CONDENSED CONSOLIDATED HALF-YEAR FINANCIAL STATEMENTS AT 30 JUNE 2016

Consolidated income statements

(in millions of Euros)	Notes	H1 2016	H1 2015 [(1)]
Sales	5	36,659	38,873
Fuel and energy purchases		(18,764)	(19,972)
Other external expenses		(3,991)	(4,082)
Personnel expenses		(6,333)	(6,401)
Taxes other than income taxes		(2,727)	(2,674)
Other operating income and expenses	6	4,100	3,403
Operating profit before depreciation and amortisation		**8,944**	**9,147**
Net changes in fair value on Energy and Commodity derivatives, excluding trading activities		(77)	24
Net depreciation and amortisation		(3,916)	(4,375)
Net increases in provisions for renewal of property, plant and equipment operated under concessions		(15)	(55)
(Impairment)/reversals	7	(300)	(474)
Other income and expenses	8	(124)	269
Operating profit		**4,512**	**4,536**
Cost of gross financial indebtedness		(953)	(1,086)
Discount effect	9	(1,367)	(1,409)
Other financial income and expenses		1,096	1,347
Financial result	9	**(1,224)**	**(1,148)**
Income before taxes of consolidated companies		**3,288**	**3,388**
Income taxes	10	(960)	(985)
Share in net income of associates and joint ventures	13	(162)	201
GROUP NET INCOME		**2,166**	**2,604**
EDF net income		**2,081**	**2,514**
Net income attributable to non-controlling interests		**85**	**90**
Earnings per share (EDF share) in Euros:			
Earnings per share		**0.88**	**1.14**
Diluted earnings per share		**0.88**	**1.14**

(1) EDF Energy's transactions on the wholesale electricity markets (excluding trading activities), which showed a net short position at 30 June 2015, were reclassified in 2015 from energy purchases to sales in the amount of €477 million.

Consolidated statements of comprehensive income

(in millions of Euros)	H1 2016 EDF net income	H1 2016 Net income attributable to non-controlling interests	H1 2016 Total	H1 2015 EDF net income	H1 2015 Net income attributable to non-controlling interests	H1 2015 Total
Group net income	**2,081**	**85**	**2,166**	**2,514**	**90**	**2,604**
Gross change in fair value of available-for-sale financial assets (1)	(132)	-	(132)	(367)	-	(367)
Related tax effect	46	-	46	94	-	94
Associates' and joint ventures' share of fair value of available-for-sale financial assets	2	-	2	(9)	-	(9)
Change in fair value of available-for-sale financial assets	***(84)***	***-***	***(84)***	***(282)***	***-***	***(282)***
Gross change in fair value of hedging instruments (1)	904	11	915	(905)	9	(896)
Related tax effect	3	(4)	(1)	(43)	(2)	(45)
Associates' and joint ventures' share of fair value of hedging instruments	(7)	-	(7)	-	-	-
Change in fair value of hedging instruments	***900***	***7***	***907***	***(948)***	***7***	***(941)***
Translation adjustments - controlled entities	(2,291)	(358)	(2,649)	1,992	283	2,275
Translation adjustments – associates and joint ventures	(101)	-	(101)	412	-	412
Translation adjustments	***(2,392)***	***(358)***	***(2,750)***	***2,404***	***283***	***2,687***
Gains and losses recorded in equity that will be reclassified subsequently to profit or loss	**(1,576)**	**(351)**	**(1,927)**	**1,174**	**290**	**1,464**
Gross change in actuarial gains and losses on post-employment benefits	461	(28)	433	(339)	(28)	(367)
Related tax effect	(208)	7	(201)	82	5	87
Associates' and joint ventures' share of change in actuarial gains and losses on post-employment benefits	(320)	-	(320)	26	-	26
Change in actuarial gains and losses on post-employment benefits	***(67)***	***(21)***	***(88)***	***(231)***	***(23)***	***(254)***
Gains and losses recorded in equity that will not be reclassified subsequently to profit or loss	**(67)**	**(21)**	**(88)**	**(231)**	**(23)**	**(254)**
Total gains and losses recorded in equity	**(1,643)**	**(372)**	**(2,015)**	**943**	**267**	**1,210**
CONSOLIDATED COMPREHENSIVE INCOME	**438**	**(287)**	**151**	**3,457**	**357**	**3,814**

(1) Gross changes in fair value transferred to income in respect of available-for-sale financial assets and hedging instruments are presented in note 17.4.1 and 17.4.2.

Consolidated balance sheets

ASSETS *(in millions of Euros)*	Notes	30/06/2016	31/12/2015
Goodwill	11	9,180	10,236
Other intangible assets		7,540	8,889
Property, plant and equipment operated under French public electricity distribution concessions	12	52,172	51,600
Property, plant and equipment operated under concessions for other activities	12	7,786	7,645
Property, plant and equipment used in generation and other tangible assets owned by the Group	12	68,854	71,069
Investments in associates and joint ventures	13	10,667	11,525
Non-current financial assets	14	34,976	35,238
Other non-current receivables	16	2,029	1,830
Deferred tax assets		3,505	2,713
Non-current assets		**196,709**	**200,745**
Inventories		14,010	14,714
Trade receivables	15	20,950	22,259
Current financial assets	14	26,048	27,019
Current tax assets		157	1,215
Other current receivables	16	9,457	8,807
Cash and cash equivalents		2,984	4,182
Current assets		**73,606**	**78,196**
Assets classified as held for sale		**-**	**-**
TOTAL ASSETS		270,315	278,941

EQUITY AND LIABILITIES *(in millions of Euros)*	Notes	30/06/2016	31/12/2015
Capital	17	1,007	960
EDF net income and consolidated reserves		33,711	33,789
Equity (EDF share)		**34,718**	**34,749**
Equity (non-controlling interests)		4,896	5,491
Total equity		**39,614**	**40,240**
Provisions related to nuclear generation - Back-end of the nuclear cycle, plant decommissioning and last cores		41,741	44,825
Provisions for decommissioning of non-nuclear facilities		1,456	1,447
Provisions for employee benefits		20,880	21,511
Other provisions		1,955	2,190
Non-current provisions	18.1	***66,032***	***69,973***
Special French public electricity distribution concession liabilities	19	45,392	45,082
Non-current financial liabilities	20.1	49,903	54,159
Other non-current liabilities	21	5,362	5,126
Deferred tax liabilities		4,243	4,122
Non-current liabilities		**170,932**	**178,462**
Current provisions	18.1	5,284	5,354
Trade payables		10,333	13,284
Current financial liabilities	20.1	19,511	17,473
Current tax liabilities		1,361	506
Other current liabilities	21	23,280	23,622
Current liabilities		**59,769**	**60,239**
Liabilities related to assets classified as held for sale		**-**	**-**
TOTAL EQUITY AND LIABILITIES		270,315	278,941

Consolidated cash flow statements

(in millions of Euros)	Notes	H1 2016	H1 2015
Operating activities:			
Income before taxes of consolidated companies		**3,288**	**3,388**
Impairment/(reversals)		300	474
Accumulated depreciation and amortisation, provisions and changes in fair value		4,308	4,688
Financial income and expenses		462	551
Dividends received from associates and joint ventures		210	241
Capital gains/losses		(447)	(913)
Change in working capital		(1,720)	(588)
Net cash flow from operations		***6,401***	***7,841***
Net financial expenses disbursed		(800)	(911)
Income taxes paid		638	(781)
Net cash flow from operating activities		**6,239**	**6,149**
Investing activities:			
Acquisitions/disposals of equity investments, net of cash (acquired/transferred)		222	82
Investments in intangible assets and property, plant and equipment		(6,577)	(7,259)
Net proceeds from sale of intangible assets and property, plant and equipment		79	270
Changes in financial assets		(584)	423
Net cash flow used in investing activities		**(6,860)**	**(6,484)**
Financing activities:			
Transactions with non-controlling interests (1)		2	30
Dividends paid by parent company	17.2	(81)	(1,268)
Dividends paid to non-controlling interests		(119)	(141)
Purchases/sales of treasury shares		4	(13)
Cash flows with shareholders		***(194)***	***(1,392)***
Issuance of borrowings		638	2,539
Repayment of borrowings		(1,019)	(2,329)
Payments to bearers of perpetual subordinated bonds	17.3	(401)	(397)
Funding contributions received for assets operated under concessions		69	69
Investment subsidies		405	279
Other cash flows from financing activities		***(308)***	***161***
Net cash flow from financing activities		**(502)**	**(1,231)**
Net increase/(decrease) in cash and cash equivalents		**(1,123)**	**(1,566)**
CASH AND CASH EQUIVALENTS - OPENING BALANCE		4,182	4,701
Net increase/(decrease) in cash and cash equivalents		(1,123)	(1,566)
Effect of currency fluctuations		(99)	(120)
Financial income on cash and cash equivalents		7	8
Effect of reclassifications		17	11
CASH AND CASH EQUIVALENTS - CLOSING BALANCE		2,984	3,034

(1) Contributions via capital increases or reductions and acquisitions of additional interests in controlled companies.

Changes in consolidated equity

The changes in equity between 1 January and 30 June 2016 are as follows:

(in millions of Euros)	Capital	Treasury shares	Translation adjustments	Impact of fair value adjustment of financial instruments (2)	Other consolidated reserves and net income	**Equity (EDF share)**	Equity (non-controlling interests)	**Total equity**
Equity at 01/01/2016	960	(38)	4,349	(2,353)	31,831	34,749	5,491	40,240
Gains and losses recorded in equity	-	-	(2,392)	816	(67)	(1,643)	(372)	(2,015)
Net income	-	-	-	-	2,081	2,081	85	2,166
Consolidated comprehensive income	**-**	**-**	**(2,392)**	**816**	**2,014**	**438**	**(287)**	**151**
Payments on perpetual subordinated bonds	-	-	-	-	(401)	(401)	-	(401)
Dividends paid	-	-	-	-	(1,020)	(1,020)	(141)	(1,161)
Purchases/sales of treasury shares	-	13	-	-	-	13	-	13
Capital increase by EDF SA (1)	47	-	-	-	892	939	-	939
Other changes	-	-	-	-	-	-	(167)	(167)
Equity at 30/06/2016	1,007	(25)	1,957	(1,537)	33,316	34,718	4,896	39,614

(1) The French government chose to receive the balance of the dividend for 2015 in the form of new shares (scrip option). Application of the scrip option for part of the balance of the dividend led to a €47 million increase in the share capital, corresponding to issuance of 93 112 364 shares with an issue premium of €892 million.

