CONSOLIDATED FINANCIAL STATEMENTS

FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2016

NOTES

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(Figures in millions of euros unless otherwise indicated)

Declaration of compliance:

The interim condensed consolidated financial statements of Bouygues and its subsidiaries (the "Group") for the nine months ended 30 September 2016 were prepared in accordance with IAS 34, "Interim Financial Reporting", a standard issued by the International Accounting Standards Board (IASB) and endorsed by the European Union. Because they are condensed, these financial statements do not include all the information required under the standards issued by the IASB, and should be read in conjunction with the full-year financial statements of the Bouygues group for the year ended 31 December 2015.

They were prepared in accordance with the standards issued by the IASB as endorsed by the European Union and applicable as of 30 September 2016. Those standards comprise International Financial Reporting Standards (IFRSs), International Accounting Standards (IASs), and interpretations issued by the IFRS Interpretations Committee – previously the International Financial Reporting Interpretations Committee (IFRIC), itself the successor body to the Standing Interpretations Committee (SIC). The Group has not early adopted as of 30 September 2016 any standard or interpretation not endorsed by the European Union.

The financial statements are presented in millions of euros (unless otherwise indicated) and comprise the balance sheet, the income statement, the statement of recognised income and expense, the statement of changes in shareholders' equity, the cash flow statement, and the notes to the financial statements.

The comparatives presented are from the consolidated financial statements for the year ended 31 December 2015, and from the interim condensed consolidated financial statements for the nine months ended 30 September 2015.

NOTE 1 SIGNIFICANT EVENTS

1.1 Significant events of the first nine months of 2016

The principal corporate actions and acquisitions of the first nine months of 2016 are presented below:

- On 5 January 2016, Bouygues announced that it had started preliminary discussions with Orange to explore all possible options, and that Bouygues and Orange had signed a confidentiality agreement. After three months of discussions, it was not possible to reach an agreement. As a result, at its meeting of 1 April 2016, Bouygues' Board of Directors decided unanimously to bring the negotiations to an end.

- On 26 January 2016, TF1 acquired a 70% equity interest in FLCP, renamed Newen Studios, the holding company of the Newen production company. The parties signed a shareholders' agreement setting out rules governing the operational management of Newen, and providing for call and put options relating to the residual equity interest. The vendors have a put option, and TF1 has a call option, over the residual equity interest, exercisable during a five-year period starting in 2018. Newen Studios is consolidated with effect from 1 January 2016. The commitment entered into by TF1 to buy out the 30% non-controlling interest was measured at fair value on the basis of discounted cash flow projections and the resulting amount has been recognised as a non-current financial liability, with the corresponding entry recorded as a deduction from consolidated shareholders' equity. The impact of this acquisition on the net debt of the Bouygues group is €293 million. On 24 February 2016, Newen Studios acquired 100% of the equity capital of Rendez Vous Production Serie (RDVPS), which is also consolidated with effect from 1 January 2016. Both acquisitions were accounted for using the partial goodwill method. The purchase price allocation resulted in the recognition of provisional goodwill of €113 million, after remeasuring acquired production and distribution rights at a provisional fair value of €68 million to be amortised over an average period of three years (depending on the nature of the programme) through "Other operating expenses" starting on 1 January 2016.

- On 28 January 2016, Alstom repurchased 91.5 million of its own shares, including 28,457,641 from Bouygues. The disposal of the shares held by Bouygues generated cash proceeds of €996 million. Following this transaction, Bouygues holds an equity interest of 28.33% in Alstom.

- On 2 February 2016, Colas announced the sale of its 15.56% equity interest in Atlandes (the company that holds the concession for the A63 motorway in France) to various investment funds for €96 million. Colas hopes to be able to complete the sale in early 2017, once all the conditions precedent have been met.

- On 8 February 2016, the French state announced that the memorandum of understanding with Bouygues relating to Alstom had come into effect, along with a stock lending transaction by Bouygues, valid for a period of approximately 20 months, that will enable the French state to exercise 20% of Alstom's voting rights. Bouygues:
  - retains a seat on Alstom's Board of Directors;
  - is entitled to the dividends on its entire shareholding in Alstom;
  - will recover the voting rights attached to the loaned shares in the event they are not purchased by the French state; and
  - will retain at least 8.33% of the voting rights.

In accordance with paragraphs 6 and 13 of IAS 28, Bouygues retains significant influence over Alstom, and the entire 28.33% equity interest in Alstom continues to be accounted for by the equity method as an investment in an associate.

- On 11 July 2016, Bouygues Telecom entered into a definitive agreement for the sale of towers to Cellnex. The agreement initially covers 230 towers for a total amount of €80 million, although the number of towers could rise to 500. A gain of €56 million on the sale of the first 230 towers was recognised as of 30 September 2016, in “Other operating income” (see Note 9 to the condensed consolidated financial statements).
  The sale was accompanied by a 20-year hosting and service framework agreement between the parties. The remaining 270 towers were not accounted for as held-for-sale assets in the balance sheet as of 30 September 2016 because they were not ready for sale in their present condition as of that date.

1.2 Significant events of the first nine months of 2015

The principal acquisitions and corporate actions of the first nine months of 2015 are presented below:

- On 31 March 2015, Eurosport SAS, 49% owned by TF1, acquired 100% of the capital of Eurosport France, which was previously 80% owned by TF1. As a result of this transaction, which generated a non-taxable capital gain of €34 million, the Eurosport group (including Eurosport France) came to be owned 51% by Discovery Communications and 49% by TF1.

