Condensed consolidated financial statements

New AREVA Holding

June 30, 2017

CONSOLIDATED STATEMENT OF INCOME

(in millions of euros)	*Note*	1st half 2017	1st half 2016	Year 2016 (*)
Revenue		**1,846**	**2,144**	**4,401**
Other income from operations		0	2	3
Cost of sales		(1,504)	(1,736)	(3,434)
Gross margin		**342**	**409**	**971**
Research and development expenses		(41)	(49)	(90)
Marketing and sales expenses		(26)	(22)	(37)
General and administrative expenses		(61)	(33)	(59)
Other operating expenses	*3*	(276)	(244)	(393)
Other operating income	*3*	30	17	22
Operating income		**(32)**	**80**	**415**
Share in net income of joint ventures and associates	*9*	9	2	10
Operating income after share in net income of joint ventures and associates		**(22)**	**82**	**425**
Income from cash and cash equivalents		7	1	9
Gross borrowing costs		(113)	(125)	(228)
Net borrowing costs		**(106)**	**(124)**	**(219)**
Other financial expenses		(249)	(306)	(635)
Other financial income		230	256	342
Other financial income and expenses		**(19)**	**(51)**	**(293)**
Net financial income	*4*	**(125)**	**(175)**	**(512)**
Income tax	*5*	**(57)**	**(82)**	**(332)**
Net income after tax from continuing operations		**(205)**	**(174)**	**(419)**
Net income after tax from operations sold, discontinued or held for sale		(2)	(2)	70
Net income		**(207)**	**(176)**	**(349)**
Net income attributable to equity owners of the parent		**(169)**	**(107)**	**(239)**
Net income attributable to minority interests		**(38)**	**(70)**	**(110)**

(*) Pursuant to IAS 8, the financial statements for the year ended December 31, 2016 were corrected for the error on provisions for employee benefits in relation to the data reported for the previous year (see Notes 2 and 19).

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(in millions of euros)	1st half 2017	1st half 2016	Year 2016 (*)
Net income	**(207)**	**(176)**	**(349)**
Comprehensive income items not recyclable through profit and loss	**43**	**(81)**	**(64)**
Actuarial gains and losses on the employee benefits of consolidated companies	42	(98)	(53)
Income tax related to non-recyclable items	0	28	(1)
Share in other non-recyclable items of comprehensive income from joint ventures and associates, net of tax	(0)	(11)	(10)
Non-recyclable items related to operations sold, discontinued or held for sale, net of tax	0	(0)	0
Comprehensive income items recyclable through profit and loss	**81**	**(112)**	**70**
Currency translation adjustments of consolidated companies	(132)	49	145
Change in value of available-for-sale financial assets	37	(349)	(162)
Change in value of cash flow hedges	190	113	48
Income tax related to recyclable items	(14)	75	39
Share in other recyclable items of comprehensive income from joint ventures and associates, net of tax	-	-	-
Recyclable items related to operations sold, discontinued or held for sale, net of tax	**0**	**0**	0
Total other items of comprehensive income (net of income tax)	**123**	**(193)**	**5**
Comprehensive income	**(83)**	**(369)**	**(344)**
- Attributable to equity owners of the parent	(39)	(338)	(283)
- Attributable to minority interests	(45)	(31)	(61)

(*) Pursuant to IAS 8, the financial statements for the year ended December 31, 2016 were corrected for the error on provisions for employee benefits in relation to the data reported for the previous year (see Notes 2 and 19).

ASSETS

(in millions of euros)	***Note***	**June 30, 2017**	**December 31, 2016**
Non-current assets		**16,569**	**17,004**
Goodwill on consolidated companies	***6***	1,233	1,303
Intangible assets	***6***	1,530	1,601
Property, plant and equipment	***6***	7,231	7,554
End-of-lifecycle assets (third party share)	***7***	118	127
Assets earmarked for end-of-lifecycle operations	***7***	6,258	6,089
Investments in joint ventures and associates	***8***	16	17
Other non-current assets	***9***	140	135
Deferred tax assets	***5***	42	178
Current assets		**4,358**	**4,410**
Inventories and work-in-process		1,408	1,261
Trade accounts receivable and related accounts		887	841
Other operating receivables		769	661
Other non-operating receivables		64	62
Current tax assets		131	127
Other current financial assets		20	2
Cash and cash equivalents	***10***	1,079	1,434
Assets and operations held for sale		0	23
Total assets		**20,926**	**21,414**

LIABILITIES AND EQUITY

(in millions of euros)	***Note***	**June 30, 2017**	**December 31, 2016 (*)**
Equity and minority interests		**(1,195)**	**(1,016)**
Capital		53	53
Consolidated premiums and reserves		(1,352)	(1,120)
Actuarial gains and losses on employee benefits		(115)	(157)
Deferred unrealized gains and losses on financial instruments		348	136
Currency translation reserves		(12)	113
Equity attributable to owners of the parent		**(1,079)**	**(976)**
Minority interests		(116)	(40)
Non-current liabilities		**13,942**	**14,024**
Employee benefits	***11***	1,356	1,402
Provisions for end-of-lifecycle operations	***7***	7,460	7,341
Other non-current provisions	***12***	266	254
Share in negative net equity of joint ventures and associates	***8***	51	63
Long-term borrowings	***13***	4,810	4,851
Deferred tax liabilities	***5***	-	113
Current liabilities		**8,179**	**8,407**
Current provisions	***12***	1,709	1,733
Short-term borrowings	***13***	1,179	1,022
Advances and prepayments received		2,877	2,894
Trade accounts payable and related accounts		615	619
Other operating liabilities		1,677	1,839
Other non-operating liabilities		85	72
Current tax liabilities		38	213
Liabilities and operations held for sale		0	15
Total liabilities and equity		**20,926**	**21,414**

(*) Pursuant to IAS 8, the financial statements for the year ended December 31, 2016 were corrected for the error on provisions for employee benefits in relation to the data reported for the previous year (see Notes 2 and 19).

CONSOLIDATED STATEMENT OF CASH FLOWS

(in millions of euros)	1st half 2017	1st half 2016	Year 2016 (*)
Net income for the period	**(207)**	**(176)**	**(349)**
Less: income from operations sold, discontinued or held for sale	2	2	(70)
Net income from continuing operations	**(205)**	**(174)**	**(419)**
(Profit) / loss of joint ventures and associates	(9)	(2)	(10)
Net amortization, depreciation and impairment of PP&E and intangible assets and marketable securities maturing in more than 3 months	535	517	908
Goodwill impairment			
Net increase in (reversal of) provisions	(112)	(27)	(226)
Net effect of unwinding of assets and provisions	173	229	501
Income tax expense (current and deferred)	57	82	332
Net interest included in borrowing costs	109	124	226
Loss (gain) on disposals of fixed assets and marketable securities maturing in more than 3 months; change in fair value	(88)	(45)	(90)
Other non-cash items	3	11	(8)
Dividends from joint ventures and associates	0		
Cash flow from operations before interest and taxes	**463**	**714**	**1,214**
Net interest received (paid)	(71)	(87)	(134)
Income tax paid	(227)	(99)	(174)
Cash flow from operations after interest and tax	**166**	**528**	**907**
Change in working capital requirement	(208)	(249)	(139)
NET CASH FROM OPERATING ACTIVITIES	**(42)**	**279**	**767**
Investment in PP&E and intangible assets	(199)	(259)	(542)
Loans granted and acquisitions of non-current financial assets	(756)	(530)	(1,119)
Acquisitions of shares of consolidated companies, net of acquired cash	(59)		
Disposals of PP&E and intangible assets	3	13	16
Loan repayments and disposals of non-current financial assets	719	476	1,131
Disposals of shares of consolidated companies, net of disposed cash	4		
NET CASH USED IN INVESTING ACTIVITIES	**(289)**	**(299)**	**(514)**
Share issues in the parent company and share issues subscribed by minority shareholders in consolidated subsidiaries			
Treasury shares sold/(acquired)			
Transactions with minority interests	(95)		(132)
Dividends paid to minority shareholders of consolidated companies	(17)	(37)	(110)
Increase in borrowings	(18)	(18)	31
Decrease in borrowings	0	(212)	(393)
Change in other borrowings	(5)	38	81
Cash flow related to contributions			(1,019)
NET CASH USED IN FINANCING ACTIVITIES	**(135)**	**(230)**	**(1,542)**
(Increase) decrease in securities recognized at fair value through profit and loss	0		
Impact of foreign exchange movements	(10)	43	86
Net cash from operations sold, discontinued or held for sale	**2**	**(2)**	**61**
CHANGE IN NET CASH	**(474)**	**(209)**	**(1,141)**
Net cash at the beginning of the year	**1,382**	**2,523**	**2,523**
Cash at the end of the year	1,079	2,453	1,434
Less: short-term bank facilities and non-trade current accounts (credit balances)	(170)	(144)	(53)
Net cash from operations held for sale	0	5	1
Net cash at the end of the year	**908**	**2,314**	**1,382**

(*) Pursuant to IAS 8, the financial statements for the year ended December 31, 2016 were corrected for the error on provisions for employee benefits in relation to the data reported for the previous year (see Notes 2 and 19).