(2) These changes correspond to the effects of fair value adjustment of available-for-sale financial assets and amounts transferred to income following changes in their fair value, the effects of fair value adjustment of financial instruments hedging cash flows and net foreign investments, and amounts transferred to income in respect of terminated contracts. For details see the consolidated statements of comprehensive income.

The changes in equity between 1 January and 30 June 2015 are as follows:

(in millions of Euros)	Capital	Treasury shares	Translation adjustments	Impact of fair value adjustment of financial instruments (2)	Other consolidated reserves and net income	**Equity (EDF share)**	Equity (non-controlling interests)	**Total equity**
Equity at 01/01/2015 (1)	930	(41)	2,724	(1,144)	32,777	35,246	5,419	40,665
Gains and losses recorded in equity	-	-	2,404	(1,230)	(231)	943	267	1,210
Net income	-	-	-	-	2,514	2,514	90	2,604
Consolidated comprehensive income	**-**	**-**	**2,404**	**(1,230)**	**2,283**	**3,457**	**357**	**3,814**
Payments on perpetual subordinated bonds	-	-	-	-	(397)	(397)	-	(397)
Dividends paid	-	-	-	-	(1,268)	(1,268)	(155)	(1,423)
Purchases/sales of treasury shares	-	(12)	-	-	-	(12)	-	(12)
Other changes	-	-	-	-	(920)	(920)	31	(889)
Equity at 30/06/2015	930	(53)	5,128	(2,374)	32,475	36,106	5,652	41,758

(1) The figures published at 31 December 2014 were restated for the impact of retrospective application of IFRIC 21.

(2) These changes correspond to the effects of fair value adjustment of available-for-sale financial assets and amounts transferred to income following changes in their fair value, the effects of fair value adjustment of financial instruments hedging cash flows and net foreign investments, and amounts transferred to income in respect of terminated contracts. For details see the consolidated statements of comprehensive income.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Électricité de France (EDF or the "Company") is a French *société anonyme* governed by French Law, and registered in France.

The condensed consolidated financial statements (hereafter called "the consolidated financial statements") reflect the accounting position of the Company and its subsidiaries (which together form the "Group") and the Group's interests in associates, joint arrangements classified as joint operations, and joint ventures for the half-year to 30 June 2016.

The Group is an integrated energy operator engaged in all aspects of the energy business: generation, transmission, distribution, supply, trading and energy services.

The Group's consolidated financial statements at 30 June 2016 were prepared under the responsibility of the Board of Directors and approved by the Directors at the Board meeting held on 28 July 2016.

1 MAIN GROUP ACCOUNTING PRINCIPLES AND METHODS

1.1 DECLARATION OF CONFORMITY AND GROUP ACCOUNTING POLICIES

Pursuant to European regulation 1606/2002 of 19 July 2002 on the adoption of international accounting standards, the EDF group's consolidated financial statements at 30 June 2016 are prepared under the international accounting standards published by the IASB and approved by the European Union for application at 30 June 2016. These international standards are IAS (International Accounting Standards), IFRS (International Financial Reporting Standards), and SIC and IFRIC interpretations.

The consolidated half-year financial statements comply with standard IAS 34 "Interim financial reporting". They do not therefore include all the information required for full annual financial statements, and are to be read in conjunction with the consolidated financial statements at 31 December 2015.

Apart from the changes indicated in note 1.3, the accounting principles and methods are identical to those applied in the consolidated financial statements at 31 December 2015, as described in note 1 to those financial statements.

1.2 ACCOUNTING METHODS APPLICABLE AT 30 JUNE 2016

1.2.1 Amendments to accounting standards adopted by the European Union that became mandatory on 1 January 2016

The following amendments to accounting standards have been adopted by the European Union and are mandatory for financial years beginning on or after 1 January 2016:

- amendments to IAS 19 entitled "Defined benefit plans – Employee contributions";
- amendments to IAS 16 and IAS 38 entitled "Clarification of acceptable methods of depreciation and amortisation";
- amendments to IAS 1 entitled "Disclosure initiative";
- amendments to IFRS 11 entitled "Accounting for acquisitions of interests in joint operations".

The application of these amendments does not have a significant impact on the EDF group's consolidated financial statements at 30 June 2016.

The amendments to IFRS 11 "Accounting for acquisitions of interests in joint operations" could have impacts if the Group acquires initial or additional interests in a joint operation that constitutes a business as defined by IFRS 3.

1.2.2 Other standards and amendments published by the IASB but not yet approved by the European Union

The following IASB publications related to the accounting principles applied specifically by the Group have not yet been approved by the European Union:

- IFRS 15 "Revenue from contracts with customers";
- IFRS 9 "Financial instruments";
- IFRS 16 "Leases";
- amendments to IFRS 15 entitled "Clarifications to IFRS 15 'Revenue from contracts with customers'"
- amendments to IFRS 10 and IAS 28 entitled "Sale or contribution of assets between an investor and its associate or joint venture";
- amendments to IFRS 10, IFRS 12 and IAS 28 entitled "Investment entities: Applying the consolidation exception";
- amendments to IAS 12 "Recognition of Deferred Tax Assets for Unrealised Losses".
- amendments to IAS 7, as part of the "Disclosure initiative" project;
- amendments to IFRS 2 "Classification and Measurement of Share-based Payment Transactions".

Subject to approval by the European Union, application of IFRS 15 "Revenue from contracts with customers" and its amendments "Clarifications to IFRS 15 'Revenue from contracts with customers' " will be mandatory for financial years beginning on or after 1 January 2018.

The Group is currently reviewing all significant contracts with its customers in order to be able to determine the new standard's potential impact on recognition of sales revenues (in terms of valuation and timing of revenue recognition).

Subject to approval by the European Union, application of IFRS 9 "Financial instruments" will be mandatory for financial years beginning on or after 1 January 2018.

IFRS 9 introduces a new classification approach for all financial assets, which will modify the classification and valuation rules currently applied by the Group in compliance with IAS 39 "Financial Instruments: Recognition and Measurement".

Subject to approval by the European Union, application of IFRS 16 "Leases" will be mandatory for financial years beginning on or after 1 January 2019.

IFRS 16 requires all leases other than short-term leases and leases of low-value assets to be recognised in the balance sheet. Currently, leases classified as "operating leases" are reported as off-balance sheet items.

The potential impact of these standards and amendments listed below is currently being evaluated by the Group.

1.3 VALUATION METHODS SPECIFIC TO INTERIM FINANCIAL STATEMENTS

Apart from the methods presented below, the valuation rules applied by the Group in these half-year financial statements are identical to those used in the consolidated financial statements for the year ended 31 December 2015.

The following valuation methods specific to interim financial statements have been applied.

1.3.1 Employee benefits

The amount of the obligation corresponding to post-employment benefits and other long-term benefits at 30 June 2016 is calculated by projecting the obligation at 31 December 2015 over one half-year, taking into account the benefits paid out and the changes in fund assets.

The actuarial assumptions used to calculate employee benefits for interim financial statements differ from those used for the previous annual financial statements if significant developments arise for certain parameters, for example the discount rate.

1.3.2 Income taxes

For interim financial statements, income tax (current and deferred) is generally calculated by applying the last known estimated effective tax rate for the current year, for each entity or tax group, to the consolidated companies' pre-tax income.

1.3.3 Greenhouse gas emission rights

When the estimated greenhouse gas emissions by a Group entity over a given period are higher than the rights allocated for the period after deduction of any rights sold on the spot or forward markets, a provision is established to cover the excess emissions. For interim financial statements, the quantity to be covered by provision is the shortfall at the closing date between the share of rights allocated (and held) and actual emissions.

If no emission rights are allocated free of charge, in certain countries including France, a provision is systematically recorded equivalent to the actual emissions at the closing date.

In either case, the provision is equivalent to the acquisition cost up to the amount of rights acquired on the spot or forward markets, and based on market prices for the balance.

1.4 MANAGEMENT JUDGMENTS AND ESTIMATES

The preparation of the financial statements requires the use of judgments, best estimates and assumptions in determining the value of assets and liabilities, income and expenses recorded for the period, considering positive and negative contingencies existing at the closing date. The figures in the Group's future financial statements could differ from current estimates due to changes in these assumptions or economic conditions.

The principal sensitive accounting methods involving use of estimates and judgments are the same as those described in note 1.3.2 to the consolidated financial statements at 31 December 2015.

In the specific case of accounting depreciation period, the EDF group's industrial strategy is to continue operating the French nuclear power plants beyond their current accounting depreciation period of 40 years, in optimum conditions as regards safety and efficiency.

The Group has been making preparations for extending the useful life of its power plants for several years, and is making the necessary investments under its *Grand Carénage* industrial overhaul programme which was approved in principle by the Board of Directors in January 2015.

As of the first half-year of 2016, the technical, economic and governance conditions for extending the accounting depreciation period of 900MW power plants are fulfilled. The Group therefore changed the estimate at 1 January 2016 for all 900MW power plants, with the exception of Fessenheim (see note 2.1, Extension to 50 years of the accounting depreciation period of the 900MW PWR series in France).

The depreciation period of other Group series in France (1,300MW and 1,450MW) which are much more recent, is currently unchanged at 40 years, as the conditions for extension are not yet fulfilled.

These lifetimes are based on the date of recoupling with the network following the most recent 10-year inspection.

1.5 SEASONAL NATURE OF THE BUSINESS

Interim sales and operating profit before depreciation and amortisation are affected by significant seasonal factors in the calendar year, principally in France. The variations observed are mainly associated with weather conditions and tariff structures specific to each period.

2 SIGNIFICANT EVENTS AND TRANSACTIONS OF THE FIRST HALF-YEAR OF 2016

2.1 EXTENSION TO 50 YEARS OF THE ACCOUNTING DEPRECIATION PERIOD OF THE 900MW PWR SERIES IN FRANCE

As of the first half of 2016, the Group considers that all the technical, economic and governance conditions necessary to bring the accounting depreciation period of its 900MW PWR power plants in France into line with its industrial strategy are now fulfilled.