- On 22 July 2015, pursuant to the initial agreements, the TF1 and Discovery Communications groups mutually agreed that TF1 would (i) exercise its put option over its 49% interest in Eurosport for €490 million and (ii) buy back Discovery’s 20% interest in the pay-TV channels (TV Breizh, Histoire and Ushuaïa) for €15 million.

  These transactions were completed on 1 October 2015. As of 30 September 2015, the interest in Eurosport held by TF1 was classified as a held-for-sale asset with a carrying amount of €490 million. This new agreement extinguished the reciprocal commitments between the two groups.

- Bouygues Construction sold its equity interest in Autoroute de Liaison Seine Sarthe. This disposal took place in two stages: (i) 23.17% of the capital and shareholder loans on 30 September 2015 for €76 million, resulting in the loss of significant influence; and (ii) 10% of the capital and shareholder loans in June 2016 for €35 million. The residual 10% interest was shown as a held-for-sale asset at that amount in the balance sheet as of 30 September 2015 and 31 December 2015.

- On 31 July 2015, Bouygues sold its 18.63% equity interest in Eranove for €47 million.

1.3 Significant events and changes in scope of consolidation subsequent to 30 September 2016

- On 9 November 2016, Bouygues sold a 46.1% equity interest in Adelac, the company that holds the concession for the A41 North motorway between Annecy and Geneva. This equity interest, which was owned by subsidiaries of Bouygues Construction (39.2%) and by Colas (6.9%) was sold for €130 million, an amount that is close to the gain on the transaction that will be recognised in the fourth quarter of 2016.

NOTE 2 GROUP ACCOUNTING POLICIES

2.1 Basis of preparation of the financial statements

The interim condensed consolidated financial statements of the Bouygues group include the financial statements of Bouygues SA and its subsidiaries, its investments in joint ventures and associates, and its joint operations. The financial statements are presented in millions of euros, the currency in which the majority of the Group's transactions are denominated, and take account of the recommendations on the presentation of financial statements (Recommendation 2013-03) issued on 7 November 2013 by the Autorité des Normes Comptables (ANC), the French national accounting standard-setter.

They were adopted by the Board of Directors on 15 November 2016.

The interim condensed consolidated financial statements for the nine months ended 30 September 2016 were prepared in accordance with IFRS using the historical cost convention, except for certain financial assets and liabilities measured at fair value where this is a requirement under IFRS. They include comparatives as of and for the year ended 31 December 2015 and the nine months ended 30 September 2015.

Accounting policies specific to the interim condensed financial statements are as follows:

- Income taxes of consolidated entities for interim periods are assessed in accordance with IAS 34: the income taxes of each entity are recognised on the basis of the best estimate of the average annual effective income tax rate for the financial year (except in the case of holding companies, which recognise income taxes on the basis of the actual tax position at the end of the period).

- Employee benefit expenses for interim periods are recognised pro rata based on the estimated expense for the full year, calculated using the same actuarial assumptions and projections as those applied as of 31 December 2015 except for the discount rate, which has reduced from 2.09% as of 31 December 2015 to 1.10% as of 30 September 2016, resulting in an increase of €55 million in the provision. A further reduction of 70 basis points in the discount rate would increase the provision for retirement benefit obligations by €49 million. That impact would be recognised in the consolidated statement of recognised income and expense.

2.2 New accounting standards and interpretations

The Bouygues group applied the same standards, interpretations and accounting policies for the nine months ended 30 September 2016 as applied in its financial statements for the year ended 31 December 2015, except for changes required to meet new IFRS requirements applicable from 1 January 2016 as described below.

- Other key standards, amendments and interpretations issued by the IASB but not yet endorsed by the European Union.

  - **IFRS 15: Revenue from Contracts with Customers**

    On 28 May 2014, the IASB issued a new standard on revenue recognition intended to replace most of the current IFRS pronouncements on this subject, in particular IAS 11 and IAS 18. IFRS 15, which has not yet been endorsed by the European Union, is applicable from 1 January 2018.

  - **IFRS 9:**

    On 24 July 2014, the IASB issued a new standard on financial instruments intended to replace most of the current IFRS pronouncements on this subject, in particular IAS 39. The new standard, which has not yet been endorsed by the European Union, is applicable from 1 January 2018.

- **IFRS 16:**

  On 16 January 2016, the IASB issued IFRS 16, “Leases”. IFRS 16 will replace IAS 17, along with the associated IFRIC and SIC interpretations, and will end the distinction currently made between operating leases and finance leases. Lessees will be required to account for all leases with a term of more than one year in a manner similar to that currently specified for finance leases under IAS 17, involving the recognition of an asset for the rights, and a liability for the obligations, arising under the lease. IFRS 16, which has not yet been endorsed by the European Union, is applicable from 1 January 2019.

NOTE 3 NON-CURRENT ASSETS

For an analysis of the carrying amount of property, plant and equipment and intangible assets by business segment see Note 11, “Segment information”.

3.1 Goodwill

3.1.1 Movement in the carrying amount of goodwill in the period

(€ million)	Gross	Impairment	Carrying amount
31/12/2015	**5,339**	**(78)**	**5,261**
Changes in scope of consolidation	120 [a]		120
Other movements (including translation adjustments)	(24)	1	(23)
Impairment losses			
30/09/2016	**5,435**	**(77)**	**5,358**

(a) Essentially an increase of €113m following the acquisition of 70% of Newen Studios and RDVPS by TF1.

