Touax®

Your operational leasing solution

Half-year report

June 30, 2018

The present half-year financial report has been drawn up in accordance with Article L451-1-2-III of the French Monetary and Financial Code and Articles 222-4 and 222-6 of the General Regulations of the French Financial Market Authority (AMF).

Contents

1. HALF-YEAR PROGRESS REPORT ON THE INTERIM FINANCIAL STATEMENTS TO JUNE 30, 2018

Preliminary note:

In accordance with IFRS 5 as of 30 June 2017 and 31 December 2017, European and US Modular Buildings activities are presented as discontinued operations.

Revenues and expenses from discontinued operations were treated as follows:

- The contribution to each line of the TOUAX consolidated income statement is grouped under "Net income from discontinued operations" over the periods presented;
- In accordance with IFRS 5, these restatements are applied to all periods presented in order to make the information consistent.

The assets and liabilities of discontinued operations are grouped together under a single line of assets and liabilities for the period ended 30 June 2017.

The application of IFRS 15 Revenue from contracts with customers, which came into effect on 1 January 2018, led the Group not to present the syndications (sales of equipment to investors) as revenue but to record only the fees on syndication in income and then record as revenue only the margin from sales of second-hand equipment owned to investors to customers instead of the gross amount of these sales, since the standard deems us to be an agent for these transactions.

1.1. KEY FIGURES

The tables below show extracts from the income statements, statements of financial position and cash flow statements from the condensed consolidated financial statements for the six-month periods to June 30, 2018 and June 30, 2017 and full-year 2017.

The financial information given below must be understood in the context of the condensed consolidated financial statements and the other information given in the half-year progress report given below.

(in thousands of euros)	**06.2018**	06.2017*	12.2017*
Leasing revenue	65 165	76 318	146 103
Sales of equipment	8 285	6 851	20 944
Revenue	73 450	83 169	167 047
Fees on syndication	976	1 125	1 122
Capital gain (loss) on disposals	2	4	1 482
Revenue from activities	74 429	84 298	169 651
EBITDAR	40 262	42 799	88 653
EBITDA(1)	12 836	13 003	26 866
Operating income	4 261	5 259	920
Consolidated net attributable income - Group's share	(1 774)	(13 910)	(18 040)
included the net income from retained operations	*(1 774)*	*(73)*	*(5 390)*
included the net income from discontinued operations		*(13 837)*	*(12 650)*
Earnings per share (euro)	(0,25)	(1,99)	(2,58)

(1) EBITDA corresponds to the EBITDAR after deducting distributions to investors (previously called EBITDA after distribution to investors).

(*) Amounts restated in accordance to the application of IFRS 15 "Revenue from contracts with customers"

(in thousands of euros)	**06.2018**	06.2017	12.2017
Total assets	408 898	628 654	398 197
Gross tangible fixed assets (1)	387 830	400 988	395 903
Total non-current assets	304 456	323 165	307 752
Shareholders' equity - Group's share	111 055	122 488	112 696
Consolidated shareholder's equity	135 081	150 772	136 693
Minority interests	24 026	28 284	23 997
Gross financial debt	212 544	232 809	210 921
Net financial debt (2)	179 358	193 191	181 058
Net dividend per share (euro)	NA	NA	NA

(1) The gross tangible assets do not include the value of capital gains on internal disposals and assets on discontinued businesses at June 30, 2017 representing an impact of €303 million

(2) The net debt is the gross debt after deducting cash assets and liabilities on derivatives, liabilities associated with assets of discontinued operations were also adjusted, representing an impact of € 132,7 millions at June 30, 2017

1.2. REMINDER CONCERNING THE BUSINESSES

With operations across five continents, TOUAX leases and sells freight railcars, river barges and shipping containers throughout the world, on its own behalf and on behalf of investors.

With managed assets worth over €1.2 billion, TOUAX is one of the European leaders for leasing this type of equipment.

TOUAX achieved revenue from activities of €74.4 million in the first half of 2018, of which 97% was achieved outside France.

- **Freight Railcars division**

TOUAX Rail Ltd, a wholly-owned subsidiary of TOUAX, operated circa 9,372 platforms (7,103 railcars) at the end of June 2018. The Group is specialized in 45’, 60’, 90’ and 106’ flat intermodal railcars, but also markets car-carrier railcars and hopper railcars.

The currency of the Freight Railcars division is the euro in Europe, the dollar in the United States and the Indian rupee in India.

In Europe, the Group offers its leasing and maintenance services via a network of agencies and agents located in most of the European countries. TOUAX may also sell used and new railcars.

TOUAX offers a global coverage to all its clients.

The Group mainly operates railcars on its own behalf (72% of the managed fleet) and partly through third-party asset management (28% of the managed fleet in number of platforms).

- **River Barges division**

The TOUAX Group is present in Europe and North and South America with a fleet of 112 barges at the end of June 2018 for its own and for third parties, representing a capacity of over 289,000 tons.

TOUAX provides its services:

- in France on the Seine and Rhone,
- in Northern Europe on the Rhine (Meuse, Moselle, Main),
- in Central Europe on the Danube,
- in North America on the Mississippi,
- in South America on the Paraná-Paraguay.

TOUAX offers its customers comprehensive expertise in the field of river transport, in particular with leasing and trade in river transport equipment.

The currency of the River Barges division is the dollar in the United States and South America, and the euro in Europe.

TOUAX's customers are river logistics operators and industrial companies.

- **Shipping Containers division**

Through Touax Global Container Solutions, TOUAX managed a fleet of about 489,000 CEU at the end of June 2018, making it the leader in Continental Europe and the eigth largest leasing company in the world. The Group specializes in standard dry containers (20 feet, 40 feet, and 40 feet high capacity) which can be leased to all shipping companies worldwide. The average age of its fleet is of 9.5 years.

92% (number of CEU) of the shipping containers are managed on behalf of third-party investors, and the remainder belongs to the Group.

The Shipping Containers division deals in US dollars.

TOUAX Global Container Solutions offers a very extensive range of contracts:

- short-term operational leasing (annually renewable master lease or one way leasing),
- long-term operational leasing (3 to 7 years) with or without an option to buy (these contracts account for 89% of the fleet managed),
- financial leasing (sale and leaseback and lease-purchase program).

TOUAX also sells new and used containers.

The Group's utilization rate was of 98.9% on June 30, 2018.

TOUAX Global Container Solutions works with over 120 shipping companies worldwide and with top 10 firms. Customers include for example Maersk Lines, Hapag Lloyd, Evergreen, Mediterranean Shipping Company, CMA-CGM, COSCO Shipping.

The company is established internationally through a network of 3 regional offices (Singapore for Asia, Miami for the Americas and Bremen/Hamburg for Europe, Middle East and Africa) and representations in the following locations: Philadelphia, Los Angeles, Sao Paulo, Genoa, Hong Kong, Shanghai and Seoul.

With about 200 warehouses located in the main port zones in the world, TOUAX Global Container Solutions thereby offer a global cover to all its customers.

Modular Buildings division – European and US activities sold in 2017

On 2 November 2017, TOUAX sold its US modular building activities, and on 8 December 2017, all the shares held in Touax Solutions Modulaires SAS. The disposals of the European and US modular activities were carried out for a business value of approximately €165 million for the European modular activity and of €5 million for the US modular activity.

The Modular Buildings activity continues in Africa. This activity is not significant in relation to the Group's other transportation activities and is presented in segment information in the miscellaneous category.

1.3. VARIATION IN CONSOLIDATED REVENUE

Revenue from activities takes into account the changes resulting from IFRS 15 as explained in the preliminary note.

Total revenue from activities decreased by €9.9 million (equal to -11.7%), from €84.3 million in June 2017 to €74.4 million in June 2018. At constant scope and currency, revenue from activities decreased by 6%.

Leasing revenue decreased by €11.1 million, from €76.3 million at 30 June 2017 to €65.2 million on 30 June 2018, equal to a variation of -14.6%. The variation in leasing revenue at constant scope and currency is -9%.

Analysis by geographical area

Revenue from activities by geographical area			Variation June		
(in thousands of euros)	**06.2018**	06.2017*	2017/2018		12.2017*
International	37 145	47 649	(10 504)	-22,0%	87 247
Americas	1 910	2 619	(709)	-27,1%	4 986
Europe	31 217	30 349	868	2,9%	66 131
Other	3 179	2 552	627	24,6%	8 683
TOTAL Revenue	**73 450**	**83 169**	**(9 718)**	**-11,7%**	**167 047**
International	314	75	239	318,7%	72
Europe	662	1 050	(389)	-37,0%	1 050
TOTAL Fees on syndication	**976**	**1 125**	**(150)**	**-13,3%**	**1 122**
Europe					1 483
Other	2	4	(2)	-50,0%	(1)
TOTAL Capital gain (loss) on disposals	**2**	**4**	**(2)**	**-50,0%**	**1 482**
TOTAL REVENUE FROM ACTIVITIES	**74 429**	**84 298**	**(9 869)**	**-11,7%**	**169 651**

(*) Amounts restated in accordance to the application of IFRS 15 "Revenue from contracts with customers"

In the Freight Railcars and River Barges divisions, the services are provided in the sector where the markets and customers are located.

The Shipping Containers division is present at the international level, since the shipping containers travel on hundreds of global trade routes.

Quarterly information restated in accordance with the application of the Standards

- IFRS 5 following the transfer of the leasing of modular buildings in Europe and the United States,
- IFRS 15 regarding the presentation of the revenue.

These information are neither audited nor reviewed by the Statutory Auditors.

Revenue from activities by quarter *(in thousands of euros)*	Q1 2018	Q2 2018	Total 06.2018
Leasing revenue	12 775	12 660	25 435
Sales of equipment	100	789	889
Fees on syndication		662	662
Freight Railcars	**12 875**	**14 111**	**26 986**
Leasing revenue	3 029	2 798	5 827
Sales of equipment	1 020		1 020
River Barges	**4 049**	**2 798**	**6 847**
Leasing revenue	16 329	17 111	33 441
Sales of equipment	1 746	2 062	3 808
Fees on syndication	309	5	314
Shipping Containers	**18 385**	**19 178**	**37 563**
Leasing revenue	331	130	461
Sales of equipment	692	1 877	2 568
Capital gain (loss) on disposals	14	(12)	2
Miscellaneous & eliminations	**1 037**	**1 994**	**3 032**
Leasing revenue	**32 465**	**32 700**	**65 165**
Sales of equipment	**3 557**	**4 728**	**8 285**
Fees on syndication	**309**	**666**	**976**
Capital gain (loss) on disposals	**14**	**(12)**	**2**
TOTAL GROUP	**36 346**	**38 082**	**74 429**

Revenue from activities by quarter* *(in thousands of euros)*	Q1 2017	Q2 2017	Q3 2017	Q4 2017	Total 12.2017
Leasing revenue	11 929	12 826	12 309	13 861	50 925
Sales of equipment	598	982	135	3 260	4 975
Fees on syndication		1 050			1 050
Freight Railcars	**12 527**	**14 858**	**12 444**	**17 121**	**56 951**
Leasing revenue	3 699	3 560	3 624	3 457	14 341
Sales of equipment	6	111	52	53	222
River Barges	**3 705**	**3 671**	**3 676**	**3 510**	**14 563**
Leasing revenue	22 824	21 572	18 427	17 616	80 439
Sales of equipment	1 833	1 681	1 315	2 243	7 072
Fees on syndication	76	(1)	(2)	(1)	72
Shipping Containers	**24 734**	**23 251**	**19 740**	**19 859**	**87 583**
Leasing revenue	45	(137)	54	436	398
Sales of equipment	987	653	1 454	5 579	8 674
Capital gain (loss) on disposals	4			1 478	1 482
Miscellaneous & eliminations	**1 036**	**517**	**1 508**	**7 493**	**10 554**
Leasing revenue	**38 498**	**37 820**	**34 414**	**35 370**	**146 103**
Sales of equipment	**3 424**	**3 427**	**2 957**	**11 136**	**20 944**
Fees on syndication	**76**	**1 049**	**(2)**	**(1)**	**1 122**
Capital gain (loss) on disposals	**4**			**1 478**	**1 482**
TOTAL GROUP	**42 002**	**42 297**	**37 369**	**47 983**	**169 651**

(*) Amounts restated in accordance to the application of IFRS 15 "Revenue from contracts with customers"

The variation in revenue from activities (-11.7%) has the following breakdown:

The Freight Railcar leasing business is growing by €0.7 million, thanks to an increase in utilization rates and leasing rates.

The River Barges division leasing activity shows an overall decrease in its revenues. The fall in leasing revenues has not been offset by the higher sales. Activity in Europe was particularly high in the first half of 2017. Activity in South America is down as a result of lower barge utilization rates and lower leasing rates.