Net cash taken into account in establishing the Statement of Cash Flows consists of:

- Cash and cash equivalents (see Note 10), which includes:
  - cash balances and non-trade current accounts, and
  - risk-free marketable securities initially maturing in less than three months, and money market funds;
- after deduction of short-term bank facilities and non-trade current accounts (credit balances) included in current borrowings (see Note 13).

STATEMENT OF CHANGE IN CONSOLIDATED SHAREHOLDERS' EQUITY

(in millions of euros)	Number of shares outstanding	Capital	Premiums and reserves	Actuarial gains and losses on employee benefits	Deferred unrealized gains and losses on financial instruments	Currency translation reserves	**Equity attributable to owners of the parent**	Minority interests	**Total equity and minority interests**
January 1, 2016	**16,500,000**	**247**	**1,335**	**(93)**	**211**	**16**	**1,716**	**237**	**1,953**
First half 2016 income			(107)				(107)	(70)	(176)
Other items of comprehensive income				(81)	(161)	11	(231)	38	(193)
Comprehensive income			**(107)**	**(81)**	**(161)**	**11**	**(338)**	**(31)**	**(369)**
Dividends paid									
Treasury shares sold (acquired)									
Transaction with companies under joint control			27				27	(0)	27
June 30, 2016	**16,500,000**	**247**	**1,255**	**(174)**	**50**	**27**	**1,405**	**97**	**1,502**
January 1, 2017	**105,661,110**	**53**	**(1,120)**	**(157)**	**136**	**113**	**(976)**	**(40)**	**(1,016)**
First half 2017 income			(169)				(169)	(38)	(207)
Other items of comprehensive income				43	212	(125)	130	(7)	123
Comprehensive income			**(169)**	**43**	**212**	**(125)**	**(39)**	**(45)**	**(83)**
Dividends paid								(32)	(32)
Treasury shares sold (acquired)									
Other transactions with shareholders			1				1		1
Transaction with companies under joint control			(64)				(64)	0	(64)
June 30, 2017	**105,661,110**	**53**	**(1,352)**	**(115)**	**348**	**(12)**	**(1,079)**	**(116)**	**(1,195)**

(*) Pursuant to IAS 8, the financial statements for the year ended December 31, 2016 were corrected for the error on provisions for employee benefits in relation to the data reported for the previous year (see Note 2).

INFORMATION BY SEGMENT

Definition of EBITDA

Earnings before interest, taxes, depreciation and amortization (EBITDA) are equal to operating income plus net amortization, depreciation and operating provisions (including provisions for impairment of working capital items), net of reversals. EBITDA is restated to exclude the cost of end-of-lifecycle operations performed in nuclear facilities during the year (facility dismantling, waste retrieval and packaging).

DATA BY BUSINESS SEGMENT

1st half 2017

(in millions of euros)	Mining	Chemistry - Enrichment	Back End	Corporate, other operations and eliminations	**Total Group**
Gross sales revenue	641	333	871	1	1,846
Inter-segment sales	(3)	(3)	(19)	25	-
Contribution to revenue	639	330	852	25	**1 846**
Contribution to operating income	128	(19)	21	(162)	**(32)**
EBITDA *% of gross revenue*	341 *53.2%*	139 *41.7%*	132 *15.2%*	(97) *n.a.*	**516** *27.9%*

Approximately 39% of the group's total revenue was with EDF.

1st half 2016

(in millions of euros)	Mining	Chemistry - Enrichment	Back End	Corporate, other operations and eliminations	**Total Group**
Gross sales revenue	709	406	961	68	2,144
Inter-segment sales	(3)	(14)	(19)	36	-
Contribution to revenue	705	392	943	104	**2,144**
Contribution to operating income	21	(44)	94	8	**80**
EBITDA *% of gross revenue*	346 *48.8%*	94 *23.3%*	237 *24.7%*	(5) *n.a.*	**673** ***31.4%***

Approximately 37% of the group's total revenue was with EDF.

2016

(in millions of euros)	Mining	Chemistry - Enrichment	Back End	Corporate, other operations and eliminations	**Total Group**
Gross sales revenue	1,458	1,057	1,771	116	4,401
Inter-segment sales	(6)	(19)	(43)	68	-
Contribution to revenue	1,451	1,037	1,728	184	**4,401**
Contribution to operating income	183	158	67	7	**415**
EBITDA	747	354	300	(64)	**1,338**
% of gross revenue	*51.3%*	*33.5%*	*17.0%*	*n.a.*	*30.4%*

Approximately 31% of the group's total revenue was with EDF.

CONTRIBUTION TO CONSOLIDATED REVENUE BY BUSINESS SEGMENT AND CUSTOMER LOCATION

1st half 2017

(in millions of euros)	Mining	Chemistry - Enrichment	Back End	Other	**Total Group**
France	206	142	572	21	**941**
Europe (excluding France)	38	16	111	5	**169**
North & South America	78	105	125	0	**308**
Asia-Pacific	311	60	43	0	**414**
Africa / Middle East	6	7	2	0	**15**
Total	**639**	**330**	**852**	**25**	**1,846**

1st half 2016

(in millions of euros)	Mining	Chemistry - Enrichment	Back End	Other	**Total Group**
France	230	141	660	104	**1,135**
Europe (excluding France)	69	130	133	1	**332**
North & South America	80	80	108	0	**268**
Asia-Pacific	324	34	39	0	**397**
Africa / Middle East	2	6	3	0	**11**
Total	**705**	**392**	**943**	**104**	**2,144**

2016

(in millions of euros)	Mining	Chemistry - Enrichment	Back End	Other	**Total Group**
France	364	316	1,178	183	**2,041**
Europe (excluding France)	127	272	230	2	**631**
North & South America	256	306	229	0	**791**
Asia-Pacific	690	123	88	0	**900**
Africa / Middle East	15	20	4	0	**39**
Total	**1,451**	**1,037**	**1,728**	**184**	**4,401**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED JUNE 30, 2017

All amounts are presented in millions of euros unless otherwise indicated. Certain totals may have rounding differences.

“New AREVA Holding” designates New AREVA Holding SA and all of the subsidiaries and interests held directly or indirectly.

“NewCo” designates the target consolidation scope of the nuclear fuel cycle operations.

“AREVA” designates the group constituted by AREVA SA and all of the subsidiaries and interests held directly or indirectly.

NOTE 1 - CONTEXT OF THE STATEMENTS AND HIGHLIGHTS OF THE PERIOD

In 2016, in connection with its restructuring, AREVA combined all of its subsidiaries and interests in the nuclear fuel cycle (including the Mining, Front End and Back End operations) in New AREVA Holding. The contributions from AREVA SA to New AREVA Holding were executed on November 10, 2016, giving rise to a capital increase for New AREVA Holding SA in the amount of 45 million euros.

Other insignificant assets and liabilities attached to the nuclear fuel cycle operations were also transferred at June 30, 2017 to finalize the planned consolidation scope between now and the completion of the capital increases of New AREVA Holding SA. These concern the activity calibration laboratory (LEA) based at the Tricastin site, which is part of the Chemistry and Enrichment Business Unit. The dismantling and services business in Germany, combined in a new entity which is part of the Recycling Business Unit called AREVA Decommissioning and Services GmbH, will be transferred to NewCo on July 1, 2017.

European Commission consent for the French State’s participation in the Restructuring Plan

On April 29, 2016, the French authorities notified the European Commission of a restructuring aid measure which takes the form of twin capital increases by the injection of public capital in the amount of 2 billion euros in AREVA and in the maximum amount of 2.5 billion euros in NewCo.

On January 10, 2017, following the European Commission’s review of the file, it authorized the French State’s participation in the capital increases of AREVA and NewCo, subject to:
- the European Commission’s authorization of the merger between EDF and New NP;
- the finding of the Autorité de sûreté nucléaire (ASN) on the results of the demonstration program concerning the problem of carbon segregation identified in parts of the EPR reactor vessel of the Flamanville 3 project, without calling into question the suitability for service of the vessel parts due to that segregation or, alternatively, a decision by EDF, duly notified to the group in view of the sale of New NP, to waive the condition precedent related to the EPR reactor of the Flamanville 3 project as concerns the carbon segregation identified in parts of that reactor’s vessel.