3.1.2 Split of goodwill by Cash Generating Unit (CGU)

CGU	**30/09/2016**		**31/12/2015**	
(€ million)	**Total**	**% Bouygues**	**Total**	**% Bouygues**
Bouygues Construction (subsidiaries) [a]	472	99.97%	488	99.97%
Colas [b]	1,115	96.60%	1,125	96.60%
TF1 [b]	1,123	43.91%	1,000	43.98%
Bouygues Telecom [b]	2,648	90.53%	2,648	90.53%
Other				
Total	**5,358**		**5,261**	

(a) Only includes goodwill on subsidiaries acquired by the CGU.
(b) Includes goodwill on subsidiaries acquired by the CGU and on acquisitions made at parent company (Bouygues SA) level for the CGU.

Given the absence of any evidence of impairment, the goodwill recognised for Bouygues Telecom and Colas as of 30 September 2016 has not been subject to further impairment testing.

As regards TF1, the recoverable amount used for goodwill impairment testing purposes as of 31 December 2015, determined on the basis of discounted cash flows, exceeded the carrying amount. The share price has fallen since 31 March 2016. The actual operating performance to end September 2016 does not invalidate the assumptions retained in the end-2015 business plan. The recoverable amount will be reassessed at the end of the year on the basis of the forthcoming business plan prepared by management.

3.2 Joint ventures and associates

(€ million)	Carrying amount
31/12/2015	**3,401**[a]
Share of net profit/(loss) for the period	91
Translation adjustments	24
Other income and expense recognised directly in equity	(30)
Net profit/(loss) and other recognised income and expense	**85**
Changes in scope of consolidation	(1)
Other movements	(1,105)[c]
30/09/2016	**2,380**[b]

(a) Includes Alstom: €2,977m, net of impairment of €1,091m.
(b) Includes Alstom: €1,939m.
(c) Essentially a €996m reduction related to the impact of the Alstom public share buyback offer.

A segmental analysis of the share of net profit for the first nine months of 2016 is provided in Note 11, “Segment information”.

Given the time-lag between the annual accounting period-ends of Alstom (31 March) and of Bouygues (31 December), Alstom’s contribution to the net profit of Bouygues for the nine months ended 30 September 2016 was calculated on the basis of the half-year results for the 2016/2017 financial year published by Alstom on 9 November 2016.

The Alstom contribution for the first nine months of 2016 was €36 million, after taking account of:

- the results published by Alstom for the second half of its 2015/2016 financial year and the first half of its 2016/2017 financial year;
- the derecognition (based on relative values) of the fair value adjustments and goodwill allocated to Alstom’s Energy activities, which have been sold;
- the effects of the public share buyback offer carried out by Alstom in January 2016; and
- the reversal of the residual balance of the impairment loss recognised as of 31 December 2015.

The carrying amount of the interest in Alstom as of 30 September 2016 was €1,939 million, including €865 million of goodwill and €120 million of non-depreciable fair value adjustments relating mainly to the Alstom brand name. This is €1,038 million less than the carrying amount as of 31 December 2015, reflecting (i) the €996 million payment made to Bouygues in connection with the public share buyback offer and (ii) a net change of €42 million in equity at Group level.

The impairment loss recognised against Alstom as of 31 December 2015 was reduced to zero as of 31 March 2016, essentially as a result of the derecognition of goodwill following the sale of Alstom’s Energy activities and the calculation of the effects of the public share buyback offer. The residual balance was released to profit or loss. After taking account of the figures released by Alstom for the first half of its 2016/17 financial year, the carrying amount per share in the balance sheet as of 30 September 2016 was €31.24, below the range of recoverable amounts estimated by Bouygues.

Alstom’s profit contribution to the Bouygues group in the first nine months of 2015 was zero, following the partial reversal of the impairment loss recognised by Bouygues in 2013.

NOTE 4 CONSOLIDATED SHAREHOLDERS' EQUITY

Share capital of Bouygues SA

As of 30 September 2016, the share capital of Bouygues SA consisted of 347,100,965 shares with a par value of €1.

		Movements		
	31/12/2015	**Reductions**	**Increases**	**30/09/2016**
Shares	345,135,316		1,965,649 [a]	347,100,965
NUMBER OF SHARES	**345,135,316**		**1,965,649**	**347,100,965**
Par value	€1			€1
SHARE CAPITAL (€)	**345,135,316**		**1,965,649**	**347,100,965**

(a) The increase of 1,965,649 shares was due to new shares being issued on exercise of stock options, resulting in an increase of €48m in shareholders' equity.

NOTE 5 NON-CURRENT AND CURRENT PROVISIONS

5.1 Non-current provisions

(€ million)	Long-term employee benefits [a]	Litigation and claims [b]	Guarantees given [c]	Other non-current provisions [d]	Total
31/12/2015	**692**	**363**	**392**	**713**	**2,160**
Translation adjustments	(7)	(1)	(3)	1	(10)
Changes in scope of consolidation	1			(1)	
Charges to provisions	34	30	44	51	159
Reversals of provisions (utilised or unutilised)	(24)	(56)	(39)	(61)	(180) [e]
Actuarial gains and losses	55				55
Transfers and other movements		(2)	2	(17)	(17)
30/09/2016	**751**	**334**	**396**	**686**	**2,167**

