Half-year Financial Report

June 30, 2016

AREVA

General comments

This financial report contains statements on the objectives, prospects and growth areas for the AREVA group. This information is not meant as a presentation of past performance data and should not be interpreted as a guarantee that events or data set forth herein are assured or that objectives will be met. The statements of prospects in this financial report also address known and unknown risks, uncertainties and other factors that may, if they happen, have the effect that future income, performance and achievements of the AREVA group might be significantly different from the objectives set and put forward. Those factors may include, in particular, changes in international, economic or market conditions, as well as risk factors presented in section 2.1. AREVA has no obligation to update the information on prospects contained in this document, subject to the ongoing disclosure obligations applicable to companies whose stock is admitted to trading on regulated markets.

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1 Person responsible

1.1 Person responsible for the half-year report

Mr. Philippe Knoche, Chief Executive Officer of AREVA

1.2 Certification of the half-year report by the person responsible

"I certify, to the best of my knowledge, that the condensed financial statements for the first half of 2015 are prepared in accordance with applicable accounting standards and give a true and fair view of the net worth, financial position and income of the company and all the companies included in consolidation, and that the half-year financial report herewith presents a fair view of the major events that occurred during the first six months of the fiscal year, of their effect on the financial statements and of the main transactions between related parties, and gives a description of the main risks and uncertainties for the remaining six months of the financial year."

Paris, August 1st, 2016

Mr. Philippe Knoche

Chief Executive Officer of AREVA

2 Half-year business report

2.1 Significant events

2.1.1 Highlights of the period

The information provided in this section concerns the group as a whole. Highlights concerning commercial operations are presented in the business review in section 2.8.

In the first half of 2016, implementation of the AREVA group restructuring plan announced in 2015 continued and, on June 15, 2016, its 2016-2020 "roadmap" was presented, confirming the group's capital restructuring as per the communication of February 26, 2016.

Deployment of the strategic roadmap

Plan to sell AREVA NP:

- The AREVA Board of Directors approved the signing of a memorandum of understanding formalizing the progress in the discussions with EDF and confirming the sale of AREVA NP's operations (excluding certain contracts, including "OL3"), for an asset value of 2.5 billion euros for 100%. The two companies target a bidding offer before the end of November 2016;
- This memorandum of understanding takes into account the choice of option B presented during the Market Update of June 15, which ultimately maintains certain contracts (including the OL3 contract) within AREVA NP in the AREVA SA scope of consolidation, with the necessary resources and in compliance with contractual obligations. The other operations of AREVA NP will be transferred to a subsidiary 100% owned by AREVA NP, temporarily called "NEW NP", to be sold to EDF and to strategic investors;
- Outstanding contracts from the component plants currently undergoing an audit, and for which anomalies might be identified by the time the deal closes, would be covered by a liability guarantee. Expired contracts (i.e. for which contractual obligations including the guarantee have expired) will not be transferred to NEW NP;
- The deal is scheduled to close in the 2nd half of 2017, after the plan has been presented to employee representatives and subject to the receipt of the necessary authorizations from the competent authorities, in particular from the ASN regarding the acceptability of the FA3 reactor vessel;
- In addition, the two companies decided to combine their engineering resources in the design and construction of new nuclear islands and their related operational instrumentation and control systems for projects in France and internationally with the creation of the NICE company, with EDF holding 80% and AREVA NP 20%.

Change in governance:

In view of the plan for the reorganization of AREVA and the sale of AREVA NP, the group has been organized since July 1st into two separate entities, NEW CO and AREVA NP, under the responsibility of Philippe Knoche and Bernard Fontana respectively. The executive management and Board of Directors of AREVA SA remain unchanged.

Sale of Canberra:

AREVA and the industrial group Mirion Technologies announced on July 1st the completion of the sale of Canberra.

Plan to sell Adwen:

On June 17th, Gamesa and AREVA signed an amendment to the shareholders' agreement for Adwen, their joint venture in offshore wind, under which AREVA has three months, until September 16th, to exercise one of the following options:

- Sell its shares in Adwen to Gamesa, or
- Sell 100% of the Adwen shares to the third-party investor that submits a more attractive binding offer over the period. The sale of the entire Adwen capital is possible through the drag-along right that AREVA has in its Gamesa stake.

Plan to sell AREVA TA:

The process to sell AREVA TA was initiated at the end of 2015 and is in line with the recommendations of the report from the Secretary General of Defense and National Security.

Negotiations with the potential buyers are in progress, and the objective is to finalize the deal at the end of 2016 or the beginning of 2017.

Restructuring of the group and plan for capital increases:

- Since the Market Update of June 15th, the group continues its structuring work in order to set up NEW CO – a company devoted to the nuclear fuel cycle –, and has intensified its discussions with strategic investors which could participate in the capital increase of NEW CO. Expressions of interest have been formulated by Asian industrial groups, and the objective now is to receive binding offers;
- On July 19th, the European Commission opened an in-depth review proceeding to assess the compatibility of aid that AREVA would receive from the two planned capital increases (for AREVA SA and NEW CO) in which the French State would participate.

Implementation of the performance plan

Progress on portfolio of projects and recorded savings:

The portfolio of projects, which ensures that some 1 billion euros in savings will be achieved within the scope of the group's consolidation in 2018, rose sharply in the 1st half of 2016, going from 986 million euros in actions valued at December 31, 2015 to 1.123 billion euros at June 30, 2016;

The most significant action plans conducted in the 1st half related to the renegotiation of electricity contracts and to the optimization of the group's property sites;

The impact of the performance plan on EBITDA reached 500 million euros on an annual basis (324 million euros at the end of 2015) compared to 2014, equivalent to half of 2018 target of 1 billion euros.

Manpower adjustment in the group:

In France, the voluntary departure plans launched in early April ended for AREVA Mines, AREVA NC and AREVA NP, having achieved their manpower reduction objectives. The plans remain open for the three other group companies concerned by these measures;

AREVA had a total workforce of 38,484 employees at the end of June 2016, compared with 39,555 at the end of December 2015.

Progress on major projects

Taishan 1 & 2:

After the success of the cold tests and leak tests of the unit 1 containment building in March and June, configuration for the control system is being completed in preparation for the upcoming hot start-up tests;

The operational instrumentation and control system cabinets of unit 2 were delivered in May.

Flamanville 3:

In the 1st half of 2016, AREVA launched the test program concerning the bottom head and closure head of the Flamanville 3 reactor vessel, in line with the framework of the nuclear safety authority's requirements as defined in its letter of December 12, 2015. This program is subject to surveillance by the notified organization designated by the nuclear safety authority ASN. EDF is involved in those tests. The program involves the performance of mechanical tests to characterize the properties of the materials and verify their conformity. Three sacrificial parts are used. At the end of June 2016, progress on this program was on schedule and the initial results were consistent with expectations. AREVA's final report on the tests is expected at the end of 2016 and will be reviewed by the nuclear safety authority ASN;

The configuration of the operational instrumentation and control system finalized in June will enable start-up testing to begin in the fall.

Olkiluoto 3:

During the 1st half of 2016, construction of the Olkiluoto 3 EPR advanced in compliance with the milestones of the critical path:

- Submittal by TVO of the operating license request to the Finnish government ;
- Start of process testing in April;
- Continuation of electromechanical installation activities, in particular electricity/instrumentation and control system;
- Completion of the piping installation project;
- Confirmation of the reactor vessel flushing sequence to begin in October 2016, ahead of current schedule estimates by six weeks.

Financial outlook for the current year

In view of the measures taken in the 1st half to limit spending, the group now anticipates net cash flow from company operations of close to -1.5 billion euros for the year in progress, in the upper end of the previously announced range of euros -2 billion to -1.5 billion euros.

2.1.2 Related party transactions

Details of the main transactions with related parties are given in note 16 to the consolidated financial statements in this half-year report.

2.1.3 Risk factors

The significant risks and uncertainties that the group faces are described in Section 4, "Risk factors", of the 2015 Reference Document filed with the French financial market regulator AMF (*Autorité des marchés financiers*) on April 12, 2016 and available on latter's website (www.amf-france.org.) as well as on AREVA's website (www.areva.com). This description of the main risks remains valid as of the date of publication of this report for the evaluation of major risks and uncertainties that could affect the group at the end of the current financial year. No significant risks or uncertainties are anticipated other than those presented in the Reference Document.

Concerning the status of liquidity and going concern:

At June 30, current financial debt, which reconciles gross cash of 2.1 billion euros and available net cash of 171 million euros, totaled 1.887 billion euros. It consists mainly of:

- scheduled repayment of the bond maturing in September 2016 in the amount of 968 million euros;
- scheduled repayments of draws on bilateral lines of credit in the amount of 595 million euros;
- scheduled repayments of the redeemable loan for structured financing of the Georges Besse II plant in the amount of 58 million euros;
- accrued interest on bond issues in the amount of 120 million euros;
- commercial paper in the amount of 4 million euros; and

- current bank credit facilities and positive credit balances in the amount of 69 million euros.

The company's liquidity for 2016 is ensured by lines of credit drawn on January 4 and 5, 2016 in the amount of 2 billion euros, and by a bridging loan of 1.2 billion euros granted in April by a banking pool, which would be due in January 2017 if drawn.

Beyond that, the group's liquidity will be ensured by the capital increase planned for early 2017. In the event of a temporary delay, AREVA will request a shareholder loan. These transactions will be carried out in compliance with European regulations.

The success of the group's restructuring plan and its approval by the Commission assume that certain fundamental conditions are met, including:

- Implementation of the memorandum of understanding of July 28, 2016 related to the sale of AREVA NP's operations to EDF (excluding the OL3 contract);
- Finalization of the group's legal and financial structuring following the methods outlined during the Market Update of June 15, 2016.

In view of the foregoing, and based on currently available information, the group believes that it will have sufficient financial strength to meet its requirements and obligations.

Status of component manufacturing:

The quality audit of the Creusot plant launched at the end of 2015 continued in the 1st half of 2016. In connection with the audit, all of the quality processes were reviewed and improvement measures are being taken. The audit was supplemented by a preliminary analysis of all of the forged parts manufacturing reports with the objective of identifying potential anomalies. Reports presenting practices that are not in compliance with Creusot's quality assurance rules were identified. The anomalies found are the subject of technical characterization. This audit is being carried out with the concerned operator. The objective is to validate the characterization performed and to deal with the anomalies while providing customers and the safety authorities appropriate technical justification in terms of the contractual and regulatory requirements ensuring the operability of the parts;

An information and discussion process in which the nuclear safety authority ASN in particular is involved is being deployed. All of the customers concerned by the anomalies identified have been informed by AREVA;

A more extensive analysis of the manufacturing reports is in progress. If additional anomalies are identified, they will be dealt with in the same way. To date, the analyses have found that no reported anomaly compromises the mechanical integrity of the parts concerned. Additional analyses and tests are in progress, in particular on an equipment item delivered to the Fessenheim 2 power plant;

Since May 2016, the audit has been extended to the Saint-Marcel and Jeumont sites as well. No similar anomalies have been identified at those two sites as of the date of these financial statements;

In addition, following the deficiencies found in April 2015 relative to tensile test protocols at the Creusot laboratory, systematic verification was undertaken to justify the parts concerned through analyses or repeated tests on test specimens. Deviations for the identified anomalies are being dealt with in association with the customers.

2.2 Summary data

2.2.1 Financial indicators

Pursuant to IFRS 5, the statement of income and the statement of cash flows for the 1st half of 2015 were restated to present pro forma information comparable to the 1st half of 2016; net income from operations whose sale is the subject of negotiations is presented on a separate line, "net income from operations held for sale".

The following operations meet the criteria of IFRS 5 for classification as "operations sold, discontinued or held for sale" at June 30, 2016:

- AREVA NP (excluding the OL3 project, presented under "Corporate and other operations");
- Nuclear Measurements;
- Propulsion and Research Reactors;
- Solar Energy.

At June 30, 2016, the financial results of Adwen (Wind Energy business) are recognized under the equity method and AREVA's interest in Adwen is classified under "assets held for sale" in the group's consolidated statement of financial position.

In millions of euros	H1 2016	H1 2015*	*Change 2016/2015*
Backlog	32,846	31,502	*+€1.344 bn*
Revenue	1,930	1,849	*+€81 m*
Reported EBITDA	310	226	*+€84 m*
In percentage of revenue	*16.1%*	*12.2%*	*3.8 pts.*
Reported operating cash flow	(121)	221	*-€342 m*
Reported operating income	86	4	*+€82 m*
Net income attributable to owners of the parent from operations sold, discontinued or held for sale**	4	(77)	*+€81 m*
Net income attributable to owners of the parent	(120)	(206)	*+€86 m*
Earnings per share	-€0.31	-€0.54	*+€0.23*
Net cash flow from company operations	(497)	(121)	*-€376 m*
	6/30/2016	**12/31/2015**	
Net debt (-) / net cash (+)	(7,044)	(6,323)	*-€721 m*

* Adjusted for application of IFRS 5
** AREVA NP operations (excluding the OL3 project), Nuclear Measurements, Propulsion and Research Reactors, and Solar Energy

2.2.2 Definition of financial indicators

> Operating working capital requirement (Operating WCR)

Operating WCR represents all of the current assets and liabilities related directly to operations. It includes the following items:

- inventories and work-in-process;
- trade accounts receivable and related accounts;
- non-interest-bearing advances;
- other accounts receivable, accrued income and prepaid expenses;

- minus: trade accounts payable and related accounts, trade advances and prepayments received (excluding interest-bearing advances), other operating liabilities, accrued expenses, and deferred income;

Note: Operating WCR does not include non-operating receivables and payables such as income tax liabilities, amounts receivable on the sale of non-current assets, and liabilities in respect of the purchase of non-current assets.

> Backlog

The backlog is valued based on economic conditions at the end of the period. It includes firm orders and excludes unconfirmed options. Orders in hedged foreign currencies are valued at the rate hedged; unhedged orders are valued at the rate in effect on the last day of the period. The backlog reported for long-term contracts recognized under the percentage of completion method and partially performed as of the reporting date is equal to the difference between (a) the projected sales revenue from the contract at completion and (b) the sales revenue already recognized for this particular contract. Accordingly, the backlog takes into account escalation and price revision assumptions used by the group to determine the projected revenue at completion.

> Net cash flow from company operations

Net cash flow from company operations is equal to the sum of the following items:

- operating cash flow;
- cash flow from end-of-lifecycle operations;
- change in non-operating receivables and liabilities;
- financial income;
- tax on financial income;
- dividends paid to minority shareholders of consolidated subsidiaries;
- net cash flow from discontinued operations and cash flow from the disposal of those operations;
- acquisitions and disposals of current financial assets not classified in cash or cash equivalents;
- financing of joint ventures and associates through shareholder advances, long-term loans and capital increases.

> Operating cash flow (OCF)

Operating cash flow (OCF) represents the cash flow generated by operating activities before income tax. It is equal to the sum of the following items:

- EBITDA;
- plus losses or minus gains included in operating income on sales of property, plant and equipment (PP&E) and intangible assets;
- plus the decrease or minus the increase in operating working capital requirement between the beginning and the end of the period (excluding reclassifications, currency translation adjustments and changes in consolidation scope);
- minus acquisitions of property, plant and equipment (PPE) and intangible assets, net of changes in accounts payable related to fixed assets;
- plus sales of PPE and intangible assets included in operating income, net of changes in receivables on the sale of fixed assets;
- plus prepayments received from customers during the period on non-current assets;
- plus acquisitions (or disposals) of consolidated companies (excluding equity associates), net of the cash acquired.

> Net debt

Net debt is defined as the sum of current and non-current borrowings, minus cash, cash equivalents and bank deposits constituted for margin calls for derivatives (“collateral”).

> Earnings before interest, taxes, depreciation and amortization (EBITDA)

EBITDA is equal to operating income after depreciation, depletion, amortization and provisions, 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). It should be noted that the cash flows linked to end-of-lifecycle operations are presented separately.

> Cash flows from end-of-lifecycle operations

This indicator encompasses all of the cash flows linked to end-of-lifecycle operations and to assets earmarked to cover those operations. It is equal to the sum of the following items:

- income from the portfolio of earmarked assets;
- cash from the sale of earmarked assets;
- full and final payments received for facility dismantling;
- minus acquisitions of earmarked assets;
- minus cash spent during the year on end-of-lifecycle operations;
- minus full and final payments paid for facility dismantling.