The leasing activity in the Containers division is down 25% due to a decrease in the fleet and leasing rates. The depreciation of the dollar has a significant impact on the division, at constant currency, leasing revenues would fall by 16%. The average managed fleet decreased by 9% over the same period and utilization rates increased from 98.4% to 98.9%.

Equipment sales increased by €1.4 million (equal to +21%), increasing from €6.9 million on 30 June 2017 to €8.3 million on 30 June 2018.

Fees on syndication decreased by €0.1 million.

- **Freight Railcars division**

The revenue from activities generated by the Freight Railcars division decreased by €0.4 million (or -1.5%), changing from €27.4 million in June 2017 to €27 million in June 2018.

The leasing revenue generated by our Freight Railcars division increased by €0.7 million (or +2.7%), from €24.8 million in June 2017 to €25.4 million in June 2018. The increase in leasing revenues is mainly due to the increase in utilization rates and leasing rates. The average utilisation rate for the first half of 2017 was 80.30%, compared with an average of 84.20% for the first half of 2018.

Equipment sales in the Freight Railcars division decreased by €0.7 million, from €1.6 million in June 2017 to €0.9 million in June 2018.

Fees on syndication were €0.7 million at 30 June 2018 compared to €1 million in June 2017. The decrease in the commission is mainly due to the volume effect (sales worth €23 million in June 2017 compared to €10.8 million in June 2018).

- **River Barges division**

The revenue generated by the River Barges division decreased by €0.5 million (or -7.2%), changing from €7.4 million in June 2017 to €6.8 million in June 2018. Railcar sales increased significantly offsetting the decline in leasing revenue and chartering.

- **Shipping Containers division**

The revenue from activities generated by the Shipping Container division decreased by €10.4 million (or -21.7%), changing from €48 million in June 2017 to €37.6 million in June 2018. This change is mainly due to a decrease in leasing activity.

Leasing revenue generated by the Shipping Container division fell by €11 million (or -24.7%), changing from €44.4 million in June 2017 to €33.4 million in June 2018. At constant Euro/dollar exchange rates, the leasing revenue from our Shipping Containers division fell by 16%. The decrease in leasing revenues is due to a slight decrease in daily leasing rates and a decreased fleet. The fleet decreased by 42,857 CEU between the two periods (488,671 CEU on 30.06.2018). The average utilization rate increased to 98.9% on 30 June 2018 compared with 97.2% on 30 June 2017.

Equipment sales to customers from the Shipping Container division increased by €0.3 million (or +8%), changing from €3.5 million in June 2017 to €3.8 million in June 2018. At constant currency, the variation is 21%.

Fees on syndication increased by €0.2 million (or +318%). At constant currency, the variation is +€0.3 million (or +368%).

- **Miscellaneous**

Revenue from the companies in North Africa is grouped in the miscellaneous & eliminations segment.

The activity of these subsidiaries is mainly focused on the sale in Africa of modular buildings manufactured by the Moroccan plant.

We note an increase in its revenue of €0.9 million in the first half of 2018.

Analysis by division

Revenue from activities by business *(in thousands of euros)*	06.2018	06.2017*	Variation June 2017/2018		12.2017*
FREIGHT RAILCARS	**26 324**	**26 335**	**(11)**	**0,0%**	**55 901**
Leasing revenues (1)	25 435	24 755	680	**2,7%**	50 925
Sale of new and used equipment	889	1 580	(691)	**-43,7%**	4 975
RIVER BARGES	**6 847**	**7 376**	**(529)**	**-7,2%**	**14 563**
Leasing revenues (1)	5 827	7 259	(1 432)	**-19,7%**	14 341
Sale of new and used equipment	1 020	117	903	**771,8%**	222
SHIPPING CONTAINERS	**37 249**	**47 910**	**(10 661)**	**-22,3%**	**87 511**
Leasing revenues (1)	33 441	44 396	(10 955)	**-24,7%**	80 439
Sale of new and used equipment	3 808	3 514	294	**8,4%**	7 072
Miscellaneous & eliminations	**3 029**	**1 548**	**1 481**	**95,7%**	**9 072**
Leasing revenues (1)	461	(92)	553	**-601,1%**	398
Sale of new and used equipment	2 568	1 640	928	**56,6%**	8 674
TOTAL Revenue	**73 450**	**83 169**	**(9 719)**	**-11,7%**	**167 047**
Fees on syndication Freight Railcars	662	1 050	(388)	**-37,0%**	1 050
Fees on syndication Shipping Containers	314	75	239	**318,7%**	72
TOTAL Fees on syndication	**976**	**1 125**	**(149)**	**-13,2%**	**1 122**
Capital gain (loss) on disposals Other	2	4	(2)	**-50,0%**	1 482
TOTAL Capital gain (loss) on disposals	**2**	**4**	**(2)**	**-50,0%**	**1 482**
TOTAL REVENUE FROM ACTIVITIES	**74 429**	**84 298**	**(9 870)**	**-11,7%**	**169 651**

(1) Leasing revenue includes ancillary services.

(*) Amounts restated in accordance to the application of IFRS 15 "Revenue from contracts with customers"

1.4. VARIATION IN THE GROUP'S RESULTS

Segment information is presented in accordance with IFRS 8 based on internal management reports.

Result *(in thousands of euros)*	**06.2018**	06.2017	Variation June 2017/2018	12.2017
FREIGHT RAILCARS				
Gross operating margin (EBITDAR)	13 578	12 129	1 450	24 678
Segment-based results before distribution to investors	7 848	5 735	2 113	12 134
Leasing revenues owed to investors	(2 062)	(1 626)	(436)	(4 388)
Segment-based current operating income	5 786	4 109	1 677	7 745
RIVER BARGES				
Gross operating margin (EBITDAR)	2 401	3 533	(1 132)	5 703
Segment-based results before distribution to investors	1 083	2 075	(992)	2 608
Leasing revenues owed to investors				
Segment-based current operating income	1 083	2 075	(992)	2 608
SHIPPING CONTAINERS				
Gross operating margin (EBITDAR)	26 136	28 480	(2 344)	58 406
Segment-based results before distribution to investors	24 972	27 157	(2 184)	55 491
Leasing revenues owed to investors	(25 364)	(28 171)	2 807	(57 399)
Segment-based current operating income	(392)	(1 014)	621	(1 908)
TOTAL				
Gross operating margin (EBITDAR)	42 116	44 142	(2 027)	88 787
Segment-based results before distribution to investors	33 904	34 967	(1 063)	70 233
Leasing revenues owed to investors	(27 427)	(29 797)	2 370	(61 787)
Segment-based current operating income	6 477	5 171	1 306	8 445
Miscellaneous & eliminations	(2 216)	(1 742)	(474)	(893)
Current operating income	**4 261**	**3 429**	**832**	**7 552**
Other operating revenues and expenses	(251)	1 830	(2 081)	(6 632)
Operating income	**4 010**	**5 259**	**(1 248)**	**920**
Financial result	(4 509)	(4 920)	411	(9 337)
Shares of profit/(loss) of associates		(65)	65	(65)
Profit before tax	**(499)**	**274**	**(773)**	**(8 482)**
Corporate income tax	(684)	(94)	(590)	(53)
EARNINGS FROM RETAINED OPERATIONS	(1 183)	180	(1 362)	(8 535)
EARNINGS FROM DISCONTINUED OPERATIONS		(10 363)	10 363	(9 176)
CONSOLIDATED NET INCOME	**(1 183)**	**(10 183)**	**9 000**	**(17 711)**
- non controlling interests (Minority interests) from retained operations	592	253	339	(3 145)
- non controlling interests (Minority interests) from discontinued operations		3 474	(3 474)	3 474
CONSOLIDATED NET ATTRIBUTABLE INCOME	**(1 774)**	**(13 910)**	**12 137**	**(18 040)**
Including EARNINGS FROM RETAINED OPERATIONS	(1 774)	(73)	(1 701)	(5 390)
Including EARGNINGS FROM DISCONTINUED OPERATIONS		(13 837)	13 837	(12 650)

The financial statements have been restated in accordance with IFRS 5 and IFRS 15 (see preliminary note).

The segment-based current operating income in the **Freight Railcars** is up by €1.7 million. This increase is mainly due to an increase in leasing activity and a change in the accounting assessment of axle consumption, which is now capitalised and depreciated over 6 years.

The segment-based current operating income in the **River Barges** division reported a decrease of €1 million compared to June 2017. The resolution of the dispute with a South American customer provided an ad hoc improvement to the operating profit of €1.1 million in June 2017.

The **Shipping Containers** division shows segment-based results up by €0.6 million on 30 June 2018. Leasing activity is stable on operating income in both periods. The margin on sales to customers is down but partially offset by an increase in fees on syndication. The decrease in general expenses explains most of the improvement in operating income.

1.5. OTHER ITEMS OF THE CONSOLIDATED RESULTS

- **Net distribution to investors**

The net distribution to investors decreased by €2.4 million (or -8%), changing from €29.8 million in June 2017 to €27.4 million in June 2018. At constant currency, the variation is +2%.

The Shipping Containers division makes a major contribution to this item: €25.4 million in June 2018 compared with €28.2 million in June 2017.

The Shipping Containers division contributed €2.8 million to this decrease, while at constant currency, the distribution to investors would increase by €0.2 million.

The Shipping Containers division manages 438,142 CEU on behalf of investors at the end of June 2018 compared to 460,557 CEU at the end of June 2017. The stable evolution of distribution to investors, at constant currency, in the container division can be explained by the significant decrease in operating expenses offset by the lower leasing revenue (smaller investor fleet).

Distributions to investors in the Freight Railcar division increased by €0.4 million, explained by the sale of railcars to the Luxembourg SICAV.

It is stated that the leasing revenue includes leasing revenue received on behalf of third parties, leasing revenue due to the Group, and the share of interest on finance leases in which the Group is the lessor. The change in the business mix (proprietary asset management and third-party asset management) results in a change in the revenue distribution rate. In other words, if more leasing revenue is received on behalf of third parties, the revenue distribution rate will be higher. It should be noted that in June 2018 the Group managed equipment worth over €1.2 billion, 67% of which belonged to third parties.

- **Current operating income**

The current operating income amounted to €4.3 million, compared to €3.4 million in June 2017.

- **Other operating income and expenses**

Other operating income and expenses show an expense of €0.3 million in June 2018.

Other operating income and expenses show an income of €1.8 million in June 2017, related to the change from equity method to the full consolidation method of TRF3 (Railcar division).

- **Financial result**

The financial result showed an expense of €4.5 million at June 30, 2018 compared with €4.9 million at June 30, 2017. The financial result mainly comprises interest charges.

- **Net result - Group's share**

The consolidated net income (Group's share) showed a loss of €1.8 million at June 30, 2018 compared with a loss of €13.9 million at June 30, 2017.

Net earnings per share amounted to -€0.25 (-€1.99 in June 2017).

1.6. GROUP CONSOLIDATED BALANCE SHEET

The consolidated balance sheet total at June 30, 2018 amounted to €409 million, compared with €398 million at December 31, 2017.

Non-current assets totalled €304 million (including property, plant and equipment worth €284 million at June 30, 2018) compared with €308 million at December 31, 2017 (including property, plant and equipment worth €288 million at December 31, 2017).

Long-term financial assets amounted to €12.3 million at June 30, 2018 and increased compared with December 31, 2017 (+€2.5 million).

Stocks at June 30, 2018 amounted to €33.6 million compared with €23.9 million at December 31, 2017.

Shareholders equity amounted to €135.1 million at June 30, 2018, compared with €136.7 million at December 31, 2017.

Non-current liabilities amounted to €182.9 million, up by €55 million compared with December 2017 (€127.9 million).

Consolidated net financial indebtedness (after deducting cash and marketable securities and Short-term derivative instruments assets) amounted to €178.7 million, down by €2.4 million (€181.1 million in December 2017).

1.7. PRINCIPAL OUTSTANDING INVESTMENTS

- **Main investments (non-group) of the fleet managed by Touax for third parties (investors)**

Freight railcars:

- Investment of €10.8 million by the SPV TXRF4 of the Luxembourg fund.
- Sale of second-hand railcars to customers leading to a decrease in the value of the fleet totalling €1.8 million (gross value).

Shipping containers:

- Investment of €3.3 million by the SPV TXL of the Luxembourg fund.
- Sale of second-hand containers to customers leading to a decrease in the value of the fleet totalling €17 million (gross value).
- End of sub-lease contract for containers with a gross value of €13.5 million.
- Transfer of a container fleet to the Group for €5.9 million

- **Main investments on TOUAX's own behalf**

Net capital assets investments *(in thousands of euros)*	**06.2018**	06.2017	12.2017
Net intangible investments		32	123
Net tangible investments	(9 552)	26 647	25 800
Net financial investments	1 590	(491)	4 769
TOTAL NET INVESTMENTS IN ASSETS	**(7 962)**	**26 188**	**30 692**

These are acquisitions of fixed assets in gross value less the gross values of the transfers of fixed assets.