(a) Long-term employee benefits	***751***	***Principal segments involved:***	
Lump-sum retirement benefits	*540*	*Bouygues Construction*	*215*
Long-service awards	*154*	*Colas*	*394*
Other long-term employee benefits	*57*	*TF1*	*42*
		Bouygues Telecom	*61*
(b) Litigation and claims	***334***	*Bouygues Construction*	*152*
Provisions for customer disputes	*120*	*Bouygues Immobilier*	*32*
Subcontractor claims	*70*	*Colas*	*87*
Employee-related and other litigation and claims	*144*	*Bouygues Telecom*	*56*
(c) Guarantees given	***396***	*Bouygues Construction*	*303*
Provisions for 10-year construction guarantees	*302*	*Bouygues Immobilier*	*22*
Provisions for additional building/civil engineering/civil works guarantees	*94*	*Colas*	*71*
(d) Other non-current provisions	***686***	*Bouygues Construction*	*156*
Provisions for risks related to official inspections	*231*	*Colas*	*305*
Provisions for miscellaneous foreign risks	*13*	*Bouygues Telecom*	*147*
Provisions for subsidiaries and affiliates	*23*		
Dismantling and site rehabilitation	*269*		
Other non-current provisions	*150*		
(e) Of which: reversals of unutilised provisions in the first nine months of 2016	***(79)***		

5.2 Current provisions

Provisions related to the operating cycle *(€ million)*	Provisions for customer warranties	Provisions for project risks and project completion	Provisions for expected losses to completion	Other current provisions	Total
31/12/2015	**54**	**411**	**334**	**293**	**1,092**
Translation adjustments	(1)	(3)		(1)	(5)
Changes in scope of consolidation				2	2
Charges to provisions	7	70	100	66	243
Reversals of provisions (utilised or unutilised)	(10)	(134)	(139)	(76)	(359) [a]
Transfers and other movements		2		(3)	(1)
30/09/2016	**50**	**346**	**295**	**281**	**972**
(a) Of which: reversals of unutilised provisions in the first nine months of 2016		***(118)***			

NOTE 6 NON-CURRENT AND CURRENT DEBT

6.1 Breakdown of debt

(€ million)	Current debt		Non-current debt	
	Total 30/09/2016	**Total 31/12/2015**	**Total 30/09/2016**	**Total 31/12/2015**
Bond issues [a]	133	729	4,552	4,548
Bank borrowings	110	76	699	691
Finance lease obligations	8	7	8	12
Other borrowings [a & b]	164	19	183	54
TOTAL DEBT	**415**	**831**	**5,442**	**5,305**

(a) Current debt: mainly relates to Bouygues SA, and includes redemption of a €600m bond issue maturing May 2016 and subscription to commercial paper of €145m.
(b) Non-current debt: the increase in "Other borrowings" is mainly due to the recognition of TF1's commitment to buy out the 30% non-controlling interest in Newen Studios.

6.2 Covenants and trigger events

The bond issues maturing 2018, 2019, 2022, 2023 and 2026 contain a change of control clause relating to Bouygues SA.

The bank credit facilities contracted by Bouygues SA and its subsidiaries contain no financial covenants or trigger event clauses.

NOTE 7 CHANGE IN NET DEBT

(€ million)	**31/12/2015**	**Cash flows**	**Changes in scope of consolidation**	**Translation adjustments**	**Other items**	**30/09/2016**
Cash and cash equivalents	3,785	(1,478)	71	(41)	4	2,341
Overdrafts and short-term bank borrowings	(196)	(74)	4	(35)	(3)	(304)
NET CASH POSITION	**3,589**	**(1,552)** [a]	**75** [a]	**(76)** [a]	**1** [a]	**2,037**
Non-current debt	5,305	7	(16)	(9)	155	5,442
Current debt	831	(486)	28	(1)	43	415
Financial instruments, net	14				56	70
TOTAL DEBT	**6,150**	**(479)** [b]	**12**	**(10)**	**254**	**5,927**
NET DEBT	**(2,561)**	**(1,073)**	**63**	**(66)**	**(253)**	**(3,890)**

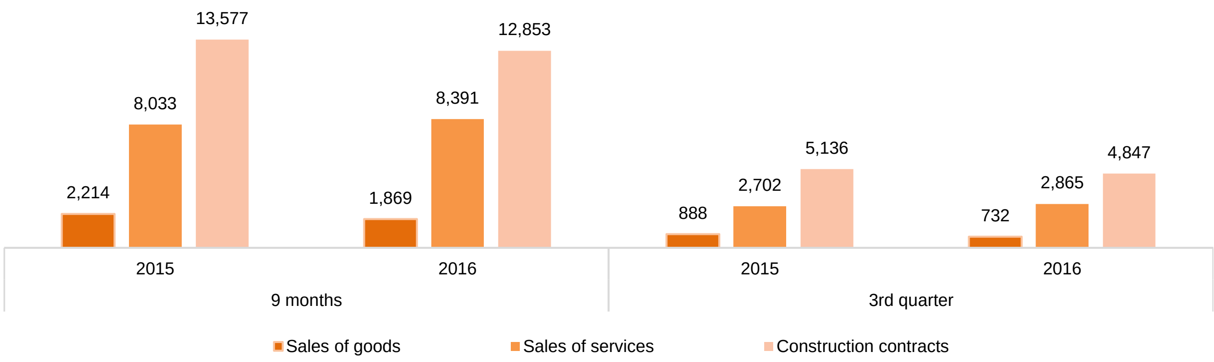
(a) Net cash flows as reported in the cash flow statement for the period.
(b) Net cash outflow reported in the cash flow statement for the period at an amount of €479m before the effect of exchange rate fluctuations and other movements.