2.3 Summary data by business segment

First half 2016 (contributions to the group)

(in millions of euros)	Mining	Front End	Back End	Corporate and other operations	Total
Income					
Revenue	705	384	832	8	1,930
Operating income	21	(44)	93	15	86
Percentage of revenue	*3.0%*	*ns*	*11.2%*	*174.7%*	*4.4%*
Cash flow					
EBITDA	346	94	237	(367)	310
Percentage of revenue	*49.0%*	*24.4%*	*28.5%*	*ns*	*16.1%*
Change in operating WCR	(65)	(136)	(32)	63	(170)
Net operating Capex	(74)	(89)	(88)	(10)	(261)
Free operating cash flow	206	(130)	117	(314)	(121)

First half 2015 (contributions to the group) – pro forma

(in millions of euros)	Mining	Front End	Back End	Corporate and other operations	Total
Income					
Revenue	738	347	732	32	1,849
Operating income	139	(23)	(16)	(97)	4
Percentage of revenue	*18.8%*	*ns*	*ns*	*ns*	*0.2%*
Cash flow					
EBITDA	242	119	87	(222)	226
Percentage of revenue	*32.8%*	*34.3%*	*11.9%*	*ns*	*12.2%*
Change in operating WCR	123	(221)	388	38	327
Net operating Capex	(124)	(111)	(85)	(8)	(329)
Free operating cash flow	236	(213)	391	(192)	221

2.4 Backlog

At June 30, 2016, the group had 32.8 billion euros in backlog, a sharp increase from December 31, 2015 (29 billion euros), representing close to eight years of revenue.

The order intake totaled 6.7 billion euros in the 1st half of 2016, a strong increase compared with the 1st half of 2015 (+0.8 billion euros).

2.5 Statement of Income

(in millions of euros)	**H1 2016**	**H1 2015 pro forma**	**2015 pro forma**
Revenue	**1,930**	**1,849**	**4,199**
Gross margin	320	233	(288)
Research and development expenses	(55)	(54)	(112)
Marketing and sales expenses	(23)	(26)	(52)
General and administrative expenses	(104)	(88)	(165)
Other operating expenses	(262)	(77)	(863)
Other operating income	210	15	91
Operating income	**86**	**4**	**(1,388)**
Net financial income	(223)	(44)	(313)
Income tax	(45)	(61)	(124)
Share in net income of joint ventures and associates	(11)	(11)	(21)
Net income from continuing operations	(194)	(111)	(1,846)
Net income from discontinued operations	7	(100)	(190)
Net income for the period	(187)	(211)	(2 036)
Minority interests	(67)	(5)	2
Consolidated net income	**(120)**	**(206)**	**(2,036)**
Comprehensive income	(523)	69	(1,905)

2.5.1 Revenue

(in millions of euros)	**H1 2016**	**H1 2015 pro forma**	***Change 2016/2015***
Contribution to consolidated revenue	**1,930**	**1,849**	***+ 4,4 %***
Mining	705	738	*- 4.4%*
Front End	384	347	*+10.7 %*
Back End	832	732	*+ 13.7 %*
Corporate and other operations	8	32	*- 75 %*

The group had consolidated revenue of 1.930 billion euros at June 30, 2016, an increase of 4.4% compared with the 1st half of 2015 (+4.4% like for like). Foreign exchange had a positive impact of 0.5 million euros over the period. In the NEW CO scope[1], revenue totaled 1.930 billion euros, an increase of 97 million euros in relation to that of June 30, 2015 (+5.2% like for like).

2.5.2 Gross margin

(in millions of euros)	**H1 2016**	**H1 2015 pro forma**	***Change 2016/2015***
Gross margin	320	233	*+ 37.3 %*
In percentage of sales revenue	*16.5 %*	*12.6 %*	*+ 3.9 pts*

The group's gross margin was up sharply: it totaled 320 million euros in the first half of 2016, or 16.5% of revenue, compared with 233 million euros in the first half of 2015, or 12.6% of revenue.

[1] Entity refocused on Mining, Front End and Back End operations, as described in the Market Update of June 15, 2016

2.5.3 Research and Development

Research and development expenses are capitalized if they meet the capitalization criteria established by IAS 38 and are recognized as research and development expenses if they do not.

In the income statement, research and development expenses appear below gross margin and represent non-capitalizable expenses incurred exclusively by the group; the expenses relating to programs funded wholly or partly by customers, together with projects carried out in partnerships where AREVA has commercial rights of use of the results, are recognized in the cost of sales.

(in millions of euros)	**H1 2016**	**Percentage of sales**	**H1 2015 pro forma**	**Percentage of sales**
Research and development recognized as expenses under gross margin, after RTC[1] (a)	**55**	**2.9%**	**54**	**2.9%**
Of which expenses for mineral exploration and mining studies (b)	19	-	18	-
Research and development recognized as expenses under gross margin, excluding expenses for mining studies and mineral exploration, after RTC[1] (b) - **(a)**	**36**	**1.9%**	**36**	**1.9%**
RTC[1]	12	-	17	-
Research and development recognized as expenses under gross margin, excluding expenses for mining studies and mineral exploration, before RTC[1]	**48**	**2.5%**	**51**	**2.8%**
Capitalized research and development costs	13	0.7%	25	1.3%
Total	**61**	**3.2%**	**76**	**4.1%**
Number of registered patents	7	-		-

(1) Research tax credit

Taking capitalized development costs into account, the group had total research and development costs of 61 million euros in the first half of 2016, versus 76 million euros in the first half of 2015. This represents 3.2% of revenue in the first half, a decrease in relation to the first half of 2015, when it represented 4.1% of revenue. This is attributable to greater selectivity in research and development programs.

2.5.4 Marketing and sales, general and administrative expenses

Marketing and sales, general and administrative expenses totaled 127 million euros in the first half of 2016, up 11.4% compared with the first half of 2015. These expenses represented 6.5% of revenue in the first half of 2016, compared with 6.1% of revenue in the first half of 2015.

2.5.5 Other operating income and expenses

Other operating income and expenses represented a net expense of 52 million euros in the first half of 2016, compared with a net expense of 62 million euros in the first half of 2015. In the first half of 2016, they included in particular on June 30, 2016 the reversal of a 180 million euros provision constituted at the end of 2015 for the estimated costs of the group's legal and financial restructuring.

2.5.6 Operating income

Operating income for the group totaled 86 million euros in the 1st half of 2016, compared with 4 million euros in the 1st half of 2015. In the scope of NEW CO[1], operating income rose 137 million euros to reach 191 million euros.

[1] Entity refocused on Mining, Front End and Back End operations, as described in the Market Update of June 15, 2016

2.5.7 Net financial income

(in millions of euros)	H1 2016	H1 2015 pro forma
Net borrowing costs [(expense) / income]	**(165)**	**(90)**
Other financial income and expenses	**(58)**	**46**
Of which share related to end-of-lifecycle operations	64	141
Of which share not related to end-of-lifecycle operations	(123)	(95)
Net financial income	**(223)**	**(44)**

Net financial income amounted to -223 million euros, a drop of 179 million euros compared with the 1st half of 2015, due in particular to higher borrowing costs and the impact of reduced discount and inflation rates on end-of-lifecycle operations in the cumulative amount of 69 million euros.

2.5.8 Income tax

The net tax expense for the first half of 2016 was 45 million euros, compared with net tax expense of 61 million euros in the first half of 2015.

2.5.9 Share in net income of associates and joint ventures

(in millions of euros)	H1 2016	H1 20154 pro forma	2015 pro forma
ETC	(1)	(1)	4
ADWEN	(14)	(10)	(26)
Other joint ventures	3	-	-
Associates	1	-	1
Total	**(11)**	**(11)**	**(21)**

The share in net income of joint ventures and associates was -11 million euros in the first half of 2016, compared with -11 million euros in the first half of 2015.

2.5.10 Minority interests

The share in consolidated net income to minority interests was -67 million euros in the first half of 2016, an decrease in relation to the first half of 2015, when it was -5 million euros.

2.5.11 Consolidated net income

Net income attributable to owners of the parent was -120 million euros in the first half of 2016, close to that of the 1st half of 2015 (-206 million euros).

Net income after tax from operations sold, discontinued or held for sale amounted to 7 million euros in the 1st half of 2016, compared with a loss of 100 million euros in the 1st half of 2015. This increase is especially due to:

- For AREVA NP, a reduction of loss centers in Large Projects (excluding OL3, classified under “Corporate and other operations”), the effects of performance plans, and the neutralization of amortization and depreciation following application of IFRS 5 to that entity;
- In the Solar Energy business, completion of the last projects, in particular with the agreement signed on January 16 to transfer the solar field built in Rajasthan, India, to the customer in as-is condition.

2.5.12 Comprehensive income attributable to equity owners of the parent

Comprehensive income attributable to owners of the parent was -523 million euros in the first half of 2016, compared with 69 million euros in the first half of 2015. The change is mainly due to the decrease in net income attributable to owners of the parent and to the sharp decrease in other items of comprehensive income.

2.6 Cash flow and change in net debt

2.6.1 Change in net debt

(in millions of euros)	**H1 2016**
Net debt at beginning of period (December 31, 2015)	**(6,323)**
Free operating cash flow	(121)
Cash flow from end-of-lifecycle operations	23
Cash flow from financing activities	(159)
Net cash flow from company operations held for sale	(141)
Cash-out for taxes	(62)
Other items (loans to JVs…)	(37)
IFRS restatements and other	(224)
At June 30, 2016	
Net debt at end of period	**(7,044)**
Change in net debt over the first half of 2016	**(721)**

The group's net financial debt totaled 7.044 billion euros at June 30, 2016, compared with 6.323 billion euros at December 31, 2015. This 721-million-euro increase in net debt is explained by:

- Net cash flow from company operations in the amount of -497 million euros, and:
- The non-renewal at June 30, 2016 of factoring transactions carried out at the end of 2015 in the amount of -152 million euros;
- Various impacts of lesser importance.

2.6.2 Operating cash flows of the group

(in millions of euros)	**H1 2016**	**H1 2015 pro forma**
EBITDA	**310**	**226**
Percentage of revenue	*16.1 %*	*12.2 %*
Gains (losses) on disposals of operating assets	(1)	(3)
Change in operating WCR	(170)	327
Net operating Capex	(261)	(329)
Free operating cash flow	**(121)**	**221**

2.6.3 Operating cash flows by business

(in millions of euros)	EBITDA		Change in operating WCR		Net operating Capex		Operating cash flow	
	H1 2016	H1 2015 pro forma	H1 2016	H1 2015 pro forma	H1 2016	H1 2015 pro forma	H1 2016	H1 2015 pro forma
Mining	346	242	(65)	123	(74)	(124)	206	236
Front End	94	119	(136)	(221)	(89)	(111)	(130)	(213)
Back End	237	87	(32)	388	(88)	(86)	117	391
Corporate and other operations	(367)	(222)	63	38	(10)	(8)	(314)	(192)
Total	**310**	**226**	**(170)**	**328**	**(261)**	**(329)**	**(121)**	**222**

The items below explain the 342 million euro reduction in operating cash flow over the period (-121 million euros in the 1st half of 2016 compared with +221 million euros in the 1st half of 2015). Operating cash flow in the NEW CO scope[1] came to 70 million euros, versus 388 million euros a year ago.

EBITDA rose in relation to the 1st half of 2015, going from 226 million euros to 310 million euros in the 1st half of 2016. In the NEW CO scope[2], EBITDA was 564 million euros, an increase of 157 million euros compared with June 30, 2015.

The change in operating WCR was negative, reaching -170 million euros in the 1st half of 2016 compared with +327 million euros in the 1st half of 2015 (-497 million euros). The change in WCR was impacted in particular by the effects of restocking and consumption of prepayments received from customers in Mining due to the timing of deliveries; the effect of an unfavorable comparison in the Back End, that business having benefitted in the 1st half of 2015 from a customer payment covering services from a previous period; These negative effects were only partially offset by the slower growth of inventories and decreased accounts receivable and trade accounts payable in the Front End.

The group's net operating CAPEX totaled 261 million euros in the 1st half of 2016, compared with 329 million euros over the same period in 2015. This decrease of 67 million euros is due in particular to the start of production of the Cigar Lake mine in Canada in 2015 and to the reduction of capital expenditure on the Georges Besse II plant.

2.6.4 Cash flows related to end-of-lifecycle operations

In the first half of 2016, cash flows related to end-of-lifecycle operations amounted to 23 million euros, compared with -12 million euros in the first half of 2015.

2.6.5 Other components of the change in net debt

Other components of the change in net debt totaled -623 million euros. For the most part, they consist of net cash flows from the operations of the company held for sale (-141 million euros), cash flows from financing activities (-159 million euros).

[1] Entity refocused on Mining, Front End and Back End operations, as described in the Market Update of June 15, 2016

2.7 Statement of financial position

(in millions of euros)	**June 30, 2016**	**December 31, 2015**
Assets	**22,230**	**22,005**
Net goodwill	1,257	1,272
Property, plant and equipment (PP&E) and intangible assets	9,225	9,290
End-of-lifecycle assets (third party share)	167	178
Assets earmarked for end-of-lifecycle operations	5,868	6,122
Investments in joint ventures and associates	29	100
Other non-current financial assets	395	573
Deferred taxes (assets – liabilities)	105	112
Operating working capital requirement	(2,366)	(2,718)
Assets of discontinued operations	7,347	7,076
Shareholders' equity and liabilities	**22,027**	**22,005**
Equity attributable to owners of the parent	(3,009)	(2,516)
Minority interests	98	235
Provisions for end-of-lifecycle operations (third party share)	167	178
Provisions for end-of-lifecycle operations (AREVA share)	6,952	6,743
Other provisions and employee benefits	5,581	5,683
Net debt	7,044	6,323
Liabilities of discontinued operations	5,240	5,320
Other assets and liabilities	(46)	39
Total – Condensed balance sheet	**22,027**	**22,005**

2.7.1 Borrowings, liquidity and share ownership

The group's net financial debt totaled 7.044 billion euros at June 30, 2016, compared with 6.323 billion euros at December 31, 2015. This 721-million-euro increase in net debt is explained by the net cash flow from company operations in the amount of -497 million euros, and the non-renewal at June 30, 2016 of factoring transactions carried out at the end of 2015 in the amount of -152 million euros; various impacts of lesser importance.

AREVA's bond issues outstanding totaled 6.1 billion euros at June 30, 2016.

Items related to the status of liquidity are presented in chapter 2.1.3 Risk factors.

2.7.2 Equity

Shareholders' equity attributable to owners of the parent decreased over the period, going from -2,516 million euros at December 31, 2015 to -3.009 million euros at June 30, 2016.

2.7.3 Operating working capital requirement

The group's operating working capital requirement was -170 million euros at June 30, 2016, compared with +327 million euros at December 31, 2015 (-497 million euros).

2.7.4 Assets and provisions for end-of-lifecycle operations

The change in the balance sheet from December 31, 2015 to June 30, 2016 with regard to assets and liabilities for end-of-lifecycle operations is summarized in the table below:

(in millions of euros)	**June 30, 2016**	**December 31, 2015**
Assets		
End-of-lifecycle assets	6,035	6,300
Third-party share	*167*	*178*
Earmarked financial assets	*5,868*	*6,122*
Shareholders' equity and liabilities		
Provisions for end-of-lifecycle operations	7,119	6,921
Provisions to be funded by AREVA	*6,952*	*6,743*
Provisions to be funded by third parties	*167*	*178*

Provisions for end-of-lifecycle operations at June 30, 2016 totaled 7,119 billion euros, compared with 6.921 billion euros at December 31, 2015.

Assets relating to these end-of-lifecycle operations totaled 6.035 billion euros at June 30, 2016, including 167 million euros in the third party share of end-of-lifecycle assets and 5.868 billion euros of financial assets dedicated by AREVA to these operations (including receivables).

At June 30, 2016, the coverage of activities subject to the French law of June 28, 2006 was 89%.

The nature of the commitments and the calculation of the provision are presented in note 8 to the consolidated financial statements.

2.7.5 Other provisions and employee benefits

The amount of other provisions and employee benefits was 5.581 billion euros at June 30, 2016, a decrease in relation to December 31, 2015.