Pending the fulfillment of these conditions, the European Commission also authorized rescue aid in the form of two advances from the shareholder current account of the French State, one for AREVA in the amount of 2 billion euros and the other for NewCo in the amount of 1.3 billion euros, to enable the group to meet its financial obligations until the effective completion of the AREVA and NewCo capital increases.

In the case in point, on May 29, 2017, the European Commission authorized the sale of the control of New NP to EDF. No commitment accompanied this authorization.

On June 28, 2017, the College of the nuclear safety authority ASN rendered its draft opinion on the results of the demonstration program concerning the carbon segregation issue identified in parts of the EPR reactor vessel of the Flamanville 3 project, indicating that “the mechanical characteristics of the pressure vessel bottom head and closure head are adequate with regard to the loadings to which these parts are subjected, including accident situations”, and, on July 12, 2017, EDF notified AREVA of its decision to waive the condition precedent stipulated in the New NP share purchase agreement related to the EPR reactor of the Flamanville 3 project as concerns the carbon segregation identified in parts of that reactor’s vessel.

All of the conditions set forth in connection with the decision of January 10 have thus been fulfilled.

Capital increase of New AREVA Holding SA and signature of the memorandum of investment and of the shareholders' agreement of JNFL and MHI related to the capital of New AREVA Holding

Following the fulfillment of the European Commission's preconditions, mentioned above, the capital increase of New AREVA Holding is to take place in two stages:

- A capital increase reserved for the French State in the amount of 2.5 billion euros was carried out on July 26, 2017 and, simultaneously, the funds corresponding to the total amount of the future investment of JNFL and MHI, i.e. 500 million euros, were placed in trust;
- Subsequently, upon the sale of the majority control of New NP to EDF, planned for the end of 2017, the New AREVA Holding Board of Directors will implement the capital increase reserved for JNFL and MHI in the amount of 500 million euros, subject to the fulfillment of certain conditions (in particular certain customary conditions concerning the acquisition of an interest in the capital by MHI and JNFL).

In fact, on July 12, 2017, the NewCo Board of Directors, acknowledging the fulfillment of the preconditions set by the European Commission, decided to make use of the delegation of authority granted by the General Meeting of Shareholders on February 3, 2017 to implement the part of the NewCo capital increase reserved for the French State. That capital increase of 2.5 billion euros was implemented on July 26, 2017.

As from that date (and thus after June 30, 2017, the closing date for these half-year financial statements), AREVA SA holds a minority interest in NewCo of 44.44% of the share capital and voting rights, leading to AREVA's loss of control of NewCo. At the end of the second stage described above, this minority interest in NewCo should be 40%.

On March 20, 2017, the memorandum of investment and the shareholders' agreement related to New AREVA Holding signed by the Mitsubishi Heavy Industries (MHI) and Japan Nuclear Fuel Ltd (JNFL) industrial groups, the Commissioner of State shareholdings, and AREVA took effect retroactively to March 13, 2017.

The signature of these documents was expected following the announcement of February 3, 2017 that agreement had been reached on the principal terms of the agreements for the acquisition of an equity stake in New AREVA Holding by JNFL and MHI at the level of 5% each and for a combined amount of 500 million euros.

The objective of the New AREVA Holding capital increases is to enable NewCo to meet its financial obligations and to develop, and to be in a position in the medium term to get market financing.

Liquidity position and continuity of operations

In addition to the current operations of New AREVA Holding, which will remain generally balanced over the next 12 months, the company must, in particular:

- repay its current borrowings of 1.2 billion euros, consisting mainly of the bond issue of 0.8 billion euros maturing on October 5, 2017; a borrowing from the AREVA current account in the amount of 0.1 billion euros; and interest incurred in the amount of 0.1 billion euros;
- contribute 0.8 billion euros to the funds earmarked for its end-of-lifecycle operations:
    - in accordance with the joint request of the Minister of the Environment and the Minister of Finance (letter of January 5, 2017) to achieve coverage of 95% in 2017, and
    - as provided in the group's business plan approved by the Board of Directors in August 2016.

To meet these commitments and ensure continuity of operations over the longer term, the company had gross cash of 1.1 billion euros at June 30, 2017, including a current account with AREVA SA with a debit balance of 838 million euros. In addition, the schedule for payment of the capital increases validated by all stakeholders is as follows:

- payment of the capital increase reserved for the French State in the amount of 2.5 billion euros on July 26, 2017;
- on that same day, payment into a trust by third-party investors of the amount of 0.5 billion euros in view of a second capital increase; those funds will be released in January 2018 upon completion of the sale of New NP by AREVA by the end of 2017.

These capital increases strengthen New AREVA Holding's financial structure with the objective of enabling it to meet its financial obligations and to develop sustainably, before being in a position in the medium term to get market financing.
Beyond 2017, significant debt maturities for New AREVA Holding in 2018 consist of the repayment of a private placement maturing on September 20, 2018 in the equivalent of approximately 63 million euros and payments on the redeemable syndicated bank loan of 60 million euros spread out throughout the year.

Voluntary departure plan and changes in the group’s workforce

At June 30, 2017, 1,229 departures had been recorded as part of the voluntary departure plan process for the AREVA Mines, AREVA NC, AREVA Projects (AREVA NP’s fuel cycle engineering business in 2016), AREVA Business Support, SET and Eurodif Production companies, out of a global workforce for New AREVA Holding (consolidation scope) of 19,341 employees.

Sale of Mainco

The company sold its subsidiary Mainco, which specializes in industrial logistics, to a French family-owned group on June 30, 2017.

Acquisition of AREVA Projects

Within the framework of the group’s reorganization and in order to strengthen its position in nuclear fuel cycle engineering, New AREVA Holding acquired the AREVA Projects company from AREVA NP SAS.

NOTE 2 - ACCOUNTING PRINCIPLES

Preparation of the financial statements

The consolidated financial statements at June 30, 2017, approved by the Board of Directors on July 27, 2017, were prepared in accordance with the accounting standard IAS 34 on interim financial data. These condensed financial statements do not contain all the information to be provided for year-end financial statements prepared in accordance with International Financial Reporting Standards (IFRS); they must be read in conjunction with the consolidated financial statements for the year ended December 31, 2016.

Significant events of the period are described in the half-year activity report.

Accounting principles

Accounting principles used to prepare the condensed financial statements for the period ended June 30, 2017 are identical to those described in Note 1 to the consolidated financial statements for the year ended December 31, 2016.

New standards and interpretations adopted by the European Union which do not yet have a mandatory effective date

IFRS 9 – Financial Instruments

IFRS 9 – Financial Instruments was published on July 24, 2014 and adopted by the European Union on November 22, 2016. Its application will be mandatory for financial years beginning January 1, 2018, and it will replace IAS 39 – Financial Instruments: Recognition and Measurement. It defines new principles for the classification and measurement of financial instruments, the impairment of financial assets due to credit risk, and hedge accounting (called micro-hedging).

The group carried out an analysis of the issues and potential impacts which Phase 1 – Classification and Measurement could have on assets earmarked for end-of-lifecycle operations. In fact, according to IFRS 9, the classification and measurement of financial assets (mainly consisting of the earmarked portfolio) depends on the business model and contractual characteristics of the instruments:

- by default, equity instruments are classified “at fair value through profit and loss”, except for the irrevocable non-transferable equity option;
- debt instruments, known as SPPI (Solely Payments of Principal and Interest), are valued at fair value through transferable equity when a “collect and sell” business model is used, or at amortized cost in the case of a “collect’ business model.

Insofar as the group will not change the management methods for its earmarked funds (in particular the mutual funds) and will apply the default treatment to equity instruments, the main impacts are expected to be increased volatility of the statement of income. However, optimization of the yields of assets in the earmarked funds will remain the group’s priority, independently of the volatility that their recognition will bring about in the financial statements.

In addition, Phase 2 – Impairment of the standard introduces a new impairment model for credit risk based on expected losses. This model will require recognition of expected credit losses at 12 months (resulting from the risk of defaults in the next 12 months) on purchased or originated instruments at their initiation. Full lifetime expected credit losses (resulting from the risk of default over the remaining life of the instrument) must be recognized if the credit risk has increased significantly since initial recognition. Definition of a valuation model is in progress.

In addition, Phase 3 – Hedging aims to align hedge accounting more closely with risk management. The group is currently studying the potential issues for the financial risk hedging strategies and for documentation, but it does not expect material impacts on its consolidated financial statements, based on analyses conducted to date.