Based on studies and work already done, particularly concerning the replacement of components and good control of equipment ageing, the Group has sufficient assurance of the plants' technical capacity to operate for 50 years at least. This view is also bolstered by the international benchmark.

The Group has also made progress with the Nuclear Safety Authority (Autorité de Sûreté Nucléaire (ASN)) on the matter of the content of the fourth 10-year inspections of this series included in the *Grand Carénage* overhaul programme. Although some points remain to be finalised, the components of these inspections are currently in a convergence process with the ASN. This is demonstrated by the Re-examination Orientation File response sent by the ASN to EDF in April 2016, in which the ASN indicated its agreement with the company's chosen themes and commitments for these inspections. This is an important step in the process, giving EDF secure grounds for industrial preparations for the 10-year inspections pending the ASN's generic opinion, which is expected to be issued a few months before the first of the inspections begins.

Once its fourth 10-year inspections are completed, the 900MW PWR series will have reached a level of safety that is both as close as possible to EPR safety level and one of the highest worldwide.

Extending the nuclear reactors' operating lifetime beyond 40 years also offers high profitability even in a low long-term price scenario, since the production cost of nuclear power is very competitive in relation to other types of power generation.

Furthermore, the principle of operating beyond 40 years is stated in the multi-year energy plan (*Programmation Pluriannuelle de l'Energie* (PPE)) proposal of 1 July 2016, as a necessity for a secure energy supply. Extending the depreciation period of the 900MW series is consistent with the objectives of the PPE (particularly development of renewable energies and control of greenhouse gas emissions) and the related decree projects.

In view of all these factors, the Group considers that the best estimate for the accounting depreciation period of the 900MW power plants is currently 50 years. This change of accounting estimate does not predetermine the ASN's future decisions to authorise continued operation, which will be given individually for each unit after each 10-year inspection, as currently applied and required by law.

The Group therefore undertook this change in accounting estimate at 1 January 2016 for all its 900MW PWR power plants in France, except for Fessenheim.

This change of accounting estimate is applied prospectively, and has the following consequences for the Group's consolidated financial statements at 30 June 2016:

- At 1 January 2016, due to timing differences in the payment schedules, provisions relating to nuclear power generation were reduced by €2,044 million (see note 18.2), including €1,657 million covered by dedicated assets (see note 23). This reversal from provisions does not affect the income statements, but is allocated to the net book value of the assets in accordance with IFRIC 1 (see note 12). It is almost entirely taxable and generates a current tax liability of €679 million.
- In the first half of 2016:
  - the 10-year extension of the accounting depreciation period and the reduction in the value of assets at 1 January in line with the decrease in nuclear provisions, leads to a lower depreciation charge, compared to a useful life still set at 40 years, estimated at €445 million for the half-year;
  - the reduction in nuclear provisions at 1 January 2016 leads to a €45 million decrease in the cost of unwinding the discount;
  - the income related to partner advances made to EDF under the nuclear plant financing plans is lower by €18 million;
  - overall, the various effects lead to a €472 million increase in the income before taxes for the first half-year, and a €310 million increase in the consolidated net income.

2.2 PROGRESS ON AGREEMENTS FOR CONSTRUCTION OF THE HINKLEY POINT C NUCLEAR POWER PLANT

EDF and China General Nuclear Power Corporation (CGN) signed a strategic investment agreement on 21 October 2015 setting out the main terms of their partnership for the construction and operation of two 1,600MW EPRs at the Hinkley Point C site (HPC). Since then, the European and Chinese competition authorities have approved the operation (on 10 March and 6 April 2016 respectively) and the contractual documentation has been finalised. Construction of the new nuclear reactors in the UK would be underpinned by EDF's longstanding industrial and strategic partnership with CGN. The agreements cover three aspects:

- Construction and operation of two EPRs at Hinkley Point under the leadership of EDF (66.5%), with CGN's share at 33.5%. Without reducing this initial stake below 50%, EDF intends to bring other investors into the project in due course.
- Development of two EPRS at the Sizewell site, under the leadership of EDF (80%), in preparation for a possible final investment decision. CGN will take a 20% share.
- Adaptation and certification in the United Kingdom of the HPR1000 technology (a Chinese 3rd-generation 1,000MW reactor), and its development on the Bradwell site, under the leadership of CGN (66.5%), in preparation for a possible final investment decision. The EDF group will take a 33.5% share.

EDF and CGN also intend to establish a protocol for industrial cooperation offering additional development opportunities for EDF, CGN and the French and Chinese nuclear industries in compliance with competition law.

The contracts with the UK authorities due to take effect when the final investment decision is made are also in final form and ready for signature, as are the contracts with the main suppliers, notably AREVA and GE/Alstom.

EDF's Chairman and CEO chose to consult the Central Works Council of EDF before asking the EDF Board of Directors to make the final investment decision, in order to reinforce social dialogue on what is a particularly important project for EDF. An information and consultation process was opened on 2 May 2016, and ended on 4 July 2016.

As stated in note 25.1, on 21 July 2016 EDF called a meeting of its Board of Directors for 28 July 2016 to consider the final investment decision.

2.3 REGULATED ELECTRICITY SALES TARIFFS IN FRANCE

"Blue" tariffs

In application of the NOME law, on 7 December 2015 responsibility for proposing tariff scales was transferred to the CRE.

On 13 July 2016 the CRE proposed an average 0.5% reduction in blue tariffs for residential customers and an average 1.5% reduction in blue tariffs for non-residential customers. The Ministry for the Environment, Energy and the Sea immediately announced that it would not object to this proposal and that the tariff change would take place on 1 August 2016.

The CRE's proposal also gave details of the methodologies and options chosen to calculate regulated sales tariffs, following the two successive consultations instigated by the CRE in summer 2015 (efficient supplier and reasonable margin) and February 2016 (methodology for the regulated sales tariff structure), to which EDF had responded.

"Yellow" and "green" tariffs

31 December 2015 saw the end of the "yellow" and "green" regulated tariffs. By 1 January 2016 around three quarters of the sites concerned had signed a market-rate contract with their chosen supplier. The remaining quarter who had not yet signed up with a supplier continued to receive electricity from their former supplier, under a transitional contract that ended on 30 June 2016.

During the first half of 2016 the CRE organised calls for tenders from suppliers to allocate the sites that had not chosen a supplier at 30 June 2016 (approximately 20,000 sites at the beginning of June 2016). Suppliers bid for combinations of a contract and an electricity price set by the CRE, proposing an amount that would be repaid for each combination. No supplier could be awarded more than 15% of contract combinations.

EDF, like several other suppliers, was awarded 15% of these contracts and will supply the sites concerned from 1 July 2016 on the basis of the contract and the prices set by the CRE, while continuing to offer its own contracts.

Decisions by the Council of State

Several petitions for cancellation and repeal of the decisions of 28 July 2014 and 30 October 2014 and the decree of 28 October 2014 were brought before the Council of State by the ANODE (French association of energy retail operators).

After a public reading of the reporting officer's *(Rapporteur's)* conclusions on 13 May 2016 the Council of State issued its decisions on 19 May and 15 June 2016, in which:

- it dismissed the substance of the appeal against the decree of 28 October 2014, thereby validating the "stacking" method for constructing regulated sales tariffs;
- it overturned the decision of 28 July 2014 that cancelled the 5% increase in "blue" tariffs from 1 August 2014 planned in a previous decision of 26 July 2013, for reasons of unsound legal grounds. The French government is now required to issue a retroactive decision for the period 1 August 2014 to 31 October 2014 within three months starting from 15 June 2016;
- it cancelled the decision of 30 October 2014 due to the insufficient level of "blue" residential and "green" tariffs which had been set without including the total tariff shortfall to be recovered at that date. The French government is now required to issue a retroactive decision for the period 1 November 2014 to 31 July 2015 within three months starting from 15 June 2016.

EDF will remain extremely attentive to the way the retroactive decisions are constructed, and will implement them as soon as they are published, probably through retroactive invoices for customers concerned by the initial regulated sales tariffs.

2.4 "TURPE" NETWORK ACCESS TARIFFS

TURPE 4 indexing

On 2 June 2016 the Energy Regulation Commission (*Commission de Régulation de l'Energie* or CRE) published its resolution on changes from 1 August 2016 in the TURPE distribution tariff, raising it by 1.11%, rounded down to 1.1%. This rise reflects stable inflation (0.03%) and 1.08% for the clearance of the income and expenses adjustment account (CRCP)[1].

TURPE transmission tariffs will increase by 1.37%, rounded up to 1.4%, from 1 August 2016, again corresponding to stable inflation (0.03%), (0.81%) for the clearance of the CRCP, and 2.15% for the interruptibility service.

TURPE 5

The CRE has begun to examine the future structure of tariffs for using the public electricity networks (the TURPE 5 tariffs). An initial consultation concerning its preliminary analyses on the TURPE 5 tariff structure was launched on 22 July 2015, and a second consultation process began on 24 May 2016, with responses to be received by 24 June 2016. This second consultation concerns the proposed tariff structure for the power extraction component, and the proposed orientations for the injection component and incorporation of balancing mechanism costs.

This will be followed by a public consultation on the regulation framework and level of TURPE 5 tariffs during the summer of 2016.

The CRE's final resolution is due to be issued in late 2016 and the TURPE 5 tariffs will take effect in summer 2017.

Decisions by the Council of State

On 13 May 2016 France's Council of State rejected the application by energy company Direct Energie for cancellation of the CRE's decision of 12 December 2013 setting the tariffs for use of the high voltage and low voltage public electricity distribution network (the TURPE 4 distribution tariffs), on the grounds that it had exceeded its powers.

Also, on 13 July 2016 the Council of State cancelled the CRE's decision of 10 December 2014 rejecting Engie's application for withdrawal of the decision of 26 July 2012 on management of customers under a single contract, which introduced an asymmetrical regulation system. The Council of State considers that remuneration paid to suppliers for customer management tasks executed on behalf of the electricity or gas distribution network operators cannot legally be transitional and limited to certain suppliers. The Group is currently analysing the scope of this decision, which entitles suppliers in general to apply for remuneration. The CRE will also take any consequences of this decision into consideration for the next TURPE tariff.