The description of other provisions may be found in note 13 to the consolidated financial statements.

2.8 Review of the Business Groups

2.8.1 Mining

(in millions of euros)	**H1 2016**	**H1 2015 pro forma**	**Change 2016/2015**
Backlog	9,421	9,575	*- 1.6 %*
Revenue	705	738	*- 4.4 %*
Operating income	21	139	*+ 61.2 %*
Percentage of revenue	*31.8 %*	*18.9 %*	*+ 12.9 pts*
EBITDA	346	242	*+ 42.9 %*
Percentage of revenue	*49.0 %*	*32.8 %*	*+ 16.2 pts*
Operating cash flow	206	236	*-12.7 %*

The backlog in **Mining** rose sharply over the period, amounting to 9.4 billion euros at June 30, 2016.

Mining revenue came to 705 million euros at June 30, 2016, a decrease of 4.4% compared with the 1st half of 2015 (-4.4% like for like). This change was mainly due to a less favorable delivery schedule over the period.

Operating income for **Mining** was 21 million euros, compared with 139 million euros in the 1st half of 2015. In addition to the favorable operating items described to explain the change in EBITDA, operating income was affected by the impairment of certain mining assets in the amount of 203 million euros, resulting from the drop in uranium prices.

Mining EBITDA was up, rising to 346 million euros in the 1st half of 2016 from 242 million euros in the 1st half of 2015, due to higher production volumes, particularly with the ramp-up of the Cigar Lake mine in Canada and the impacts of the competitiveness plan.

2.8.2 Front End

NB: Front End includes the Chemistry-Enrichment business following application of IFRS 5 to the fuel business

(in millions of euros)	**H1 2016**	**H1 2015 pro forma**	**Change 2016/2015**
Backlog	11,507	12,162	*-5.4%*
Revenue	384	347	*+ 10.1%*
Operating income	(44)	(23)	*- 91.3%*
Percentage of revenue	*ns*	*ns*	*ns*
EBITDA	94	119	*- 21.0%*
Percentage of revenue	*24.5%*	*34.3%*	*- 9.8 pts*
Operating cash flow	(130)	(213)	*+ 38.9%*

The backlog in the **Front End** (chemistry and enrichment) totaled 11.5 billion euros at June 30, 2016.

Front End revenue totaled 384 million euros, an increase of 10.7% year on year (+10.1% like for like). This change is due to an increase in volumes of U_3O_8/UF_6 sold internationally. Foreign exchange had a positive impact of 2.1 million euros over the period.

The operating income for the **Front End** was -44 million euros, compared with -23 million euros in the 1st half of 2015. This decrease of 21 million euros is explained by:

- A decrease in EBITDA of 25 million euros;
- A rise in amortization of the Georges Besse II plant;
- A positive change in the provision for SWU materials in the amount of 43 million euros. In fact, in the 1st half of 2015, a provision of 86 million euros had been constituted to take into account the impact of the drop in SWU prices for a SWU inventory whose cost had become too high in view of the weak market to be sold at a price that is at least equivalent. During the 1st half of 2016, an additional provision of 43 million euros was recognized to take into account the continued deterioration of prices and sales conditions for these SWUs;

In the **Front End**, EBITDA amounted to 94 million euros in the 1st half of 2016, compared with 119 million euros in the 1st half of 2015. This change is due to the impact of a less favorable sales mix, offset in part by cost reductions attributable to the performance plan.

2.8.3 Back End

(in millions of euros)	**H1 2016**	**H1 2015 pro forma**	**Change 2016/2015**
Backlog	11,552	9,386	*+ 23.0%*
Revenue	832	732	*+ 12.6%*
Operating income	93	(16)	*+ 700%*
Percentage of revenue	*11.1%*	*ns*	*ns*
EBITDA	237	87	*+ 172.4%*
Percentage of revenue	*28.4%*	*11.8%*	*+ 16.6 pts*
Operating cash flow	117	391	*- 70.0%*

In the **Back End** (recycling, logistics, dismantling and services, and international projects), the backlog was 11.6 billion euros at June 30, 2016, sharply up from December 31, 2015.

The **Back End** had revenue of 832 million euros, an increase of 12.6% like for like compared with the same period in 2015. This growth from one year to the next is attributable to the Recycling operations, which benefitted mainly from catch-up revenue related to the signature of the treatment and recycling contract with EDF at the beginning of the year, and to a higher volume of business with European customers.

The **Back End** recorded operating income of 93 million euros in the 1st half of 2016, an improvement of 109 million euros compared with the same period in 2015. Most of the increase was due to the signature of the recycling and treatment contract with EDF and to the results of the competitiveness plan already mentioned in the comments on the change in EBITDA.

The **Back End** recorded EBITDA of 237 million euros, a sharp increase in comparison with the 1st half of 2015 (+150 million euros), resulting in particular from the signature of the treatment and recycling contract with EDF at the beginning of the year as well as from the competitiveness plan.

2.8.4 Corporate and other operations

(in millions of euros)	**H1 2016**	**H1 2015 pro forma**	**Change 2016/2015**
Backlog	366	411	*-10.9%*
Revenue	8	32	*- 64.8%*
Operating income	15	(97)	*+ 115.5%*
Percentage of revenue	*ns*	*ns*	*ns*
EBITDA	(367)	(222)	*- 65.3%*
Percentage of revenue	*ns*	*ns*	*ns*
Operating cash flow	(314)	(192)	*- 63.5%*

Corporate and other operations generated revenue of 8 million euros, versus 32 million euros in the 1st half of 2015 (23 million euros at constant consolidation scope and exchange rates).

In **Corporate and other operations**, which includes Bioenergy and the OL3 project, operating income amounted to 15 million euros in the 1st half of 2016, compared with an operating loss of 97 million euros in the 1st half of 2015. This increase is explained by:

- Positive effects, in particular through the reversal on June 30, 2016 of a 180 million euros provision constituted at the end of 2015 for the estimated costs of the group's legal and financial restructuring. In fact, a tax ruling was obtained from the tax administration, and the legal plan for restructuring evolved;
- Negative impacts of lesser importance, such as an additional loss at completion of 41 million euros for the Olkiluoto 3 EPR and provisions for losses related to disputes and commercial litigation concerning uncompleted projects in Bioenergy in the amount of 38 million euros.

EBITDA in **Corporate and other operations**, which includes Bioenergy and the OL3 project, amounted to -367 million euros compared with -222 million euros in the 1st half of 2015. This change is explained in particular by a higher level of activity on the Olkiluoto 3 EPR project (OL3) in relation to the same period last year.

2.9 Events subsequent to year end

There were no events subsequent to the end of the period other than those mentioned in note 19.

2.10 Financial outlook and 12 month liquidity

2.10.1 Financial outlook

In view of the measures taken in the 1st half to limit spending and the sale of Canberra to Mirion Technologies, which constituted a significant unknown factor for the financial trajectory in 2016, the group now anticipates net cash flow from company operations of close to -1.5 billion euros for the year in progress, in the upper end of the previously announced range of euros -2 billion to -1.5 billion euros.

2.10.2 12 month liquidity

The company's liquidity for 2016 is ensured by lines of credit drawn on January 4 and 5, 2016 in the amount of 2 billion euros, and by a bridging loan of 1.2 billion euros granted in April by a banking pool, which would be due in January 2017 if drawn.

Beyond that, the group's liquidity will be ensured by the capital increase planned for early 2017. In the event of a temporary delay, AREVA will request a shareholder loan. These transactions will be carried out in compliance with European regulations.

The success of the group's restructuring plan and its approval by the Commission assume that certain fundamental conditions are met, including:

- Implementation of the memorandum of understanding of July 28, 2016 related to the sale of AREVA NP's operations to EDF (excluding the OL3 contract);
- Finalization of the group's legal and financial structuring following the methods outlined during the Market Update of June 15, 2016.

In view of the foregoing, and based on currently available information, the group believes that it will have sufficient financial strength to meet its requirements and obligations.

3 Statutory Auditors' report on the half-year financial information for the period of January 1 to June 30, 2015

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Statutory Auditors' review report

on the first half-yearly financial information for 2015

For the period January 1 to June 30, 2015

To the Shareholders,

In compliance with the assignment entrusted to us by your General Meeting and in accordance with 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 review of the accompanying condensed half-yearly consolidated financial statements of AREVA, for the period from 1 January to 30 June 2016; and
- the verification of the information contained in the interim management report.

These condensed half-yearly consolidated financial statements are the responsibility of your Board of directors. Our role is to express a conclusion on these financial statements based on our review.

I. Conclusion on the financial statements

We conducted our review in accordance with professional standards applicable in France. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with professional standards applicable in France and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that the condensed half-yearly consolidated financial statements are not prepared in all material respects in accordance with IAS 34 – standard of the IFRS as adopted by the European Union applicable to interim financial information.

Without qualifying our conclusion, we draw your attention to the following points set out in the notes to the condensed half-yearly consolidated financial statements:

- Note 1 sets out the context of the closing, the implementation of the Group's restructuring plan, the continued discussions with EDF on the disposal of AREVA NP, the quality defects in the equipment manufacturing plants, and the Areva Group's liquidity situation and the information relating to the application of the going concern principle ;
- Note 1, note 2 and note 6 which describe the accounting treatment and effects of the discontinued operations, in particular the contemplated transaction with EDF for the purpose of the disposal of a majority stake of AREVA NP ;
- Note 13 which describes the reasons that led Areva to apply paragraph 32 of IAS 11 as from the second half of 2013 and the methods of recognition applicable to the contract to build the Olkiluoto 3 ("OL3") EPR reactor. In addition, this note specifies the conditions of completion of this contract, in particular for the end of construction and testing until the reactor is put into service as well as for legal risks ;
- Note 8 which describes the procedures for revision of the provisions for end-of-life cycle operations and their sensitivity to the assumptions used in terms of technical processes, costs, outflows schedules, inflation and discount rates.

II. Specific verification

We have also verified the information presented in the interim management report in respect of the condensed half-yearly financial statements subject to our review.

We have no matters to report as to its fair presentation and its consistency with the condensed half-yearly financial statements.

Paris-La Défense,

July 29th, 2016

The Statutory Auditors

French original signed by:

MAZARS		ERNST & YOUNG AUDIT	
Cédric Haaser	Jean-Louis Simon	Aymeric de La Morandière	Jean Bouquot

Condensed consolidated financial statements

June 30, 2016

CONSOLIDATED STATEMENT OF INCOME

(in millions of euros)	***Notes***	**1st half 2016**	**1st half 2015***	**Year 2015**
Revenue		**1,930**	**1,849**	**4,199**
Other income from operations		2	8	5
Cost of sales		(1,613)	(1,624)	(4,492)
Gross margin		**320**	**233**	**(288)**
Research and development expenses		(55)	(54)	(112)
Marketing and sales expenses		(23)	(26)	(52)
General and administrative expenses		(104)	(88)	(165)
Other operating expenses	***3***	(262)	(77)	(863)
Other operating income	***3***	210	15	91
Operating income		**86**	**4**	**(1,388)**
Share in net income of joint ventures and associates	***9***	(11)	(11)	(21)
Operating income after share in net income of joint ventures and associates		**74**	**(7)**	**(1,409)**
Income from cash and cash equivalents		14	11	20
Gross borrowing costs		(178)	(101)	(205)
Net borrowing costs		**(165)**	**(90)**	**(185)**
Other financial expenses		(321)	(198)	(477)
Other financial income		262	244	348
Other financial income and expenses		**(58)**	**46**	**(129)**
Net financial income	***4***	**(223)**	**(44)**	**(313)**
Income tax	***5***	**(45)**	**(61)**	**(124)**
Net income from continuing operations		**(194)**	**(111)**	**(1,846)**
Net income after tax from operations sold, discontinued or held for sale	***6***	7	(100)	(190)
Net income		**(187)**	**(211)**	**(2,036)**
Share attributable to the group:				
Net income from continuing operations		(124)	(129)	(1,853)
Net income from operations sold, discontinued or held for sale		4	(77)	(185)
Net income attributable to equity owners of the parent		**(120)**	**(206)**	**(2,038)**
Share attributable to minority interests:				
Net income from continuing operations		(70)	18	7
Net income from operations sold, discontinued or held for sale		3	(23)	(5)
Net income attributable to minority interests		**(67)**	**(5)**	**2**
Number of shares outstanding		383,204,852	383,204,852	383,204,852
Average number of shares outstanding		383,204,852	383,204,852	383,204,852
Average number of treasury shares		949,591	906,852	908,871
Average number of shares outstanding, excluding treasury shares		382,255,261	382,298,000	382,295,981
Earnings per share from continuing operations (in euros)		-0.32	-0.34	-4.85
Basic earnings per share		-0.31	-0.54	-5.33
Net income attributable to owners of the parent per diluted share (1)		-0.31	-0.54	-5.33

AREVA has not issued any instruments with a dilutive impact on share capital

** In application of IFRS 5, the first half 2015 financial statements were restated in relation to the data published for the previous year. The impacts of these restatements are detailed in Note 20.*

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(in millions of euros)	1st half 2016	1st half 2015*	Year 2015
Net income	**(187)**	**(211)**	**(2,036)**
Comprehensive income items not recyclable through profit and loss	**(152)**	**174**	**292**
Actuarial gains and losses on the employee benefits of consolidated companies	(96)	177	217
Income tax related to non-recyclable items	(1)	(49)	9
Share in other non-recyclable items of comprehensive income from associates and joint ventures, net of tax	(11)	(7)	12
Non-recyclable items related to operations sold, discontinued or held for sale, net of tax	(44)	53	55
Comprehensive income items recyclable through profit and loss	**(184)**	**106**	**(160)**
Currency translation adjustments on consolidated companies	52	105	(136)
Change in value of available-for-sale financial assets	(347)	145	84
Change in value of cash flow hedges	113	(50)	(87)
Income tax related to recyclable items	(15)	(43)	(28)
Share in other recyclable items of comprehensive income from associates and joint ventures, net of tax	-	-	-
Recyclable items related to operations sold, discontinued or held for sale, net of tax	14	(51)	7
Total other items of comprehensive income (net of income tax)	**(336)**	**280**	**132**
Comprehensive income	**(523)**	**69**	**(1,905)**
- Attributable to equity owners of the parent	(494)	66	(1,825)
- Attributable to minority interests	(29)	4	(80)

** In application of IFRS 5, the first half 2015 financial statements were restated in relation to the data published for the previous year. The impacts of these restatements are detailed in Note 20.*

ASSETS

(in millions of euros)	***Notes***	**June 30, 2016**	**December 31, 2015**
Non-current assets		**17,046**	**17,747**
Goodwill on consolidated companies	***7***	1,257	1,272
Intangible assets	***7***	1,654	1,648
Property, plant and equipment	***7***	7,571	7,642
End-of-lifecycle assets (third party share)	***8***	167	178
Assets earmarked for end-of-lifecycle operations	***8***	5,868	6,122
Investments in joint ventures and associates	***9***	29	100
Other non-current assets	***10***	395	573
Deferred tax assets	***5***	105	212
Current assets		**12,928**	**11,240**
Inventories and work-in-process		1,321	1,216
Trade accounts receivable and related accounts		863	941
Other operating receivables		955	865
Current tax assets		49	51
Other non-operating receivables		231	81
Cash and cash equivalents	***11***	2,058	804
Other current financial assets		103	207
Discontinued assets and operations	***6***	7,347	7,076
Total assets		**29,973**	**28,987**

LIABILITIES AND EQUITY

(in millions of euros)	*Notes*	June 30, 2016	December 31, 2015
Equity and minority interests (1)		**(2,912)**	**(2,281)**
Share capital		1,456	1,456
Consolidated premiums and reserves		(3,917)	(3,797)
Actuarial gains and losses on employee benefits		(446)	(293)
Deferred unrealized gains and losses on financial instruments		(82)	166
Currency translation reserves		(21)	(48)
Equity attributable to owners of the parent		**(3,009)**	**(2,516)**
Minority interests		98	235
Non-current liabilities		**16,292**	**14,676**
Employee benefits	***12***	1,529	1,455
Provisions for end-of-lifecycle operations	***8***	7,119	6,921
Other non-current provisions	***13***	247	238
Share in negative net equity of joint ventures and associates	***9***	70	59
Long-term borrowings	***14***	7,328	5,905
Deferred tax liabilities	***5***	-	100
Current liabilities		**16,593**	**16,592**
Current provisions	***13***	3,805	3,990
Current borrowings	***14***	1,887	1,440
Advances and prepayments received		2,794	2,895
Trade accounts payable and related accounts		777	941
Other operating liabilities		1,934	1,904
Current tax liabilities		31	39
Other non-operating liabilities		123	64
Liabilities and operations held for sale	***6***	5,240	5,320
Total liabilities and equity		**29,973**	**28,987**

(1) Including other items of total comprehensive income related to operations held for sale not recyclable to the statement of income in the amount of (150) million euros and recyclable to the statement of income in the amount of 4 million euros at June 30, 2016.