IFRS 15 – Revenue from Contracts with Customers

IFRS 15 – Revenue from Contracts with Customers was published on May 28, 2014 and adopted by the European Union on September 22, 2016. Its application will be mandatory for beginning January 1, 2018 and for financial years thereafter. It will replace several standards and interpretations related to revenue recognition, in particular IAS 18 – Revenue Recognition and IAS 11 – Construction Contracts. This standard rests on principles described in a five-step model to determine when and in what amount income from ordinary operating activities should be recognized.
Based on the group’s analysis of major contract types, subjects likely to have an impact on the net worth of have been identified, in particular as concerns the pace of recognition. The quantified analysis of the impacts of first application of IFRS 15 is currently underway and should mainly concern the Back End operations.

The key themes identified at this stage which are likely to have an impact on the group's revenue are as follows:

- Customer-funded CAPEX: the pace of revenue recognition related to funded CAPEX would be shifted to the startup of each fixed asset following application of IFRS 15.
- Significant financial components: IFRS 15 requires that the contract price be restated if one of the parties to the contract were to receive significant financing from the other party (characterized by a significant shift in time between the transfer of control of the assets/services and payment therefor). The result is an increase in revenue offsetting finance charges when the group receives financing, or a reduction in revenue offsetting interest income when the group grants financing.
- Revenue recognition tied to performance: IFRS 15 requires that revenue be recognized as certain performance criteria are met. At this stage of its analysis, the group does not anticipate any changes in its method of recognizing revenue. A detailed review of the contract portfolio is nonetheless nearing completion in order to confirm this preliminary analysis.

The group will complete the quantified analysis of the standard's impacts by December 31, 2017. The group will apply IFRS 15 as from January 1, 2018 following the "full retrospective approach". Consequently, the 2017 comparative financial statements presented in the 2018 financial statements will be restated, and the equity appearing on the opening balance sheet at January 1, 2017 will have been adjusted for the effects of the application of this new standard.

Specific methods used to prepare interim financial statements

- New AREVA Holding uses the method recommended by IAS 34 to determine the tax expense for the interim period. This is calculated by applying the estimated average effective tax rate for the year to before-tax income for the period. However, a different tax rate was used for categories of income subject to a specific tax rate, such as gains on disposals of securities subject to long-term capital gains tax treatment.

- The charge related to retirement commitments and other employee benefits for the interim period is calculated based on the discount rate determined at December 31, 2016. In applying this method to the first half of 2017, New AREVA Holding calculated the charge for the cost of services rendered during the period, the charge for provision unwinding, and the income related to the expected return on earmarked assets using the discount rate established at December 31, 2016, in accordance with IAS 19. Changes in actuarial assumptions used to value benefit liabilities at June 30, 2017 were recognized under "Other items of comprehensive income", in nearly their full amount.
  The discount rate used to value these commitments at June 30, 2017 was 1.70% for the eurozone (compared with 1.50% at December 31, 2016). The discount rate used at June 30, 2017 to value commitments in the United States was 3.75% for the US zone (compared with 4.0% at December 31, 2016).

Correction to the consolidated financial statements for the year ended December 31, 2016

During actuarial assessments carried out in the first quarter of 2017, a material error was identified in the estimate of provisions for employee benefits recognized at December 31, 2016. This error concerns (i) a delay in updating workforce databases, which did not factor in some resignations and some retirements for actuarial calculations at December 31, 2016, and (ii) to a lesser extent, an additional plan reduction related to departures under the VDP. Following the correction of this error, net income at December 31, 2016 was increased by 10 million euros, and actuarial gains and losses of 30 million euros were recognized in comprehensive income.

Pursuant to IAS 8, the impact of this correction was recognized retroactively in the statement of income and in the statement of comprehensive income for the year ended December 31, 2016 and, consequently, in equity at January 1, 2017. The statement of financial position and the statement of comprehensive income at December 31, 2016 presented in the consolidated financial statements for the period ended June 30, 2017 have been corrected accordingly.

NOTE 3 - GENERAL AND ADMINISTRATIVE EXPENSES AND OTHER OPERATING INCOME AND EXPENSES

General and administrative expenses

In 2017, general and administrative expenses included the cost of corporate departments and various non-operating costs of New AREVA Holding in the amount of 32 million euros. In 2016, these costs were paid by AREVA SA by virtue of existing agreements.

Other operating expenses

(in millions of euros)	1st half 2017	1st half 2016	Year 2016
Restructuring and early retirement plan costs*	(17)	3	(4)
Goodwill impairment			
Impairment of other assets	(225)	(210)	(306)
Income on disposals of assets other than financial assets	(3)		(1)
Other expenses	(30)	(37)	(82)
Total other operating expenses	**(276)**	**(244)**	**(393)**

**** Net of reversals of provisions for employee benefits***

Other operating income

(in millions of euros)	1st half 2017	1st half 2016	Year 2016
Income on sales of non-financial assets	5		
Other income	25	17	22
Total other operating income	**30**	**17**	**22**

The restructuring costs are described in Note 1.

The impairment of goodwill and other assets is described in Note 6.

Other expenses include in particular expenses related to the postponement of work to start production at the Imouraren and Trekkopje mining sites and to the development of infrastructure, in the amount of 12 million euros in the first half of 2017 (compared with 29 million euros in 2016).

In the first half of 2017, other income included in particular:

- a provision reversal for a services and supplies contract with ETC in the amount of 17 million euros (see Note 12);
- foreign exchange profit on commercial transactions in the amount of 5 million euros (compared with 13 million euros in 2016).

NOTE 4 - NET FINANCIAL INCOME

(in millions of euros)	**1st half 2017**	**1st half 2016**	**Year 2016**
Net borrowing costs	**(106)**	**(124)**	**(219)**
Income from cash and cash equivalents	7	1	9
Gross borrowing costs	(113)	(125)	(228)
Other financial income and expenses	**(19)**	**(51)**	**(293)**
Share related to end-of-lifecycle operations	***80***	***63***	***(91)***
Income from disposal of securities earmarked for end-of-lifecycle operations	88	45	90
Dividends received	106	194	216
Income from receivables and unwinding of earmarked assets	24	12	23
Impairment of securities	-	(22)	(22)
Impact of amended schedules	1	(3)	(178)
Discounting reversal expenses on end-of-lifecycle operations	(139)	(164)	(220)
Share not related to end-of-lifecycle operations	***(99)***	***(113)***	***(202)***
Foreign exchange gain (loss)	(7)	(2)	-
Income from disposals of securities and change in value of securities held for trading	-	-	(1)
Income from equity associates	-	-	1
Dividends received	1	2	2
Impairment of financial assets	(8)	(1)	-
Interest on contract prepayments	(23)	(26)	(54)
Financial income from pensions and other employee benefits	(11)	(15)	(30)
Other financial expenses	(62)	(73)	(130)
Other financial income	10	2	9
Net financial income	**(125)**	**(175)**	**(512)**

Gross borrowing costs at the end of June 2017 include interest expense related to the bond issue in the amount of 98 million euros (compared with 38 million euros recognized as from November 10, 2016).

Other financial expenses include the impact of the change in discount rate on provisions for contract completion in the amount of 21 million euros (compared with 68 million euros at December 31, 2016; see Note 12).

NOTE 5 - INCOME TAX

Income tax expense amounted to 57 million euros in the first half of 2017.

The tax expense for the first half of 2017 was calculated by applying the estimated effective tax rate for the year to income before tax of each tax jurisdiction, excluding disposals of securities over the period.

The effective tax rate forecasts for each jurisdiction in France include the value-added business tax (*contribution sur la valeur ajoutée des entreprises*, CVAE), net of income tax at the normal tax rate.

NOTE 6 - GOODWILL, INTANGIBLE ASSETS, AND PROPERTY, PLANT AND EQUIPMENT

GOODWILL

(in millions of euros)	**December 31, 2016**	Increase	Disposals	Impairment	Currency translation adjustments and other	**June 30, 2017**
Mining	**913**				(69)	**845**
Chemistry - Enrichment	**161**				0	**161**
Back End	**228**				(1)	**227**
TOTAL	**1,303**	**-**	**-**	**-**	**(70)**	**1,233**

Mining

In view of the change in the exchange parity between the euro and the US dollar, a test of goodwill impairment related to the Mining CGU was performed at June 30, 2017.

The recoverable amount of the Mining CGU is determined based on the value in use. The value in use of mining operations is calculated based on forecast data for the entire period, up to the planned end of mining operations at existing mines and marketing of the corresponding products (i.e. until 2076), rather than on a base year. The value in use is determined by discounting estimated future cash flows per mine at rates of from 7.50% to 12% (the same as at December 31, 2016) and using a euro/US dollar exchange rate of 1.14 at June 30, 2017 (1.05 at December 31, 2016).

Future cash flows were determined using AREVA price forecasts updated to 2030, projected to 2076. The price forecast is based among other things on AREVA's vision of changes in uranium supply (uranium mines and secondary resources) and demand (linked to the quantity of material used by world nuclear power plants over the period and the procurement strategies of the utilities involved). The price forecast was updated in December 2016 to reflect in particular the drop in volumes purchased by Chinese utilities and the anticipated closure of certain US reactors.