2.5 ARENH

As a result of the slump in wholesale market prices which made that market a more attractive source of energy supplies, no applications for the ARENH (regulated access to historical nuclear electricity) scheme were made at the end of 2015 for supplies in the first half of 2016.

In compliance with the applicable laws, the ARENH price remains unchanged at €42/MWh.

2.6 CSPE

The Contribution to the Public Electricity Service (*Contribution au Service Public de l'Électricité* or CSPE) exists to compensate for certain public service charges assigned to EDF in particular[2]. The CSPE is collected directly from the end-user.

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1 A mechanism to measure and offset differences between the actual figures and the forecasts on which tariffs are based.

2. Local distribution companies and Électricité de Mayotte also make small contributions to the system.

The CSPE system was reformed by France's amended finance law for 2015, published in the *Journal Officiel* on 30 December 2015. For details see note 4.3 to the consolidated financial statements at 31 December 2015.

3 CHANGES IN THE SCOPE OF CONSOLIDATION

There has been no significant change in the scope of consolidation since 31 December 2015.

4 SEGMENT REPORTING

Segment reporting presentation complies with IFRS 8, "Operating segments".

Segment reporting is determined before inter-segment eliminations. Inter-segment transactions take place at market prices.

The segments used by the Group are identical to those described in note 6.1 to the consolidated financial statements at 31 December 2015.

4.1 AT 30 JUNE 2016

(in millions of Euros)	France	United Kingdom	Italy	Other international	Other activities	Inter-segment eliminations	Total
Income statements:							
External sales	20,381	4,985	5,551	2,622	3,120	-	36,659
Inter-segment sales	432	3	10	86	842	(1,373)	-
TOTAL SALES	20,813	4,988	5,561	2,708	3,962	(1,373)	36,659
OPERATING PROFIT BEFORE DEPRECIATION AND AMORTISATION	6,181	1,118	328	363	954	-	8,944
OPERATING PROFIT	3,408	445	(69)	(36)	764	-	4,512

4.2 AT 30 JUNE 2015

(in millions of Euros)	France	United Kingdom (1)	Italy	Other international	Other activities	Inter-segment eliminations	Total
Income statements:							
External sales	20,791	6,030	5,811	2,923	3,318	-	38,873
Inter-segment sales	535	1	2	75	951	(1,564)	-
TOTAL SALES	21,326	6,031	5,813	2,998	4,269	(1,564)	38,873
OPERATING PROFIT BEFORE DEPRECIATION AND AMORTISATION	6,359	1,312	246	352	878	-	9,147
OPERATING PROFIT	3,732	600	(249)	(188)	641	-	4,536

(1) *EDF Energy's transactions on the wholesale electricity markets (excluding trading activities), which showed a net short position at 30 June 2015, were reclassified from energy purchases to sales in the amount of €477 million.*

5 SALES

Sales are comprised of:

(in millions of Euros)	**H1 2016**	H1 2015 [1]
Sales of energy and energy-related services	35,519	37,746
Other sales of goods and services	837	675
Trading	303	452
SALES	**36,659**	**38,873**

(1) EDF Energy's transactions on the wholesale electricity markets (excluding trading activities), which showed a net short position at 30 June 2015, were reclassified from energy purchases to sales in the amount of €477 million.

The decline in sales observed in the first half of 2016 principally reflects the lower sales in the United Kingdom, and to a lesser degree in France.

In the United Kingdom, the decrease in sales is mainly explained by the downturn in market prices for electricity and the highly competitive environment. Sales in the United Kingdom were also adversely affected by the fall in value of the pound sterling.

In France, the movement in sales observed in the first half of 2016 was primarily attributable to stiffer competition (with the end of the "yellow" and "green" regulated tariffs), lower sales volumes due to an unfavourable weather effect, and the decline in electricity sales prices, which was partly offset by a rise in regulated sales tariffs from 1 August 2015.

6 OTHER OPERATING INCOME AND EXPENSES

Other operating income and expenses include the amount received or receivable by EDF under the CSPE (*Contribution au Service Public de l'Électricité* - Contribution to the Public Electricity Service) system which is reflected in the consolidated financial statements by recognition of income of €3,787 million for the first half of 2016 (€3,279 million for the first half of 2015).

7 IMPAIRMENT

7.1 AT 30 JUNE 2016

General assumptions

Impairment tests are conducted for the half-year financial statements when there is an indication of loss of value.

At 31 December 2015 impairment of €(3,500) million was recognised, mainly concerning :
- Thermal assets (coal-fired and gas-fired plants and gas storage facilities) owned by the Group in Europe (principally in the United Kingdom, Italy, Belgium, Poland and Germany): €(2,281) million;
- Exploration and production assets owned by Edison: €(551) million.

In assessing the indications of impairment for the financial statements at 30 June 2016, the Group considered movements in commodity and electricity prices over the period. The significant decrease in forward prices in the early part of 2016 had already been taken into consideration where necessary for the annual consolidated financial statements at 31 December 2015. The downward trend in those prices continued in the first quarter of 2016, but from March, although the context remained volatile, there was a noticeable recovery in market prices in Europe, largely driven by rising Brent oil prices. Forward prices on observable market horizons were thus more favourable at 30 June 2016 than at 31 December 2015.

In the case of EDF Energy in the United Kingdom, the immediate macro-economic consequences (particularly the foreign exchange consequences) of the United Kingdom's referendum of 23 June 2016 which resulted in a vote to leave the European Union had no impact on EDF Energy's impairment tests for the half-year financial statements, since the assets tested and the cash flows (revenues, costs, investments) are all in GBP. Regarding the discount rate, a slight downturn can currently be observed in the sovereign rate component. The macro-economic consequences of the United Kingdom's departure from the European Union and the related changes in electricity prices and regulatory or market mechanisms will be monitored for the preparation of future financial statements.

Impairment

At 30 June 2016 impairment amounted to €(300) million and principally concerned coal-fired plants in Poland.

EDF Polska

As part of a strategic review of its asset portfolio, the Group is reorganising the management of the thermal plants in Poland, separating the cogeneration branches – which benefit from regulated heat tariffs – from branches that only produce electricity. The impairment test now covers two different Cash Generating Units (the Cogeneration CGU and the Electricity CGU) whereas previously it considered all EDF Polska's transactions together. As a result impairment of €(197) million was recognised in respect of the Electricity CGU, whose assets are fully exposed to market prices for electricity.

Other impairment

The Group also identified certain indications of loss of value on specific assets, leading to recognition of impairment of €(103) million.
Finally, impairment of €(458) million was booked in respect of associates at 30 June 2016. Details are given in note 13.

7.2 AT 30 JUNE 2015

Impairment amounting to €(474) million was booked in the first half of 2015. It mainly concerned:

- EDF Luminus' thermal plants (€(191) million), whose recoverable value was nil. On 27 June 2016 EDF Luminus announced that it intends to shut down permanently four of its gas-fired power plants, which account for half of the installed thermal capacity;
- Edison's exploration-generation activities (€(59) million), which were adversely affected by the fall in Brent oil prices;
- EDF Energies Nouvelles assets in Greece (€(30) million) due to the rise in the country risk;
- and various projects in France and the United States (€(176) million).

8 OTHER INCOME AND EXPENSES

Other income and expenses amount to €(124) million for the first half of 2016. In the first half of 2015, they amounted to €269 million and were mainly reflecting the effects of the agreement signed with Engie concerning the compensation system for employee benefits in kind in the form of energy.

9 FINANCIAL RESULT

9.1 DISCOUNT EFFECT

The discount effect primarily concerns provisions for the back-end of the nuclear cycle, decommissioning and last cores, and long-term and post-employment employee benefits.

Details of this expense are as follows:

(in millions of Euros)	H1 2016	H1 2015
Provisions for long-term and post-employment employee benefits	(531)	(539)
Provisions for the back-end of the nuclear cycle, decommissioning and last cores [1]	(794)	(824)
Other provisions and advances	(42)	(46)
DISCOUNT EFFECT	(1,367)	(1,409)

(1) Including the effect of discounting the receivable corresponding to amounts reimbursable by the NLF (see note 14.2.3).

9.2 OTHER FINANCIAL INCOME AND EXPENSES

In the first half of 2016, other financial income and expenses include net gains on disposals of EDF's dedicated assets amounting to €256 million (€761 million in the first half of 2015).
At 30 June 2015, this item also included accrued financial interest of €(356) million in connection with the European Commission's decision of 22 July 2015.

10 INCOME TAXES

Income taxes amount to €(960) million for the first half of 2016, corresponding to an effective tax rate of 29.2% (compared to an expense of €(985) million corresponding to an effective tax rate of 29.1% for the first half of 2015).

11 GOODWILL

Goodwill on consolidated entities comprises the following:

(in millions of Euros)	H1 2016
Net book value at opening date	**10,236**
Acquisitions	6
Disposals	-
Impairment	-
Translation adjustments	(1,020)
Other changes	(42)
NET BOOK VALUE AT CLOSING DATE	9,180
Gross value at closing date	10,052
Accumulated impairment at closing date	(872)

The changes in goodwill in first-half 2016 primarily relate to translation adjustments of €(1,020) million, largely due to the pound sterling's decrease against the Euro.

12 PROPERTY, PLANT AND EQUIPMENT

(in millions of Euros)	30/06/2016	31/12/2015
Property, plant and equipment	50,610	50,093
Property, plant and equipment in progress	1,562	1,507
PROPERTY, PLANT AND EQUIPMENT OPERATED UNDER FRENCH PUBLIC ELECTRICITY DISTRIBUTION CONCESSIONS	**52,172**	**51,600**
Property, plant and equipment	6,246	6,142
Property, plant and equipment in progress	1,540	1,503
PROPERTY, PLANT AND EQUIPMENT OPERATED UNDER CONCESSIONS FOR OTHER ACTIVITIES	**7,786**	**7,645**
Property, plant and equipment	45,422	50,197
Property, plant and equipment in progress)	23,231	20,688
Finance-leased property, plant and equipment	201	184
PROPERTY, PLANT AND EQUIPMENT USED IN GENERATION AND OTHER TANGIBLE ASSETS OWNED BY THE GROUP	**68,854**	**71,069**

At 30 June 2016, property, plant and equipment in progress used in generation owned by the group mainly concern the EPR reactors at Flamanville 3 (€9,929 million) and Hinkley Point C (€3,065 million), and the Dunkirk methane terminal which is due to be commissioned in the second half of 2016 (€1,103 million).