CONSOLIDATED STATEMENT OF CASH FLOWS

(in millions of euros)	1st half 2016	1st half 2015*	2015
Net income for the period	**(187)**	**(211)**	**(2,036)**
Less: income from operations sold, discontinued or held for sale	(7)	100	190
Net income from continuing operations	**(194)**	**(111)**	**(1,846)**
(Profit) / loss of joint ventures and associates	11	11	21
Net amortization, depreciation and impairment of PP&E and intangible assets and marketable securities maturing in more than 3 months	544	301	812
Goodwill impairment losses	-	-	26
Net increase in (reversal of) provisions	(415)	(218)	919
Net effect of reverse discounting of assets and provisions	230	126	253
Income tax expense (current and deferred)	45	61	124
Net interest included in borrowing costs	165	84	178
Loss (gain) on disposals of fixed assets and marketable securities maturing in more than 3 months; change in fair value	(44)	(107)	(148)
Other non-cash items	12	8	14
Dividends from joint ventures and associates	0	1	1
Cash flow from operations before interest and taxes	**355**	**155**	**356**
Net interest received (paid)	(58)	(30)	(176)
Income tax paid	(62)	(50)	(140)
Cash flow from operations after interest and tax	**234**	**75**	**40**
Change in working capital requirement	(160)	329	322
NET CASH FROM OPERATING ACTIVITIES	**75**	**404**	**362**
Investment in PP&E and intangible assets	(276)	(336)	(646)
Loans granted and acquisitions of non-current financial assets	(533)	(1,667)	(2,408)
Acquisitions of shares of consolidated companies, net of acquired cash	-	-	-
Disposals of PP&E and intangible assets	14	7	8
Loan repayments and disposals of non-current financial assets	515	1,618	2,338
Disposals of shares of consolidated companies, net of disposed cash	-	-	-
NET CASH USED IN INVESTING ACTIVITIES	**(281)**	**(377)**	**(708)**
Share issues in the parent company and share issues subscribed by minority shareholders in consolidated subsidiaries	-	-	-
Treasury shares sold/(acquired)	-	(1)	-
Transactions with minority interests	-	-	-
Dividends paid to shareholders of the parent company	-	-	-
Dividends paid to minority shareholders of consolidated companies	(37)	(47)	(132)
Increase in borrowings	2,051	(313)	(693)
NET CASH USED IN FINANCING ACTIVITIES	**2,014**	**(361)**	**(825)**
(Increase) decrease in securities recognized at fair value through profit and loss	0	35	35
Impact of foreign exchange movements	10	18	(6)
Net cash generated by operations sold, discontinued or held for sale	**(529)**	**(11)**	**331**
CHANGE IN NET CASH	**1,289**	**(293)**	**(811)**
Net cash at the beginning of the year	**745**	**1,556**	**1,556**
Cash at the end of the year	2,058	1,294	804
Less: short-term bank facilities and non-trade current accounts (credit balances)	(69)	(49)	(91)
Net cash from operations held for sale	45	17	32
Net cash at the end of the year	**2,034**	**1,263**	**745**

** In application of IFRS 5, the first half 2015 financial statements were restated in relation to the data published for the previous year. The impacts of these restatements are detailed in Note 20.*

Net cash taken into account in establishing the Statement of Cash Flows consists of:
- cash and cash equivalents (see Note 11), 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 included in current borrowings (see note 14).

STATEMENT OF CHANGE IN CONSOLIDATED SHAREHOLDERS' EQUITY

(in millions of euros)	Number of shares outstanding	Share 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 equity holders of the parent**	Minority interests	**Total equity and minority interests**
January 1, 2015	**382,324,869**	**1,456**	**(1,756)**	**(583)**	**204**	**(12)**	**(691)**	**447**	**(244)**
First half 2015 income			(206)				(206)	(5)	(211)
Other items of comprehensive income				173	47	54	272	8	280
Comprehensive income			**(206)**	**173**	**47**	**54**	**66**	**4**	**69**
Dividends paid								(47)	(47)
Treasury shares sold (acquired)	(31,004)		(0)				(0)		(0)
Other transactions with shareholders			(2)	1	(0)	1	0	(0)	0
06/30/15	**382,293,865**	**1,456**	**(1,965)**	**(409)**	**251**	**42**	**(626)**	**403**	**(223)**
January 1, 2016	**382,271,254**	**1,456**	**(3,797)**	**(293)**	**166**	**(48)**	**(2,516)**	**235**	**(2,281)**
First half 2016 income			(120)				(120)	(67)	(187)
Other items of comprehensive income				(152)	(249)	27	(374)	38	(336)
Comprehensive income			**(120)**	**(152)**	**(249)**	**27**	**(494)**	**(29)**	**(523)**
Dividends paid								(110)	(110)
Treasury shares sold (acquired)	(50,310)		(0)				(0)		(0)
Other transactions with shareholders			0	(0)		(0)	0	1	2
06/30/16	**382,220,944**	**1,456**	**(3,917)**	**(446)**	**(82)**	**(21)**	**(3,009)**	**98**	**(2,912)**

(**) Dividend paid per share (in euros):
- in 2015 for 2014: None.
- in 2016 for 2015: None.

SEGMENT INFORMATION

DATA BY BUSINESS SEGMENT

For all reporting periods, income items from operations sold, discontinued or held for sale are presented in the statement of income on a separate line, "net income from operations sold, discontinued for held for sale". Accordingly, this information does not appear in the business segment information below. As a consequence, the Front End BG presented hereunder does not include the Fuel operations, and the Olkiluoto contract (OL3) is included in "Other operations".

First half 2016

(in millions of euros)	Mining	Front End	Back End	Corporate, other operations and eliminations	**Total Group**
Gross sales revenue	709	405	969	(153)	1,930
Inter-segment sales	(3)	(21)	(137)	161	-
Contribution to revenue	705	384	832	8	1 930
Contribution to operating income	21	(44)	93	15	86
EBITDA	346	94	237	(367)	310
% of gross revenue	*48.8%*	*23.3%*	*24.5%*	*n.a.*	*17.6%*

About 41% of the group's consolidated revenue was with EDF.
Other operations include in particular the OL3 contract and fuel cycle engineering.

First half 2015*

(in millions of euros)	Mining	Front End	Back End	Corporate, other operations and eliminations	**Total Group**
Gross sales revenue	742	355	899	(147)	1,849
Inter-segment sales	(4)	(8)	(167)	179	-
Contribution to revenue	738	347	732	32	1,849
Contribution to operating income	139	(23)	(16)	(97)	4
EBITDA	242	119	87	(222)	226
% of gross revenue	*32.6%*	*33.6%*	*9.7%*	*n.a.*	*12.2%*

About 33% of the group's consolidated revenue was with EDF.

2015

(in millions of euros)	Mining	Front End	Back End	Corporate, other operations and eliminations	**Total Group**
Gross sales revenue	1,453	1,114	1,928	(295)	4,199
Inter-segment sales	(6)	(16)	(335)	357	-
Contribution to revenue	1,447	1,097	1,593	62	4,199
Contribution to operating income	183	101	(184)	(1,488)	(1,388)
EBITDA	604	389	315	(624)	685
% of gross revenue	*41.5%*	*35.0%*	*16.4%*	*n.a.*	*16.3%*

(*) In application of IFRS 5, the segment information for the first half of 2015 was restated in relation to the data reported for the previous year.

About 30% of the group's consolidated revenue was with EDF.

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

CONTRIBUTION TO CONSOLIDATED REVENUE BY BUSINESS SEGMENT AND CUSTOMER LOCATION

	1st half 2016				
(in millions of euros)	**Mining**	**Front End**	**Back End**	**Other**	**Group total**
France	230	134	557	6	**927**
Europe (excluding France)	69	130	124	1	**324**
North & South America	80	80	109	1	**270**
Asia-Pacific	324	34	39	1	**398**
Africa / Middle East	2	6	3	0	**11**
Total	**705**	**384**	**832**	**9**	**1,930**

	1st half 2015*				
(in millions of euros)	**Mining**	**Front End**	**Back End**	**Other**	**Group total**
France	122	126	507	18	**773**
Europe (excluding France)	31	59	84	3	**177**
North & South America	186	103	109	6	**404**
Asia-Pacific	363	49	29	5	**446**
Africa / Middle East	36	10	3	0	**49**
Total	**738**	**347**	**732**	**32**	**1,849**

	2015				
(in millions of euros)	**Mining**	**Front End**	**Back End**	**Other**	**Group total**
France	252	274	1,098	36	**1,660**
Europe (excluding France)	225	258	209	11	**703**
North & South America	273	318	236	6	**833**
Asia-Pacific	620	232	46	8	**906**
Africa / Middle East	77	16	5	1	**98**
Total	**1,447**	**1,097**	**1,593**	**62**	**4,199**

(*) In application of IFRS 5, the revenue information for the first half of 2015 was restated in relation to the data reported for the previous year.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED JUNE 30, 2016

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

NOTE 1 - CONTEXT AND HIGHLIGHTS OF THE PERIOD

In the first half of 2016, implementation of the AREVA group restructuring plan announced in 2015 continued and, on June 15, 2016, its 2016-2020 “roadmap” was presented, confirming the group’s capital restructuring as per the communication of February 26, 2016.

- Discussions continued with EDF for the sale of at least 75% of AREVA NP's operations, excluding the OL3 contract, and resulted in the signature of a new memorandum of understanding on July 28, 2016 presenting the main terms and conditions of the transaction.
- AREVA’s strategic refocusing on nuclear fuel cycle operations will occur through a specific entity temporarily named “New Co” which will receive those operations through a partial contribution of AREVA SA assets at the same time as a share of AREVA SA’s debt is transferred to it, subject to the consent of the creditors involved.

AREVA SA and New Co will receive capital increases in the total amount of 5 billion euros, with the French State as the majority subscriber, subject to the consent of the European Commission. The State shareholder filed the restructuring aid report with the European Commission on April 29, 2016. On July 19, the European Commission announced that it had opened an “in-depth inquiry” on the financing of the AREVA group’s restructuring by the French State.

Plans to sell operations that are not part of the core business are being firmed up:

- the sale of Canberra became effective July 1, 2016;
- AREVA signed an agreement on June 17, 2016 with GAMESA under which it has an option valid for three months to sell its share in ADWEN accompanied by a cap on guarantees granted during the creation of that joint venture in March 2015;
- in-depth discussions continued with French State agencies for the sale of AREVA TA to public entities, with the objective of signing an agreement before the end of 2016.

AREVA’s operational commitment in Solar Energy ended in March 2016, and a decision was made to cease the Bioenergy business as soon as ongoing projects in France and Asia are completed, expected in the summer of 2016.
The competitiveness plan aiming for 1 billion euros in savings by 2017 is in progress; in particular, more than 2,600 departures had occurred as of June 30, 2016 in connection with the Voluntary Department Plan or other contractual plans.

Continued discussions with EDF for the sale of AREVA NP

AREVA and EDF continued discussions for the sale of at least 75% of AREVA NP’s operations excluding OL3 to EDF, excluding OL3, and signed a memorandum of understanding on July 28, 2016 presenting the main terms and conditions of the plan, with the objective of signing the final agreement before the end of 2016.
The sale remains subject to the acceptance of the Flamanville 3 reactor vessel and the non-revelation of anomalies by the manufacturing division’s quality action plan (see Quality action plan below).

Suspension of discussions with TVO for an agreement on the conditions for completing the Olkiluoto 3 EPR construction project - Consequences for the structuring of the agreement with EDF for the sale of AREVA NP’s operations

Discussions with TVO aimed at laying the common foundations for cooperation to complete the project and settle the dispute did not result in an agreement and have been suspended. AREVA has indicated that the resumption of these discussions remains possible. However, in the absence of an agreement, the OL3 contract could not be transferred to AREVA SA. In that case, the OL3 project would be kept in AREVA NP, the legal entity and subsidiary of AREVA SA.
In this scenario, all AREVA NP operations concerned by the memorandum of understanding with EDF would be contributed to a new entity, “New NP”, with the majority of its capital then sold to EDF.

Liquidity situation and business continuity

The company's liquidity for 2016 is ensured by lines of credit drawn on January 4 and 5, 2016 in the amount of 2 billion euros, and by a bridging loan of 1.2 billion euros granted in April by a banking pool, which would be due in January 2017 if drawn.

Beyond that, the group's liquidity will be ensured by the capital increase planned for early 2017. In the event of a temporary delay, AREVA will request a shareholder loan. These transactions will be carried out in compliance with European regulations.
The success of the group's restructuring plan and its approval by the Commission assume that certain fundamental conditions are met, including:

- Implementation of the memorandum of agreement of July 28, 2016 related to the sale of AREVA NP's operations to EDF (excluding the OL3 contract);
- Finalization of the group's legal and financial structuring following the methods outlined during the Market Update of June 15, 2016.

In view of the foregoing, and based on currently available information, the group believes that it will have sufficient financial strength to meet its requirements and obligations.

Test program for the heads of the FA3 reactor vessel

In the first half of 2016, AREVA launched the test program concerning the bottom head and closure head of the Flamanville 3 reactor vessel, in line with the framework of the nuclear safety authority's requirements as defined in its letter of December 12, 2015.

This program is subject to surveillance by the notified organization designated by the nuclear safety authority ASN. EDF is involved in those tests.

The program involves the performance of mechanical tests to characterize the properties of the materials and verify their conformity. Three sacrificial parts are used. At the end of June 2016, progress on this program was on schedule and the initial results were consistent with expectations.

AREVA's final report on the tests is expected at the end of 2016 and will be reviewed by the safety authority ASN.

In the financial statements for the half-year ended June 30, 2016, it was believed that the test program on sacrificial parts would bring the discussions underway with ASN and IRSN to a positive conclusion. The cost of the test program was included in the cost at completion of the project.

Quality action plan concerning the manufacturing division

The quality audit of the Creusot plant launched at the end of 2015 continued in the first half of 2016. In connection with the audit, all of the quality processes were reviewed and improvement measures are being taken.
Concerning the Creusot plant, the quality audit was supplemented in the first half of 2016 by a preliminary analysis of all manufacturing reports on forgings to identify potential anomalies.

Reports presenting practices that are not in compliance with Creusot's quality assurance rules were identified. The anomalies found are the subject of a technical characterization submitted to a technical committee. This work is carried out the operator involved. The objective is to validate the characterization performed and to deal with the anomalies while providing customers and the safety authorities appropriate technical justification in terms of the contractual and regulatory requirements ensuring the operability of the parts.

An information and discussion process in which the nuclear safety authority ASN in particular is involved is being deployed. All of the customers concerned by the anomalies identified have been informed by AREVA.

A more extensive analysis of the manufacturing reports was launched and is in progress. Additional identified anomalies will be dealt with in the same way.

To date, the analyses have found that no reported anomaly compromises the mechanical integrity of the parts concerned. Additional tests and analyses are in progress, in particular on an equipment item delivered to the Fessenheim 2 power plant, in order to respond to requests from the nuclear safety authority ASN following the suspension of the test certification for one of the steam generators.

In addition, since May 2016, the audit has been extended to the St-Marcel and Jeumont sites as well. No similar anomalies have been identified at those two sites as of the date of these financial statements.

The potential financial consequences associated with these anomalies cannot be quantified at this stage. The financial statements for the period ended June 30, 2016 consider that the results of these actions will enable a positive conclusion to the discussions with the customers and their safety authorities.

Tensile tests performed at the Creusot laboratory

Following the deficiencies found in April 2015 concerning tensile test protocols at the Creusot laboratory, systematic verification was undertaken to justify the parts concerned through analyses or repeated tests on test specimens.