The result of this test was higher than the net carrying amount and therefore does not result in goodwill impairment.

The test remains sensitive to discount rates, to foreign exchange parity and to the anticipated future prices of uranium. The value in use of the assets of the Uranium Mining CGU would fall by the amounts below if any of the following assumptions were used:

- a discount rate of 50 basis points higher: 161 million euros;
- a euro/US dollar exchange rate of 5 eurocents higher (i.e. 1.19 instead of 1.14): 313 million euros;
- uranium sales price assumptions of 5 dollars less per pound than the price forecast drawn up by New AREVA Holding for the entire period of the business plans: 432 million euros.

However, such deterioration would not lead to a write-down of the goodwill of the Mining CGU.

On this point, the sensitivity analysis was carried out without taking into account a revision of economically mineable uranium quantities or production schedules resulting from this price change.

Chemistry - Enrichment

Given the drop in market indicators, the impairment test of goodwill relative to the Enrichment CGU was carried out using a discount rate of 6.70% (identical to that at December 31, 2016); a euro / US dollar exchange rate of 1.14, corresponding to the closing rate at June 30, 2017; and SWU sales price assumptions resulting from New AREVA Holding's analysis of the foreseeable mid- and long-term trend in the balance of supply and demand. On that basis, no impairment was recognized at June 30, 2017.

Nonetheless, the test is very sensitive to the discount rate, to exchange rate parity, and to the long-term price expectations for separative work units (SWU). The value in use of the assets of the Enrichment CGU would fall by the amounts below if any of the following assumptions were used:

- a discount rate of 50 basis points higher: 257 million euros;
- a euro/US dollar exchange rate of 5 eurocents higher (i.e. 1.19 instead of 1.14): 155 million euros;
- sales price assumptions of 1 US dollar less per SWU compared with the price forecast drawn up by New AREVA Holding: 32 million euros.

However, taken separately, such deterioration would not lead to a write-down of the goodwill of the Enrichment CGU.

NET INTANGIBLE ASSETS

(in millions of euros)	**December 31, 2016**	Increase	Net increase in depreciation / Impairment*	Other changes	Currency translation adjustments	**30 June 2017**
Pre-mining expenses	**1 003**	17	(51)	11	(31)	**949**
R&D expenses	**55**	5	(2)	(1)	(1)	**56**
Mineral rights	**0**	-	-	-	-	**-**
Concessions and patents (excluding mines)	**330**	-	(6)	-	-	**324**
Software	**34**	-	(2)	3		**34**
Intangible assets in progress	**63**	11	(1)	(11)	(3)	**60**
Other	**117**	-	(12)	5	(2)	**107**
TOTAL	**1,601**	**33**	**(74)**	**7**	**(37)**	**1,530**

* Including 15 million euros in impairment of intangible assets recognized in the first half of the year.

At June 30, 2017, investments in intangible assets primarily concern mineral exploration expenses in Canada, Niger and Kazakhstan.

NET PROPERTY, PLANT AND EQUIPMENT

(in millions of euros)	**December 31, 2016**	Increase	Net increase in depreciation / Impairment*	Other changes	Currency translation adjustments	**30 June 2017**
Land	**76**	-	-	1	(2)	**75**
Buildings	**943**	5	(28)	20	(9)	**931**
Plant, equipment and tooling	**4,612**	12	(191)	18	(33)	**4,418**
End-of-lifecycle assets	**508**	-	(9)	3	-	**502**
Other	**275**	2	(16)	24	(6)	**278**
In progress	**1,141**	170	(210)	(63)	(11)	**1,027**
TOTAL	**7,554**	**189**	**(455)**	**2**	**(60)**	**7,231**

* Including 212 million euros in impairment of property, plant and equipment recognized in the first half of the year.

MINING ASSETS IN NIGER - IMOURAREN

The group holds 57.7% of the Imouraren mining asset, with the remaining 42.3% held by minority interests (the State of Niger, Sopamin, and Korea Imouraren Uranium Investment [KIU]).

The site has been in “care and maintenance” status since 2015. The project will restart when uranium market conditions permit. Discussions are in progress with the State of Niger for the signature of an amendment to the strategic partnership agreement of May 26, 2014.

Impairment in the amount of 316 million euros was recognized on project assets at December 31, 2016.

In view of the change in exchange parity between the euro and the US dollar, an impairment test was performed. The impairment recorded for the first half of 2017 amounted to 107 million euros based on the value in use obtained by discounting estimated cash flows at the rate of 12% (identical to that at December 31, 2016) and based on a euro/US dollar exchange rate of 1.14 at June 30, 2017 (1.05 at December 31, 2016).
After recognition of that impairment, the carrying amount of the Imouraren project’s intangible assets and property, plant and equipment was 236 million euros at June 30, 2017 (compared with 348 million euros at December 31, 2016).

The test remains sensitive to discount rates, to exchange rate parity, and to the anticipated future prices of uranium. The value in use of the assets of Imouraren, and thus their carrying amount, would fall by the amounts below if any of the following assumptions were used:

- a discount rate of 50 basis points higher: 45 million euros;
- a euro/US dollar exchange rate of 5 eurocents higher (i.e. 1.19 instead of 1.14): 68 million euros;
- sales price assumptions of 5 dollars less per pound of uranium over the entire period of the business plans: 80 million euros.

The impairment translates into a debit balance of 341 million euros for minority interests at the end of June 2017.

COMURHEX II PLANT

The impairment test shows that the value in use of property, plant and equipment under construction – valued at June 30, 2017 using a discount rate of 6.70% (identical to that at December 31, 2016); a euro/US dollar exchange rate of 1.14, corresponding to the rate at June 30, 2017 (compared with 1.05 at December 31, 2016); and sales price assumptions for conversion units resulting from New AREVA Holding’s analysis of the foreseeable mid- and long-term trend for the balance of supply and demand – no longer justifies their net carrying amount, which is equal to the amounts capitalized at June 30, 2017, i.e. 249 million euros. The value in use amounted to 131 million euros, essentially due to the combined effects of the exchange rate and a downward revision of sales price assumptions, such that a write-down of the asset in the amount of 118 million euros was recorded in the financial statements at June 30, 2017.

The result of the impairment test remains sensitive to the assumptions used, in particular the discount rate, the euro / US dollar exchange rate, long-term sales prices and volumes sold.

The value in use of the property, plant and equipment under construction would fall by the amounts below if any of the following assumptions were used:

- a discount rate of 50 basis points higher: 39 million euros;
- a euro/US dollar exchange rate of 5 eurocents higher (i.e. 1.14 instead of 1.19): 74 million euros;
- sales price assumptions of 1 US dollar less per conversion unit compared with the price forecast drawn up by New AREVA Holding: 60 million euros.

GEORGES BESSE II

In view of the drop in market indicators, the impairment test of property, plant and equipment related to the Georges Besse II plant was carried out using a discount rate of 6.70% (identical to that at December 31, 2016); a euro / US dollar exchange rate of 1.14, corresponding to the rate at June 30, 2017;, and SWU sales price assumptions resulting from New AREVA Holding's analysis of the mid- and long-term trend of the balance of supply and demand. On that basis, no impairment was recognized at June 30, 2017.

Sensitivity analysis using the same parameters as the Enrichment CGU) would not lead to recognition of impairment.

NOTE 7 - END-OF-LIFECYCLE OPERATIONS

The table below summarizes New AREVA Holding accounts affected by the treatment of end-of-lifecycle operations and their financing.

ASSETS *(in millions of euros)*	**June 30, 2017**	**December 31, 2016**	**LIABILITIES AND EQUITY**	**June 30, 2017**	**December 31, 2016**
Assets earmarked for end-of-lifecycle operations	**6,376**	**6,216**	Provisions for end-of-lifecycle operations	**7,460**	**7,341**
- End-of-lifecycle assets – third party share (1)	*118*	*127*	*- funded by third parties (1)*	*118*	*127*
- Financial assets earmarked for end-of-lifecycle operations *(2)*	*6,258*	*6,089*	*- funded by AREVA*	*7,342*	*7,214*

1: Amount of the provision to be funded by third parties.
2: Portfolio of financial assets and receivables earmarked to fund AREVA's share of the total provision.

PROVISIONS FOR END-OF-LIFECYCLE OPERATIONS

(in millions of euros)	**June 30, 2017**	**December 31, 2016**
Dismantling of nuclear facilities	5,389	5,280
Waste retrieval and packaging	2,071	2,061
Provisions for end-of-lifecycle operations	**7,460**	**7,341**

Provisions for end-of-lifecycle operations rose 119 million euros in the first half of 2017 for the following reasons:

- half-year expenses in the amount of 107 million euros;
- the unwinding charge for the period in the amount of 140 million euros;
- the change in project costs at completion and increased contingencies in the amount of 86 million euros.