The net book value of generation assets reflects the €(2,044) million impact of the extension to 50 years of the accounting depreciation period of the 900MW PWR plants for at 1 January 2016 (see note 2.1).

The net book value of generation assets also includes a foreign exchange effect of €(1,110) million for first-half 2016 due to the pound sterling's decline against the Euro.

The net value of property, plant and equipment, excluding construction in progress and finance-leased assets, breaks down as follows:

(in millions of Euros)	Property, plant and equipment operated under French public electricity distribution concessions	Property, plant and equipment operated under concessions for other activities	Property, plant and equipment used in generation and other tangible assets owned by the Group
Gross values at 30/06/2016	91,573	14,201	116,454
Depreciation and impairment at 30/06/2016	(40,963)	(7,955)	(71,032)
NET VALUES AT 30/06/2016	**50,610**	**6,246**	**45,422**
Net values at 31/12/2015	**50,093**	**6,142**	**50,197**

Network assets account for most of the amounts of property, plant and equipment operated under French public electricity distribution concessions: €85,236 million gross value and €48,031 million net value at 30 June 2016 (€84,021 million gross value and €47,558 million net value at 31 December 2015).

The net value of property, plant and equipment used in generation and other tangible assets owned by the Group breaks down as follows:

(in millions of Euros)	Land and buildings	Networks	Nuclear power plants	Fossil-fired and hydropower plants	Other installations, plant, machinery and equipment and other	Total
NET VALUES AT 30/06/2016	6,010	9	21,224	8,620	9,559	45,422
Net values at 31/12/2015	**6,158**	**9**	**24,683**	**8,902**	**10,445**	**50,197**

13 INVESTMENTS IN ASSOCIATES AND JOINT VENTURES

Investments in associates and joint ventures are as follows:

		30/06/2016			30/06/2015	31/12/2015	
(in millions of Euros)	Principal activity [(1)]	Ownership %	Share of net equity	Share of net income	Share of net income	Share of net equity	Share of net income
Principal investments in associates							
RTE	T	100.00	4,888	171	183	5,159	457
CENG	G	49.99	1,995	(478)	8	2,524	(284)
Alpiq [(2)]	G, D, O, T	25.04	602	(18)	(121)	624	(192)
Other investments in associates and joint ventures			3,182	163	131	3,218	211
TOTAL			10,667	(162)	201	11,525	192

(1) G= generation, D=distribution, T= transmission, O= other.
(2) As Alpiq publishes its consolidated financial statements after the Group, the figures above include an estimate for net income at 30 June 2016.

Other investments in associates and joint ventures principally concern Taishan (TNPJVC), Nam Theun Power Company (NTPC) and certain companies owned by EDF Énergies Nouvelles, EDF SA and Edison.

In the first half of 2016, €(458) million of impairment of investments in associates and joint ventures was booked concerning the assets of CENG (see note 13.2.2).

In 2015, €(549) million of impairment of investments in associates and joint ventures was booked, including €(271) million on the assets of CENG (see note 13.2.3), €(196) million on the investment in Alpiq, corresponding to the Group's share of the impairment booked in the financial statements of Alpiq (see note 13.3); and €(68) million on investments in associates and joint ventures held by Edison.

13.1 RTE RESEAU DE TRANSPORT D'ELECTRICITE (RTE)

13.1.1 RTE - financial indicators

The key financial indicators for RTE (on a 100% basis) are as follows:

(in millions of Euros)	30/06/2016	31/12/2015
Non-current assets	16,249	15,805
Current assets	3,381	2,323
Total assets	19,630	18,128
Equity	4,888	5,159
Non-current liabilities	10,011	8,157
Current liabilities	4,731	4,812
Total equity and liabilities	19,630	18,128
Sales	2,290	4,593
Operating profit before depreciation and amortisation	804	1,913
Net income	171	457
Net indebtedness	8,148	8,260
Gains and losses recorded directly in equity	(313)	(230)
Dividends paid to the EDF group	129	177

13.1.2 Transactions between the EDF group and RTE

At 30 June 2016 the main transactions between the EDF group and RTE are as follows:

Sales

Enedis (ERDF's new name since 31 May 2016) uses RTE's high-voltage and very high-voltage networks to convey energy from its point of generation to the distribution network. This service generated €1,761 million in sales revenues for RTE from Enedis over the first half of 2016.

In executing its responsibility to ensure balance in the electricity system, during first-half 2016 RTE also undertook:

- energy purchases and sales with EDF and Enedis, amounting to €39 million and €88 million respectively;
- system service purchases from EDF amounting to €147 million.

Other transactions

The EDF group contributes to financing of RTE through a loan amounting to a total of €688 million at 30 June 2016 (€670 million at 31 December 2015). RTE recorded a total of €18 million in interest expenses on this loan in first-half 2016.

RTE is also included in the EDF group tax consolidation, under a tax consolidation agreement between the two companies.

13.2 CENG

13.2.1 CENG - financial indicators

The key financial indicators for CENG (on a 100% basis) are as follows:

(in millions of Euros)	30/06/2016	31/12/2015
Non-current assets	9,314	10,409
Current assets	973	1,019
Total assets	10,287	11,428
Equity	3,992	5,048
Non-current liabilities	5,762	6,016
Current liabilities	533	364
Total equity and liabilities	10,287	11,428
Sales	517	1,095
Operating profit before depreciation and amortisation	129	235
Net income	(957)	(568)
Gains and losses recorded directly in equity	(99)	434
Dividends paid to the EDF group	-	-

13.2.2 Transactions between the EDF group and CENG

At 30 June 2016 the main transactions between the EDF group and CENG concern the power purchase agreements between CENG and the Group (EDF Trading North America). These agreements provided for delivery to EDF Trading North America of 15% of the energy generated by CENG that is not sold to former owners of its power plants, in application of the pre-existing power purchase agreements that terminated in 2014. Since 1 January 2015, the Group has purchased 49.99% of the power output from CENG's two plants at market price.

These electricity sales by CENG to EDF Trading North America represented a volume of 6.8TWh in first-half 2016.

13.2.3 Impairment

At 31 December 2015, impairment of €(271) million was recorded on the Group's investment in CENG as a result of lower forward prices and long-term electricity prices.

At 30 June 2016, the Group recognised additional impairment of €(458) million.

This impairment was determined under the Group's usual methodology. It results primarily from downward revision of long-term prices scenarios in line with the most recent publications of external entities (ABB, Cera, EIA) and the decline in short-term market prices due to the ongoing downturn in gas prices. Below-forecast results in the latest capacity auctions have also affected the recoverable values of one of CENG's nuclear power plants.

In view of the impairment booked, the value of the investment in CENG is sensitive to any change in assumption. The value of the nuclear assets is first and foremost influenced by long-term market price assumptions. For example, a variation of plus or minus $1/MWh in electricity prices over the entire time horizon considered would, all other things being equal, have an impact of some €120 million on the recoverable value of the Group's share of CENG.
The prolonged decrease in electricity prices is also causing difficulties for the whole American nuclear sector, and decisions have been taken in 2016 to shut down reactors early in certain states.

A Zero Emission Credit subsidy system is currently under discussion in New York State, following the publication on 8 July 2016 of a proposed regulation by the NY Public Service Commission (PSC) that would give nuclear power plants credits for producing carbon-free energy.

13.3 ALPIQ

The Group is not aware of anything arising between the publication of Alpiq's 2015 annual results in March 2016 and the date of publication of these financial statements that could be a risk of additional impairment on its investment in Alpiq at 30 June 2016.

Should the Alpiq group recognise impairment in its consolidated half-year financial statements in August 2016, the EDF group would reflect that in its annual financial statements for 2016.

At 31 December 2015 impairment of €(196) million was booked on the investment in Alpiq (€108 million of this was already recognised in the first half-year), corresponding to the Group's share of impairment recognised in Alpiq's half-year 2015 financial statements published in August 2015.

That impairment was caused by persistently low prices on wholesale markets, and the discontinuation in January 2015 of the minimum Euro-Swiss franc exchange rate of 1.20 (this was unfavourable for the company which sells most of the electricity generated by its Swiss-located plants in Euros). In a particularly difficult market environment, Alpiq announced in March 2016 that it was going to sell up to 49% of its Swiss hydropower portfolio in order to limit its dependence on wholesale prices, and reduce net indebtedness. In its annual 2015 financial statements published in March 2016, Alpiq did not book any additional impairment on top of the amounts recognised in the half-year financial statements at 30 June 2015.

14 CURRENT AND NON-CURRENT FINANCIAL ASSETS

14.1 BREAKDOWN BETWEEN CURRENT AND NON-CURRENT FINANCIAL ASSETS

Current and non-current financial assets break down as follows:

	30/06/2016			31/12/2015		
(in millions of Euros)	Current	Non-current	**Total**	Current	Non-current	**Total**
Financial assets carried at fair value with changes in fair value included in income	3,549	-	**3,549**	4,973	-	**4,973**
Available-for-sale financial assets	18,904	16,134	**35,038**	18,374	15,959	**34,333**
Positive fair value of hedging derivatives	1,482	5,230	**6,712**	1,716	4,322	**6,038**
Loans and financial receivables	2,113	13,612	**15,725**	1,956	14,957	**16,913**
CURRENT AND NON-CURRENT FINANCIAL ASSETS[(1)]	**26,048**	**34,976**	**61,024**	**27,019**	**35,238**	**62,257**

(1) Including impairment of €(575) million at 30 June 2016 (€(558) million at 31 December 2015).

