**(0.3)**	**(2.9)**	**33.6**

13. EMPLOYEE BENEFITS PROVIDED UNDER DEFINED BENEFIT PLANS AND LONG-TERM BENEFITS

These benefits consist of retirement indemnities and long service medals.

Assumptions

The expected return on plan assets was 2.00% in 2015 and 1.50% in 2016.

The actual return on plan assets was 2.92% in 2015 and 2.35% in 2016.

Changes during the year

	Retirement indemnities		*Long service medals*	
	2016	**2015**	**2016**	**2015**
Discount rate	1,50%	2,00%	1,50%	2,00%
Expected rate of inflation	1,75%	1,75%	1,75%	1,75%
Expected rate of salary increases	2,75%	2,75%	2,75%	2,75%
Mortality tables for men	TH 11-13	TH 11-13	TH 11-13	TH 11-13
Mortality tables for women	TF 11-13	TF 11-13	TF 11-13	TF 11-13
Retirement age for managers	63 years	63 years	63 years	63 years
Retirement age for non-managers	63 years	63 years	63 years	63 years
Social security charges	45,0%	45,0%	45,0%	45,0%

Charge for the year

	Retirement indemnities		*Long service medals*	
(€ millions)	**2016**	**2015**	**2016**	**2015**
Cost of past services	2.4	2.5	0.1	0.1
Net interest on provision (asset)	0.8	0.6	0.0	0.0
Cost of benefits recognised in income statement	3.2	3.2	0.1	0.1
Immediate recognition of (gains) losses	0.0	0.0	0.0	(0.0)
Charge recognised for accounting purposes	3.2	3.2	0.1	0.1

The corresponding charge is included under employee benefit expenses in the income statement.

Other comprehensive income (OCI)

(€ millions)	Retirement indemnities 2016	Retirement indemnities 2015	Long service medals 2016	Long service medals 2015
Actuarial losses (gains) due to experience adjustments	0.1	(0.8)	-	-
Actuarial losses (gains) due to changes in actuarial assumptions	2.5	(2.4)	-	-
Actuarial losses (gains) recognised in OCI in the period	2.6	(3.2)	-	-
(Higher) lower return on plan assets than based on discounting	0.2	(0.0)	-	-
Total (gain) loss recognised in OCI for the period	2.8	(3.3)	-	-

Cost of defined benefits

(€ millions)	Retirement indemnities 2016	Retirement indemnities 2015	Long service medals 2016	Long service medals 2015
Cost of service	2.4	2.5	0.1	0.1
Net interest on provision (asset)	0.8	0.6	0.0	0.0
Immediate recognition of (gains) losses	0.0	0.0	0.0	(0.0)
Total (gain) loss recognised in OCI for the period	2.8	(3.3)	0.0	0.0
Total cost of defined benefits	6.0	(0.1)	0.1	0.1

Analysis of provision recognised for accounting purposes

(€ millions)	Retirement indemnities 2016	Retirement indemnities 2015	Long service medals 2016	Long service medals 2015
Actuarial obligation at 1 January	(46.8)	(43.4)	(1.0)	(1.1)
Fair value of plan assets	0.3	1.6	0.0	0.0
Assets (provision) at end of period	(46.5)	(41.8)	(1.0)	(1.1)

Reconciliation of provision recognised for accounting purposes

(€ millions)	Retirement indemnities 2016	Retirement indemnities 2015	Long service medals 2016	Long service medals 2015
Asset (provision) at the start of the period	(41.8)	(43.5)	(1.1)	(1.3)
Charge for period recognised for accounting purposes	(3.2)	(3.2)	(0.1)	(0.1)
Gain (loss) recognised in OCI	(2.8)	3.3	0.0	0.0
Benefits paid directly by the company	1.3	1.6	0.2	0.3
Assets (provision) at end of period	(46.5)	(41.8)	(1.0)	(1.1)