Breakdown by business of net capital assets investments *(in thousands of euros)*	**06.2018**	06.2017	12.2017
Freight Railcars	641	27 583	28 099
River Barges	(2 718)	(558)	(582)
Shipping Containers	(5 900)	(1 103)	(1 947)
Miscellaneous	16	266	5 122
TOTAL NET INVESTMENTS IN ASSETS	**(7 962)**	**26 188**	**30 692**

- **Firm investment commitments**

Firm orders and investments at June 30, 2018 amounted to €10.62 million, consisting of €2.11 million for freight railcars and €8.51 million for shipping containers.

1.8. SIGNIFICANT EVENTS DURING THE FIRST HALF OF 2018

Touax has refinanced asset lines in its Shipping Container and Freight Railcar divisions for a total of €110 million. These transactions enable existing and future asset portfolios to be refinanced, via Term Loan and Revolving Credit Facilities (RCF) respectively. The Group will therefore be able to re-establish the investments needed for the growth of its activities in a favourable environment.

Freight Railcars Division

On 25 May 2018, an asset financing has been signed, via the Touax Rail Finance and Touax Rail Finance 2 entities, combining a Term Loan of €46 million with a maturity of five years and a confirmed line of €18 million over three years. The financing was granted by DVB Bank SE and Crédit Agricole Corporate and Investment Bank, already lenders of the railcars division.

Shipping Containers Division

On 29 May 2018, an asset financing has been signed, via Touax Container Asset Financing Limited, combining a Term Loan of $26 million over four years and a confirmed line (RCF) of $34 million with a maturity of two years. The documentation provides for an accordion option (extension of the line) to support growth.

Modular Buildings Division in Europe – discontinued operations: see note on Contingent Liabilities (note 21.4 - Adjustment of the sale price of the Modular Buildings activity).

1.9. POST BALANCE SHEET EVENTS

- TOUAX paid a coupon to the holders of Undated Super Subordinated Notes (TSSDI) for an amount of €4 million in August 2018.

- **Bond issue**

On 31 July 2018, Touax SCA completed a senior unsecured Euro PP bond issue at a nominal amount of €16.6 million with a maturity date of 31 July 2023.

The Bonds bear interest at a nominal annual rate of 5.75%, payable annually in arrears.

The issue of the Bonds is intended to extend the average maturity of the Group's debt. The net proceeds of the issue will thus be used in part to refinance bonds maturing on 2 October 2018 that carried an interest rate of 6.25%; the balance being allocated to the general requirements of the Group.

This transaction reflects the Group's desire to achieve both asset finance and corporate financing with regard to the Touax SCA holding for the purpose of diversification and optimisation.

1.10. OUTLOOK

Growth in global goods trading is forecast at rates above 4% for the years 2018 and 2019. This high growth should favour the growth of the Group's activities and in particular the leasing of transport equipment.

The Freight Railcars leasing activity in Europe is linked to the European economic situation. European growth is expected to continue in 2018 and 2019 at a sustained pace, thanks to continuing high consumption and strong exports and investment.

The River Barges activity will continue to suffer the effects of a fragile economy in South America due to a low level of raw materials prices and mining exports.

The Shipping Container activity will benefit from the growth in world trade and the worldwide shortage of containers since the end of 2017.

The marginal sales activity of modular buildings in Africa will increase with the operational transformation of this activity.

1.11. RISKS AND UNCERTAINTIES REGARDING THE SECOND HALF-YEAR

Risk management is set out in the 2017 reference document reference filed with the AMF on April 18, 2018, reference D.18-0345. TOUAX does not expect changes in the risks described in the 2017 reference document.

1.12. PRINCIPAL RELATED-PARTY TRANSACTIONS

The nature of the transactions carried out by the Group with related parties is described in Note 30 of the Notes to the 2017 consolidated financial statements. There were no significant changes to related-party transactions during the first half of 2018.

2. CONDENSED CONSOLIDATED HALF-YEAR FINANCIAL STATEMENTS

In accordance with IFRS 5, the European and US Modular Buildings activities are presented as discontinued operations at 30 June 2017 and sold at 31 December 2017. The assets and liabilities of discontinued operations are grouped together under a single line of assets and liabilities for the period ended 30 June 2017.

The application of IFRS 15 Revenue from contracts with customers, which came into effect on 1 January 2018, led the Group not to present the syndications (sales of equipment to investors) as revenue but to record only the fees on syndication in income and then record as revenue only the margin from sales of second-hand equipment owned to investors to customers instead of the gross amount of these sales, since the standard deems us to be an agent for these transactions. There is no impact on the net income. The 2017 financial statements have been restated accordingly.

In accordance with the provisions of IFRS 9 - Financial Instruments, the Group applied this change in accounting standards to the income statement and the comprehensive income statement for the 2018 financial year. The application of this IFRS standard within the Group has not produced any significant effects.

Consolidated income statement, presented by function *(in thousands of euros)*	**06.2018**	06.2017*	12.2017*
Leasing revenue	65 165	76 318	146 103
Sales of equipment	8 285	6 851	20 944
TOTAL REVENUE	**73 450**	**83 169**	**167 047**
Fees on syndication	976	1 125	1 122
Capital gains on disposals	2	4	1 482
Revenue from activities	**74 429**	**84 298**	**169 651**
Cost of sales	(5 591)	(4 609)	(16 148)
Operating expenses	(16 685)	(25 701)	(42 975)
Sales, general and administrative expenses	(11 891)	(11 189)	(21 875)
GROSS OPERATING MARGIN (EBITDAR)	**40 262**	**42 799**	**88 653**
Depreciation, amortization and impairments	(8 575)	(9 574)	(19 314)
OPERATING INCOME before distribution to investors	**31 687**	**33 225**	**69 339**
Net distributions to investors	(27 426)	(29 796)	(61 787)
CURRENT OPERATING INCOME	**4 261**	**3 429**	**7 552**
Other operating revenues (expenses), net	(251)	1 830	(6 632)
OPERATING INCOME	**4 010**	**5 259**	**920**
Interest income	11	48	78
Inerest expense	(4 379)	(5 326)	(10 825)
Net interest expense	**(4 368)**	**(5 278)**	**(10 747)**
Other financial income (expenses), net	(141)	358	1 410
NET FINANCIAL EXPENSE	**(4 509)**	**(4 920)**	**(9 337)**
Profit (loss) of investments in associates		(65)	(65)
PROFIT BEFORE TAX	**(499)**	**274**	**(8 482)**
Income tax benefit (expense)	(684)	(94)	(53)
Earnings from retained operations	(1 183)	180	(8 535)
Earnings from discontinued operations		(10 363)	(9 176)
NET INCOME OF CONSOLIDATED COMPANIES	**(1 183)**	**(10 183)**	**(17 711)**
including portion attributable to			
- non controlling interests (Minority interests) from retained operations	592	253	(3 145)
- non controlling interests (Minority interests) from discontinued operations		3 474	3 474
CONSOLIDATED NET INCOME (LOSS)	**(1 774)**	**(13 910)**	**(18 040)**
Including earnings from retained operations	(1 774)	(73)	(5 390)
Including earnings from discontinued operations		(13 837)	(12 650)
Net earning per share (euro)	(0,25)	(1,99)	(2,58)
Diluted net earnings per share (euro)	(0,25)	(1,99)	(2,58)

(*) Amounts restated in accordance to the application of IFRS 15 "Revenue from contracts with customers"

Consolidated income statement, presented by type		06.2018	06.2017*	12.2017*
Note #	*(in thousands of euros)*			
	Revenue	**73 450**	**83 169**	**167 047**
	Fees on syndication	976	1 125	1 122
	Capital gain (loss) on disposals	2	4	1 482
5	**Revenue from activities**	**74 429**	**84 298**	**169 651**
	Other purchases and external charges	(26 612)	(32 298)	(65 784)
6	Staff costs	(7 635)	(8 304)	(15 935)
	Other operating revenues & expenses	317	1 702	(2 491)
	GROSS OPERATING PROFIT	**40 499**	**45 398**	**85 441**
	Operating Provisions	(237)	(2 599)	3 212
	GROSS OPERATING MARGIN (EBITDAR)	**40 262**	**42 799**	**88 653**
	Depreciation, amortization and impairments	(8 575)	(9 574)	(19 314)
	OPERATING INCOME before distribution to investors	**31 687**	**33 225**	**69 339**
7	Net distributions to investors	(27 426)	(29 796)	(61 787)
	CURRENT OPERATING INCOME	**4 261**	**3 429**	**7 552**
8	Other revenues (expenses), net	(251)	1 830	(6 632)
	OPERATING INCOME	**4 010**	**5 259**	**920**
	Interest income	11	48	78
	Interest expense	(4 379)	(5 326)	(10 825)
	Net interest expense	**(4 368)**	**(5 278)**	**(10 747)**
	Other financial income (expenses), net	(141)	358	1 410
9	**NET FNANCIAL EXPENSE**	**(4 509)**	**(4 920)**	**(9 337)**
	Profit (loss) of investments in associates		(65)	(65)
	PROFIT BEFORE TAX	**(499)**	**274**	**(8 482)**
10	Income tax benefit (expense)	(684)	(94)	(53)
	Earnings from retained operations	(1 183)	180	(8 535)
	Earnings from discontinued operations		(10 363)	(9 176)
	NET INCOME OF CONSOLIDATED COMPANIES	**(1 183)**	**(10 183)**	**(17 711)**
	Including portion attributable to:			
	- non controlling interests (Minority interests) from retained operations	592	253	(3 145)
	- non controlling interests (Minority interests) from discontinued operations		3 474	3 474
	CONSOLIDATED NET INCOME (LOSS)	**(1 774)**	**(13 910)**	**(18 040)**
	Including earnings from retained operations	(1 774)	(73)	(5 390)
	Including earnings from discontinued operations		(13 837)	(12 650)
11	**Net earnings per share**	(0,25)	(1,99)	(2,58)
11	**Diluted earnings per share**	(0,25)	(1,99)	(2,58)

(*) Amounts restated in accordance to the application of IFRS 15 "Revenue from contracts with customers"

Statement of comprehensive income for the period *(in thousands of Euros)*	**06.2018**	06.2017	12.2017
Consolidated net income (loss)	**(1 183)**	**(10 183)**	**(17 711)**
Other items of comprehensive income, net of taxes			
Translation adjustments	430	(2 677)	(4 090)
Translation adjustments on net investment in subsidiaries	303	(222)	(637)
Profit and losses on cash flow hedges (efficient part)	(99)	254	323
Variation in the fair value ORNANE (application IFRS 9)	(473)		
Tax on comprehensive income items	17	(105)	(126)
Total items that may be subsequently reclassified to profit or loss	**178**	**(2 750)**	**(4 530)**
including Non-controlling interests (minority interests)	(171)	(273)	(495)
including Owners of the Group's parent company	349	(2 477)	(4 035)
Net income (loss) for the financial year attributable to:			
including Non-controlling interests (minority interests)	592	3 727	329
including Owners of the Group's parent company	(1 774)	(13 910)	(18 040)
Total	**(1 183)**	**(10 183)**	**(17 711)**
COMPREHENSIVE INCOME:			
including Non-controlling interests (minority interests)	421	3 454	(166)
including Owners of the Group's parent company	(1 425)	(16 387)	(22 075)
TOTAL	**(1 004)**	**(12 933)**	**(22 241)**

Note #	Consolidated balance sheet (in thousands of euros)	06.2018	06.2017	12.2017
	ASSETS			
12	Goodwill	5 101	13 410	5 101
	Intangible assets	752	875	874
13	Rental equipment & other property plant & equipment, net	283 629	299 067	287 645
14	Long-term financial assets	12 254	4 072	9 775
14	Investments in associates			
14	Other non-current assets	2 617	5 619	4 016
	Deferred tax assets	103	122	341
	Total non-current assets	**304 456**	**323 165**	**307 752**
15	Inventory and work-in-progress	33 595	15 395	23 908
	Trade receivables, net	29 627	27 757	29 575
	Current Financial Assets		4 534	
16	Other Current Assets	8 034	9 931	7 099
17	Cash and Cash Equivalents	33 186	39 618	29 863
	Total current assets	**104 442**	**97 235**	**90 445**
	Assets of discontinued operations		208 254	
	TOTAL ASSETS	**408 898**	**628 654**	**398 197**
	LIABILITIES			
	Share capital	56 092	56 092	56 092
	Hybrid capital	50 161	50 161	50 161
	Reserves	6 576	30 145	24 483
	Profit (loss) for the fiscal year, Group's share	(1 774)	(13 910)	(18 040)
	Equity attributable to the owners of the parent company	**111 055**	**122 488**	**112 696**
	Non-controlling interests (Minority interests)	24 026	28 284	23 997
18	**Consolidated shareholders' equity**	**135 081**	**150 772**	**136 693**
17	Loans and borrowings	179 934	136 161	123 180
	Deferred tax liabilities	2 001	2 839	1 860
	Employee benefits	198	281	198
	Other long-term liabilities	800	4 087	2 627
	Total non-current liabilities	**182 933**	**143 368**	**127 865**
19	Provisions	140	219	164
17	Loans and borrowings	32 610	96 648	87 741
	Trade payables	14 806	11 906	12 278
20	Other Current Liabilities	43 328	45 752	33 456
	Total current liabilities	**90 884**	**154 525**	**133 639**
	Liabilities associated with assets of discontinued operations		179 989	
	TOTAL LIABILITIES	**408 898**	**628 654**	**398 197**