14.2 DETAILS OF FINANCIAL ASSETS

14.2.1 Financial assets carried at fair value with changes in fair value included in income

(in millions of Euros)	**30/06/2016**	31/12/2015
Derivatives - positive fair value	3,549	4,973
FINANCIAL ASSETS CARRIED AT FAIR VALUE WITH CHANGES IN FAIR VALUE INCLUDED IN INCOME	3,549	4,973

14.2.2 Available-for-sale financial assets

	30/06/2016			31/12/2015		
(in millions of Euros)	Equities [(1)]	Debt securities	**Total**	Equities [(1)]	Debt securities	**Total**
EDF dedicated assets	8,245	6,980	**15,225**	8,227	6,976	**15,203**
Liquid assets	1,683	17,111	**18,794**	3,942	14,199	**18,141**
Other securities	938	81	**1,019**	941	48	**989**
AVAILABLE-FOR-SALE FINANCIAL ASSETS	10,866	24,172	35,038	13,110	21,223	34,333

(1) Equities or investment funds.

Available-for-sale financial assets classified as level 3 - non-observable data - mainly correspond to shares in unconsolidated companies. At 31 December 2015 they amounted to €625 million and no variation was recorded in the first half of 2016.

EDF's dedicated assets include diversified investments in bonds and equities recorded as "Available-for-sale financial assets". Detailed information on EDF's dedicated assets is given in note 23. The general management policy for dedicated assets is presented in note 47 to the consolidated financial statements at 31 December 2015.

14.2.3 Loans and financial receivables

(in millions of Euros)	**30/06/2016**	31/12/2015
Loans and financial receivables - amounts receivable from the NLF	7,783	9,061
Loans and financial receivables - CSPE[(1)]	5,801	5,875
Loans and financial receivables - other	2,141	1,977
LOANS AND FINANCIAL RECEIVABLES	15,725	16,913

(1) Including €5,166 million allocated to dedicated assets at 30 June 2016 (€5,232 million at 31 December 2015).

At 30 June 2016, loans and financial receivables mainly include:

- amounts representing reimbursements receivable from the Nuclear Liabilities Fund (NLF) and the British government for coverage of long-term nuclear obligations, totalling €7,783 million at 30 June 2016 (€9,061 million at 31 December 2015);
- the receivable corresponding to EDF's CSPE shortfall at 31 December 2012 and the costs associated with bearing this shortfall, plus the €644 million compensation due for 2013 to 2015 in accordance with the ministerial letter received on 26 January 2016 (see note 4.3 to the consolidated financial statements at 31 December 2015). A total of €123 million was received in repayments during the first half of 2016, in line with the repayment schedule set out in the ministerial decision of 13 May 2016 in application of article R 121-31 of the Energy Code.

- EDF's loan to RTE, amounting to €688 million at 30 June 2016 (€670 million at 31 December 2015).

15 TRADE RECEIVABLES

Details of net trade receivables are as follows:

(in millions of Euros)	30/06/2016	31/12/2015
Trade receivables, gross value – excluding EDF Trading	19,700	20,439
Trade receivables, gross value – EDF Trading	2,307	2,974
Impairment	(1,057)	(1,154)
TRADE RECEIVABLES, NET VALUE	**20,950**	**22,259**

Most trade receivables mature within one year.

The Group undertook securitisation of trade receivables for a total of €794 million at 30 June 2016, including €403 million by the Edison group (€1,544 million at 31 December 2015, including €911 million by the Edison group).
As most securitisation operations are carried out on a recurrent, without-recourse basis, the corresponding receivables are not carried in the Group's consolidated balance sheet.

16 OTHER RECEIVABLES

At 30 June 2016, other receivables included a receivable corresponding to the shortfall in the CSPE, amounting to €2,056 million (€1,643 million at 31 December 2015). The rest of the CSPE receivable is included in Loans and financial receivables (see note 14.2.3).

17 EQUITY

17.1 SHARE CAPITAL

At 30 June 2016, EDF's share capital amounts to €1,006,625,695.50 comprising 2,013,251,391 fully subscribed and paid-up shares with nominal value of €0.50, owned 85.27% by the French State, 13.00% by the public (institutional and private investors) and 1.63% by current and retired Group employees, with 0.10% held by EDF as treasury shares.

In June 2016, payment of part of the interim dividend for 2015 in the form of a scrip dividend led to a €47 million increase in the share capital and an issue premium of €892 million following issuance of 93,112,364 new shares. The legal formalities for this operation were finalised in June 2016.

Under Article L. 111-67 of the French Energy Code, the French State must hold more than 70% of the capital of EDF at all times.

17.2 DIVIDENDS

The General Shareholders' Meeting of 12 May 2016 decided to distribute an ordinary dividend of €1.10 per share in respect of 2015, offering shareholders the choice of payment in cash or shares (scrip option).

In application of article 24 of the Company's articles of association, shareholders who had held their shares continuously for at least 2 years at the year-end and still held them at the dividend distribution date benefit from a 10% bonus on their dividends. The number of shares carrying an entitlement to the bonus dividend cannot exceed 0.5% of the Company's capital per shareholder. The bonus dividend amounts to €1.21 per share.

As interim dividends of €0.57 per share had been paid out on 18 December 2015, the balance payable for 2015 amounted to €0.53 per share benefiting from the ordinary dividend and €0.64 per share benefiting from the bonus dividend. The balance of the dividend was paid out on 30 June 2016.

The French government opted for the scrip dividend for the balance of 2015 dividends payable.

The amount of the cash dividend paid to shareholders who did not opt for the scrip dividend for 2015 amounts to €81 million.

17.3 PERPETUAL SUBORDINATED BONDS

At 30 June 2016, perpetual subordinated bonds are carried in equity at the amount of €10,095 million (net of transaction costs).

The amount paid out by EDF to the bearers of perpetual subordinated bonds issued in January 2013 and January 2014 was €401 million in January 2016 and €397 million in January 2015.

In July 2016, EDF paid a total of £60 million and $121 million (equivalent to a total of some €180 million) to the bearers of the perpetual subordinated bonds. In compliance with IAS 32, an amount corresponding to the cash disbursed will be charged to Group equity in the second half of 2016.

17.4 CHANGES IN THE FAIR VALUE OF FINANCIAL INSTRUMENTS

17.4.1 Available-for-sale financial assets

Changes in the fair value of available-for-sale financial assets were recorded in equity (EDF share) over the period as follows:

	H1 2016		H1 2015	
(in millions of Euros)	Gross changes in fair value recorded in equity (1)	Gross changes in fair value transferred to income (2)	Gross changes in fair value recorded in equity (1)	Gross changes in fair value transferred to income (2)
EDF dedicated assets	45	215	699	870
Liquid assets	34	(2)	(142)	36
Other assets	2	-	(18)	-
AVAILABLE-FOR-SALE FINANCIAL ASSETS (3)	81	213	539	906

(1) + / ( ): increase / (decrease) in equity (EDF share).
(2) + / ( ): increase / (decrease) in income (EDF share).
(3) Excluding associates and joint ventures.

In first-half 2016, gross changes in fair value principally concern EDF (€(134) million, including €(170) million for dedicated assets).

In first-half 2015, gross changes in fair value principally concern EDF (€(366) million, including €(171) million for dedicated assets).

17.4.2 Hedging instruments

Changes during the period in the fair value of hedging instruments included in equity (EDF share) are detailed below:

(in millions of Euros)	H1 2016			H1 2015		
	Gross changes in fair value recorded in equity [(1)]	Gross changes in fair value transferred to income - Recycling [(2)]	Gross changes in fair value charged to income - Ineffectiveness	Gross changes in fair value recorded in equity [(1)]	Gross changes in fair value transferred to income - Recycling [(2)]	Gross changes in fair value charged to income - Ineffectiveness
Interest rate hedging	(18)	-	-	-	-	-
Exchange rate hedging	(154)	(61)	(11)	602	471	4
Net foreign investment hedging	1,177	-	-	(1,459)	-	-
Commodity hedging	382	544	25	151	(272)	(13)
HEDGING INSTRUMENTS [(3)]	1,387	483	14	(706)	199	(9)

(1) + / ( ): increase / (decrease) in equity (EDF share).
(2) + / ( ): increase / (decrease) in income (EDF share).
(3) Excluding associates and joint ventures.

18 PROVISIONS

18.1 BREAKDOWN BETWEEN CURRENT AND NON-CURRENT PROVISIONS

The breakdown between current and non-current provisions is as follows:

(in millions of Euros)	Notes	30/06/2016			31/12/2015		
		Current	Non-current	Total	Current	Non-current	Total
Provisions for the back-end of the nuclear cycle	18.2	1,553	19,419	**20,972**	1,733	20,179	**21,912**
Provisions for decommissioning and last cores	18.2	290	22,322	**22,612**	251	24,646	**24,897**
Provisions related to nuclear generation	18.2	**1,843**	**41,741**	**43,584**	**1,984**	**44,825**	**46,809**
Provisions for decommissioning of non-nuclear facilities		**100**	**1,456**	**1,556**	**75**	**1,447**	**1,522**
Provisions for employee benefits	18.3	**1,089**	**20,880**	**21,969**	**1,033**	**21,511**	**22,544**
Other provisions	18.4	**2,252**	**1,955**	**4,207**	**2,262**	**2,190**	**4,452**
TOTAL PROVISIONS		5,284	66,032	71,316	5,354	69,973	75,327

18.2 PROVISIONS RELATED TO NUCLEAR GENERATION - BACK-END OF THE NUCLEAR CYCLE, PLANT DECOMMISSIONING AND LAST CORES

In the first half of 2016, the movement in provisions for back-end nuclear cycle, provisions for decommissioning and provisions for last cores breaks down as follows:

(in millions of Euros)	31/12/2015	Increases	Decreases	Discount effect	Translation adjustments	Other movements	30/06/2016
Provisions for spent nuclear fuel management	12,369	480	(667)	275	(228)	(57)	12,172
Provisions for long-term radioactive waste management	9,543	15	(234)	198	(118)	(604)	8,800
Provisions for the back-end of the nuclear cycle	**21,912**	**495**	**(901)**	**473**	**(346)**	**(661)**	**20,972**
Provisions for nuclear plant decommissioning	21,025	1	(82)	416	(666)	(1,470)	19,224
Provisions for last cores	3,872	-	-	81	(152)	(413)	3,388
Provisions for decommissioning and last cores	**24,897**	**1**	**(82)**	**497**	**(818)**	**(1,883)**	**22,612**
PROVISIONS RELATED TO NUCLEAR GENERATION	46,809	496	(983)	970	(1,164)	(2,544)	43,584

The decrease in provisions shown in Other movements is mainly due to the extension of the accounting depreciation period of the 900MW PWR plants: €(2,044) million at 1 January 2016 (see note 2.1), comprising €(1,465) million in decommissioning provisions, €(470) million in provisions for last cores and €(109) million in provisions for long-term radioactive waste management.