Deviations for the identified anomalies are being dealt with in association with the customers.

The costs related to retesting were estimated and included in project costs at completion. The financial statements at June 30, 2016 consider that the analyses and/or repeated tests will enable a positive conclusion with the customers and their safety authorities.

Agreement with GAMESA giving AREVA an option to sell its share in ADWEN

On June 17, 2016, GAMESA and AREVA signed an amendment to the shareholders' agreement for ADWEN, a joint venture in offshore wind energy held in equal shares by the two groups (see note 6).

Under the terms of this amendment, AREVA has three months to exercise one of the following options:

- Sell its shares in ADWEN to GAMESA, or
- Sell 100% of the shares in ADWEN to an independent investor having made a more attractive firm offer during that period; the sale of all of the share capital is made possible by AREVA's drag-along right on GAMESA's shares.

At the end of this period, AREVA will confirm the option selected for its ADWEN shares.
Commitments made under calls for bids related to power-generating offshore wind facilities in metropolitan France will continue to be met by ADWEN.

Sale of Canberra

On July 1, 2016, AREVA and the industrial group Mirion Technologies, Inc. ("MIRION") announced the completion of the sale of Canberra, an AREVA subsidiary specialized in radioactivity detection and measurement instrumentation with approximately 1,000 employees, to MIRION (see notes 6 and 19).

NOTE 2 - ACCOUNTING PRINCIPLES

Preparation of the financial statements

The consolidated financial statements at June 30, 2016, approved by the Board of Directors on July 28, 2016, 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 at December 31, 2015.

Material events for the period are described in the half-year activity report.

Accounting principles

The accounting principles used to prepare the condensed consolidated financial statements for the period ended June 30, 2016 are identical to those described in note 1 to the consolidated financial statements for the year ended December 31, 2015, except for two amendments published in previous accounting years but applicable starting in 2016:

Amendments to existing standards applicable as from the 2016 accounting year

Two amendments to IAS 16 and IAS 38 prohibit the use of an amortization method based on the proportionate share of revenue generated by the use of the asset in the case of property, plant and equipment, and allow it only exceptionally for intangible assets. These amendments did not significantly impact the group's financial statements.

Specific methods used to prepare interim financial statements

- AREVA uses the method prescribed 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 this period. However, a different tax rate was used for income items subject to a specific tax rate, such as gains on disposals of securities eligible for long-term capital gains tax treatment.

- The charge for the intermediate period related to retirement commitments and other employee benefits is calculated based on the discount rate determined at December 31, 2015. In applying this method to the first half of 2016, AREVA calculated the expense of the cost of services rendered during the period, the expense for discounting reversal of the provision, and the income related to the expected return on plan assets using the discount rate established at December 31, 2015 in accordance with the accounting standard IAS 19. Changes in actuarial assumptions used to value benefit liabilities at June 30, 2016 are recognized under "Other comprehensive income items", essentially in their full amount.
  The discount rate used to value these commitments at June 30, 2016 is 1.40% for the eurozone (versus 2.15% at December 31, 2015).

Implementation of IFRS 5 rules related to operations sold, discontinued or held for sale

AREVA implements IFRS 5 with respect to operations sold, discontinued or held for sale, which represent significant amounts in its financial statements at June 30, 2016. In this regard:

- The non-group assets and liabilities of operations held for sale at June 30, 2015 are combined under two separate headings of the balance sheet, "assets of operations held for sale" and "liabilities of operations held for sale". The debts and receivables of these operations as concerns the group's other entities continue to be eliminated in consolidation. The comparative statement of financial position is not restated.

- Net income from operations sold or held for sale and meeting IFRS 5.32 criteria (i.e. "represents either a separate major line of business or a geographical area of operations, is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations, or is a subsidiary acquired exclusively with a view to resale"). The statement of income for the comparative periods presented is restated symmetrically.

- The net cash from operations sold or held for sale and meeting IFRS 5.32 criteria (see criteria above) is presented under a separate heading of the statement of cash flows, "net cash generated by operations sold or held for sale". The statement of cash flows for the comparative periods presented is restated symmetrically.

- Concerning assets held for sale, only balance sheet items are reclassified under "assets and liabilities of operations held for sale". The comparative statement of financial position is not restated.

- Concerning discontinued operations, net income and cash follow the same treatment as for operations sold. The statement of financial position at June 30, 2016 and the comparative statement of financial position are not restated.

NOTE 3 - OTHER OPERATING INCOME, OTHER OPERATING EXPENSES

<u>Other operating expenses</u>

(in millions of euros)	1st half 2016	1st half 2015	2015
Restructuring and early retirement plan costs*	(6)	(12)	(238)
Goodwill impairment losses	-	-	(26)
Impairment of other assets	(213)	(10)	(208)
Income on disposals of assets other than financial assets	-	-	-
Other expenses	(42)	(55)	(391)
Total other operating expenses	**(262)**	**(77)**	**(863)**
**** Net of reversals of provisions for employee benefits***			

<u>Other operating income</u>

(in millions of euros)	1st half 2016	1st half 2015	2015
Income on sales of non-financial assets	1	3	2
Other income	209	12	89
Total other operating income	**210**	**15**	**91**

The restructuring costs are described in notes 1 and 13.

The impairment of goodwill and other assets is described in note 7.

In the first half of 2016, other expenses included in particular:
- a provision for impairment in the amount of 13 million euros related to the Katco site;
- amortization related to a mining site in the amount of 7 million euros;
- expenses associated with the deferral of work to open the Imouraren mining site in the amount of 4 million euros;

In the first half of 2016, other expenses included in particular:
- a provision reversal of 180 million euros following the change in the plan to sell AREVA NP (see notes 1 and 13);
- a provision reversal associated with the streamlining of the group's office sites, mainly in France, in the amount of 10 million euros.

In 2015, other expenses included:
- expenses associated with the deferral of work to open the Imouraren mining site in the amount of 42 million euros;
- a provision constituted in 2015 for an industrial equipment supply contract in the amount of 40 million euros (see note 13);
- a provision of 180 million euros for expected costs resulting from the transfer of the OL3 contract from AREVA NP to AREVA SA (see note 13).

NOTE 4 - NET FINANCIAL INCOME

(in millions of euros)	**1st half 2016**	**1st half 2015**	**2015**
Net borrowing costs	**(165)**	**(90)**	**(185)**
Income from cash and cash equivalents	14	11	20
Gross borrowing costs	(178)	(101)	(205)
Other financial income and expenses	**(58)**	**46**	**(129)**
Share related to end-of-lifecycle operations	***64***	***141***	***122***
Income from disposal of securities earmarked for end-of-lifecycle operations	47	97	139
Dividends received	194	123	145
Income from receivables and discount reversal on earmarked assets	12	12	24
Impairment of securities	(22)	(1)	(3)
Impact of amended schedules	(3)	1	9
Discounting reversal expenses on end-of-lifecycle operations	(164)	(92)	(193)
Share not related to end-of-lifecycle operations	***(123)***	***(95)***	***(250)***
Foreign exchange gain (loss)	5	(14)	19
Income from disposals of securities and change in value of securities held for trading	(3)	6	6
Income from equity associates	-	-	-
Dividends received	2	1	1
Impairment of financial assets	(6)	-	(21)
Interest on contract prepayments	(26)	(33)	(68)
Financial income from pensions and other employee benefits	(16)	(17)	(34)
Other financial expenses	(105)	(79)	(159)
Other financial income	26	41	6
Net financial income	**(223)**	**(44)**	**(313)**

At June 30, 2016, other financial expenses include in particular discount reversals on borrowings and provisions other than employee benefits and end-of-lifecycle operations in the amount of 50 million euros.

At December 31, 2015, other financial expenses mainly included discount reversals on debt and provisions other than employee benefits and end-of-lifecycle operations in the amount of 41 million euros, and a debt write-off for an operation held for sale in the amount of 66 million euros.

NOTE 5 - INCOME TAX

Income tax expense was 45 million euros in the first half of 2016.

The tax expense for the first half of 2016 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.

Changes in deferred taxes recognized directly in equity and resulting from changes in the fair value of financial instruments and actuarial differences on employee benefits recognized in equity were written down fully in the first half of 2016.

In view of the taxable income forecasts, the projected effective tax rate for the integrated AREVA SA group does not include any value for deferred tax assets that will be generated in 2016. This position is thus reflected in the tax expenses of the group recognized at June 30, 2016.

NOTE 6 - ITEMS RELATED TO ASSETS AND OPERATIONS SOLD, DISCONTINUED OR HELD FOR SALE

The following operations meet the criteria of IFRS 5 for classification as assets and liabilities of operations held for sale at June 30, 2016:

AREVA NP

As indicated in note 1, AREVA and EDF signed a memorandum of understanding on July 30, 2015 presenting the principal terms and conditions of the project. The AREVA Board of Directors, meeting on January 27, 2016, was favorable to the convergence of ongoing negotiations with EDF concerning the valuation of AREVA NP's operations.

Following the discussions held with TVO concerning the OL3 contract, AREVA announced on June 15, 2016 that AREVA NP's operations would be sold to EDF, directly or via an ad hoc legal structure, while the OL3 contract would remain in the consolidation scope of AREVA SA, which would ensure its successful completion in compliance with contractual obligations.

Implementation of the sale via an ad hoc legal structure and discussions concerning the contractual treatment of findings of anomalies related to the Creusot plant caused the schedule for the transaction to be moved back. AREVA and EDF signed a second memorandum of understanding on July 28, 2016 presenting the principal terms and conditions of the project with the objective of signing the definitive agreement before the end of 2016.

The objective of the parties is to carry out this transaction by the end of 2017, after the employee representative bodies have been consulted, the regulatory authorizations have been received, and the other conditions precedent of the transaction have been lifted.

At EDF's request, completion of the transaction remains subject to (i) the favorable outcome of verifications in progress concerning the compliance of the Flamanville 3 reactor vessel and (ii) the implementation of the procedure discussed by AREVA and EDF for the handling of anomalies reported at the Creusot plant. As indicated in note 1, the financial statements for the period ended June 30, 2016 consider that the test programs in progress will enable these two conditions to be lifted.

In this context, AREVA considers that the sale of a controlling interest in AREVA NP to EDF is highly probable and that the conditions for implementing IFRS 5 accounting rules relative to operations held for sale have been met. The scope of AREVA NP operations classified as "operations held for sale" at June 30, 2016 was determined based on discussions underway between AREVA and EDF, and may still change. The OL3 project is not part of the scope of operations held for sale.

No impairment is indicated in the comparison between the expected sales price (based on the status of discussions to date between AREVA and EDF), net of sales costs, and the net carrying amount of the assets held for sale.

AREVA TA

The transformation plan carried out by AREVA calls for the group to refocus on the nuclear fuel cycle. The Agence des participations de l'État plans to take a majority share of AREVA TA's capital. The principle of this transaction was confirmed in a press release in December 2015. Given that situation, AREVA began the process of disposing of AREVA TA and received a letter of interest on May 17, 2016. Discussions are in progress, and the objective is to finalize the transaction by the end of 2016.

The net sales price expected is higher than the net carrying amount.

Nuclear Measurements

In June 2015, AREVA began the process of disposing of its subsidiaries Canberra Industries Inc. and Canberra France S.A.S., which specialize in nuclear measurement instrumentation and systems. AREVA received tentative offers on July 20, 2015 and binding offers on December 18, 2015. After examining the offers, the AREVA Board of Directors selected the MIRION proposal (supported by the Charterhouse venture capital fund) on December 24, 2015. This plan was submitted to the employee representative bodies of the AREVA group for consultation during the first quarter of 2016. The opinions of the different bodies were received on March 17 and March 22, 2016, and the sale contract was signed on April 5, 2016. The transaction closed on July 1, 2016. Consequently, the Nuclear Measurements business is treated as an "operation held for sale".

The net sales price resulting from MIRION's offer is higher than the net carrying amount.

Solar Energy

AREVA's Solar Energy operations had been classified in "discontinued operations" at December 31, 2015, as discussions begun in 2015 with a potential buyer were unsuccessful. On January 16, 2016, AREVA and its customer Reliance ended their mutual obligations under contracts for the supply and maintenance of the 125-MW solar field in Dhursar, India. At June

30, 2016, there were no further projects in the pipeline in the Solar business. The Solar operations are thus treated as a “discontinued operation”.

Wind Energy

ADWEN is a joint venture which combines the offshore wind operations of AREVA and GAMESA. It is held in equal shares by its two shareholders. Since its creation, ADWEN n has continued work to commission two major projects in the German North Sea.

On June 17, 2016, AREVA and GAMESA signed an amendment to their shareholders’ agreement for the ADWEN joint venture. According to the terms of the amendment and the intention expressed by AREVA to withdraw from its operations in Renewable Energies, it appears highly probable that AREVA will sell its interest in ADWEN either to GAMESA (option to sell its 50% interest to GAMESA) or to a third-party investor if a more attractive offer is received (joint withdrawal of AREVA and GAMESA in favor of a third-party buyer of 100% of the shares).

The effective sale of the shares is expected to occur in early 2017 at the latest. For these reasons, AREVA’s shares in ADWEN will be classified in “Assets held for sale” in AREVA’s consolidated statement of financial position at June 30, 2016. In this regard, ADWEN’s income ceases to be treated under the equity method as from the date of its classification in assets held for sale. The impacts of the use of guarantees granted by AREVA to ADWEN continue to be presented in “net income from operations sold”, as they were in 2015.

NET INCOME AND NET CASH FROM OPERATIONS SOLD OR HELD FOR SALE

(in millions of euros)	**1st half 2016**	**1st half 2015**	**2015**
Net income from operations sold	-	(81)	(240)
Net income after tax from disposals	-	23	59
Net income from discontinued operations	10	(25)	(115)
Net income from operations held for sale	(3)	(17)	106
NET INCOME FROM OPERATIONS SOLD, DISCONTINUED OR HELD FOR SALE	**7**	**(100)**	**(190)**
Net cash from operations sold	-	(50)	(127)
Net cash from discontinued operations	(59)	11	0
Net cash from operations held for sale	(470)	28	458
NET CASH FROM OPERATIONS SOLD, DISCONTINUED OR HELD FOR SALE	**(529)**	**(11)**	**331**

First half 2016

(in millions of euros)	Discontinued operation	Discontinued operations		
	Solar Energy	AREVA NP	Other operations	**TOTAL**
Revenue	**(1)**	**1,561**	**227**	**1,788**
Operating income	12	99	13	**125**
Share in net income of associates	-	33	-	**33**
Operating income after share in net income of joint ventures and associates	**12**	**132**	**13**	**157**
Net financial income	(3)	(70)	(54)	**(127)**
Income tax	0	(9)	(15)	**(24)**
Net income for the period	**10**	**53**	**(56)**	**7**

Transactions of continuing operations with operations sold, discontinued or held for sale were as follows at June 30, 2016:

- Operating income from the continuing operations includes transactions with operations sold, discontinued or held for sale in the amount of +200 million euros, including +91 million euros from industrial operations and +110 million euros from holding activities.
- Net financial income from continuing operations includes transactions with operations sold, discontinued or held for sale in the amount of +21 million euros from holding activities.

(in millions of euros)	Discontinued operation	Discontinued operations		
	Solar Energy	AREVA NP	Other operations	**TOTAL**
Net cash flow from operating activities	(87)	16	(6)	**(77)**
Net cash flow from investing activities	-	(53)	(5)	**(58)**
Net cash flow from financing activities	26	(412)	(8)	**(394)**
Other changes	2	(3)	0	**(1)**
CHANGE IN NET CASH	**(59)**	**(451)**	**(19)**	**(529)**

Transactions of continuing operations with operations sold, discontinued or held for sale were as follows at June 30, 2016:

- Cash flow from operating activities of the continuing operations with operations sold, discontinued or held for sale amounted to +227 million euros, including +120 million euros from industrial operations and +107 million euros from holding activities.
- Cash flow from investing activities of the continuing operations with operations sold, discontinued or held for sale was insignificant.
- Cash flow from financing activities of the continuing operations with operations sold, discontinued or held for sale amounted to 263 million euros from holding activities.