The change over the period resulted mainly from the 80-million-euro increase in a contingency for risks and uncertainties related to the dismantling of facilities in the front end of the cycle and to the retrieval and packaging of waste from them. This charge strengthens the provision for uncertainties (under the meaning of article 2 of decree no. 2007-243 of February 23, 2007 on the security of financing of nuclear expenses). It was made pursuant to the follow-up letter received on May 28, 2014 from the administrative authority.

The discount rate is set:

- pursuant to IAS 37, based on market conditions at year-end closing and the specific characteristics of the liability; and
- to comply with the regulatory cap defined by the decree of February 23, 2007 and the order of March 23, 2015 amending the order of March 21, 2007.

The rate thus results from implementation of the following approach:

- an initial estimate is made based on the moving average yield of 30-year French OATs over a 10-year period, plus a spread applicable to prime corporate borrowers;
- a rate curve is then constructed based on the rate curve of the French State (OAT rates) at the closing date, extended for non-liquid maturities using a long-term break-even rate, plus a spread applicable to prime corporate borrowers and a liquidity risk premium.

Based on the schedule of expected disbursements, a single equivalent rate is deducted from the rate curve constructed in this manner. For example, the discount rate is revised based on changes in national economic conditions, with a lasting medium- and long-term impact, in addition to the potential effects of regulatory caps.

At June 30, 2017, the maximum regulatory rate, a sliding 10-year average of the 30-year constant maturity rate (TEC30) plus 1%, was 4.2%.

The discount rate used at June 30, 2017 was 4.10% and the long-term inflation rate was 1.65%, both of which were identical to those at December 31, 2016.
The impact on provisions for end-of-lifecycle operations of a change in the discount rate of +/- 25 basis points (4.35% or 3.85%) would be a change in the provision of -348 million euros or +382 million euros respectively, based on an assumption of no change in long-term inflation.

FINANCIAL ASSETS EARMARKED FOR END-OF-LIFECYCLE OPERATIONS

(in millions of euros)	**June 30, 2017**	**December 31, 2016**
End-of-lifecycle assets - third party share	118	127
Receivables related to end-of-lifecycle operations	778	779
Earmarked assets	5,480	5,310
Total	**6,376**	**6,216**

The assets earmarked for end-of-lifecycle operations increased 160 million euros in the first half of 2017, the net result of deductions to finance the costs of dismantling performed and the increase in the value of the portfolio of earmarked financial instruments attributable to the market situation.

Receivables related to end-of-lifecycle operations correspond in particular to receivables from the CEA arising from the signature of a contract in December 2004 under which the CEA agreed to fund a share of the dismantling costs of certain facilities at the la Hague and Cadarache plants and a share of waste retrieval and packaging costs at the UP2-400 plant at la Hague.

The coverage ratio of earmarked assets to liabilities for the scope covered by the law of 2006 was 89% at June 30, 2017 (the same as at December 31, 2016).

NOTE 8 - INFORMATION ON JOINT VENTURES AND ASSOCIATES

INVESTMENTS IN JOINT VENTURES AND ASSOCIATES

Carrying amount

(in millions of euros)	**June 30, 2017**	**December 31, 2016**
Joint Ventures		
Cominak	14	17
Other joint ventures	2	-
Total Joint Ventures	**16**	**17**
Associates		
Total associates	**0**	**0**
Total	**16**	**17**

SHARE IN NEGATIVE NET EQUITY OF JOINT VENTURES AND ASSOCIATES

Liability

(in millions of euros)	**June 30, 2017**	**December 31, 2016**
Joint Ventures		
ETC	51	63
Total Joint Ventures	**51**	**63**

SHARE IN NET EQUITY OF JOINT VENTURES AND ASSOCIATES

(in millions of euros)	**1st half 2017**	**1st half 2016**	**2016**
Joint Ventures			
Cominak	(3)	4	4
ETC	12	(1)	6
Other joint ventures	-	-	-
Total Joint Ventures	**9**	**2**	**10**
Associates	**0**	**0**	**0**
Total	**9**	**2**	**10**

NOTE 9 - OTHER NON-CURRENT ASSETS

(in millions of euros)	**June 30, 2017**	**December 31, 2016**
Available-for-sale securities	36	45
Loans to associates	1	1
Derivatives on financing activities	53	49
Other	50	40
Total	**140**	**135**

Other non-current assets include in particular uranium inventories which were capitalized to fund future mine reclamation expenses abroad.

NOTE 10 - CASH AND CASH EQUIVALENTS

(in millions of euros)	**June 30, 2017**	**December 31, 2016**
Cash and current accounts	1,048	1,403
Cash equivalents	30	30
Net amount	**1,079**	**1,434**

The asset position of New AREVA Holding SA's current account vis-à-vis AREVA SA amounted to 838 million euros at June 30, 2017.
The liabilities position of New AREVA Holding SA's current account vis-à-vis AREVA SA, in the amount of 113 million euros, was not included in cash and cash equivalents.

Following the capital increase of New AREVA Holding and subject to its completion, AREVA would hold a minority interest in New AREVA Holding of approximately 40% of the capital and voting rights, leading to the loss of AREVA SA's control of New AREVA Holding SA. This loss of control would have the immediate consequence of AREVA SA's repayment of sums due to New AREVA Holding SA for the current account which would be terminated as of right.

At June 30, 2017, the amount of cash and cash equivalents not available to the group was 47 million euros (compared with 67 million euros at December 31, 2016):

- 17 million euros held by a subsidiary operating in Kazakhstan, where there are legal restrictions;
- 30 million euros held by a captive insurance firm pursuant to the Solvency2 prudential regulation.

NOTE 11 - EMPLOYEE BENEFITS

The discount rate used to value these commitments at June 30, 2017 was 1.70% for the eurozone (compared with 1.50% at December 31, 2016). The discount rate used at June 30, 2017 to value commitments in the United States was 3.75% for the US zone (compared with 4.0% at December 31, 2016).

This rate was set in consideration of several pertinent indicators, the main one being the group's IAS 19 general coordinating actuary curve, supplemented by a basket of high-quality corporate bonds from issuers in the eurozone with comparable maturities.

With the recognition of other revaluation adjustments, experience differences, changes in actuarial model and yield on plan assets, "Other items of comprehensive income" was adjusted for net income of 43 million euros, in accordance with the provisions of revised IAS 19.

NOTE 12 - OTHER PROVISIONS

(in millions of euros)	**December 31, 2016**	Charges	Reversal (when risk has materialized)	Reversal (when risk has not materialized)	Other changes*	**June 30, 2017**
Restoration of mining sites and mill decommissioning	254	5	(4)	-	10	**266**
Other non-current provisions	**254**	**5**	**(4)**	**-**	**10**	**266**
Restructuring and layoff plans	169	15	(44)	-	15	**155**
Provisions for ongoing cleanup	17	-	-	-	4	**21**
Provisions for losses at completion	106	45	(2)	(91)	(0)	**58**
Accrued costs	1,168	44	(23)	-	21	**1,210**
Other	272	36	2	(50)	4	**265**
Current provisions	**1,733**	**140**	**(68)**	**(141)**	**44**	**1,709**
TOTAL PROVISIONS	**1,987**	**146**	**(71)**	**(141)**	**54**	**1,975**

* Includes unwinding of 27 million euros.

PROVISIONS FOR CONTRACT COMPLETION

The provisions for remaining work cover a set of future services to be carried out at the la Hague and MELOX sites (Recycling Business Unit) and the Tricastin and Malvési sites (Chemistry-Enrichment Business Unit) in connection with contracts for which obligations to the customers have been met and the revenue recognized, and the costs of future services have been expensed in offset to that provision. For the Recycling Business Unit, the services mainly concern work to retrieve, process, package, ship and dispose of technological waste related to MOX fabrication or to the pool storage of used fuel; for the Chemistry-Enrichment Business Unit, they concern work involving nitrate effluent and dust treatment. At June 30, 2017, these future services amounted to 721 million euros for the Recycling Business Unit and 486 million euros for the Chemistry-Enrichment Business Unit (compared with 693 million euros and 473 million euros respectively at December 31, 2016).

OTHER PROVISIONS

At December 31, 2016 and June 30, 2017, other provisions included in particular:

- provisions for disputes,
- provisions for customer guarantees,
- provisions for tax risks,
- provisions for expenses.