Changes in consolidated shareholders' equity *(in thousands of euros)*	Share capital	Premiums	Consolidated reserves	Conversion reserves	Variation in the fair value of derivatives (swaps)	Comprehensive income for the year	TOTAL Equity attributable to the owners of the parent company	Non controlling interests (Minority interests)	TOTAL shareholders' equity
POSITION AT JANUARY 1 , 2017	**56 092**	**34 041**	**47 662**	**13 270**	**(203)**	**(11 583)**	**139 279**	**17 470**	**156 749**
Revenue (expenses) recognized directly in shareholders' equity					182		**182**	63	**245**
Translation differences				(2 659)			**(2 659)**	(336)	**(2 995)**
Comprehensive income for the year						(13 910)	**(13 910)**	3 727	**(10 183)**
TOTAL charges and revenue recognised				**(2 659)**	**182**	**(13 910)**	**(16 387)**	**3 454**	**(12 933)**
Capital increases		(26 405)	26 405						
Appropriation of the 2016 net result			(11 583)			11 583			
General Partners' statutory compensation		(441)					**(441)**		**(441)**
Dividend								(1 497)	**(1 497)**
Changes in the consolidation perimeter and miscellaneous			122		(80)		**42**	8 857	**8 899**
Treasury shares			(5)				**(5)**		**(5)**
AT JUNE 30, 2017	**56 092**	**7 195**	**62 601**	**10 611**	**(101)**	**(13 910)**	**122 488**	**28 284**	**150 772**
POSITION AT JANUARY 1 , 2018	**56 092**	**7 195**	**58 486**	**9 020**	**(58)**	**(18 040)**	**112 695**	**23 998**	**136 693**
Revenue (expenses) recognized directly in shareholders' equity					(589)		**(589)**	34	**(555)**
Translation differences				938			**938**	(205)	**733**
Comprehensive income for the year						(1 774)	**(1 774)**	592	**(1 183)**
TOTAL charges and revenue recognised				**938**	**(589)**	**(1 774)**	**(1 425)**	**421**	**(1 004)**
Capital increases								440	**440**
Repayment of shareholders' equity								(539)	**(539)**
Appropriation of the 2017 net result			(18 040)			18 040			
General Partners' statutory compensation		(268)					**(268)**		**(268)**
Dividend								(294)	**(294)**
Changes in the consolidation perimeter and miscellaneous			1				**1**		**1**
Treasury shares			52				**52**		**52**
AT JUNE 30, 2018	**56 092**	**6 927**	**40 499**	**9 958**	**(647)**	**(1 774)**	**111 055**	**24 026**	**135 081**

	Consolidated Cash Flow Statement *(in thousands of euros)*	**06.2018**	06.2017	12.2017
	Consolidated net income/(loss) from retained operations	(1 183)	181	(8 535)
	Profit / (loss) of investments in associates		65	65
	Depreciation and amortization	8 585	9 581	17 467
	Change in deferred taxes	278	(134)	(692)
	Capital gains & losses on disposals	(1 730)	(1 313)	(1 413)
	Disposal costs			(2 154)
	Other non-cash income (expenses), net	239	(2 106)	6 074
	Self-financing capacity after cost of net financial debt & tax	**6 189**	**6 274**	**10 812**
	Net interest expense	4 369	5 278	10 747
	Income tax paid	405	227	746
	Self-financing capacity before cost of net financial debt & tax	**10 963**	**11 779**	**22 305**
	Income tax paid	(405)	(227)	(746)
A	Change in working capital (excluding changes in inventory)	8 424	643	(11 454)
B	Change in inventory	(9 196)	13 977	5 045
C	Change in working capital related to rental equipment purchases	1 201	(6 128)	(5 574)
	Purchase of rental equipment	(9 158)	(3 132)	(7 023)
	Proceed from sale of rental equipment	7 824	15 816	18 697
	Net impact of finance leases granted to customers	709	705	1 369
	Sub-total	(8 620)	21 238	12 514
	CASH FLOW FROM OPERATING ACTIVITIES GENERATED BY RETAINED OPERATIONS	**10 362**	**33 433**	**22 619**
	CASH FLOW FROM OPERATING ACTIVITIES GENERATED BY DISCOUNTINUED OPERATIONS		**6 314**	**8 467**
	I - CASH FLOW FROM OPERATING ACTIVITIES	**10 362**	**39 747**	**31 086**
	Investing activities			
	Acquisition of PPE and intangible assets	(207)	(173)	(526)
	Acquisition of equity interests			
	Net change in financial fixed assets	(2 299)	(214)	(6 138)
	Proceed from sale of property, plant and equipment	7	4	1 457
	Change in the scope of consolidation		6 683	8 081
	CASH FLOW FROM INVESTING ACTIVITIES GENERATED BY RETAINED OPERATIONS	**(2 499)**	**6 300**	**2 874**
	CASH FLOW FROM INVESTING ACTIVITIES GENERATED BY DISCOUNTINUED OPERATIONS		**(160)**	**135 288**
	II - CASH FLOW FROM INVESTING ACTIVITIES	**(2 499)**	**6 140**	**138 162**
	Financing transactions			
	Receipt from borrowings	83 872	14 233	44 073
	Repayments of borrowings	(86 479)	(29 627)	(77 894)
	Net change in borrowings	**(2 607)**	**(15 394)**	**(33 821)**
	Net increase in shareholders' equity (capital increase)	(97)		(637)
	Interest expense	(4 369)	(5 278)	(10 747)
	Dividends to shareholders of TOUAX SCA			
	Dividends to minority shareholders	(49)	(1 410)	(1 413)
	General Partners’ statutory compensation			(441)
	Hybrid capital coupons			(4 039)
	Net sale (acquisition) of treasury shares	52	(5)	(34)
	CASH FLOW FROM FINANCING TRANSACTIONS GENERATED BY RETAINED OPERATIONS	**(7 070)**	**(22 126)**	**(51 171)**
	CASH FLOW FROM FINANCING TRANSACTIONS GENERATED BY DISCOUNTINUED OPERATIONS		**(8 596)**	**(117 096)**
	III - CASH FLOW FROM FINANCING TRANSACTIONS	**(7 070)**	**(30 722)**	**(168 267)**
	Effect of exchange rate fluctuations	111	47	675
	IV - CASH FLOW FROM EXCHANGE RATE FLUCTUATIONS	**111**	**47**	**675**
	V - Reclassification of discontinued operations’ cash and cash equivalents		330	
	CHANGE IN NET CASH POSITION (I) + (II) + (III) + (IV)	**904**	**15 542**	**1 656**
	Analysis of cash flow			
	Cash position at start of year	28 762	23 460	27 106
	Cash position at year end	29 666	39 002	28 762
	CHANGE IN NET CASH POSITION	**904**	**15 542**	**1 656**

The distribution of cash flow generated by operating activities was adjusted for an amount of €7,384,000 between retained operations and discontinued operations on 31 December 2017. This amount corresponds to the discontinuing amortization of the assets of the discontinued operations.

Net cash includes current bank facilities.

	(in thousands of euros)	**06.2018**	06.2017	12.2017
	Change in the operational working capital			
	Decrease/(increase) in inventory	(9 196)	13 977	5 045
B	**Change in inventory (2)**	(9 196)	13 977	5 045
	Decrease/(increase) in trade receivables	2 323	(1 196)	(4 255)
	Decrease/(increase) in other current assets	(2 379)	(13)	2 266
	(Decrease)/increase in trade payables	2 474	(2 224)	(437)
	(Decrease)/increase in other liabilities	6 006	4 076	(9 028)
A	Change in operating working capital excluding change in inventory (1)	8 424	643	(11 454)
	Change in the working capital (1)+(2)	**(772)**	**14 620**	**(6 409)**
C	**Change in Working Capital for investment**			
	Decrease / (increase) in receivables / fixed assets			
	Decrease / (increase) in liabilities / fixed assets	1 201	(6 128)	(5 574)
	Change in Working Capital for investment	**1 201**	**(6 128)**	**(5 574)**

NOTES TO THE CONDENSED CONSOLIDATED HALF-YEAR FINANCIAL STATEMENTS

note 1. ACCOUNTING RULES AND METHODS

note 1.1. BASIS FOR PREPARING AND PRESENTING THE CONDENSED CONSOLIDATED HALF-YEAR FINANCIAL STATEMENTS FOR THE PERIOD TO JUNE 30, 2018

The consolidated financial statements of TOUAX SCA are presented in accordance with international standards (IFRS – International Financial Reporting Standards) approved by the European Union. The condensed consolidated half-year financial statements have been drawn up in accordance with IAS 34 "Interim Financial Reporting".

The condensed consolidated half-year financial statements do not include all of the information required for the full annual financial statements and must be understood in conjunction with the Group's reference document for the financial year to December 31, 2017.

The accounting principles and methods of assessment have been applied consistently for the periods presented. The interim financial statements have been drawn up in accordance with the same rules and methods used to draw up the annual financial statements, except for the changes from new standards applicable at 1 January 2018 and for the calculation of the current and deferred income tax expense. The income tax expense has been calculated by applying the estimated annual average tax rate for the current fiscal year for each entity or tax group, to the accounting income for the period.

However, for the interim financial statements, in accordance with IAS 34, certain assessments (unless otherwise indicated) may be based to a greater extent on estimates rather than on the annual financial data.

In accordance with IFRS 5 as of 30 June 2017 and 31 December 2017, European and US Modular Buildings activities are presented as activities being disposed of then discontinued operations.

Income and expenses from discontinued operations were treated as follows:

- The contribution to each line of the TOUAX consolidated income statement is grouped under "Net income from discontinued operations" over the periods presented;
- In accordance with IFRS 5, these restatements are applied to all periods presented in order to make the information consistent.

Assets and liabilities of discontinued operations are aggregated on a single line to assets and to liabilities as of June 30, 2017.

In accordance with IFRS 15, which applies at 1 January 2018, the financial statements for 30 June 2017 and 31 December 2017 have been restated.

In accordance to the application of IFRS 9, the group has applied this change of standard at 1 January 2018, data cannot be compared with 2017 financial year data.

The condensed consolidated half-year financial statements for the period to June 30, 2018 and the notes to these financial statements were approved on September 13, 2018 by the TOUAX SCA Management Board.

The condensed interim consolidated financial statements are presented in euros rounded up or down to the nearest thousand euros, unless otherwise stated.

- **Standards, amendments and interpretations adopted by the European Union and which must be applied from 1 January 2018**

- **IFRS 15 – Revenue from contracts with customers – Standard applicable at 1 January 2018.**

On 28 May 2014, the IASB issued a standard relating to the recognition of revenue from ordinary activities pursuant to which revenue must be recognised as the transfer of control of goods or services sold for an amount that reflects what the entity expects to receive for its benefit. IFRS 15 and related clarifications, issued by the IASB on 12 April 2016, replace IAS 11, IAS 18 and the associated IFRIC and SIC interpretations. The European Union adopted IFRS 15 on 22 September 2016.

The Touax Group has analysed contracts representing the Group's activities. These transactions and contracts have been analysed in terms of the five-step model imposed by the standard in order to identify areas of judgement and possible changes resulting from its application.

The general conclusions of this analysis are set out below.

1. Sales of equipment to customers

The sale of equipment is a recurring activity of the leasing of equipment. The Touax Group buys, leases and sells equipment but also carries out trading activities (buying/selling). The equipment sold may be new or used equipment belonging to the Touax Group or to investors.

- **Equipment belonging to the Touax Group (trading/used equipment activity)**

The Touax Group sells its own equipment to end customers, whether this relates to trading or used equipment. The transfer of the control of the asset takes place at the moment possession of the material is taken and payment is made by the customer. The Group records this transaction as revenue for the amount invoiced and its write-off cost in the balance sheet at purchase cost.