First half 2015

(in millions of euros)	Operation sold	Discontinued operation	Discontinued operations		TOTAL
	Wind Energy	Solar Energy	AREVA NP	Other	
Revenue	**3**	**3**	**1,886**	**141**	**2,032**
Operating income	(58)	(22)	(11)	25	(66)
Share in net income of associates	-	-	(12)	-	(12)
Operating income after share in net income of joint ventures and associates	**(58)**	**(22)**	**(23)**	**25**	**(78)**
Net financial income	-	(3)	(66)	-	(69)
Income tax	-	-	42	5	47
Net income for the period	**(58)**	**(25)**	**(46)**	**29**	**(100)**

(in millions of euros)	Operation sold	Discontinued operation	Discontinued operations		TOTAL
	Wind Energy	Solar Energy	AREVA NP	Other	
Net cash flow from operating activities	(142)	(25)	25	80	(61)
Net cash flow from investing activities	(44)	5	(61)	3	(97)
Net cash flow from financing activities	136	38	18	(33)	159
Other changes	-	(7)	(7)	2	(12)
CHANGE IN NET CASH	**(50)**	**11**	**(25)**	**53**	**(11)**

2015

(in millions of euros)	Operation sold	Discontinued operation	Discontinued operations		TOTAL
	Wind Energy	Solar Energy	AREVA NP	Other	
Revenue	**3**	**(80)**	**3,566**	**449**	**3,937**
Operating income	(79)	(109)	33	83	(71)
Share in net income of associates	-	-	(11)	-	(11)
Operating income after share in net income of joint ventures and associates	**(79)**	**(109)**	**22**	**83**	**(83)**
Net financial income	(86)	(6)	(121)	39	(174)
Income tax	(17)	-	80	3	67
Net income for the period	**(181)**	**(115)**	**(20)**	**126**	**(190)**

Operating income from the solar operations includes (78) million euros of currency translation reserves recycled through profit and loss.

Transactions of continuing operations with operations sold, discontinued or held for sale were as follows at December 31, 2015:

- Operating income from the continuing operations includes transactions with operations sold, discontinued or held for sale in the amount of +484 million euros, including 247 million euros from industrial operations and 236 million euros from holding activities.
- Net financial income from continuing operations includes transactions with operations sold, discontinued or held for sale in the amount of +16 million euros from holding activities. In particular, AREVA SA invoiced financial expenses in the amount of +82 million euros and recognized debt write-off in favor of AREVA TA in the amount of (66) million euros.

(in millions of euros)	Operation sold	Discontinued operation	Discontinued operations		**TOTAL**
	Wind Energy	Solar Energy	AREVA NP	Other	
Net cash flow from operating activities	(77)	(38)	33	177	95
Net cash flow from investing activities	(163)	6	(112)	(2)	(272)
Net cash flow from financing activities	114	42	396	(22)	529
Other changes	-	(10)	(13)	2	(21)
CHANGE IN NET CASH	**(127)**	**0**	**303**	**155**	**331**

Transactions of continuing operations with operations sold, discontinued or held for sale were as follows at December 31, 2015:

- Cash flow from operating activities of the continuing operations with operations sold, discontinued or held for sale amounted to +626 million euros, including 310 million euros from industrial operations and 316 million euros from holding activities.
- Cash flow from investing activities of the continuing operations with operations sold, discontinued or held for sale was insignificant.
- Cash flow from financing activities of the continuing operations with operations sold, discontinued or held for sale amounted to (494) million euros from holding activities. In particular, the financing of AREVA NP by AREVA SA of (233) million euros included a capital increase of 2.050 billion euros and reimbursement of financial debt of 1.818 billion euros.

ASSETS AND LIABILITIES OF OPERATIONS HELD FOR SALE

At June 30, 2016, assets and liabilities of operations held for sale were as follows:

(in millions of euros)	**June 30, 2016**	**December 31, 2015**
Non-current assets	**4,755**	**4,645**
Goodwill on consolidated companies	2,464	2,468
Property, plant and equipment and intangible assets	1,541	1,480
Assets earmarked for end-of-lifecycle operations	103	105
Investments in joint ventures and associates	163	103
Other non-current financial assets	50	59
Deferred tax assets	433	430
Current assets	**2,593**	**2,431**
Inventories and work-in-process	725	696
Trade receivables and other operating receivables	1,793	1,685
Current tax assets	15	9
Other non-operating receivables	7	6
Cash and cash equivalents	46	32
Other current financial assets	7	3
TOTAL ASSETS OF OPERATIONS HELD FOR SALE	**7,347**	**7,076**

(in millions of euros)	June 30, 2016	December 31, 2015
Non-current liabilities	**899**	**864**
Employee benefits	527	456
Provisions for end-of-lifecycle operations	313	318
Other non-current provisions	2	2
Share in negative net equity of joint ventures and associates	0	30
Long-term borrowings	1	1
Deferred tax liabilities	56	57
Current liabilities	**4,341**	**4,457**
Current provisions	741	751
Current borrowings	3	156
Advances and prepayments received	1,686	1,692
Trade payables and other operating liabilities	1,884	1,821
Current tax liabilities	11	11
Other non-operating liabilities	16	26
TOTAL LIABILITIES OF OPERATIONS HELD FOR SALE	**5,240**	**5,320**

The amounts at June 30, 2016 include assets and liabilities of AREVA NP (excluding the OL3 project), AREVA TA, Nuclear Measurements and ADWEN.
The amounts at December 31, 2015 include assets and liabilities of AREVA NP (excluding the OL3 project), AREVA TA and Nuclear Measurements.

The assets and liabilities of the Solar Energy operations are reclassified in each item of the balance sheet as provided in IFRS 5 for operations that have ceased to be classified as "operations held for sale".

ADWEN contracts

Since ADWEN could find itself exposed to impacts from projects that have been or are being executed, AREVA agreed to provide it with certain guarantees in this regard in the agreement creating the ADWEN joint venture of March 2015.
In this regard, an amendment to the shareholders' agreement for the ADWEN joint venture, signed on June 17, 2016, has no short-term impact on AREVA's obligations; those guarantees continued to apply at June 30, 2016.

These are first and foremost guarantees relating to the past: deterioration of profit margins on projects in progress to supply turbines to GlobalTech One and Borkum West II. This guarantee was given without a financial cap for a period of five years as from the creation of the joint venture. Guarantees were also given for disputes, litigation and claims relating to operations prior to closing but unrelated to projects under execution, capped at 25 million euros for a period of 18 months.

Concerning future operations at the date of closing, AREVA will indemnify the joint venture for potential losses related to maintenance contracts for the Alpha Ventus, GlobalTech One and Borkum West II wind farms as well as for the future Wikinger project, up to the limit of 130 million euros and at 85% of this amount for a period of five years as from the commissioning of the turbines (except for Alpha Ventus, which is already in service). Moreover, AREVA will cover 100% of any manufacturing defects for the Wikinger project for five years as from commissioning, capped at 70 million euros.

At December 31, 2015, a provision of 340 million euros had been recognized to cover all of these guarantees. An additional sum of 56 million euros was set aside in the first half of 2016 to adjust the valuation of the risk for all guarantees given.

Final acceptance of the 80 wind turbines from GlobalTech One had not yet been given in the first half of 2016; discussions with the customer continue. The 80 turbines nonetheless fall under the machine warranty and maintenance contract according to an amendment dating from the end of December 2015.
A dispute with GlobalTech One began on June 1 at the latter's initiative, which asks for late charges concerning commissioning of the turbines in 2014-2015. The dispute was lodged with a Dispute Adjudication Board. ADWEN contests all of GlobalTech One's claims and submitted its defense on July 13, 2016.

AREVA Solar contracts

In accordance with the contract signed on January 16, 2016 by AREVA and its customer Reliance, the two parties ended their mutual obligations concerning contracts for the supply and maintenance of the 125 MW solar field built in Dhursar in the state of Rajasthan, India. In particular, AREVA received from its customer Reliance a certificate of project takeover dated February 19, 2016 and the return of guarantees that had been given by AREVA to its customer in connection with project execution.

AREVA NP contracts

FA3 contract

Concerning the progress of the reactor construction project, numerous milestones were met during the first half of 2016: the vessel closure head was introduced in the reactor building, the control rod drive mechanisms were delivered, welding of the primary cooling system was completed (minus one weld), and the installation of auxiliary piping was 99% complete for isometrics pre-fabrication (pipes), 50% for carbon pipe welding and close to 80% for stainless steel pipe welding.

The instrumentation and control system configuration was installed and finalized on site (equipment and programming), enabling cold tests to be carried out.

In addition, AREVA and EDF reached an agreement in the first half of 2016 on the terms of amendment no. 7 formalizing the update of the master schedule for the Flamanville 3 project. Notice of this amendment remains subject to the final consent of EDF's governing bodies.

Taishan contract

During the first half of 2016, the Taishan project met several major milestones in the cold testing program for unit 1, which began at the end of 2015, such as the hydraulic test of the primary cooling system, the start-up test of the primary pumps, the first batch of open-vessel tests and the containment test of the reactor building. The teams are fully mobilized for the start of hot tests in the second half of 2016.

Angra 3 contract

In the first half of 2016, the Angra 3 project continued in accordance with the program decided at the end of 2015 with the customer, Eletrobrás Eletronuclear.

Koeberg contract

A provision for losses at completion in the total amount of 41 million euros was recognized at December 31, 2015 for an export contract in the Reactors and Services field. An additional provision of 17 million euros for losses at completion was recognized at June 30, 2016 in order to take into account the postponement of the project completion date, due in particular to quality problems. Negotiations are in progress with the customer in order to redefine the contractual schedule and the payment of part of the excess costs.

AREVA TA contracts

Contracts for the design and construction of an experimental reactor

Work in the first half primarily reflected a program transition phase following the withdrawal of one of the contractors to which the CEA had awarded two contracts, upon mutual consent. An updated program schedule is being worked out for the different contractors. This does not call into question the group's financial exposure estimated at signature of the memorandum of agreement in July 2015. For the work itself, new milestones were successfully met.

NOTE 7 - GOODWILL, INTANGIBLE ASSETS, AND PROPERTY, PLANT AND EQUIPMENT

GOODWILL

(in millions of euros)	**December 31, 2015**	Increase	Disposals	Impairment	Currency translation adjustments and other	Discontinued operations	**June 30, 2016**
Mining	883				(15)		**868**
Front End	161						**161**
Back End	228						**228**
TOTAL	**1,272**				**(15)**		**1,257**

MINING

In view of conditions in the uranium market over the half year, an impairment test was performed at June 30, 2016.

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, from mining at existing mines to marketing of the corresponding products (i.e. until 2070), rather than on a base year. The value in use is determined by discounting estimated future cash flows at the rate of 9% (9.50% at December 31, 2015) and using an exchange rate of 1.11 at June 30, 2016 (1.09 at December 32, 2015).

Future cash flows were determined using the AREVA price forecasts to 2030, projected to 2070. 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 utilities'' procurement strategies). The price forecast was updated at June 30 to reflect 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 is highly sensitive to 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 9.50% rather than 9.00%: 247 million euros
- a euro/US dollar exchange rate of 5 eurocents higher (i.e. 1.16 instead of 1.11): 399 million euros
- uranium sales price assumptions of 5 dollars less per pound than the price forecast drawn up by AREVA for the entire 2015-2030 period: 293 million euros

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

In this respect, 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.

NET INTANGIBLE ASSETS

(in millions of euros)	December 31, 2015	Increase	Net increase in depreciation / Impairment*	Other changes	Currency translation adjustments	Discontinued operations	30 June 2016
Pre-mining expenses	**983**	9	(35)	14	34		**1,006**
R&D expenses	**47**	4	(2)	-	1		**50**
Mineral rights	**0**	0	(0)	-	-		**0**
Concessions and patents (excluding mines)	**367**	0	(10)	0	(0)		**358**
Software	**62**	(0)	3	(10)	(0)		**54**
Intangible assets in progress	**54**	15	0	(9)	(0)		**60**
Other	**134**	0	(9)	1	(0)		**126**
TOTAL	**1,648**	**28**	**(52)**	**(3)**	**34**		**1,654**

** Including 1 million euros in impairment of intangible assets recognized in the first half of the year*

At June 30, 2016, 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, 2015	Increase	Net increase in depreciation / Impairment*	Other changes	Currency translation adjustments	Discontinued operations	30 June 2016
Land	**79**	-	(0)	(3)	1		**77**
Buildings	**957**	1	(27)	(2)	6		**935**
Plant, equipment and tooling	**4,819**	14	(204)	(20)	18		**4,628**
End-of-lifecycle assets	**322**	-	(7)	138	(0)		**453**
Other	**306**	(0)	(29)	5	2		**285**
In process	**1,158**	211	(184)	(2)	9		**1,193**
TOTAL	**7,642**	**227**	**(451)**	**116**	**37**		**7,571**

** 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 project has been in “care and maintenance” status since the end of 2015. The project will restart when uranium market conditions permit.

Impairment of 194 million euros was recognized for certain assets devoted to the project (equipment and studies) at December 31, 2015.

In view of uranium market conditions, a test was performed at June 30, 2016, leading to impairment of 193 million euros based on their value in use; this was determined by discounting estimated future cash flows at the rate of 11% (11.50% at December 31, 2015) and using a euro/US dollar exchange rate of 1.11 at June 30, 2016 (1.09 at December 31, 2015).
After recognition of that impairment, the net carrying amount of the Imouraren project’s property, plant and equipment and intangible assets was amounted to 488 million euros at June 30, 2016 (compared with 692 million euros at December 31, 2015).

MINING ASSETS IN NAMIBIA - TREKKOPJE

At June 30, 2016, the carrying amount of Trekkopje's intangible assets and property, plant and equipment includes the mining infrastructure and the desalination plant infrastructure.

Additional impairment in the amount of 10 million euros was recognized on those assets at June 30, 2016, versus 22 million euros at December 31, 2015, based on their fair value per pound of uranium resources in the ground.

AREVA has begun discussions with NamWater for the sale of the desalination plant; its value in use was tested separately from that of the mining infrastructure. The desalination plant's value in use was justified based on an updated business plan using a discount rate of 7% (7.50% at the end of 2015).

After recognition of that impairment, the net carrying amount of the Trekkopje project's property, plant and equipment and intangible assets was 239 million euros (compared with 256 million euros at December 31, 2015).

COMURHEX II PLANT

Impairment tests carried out in previous years on property, plant and equipment under construction for the Comurhex II uranium conversion plant had led to the write-down in full of capitalized amounts at December 31, 2014, i.e. 811 million euros (including a charge of 599 million euros in 2014).

A review of market conditions and of the supply and demand situation led to the decision to no longer consider the extension of the plant's production capacity from 15,000 metric tons to 21,000 metric tons. Sales prices and volumes produced were also revised to take into account the latest market price trends, contracts under negotiation and conversion market forecasts. In addition, the cost of construction at completion for the first phase of the plant was raised by 66 million euros in 2015.

The impairment test performed at June 30, 2016 shows that the value in use of property, plant and equipment under construction – valued at June 30, 2016 using a discount rate of 6.25% (compared with 6.50% at December 31, 2015), a euro/US dollar exchange rate of 1.1102 corresponding to the rate at June 30, 2016, and unit sales price assumptions for conversion resulting from AREVA's mid- and long-term forecasts for supply and demand – was used to justify their net carrying amount, which is equal to the amounts capitalized at June 30, 2016, i.e. 153 million euros.

The result of the impairment test at June 30, 2016 remains sensitive to the assumptions used, in particular the euro / US dollar exchange rate, long-term sales prices and volumes sold. Using a euro/US dollar exchange rate of 1.15 instead of 1.11 would result in a reduction of the value in use of 74 million euros and would lead to a write-down of 40 million euros.

On that basis, no write-down or recapture of write-down was recognized at June 30, 2016.

NOTE 8 - END-OF-LIFE-CYCLE OPERATIONS

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

ASSETS *(in millions of euros)*	**June 30, 2016**	**December 31, 2015**	**LIABILITIES AND EQUITY**	**June 30, 2016**	**December 31, 2015**
Assets earmarked for end-of-lifecycle operations	**6,035**	6,300	Provisions for end-of-lifecycle operations	**7,119**	6,921
- End-of-lifecycle assets – third party share (1)	*167*	*178*	*- funded by third parties (1)*	***167***	*178*
- Assets earmarked for end-of-lifecycle operations (2)	*5,868*	*6,122*	*- funded by AREVA*	***6,952***	*6,743*

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, 2016**	**December 31, 2015**
Dismantling of nuclear facilities	5,139	4,939
Waste retrieval and packaging	1,980	1,982
Provisions for end-of-lifecycle operations	**7,119**	**6,921**

Provisions for end-of-lifecycle operations rose 198 million euros in the first half of 2016, chiefly due to the change in financial assumptions (discount rate for facilities located in France).