Reconciliation of actuarial obligation

(€ millions)	*Retirement indemnities* 2016	2015	*Long service medals* 2016	2015
Obligation at the start of the period	(43.4)	(45.5)	(1.1)	(1.3)
Cost of past services	(2.4)	(2.5)	(0.1)	(0.1)
Interest on actuarial obligation	(0.9)	(0.7)	(0.0)	(0.0)
Actuarial (gain) loss - experience	(0.1)	0.8	(0.0)	0.0
Actuarial (gain) loss - demographic assumptions	0.0	(0.1)	0.0	(0.0)
Actuarial (gain) loss - financial assumptions	(2.5)	2.5	0.0	0.0
Benefits paid out of assets	1.1	0.5	0.0	0.0
Benefits paid by the company	1.3	1.6	0.2	0.3
Obligation at the end of the period	(46.8)	(43.4)	(1.0)	(1.1)

Reconciliation of plan assets

(€ millions)	*Retirement indemnities* 2016	2015	*Long service medals* 2016	2015
Fair value at the start of the period	1.6	2.0	-	-
Net interest on plan assets	0.0	0.0	-	-
(Higher) lower return on plan assets than based on discounting	(0.2)	0.0	-	-
Benefits paid	(1.1)	(0.5)	-	-
Fair value at the end of the period	0.3	1.6	-	-

Benefits in respect of retirement indemnities and long service medals totalling €1.5 million are expected to be paid in 2017.

Sensitivity analysis

A 0.5 point change in the discount rate has an impact of around 6% on the actuarial obligation in respect of retirement indemnities.

14. OTHER CURRENT AND NON-CURRENT LIABILITIES

(€ millions)	31/12/2016	31/12/2015
Payments on account	18.3	17.9
Tax and social security	180.5	171.9
Deferred income	12.1	11.6
Other debts	58.3	55.0
Other current liabilities	269.3	256.4
Deferred income	92.9	45.4
Other non-current liabilities	92.9	45.4

15. REVENUE

(€ millions)	2016	2015
Toll revenue	2,257.7	2,145.6
Rental income from commercial facilities	41.3	39.4
Revenue from leasing telecommunication installations	9.5	10.2
Other	19.3	18.6
Revenue excluding construction services	2,327.7	2,213.8
Construction services (IFRIC 12)	255.1	165.3
Total	2,582.8	2,379.0

Rental income from commercial facilities is collected from third parties that operate the commercial establishments located at the rest areas.

Revenue from leasing telecommunication installations corresponds essentially to leases entered into with telecommunication operators for the use of fibre optic cables and towers.

16. PURCHASES AND EXTERNAL CHARGES

(€ millions)	2016	2015
Energy	(14.3)	(14.4)
Supplies	(7.2)	(8.3)
Spare parts	(5.4)	(5.6)
Infrastructure maintenance	(15.6)	(16.6)
Routine maintenance	(18.1)	(17.3)
Construction services (IFRIC 12)	(255.1)	(165.3)
Other external charges	(50.6)	(52.9)
Purchases and external charges	(366.2)	(280.3)

17. EMPLOYEE BENEFIT EXPENSES AND HEADCOUNT

(€ millions)	2016	2015
Wages and salaries	(107.3)	(112.6)
Social security contributions and deferred benefits	(70.4)	(72.7)
Discretionary employee profit sharing	(9.4)	(9.2)
Mandatory employee profit sharing	(20.5)	(19.7)
Employee benefit expenses	(207.6)	(214.2)

Headcount	2016	2015
Management grade	513	525
Supervisor grade	1,705	1,725
Workers and office staff	1,196	1,233
Total	**3,414**	**3,483**

18. TAXES (OTHER THAN INCOME TAX)

(€ millions)	2016	2015
Regional development tax	(158.2)	(152.7)
Territorial economic contribution	(65.0)	(61.9)
Fee for the use of public property	(81.6)	(79.8)
Contribution to AFITF (French Transport Infrastructure Financing Agency)	(15.7)	0.0
Other taxes and duties	(8.0)	(6.7)
Taxes (other than income tax)	(328.5)	(301.1)

The Territorial Economic Contribution is composed of two different taxes: a Company Real Property Contribution (*Cotisation Foncière des Entreprises* - CFE), assessed only on real estate assets, and a Company Contribution on the Added Value (*Cotisation sur la Valeur Ajoutée des Entreprises* - CVAE). Since 2010, these two components of the Territorial Economic Contribution have been treated as operating expenses in the same way as the local business tax before it was repealed.

The fee for the use of public property is based on the revenue, the rental value and the length of the motorway network in kilometres, and is therefore treated as an operating expense.