- **Investor-owned materials (used equipment)**

The analysis of sales contracts for used equipment owned by investors to end customers leads the Touax Group to consider that it is acting as an agent. As a result, only sales commissions for used equipment belonging to investors are recorded and presented in revenue, instead of the gross amount of these sales.

2. Sales of equipment to investors (syndication)

Syndication is an area of strategic development for the group allowing it to deploy more equipment to its leasing customers without this weighing on its balance sheet. The Group therefore buys equipment, leases it, builds portfolios of assets and syndicates these portfolios to third-party investors. Investors take on the risk of ownership of the assets. According to IFRS 15, investors are not customers in the literal sense but business partners of the Group.

As a result, syndication activity does not fall within the scope of IFRS 15. IFRS 15 only applies to contracts with customers. IFRS 15.6 defines the customer as follows: "a party that has contracted with an entity to obtain goods or services that are an output of the entity's ordinary activities in exchange for consideration. The other party in the contract is not a customer if, for example, it has entered into a contract with the entity to participate in an activity or process whose risks and benefits are shared by the parties in the contract (as in the case of a collaborative arrangement for the development of an asset) and not for the purpose of obtaining goods or services resulting from the ordinary activities of the entity."

As a result, the sale to the investor is not considered as a current transaction despite being recurring, and IAS16 paragraph 68A (sales recognition) does not apply.

Syndication activity is now presented as a fee (Sale price - purchase cost). This fee is excluded from revenue as defined by IFRS 15. It is included in the total revenue from activities on a separate line. Revenue for 2017 has been restated for ease of comparison.

The table below shows the difference between revenue from the activities published at 30 June 2017 and 31 December 2017, and the income from the restated activities in accordance with the application of IFRS 15:

Revenue from activities *(in thousands of euros)*	30/06/2017				31/12/2017			
	Published	Fees from sales of equipment owned to investors	Fees on syndication	Restated IFRS 15	Published	Fees from sales of equipment owned to investors	Fees on syndication	Restated IFRS 15
Leasing revenues	24 755			24 755	50 925			50 925
Sale of new and used equipment	24 636		(23 056)	1 580	28 031		(23 056)	4 975
Fees on syndication			1 050	1 050			1 050	1 050
Freight Railcars	49 391		(22 006)	27 385	78 957		(22 006)	56 951
Leasing revenues	7 259			7 259	14 341			14 341
Sale of new and used equipment	117			117	222			222
River Barges	7 376			7 376	14 563			14 563
Leasing revenues	44 396			44 396	80 439			80 439
Sale of new and used equipment	19 800	(10 426)	(5 860)	3 514	28 898	(16 208)	(5 618)	7 072
Fees on syndication			75	75			72	72
Shipping Containers	64 196	(10 426)	(5 785)	47 985	109 337	(16 208)	(5 546)	87 583
Leasing revenues	(92)			(92)	398			398
Sale of new and used equipment	1 640			1 640	8 674			8 674
Capital gain (loss) on disposals	4			4	1 482			1 482
Miscellaneous & eliminations	1 553			1 553	10 555			10 555
Leasing revenues	**76 318**			**76 318**	**146 103**			**146 103**
Sale of new and used equipment	**46 193**	**(10 426)**	**(28 916)**	**6 851**	**65 826**	**(16 208)**	**(28 674)**	**20 944**
Fees on syndication			**1 125**	**1 125**			**1 122**	**1 122**
Capital gain (loss) on disposals	**4**			**4**	**1 482**			**1 482**
TOTAL GROUP	**122 516**	**(10 426)**	**(27 791)**	**84 299**	**213 411**	**(16 208)**	**(27 551)**	**169 651**

- **IFRS 9 – Financial instruments - applicable since 1 janvier 2018.**

On 24 July 2014, the IASB finalised its project to replace IAS 39 relating to financial instruments by issuing the full version of IFRS 9. The latter introduces significant changes compared to IAS 39:

- the provisions relating to the ranking and valuation of financial assets are now based on the joint analysis of the management model of each asset portfolio and the contractual characteristics of the financial assets;
- the depreciation model has moved away from the proven credit loss approach to an approach that retains expected credit losses;
- the provisions on hedge accounting, which the Group has chosen to apply from 1 January 2018, make more elements eligible for hedge accounting; require the accounting of the time value of options as recyclable reserves; separate hedging costs to account for them as recyclable reserves replace cost-effectiveness tests (80% -125%) with a single three-criteria prospective test.

The Touax Group has not identified a significant change in the ranking and assessment of financial assets at the date of transition.

A detailed analysis of the depreciation model of financial assets, and in particular of receivables, has been carried out. Indeed, the depreciation model imposed by IFRS 9, based on expected credit losses, has no significant impact on the group's consolidated financial statements.
The Group believes that existing hedges and qualifying hedges meet the hedge accounting eligibility criteria in accordance with IFRS 9.

- **Standards, interpretations and amendments to existing standards applicable in advance to financial years beginning on or after 1 January 2018**

The Group does not apply standards, amendments and interpretations that are not mandatory or that cannot be foreseen on 1 January 2018 in advance:

– IFRS 16- Leasing contract, mandatory from 1 January 2019: the Group is reviewing leasing contracts in order to be able to determine the impact of this standard on its financial statements,
– IAS 12- Tax consequences of payments for financial instruments classified as shareholders' equity, mandatory application with effect from 1 January 2019 according to the IASB,
– IAS 23- Borrowing costs that can be incorporated into the cost of the assets, mandatory application with effect from 1 January 2019 according to the IASB,
– IFRS 3 & IFRS 11- Interest previously held in a joint operation, mandatory with effect from 1 January 2019, according to the IASB,

– Amendments to IAS 19 - Plan amendment, curtailment or settlement, mandatory application with effect from 1 January 2019 according to the IASB, – Amendments to IAS 28 - Long-term interests in associates and joint ventures, mandatory application with effect from 1 January 2019 according to the IASB,

– Amendment to IFRS 9 - Early redemption provisions providing for negative compensation, mandatory application with effect from 1 January 2019 according to the IASB

– Amendments to IFRS 10 and IAS 28 - Sale or transfer of assets between an investor and an associate entity or joint venture,

– IFRIC 23- Uncertainty over income tax treatments, mandatory application with effect from 1 January 2019 according to the IASB. The Group is currently assessing the impact of these standards on its financial statements.

note 1.2. ESTIMATES

Drawing up financial statements in accordance with IFRS standards has led the management to make estimates and assumptions affecting the book value of certain assets and liabilities, income and expenses, as well as the information given in certain notes to the financial statements.

Since these assumptions are intrinsically uncertain, the actual figures may differ from the estimates. The Group regularly reviews its estimates and assessments in order to take past experience into account and factor in any elements considered relevant regarding economic conditions.

The financial assets and information subject to significant estimates concern in particular the appraisal of any loss in value of tangible assets, valuation of goodwill, financial assets, derivative financial instruments, inventories and work in progress, provisions for risks and charges, and deferred taxes.

In order to get closer to the practices of the profession and to enable better comparability with our competitors, in 2018 the group made an assessment change in the Freight Railcars division:

All railcars are now depreciated over 36 years and not 30 years for certain subsidiaries. The Group therefore still complies with the standards and best practices of the profession. The change of the amortization plan for railcars is a change to the accounting assessment which complies with IAS 8, applied prospectively in the accounts of the Group with a positive impact of €0.5 million on the income of 30 June 2018.

Axles and spare parts used for periodic revisions are now capitalised and depreciated over the 6-year revision period. This change in assessment had an impact on the accounts of the first half of 2018 of €3 million due to a very high consumption of axles generated by the improvement of European rail transport. Retrospective application would have had an impact of €1.5 million in the first half of 2017.

note 1.3. SEASONAL NATURE OF THE BUSINESS

The Group’s businesses do not show a marked seasonal activity.

note 2. CHANGES IN THE SCOPE OF CONSOLIDATION

See note 3.

The Irish entity Touax Container Asset Financing Limited (TCAF) was created in the second quarter to bring new financing for the container division.

note 3. SALE OF THE EUROPEAN AND US MODULAR BUILDINGS ACTIVITIES IN 2017

On 8 December 2017, the TOUAX Group sold the European Modular Buildings business to TDR Capital. This agreement was based on a company value of approximately €165 million.

The TOUAX Group also sold the assets of the modular buildings activity in the United States.

In accordance with IFRS 5 - Non-current assets held for sale and discontinued operations, the Modular Buildings business in Europe and the United States is presented in the TOUAX Group's consolidated statements of operations and cash flow statements as a discontinued operation in 2017.

note 3.1. CONTRIBUTION TO THE RESULTS OF DISCONTINUED OPERATIONS IN 2017

June 30, 2017* (€ thousands)	Touax Solutions Modulaires	Touax Modular Building USA	Total
Revenue	44 247	2 325	46 572
Gross operating margin (EBITDAR)	6 906	(312)	6 594
Operating income	(6 175)	(739)	(6 914)
Profit before tax	(9 164)	(1 124)	(10 287)
Taxes	(231)	155	(76)
Net income from discontinued operations	(9 395)	(968)	(10 362)
Of which the group's share	(12 869)	(968)	(13 836)
Of which minority	3 474		3 474

(*) Amounts restated in accordance to the application of IFRS 15 "Revenue from contracts with customers"

Net income from discontinued operations includes net income from these activities and an additional goodwill depreciation of €1.4 million.

December 31, 2017* (€ thousands)	Touax Solutions Modulaires	Touax Modular Building USA	Total
Revenue	86 004	8 468	94 472
Gross operating margin (EBITDAR)	14 884	(899)	13 985
Operating income	(4 042)	(1 307)	(5 349)
Profit before tax	(9 490)	(1 951)	(11 441)
Taxes	(665)	301	(364)
Net income before discontinuing amortization	(10 155)	(1 650)	(11 805)
Discontinuing amortization	7 384		7 384
Net income after discontinuing amortization	(2 771)	(1 650)	(4 421)
Result from the sale of TSM shares	(4 755)		(4 755)
Net income from discontinued operations	(7 526)	(1 650)	(9 176)
Of which the group's share	(11 000)	(1 650)	(12 650)
Of which minority	3 474		3 474

(*) Amounts restated in accordance to the application of IFRS 15 "Revenue from contracts with customers"

note 3.2. CONTRIBUTION TO ASSETS AND LIABILITIES OF DISCONTINUED OPERATIONS AS OF JUNE 30, 2017

Assets and liabilities associated with assets of discontinued operations

June 30, 2017 *(in thousands of euros)*	**Touax Solutions Modulaires**	**Touax Modular Building USA**	**Total**
Goodwill	12 061		12 061
Intangible assets	181	45	227
Rental equipment & other property plant & equipment, net	157 336	4 745	162 081
Long-term financial assets	954	26	980
Investments in associates			0
Other non-current assets			0
Deferred tax assets	758	2	760
Total non-current assets	**171 290**	**4 819**	**176 109**
Inventory and work-in-progress	8 160	39	8 199
Trade receivables, net	15 802	453	16 255
Including intra-group receivables			*0*
Autres actifs courants	4 342	5 749	10 090
Including intra-group receivables	*726*	*5 668*	*6 394*
Trésorerie et équivalents	3 636	360	3 996
Total current assets	**31 940**	**6 600**	**38 540**
Intra-group receivables against Touax SCA	(726)	(5 668)	(6 394)
Total Assets of discontinued operations	**202 503**	**5 751**	**208 254**
Loans and borrowings	17 788		17 788
Deferred tax liabilities	7 930		7 930
Employee benefits	275		275
Other long-term liabilities	1 227		1 227
Total non-current liabilities	**27 219**		**27 219**
Provisions	6 475		6 475
Loans and borrowings	17 037		17 037
Trade payables	14 220	157	14 377
Including intra-group payables	*694*		*694*
Other Current Liabilities	116 000	17 867	133 867
Including intra-group payables	*102 544*	*17 558*	*120 102*
Total current liabilities	**153 732**	**18 024**	**171 756**
Intra-group payables	(103 238)	(17 558)	(120 797)
Total Liabilities associated with assets of discontinued operations	**77 713**	**466**	**78 179**

Total liabilities related to Assets from discontinued operations also include the repayment of the debt held directly by TOUAX SCA for €101.8 million as of June 30, 2017. Upon receipt of the funds arising from the transfer of the activities, this debt carried by TOUAX SCA has been repaid simultaneously.

note 4. SEGMENT INFORMATION

In accordance with IFRS 8 Operating Segments, the information presented below for each operating segment comes from the internal management discussion and analysis and is the same as that presented to the Group's management.

In accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations, the consolidated income statements have been restated over 2017.