NOTE 8 ANALYSIS OF SALES AND OTHER REVENUES FROM OPERATIONS

8.1 Analysis by accounting classification

(€ million)	9 months		3rd quarter	
	2016	2015	2016	2015
Sales of goods	1,869	2,214	732	888
Sales of services	8,391	8,033	2,865	2,702
Construction contracts	12,853	13,577	4,847	5,136
CONSOLIDATED SALES	**23,113**	**23,824**	**8,444**	**8,726**
OTHER REVENUES FROM OPERATIONS	**90**	**62**	**25**	**12**
TOTAL REVENUES	**23,203**	**23,886**	**8,469**	**8,738**

Consolidated sales (€ million)

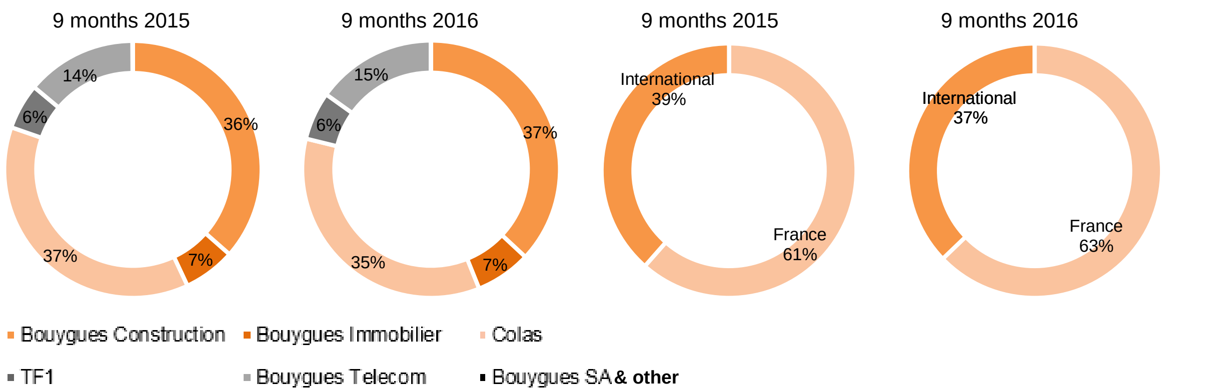


(€ million)	9 months 2016			9 months 2015		
	France	International	Total	France	International	Total
Bouygues Construction	3,919	4,620	8,539	4,096	4,600	8,696
Bouygues Immobilier	1,542	71	1,613	1,491	66	1,557
Colas	4,209	3,858	8,067	4,426	4,455	8,881
TF1	1,360	38	1,398	1,327	45	1,372
Bouygues Telecom	3,486		3,486	3,305		3,305
Bouygues SA & other	4	6	10	5	8	13
CONSOLIDATED SALES	**14,520**	**8,593**	**23,113**	**14,650**	**9,174**	**23,824**

Split of total sales

By business segment

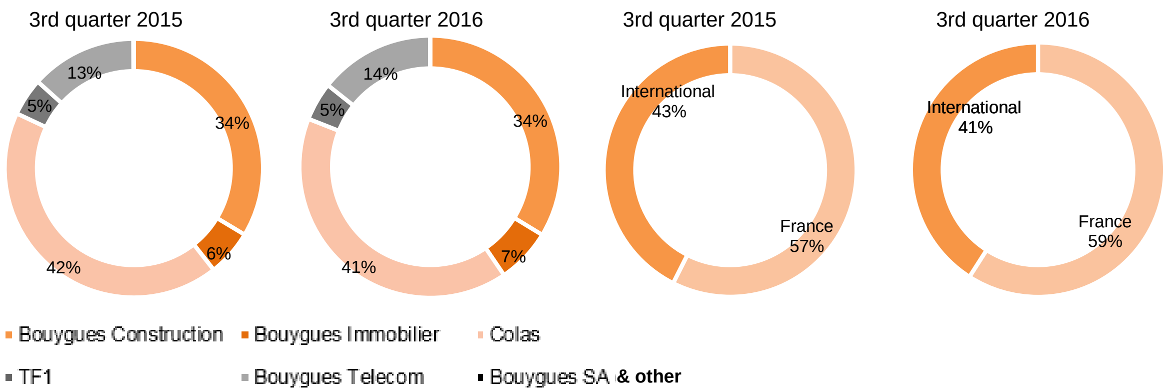
By geographical area



(€ million)	3rd quarter 2016 France	3rd quarter 2016 International	3rd quarter 2016 Total	3rd quarter 2015 France	3rd quarter 2015 International	3rd quarter 2015 Total
Bouygues Construction	1,257	1,589	2,846	1,323	1,609	2,932
Bouygues Immobilier	539	34	573	485	21	506
Colas	1,598	1,819	3,417	1,648	2,065	3,713
TF1	387	13	400	395	16	411
Bouygues Telecom	1,206		1,206	1,159		1,159
Bouygues SA & other	1	1	2	3	2	5
CONSOLIDATED SALES	**4,988**	**3,456**	**8,444**	**5,013**	**3,713**	**8,726**

Split of total sales

By business | By geographical area



8.2 Analysis by business segment

(€ million)	Bouygues Construction	Bouygues Immobilier	Colas	TF1	Bouygues Telecom	Bouygues SA & other	Total 9 months 2016	Total 3rd quarter 2016
Total sales	8,698	1,626	8,115	1,427	3,503	101	23,470	8,556
Inter-segment sales	(159)	(13)	(48)	(29)	(17)	(91)	(357)	(112)
THIRD-PARTY SALES	**8,539**	**1,613**	**8,067**	**1,398**	**3,486**	**10**	**23,113**	**8,444**

(€ million)	Bouygues Construction	Bouygues Immobilier	Colas	TF1	Bouygues Telecom	Bouygues SA & other	Total 9 months 2015	Total 3rd quarter 2015
Total sales	8,826	1,569	8,933	1,400	3,319	105	24,152	8,828
Inter-segment sales	(130)	(12)	(52)	(28)	(14)	(92)	(328)	(102)
THIRD-PARTY SALES	**8,696**	**1,557**	**8,881**	**1,372**	**3,305**	**13**	**23,824**	**8,726**