The breakdown of provisions by company is shown below:

(in millions of Euros)	EDF Note 18.2.1	EDF Energy 18.2.2	Belgium	Total
Provisions for spent fuel management	10,318	1,854	-	12,172
Provisions for long-term radioactive waste management	8,086	714	-	8,800
PROVISIONS FOR THE BACK-END OF THE NUCLEAR CYCLE AT 30/06/2016	18,404	2,568	-	20,972
Provisions for the back-end of the nuclear cycle at 31/12/2015	**18,645**	**3,267**	**-**	**21,912**
Provisions for nuclear plant decommissioning	13,685	5,329	210	19,224
Provisions for last cores	2,150	1,238	-	3,388
PROVISIONS FOR DECOMMISSIONING AND LAST CORES AT 30/06/2016	15,835	6,567	210	22,612
Provisions for decommissioning and last cores at 31/12/2015	**17,485**	**7,207**	**205**	**24,897**

18.2.1 Nuclear provisions in France

The measurement of provisions for the back-end of the nuclear cycle, nuclear plant decommissioning and last cores is sensitive to assumptions concerning costs, inflation rate, long-term discount rate, and disbursement schedules. A revised estimate is established at each closing date to ensure that the amounts accrued correspond to the best estimate of the costs eventually to be borne by the Group.

The regulatory framework for nuclear provisions in France and the main calculation methods used for provisions are described in note 29.1 to the consolidated financial statements at 31 December 2015.

Discount rate

The methodology used by the Group to determine the discount rate gives priority to long-term rate trends, in keeping with the distant horizon for disbursements. The discount rate is therefore revised in response to structural developments in the economy leading to durable change in the medium and long term.

The discount rate applied must comply with two regulatory limits. The decision of 24 March 2015 changed the regulations initially introduced by the decree of 23 February 2007 and the decision of 21 March 2007.

The rate must now be lower than:

- a regulatory maximum "equal to the arithmetic average over the 120 most recent months of the constant 30-year rate (TEC 30 years), observed on the last date of the period concerned, plus one point";
- and the expected rate of return on assets covering the liability (dedicated assets).

The ceiling rate based on the TEC 30-year rate is 4.5% at 30 June 2016.

The discount rate is 4.4% at 30 June 2016, assuming inflation of 1.5% (4.5% and 1.6% respectively at 31 December 2015). This complies with the two regulatory limits.

The expenses related to nuclear provisions in France are estimated based on the economic conditions at 30 June 2016, then spread over a forecast disbursement schedule. The corresponding provision corresponds to the present value of these expenses.

	30/06/2016		31/12/2015	
(in millions of Euros)	Costs based on economic conditions at 30 June	Amounts in provisions at present value	Costs based on economic conditions at 31 December	Amounts in provisions at present value
Spent fuel management	16,995	10,318	16,843	10,391
Long-term radioactive waste management	29,203	8,086	28,890	8,254
BACK-END NUCLEAR CYCLE EXPENSES	**46,198**	**18,404**	**45,733**	**18,645**
Decommissioning provisions for nuclear power plants	26,202	13,685	26,067	14,930
Provisions for last cores	4,283	2,150	4,113	2,555
DECOMMISSIONING AND LAST CORE EXPENSES	**30,485**	**15,835**	**30,180**	**17,485**

18.2.2 EDF Energy's nuclear provisions

The specific regulatory and contractual framework related to provisions for back-end nuclear cycle and decommissioning of EDF Energy's power plants is described in note 29.2 to the financial statements at 31 December 2015.

18.3 EMPLOYEE BENEFITS

18.3.1 EDF group

(in millions of Euros)	**30/06/2016**	31/12/2015
Provisions for employee benefits - current portion	1,089	1,033
Provisions for employee benefits - non-current portion	20,880	21,511
PROVISIONS FOR EMPLOYEE BENEFITS	**21,969**	**22,544**

18.3.1.1 Breakdown of the change in the net liability

(in millions of Euros)	Obligations	Fund assets	Net liability
Balance at 31/12/2015 (1)	**41,567**	**(19,075)**	**22,492**
Net expense for first-half 2016	1,062	(281)	781
Actuarial gains and losses	1,749	(2,182)	(433)
Employer's contributions to funds	-	(148)	(148)
Employees' contributions to funds	5	(5)	-
Benefits paid	(834)	140	(694)
Translation adjustment	(1,042)	1,012	(30)
Changes in scope of consolidation	(1)	-	(1)
Other movements	(1)	3	2
BALANCE AT 30/06/2016	42,505	(20,536)	21,969

(1) The net liability at 31 December 2015 comprised €22,544 million for the provision for employee benefits and €(52) million of non-current financial liabilities, giving a net amount of €22,492 million.

Actuarial gains and losses on obligations amount to €1,749 million for the first half of 2016, essentially comprising €1,218 million in the United Kingdom associated with changes in the discount and inflation rates (see note 18.3.2.2) and €511 million in France, mainly related to the effect of changes in financial assumptions:

- Change in discount and inflation rate assumptions : €2,244 million
- Changes concerning the valuation of employee benefits in kind in the form of energy, particularly following the CSPE reform: €(1,748) million.

Actuarial gains and losses on fund assets amount to €(2,182) million for the first half of 2016 and reflect the rise in the value of fund assets, which is notably associated with the valuation of long-term obligations after a decrease in interest rates.

18.3.1.2 Post-employment and long-term employee benefit expenses

(in millions of Euros)	**H1 2016**	H1 2015
Current service cost	(458)	(512)
Past service cost	42	285
Actuarial gains and losses – long-term benefits	(115)	(29)
Net expenses recorded as operating expenses	**(531)**	**(256)**
Interest expense (discount effect)	(531)	(539)
Return on fund assets	281	269
Net interest expense included in financial result	**(250)**	**(270)**
EMPLOYEE BENEFIT EXPENSES RECORDED IN THE INCOME STATEMENT	(781)	(526)
Actuarial gains and losses – post-employment benefits	(1,749)	(376)
Actuarial gains and losses on fund assets	2,182	9
Actuarial gains and losses	**433**	**(367)**
Translation adjustments	**30**	**(33)**
GAINS AND LOSSES ON EMPLOYEE BENEFITS RECORDED DIRECTLY IN EQUITY	463	(400)

The past service cost at 30 June 2015 included income of €287 million resulting from the signature by EDF and Engie of an agreement concerning the compensation system for employee benefits in kind in the form of energy.

18.3.1.3 Net employee benefit liability by operating segment

(in millions of Euros)	France	United Kingdom	Italy	Other international	Other activities	Total
Obligations at 31/12/2015	**32,423**	**8,614**	**44**	**116**	**370**	**41,567**
Net expense for first-half 2016	808	237	1	4	12	1,062
Actuarial gains and losses	511	1,218	3	5	12	1,749
Employees' contributions to funds	-	5	-	-	-	5
Benefits paid	(682)	(137)	-	(5)	(10)	(834)
Translation adjustment	-	(1,042)	-	-	-	(1,042)
Changes in scope of consolidation	-	-	(2)	-	1	(1)
Other movements	-	2	(3)	-	-	(1)
OBLIGATIONS AT 30/06/2016	**33,060**	**8,897**	**43**	**120**	**385**	**42,505**
Fair value of fund assets	(11,893)	(8,560)	-	(59)	(24)	(20,536)
NET EMPLOYEE BENEFIT LIABILITY AT 30/06/2016	**21,167**	**337**	**43**	**61**	**361**	**21,969**

(in millions of Euros)	France	United Kingdom	Italy	Other international	Other activities	Total
Obligations at 31/12/2015	**32,423**	**8,614**	**44**	**116**	**370**	**41,567**
Fair value of fund assets	(10,484)	(8,505)	-	(62)	(24)	(19,075)
NET EMPLOYEE BENEFIT LIABILITY AT 31/12/2015	**21,939**	**109**	**44**	**54**	**346**	**22,492**
Including:						
Provision for employee benefits	21,939	161	44	54	346	22,544
Non-current financial assets	-	(52)	-	-	-	(52)

18.3.2 Actuarial assumptions

18.3.2.1 France

The "France" segment mainly comprises EDF and Enedis. Almost all of these companies' employees benefit from IEG *(Industries électriques et gazières)* status including the special pension system and other IEG benefits.

(in %)	**30/06/2016**	31/12/2015
Discount rate/rate of return on assets	1.90%	2.40%
Inflation rate	1.50%	1.60%
Wage increase rate [1]	1.70%	1.70%

(1) Excluding inflation.

In France, the discount rate used for employee benefit obligations is determined by applying the yield rate on high-quality corporate bonds, based on their duration, to maturities corresponding to the future disbursements resulting from these obligations.

Changes at 30 June 2016 in the economic and market parameters used have led the Group to set the discount rate at 1.90% (2.40% at 31 December 2015).

The inflation rate used to calculate provisions for employee benefits is derived from an internally-determined inflation curve by maturity which is used in the Group as a benchmark for Euro zone countries. The inflation rate determined in this way at 30 June 2016 is an average 1.50% (1.60% at 31 December 2015).