Supply and services contract with ETC

In December 2015, a provision for a contract performance shortfall of 40 million euros was set aside by SET following the signature of the “6K CSA” agreement between ETC and SET in September 2014. The contract called for purchases of supplies and minimum services for centrifuges which each customer agreed to purchase from ETC, enabling centrifuge production, assembly, installation and maintenance skills to be maintained at ETC.
In June 2017, a new agreement was signed for the 2017-2024 period which reduces these “take or pay” purchases for SET.

At the end of June 2017, SET recognized a provision reversal of 12 million euros related to the recognition of costs incurred in connection with the 6K CSA contract at that date, as well as a provision reversal of 17 million euros related to the favorable impact of the renegotiation.

NOTE 13 - BORROWINGS

(in millions of euros)	**Non-current borrowings**	**Current borrowings**	**June 30, 2017**	**December 31, 2016**
Interest-bearing advances	147	-	147	143
Borrowings from lending institutions and commercial paper	466	70	536	564
Bond issues*	4,130	902	5,032	5,006
Short-term bank facilities and non-trade current accounts (credit balances)	-	170	170	53
Financial derivatives	4	36	40	49
Miscellaneous borrowings	63	1	64	59
Total Borrowings	**4,810**	**1,179**	**5,989**	**5,873**
Including leasing obligations				***4***

* After hedging the interest rate risk.

At June 30, 2017, borrowings included in particular:

- bond debt outstanding in the carrying amount of 4.927 billion euros;
- a redeemable syndicated loan from 10 banks maturing in 2024 in the amount of 527 million euros (initial amount of 650 million euros at December 31, 2016);
- current financial accounts with AREVA SA with a credit balance of 113 million euros and with the ETC joint venture with a credit balance of 43 million euros.

BOND ISSUES

Issue date	Balance sheet value *(in millions of euros)*	Currency	Nominal *(in currency millions)*	Nominal rate	Term
Sept-23-09	1,028	*EUR*	1 000	*4.88%*	*September 2024*
Nov-06-09	765	*EUR*	750	*4.38%*	*November 2019*
Sept-22-10	765	*EUR*	750	*3.50%*	*March 2021*
Oct-05-11	398	*EUR*	398	*4.63%*	*October 2017*
Mar-14-12	400	*EUR*	400	*4.63%*	*October 2017*
Apr-04-12	199	*EUR*	200	*TEC10+2.125%*	*March 2022*
Sept-04-13	526	*EUR*	500	*3.25%*	*September 2020*
Sept-20-13	63	*JPY*	8 000	*1.16%*	*September 2018*
Mar-20-14	784	*EUR*	750	*3.13%*	*March 2023*
Total	**4,927**				

GUARANTEES AND SPECIAL CLAUSES

As security, AREVA SA has committed to guaranteeing the redemption of all bond issues contributed to New AREVA Holding and to guaranteeing the derivatives of New AREVA Holding with banking counterparties, for New AREVA Holding's benefit. At June 30, 2017, the carrying amount of New AREVA Holding's bond debt was 4.927 billion euros.
Those guarantees will end once the capital increase of New AREVA Holding has been carried out in the amount of at least 3 billion euros or, for the guarantee concerning the bond issues, once they have been redeemed.

In June 2014, AREVA SA gave a parent company guarantee to a banking pool to secure the redemption of the amortized loan of Société d'Enrichissement du Tricastin. The parent company guarantee covers 115% of the remaining amount outstanding of the loan, for which the carrying amount was 527 million euros at June 30, 2017. Within the framework of the partial contribution of assets from AREVA SA to New AREVA Holding, SET's bank borrowings and related security (security interests in future receivables and bank accounts) were transferred to New AREVA Holding, with the exception of the parent company guarantee, which remains in force until the loss of control of New AREVA Holding (except in the event of prior release according to the contract conditions).

BANKING COVENANTS

The redeemable syndicated loan in the carrying amount of 527 million euros at June 30, 2017 and maturing in June 2024 is backed by certain future revenue from the Georges Besse II enrichment plant. It includes security interests in future receivables and bank accounts, and it contains a covenant allocating cash flows to debt service which subordinates payments to New AREVA Holding (dividends and internal loan repayments) from Société d'Enrichissement du Tricastin.

NOTE 14 - ADDITIONAL INFORMATION ON FINANCIAL INSTRUMENTS

Financial assets by category

ASSETS *(in millions of euros)*	**Balance sheet value**	**Non-financial assets and liabilities**	**Loans and receivables**	**Fair value recognized in profit or loss**	**Assets available for sale**	**Assets held to maturity**	**Derivatives**	**Fair value of financial assets**
Non-current assets	**16,569**	**10,195**	**805**		**4,969**	**547**	**53**	**6,504**
Goodwill on consolidated companies	1,233	1,233						
Intangible assets	1,530	1,530						
Property, plant and equipment	7,231	7,231						
End-of-lifecycle assets (third party share)	118	118						
Assets earmarked for end-of-lifecycle operations	6,258		778		4,933	547		6,389
Investments in joint ventures and associates	16	16						
Other non-current financial assets	140	25	26		36		53	115
Deferred tax assets	42	42						
Current assets	**4,358**	**2,167**	**2,048**	**30**			**112**	**2,191**
Inventories and work-in-process	1,408	1,408						
Trade accounts receivable and related accounts	887	111	776					776
Other operating receivables	769	465	211				93	304
Current tax assets	131	131						
Other non-operating receivables	64	51	13					13
Cash and cash equivalents	1,079		1,048	30				1,078
Other current financial assets	20						19	20
Assets and operations held for sale	-							
Total assets	**20,926**	**12,362**	**2,853**	**30**	**4,969**	**547**	**165**	**8,695**

The table hereunder shows the breakdown into levels of financial instruments estimated at their fair value by income and equity:

Level 1: Valuation based on quoted market prices in an active market
Level 2: In the absence of quoted market prices in an active market, valuation based on readily observable market inputs related to that asset or liability
Level 3: Valuation based on criteria that cannot be readily observed.

(in millions of euros)	**Level 1**	**Level 2**	**Level 3**	**TOTAL**
Non-current assets	**5,610**	**82**	**7**	**5,699**
Assets earmarked for end-of-lifecycle operations	5,610			5,610
Other non-current financial assets		82	7	89
Current assets	**30**	**112**	**-**	**143**
Other operating receivables		93		93
Cash and cash equivalents	30			30
Other current financial assets		19		
Total assets	**5,640**	**195**	**7**	**5,842**

Analysis of assets in the level 3 category

(in millions of euros)	Amount at December 31, 2016	Increase	Disposals	Other	Amount at June 30, 2017
Other non-current financial assets	16			(9)	7

Financial liabilities by category

LIABILITIES AND EQUITY *(in millions of euros)*	Balance sheet value	Non-financial assets and liabilities	Liabilities at amortized cost	Fair value recognized in profit or loss	Derivatives	Fair value of financial liabilities
Equity and minority interests	**(1,195)**	**(1,195)**				
Capital	53	53				
Consolidated premiums and reserves	(1,352)	(1,352)				
Actuarial gains and losses on employee benefits	(115)	(115)				
Deferred unrealized gains and losses on financial instruments	348	348				
Currency translation reserves	(12)	(12)				
Minority interests	(116)	(116)				
Non-current liabilities	**13,942**	**9,132**	**4,805**		**4**	**4,966**
Employee benefits	1,356	1,356				
Provisions for end-of-lifecycle operations	7,460	7,460				
Other non-current provisions	266	266				
Share in negative net equity of joint ventures and associates	51	51				
Long-term borrowings	4,810		4,805		4	4,966
Deferred tax liabilities						
Current liabilities	**8,179**	**5,554**	**2,559**		**67**	**2,634**
Current provisions	1,709	1,709				
Short-term borrowings	1,179		1,143		36	1,187
Advances and prepayments received	2,877	2,877				
Trade accounts payable and related accounts	615		615			615
Other operating liabilities	1,677	929	717		31	748
Current tax liabilities	38	38				
Other non-operating liabilities	85	1	54			84
Liabilities of operations held for sale	-					
Total liabilities and equity	**20,926**	**13,491**	**7,365**		**71**	**7,600**

(in millions of euros)	Level 1	Level 2	Level 3	TOTAL
Non-current liabilities		**4**		**4**
Long-term borrowings		4		4
Current liabilities		**67**		**67**
Short-term borrowings		36		36
Other operating liabilities		31		31
Total liabilities		**71**		**71**

NOTE 15 - TRANSACTIONS WITH RELATED PARTIES

Transactions between the parent company and its consolidated subsidiaries, which are related parties, were eliminated on consolidation and are not presented in this note.