NOTE 9 OPERATING PROFIT/(LOSS)

(€ million)	9 months		3rd quarter	
	2016	2015	2016	2015
CURRENT OPERATING PROFIT/(LOSS)	**714**	**597**	**508**	**478**
Other operating income	64 [a]	28 [b]	58	5
Other operating expenses	(208) [a]	(134) [b]	(53)	(37)
OPERATING PROFIT/(LOSS)	**570**	**491**	**513**	**446**

(a) Comprises:

TF1: Expense of €69m comprising:

- *one-off additional expense of €21m related to a change in the accounting treatment of French drama;*
- *amortisation of €19m charged against the fair value of rights remeasured as part of the Newen Studios purchase price allocation;*
- *other costs of €29m incurred on the reorganisation of the TF1 group and the freeview switchover of LCI.*

Colas: Costs of €39m incurred on discontinuation of operations at Société de la Raffinerie de Dunkerque.

Bouygues Construction: Adaptation costs of €15m arising from the ongoing implementation of the new organisational structure that began in 2015.

Bouygues Telecom: Net expense of €7m, mainly comprising €65m of accelerated depreciation arising from the rollout of network sharing, partly offset by the €56m gain on the sale of 230 towers to Cellnex.

Bouygues Immobilier: Expense of €2m for adaptation costs relating to the organisational structure.

Bouygues SA: Expense of €12m relating to costs incurred on the proposed transaction with Orange.

(b) Mainly comprises:

Bouygues Telecom: Other operating income of €28m (reversals of miscellaneous provisions) and other operating expenses of €104m (mainly €71m on the rollout of network sharing with SFR).

TF1: Mainly an expense of €15m for adaptation costs in news operations associated with the discontinuation of the print edition of Metro France.

Bouygues Construction: Adaptation costs of €12m arising from implementation of the new organisational structure in 2015.

Bouygues Immobilier: Expense of €3m for adaptation costs relating to the organisational structure.

NOTE 10 INCOME TAXES

(€ million)	9 months		3rd quarter	
	2016	2015	2016	2015
Tax payable to the tax authorities	(142)	(155)	(84)	(72)
Deferred taxes, net	4	73	(55)	(46)
INCOME TAX GAIN/(EXPENSE)	**(138)**	**(82)**	**(139)**	**(118)**

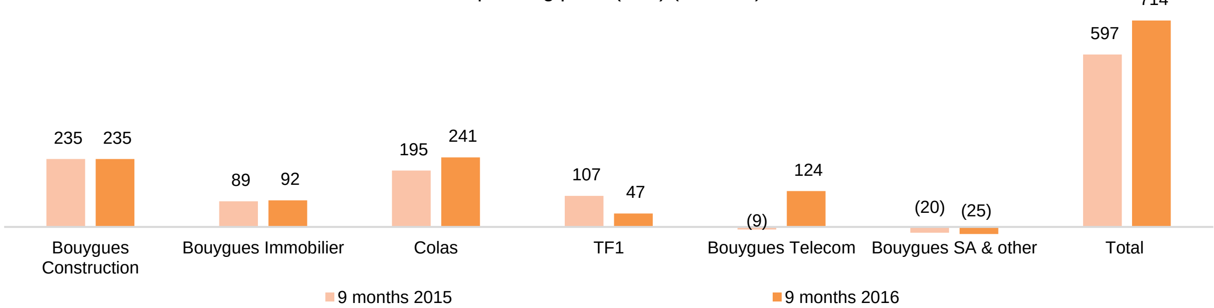
The effective tax rate for the first nine months of 2016 was 34%, compared with 27% for the first nine months of 2015. In 2015, the non-taxable gain on the sale of Eurosport France had a favourable impact on the effective tax rate, which would have been 30% without that impact.

NOTE 11 SEGMENT INFORMATION

The table below shows the contribution made by each business segment to key items in the income statement, balance sheet and cash flow statement:

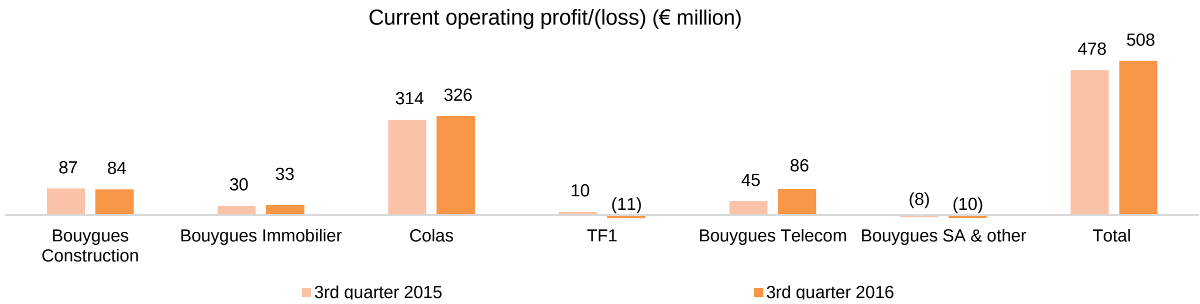
(€ million)	Bouygues Construction	Bouygues Immobilier	Colas	TF1	Bouygues Telecom	Bouygues SA & other	Total
Income statement - first 9 months of 2016							
Current operating profit/(loss)	235	92	241	47	124	(25)	714
Operating profit/(loss)	220	90	202	(22)	117	(37)	570
Share of profits/(losses) of joint ventures and associates	10		40	4		37	91
Net profit/(loss) attributable to the Group	165	53	161	(6)	57	(85)	345 [a]
Income statement - first 9 months of 2015							
Current operating profit/(loss)	235	89	195	107	(9)	(20)	597
Operating profit/(loss)	223	86	195	92	(85)	(20)	491
Share of profits/(losses) of joint ventures and associates	64		67	1	1	26	159
Net profit/(loss) attributable to the Group	243	46	182	28	(50)	(115)	334 [b]