The discount rate is selected based on long-term bond yields corresponding to maturities comparable to those of the liabilities in order to take into account long-term rate trends consistent with disbursements in the distant future.
The selected discount rate must also comply with a regulatory cap defined by decree and administrative order.
At June 30, 2016, the maximum regulatory rate, a sliding 10-year average of the 30-year constant maturity rate (TEC30) plus 1%, was 4.5%.

The discount rate used at June 30, 2016 was 4.25%, a decrease of 0.25 basis points compared with the rate of 4.50% used at December 31, 2015. This downward revision resulted from a lasting change over the medium and long terms of market rates for bonds issued by the French State and by private companies in the eurozone with an investment grade rating.

Changes in the discount rate at the end of June 2016, which stood at 4.25% compared with 4.50% at the end of December 2015, and in the long-term inflation rate, which was 1.65% versus 1.75% at the end of December 2015, generated an increase of 207 million euros, offsetting 138 million euros in end-of-lifecycle assets and 69 million euros in net financial income.
The other changes, i.e. (9) million euros, are primarily due to reversals used (-116 million euros), the effects of discounting reversals (+95 million euros) and changes in estimates (+13 million euros).

The impact on provisions for end-of-lifecycle operations of a change in the discount rate of +/- 10 basis points (4.35% or 4.15%) would be a change in the provision of -133 million euros of +146 million euros respectively, based on an assumption of unchanged long-term inflation.

ASSETS EARMARKED FOR END-OF-LIFECYCLE OPERATIONS

(in millions of euros)	**June 30, 2016**	**December 31, 2015**
End-of-lifecycle assets - third party share	167	178
Receivables related to end-of-lifecycle operations	749	739
Earmarked assets	5,119	5,383
Total	**6,035**	**6,300**

The assets earmarked for end-of-lifecycle operations fell 265 million euros in the first half of 2016 due to deductions to finance the costs of dismantling and the drop in value of the portfolio of financial instruments related 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 for 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 ratio of earmarked assets to liabilities for the scope covered by the law of 2006 went from 95% at December 31, 2015 to 89% at June 30, 2016. In 2015, AREVA requested additional time to return to a coverage ratio of 100% from the administrative authority.

NOTE 9 - INFORMATION ON JOINT VENTURES AND ASSOCIATES

INVESTMENTS IN ASSOCIATES AND JOINT VENTURES

Carrying amount

(in millions of euros)	**June 30, 2016**	**December 31, 2015**
Joint Ventures		
ADWEN	**-**	**74**
Other joint ventures	**25**	**23**
Total joint ventures	**25**	**97**
Associates		
Total associates	**4**	**3**
Total	**29**	**100**

The ADWEN joint venture is classified in assets held for sale at June 30, 2016 (see note 6).

SHARE IN NEGATIVE NET EQUITY OF JOINT VENTURES AND ASSOCIATES

Liability

(in millions of euros)	June 30, 2016	December 31, 2015
Joint Ventures		
ETC	70	59
Total joint ventures	**70**	**59**

SHARE IN NET EQUITY OF JOINT VENTURES AND ASSOCIATES

(in millions of euros)	1st half 2016	1st half 2015	2015
Joint Ventures			
ETC	(1)	(1)	4
ADWEN	(14)	(10)	(26)
Other joint ventures	3	-	0
Total joint ventures	**(12)**	**(11)**	**(22)**
Associates	**1**	**-**	**1**
Total	**(11)**	**(11)**	**(21)**

NOTE 10 - OTHER NON-CURRENT ASSETS

(in millions of euros)	June 30, 2016	December 31, 2015
Available-for-sale securities	36	41
Loans to associates	231	370
Derivatives on financing activities	90	123
Other non-current financial assets	23	24
Other non-current non-financial assets	15	15
Total	**395**	**573**

Loans to affiliates mainly concern ADWEN.

NOTE 11 - CASH AND CASH EQUIVALENTS

(in millions of euros)	June 30, 2016	December 31, 2015
Cash and current accounts	341	336
Cash equivalents	1,717	468
Net	**2,058**	**804**

Cash equivalents consist chiefly of short-term marketable securities and mutual funds. The increase in cash at June 30, 2016 primarily relates to draws on bilateral lines of credit in the amount of 795 million euros maturing in 2017, and a draw on a syndicated line of credit in the amount of 1.250 billion euros maturing in January 2018.

At June 30, 2016, the amount of cash and cash equivalents not available to the group amounted to 63 million euros (versus 78 million euros at December 31, 2015):

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

NOTE 12 - EMPLOYEE BENEFITS

The group used a discount rate of 1.40% in the eurozone to value liabilities related to employee benefits, a drop of 75 basis points in relation to December 31, 2015.

This rate is set in consideration of several pertinent indicators, the main one being the group's IAS19 overall coordinating actuary curve, supplemented by a basket of high-quality corporate bonds from issuers in the eurozone with comparable maturities.

After factoring in other changes in assumptions, whether financial, such as long-term inflation in the eurozone, as well as experience differences and yields on earmarked assets, other items of comprehensive income were adjusted by a net charge of 96 million euros, in accordance with the provisions of amended IAS 19.

NOTE 13 - OTHER PROVISIONS

(in millions of euros)	**December 31, 2015**	Charge*	Reversal (when risk has materialized)	Reversal (when risk has not materialized)	Other changes	Discontinued operations	**June 30, 2016**
Restoration of mining sites and mill decommissioning	238	6	(4)		6		**247**
Provision for site clean-up and reclamation of other industrial sites	-						**-**
Other non-current provisions	**238**	**6**	**(4)**		**6**		**247**
Restructuring and layoff plans	243	8	(30)		16		**237**
Provisions for ongoing cleanup	29		6		(11)		**23**
Provisions for customer guarantees	4						**4**
Provisions for losses at completion	1,810	121	(250)	(6)	1		**1,675**
Accrued costs	1,030	127	(23)	(1)	1		**1,133**
Other	874	109	(34)	(201)	(16)		**732**
Current provisions	**3,990**	**366**	**(332)**	**(208)**	**(10)**		**3,805**
TOTAL PROVISIONS	**4,228**	**372**	**(336)**	**(208)**	**(4)**		**4,052**

*** Including a discount reversal of 50 million euros**

At December 31, 2015 and June 30, 2016, other provisions include in particular:

- provisions for disputes;
- provisions for tax risks;
- provisions for fines and penalties;
- provisions for expenses related to work preparatory to the shutdown of certain nuclear facilities;
- provisions for contract risks.

Industrial equipment supply contract

At December 31, 2015, a provision of 40 million euros was set up for a supply contract concerning industrial equipment whose use in the current market situation is still under review. No tangible item calls into question this provision at June 30, 2016.

Contracts of the bioenergy operations

Given AREVA's position in the bioenergy field, which is not optimal, and the difficulties of this business segment in several markets in which AREVA is present, the group made the decision last February to withdraw from this business.

The withdrawal will be in stages, once AREVA has fulfilled its remaining contractual obligations, in particular the completion of the GIFT projects in the Philippines and Commentry in France. Following the announced withdrawal, various disputes were begun against the Brazilian entity. All of the commercial disputes and litigation underway in Brazil was reassessed, and additional provisions were set up at June 30, 2016.

Provision related to the sale of AREVA NP

The "other provisions" line includes a provision of 180 million euros at December 31, 2015 for the expected costs of the transfer of the OL3 contract from AREVA NP to AREVA SA. This provision was reversed at June 30, 2016 (see notes 1 and 3) in view of the changed conditions for the sale of AREVA NP.

PROVISIONS FOR RESTRUCTURING AND REDUNDANCY PLANS

Provisions for restructuring and redundancy plans represent the best estimate of the costs to be effectively borne in connection with staff reduction plans constituting the social component of the group's competitiveness plan. They correspond to the different components of these plans, including in particular age-related measures (early retirement), external departures, and the tax for revitalization of labor pools in France. In accordance with the accounting rules, no provision is set up for the costs of internal mobility.

For the plans undertaken in the six French companies, 1,800 departures were recorded with regard to support measures under the Voluntary Departure Plans in addition to 760 departures by natural attrition or in connection with contractual plans for which provisions had already been set aside. The 2,600 total departures at June 30, 2016 exceed the staff turnover objective of 2,400 net job losses for France.

Despite significant progress on the plans to date, staff departures will be spread out until the end of 2019.
At June 30, 2016, the planned provision to cover all staff departure costs was reduced by the costs already committed.

PROVISIONS FOR LOSSES AT COMPLETION

Contract for construction of the Olkiluoto 3 EPR
Construction of the Olkiluoto 3 EPR made good progress in the first half of 2016, meeting critical path milestones, although delays were recorded on subcritical tasks. The key milestones met were:

- Submittal of the operating license application (OLA) in April 2016.

Operating tests of the TXP cabinets starting in January 2016 until March 2016 to ensure the start of process tests beginning in April 2016.

- Continuation of electromechanical installation activities in the first half of 2016, in particular electricity/instrumentation and control system.
- Completion of the piping installation project.
- Confirmation of the reactor vessel flushing sequence to begin in October 2016, ahead of current schedule estimates by six weeks.

Operationally, the project still gives rise, and has for several years, to constant and significant disagreements with the customer TVO, mostly because of the manner in which the latter applies the contract and does not comply with its operational obligations as the future nuclear operator of this reactor. This way of functioning remains an important disruptive factor in the final stages of reactor construction, testing and commissioning, which require close cooperation with the customer and gradual turnover of the plant to the latter two years before core loading.

Numerous discussions were held with TVO over the first half of the year to try to develop a joint plan for completing the installation and confirming the project schedule. This attempt at cooperation was unsuccessful and the discussions between the parties are presently suspended.

The main reason for disagreement concerns the procedures associated with the planned transfer of the AREVA NP contract to AREVA SA in connection with the restructuring of the French nuclear industry. In the absence of an agreement, the project therefore remains unchanged in its contractual form, but its environment will evolve over time with the transfer of other AREVA NP activities to another structure, except for the project and the resources necessary for its execution until completion.

On a legal level, the AREVA-Siemens consortium continues to exercise its rights in connection with arbitration proceedings initiated in 2008.

The consortium’s claim for compensation for damages concerns a total amount of 3.5 billion euros. No income has been recognized in respect of this claim. TVO’s claim against the consortium amounts to approximately 2.3 billion euros. No provision has been constituted in respect of this claim. In fact, the consortium and its counsel still believe that the allegations of intentional gross negligence set out by TVO in its claim against the consortium remain unfounded. In accordance with the schedule for the arbitral proceeding, substantive hearings on the dispute took place over the first half of the year and will give rise in the second part of the year to expert statements based on witness depositions. The arbitration court’s final decision is not expected before the end of 2017.

On an accounting level, AREVA still considers that it does not have the ability to value with sufficient reliability the costs at completion of the reactor testing and commissioning phases until completion of the project, as the valuation remains highly dependent on the degree of the customer’s cooperation and its compliance with its operational obligations. This cost category is termed “undiscernible”.

However, except for the costs identified above, AREVA is still able to assess the amount of the costs to be incurred to complete the reactor's construction. These types of costs are called “reliable”.

With this background, and in accordance with the provisions of paragraph 32 of IAS 11, AREVA stopped recognizing contract revenue and costs based on the percentage of completion method; it now uses the following recognition methods:

- Revenue recognized in respect of the contract is stabilized at the level reached at June 30, 2013.
- Contract costs are expensed as incurred; only costs in the “reliable” categories that effectively contribute to the reactor's physical completion are charged against the provision for losses at completion for the contract. They

totaled 198 million euros for the first half of 2016. “Undiscernible” costs recorded directly in expenses because they did not contribute to the project's progress amounted to 18 million euros for the half-year.

- Costs at completion are updated for the half-year and year-end closings. For the first half of 2016, costs at completion rose 47 million euros compared with that at the closing of the 2015 financial statements. This increase is due to (i) excess operating costs incurred over the half-year and (ii) the net impact of the renouncement of the concessions proposed to transfer the contract and the related risks of excess costs to the new organizational framework planned for the project. The loss at completion recognized at June 30, 2016 rose 41 million euros and is brought to 5.5 billion euros.
- Despite the unsuccessful contract discussions with the customer, the return to the percentage of completion method for recognizing project revenue will be examined in the second half of the year as measured against the “completion plan 2.0” in the process of being finalized with the help of the customer, which should clarify the phases for carrying out tests until commissioning of the facility.

Purchase contract for separative work units (SWU)

In light of persistently stagnant enrichment market prices, a provision in the amount of 50 million euros was constituted at December 31, 2015 for a SWU purchase contract, since firm commitments on sales prices made under this contract do not appear to be matched by the market price outlook for the period in question.

New firm sales contracts have been signed since December 31, 2015 and will be served by these purchases. Consequently, the provision calculated for these purchases was completely reversed at June 30, 2016. In return, additional provisions for losses at completion were set aside insofar as the sales prices hoped for from these new contracts are lower than the purchase prices for these supply contracts.

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 (Back End BG) and at the Tricastin and Malvési sites (Front End BG) in connection with contracts for which revenue was recognized in the past, and the corresponding costs were expensed in offset to that provision. For the Back End BG, the services mainly concern work to retrieve, package, ship and dispose of technological waste related to MOX fabrication or to the pool storage of used fuel; for the Front End BG, they concern work involving nitrate effluent and dust treatment. At June 30, 2016, these future services amounted to 671 million euros for the Back End BG and 403 million euros for the Front End BG (versus 595 million euros and 377 million euros respectively at December 31, 2015).

NOTE 14 - BORROWINGS

(in millions of euros)	Non-current borrowings	Current borrowings	June 30, 2016	December 31, 2015
Interest-bearing advances	134	0	**134**	96
Borrowings from lending institutions and commercial paper	2,002	684	**2,685**	894
Bond issues*	4,970	1,088	**6,058**	5,974
Short-term bank facilities and non-trade current accounts (credit balances)	-	69	**69**	91
Financial derivatives	168	46	**214**	235
Miscellaneous debt	54	2	**56**	55
Total Borrowings	**7,328**	**1,887**	**9,215**	**7,344**
Including leasing obligations	*1*	*1*	*2*	***4***

* after hedging of the interest rate risk

Borrowings from lending institutions and commercial paper at June 30, 2016 include:

- commercial paper outstanding in the amount of 4 million euros;
- an amortizable syndicated loan from 10 banks maturing in 2024 in the amount of 604 million euros (initial amount of 650 million euros).
- draws on bilateral lines of credit in the amount of 795 million euros maturing in 2017, and a draw on a syndicated line of credit in the amount of 1.250 billion euros maturing in January 2018.

BOND ISSUES

Issue date	*Balance sheet value (in millions of euros)*	*Currency*	*Nominal (in currency millions)*	*Nominal rate*	*Maturity*
September 23, 2009	*968*	*EUR*	966	*3.875%*	*2016*
September 23, 2009	*1,032*	*EUR*	1,000	*4.875%*	*2024*
November 06, 2009	*772*	*EUR*	750	*4.375%*	*2019*
September 22, 2010	*771*	*EUR*	750	*3.5%*	*2021*
October 5, 2011	*397*	*EUR*	398	*4.625%*	*2017*
March 14, 2012	*399*	*EUR*	400	*4.625%*	*2017*
April 4, 2012	*198*	*EUR*	200	*TEC10+2.125%*	*2022*
September 4, 2013	*536*	*EUR*	500	*3.25%*	*2020*
September 20, 2013	*70*	*JPY*	8,000	*1.156%*	*2018*
March 20, 2014	*795*	*EUR*	750	*3.125%*	*2023*
Total	**5,939**				

GUARANTEES AND COVENANTS

The 650-million-euro syndicated loan 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 includes a covenant allocating cash flows to debt service which subordinates payments to AREVA SA (dividends and loan repayments) from Société d'enrichissement du Tricastin.