The regional development tax is based on the number of kilometres travelled and is therefore treated as an operating expense.

19. DEPRECIATION AND AMORTISATION EXPENSE

(€ millions)	2016	2015
Amortisation of other intangible assets	(10.9)	(8.3)
Amortisation of intangible assets arising from concessions	(338.6)	(350.4)
Depreciation of property, plant and equipment (other than assets made available under finance leases)	(44.2)	(44.0)
Depreciation of property, plant and equipment made available under finance leases	(2.8)	(2.4)
Total	(396.6)	(405.1)

The amortisation schedule for intangible assets arising from concessions was revised for the first time as from 1 July 2015 to reflect the extension of the term of the APRR and AREA concession and for the second time as from 1 January 2016 to reflect the further extension of the term of the APRR concession.

The overall impact on the 2016 depreciation and amortisation expense was €49 million compared with €22 million in 2015, i.e. a pre-tax impact of €27 million.

20. OTHER OPERATING INCOME AND EXPENSES

(€ millions)	2016	2015
Impairment losses recognised in respect of current assets	0.6	(0.9)
Gains on disposals	0.9	3.4
Other income	7.5	6.9
Other expenses	(4.9)	(4.3)
Other operating income (expenses)	4.2	5.2

21. INCOME FROM CASH AND CASH EQUIVALENTS

(€ millions)	2016	2015
Net proceeds from the disposal of marketable securities	0.1	0.5
Income from debt-related derivative instruments	0.0	0.0
Other financial income	9.3	12.6
Total	9.3	13.1

22. FINANCE COSTS

(€ millions)	2016	2015
Interest and other financial charges	(245.0)	(292.8)
Financial charges transferred	0.8	1.1
Gross finance costs	(244.2)	(291.7)
Other financial income	3.6	5.0
Other financial charges	(4.2)	(4.2)
Other financial income and charges	(0.6)	0.8

Fees in respect of unutilised credit lines came to €3.0 million in 2016 (2015: €3.2 million).

In 2016, derivative financial instruments (interest rate swaps) generated:

- additional gross finance cost amounting to €4 million (2015: €4 million),
- additional other financial income of €5 million (2015: €5 million).

23. INCOME TAX EXPENSE

Tax charge for the year

(€ millions)	2016	2015
Current tax	(366.1)	(357.9)
Deferred tax credit (charge)	14.9	17.0
Total	(351.2)	(340.9)

Reconciliation of theoretical tax charge to effective tax charge

(€ millions)	2016	2015
Net profit for the year	670.9	538.7
Income tax expense	351.2	340.9
Share of profit of associates	0.5	2.0
Profit before tax	1,022.6	881.5
Applicable tax rate	34.43%	34.43%
Theoretical tax on the profit before tax determined above	352.1	303.5
Permanent differences	(3.0)	(2.9)
Other differences	2.1	40.2
Income tax expense recognised	351.2	340.9

Other differences mainly comprise the effects of:

- the exceptional contribution representing 10.7% of corporation tax,
- applicable tax regimes resulting in the taxation of a share of certain transactions within the Group,
- tax credits (including the tax credit for competitiveness and employment (*Crédit d'Impôt pour la Compétitivité et l'Emploi* - CICE)).

In accordance with the methods described in Note 2.13 on income tax, the Group's deferred tax principles have resulted in a revaluation on the basis of a rate of 28.92% for amounts that will reverse as from 2020. This resulted in deferred tax income of €2 million.

Other differences comprised, until 31 December 2015, the effects of the exceptional contribution on corporation tax of 10.7%. This contribution has been withdrawn: it no longer applies to financial years ending after 30 December 2016.

Analysis of deferred tax assets and liabilities

(€ millions)	2016	2015
Deferred tax assets resulting from		
IFRIC 12	(117.5)	(140.1)
Provisions for retirement indemnities	(11.0)	(12.0)
Provisions for holiday pay	(5.8)	(5.8)
Employee profit sharing	(7.1)	(6.8)
Swap reversals	-	-
Other	(22.2)	(19.6)
Deferred tax assets	(163.6)	(184.3)
Deferred tax liabilities arising from		
Charges capitalised, net of depreciation	106.4	129.5
Depreciation of renewable fixed assets	35.2	41.9
Regulated provisions	23.2	26.3
Provisions for replacement	3.0	8.4
Other	2.0	0.4
Deferred tax liabilities	169.9	206.5
Net deferred tax liabilities	6.3	22.2

24. EARNINGS PER SHARE

The average number of shares was calculated taking into account the number of days elapsed since the dates of the last transactions having affected the capital.