In accordance with IFRS 15 Revenue from contracts with customers, applicable since 1 January 2018, the consolidated income statements have been restated over 2017.

note 4.1. Income statement by Division

JUNE 30, 2018 *(in thousands of euros)*	Freight Railcars	River Barges	Shipping Containers	Miscellaneaous & eliminations	TOTAL
Leasing revenue	25 435	5 827	33 441	461	65 165
Sales of Equipment	889	1 020	3 808	2 568	8 285
TOTAL REVENUE	**26 324**	**6 847**	**37 249**	**3 030**	**73 450**
Fees on syndication	662		314		976
Capital gain (loss) on disposals				2	2
REVENUE FROM ACTIVITIES	**26 986**	**6 847**	**37 563**	**3 032**	**74 429**
Cost of sales	(115)	(545)	(2 780)	(2 151)	(5 591)
Operating expenses	(8 719)	(2 585)	(4 706)	(675)	(16 685)
General, commercial and administrative expenses	(4 574)	(1 316)	(3 942)	(2 059)	(11 891)
GROSS OPERATING MARGIN (EBITDAR)	**13 578**	**2 401**	**26 136**	**(1 853)**	**40 262**
Depreciation, amortization and impairments	(5 730)	(1 318)	(1 164)	(363)	(8 575)
OPERATING INCOME before distribution to investors	**7 848**	**1 083**	**24 972**	**(2 216)**	**31 687**
Net distributions to investors	(2 062)		(25 364)		(27 426)
CURRENT OPERATING INCOME	**5 786**	**1 083**	**(392)**	**(2 216)**	**4 261**
Other revenues (expenses), net				(251)	(251)
OPERATING INCOME	**5 786**	**1 083**	**(392)**	**(2 467)**	**4 010**
Net financial expense					**(4 509)**
Shares of profit/(loss) of associates					
PROFIT BEFORE TAX					**(499)**
Income tax benefit (expense)					(684)
Earnings from retained operations					(1 183)
Earnings from discontinued operations					
NET INCOME OF CONSOLIDATED COMPANIES					**(1 183)**
Of which non-controlling interests (Minority interests) from retained businesses					592
Of which non-controlling interests (Minority interests) from discontinued operations					
CONSOLIDATED NET INCOME (LOSS), GROUP'S SHARE					**(1 774)**

JUNE 30, 2017* *(in thousands of euros)*	Freight Railcars	River Barges	Shipping Containers	Miscellaneous & eliminations	TOTAL
Leasing revenue	24 755	7 259	44 396	(92)	76 318
Sales of Equipment	1 580	117	3 514	1 639	6 851
TOTAL REVENUE	**26 335**	**7 376**	**47 910**	**1 548**	**83 169**
Fees on syndication	1 050		75		1 125
Capital gain (loss) on disposals				4	4
REVENUE FROM ACTIVITIES	**27 385**	**7 376**	**47 985**	**1 552**	**84 298**
Cost of sales	(576)	(199)	(2 021)	(1 813)	(4 609)
Operating expenses	(10 184)	(1 925)	(12 735)	(857)	(25 701)
General, commercial and administrative expenses	(4 496)	(1 719)	(4 748)	(225)	(11 189)
GROSS OPERATING MARGIN (EBITDAR)	**12 129**	**3 533**	**28 480**	**(1 344)**	**42 799**
Depreciation, amortization and impairments	(6 394)	(1 458)	(1 323)	(398)	(9 574)
OPERATING INCOME before distribution to investors	**5 735**	**2 075**	**27 157**	**(1 742)**	**33 225**
Net distributions to investors	(1 626)		(28 171)		(29 796)
CURRENT OPERATING INCOME	**4 109**	**2 075**	**(1 014)**	**(1 742)**	**3 429**
Other revenues (expenses), net	1 830				1 830
OPERATING INCOME	**5 939**	**2 075**	**(1 014)**	**(1 742)**	**5 259**
Net financial expense					**(4 920)**
Shares of profit/(loss) of associates					(65)
PROFIT BEFORE TAX					**274**
Income tax benefit (expense)					(94)
Earnings from retained businesses					180
Earnings from discontinued operations					(10 363)
NET INCOME OF CONSOLIDATED COMPANIES					**(10 183)**
Of which non-controlling interests (Minority interests) from retained operations					253
Of which non-controlling interests (Minority interests) from discontinued operations					3 474
CONSOLIDATED NET INCOME (LOSS), GROUP'S SHARE					**(13 910)**
Including earnings from retained businesses					(73)
Including earnings from discontinued operations					(13 837)

(*) Amounts restated in accordance to the application of IFRS 15 "Revenue from contracts with customers"

DECEMBER 31, 2017* *(in thousands of euros)*	**Freight Railcars**	**River Barges**	**Shipping Containers**	**Miscellaneous & eliminations**	**TOTAL**
Leasing revenue	50 925	14 341	80 439	398	146 103
Sales of Equipment	4 975	222	7 072	8 674	20 944
REVENUE	**55 901**	**14 563**	**87 511**	**9 072**	**167 047**
Fees on syndication	1 050		72		1 122
Capital gain (loss) on disposals				1 482	1 482
REVENUE FROM ACTIVITIES	**56 951**	**14 563**	**87 583**	**10 555**	**169 651**
Cost of sales	(3 546)	(266)	(4 393)	(7 942)	(16 148)
Operating expenses	(20 246)	(5 369)	(15 973)	(1 387)	(42 975)
General, commercial and administrative expenses	(8 480)	(3 224)	(8 811)	(1 360)	(21 875)
GROSS OPERATING MARGIN (EBITDAR)	**24 679**	**5 703**	**58 406**	**(133)**	**88 653**
Depreciation, amortization and impairments	(12 545)	(3 095)	(2 914)	(759)	(19 314)
OPERATING INCOME before distribution to investors	**12 135**	**2 608**	**55 491**	**(893)**	**69 339**
Net distributions to investors	(4 388)		(57 399)		(61 787)
CURRENT OPERATING INCOME	**7 746**	**2 608**	**(1 908)**	**(893)**	**7 552**
Other revenues (expenses), net	1 697			(8 329)	(6 632)
OPERATING INCOME	**9 443**	**2 608**	**(1 908)**	**(9 221)**	**920**
Net financial expense					**(9 337)**
Shares of profit/(loss) of associates					(65)
PROFIT BEFORE TAX					**(8 482)**
Income tax benefit (expense)					(53)
Earnings from retained businesses					(8 535)
Earnings from discontinued operations					(9 176)
NET INCOME OF CONSOLIDATED COMPANIES					**(17 711)**
Of which non-controlling interests (Minority interests) from retained operations					(3 145)
Of which non-controlling interests (Minority interests) from discontinued operations					3 474
CONSOLIDATED NET INCOME (LOSS), GROUP'S SHARE					**(18 040)**
Including earnings from retained businesses					(5 390)
Including earnings from discontinued operations					(12 650)

(*) Amounts restated in accordance to the application of IFRS 15 "Revenue from contracts with customers"

note 4.2. BALANCE SHEET BY DIVISION

June 30, 2018 *(in thousands of euros)*	Freight Railcars	River Barges	Shipping Containers	Miscellaneous & eliminations	TOTAL
ASSETS					
Goodwill	5 101				5 101
Intangible assets	524	2	163	63	752
Rental equipment & other PPE, net	199 720	47 327	32 325	4 257	283 629
Long-term financial assets	2 289	107	3 670	6 189	12 254
Other non-current assets	452	251	1 213	700	2 617
Deferred tax assets				103	103
TOTAL non-current assets	**208 085**	**47 687**	**37 372**	**11 312**	**304 456**
Inventory and work-in-progress	16 658	2	14 620	2 315	33 595
Trade receivables, net	8 890	1 718	15 707	3 313	29 627
Other current assets	2 307	896	1 244	3 587	8 034
Cash and cash equivalents				33 186	33 186
TOTAL current assets	**27 855**	**2 616**	**31 570**	**42 401**	**104 442**
Assets of discontinued operations					
TOTAL ASSETS					**408 898**
LIABILITIES					
Share capital				56 092	56 092
Hybrid capital				50 161	50 161
Reserves				6 576	6 576
Profit (loss) for the fiscal year, Group's share				(1 774)	(1 774)
Equity attributable to the owners of the parent company				**111 055**	**111 055**
Non controlling interests (Minority interests)	31 151			(7 125)	24 026
Consolidated shareholders' equity				**103 931**	**135 081**
Loans and borrowings				179 934	179 934
Deferred tax liabilities				2 001	2 001
Employee benefits		26	27	145	198
Other long-term liabilities			800		800
TOTAL non-current liabilities		**26**	**828**	**182 080**	**182 933**
Provisions				140	140
Loans and borrowings				32 610	32 610
Trade payables	8 488	997	1 489	3 834	14 806
Other current liabilities	6 634	578	28 234	7 882	43 328
TOTAL current liabilities	**15 122**	**1 575**	**29 722**	**44 465**	**90 884**
Liabilities associated with assets of discontinued operations					
TOTAL LIABILITIES					**408 898**
Tangible & intangible investments during the period	8 799	443	29	95	**9 366**
Workforce by business	**60**	**9**	**41**	**136**	**246**

June 30, 2017 *(in thousands of euros)*	Freight Railcars	River Barges	Shipping Containers	Miscellaneous & eliminations	TOTAL
ASSETS					
Goodwill	5 101			8 309	13 410
Intangible assets	586	8	200	81	875
Rental equipment & other PPE, net	207 217	50 472	36 484	4 894	299 067
Long-term financial assets	2 230	135	1 193	514	4 072
Investments in associates					
Other non-current assets	407	368	4 843		5 619
Deferred tax assets				122	122
TOTAL non-current assets	**215 540**	**50 982**	**42 721**	**13 921**	**323 165**
Inventory and work-in-progress	12 329	2	630	2 434	15 395
Trade receivables, net	7 304	2 995	15 310	2 149	27 758
Current Financial Assets	4 534				4 534
Other current assets	2 742	1 981	2 320	2 887	9 931
Cash and cash equivalents				39 618	39 618
TOTAL current assets	**26 909**	**4 978**	**18 260**	**47 088**	**97 235**
Assets of discontinued operations					208 254
TOTAL ASSETS					**628 654**
LIABILITIES					
Share capital				56 092	56 092
Hybrid capital				50 161	50 161
Reserves				30 145	30 145
Profit (loss) for the fiscal year, Group's share				(13 910)	(13 910)
Equity attributable to the owners of the parent company				**122 488**	**122 488**
Non controlling interests (Minority interests)	29 899			(1 615)	28 284
Consolidated shareholders' equity				**120 874**	**150 772**
Loans and borrowings				136 161	136 161
Deferred tax liabilities				2 839	2 839
Employee benefits		20	57	204	281
Other long-term liabilities			4 087		4 087
TOTAL non-current liabilities		**20**	**4 144**	**139 204**	**143 367**
Provisions			4	215	219
Loans and borrowings				96 648	96 648
Trade payables	5 614	1 315	2 304	2 673	11 906
Other current liabilities	7 963	628	28 630	8 531	45 752
TOTAL current liabilities	**13 577**	**1 943**	**30 938**	**108 068**	**154 525**
Liabilities associated with assets of discontinued operations					179 989
TOTAL LIABILITIES					**628 654**
Tangible & intangible investments during the period	3 158		201	(55)	**3 305**
Workforce by business	**51**	**10**	**40**	**144**	**245**

December 31, 2017 *(€ thousands)*	Freight Railcars	River Barges	Shipping Containers	Miscellaneous & eliminations	TOTAL
ASSETS					
Goodwill	5 101				5 101
Intangible assets, net	555	3	225	90	874
Fixed assets, net	202 279	48 005	32 878	4 483	287 645
Long-term financial assets	2 295	132	1 146	6 201	9 775
Other non-current assets	522	293	3 201		4 016
Deferred tax assets				341	341
TOTAL non-current assets	**210 752**	**48 433**	**37 452**	**11 116**	**307 752**
Inventory and Work in Progress	19 424	2	2 730	1 752	23 908
Trade receivables, net	8 431	1 725	14 207	5 212	29 575
Other current assets	1 073	1 267	1 785	2 973	7 099
Cash and cash equivalents				29 863	29 863
TOTAL current assets	**28 929**	**2 994**	**18 721**	**39 801**	**90 445**
Assets to be sold					
TOTAL ASSETS					**398 197**
LIABILITIES					
Share capital				56 092	56 092
Hybrid capital				50 161	50 161
Reserves				24 483	24 483
Profit (loss) for the fiscal year, Group's share				(18 040)	(18 040)
Equity attributable to owners of the parent company				**112 696**	**112 696**
Non controlling interest (Minority interests)	30 267			(6 270)	23 997
Consolidated shareholders' equity				**106 426**	**136 693**
Loans and borrowings				123 180	123 180
Deferred tax liabilities				1 860	1 860
Employee benefits		26	27	145	198
Other long-term liabilities			2 627		2 627
TOTAL non-current liabilities		**26**	**2 655**	**125 185**	**127 865**
Provisions				164	164
Loans and borrowings				87 741	87 741
Trade payables	4 812	1 112	2 088	4 266	12 278
Other current liabilities	3 135	1 036	21 420	7 864	33 456
TOTAL current liabilities	**7 947**	**2 148**	**23 508**	**100 036**	**133 639**
Liabilities associated with assets to be sold					
TOTAL LIABILITIES					**398 197**
Tangible & intangible investments during the year	6 649	584	268	9	7 511
Workforce by business	**51**	**9**	**39**	**136**	**235**

note 4.3. GEOGRAPHICAL SEGMENT REPORTING

(in thousands of euros)	International	Europe	Americas	Other	TOTAL
06.2018					
Revenue from activities	37 459	31 879	1 910	3 181	74 429
Tangible & intangible investments	4	6 786		2 576	9 366
Sectoral non-current assets	37 219	227 372	21 684	18 078	304 353
06.2017					
IFRS 5 and IFRS 15 restated revenue from activities	47 724	31 399	2 619	2 555	84 298
Tangible & intangible investments	116	2 440		749	3 305
Sectoral non-current assets	42 613	226 853	28 596	24 981	323 043
12.2017					
IFRS 5 and IFRS 15 restated revenue from activities	87 319	68 664	4 986	8 682	169 651
Tangible & intangible investments	117	5 911	86	1 397	7 511
Sectoral non-current assets	37 302	231 874	21 688	16 547	307 411

The geographical segments correspond to the location of Group companies, except for the shipping containers business which reflects the location of the assets, which is international by nature (international zone).