For the year ended June 30, 2017

(in millions of euros)	CEA	AREVA SA	Rest of AREVA group	Total
Operating income	103	2	102	**207**
Operating expenses	2	14	14	**30**
Trade accounts receivable and other	886	981	89	**1,956**
Trade accounts payable and other	180	146	74	**400**

For the year ended December 31, 2016

(in millions of euros)	CEA	AREVA SA	Rest of AREVA group	Total
Operating income	228	197	218	**643**
Operating expenses	51	166	141	**358**
Trade accounts receivable and other	900	1,457	101	**2,458**
Trade accounts payable and other	176	200	143	**519**

Transactions with the CEA pertain to the dismantling work on the CEA's nuclear facilities and design engineering services.

The AREVA SA company invoices a brand royalty and rent and related services each year to the companies included in the consolidation scope.
The brand royalty invoiced by AREVA SA to the entities of the consolidation scope and included in the statement of income amounted to 8 million euros at June 30, 2017 (versus 33 million euros at December 31, 2016).
The rent and related services invoiced by AREVA SA to the entities of the consolidation scope and included in the statement of income amounted to 9 million euros at June 30, 2017 (identical to that at December 31, 2016).

NewCo has business relationships with government-owned companies, in particular EDF. Transactions with EDF concern the front end of the nuclear fuel cycle (uranium sales, conversion and enrichment services) and the back end of the cycle (used fuel shipping, storage, treatment and recycling services).

NewCo buys centrifuges from ETC for its new Georges Besse II enrichment plant, which is also maintained by ETC. New AREVA Holding's equipment purchases from ETC totaled 6 million euros in the first half of 2017.

NOTE 16 - COMMITMENTS GIVEN OR RECEIVED

(in millions of euros)	**June 30, 2017**	**December 31, 2016**
COMMITMENTS GIVEN	**302**	**289**
Operating commitments given	*273*	276
• *Contract guarantees given*	*258*	*261*
• *Other operating guarantees*	*15*	*15*
Commitments given on financing	8	7
Other commitments given	20	5
COMMITMENTS RECEIVED	**109**	**111**
Operating commitments received	108	110
Commitments received on collateral	-	-
Other commitments received	1	1
RECIPROCAL COMMITMENTS	**377**	**306**

NOTE 17 - POTENTIAL LITIGATION AND LIABILITIES

CFMM

A petition for arbitration was filed with the International Court of Arbitration of the International Chamber of Commerce (ICC) on July 28, 2014 by Mr. George Arthur Forrest in his own name and in the name of the AREVEXPLO RCA company against the company CFMM. The petitioners contest the decision to liquidate the AREVEXPLO RCA company made during the Annual General Meeting of Shareholders on June 24, 2013. CFMM has submitted counterclaims in response to this petition. The Court of Arbitration split the arbitration into two parts: it was to reach a decision first on the matter of the mismanagement of CFMM and/or the nullity of the resolution of the Annual General Meeting of Shareholders of AREVEXPLO RCA of June 24, 2013 (Part 1), then, as applicable, in the event of an offence by CFMM, on the matter of damages (Part 2).

The hearing on the merits of Part 1 was held on March 21 and 22, 2017.

Under the terms of the final decision rendered on July 21, 2017 by the Court of Arbitration of the ICC on Part 1, Mr. Georges Arthur Forrest's claims against CFMM were rejected in their entirety. CFMM's counterclaim for abuse of process was dismissed. Mr. Forrest was nonetheless sentenced to reimburse 65,000 dollars to CFMM, representing part of the administrative expenses and fees of the arbitrators.

Miscellaneous investigations

The company is also aware of the existence of preliminary investigations in progress led by the French national financial prosecutor's office. Since these investigations are being carried out in connection with legal proceedings against parties unknown, New AREVA Holding is not currently implicated.

NOTE 18 - EVENTS SUBSEQUENT TO YEAR-END CLOSING

The French State participated in the reserved capital increase of New AREVA Holding in the amount of 2.5 billion euros on July 26, 2017 (see Note 1).

NOTE 19 - TRANSITION OF 2016 REPORTED FINANCIAL STATEMENTS TO 2016 RESTATED FINANCIAL STATEMENTS FOLLOWING APPLICATION OF IAS 8

Transition of income statement as reported to restated income statement

(in millions of euros)	**2016 Reported**	*IAS 8*	**2016 Restated**
Revenue	**4,401**		**4,401**
Other income from operations	3		3
Cost of sales	(3,444)	10	(3,434)
Gross margin	**961**	**10**	**971**
Research and development expenses	(90)		(90)
Marketing and sales expenses	(37)		(37)
General and administrative expenses	(59)		(59)
Other operating expenses	(393)		(393)
Other operating income	22		22
Operating income	**405**	**10**	**415**
Share in net income of joint ventures and associates	10		10
Operating income after share in net income of associates and joint ventures	**415**	**10**	**425**
Income from cash and cash equivalents	9		9
Gross borrowing costs	(228)		(228)
Net borrowing costs	**(219)**		**(219)**
Other financial expenses	(635)		(635)
Other financial income	342		342
Other financial income and expenses	**(293)**		**(293)**
Net financial income	**(512)**	**-**	**(512)**
Income tax	**(332)**		**(332)**
Net income after tax from continuing operations	**(429)**	**10**	**(419)**
Net income after tax from operations sold, discontinued or held for sale	70		70
Net income	**(359)**	**10**	**(349)**
Net income attributable to owners of the parent	**(249)**	10	**(239)**
Net income attributable to minority interests	**(110)**		**(110)**

Transition from statement of comprehensive income as reported to restated statement of comprehensive income

(in millions of euros)	**2016 Reported**	*IAS 8*	**2016 Restated**
Net income	**(359)**	***10***	**(349)**
Items not recyclable to the income statement	**(95)**	**30**	**(64)**
Actuarial gains and losses on the employee benefits of consolidated companies	(83)	30	(53)
Income tax related to non-recyclable items	(1)		(1)
Share in non-recyclable items from joint ventures and associates, net of tax	(10)		(10)
Non-recyclable items related to operations sold, discontinued or held for sale, net of tax	-		-
Items recyclable to the income statement	**70**		**70**
Currency translation adjustments of consolidated companies	145		145
Change in value of available-for-sale financial assets	(162)		(162)
Change in value of cash flow hedges	48		48
Income tax related to recyclable items	39		39
Share in recyclable items from joint ventures and associates, net of tax	-		-
Recyclable items related to operations sold, discontinued or held for sale, net of tax	-		-
Total other items of comprehensive income (net of income tax)	**(25)**	**30**	**5**
Comprehensive income	**(384)**	**40**	**(344)**
- Attributable to equity owners of the parent	(323)	40	(283)
- Attributable to minority interests	(61)		(61)

LIABILITIES AND EQUITY

(in millions of euros)	2016 Reported	IAS 8	2016 Restated
Equity and minority interests	**(1,056)**	**40**	**(1,016)**
Capital	53		53
Consolidated premiums and reserves	(1,130)	10	(1,120)
Actuarial gains and losses on employee benefits	(187)	30	(157)
Deferred unrealized gains and losses on financial instruments	136		136
Currency translation reserves	113		113
Equity attributable to owners of the parent	**(1,016)**	**40**	**(976)**
Minority interests	(40)		(40)
Non-current liabilities	**14,064**	**(40)**	**14,024**
Employee benefits	1,442	(40)	1,402
Provision for end-of-lifecycle operations	7,341		7,341
Other non-current provisions	254		254
Share in negative net equity of joint ventures and associates	63		63
Long-term borrowings	4,851		4,851
Deferred tax liabilities	113		113
Current liabilities	**8,407**	**-**	**8,407**
Current provisions	1,733		1,733
Short-term borrowings	1,022		1,022
Advances and prepayments received	2,894		2,894
Trade accounts payable and related accounts	619		619
Other operating liabilities	1,839		1,839
Other non-operating liabilities	72		72
Current tax liabilities	213		213
Liabilities and operations held for sale	15		15
Total liabilities and equity	**21,414**	**-**	**21,414**

Transition from statement of cash flows as reported to restated statement of cash flows

(in millions of euros)	**2016 Reported**	*IAS 8*	**2016 Restated**
Net income for the period	**(359)**	10	**(349)**
Less: income from operations sold, discontinued or held for sale	(70)		(70)
Net income from continuing operations	**(429)**	**10**	**(419)**
NET CASH FROM OPERATING ACTIVITIES	**767**		767
NET CASH USED IN INVESTING ACTIVITIES	**(514)**		**(514)**
NET CASH USED IN FINANCING ACTIVITIES	**(1,542)**		**(1,542)**
NET CASH FROM OPERATIONS SOLD, DISCONTINUED OR HELD FOR SALE	**61**		**61**
CHANGE IN NET CASH	**(1,141)**		**(1,141)**
Net cash at the beginning of the year	**2,523**		**2,523**
Net cash at the end of the year	**1,382**		**1,382**