Earnings per share are calculated by dividing profit or loss attributable to ordinary equity holders of the parent entity by the weighted average number of ordinary shares outstanding during the year.

(€ million)	2016	2015
Net profit for the year attributable to ordinary equity holders of the parent entity	670.9	538.7
Weighted average number of ordinary shares outstanding during the year	113,038,156	113,038,156
Basic earnings per share	5.94	4.77
Net profit for the year attributable to ordinary equity holders of the parent entity	670.9	538.7
Weighted average number of ordinary shares outstanding during the year	113,038,156	113,038,156
Diluted earnings per share	5.94	4.77

There are no potentially dilutive instruments in issue.

25. DIVIDEND

In 2016, a dividend of €4.71 per share was distributed in respect of the year ended 31 December 2015.

26. COMMITMENTS

(€ millions)	31/12/2016	31/12/2015
Sundry guarantees	0.0	22.6
Work to be performed (1% landscape)	0.1	0.1
Total	0.1	22.7

Sundry guarantees relate to commitments given by AREA in respect of its participating interest in Adelac.

(€ millions)	31/12/2016	31/12/2015
Bank guarantees	32.1	30.6
Other	0.0	0.0
Total	32.1	30.6

(€ millions)	31/12/2016	31/12/2015
Works contracts signed but not executed	197.8	184.4

(€ millions)	31/12/2016	31/12/2015
Within 1 year	2.7	2.1
Between 1 and 5 years	3.7	2.7
After 5 years	0.0	0.0
Total	6.4	4.8

Amounts payable in the future relate to long-term vehicle leases.

(€ millions)	31/12/2016	31/12/2015
Within 1 year	33.3	33.1
Between 1 and 5 years	74.4	91.7
After 5 years	73.0	83.9
Total	180.7	208.8

Amounts receivable in the future correspond to lease payments in respect of commercial establishments.

27. RELATED PARTY TRANSACTIONS

Related parties include: (i) entities over which the Group exercises exclusive control, joint control or significant influence (i.e. joint ventures and associates); (ii) shareholders exercising joint control over group joint ventures; (iii) non-controlling shareholders exercising significant influence over the group subsidiaries; and finally (iv) the directors, officers and managers of the Group and the companies over which they exercise exclusive control, joint control or significant influence or in which they hold significant voting rights.

Material transactions with related parties are summarised in the table below:

Work carried out by Eiffage group is negotiated on an arm's length basis and after inviting tenders from other construction and civil engineering groups.

Company	Nature	Type	Amount	Payable (Receivable)
Eiffage Group	Sundry services	Income	1.8	(0.4)
	Work	Charges	70.4	6.2
Financière Eiffarie	Staff made available	Charges	0.8	0.4
	Tax consolidation current account			59.7
Axxès	Heavy goods vehicles remote toll collection	Charges	1.0	(27.4)
	Financial income	Income	0.0	
	Cash advance	Income	0.0	-
Sira	Radio services (Autoroute Info)	Charges	1.6	0.0
	Sundry services	Income	0.3	(0.5)
	Cash advance	Income	0.1	-
	Cash advance	Charges	0.0	0.9
Park +	Cash advance	Income	0.0	(0.1)
	Sundry services	Income	0.1	-
	Sundry services	Charges	0.0	0.0
Adelac	Sundry services	Income	5.2	(0.5)
	Sundry services	Charges	0.0	-
	Work	Invest.	0.2	-
	Staff made available	Income	0.4	(0.1)
	Cash advance	Income	4.7	(82.2)
	Toll			5.0
Altech	Financial income	Income	0.0	-

28. MANAGEMENT INDICATORS

(€ millions)	2016	2015
Operating cash flow	1,096	967
EBITDA	1,685	1,589
EBITDA margin	72.4%	71.8%

EBITDA (earnings before interest, tax, depreciation and amortisation) corresponds to the operating profit on ordinary activities adjusted for employee profit sharing and before amortisation, depreciation and provisions.