NOTES TO THE INCOME STATEMENT

note 5. REVENUE FROM ACTIVITIES

Breakdown by type *(in thousands of euros)*	**06.2018**	06.2017	Variation June 2017/2018	12.2017
Leasing revenue	65 165	76 318	-14,61%	146 103
Sales of equipment	8 285	6 851	20,9%	20 944
TOTAL Revenue	**73 450**	**83 169**	**-11,7%**	**167 047**
Fees on syndication	976	1 125	-13,2%	1 122
Capital gain (loss) on disposals	2	4	-50,0%	1 482
Revenue from activities	**74 429**	**84 298**	**-11,7%**	**169 651**

note 6. PAYROLL EXPENSE

(in thousands of euros)	**06.2018**	06.2017	12.2017
Salaries and social security charges	(7 635)	(8 304)	(15 935)
Workforce	**246**	**245**	**235**

note 7. NET DISTRIBUTIONS TO INVESTORS

Net distributions to investors are broken down by division as follows:

(in thousands of euros)	**06.2018**	06.2017	Variation June 2017/2018	Variation (en %)	12.2017
Freight Railcars	(2 062)	(1 626)	(436)	26,8%	(4 388)
Shipping Containers	(25 364)	(28 170)	2 806	-10,0%	(57 399)
TOTAL	**(27 426)**	**(29 796)**	**2 370**	**-8,0%**	**(61 787)**

note 8. OTHER OPERATING REVENUES (EXPENSES), NET

In 2018, other operating expenses and income amounted to €0.3 million, corresponding to legal and consultancy fees for establishing the litigation file with TDR Capital LLP.

In 2017, other operating expenses and income recorded a charge of €6.6 million, corresponding to:

- an impairment loss on goodwill in Morocco for -€8.3 million;
- the impact of the transition from the equity method to the full integration method of TRF3 for +€1.8 million; and
- the negative result of the sale of TXRF4 shares for -€0.1 million.

note 9. NET FINANCIAL EXPENSE

(in thousands of euros)	**06.2018**	06.2017	Variation June 2017/2018	12.2017
Interest income	**11**	**48**	**(37)**	**78**
Interest expense	(4 379)	(5 326)	947	(10 825)
Cost of loans and borrowings	**(4 379)**	**(5 326)**	**947**	**(10 825)**
Net interest expense	**(4 368)**	**(5 278)**	**910**	**(10 747)**
Profit and loss on debt extinguishment	(312)	446	(758)	935
Financial income and charges from discounting	15	(38)	53	(52)
Other financial income and charges	156	(50)	206	527
Other financial income (expenses), net	**(141)**	**358**	(499)	**1 410**
NET FINANCIAL EXPENSE	**(4 509)**	**(4 920)**	**411**	**(9 337)**

Net financial expenses decreased by €0.4 million (or -8.4%), changing from an expense of €4.9 million in June 2017 to an expense of €4.5 million in June 2018.

The net financial expense is broken down into the cost of net financial debt and other financial income and expenses:

- The cost of financial debt decreased by €0.9 million between the two periods.
  The financial expense related to gross debt at constant scope decreased by €0.7 million. This variation is explained by an increase in the average interest rate of +€1.3 million, and by the decrease in debt of -€2 million.
- Other financial income and expenses increased by €0.5 million. This variation is mainly due to foreign exchange loss.

note 10. INCOME TAX EXPENSE

The income tax expense included on the income statement is broken down as follows:

	06.2018			06.2017			12.2017		
(in thousands of euros)	**Payable**	**Deferred**	**Total**	Payable	Deferred	Total	Payable	Deferred	Total
Europe	255	(325)	(70)	(28)	(131)	(160)	(94)	219	125
United States		(10)	(10)		80	80	(331)	322	(9)
Other	(660)	56	(604)	(13)		(13)	(320)	151	(169)
TOTAL	**(405)**	**(278)**	**(684)**	**(42)**	**(52)**	**(94)**	**(745)**	**692**	**(53)**

Income tax records a tax expense of €0.7 million for pre-tax income before tax of -€0.5 million. The tax expense records €0.5 million of tax related to a tax adjustment in Morocco accepted by the Group and mentioned in contingent liabilities note of the 2017 consolidated financial statements.

note 11. NET EARNINGS PER SHARE

Basic earnings per share are calculated by dividing the company's net income by the weighted average number of outstanding shares during the period. Treasury shares are accounted in deduction.

Diluted income per share is calculated by adjusting the weighted average number of outstanding shares, to take into account the conversion of all potentially dilutive equity instruments. At 30 June 2018, the Group did not have any potentially dilutive equity instruments owing to a negative net result.

	06.2018	06.2017	12.2017
Net earnings in euros	(1 774 109)	(13 910 154)	(18 040 252)
Outstanding shares	7 011 547	7 011 547	7 011 547
Weighted average number of outstanding ordinary shares	7 003 144	7 004 625	7 004 317
Potential number of shares			
- 2015 bond (ORNANE)			
Weighted average number of shares for calculation of the diluted earning per share	**7 003 144**	**7 004 625**	**7 004 317**
NER EARNINGS PER SHARE			
- basic	(0,25)	(1,99)	(2,58)
- diluted	(0,25)	(1,99)	(2,58)

Notes to the Balance Sheet

note 12. Goodwill

There is no variation in goodwill:

(in thousands of euros)	06.2017	12.2017	Increase	Reduction	Currency translation adjustment	Discontinued operations	**06.2018**
Freight Railcars							
SRF Railcar Leasing	547	547					547
Touax Rail Limited	4 554	4 554					4 554
Modular Buildings							
Touax Maroc/Ramco sarl	8 309						
TOTAL	**13 410**	**5 101**					**5 101**

note 13. Fixed assets

Fixed assets mainly record leasing equipment.

note 13.1. Breakdown by type

	06.2018			06.2017	12.2017
(in thousands of euros)	**Gross value**	**Amort.**	**Net value**	Net value	Net value
Land and buildings	5 520	(2 237)	3 282	3 537	3 395
Equipment	372 685	(94 853)	277 833	293 522	282 624
Other tangible fixed assets	8 141	(7 112)	1 030	1 189	1 012
Current tangible fixed assets	1 484		1 484	819	615
TOTAL	**387 830**	**(104 202)**	**283 629**	**299 067**	**287 645**

note 13.2. Changes in gross value, by type

(in thousands of euros)	**01.01.2018**	**Purchases**	**Sales**	**Variation in conversion**	**Reclassification**	**06.2018**
Land and buildings	5 449	4		66		5 519
Equipment	382 025	7 381	(18 895)	1 356	818	372 684
Other tangible assets	7 813	203	(23)	63	85	8 141
Tangible assets in progress	616	1 777		(5)	(903)	1 485
TOTAL gross values	**395 903**	**9 365**	**(18 918)**	**1 480**	**0**	**387 830**

note 14. NON-CURRENT FINANCIAL ASSETS

- Long-term financial assets at June 30, 2018 totalled €12.3 million compared to €9.8 million at December 31, 2017.

The variation is mainly due to the payment of tax certificates to the Hong Kong tax authorities as part of the tax audit of our subsidiary in the container division. The procedure is ongoing and the group is waiting for feedback from the administration on the last few responses provided.

- Other non-current assets totalled €2.6 million at June 30, 2018.

They comprise finance leases granted to customers with a maturity of more than one year for €0.4 million, trade receivables with a maturity of more than one year for €1 million, a VAT receivable which will be recovered over the term of the customer rental contract for €0.5 million and a derivative instruments asset for €0.7 million.

- There is no shareholding in associate companies as of 30 June 2018.

note 15. Inventories and work in progress

Inventories and WIP include equipment to be sold as well as spare parts.

(in thousands of euros)	06.2018			06.2017	12.2017
	Gross value	Depreciation	Net value	Net val.	Net val.
Equipment	16 914	(295)	16 619	3 172	10 287
Spare parts	16 977		16 977	12 223	13 620
TOTAL	**33 890**	**(295)**	**33 595**	**15 395**	**23 908**

note 16. OTHER CURRENT ASSETS

(in thousands of euros)	06.2018	06.2017	12.2017
Accrued expenses	1 842	2 856	1 686
Taxes & duties	5 265	3 545	4 136
Receivables due within 1 year - Finance lease	284	1 405	855
Other	643	2 125	422
TOTAL	**8 034**	**9 931**	**7 099**

note 17. FINANCIAL LIABILITIES

Non-current and current financial liabilities correspond to loans and borrowings and current bank loans.

- **Analysis of financial liabilities by category**

The table below shows the group's debt on 30 June 2018.

On 30 June 2017, the table does not take into account the debt from discontinued operations (Touax Solutions Modulaires, Touax Modular Building and the repayment of part of the so-called "corporate" debt).

(in thousands of euros)	06.2018			06.2017			12.2017		
	Non-current	Current	TOTAL	Non-current	Current	TOTAL	Non-current	Current	TOTAL
Bond	23 242	7 502	30 743	29 430	895	**30 325**	22 473	7 565	**30 038**
Medium-term loans with recourse	11 797	3 105	14 903	14 899	2 645	**17 544**	13 010	2 908	**15 918**
Finance lease commitments	3 074	4 316	7 389	7 132	2 168	**9 300**	6 295	1 652	**7 947**
Renewable credit with recourse				734	3 206	**3 939**		23 697	**23 697**
Renewable credit without recourse	141 822	13 364	155 185	83 966	86 036	**170 002**	81 402	49 840	**131 242**
Current bank facilities with recourse		3 007	3 007		575	**575**		594	**594**
Current bank facilities without recourse		514	514		41	**41**		508	**508**
Derivative liabilities with recourse					156	**156**		217	**217**
Derivative liabilities without recourse		804	804		927	**927**		762	**762**
TOTAL FINANCIAL LIABILITIES	**179 934**	**32 610**	**212 544**	**136 161**	**96 648**	**232 809**	**123 180**	**87 741**	**210 922**

Debts "without recourse" are not secured by TOUAX SCA the parent company of the Group. They concern:

- Financing of assets for which the debt must be serviced from income generated by the assets (both leasing revenue and proceeds from sale);
- Funding granted to subsidiaries that are fully integrated although they are not wholly-owned by the Group.