NOTE 15 - 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	**17,046**	**10,801**	**1,000**		**4,575**	**580**	**90**	**6,417**
Goodwill on consolidated companies	1,257	1,257						
Intangible assets	1,654	1,654						
Property, plant and equipment	7,571	7,571						
End-of-lifecycle assets (third party share)	167	167						
Assets earmarked for end-of-lifecycle operations	5,868		749		4,539	580		6,040
Investments in joint ventures and associates	29	29						
Other non-current financial assets	395	17	251		36		90	377
Deferred tax assets	105	105						
Current assets	**12,928**	**9,676**	**1,762**	**1,427**			**70**	**3,259**
Inventories and work-in-process	1,321	1,321						
Trade accounts receivable and related accounts	863	233	630					630
Other operating receivables	955	647	241				67	307
Current tax assets	49	49						
Other non-operating receivables	231	71	160					160
Cash and cash equivalents	2,058		631	1,427				2,059
Other current financial assets	103		100				3	103
Discontinued assets and operations	7,347	7,347						
Total assets	**29,973**	**20,470**	**2,762**	**1,427**	**4,575**	**580**	**160**	**9,676**

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: If a market for a financial instrument is not active, valuation based on readily observed market inputs
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	**5,101**	**308**	**7**	**5,416**
Assets earmarked for end-of-lifecycle operations	5,101	189		5,291
Other non-current financial assets		119	7	126
Current assets	**1,427**	**70**		**1,497**
Other operating receivables		67		67
Cash and cash equivalents	1,427			1,427
Other current financial assets		3		3
Total assets	**6,529**	**378**	**7**	**6,914**

Analysis of assets in the level 3 category

(in millions of euros)	Amount at December 31, 2015	Increase	Disposals	Other	Amount at June 30, 2016
Other non-current financial assets	12	1		(6)	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	**(2 912)**	**(2 912)**				
Share capital	1,456	1,456				
Consolidated premiums and reserves	(3,917)	(3,917)				
Actuarial gains and losses on employee benefits	(446)	(446)				
Deferred unrealized gains and losses on financial instruments	(82)	(82)				
Currency translation reserves	(21)	(21)				
Minority interests	98	98				
Non-current liabilities	**16,292**	**8,965**	**7,160**		**168**	**6,501**
Employee benefits	1,529	1,529				
Provisions for end-of-lifecycle operations	7,119	7,119				
Other non-current provisions	247	247				
Share in negative net equity of joint ventures and associates	70	70				
Long-term borrowings	7,328		7,160		168	6,501
Deferred tax liabilities	-	-				
Current liabilities	**16,593**	**12,787**	**3,610**		**196**	**3,806**
Current provisions	3,805	3,805				
Current borrowings	1,887		1,842		46	1,887
Advances and prepayments received	2,794	2,794				
Trade accounts payable and related accounts	777	10	767			767
Other operating liabilities	1,934	902	881		151	1,032
Current tax liabilities	31	31				
Other non-operating liabilities	123	4	120			120
Liabilities of operations held for sale	5,240	5,240				
Total liabilities and equity	**29,973**	**18,840**	**10,769**		**364**	**10,306**

(in millions of euros)	Level 1	Level 2	Level 3	TOTAL
Non-current liabilities		**168**		**168**
Long-term borrowings		168		168
Current liabilities		**196**		**196**
Current borrowings		46		46
Other operating liabilities		151		151
Total liabilities		**364**		**364**

NOTE 16 - TRANSACTIONS WITH RELATED PARTIES

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

Transactions between the group and the CEA are as follows:

(in millions of euros)	CEA	
	June 30, 2016	**December 31, 2015**
Sales	219	582
Purchases	40	92
Loans to/receivables from related parties	950	962
Borrowings from related parties	214	185

Transactions between the continuing operations and the CEA are as follows:

(in millions of euros)	CEA	
	June 30, 2016	**December 31, 2015**
Sales	100	257
Purchases	32	73
Loans to/receivables from related parties	861	877
Borrowings from related parties	186	153

Transactions between the group and ADWEN are as follows:

(in millions of euros)	ADWEN	
	June 30, 2016	**December 31, 2015**
Loans to/receivables from related parties	141	142
Borrowings from related parties	-	-

AREVA buys centrifuges from ETC for the new Georges Besse II enrichment plant, which is also maintained by ETC. AREVA's equipment purchases from ETC totaled 1 million euros in the first half of 2016.

Relations with government-owned companies

The group has business relationships with government-owned companies, in particular EDF and the CEA (Commissariat à l'énergie atomique et aux énergies alternatives).

Transactions with EDF concern the front end of the nuclear fuel cycle (uranium sales and conversion, enrichment and fuel fabrication services), the back end of the cycle (used fuel transportation, storage, treatment and recycling services), power plant maintenance and equipment sales.

Transactions with the CEA concern dismantling work on the CEA's nuclear facilities, engineering services for the design, construction and operating support of/to the CEA's research reactors, and the provision of studies and research work. In addition, AREVA pays fees to the CEA for the use of its used nuclear fuel reprocessing processes.

The group also provides services to the CEA, including studies and research work and cleanup and dismantling services, and has two contracts for the design and construction of an experimental reactor.

NOTE 17 - COMMITMENTS GIVEN OR RECEIVED

(in millions of euros)	June 30, 2016	December 31, 2015
COMMITMENTS GIVEN	**3,014**	**3,022**
Operating commitments given	*2,285*	**2,487**
• *Contract guarantees given*	*2,069*	***2,251***
• *Other operating guarantees*	*216*	***235***
Commitments given on financing	634	**428**
Other commitments given	95	**108**
COMMITMENTS RECEIVED	**2,350**	**2,705**
Operating commitments received	2,260	**2,613**
Commitments received on collateral	2	**3**
Other commitments received	86	**89**
RECIPROCAL COMMITMENTS	**1,955**	**2,915**

The amounts above only reflect commitments that the group considers valid at the date of closing. Accordingly, they include the off-balance-sheet commitments of operations held for sale, but do not include construction contracts for which the group is currently in negotiation.

Commitments given

The group gave a parent company commitment to its customer TVO for the execution of contractual obligations for the construction of an EPR in Finland. The group received a counter guarantee from Siemens in the amount of its share in the contract with TVO. The commitment given by the group corresponds to the amount of the contract, unless TVO succeeds in demonstrating the existence of a serious and intentional offence by the supplier. TVO has called on this commitment several times, and the group rejected these calls. No value concerning these guarantees was included in the previous table.

Reciprocal commitments

On January 4 and 5, 2016, the group made the following draws on the confirmed lines of credit:

- 1.25 billion euros on the revolving syndicated line of credit set up in January 2013 and maturing in January 2018, and
- 795 million euros on bilateral lines of credit, all of which expire in 2017.

In addition, the group signed a bridging loan agreement on April 28, 2016 maturing on January 20, 2017 in the amount of 1.2 billion euros which had not been used at June 30, 2016.

NOTE 18 - POTENTIAL LITIGATION AND LIABILITIES

Olkiluoto 3 EPR power plant (OL3) (dispute concerning AREVA NP)

On December 5, 2008, the AREVA-Siemens consortium initiated arbitration proceedings with the ICC on account of delays and disruptions suffered in the performance of the contract and the resulting additional costs incurred ("D&D Claim"). In July 2012, the Court of Arbitration rendered a final partial verdict enjoining TVO to release 100 million euros (plus interest) due to the AREVA-Siemens consortium and retained in contravention of the contractual provisions. This decision was duly executed by TVO.

As of June 2016, after more than seven years of legal proceedings (exchanges of briefs by the parties and intermediate audiences with the arbitration court), the parties' respective claims amounted to approximately 3.5 billion euros for the consortium (on sections 1 and 2 of its claim, covering the start of the project to September 2014) and 2.3 billion euros for TVO. The proceeding is following its course.

The consortium and its counsel still consider the allegations of serious/intentional offense made in TVO's counterclaim to be unfounded.

UraMin case
Following the preliminary inquiry led by the French national financial prosecutor’s office, two judicial inquiries against persons unknown were opened concerning the conditions of the acquisition of UraMin and the presentation of the company’s financial statements relative to this purchase from 2009 to 2012.
In response to the subpoena received from the court, AREVA brought an independent action for damages in connection with the investigation of the UraMin acquisition.

CFMM
A request for arbitration was submitted to the International Chamber of Commerce on July 28, 2014 against the CFMM company by a partner, Mr. Georges Arthur Forrest, in which the petitioner challenges the decision of the General Meeting of Shareholders on June 24, 2013 to liquidate ArevExplo RCA. CFMM has submitted counterclaims in response to this petition. An arbitration tribunal has been constituted and the proceeding, which is to take place in 2015 and 2016, is expected to result in a decision in 2017.

PALUEL 2
After a used steam generator fell on March 31, 2016 as part of replacement operations of the latter, EDF initiated a court-ordered appraisal to determine the circumstances of the loss and the potential responsibilities of members of the short-term joint venture constituted by AREVA NP and three other companies to which the contract for steam generator replacement had been awarded.

GLOBAL TECH ONE
Based on alleged breaches of ADWEN in connection with the supply of offshore wind turbines in the German North Sea, GT1 initiated an adjudication proceeding against ADWEN and AREVA SA (joint and several guarantor of commitments made by ADWEN) with the Dispute Adjudication Board constituted by the parties. The adjudication decision, which is contractually binding on the parties, is expected at the end of 2016. The parties may contest the decision by initiating arbitration under the aegis of Germany’s arbitration center, the Deutsche Institution für Schiedsgerichtsbarkeit, as provided by the contract.

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

NOTE 19 - EVENTS SUBSEQUENT TO THE END OF THE PERIOD

AREVA and the industrial group MIRION completed the sale of Canberra on July 1, 2016 (see notes 1 and 6).

On July 13, 2016, an explosion occurred in one of the six blast furnaces located in a facility of AREVA NP's metallurgy plant in Ugine, France. The facility was evacuated and no employee was injured. Part of the buildings in which these furnaces are located was damaged. A fire broke out right away and was brought under control. The impacts are being estimated.

On July 19, the European Commission announced that it had opened an “in-depth inquiry” on the financing of the AREVA group’s restructuring by the French State (see note 1).

AREVA and EDF signed a new memorandum of understanding on July 28 (see note 1).

NOTE 20 - TRANSITION OF 2015 FINANCIAL STATEMENTS AS REPORTED TO RESTATED 2015 FINANCIAL STATEMENTS

This note recapitulates the main impacts of the adoption of IFRS 5 on the financial statements for the first half of 2015.

Transition of income statement as reported to restated income statement

(in millions of euros)	**1st half 2015 Reported**	*IFRS 5 adjustments*	**1st half 2015 Restated**
Revenue	**1,930**	**(81)**	**1,849**
Other income from operations	8		8
Cost of sales	(1,690)	66	(1,624)
Gross margin	**248**	**(15)**	**233**
Research and development expenses	(55)	1	(54)
Marketing and sales expenses	(30)	4	(26)
General and administrative expenses	(97)	9	(88)
Other operating expenses	(76)	(1)	(77)
Other operating income	17	(2)	15
Operating income	**7**	**(3)**	**4**
Share in net income of joint ventures and associates	(11)		(11)
Operating income after share in net income of associates and joint ventures	**(4)**	**(3)**	**(7)**
Income from cash and cash equivalents	11		11
Gross borrowing costs	(101)		(101)
Net borrowing costs	**(90)**		**(90)**
Other financial expenses	(200)	2	(198)
Other financial income	244	-	244
Other financial income and expenses	**44**	**2**	**46**
Net financial income	**(46)**	**2**	**(44)**
Income tax	**(15)**	**(46)**	**(61)**
Net income from continuing operations	**(65)**	**(46)**	**(111)**
Net income after tax from operations sold, discontinued or held for sale	(146)	46	(100)
Net income	**(211)**		**(211)**
Including:			
Group:			
Net income from continuing operations	(62)	(67)	(129)
Net income from operations sold, discontinued or held for sale	(144)	67	(77)
Net income attributable to owners of the parent	**(206)**		**(206)**
Minority interests:			
Net income from continuing operations	(3)	21	18
Net income from operations sold, discontinued or held for sale	(2)	(21)	(23)
Net income attributable to minority interests	**(5)**		**(5)**
Number of shares outstanding	383,204,852		383,204,852
Average number of shares outstanding	383,204,852		383,204,852
Average number of treasury shares	906,852		906,852
Average number of shares outstanding, excluding treasury shares	382,298,000		382,298,000
Earnings per share from continuing operations (in euros)	-0.16		-0.34
Basic earnings per share	-0 54		-0.54
Diluted earnings per share	-0 54		-0.54

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

(in millions of euros)	**1st half 2015 Reported**	*IFRS 5 adjustments*	**1st half 2015 Restated**
Net income	**(211)**		**(211)**
Items not recyclable to the income statement	**(174)**		**(174)**
Actuarial gains and losses on the employee benefits of consolidated companies	188	(11)	177
Income tax related to non-recyclable items	(54)	5	(49)
Share in non-recyclable items from joint ventures and associates, net of tax	(7)		(7)
Non-recyclable items related to operations sold, discontinued or held for sale, net of tax	48	5	53
Items recyclable to the income statement	**106**		**106**
Currency translation adjustments on consolidated companies	104	1	105
Change in value of available-for-sale financial assets	144	1	145
Change in value of cash flow hedges	(51)	1	(50)
Income tax related to recyclable items	(41)	(2)	(43)
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	(50)	(1)	(51)
Total other items of comprehensive income (net of income tax)	**280**		**280**
Comprehensive income	**69**		**69**
- Attributable to equity owners of the parent	66		66
- Attributable to minority interests	4		4

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

(in millions of euros)	1st half 2015 Reported	*IFRS 5 adjustments*	1st half 2015 Restated
Net income for the period	**(211)**		**(211)**
Less: income from operations sold, discontinued or held for sale	146	(46)	100
Net income from continuing operations	**(65)**	**(46)**	**100**
(Profit) / loss of joint ventures and associates	11		11
Net amortization, depreciation and impairment of PP&E and intangible assets and marketable securities maturing in more than 3 months	302	(1)	301
Goodwill impairment losses	-		-
Net increase in (reversal of) provisions	(140)	(78)	(218)
Net effect of reverse discounting of assets and provisions	127	(0)	126
Income tax expense (current and deferred)	15	46	61
Net interest included in borrowing costs	84		84
Loss (gain) on disposals of fixed assets and marketable securities maturing in more than 3 months; change in fair value	(107)		(107)
Other non-cash items	8		8
Dividends from joint ventures and associates	1		1
Cash flow from operations before interest and taxes	**235**	**(80)**	**155**
Net interest received (paid)	(30)	0	(30)
Income tax paid	(52)	2	(50)
Cash flow from operations after interest and tax	**153**	**(78)**	**75**
Change in working capital requirement	491	(162)	329
NET CASH FROM OPERATING ACTIVITIES	**644**	**(240)**	**404**
Investment in PP&E and intangible assets	(341)	5	(336)
Loans granted and acquisitions of non-current financial assets	(1,667)		(1,667)
Acquisitions of shares of consolidated companies, net of acquired cash	-		-
Disposals of PP&E and intangible assets	13	(6)	7
Loan repayments and disposals of non-current financial assets	1,619	(0)	1,618
Disposals of shares of consolidated companies, net of disposed cash	-		-
NET CASH USED IN INVESTING ACTIVITIES	**(376)**	**(1)**	**(377)**
Share issues in the parent company and share issues subscribed by minority shareholders in consolidated subsidiaries	-		-
Treasury shares sold/(acquired)	(1)		(1)
Transactions with minority interests	-		-
Dividends paid to minority shareholders of consolidated companies	(47)		(47)
Increase in borrowings	(314)	1	(313)
NET CASH USED IN FINANCING ACTIVITIES	**(362)**	**1**	**(361)**
(Increase) decrease in securities recognized at fair value through profit and loss	35		35
Impact of foreign exchange movements	20	(2)	18
NET CASH FROM OPERATIONS SOLD, DISCONTINUED OR HELD FOR SALE	**(255)**	**243**	**(11)**

CHANGE IN NET CASH	**(293)**	**(293)**
Net cash at the beginning of the year	**1,556**	**1,556**
Net cash at the end of the year	**1,263**	**1,263**