Operating cash flow corresponds to the net profit adjusted by adding back depreciation and amortisation expense and provisions and deducting profits on disposals and the share of profit of associates.

29. EVENTS AFTER THE BALANCE SHEET DATE

The State and APPR and AREA have just signed a memorandum of understanding concerning a new motorway investment plan with a value of close to €220 million.

This investment plan, financed by an additional tariff increase covering the years 2019 to 2021, comprises around 15 projects, some of which will be carried out in association with local authorities. These investments will enable the Group to speed up the development and modernisation of the network, particularly in the fields of environmental protection, customer service and access to rural areas.

Subject to agreement from ARAFER, the French rail regulatory body, and formalisation by means of concession agreement amendments, the signed memorandum of understanding should enable the initial work to begin in late 2017.

30. FEES PAID TO THE STATUTORY AUDITORS

(€)	KPMG SA				PricewaterhouseCoopers Audit			
	Amount (excluding VAT)		%		Amount (excluding VAT)		%	
	2016	2015	2016	2015	2016	2015	2016	2015
Audit								
Statutory audit, certification, review of company and consolidated financial statements								
- Issuer	116,500	116,500	83%	81%	116,500	116,500	55%	54%
- Fully consolidated subsidiaries					68,715	68,715	32%	32%
Other reviews and services directly linked to the statutory audit assignment								
- Issuer	24,650	26,589	17%	19%	24,650	26,589	12%	12%
- Fully consolidated subsidiaries					2,750	2,500	1%	1%
Sub-total	**141,150**	**143,089**	**100%**	**100%**	**212,615**	**214,304**	**100%**	**100%**
Other services provided by the networks to fully consolidated subsidiaries								
Legal, tax and employment matters								
- Issuer								
- Fully consolidated subsidiaries								
Other								
- Issuer								
- Fully consolidated subsidiaries								
Sub-total	**0**	**0**	**0%**	**0%**	**0**	**0**	**0%**	**0%**
Total	**141,150**	**143,089**	**100%**	**100%**	**212,615**	**214,304**	**100%**	**100%**

APRR

Statutory auditor’s report on the consolidated financial statements

For the year ended December 31, 2016

PricewaterhouseCoopers Audit

63 rue de Villiers
92208 Neuilly-sur-Seine cedex

KPMG Audit
Département de KPMG SA
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92066 Paris – La Défense Cedex

This is a free translation into English of the statutory auditors' report on the consolidated financial statements issued in French and is provided solely for the convenience of English speaking users. The statutory auditors' report includes information specifically required by French law in such reports, whether modified or not. This information presented below is the audit 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 balances, transactions or disclosures.

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

Statutory auditor's report on the consolidated financial statements

For the year ended December, 31 2016

APRR
36, rue du Docteur Schmitt
21850 Saint Apollinaire

To the Shareholders,

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

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

These consolidated financial statements have been approved by the Management board. 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 as December 31, 2016 and of the results of its operations for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

Without qualifying the conclusion expressed above, we draw your attention to the following notes of consolidated financial statements:

- Note 1 "General information" and 19 "Depreciation and amortization expense", which describe the effects on intangible assets arising from concessions amortization schedule of concession contracts amendments signed during the previous year and January 2016.

II - Justification of our assessments

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

- Notes 2.3.2, 2.10.1 and 2.12 to the consolidated financial statements describe the accounting treatment applied by the Group as regards the recognition of assets arising from concession and their subsequent maintenance. As part of our assessment of the accounting policies applied by the Group, we determined that the accounting policies referred to above and disclosures provided in the notes to the consolidated financial statements are appropriate and these accounting policies were applied properly.

- Notes 2.6 and 10 to the consolidated financial statements describe the accounting methods used to recognize and measure derivative instruments. We assessed the data, assumptions and parameters upon which theses estimates are based and reviewed the calculations.

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

III - Specific verification

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

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

Neuilly-sur-Seine and Paris la Défense
February 24, 2017

The statutory auditors

PricewaterhouseCoopers Audit	KPMG Audit *Département de KPMG S.A.*
Gérard Morin	Baudouin Griton