The following table presents, in the same format, the financial liabilities presented under discontinued operations on 30 June 2017:

(in € thousands)	06.2017 Non current	Current	Total
Corporate debt			
Bond with recourse	15 000		15 000
Medium term loans with recourse	20 000	30 300	50 300
Renewable credit with recourse	36 518		36 518
TOTAL FINANCIAL LIABILITIES - CORPORATE DEBT	**71 518**	**30 300**	**101 818**
Financial debt of the subgroup TSM (European activity):			
Medium long term loan with recourse	2 948	2 051	4 999
Finance lease commitmentswith recourse	14 791	9 864	24 656
Renewable credit with recourse	48	4 443	4 491
Current bank facilities with recourse		680	680
TOTAL FINANCIAL LIABILITIES - Debt of the subgroup TSM (European activity)	**17 787**	**17 038**	**34 825**
TOTAL FINANCIAL LIABILITIES	**89 305**	**47 338**	**136 643**

Changes in financial debt are presented in the table below:

(€ thousands)	Opening	Cash flow	Non cash "variations" Changes in scope of consolidation	Exchange rate effects	Fair value changes	Other variations	Total "Non cash"	Closing
Bond issue	30 038	(78)			783		783	**30 743**
Medium/long-term loans with recourse	15 918	(1 382)		366			366	**14 903**
Finance lease commitments with recourse	7 947	(558)						**7 389**
Revolving lines of credit with recourse	23 697	(2 475)				(21 222)	(21 222)	
Debt without recourse	131 242	1 888		835		21 222	22 057	**155 185**
Current bank accounts with and without recourse	1 101	2 412		6			6	**3 521**
Liabilities on derivatives with and without recourse	979	(2)			31	(204)	(174)	**804**
FINANCIAL DEBT	**210 922**	**(196)**		**1 208**	**814**	**(204)**	**1 818**	**212 544**

Change in indebtedness

On 30 June 2018, consolidated net indebtedness is as follows:

(in thousands of euros)	06.2018	06.2017	12.2017
Financial liabilities	212 544	232 809	210 922
Derivative instruments asset	700		
Cash assets & Negotiable securities	33 186	39 618	29 863
Consolidated net financial indebtedness	178 658	193 191	181 059
Non-recourse debt	156 503	170 970	132 512
Financial indebtedness excluding non-recourse debt	22 155	22 221	48 547

All contractual financial ratios existing on certain short and medium term bank loans are respected at 30 June 2018.

As of June 30, 2017, the net financial indebtedness of discontinued operations consisted of the following:

(in thousands of euros)	06.2017
Financial liabilities	136 643
Derivative instruments asset	
Cash assets & Negotiable securities	3 996
Consolidated net financial indebtedness	132 647
Non-recourse debt	
Financial indebtedness excluding non-recourse debt	132 647

note 18. SHAREHOLDERS' EQUITY

Details of Shareholders' Equity are given in the Schedule of Changes in Shareholders' Equity.

- **Management of capital**

The Group manages its borrowing structure by optimizing its debt/equity ratio in the light of changes in economic conditions, its own objectives, and management of its risks. It assesses its working capital requirements and its expected return on investment, in order to control its financing requirements. Depending on the growth of its market and expectations of managed assets' profitability, the Group decides whether to issue new equity or to sell assets to reduce its debt.

- **Hybrid debt**

The Group made two issues of Undated Super Subordinated Notes (TSSDI) in 2013 and another in 2014, constituting a single stub to the amount of €50.8 million. The Group has the option to pay them back at par value from August 2019. They entitle holders to an annual coupon at a fixed rate of 7.95% during the first six years. The mandatory payment of the coupon depends on the payment of a dividend by the parent company. In accordance with IFRS standards, these securities are accounted for as equity. This financial instrument enhances the structure of the Group's balance sheet when considering the lifetime of the Group's assets and its business development financing requirements.

Hybrid debt *(in thousands of euros)*	Part 1	Part 2	Part 3	TOTAL
Issue price	20 525	12 250	18 025	50 800
Costs	-481	-156	-2	-639
Hybrid debt after deduction of loan issuing charges	**20 044**	**12 094**	**18 023**	**50 161**
Coupons received		301	1 158	1 460
TOTAL	**20 044**	**12 395**	**19 182**	**51 621**

No dividends were distributed for the 2017 revenue and consequently no liability for payment of the second was recognised in the accounts at 30 June 2018.

note 19. PROVISIONS

(in thousands of euros)	2017	Allocation	Reversal used	Reversal not used	Exchange rate fluctuations	Discontinued operations	06.2018
Shipping Containers							
Unallocated	164		(24)				**140**
TOTAL	**164**		**(24)**				**140**

note 20. OTHER CURRENT LIABILITIES

(in thousands of euros)	06.2018	06.2017	12.2017
Capital creditors	1 608	48	349
Tax and social security liabilities	7 564	7 833	3 819
Accounts payable	26 861	30 126	22 111
Other current liabilities	6 526	3 816	1 128
Deferred revenue	768	3 929	6 048
TOTAL	**43 328**	**45 752**	**33 456**

Accounts payable mainly constitute income due to investors from the Shipping Containers and Freight Railcars businesses.

note 21. OFF-BALANCE SHEET COMMITMENTS

note 21.1. OPERATING LEASES

(in thousands of euros)	Total	less than one year	1 to 5 years	over 5 years
Operating leases	3 145	1 510	1 077	558
including property (offices)	2 696	1 061	1 077	558
including River Barges	449	449		
TOTAL	**3 145**	**1 510**	**1 077**	**558**

On 30 June 2018, operating lease commitments include the sum of the remaining minimum lease payments due under these contracts and mainly relate to barges and containers as well as property.

note 21.2. OFF BALANCE SHEET FINANCE LEASES

Off balance sheet finance leases concern finance leases from financial institutions for which the Group acts as an intermediary in the management of financing flows with the final lessee. The Group's obligation to pay the rents to financial institutions is limited to the receipt of the corresponding rents by sub-tenant clients under their own contractual obligations.

The Group therefore classifies finance leases as “off-balance sheet” when the credit involved in the finance lease has been sold on to a financial institution or an investor, and the conditions for deconsolidating a financial asset defined have been met. There can be no recourse against the Group for such contracts.

Lease payments received are recognized under Leasing Revenues.

Lease payments still to be received under these contracts are as follows:

(in thousands of euros)	Rents to be received at 30/06/2018	1 year	1 to 5 years	>5 years
Shipping containers	1 334	1 334		
Total	**1 334**	**1 334**		

Lease payments still to be paid under these contracts (if the Group has received the rents from the final tenant) are as follows:

(in thousands of euros)	Rents to be paid at 30/06/2018	1 year	1 to 5 years	>5 years
Shipping containers	1 291	1 291		
Total	**1 291**	**1 291**		

note 21.3. OTHER COMMITMENTS

- **Bank guarantees issued on the Group’s behalf at June 30, 2018**

(in thousands of euros)	Amount	Maturity date
Bank guarantee	**914**	
Freight Railcars	50	2019
River Barges	6	Undated
Modular Buildings Africa	857	Undated

- **Firm orders for equipment**

Firm orders and investments at June 30, 2018 amounted to €10.62 million, including €2.11 million for freight railcars and €8.51 million for shipping containers.

- **Secured debt provided**

To guarantee the loans granted to finance the Group's proprietary assets (excluding leasing agreements) or assets under management, TOUAX SCA and its subsidiaries have granted the following security interests:

(in thousands of euros)	Commencement	Maturity	30 June 2018 Asset pledged (gross value)	Total of balance sheet item (gross value)	%
Mortgages (River Barges)			**24 035**	**73 556**	**32,7%**
	2012	2020	4 889		
	2012	2019	9 573		
	2013	2020	9 573		
Tangible assets pledged			**232 884**	**334 258**	**69,7%**
Freight Railcars			**188 839**	**285 312**	
	2015	2018	504		
	2015	2020	89 994		
	2018	2023	51 280		
	2018	2023	47 061		
Shipping Containers			**44 046**	**48 947**	
	2014	2018	44 046		
TOTAL GROUP			**256 919**	**407 814**	

The security interests granted (mortgages, pledges and others guarantees) can be redeemed by repayment of the borrowings. No other special conditions apply.

- **Guarantees**

Guarantees are given by the parent company in return for the bank loans granted to its subsidiaries.

(in thousands of euros)	less than one year	1 to 5 years	more than 5 years	TOTAL
Securities given to banks in consideration of bank loans used by the subsidiaries - remaining capital	7 317	20 328		27 645

note 21.4. CONTINGENT LIABILITIES

- **Adjustment of the sale price of the Modular Buildings activity.**

The modular buildings activity in Europe was sold on 8 December 2017 for an amount based on an estimate of the accounts of 30 November 2017, with an adjustment of this amount required on the basis of the final accounts. The final accounts have been prepared by the purchaser and have been sent to us in accordance with the sale agreement, showing an adjustment of the amount challenged by the group. The clarifications made by the buyer on these accounts are insufficient to assess a possible financial impact. An expert has been appointed by both parties to review the accounts. The first meeting with all parties is scheduled for the second half of September. No provision has been recorded in the accounts.

- **Garantee of Liabilities.**

As part of the sale of the European modular buildings activity, a guarantee of liabilities was agreed with the purchaser. The employment risk related to the closure of the modular buildings assembly unit in Mignières mentioned in the Group's previous consolidated financial statements is part of this guarantee. A final judgement was given in favour of the employees. However, the guarantee of liabilities was not implemented because the expense related to this judgement was offset by the gains realised on other litigation also included in the guarantee. No provision has been recorded in the accounts.

- **Tax audit.**

Since 2012, Touax Container Investment Ltd has been subject to audit by the tax authorities. This audit resulted in numerous requests for information to which we responded in a precise and documented manner. In order to continue the adversarial principle, the Group was forced by the regulations to buy tax certificates (equivalent to $4.4 million since the beginning of the procedure and up to this date). The procedure continues and the tax administration is analysing a response sent on the 1 February 2018 by the Touax Group. Since the position of the administration is unfounded according to our analyses, no provision has been recorded in the accounts to date.

note 22. POST BALANCE SHEET EVENTS

- **Payment of a coupon to the TSSDI holders**

TOUAX paid a coupon to the holders of Undated Super Subordinated Notes (TSSDI) for an amount of €4 million in August 2018.

- **Bond issue**

On 31 July 2018, Touax SCA completed a senior unsecured Euro PP bond issue at a nominal amount of €16.6 million with a maturity date of 31 July 2023.

The Bonds bear interest at a nominal annual rate of 5.75%, payable annually in arrears.

The issue of the Bonds is intended to extend the average maturity of the Group's debt. The net proceeds of the issue will thus be used in part to refinance bonds maturing on 2 October 2018 that carried an interest rate of 6.25%; the balance being allocated to the general requirements of the Group.

This transaction reflects the Group's desire to achieve both asset finance and corporate financing with regard to the Touax SCA holding for the purpose of diversification and optimisation.

3. ATTESTATION BY THE AUTHORS OF THE HALF-YEAR FINANCIAL REPORT

"We certify that, to the best of our knowledge, the condensed consolidated half-year financial statements for the past half year have been drawn up in accordance with the applicable accounting standards and give a true and fair view of the assets, financial situation and results of the company and of all of the companies included in the consolidation perimeter, and that the half-year progress report gives a true and fair view of the important events that occurred during the first six months of the financial year, their impact on the financial statements, the main related-party transactions as well as a description of the main risks and uncertainties for the remaining six months of the financial year."

September 13, 2018

Fabrice and Raphaël Walewski,

Managing Partners

4.STATUTORY AUDITORS' REPORT ON THE HALF-YEAR FINANCIAL REPORT

This is a free translation into English of the Statutory Auditors' review report issued in French and is provided solely for the convenience of English speaking readers. This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France. The Statutory Auditors' report includes information specifically required by French law in such reports, whether qualified or not. Such report should be read in conjunction with and construed in accordance with French law and French auditing professional standards.

To the Shareholders,

In accordance with our appointment as statutory auditors by your Shareholders' Meeting and pursuant to the requirements of Article L. 451-1-2 III of the French Monetary and Financial Code (Code monétaire et financier), we hereby report to you on:

- the limited review of the accompanying condensed consolidated half-year financial statements of Touax, for the six-month period from January 1 to June 30, 2018;

- the verification of the information contained in the half-year management report.

These condensed consolidated half-year financial statements have been prepared under the responsibility of the Management Board. Our role is to express a conclusion on these financial statements based on our limited review.

I. Conclusion on the financial statements

We conducted our limited review in accordance with professional standards applicable in France. A limited review of interim financial information consists of making inquiries, primarily of the executive management team responsible for financial and accounting matters, and applying analytical and other review procedures. These inquiries are substantially less in scope than an audit conducted in accordance with professional standards applicable in France. Accordingly, a limited review provides a moderate assurance that the financial statements taken as a whole are free of material misstatement to a lesser extent than would result from an audit.

Based on our limited review, nothing has come to our attention that causes us to believe that these condensed consolidated half-year financial statements are not prepared in accordance with IAS 34, as adopted by the European Union applicable to interim financial information.

Without qualifying the above conclusion, we draw your attention to Note 1.1 – Basis for preparing and presenting the condensed consolidated half-year financial statements for the period ended June 30, 2018, which presents the impacts arising from the first-time application of IFRS 15 “Revenue from Contracts with Customers” and IFRS 9 “Financial Instruments.”

II. Specific verification

We also verified the information presented in the half-year management report commenting the condensed consolidated half-year financial statements subject to our limited review. We have no comments to make on its fair presentation and its consistency with the condensed consolidated half-year financial statements.

Paris and Paris-La Défense, September 13, 2018

The Statutory Auditors

RSM Paris	DELOITTE & ASSOCIES
Stéphane MARIE	Jean-François VIAT