Current operating profit/(loss) (€ million)



(a) Net profit attributable to the Group for the first nine months of 2016 excluding exceptional items amounted to €412m, equivalent to net profit attributable to the Group after stripping out non-current expenses of €67m net of taxes.
(b) Net profit attributable to the Group for the first nine months of 2015 excluding exceptional items amounted to €320m, equivalent to net profit attributable to the Group after stripping out (i) non-current expenses of €56m net of taxes and (ii) profits of €70m from joint ventures and associates of Bouygues Construction.

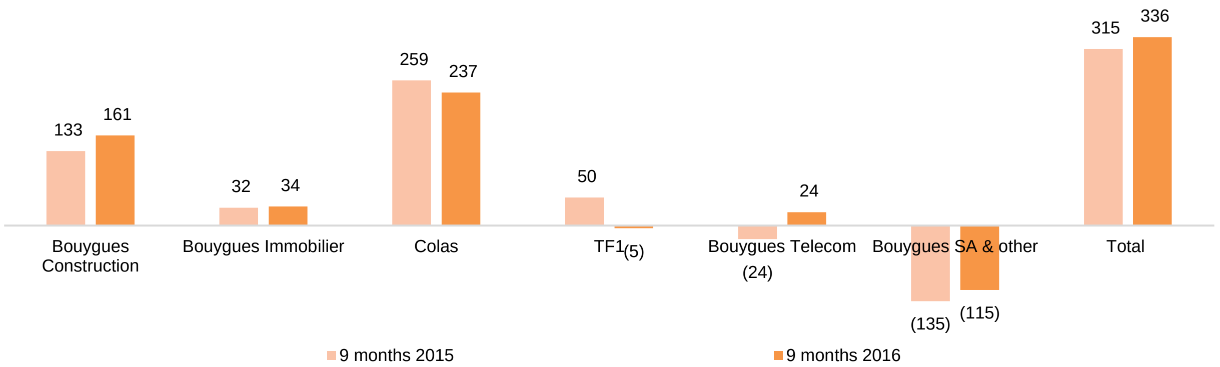
(€ million)	Bouygues Construction	Bouygues Immobilier	Colas	TF1	Bouygues Telecom	Bouygues SA & other	Total
Income statement - 3rd quarter of 2016							
Current operating profit/(loss)	**84**	**33**	**326**	**(11)**	**86**	**(10)**	**508**
Operating profit/(loss)	**77**	**33**	**317**	**(25)**	**122**	**(11)**	**513**
Share of profits/(losses) of joint ventures and associates	**9**		**9**	**4**		**37**	**59**
Net profit/(loss) attributable to the Group	**65**	**19**	**230**	**(6)**	**69**	**(4)**	**373**
Income statement - 3rd quarter of 2015							
Current operating profit/(loss)	**87**	**30**	**314**	**10**	**45**	**(8)**	**478**
Operating profit/(loss)	**82**	**27**	**314**	**7**	**24**	**(8)**	**446**
Share of profits/(losses) of joint ventures and associates	**69**		**37**			**24**	**130**
Net profit/(loss) attributable to the Group	**133**	**12**	**248**	**1**	**16**	**(34)**	**376**



(€ million)	Bouygues Construction	Bouygues Immobilier	Colas	TF1	Bouygues Telecom	Bouygues SA & other	Total
Balance sheet - 30 September 2016							
Property, plant and equipment	**687**	**26**	**2,263**	**176**	**3,176**	**135**	**6,463**
Intangible assets	**38**	**38**	**64**	**246**	**1,763**	**47**	**2,196**
Net debt	**2,758**	**(274)**	**(17)**	**148**	**(1,123)**	**(5,382)**	**(3,890)**
Balance sheet - 31 December 2015							
Property, plant and equipment	**717**	**22**	**2,396**	**170**	**3,081**	**137**	**6,523**
Intangible assets	**40**	**30**	**70**	**124**	**1,820**	**47**	**2,131**
Net debt	**3,272**	**5**	**560**	**701**	**(890)**	**(6,209)**	**(2,561)**

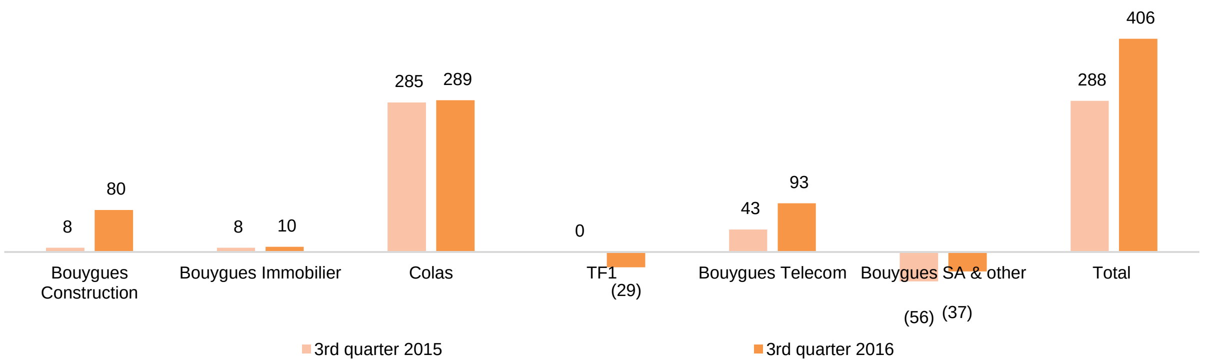
(€ million)	Bouygues Construction	Bouygues Immobilier	Colas	TF1	Bouygues Telecom	Bouygues SA & other	Total
Other financial indicators – first 9 months of 2016							
Acquisitions of property, plant & equipment and intangible assets, net of disposals	127	17	176	147	605	3	1,075
EBITDA	335	68	488	193	697	(30)	1,751
Cash flow	366	81	489	135	678	(29)	1,720
Free cash flow	161	34	237	(5)	24	(115)	336
Other financial indicators – first 9 months of 2015							
Acquisitions of property, plant & equipment and intangible assets, net of disposals	130	10	141	29	571		881
EBITDA	324	67	481	117	565	(19)	1,535
Cash flow	328	75	471	104	513	(3)	1,488
Free cash flow	133	32	259	50	(24)	(135)	315

Free cash flow (€ million)



(€ million)	Bouygues Construction	Bouygues Immobilier	Colas	TF1	Bouygues Telecom	Bouygues SA & other	Total
Other financial indicators - 3rd quarter of 2016							
Acquisitions of property, plant & equipment and intangible assets, net of disposals	38	7	48	51	141	1	286
EBITDA	150	36	449	31	289	(6)	949
Cash flow	141	28	428	14	277	(4)	884
Free cash flow	80	10	289	(29)	93	(37)	406
Other financial indicators - 3rd quarter of 2015							
Acquisitions of property, plant & equipment and intangible assets, net of disposals	64	4	57	14	191	(2)	328
EBITDA	96	29	432	15	242	(7)	807
Cash flow	92	25	433	17	240	(9)	798
Free cash flow	8	8	285		43	(56)	288

Free cash flow (€ million)



NOTE 12 OFF BALANCE SHEET COMMITMENTS

There have been no material changes in off balance sheet commitments since 31 December 2015 other than the following items:

● **Bouygues Immobilier**

Increase in commitments of €47 million over a 10-year period relating to commercial leases for "Nextdoor" work space solutions.

● **TF1**

Commitment to buy out the non-controlling interests in Newen Studios (see Note 1.1, "Significant events of the first nine months of 2016").

● **Bouygues Telecom**

Increase in commitments of €96 million over a 20-year period relating to tower rentals and services (see Note 1.1, "Significant events of the first nine months of 2016").

● **Alstom**

As mentioned in Note 1.1, "Significant events of the first nine months of 2016", the French state announced on 8 February 2016 that the memorandum of understanding entered into with Bouygues on 22 June 2014 relating to Alstom had come into effect.

The principal terms that came into effect, as set forth in Notice 214C1292 published by the AMF on 3 July 2014, are as follows:

- On 4 February 2016, Bouygues entered into a simple loan agreement with the French state under which Bouygues loaned to the French state on that date 43,825,360 Alstom shares, enabling the French state to hold 20% of the share capital and voting rights of Alstom at that date. Under the same agreement, the loan attracts variable remuneration equal to the dividends paid in respect of the loaned shares, after neutralising the tax effects. The loan expires when the call options described below are exercised, or on 17 October 2017 if they are not exercised.

- Bouygues granted the French state a call option exercisable at any time up to and including 5 October 2017 for a number of shares representing 20% of the share capital of Alstom as of 28 January 2016 (i.e. 43,825,360 shares) at an exercise price equal to 95% of the Volume Weighted Average Price (VWAP) of Alstom shares during the 60 trading days preceding the date of exercise, subject to a minimum price of €35 per share (adjusted to take account of any dividend and any transaction affecting Alstom's share capital).

- Bouygues also granted the French state a second call option, exercisable in the event that the call option described above is not exercised. This second option is exercisable between 6 October 2017 and 17 October 2017 and is for a number of shares representing 15% of the share capital of Alstom as of 28 January 2016 (i.e. 32,869,020 shares) at an exercise price equal to 98% of the Volume Weighted Average Price (VWAP) of Alstom shares during the 60 trading days preceding 5 October 2017.

- Bouygues is free to sell some or all of the callable shares to a third party at any time, provided that (i) it has previously sold all of the other Alstom shares in its possession and (ii) the French state is offered first refusal on the callable shares (and on those shares alone).

- Under the corporate governance terms of the memorandum of understanding of 22 July 2014, Bouygues (represented by Philippe Marien) and Olivier Bouygues sit on the Alstom Board of Directors.

As of 30 September 2016, the shares in Alstom held by Bouygues that are callable by the French state are not classified as available for sale because it is not highly probable that the option will be exercised.

If the French state were to exercise its call option at any time up to and including 5 October 2017, Bouygues would receive a cash inflow for the proceeds from the disposal of 43,825,360 Alstom shares, and a gain or loss on disposal per share equivalent to the difference between the exercise price (minimum €35) and the carrying amount per share in the consolidated financial statements.

If the French state were to exercise its call option between 6 October 2017 and 17 October 2017, Bouygues would receive a cash inflow for the proceeds from the disposal of 32,869,020 Alstom shares, and a gain or loss on disposal per share equivalent to the difference between the discounted share price (which was €26.17 on 14 November 2016) and the carrying amount per share in the consolidated financial statements.

For information, the carrying amount per share as of 30 September 2016 was €31.24.