18.3.2.2 United Kingdom

The main actuarial assumptions used in valuing employee benefits in the United Kingdom are as follows:

(in %)	30/06/2016	31/12/2015
Discount rate/rate of return on assets	2.90%	3.85%
Inflation rate	2.85%	3.10%
Wage increase rate	2.85%	3.10%

18.4 OTHER PROVISIONS AND CONTINGENT LIABILITIES

18.4.1 Other provisions

Details of changes in other provisions are as follows:

	31/12/2015	Increases	Decreases		Changes in scope	Other changes	30/06/2016
(in millions of Euros)			Utilisations	Reversals			
Provisions for contingencies related to investments	431	-	(21)	-	-	6	416
Provisions for tax liabilities	484	28	(24)	-	(1)	5	492
Provisions for litigation	551	15	(24)	(20)	-	7	529
Provisions for onerous contracts	284	-	(46)	-	-	-	238
Provisions related to environmental schemes (1)	917	596	(354)	-	-	(92)	1,067
Other provisions	1,785	187	(331)	(36)	(15)	(125)	1,465
TOTAL	**4,452**	**826**	**(800)**	**(56)**	**(16)**	**(199)**	**4,207**

(1) Provisions related to environmental schemes include provisions for greenhouse gas emission rights and renewable energy certificates.

18.4.2 Contingent liabilities

In the case brought by Germany's Baden-Württemberg region/EnBW, the Court of Arbitration ruled in favour of EDF International on 6 May 2016, rejecting all claims made against EDF International by the German company Neckarpri.

Apart from this new development, there was no change during the first half-year of 2016 in the Group's contingent liabilities as presented in note 45 to the 2015 consolidated financial statements, and section 2.4.3 of the 2015 Annual Reference Document filed on 29 April 2016.

19 SPECIAL FRENCH PUBLIC ELECTRICITY DISTRIBUTION CONCESSION LIABILITIES

Special concession liabilities for existing assets and assets to be replaced break down as follows:

(in millions of Euros)	**30/06/2016**	31/12/2015
Value in kind of assets	45,812	45,346
Unamortised financing by the operator	(22,720)	(22,287)
Rights in existing assets - net value	**23,092**	**23,059**
Amortisation of financing by the grantor	12,387	12,047
Provisions for renewal	9,913	9,976
Rights in assets to be replaced	**22,300**	**22,023**
SPECIAL FRENCH PUBLIC ELECTRICITY DISTRIBUTION CONCESSION LIABILITIES	**45,392**	**45,082**

The valuation methods for special concession liabilities are identical to those presented in the consolidated financial statements at 31 December 2015, particularly note 1.3.13.2, which describes the impact of an alternative calculation method.

20 CURRENT AND NON-CURRENT FINANCIAL LIABILITIES

20.1 BREAKDOWN BETWEEN CURRENT AND NON-CURRENT FINANCIAL LIABILITIES

Current and non-current financial liabilities break down as follows:

	30/06/2016			31/12/2015		
(in millions of Euros)	Non-current	Current	**Total**	Non-current	Current	**Total**
Loans and other financial liabilities	48,913	14,941	**63,854**	52,684	11,499	**64,183**
Negative fair value of derivatives held for trading	-	3,524	**3,524**	-	4,001	**4,001**
Negative fair value of hedging derivatives	990	1,046	**2,036**	1,475	1,973	**3,448**
FINANCIAL LIABILITIES	**49,903**	**19,511**	**69,414**	**54,159**	**17,473**	**71,632**

20.2 LOANS AND OTHER FINANCIAL LIABILITIES

20.2.1 Changes in loans and other financial liabilities

(in millions of Euros)	Bonds	Loans from financial institutions	Other financial liabilities	Loans related to finance-leased assets	Accrued Interest	Total
Balances at 31/12/2015	**48,538**	**3,586**	**10,314**	**445**	**1,300**	**64,183**
Increases	-	55	608	-	40	703
Decreases	-	(584)	(368)	(27)	(188)	(1,167)
Translation adjustments	(898)	(92)	(26)	-	(1)	(1,017)
Changes in scope of consolidation	-	(137)	(73)	27	(3)	(186)
Changes in fair value	1,455	-	(121)	1	-	1,335
Other changes	-	-	1	4	(2)	3
BALANCES AT 30/06/2016	49,095	2,828	10,335	450	1,146	63,854

20.2.2 Maturity of loans and other financial liabilities

(in millions of Euros)	Bonds	Loans from financial institutions	Other financial liabilities	Loans related to finance-leased assets	Accrued Interest	Total
Less than one year	3,345	975	9,627	52	942	**14,941**
From one to five years	13,134	583	117	185	47	**14,066**
More than five years	32,616	1,270	591	213	157	**34,847**
LOANS AND OTHER FINANCIAL LIABILITIES AT 30/06/2016	49,095	2,828	10,335	450	1,146	63,854

20.2.3 Credit lines

At 30 June 2016, the Group has unused credit lines with various banks totalling €11,939 million (€11,380 million at 31 December 2015).

	30/06/2016				31/12/2015
	Total	Maturity			Total
(in millions of Euros)		< 1 year	1-5 years	> 5 years	
CONFIRMED CREDIT LINES	11,939	2,876	9,063	-	11,380

20.2.4 Fair value of loans and other financial liabilities

	30/06/2016		31/12/2015	
(in millions of Euros)	Fair value	Net book value	Fair value	Net book value
LOANS AND OTHER FINANCIAL LIABILITIES	69,718	63,854	69,815	64,183

20.3 NET INDEBTEDNESS

(in millions of Euros)	Notes	30/06/2016	31/12/2015
Loans and other financial liabilities	20.2.1	63,854	64,183
Derivatives used to hedge liabilities		(5,180)	(3,795)
Cash and cash equivalents		(2,984)	(4,182)
Available-for-sale financial assets - Liquid assets	14.2.2	(18,794)	(18,141)
Loan to RTE	13.1.2	(688)	(670)
NET INDEBTEDNESS		36,208	37,395

21 OTHER LIABILITIES

Details of other liabilities are as follows:

(in millions of Euros)	30/06/2016	31/12/2015
Advances and progress payments received	7,975	7,618
Liabilities related to property, plant and equipment	2,365	3,331
Tax liabilities	7,281	6,316
Social charges	3,787	3,795
Deferred income on long-term contracts	3,611	3,586
Other deferred income	817	735
Other	2,806	3,367
OTHER LIABILITIES	28,642	28,748
Non-current portion	5,362	5,126
Current portion	23,280	23,622

21.1 ADVANCES AND PROGRESS PAYMENTS RECEIVED

At 30 June 2016 advances and progress payments received include monthly standing order payments by EDF's residential and business customers amounting to €7,209 million (€6,682 million at 31 December 2015).

21.2 TAX LIABILITIES

At 30 June 2016 tax liabilities mainly include an amount of €1,622 million for the CSPE income to be collected by EDF on energy supplied but not yet billed (€1,258 million at 31 December 2015).

21.3 DEFERRED INCOME ON LONG-TERM CONTRACTS

EDF's deferred income on long-term contracts at 30 June 2016 comprises €1,897 million of partner advances concerning nuclear plants and long-term contracts (€1,874 million at 31 December 2015).

22 OFF-BALANCE SHEET COMMITMENTS

This note presents off-balance sheet commitments given and received by the Group at 30 June 2016. The amounts of commitments correspond to non-discounted contractual values.

22.1 COMMITMENTS GIVEN

(in millions of Euros)	Notes	30/06/2016	31/12/2015
Operating commitments given [(1)]	22.1.1.2	9,880	8,317
Investment commitments given	22.1.2	13,235	13,262
Financing commitments given	22.1.3	5,594	6,390

(1) Excluding fuel and energy purchases and operating lease commitments as lessee.

In almost all cases, these are reciprocal commitments, and the third parties concerned are under a contractual obligation to supply the Group with assets or services related to operating, investment and financing activities.

22.1.1 Operating commitments given

22.1.1.1 Fuel and energy purchase commitments

Commitments to purchase commodities, energy and nuclear fuel (other than gas purchases) amounted to €29,909 million at 31 December 2015, and there was no significant change during the first half of 2016.

22.1.1.2 Operating contract performance commitments given

At 30 June 2016, these commitments mature as follows:

	30/06/2016				31/12/2015
	Total	Maturity			Total
(in millions of Euros)		< 1 year	1-5 years	> 5 years	
Operating guarantees given	**4,923**	2,866	1,319	738	4,055
Operating purchase commitments [(1)]	**4,776**	3,047	1,423	306	4,084
Other operating commitments	**181**	72	67	42	178
OPERATING CONTRACT PERFORMANCE COMMITMENTS GIVEN [(2)]	**9,880**	**5,985**	**2,809**	**1,086**	**8,317**

(1) Excluding fuel and energy.
(2) Including commitments given by controlled entities to joint ventures, amounting to €1,037 million at 30 June 2016 (€126 million at 31 December 2015).

In the course of its business, the Group provides contract performance guarantees, generally through the intermediary of banks.
Operating guarantees at 30 June 2016 mainly consist of guarantees given by EDF, Edison, EDF Energy and EDF Énergies Nouvelles in connection with its development projects. The increase since 31 December 2015 is mainly explained by new guarantees provided to joint ventures by EDF Energies Nouvelles in connection with projects in Canada and France.

22.1.1.3 Operating lease commitments as lessee

Operating lease commitments as lessee amounted to €3,834 million at 31 December 2015, and there was no significant change during the first half of 2016.

22.1.2 Investment commitments given

At 30 June 2016, details of investment commitments are as follows:

(in millions of Euros)	30/06/2016 Total	Maturity < 1 year	1-5 years	> 5 years	31/12/2015 Total
Commitments related to acquisition of tangible and intangible assets	**12,185**	5,797	5,719	669	12,294
Commitments related to acquisition of financial assets	**232**	167	65	-	270
Other commitments related to investments	**818**	74	565	179	698
TOTAL INVESTMENT COMMITMENTS GIVEN (1)	13,235	6,038	6,349	848	13,262

(1) Including commitments given by controlled entities to joint ventures, amounting to €334 million at 30 June 2016 (€326 million at 31 December 2015).

22.1.3 Financing commitments given

Financing commitments given by the Group at 30 June 2016 comprise the following:

(in millions of Euros)	30/06/2016 Total	Maturity < 1 year	1-5 years	> 5 years	31/12/2015 Total
Security interests in real property	**4,796**	98	628	4,070	5,075
Guarantees related to borrowings	**551**	285	122	144	1,050
Other financing commitments	**247**	230	12	5	265
TOTAL FINANCING COMMITMENTS GIVEN (1)	5,594	613	762	4,219	6,390

(1) Including commitments given by controlled entities to joint ventures, amounting to €581 million at 30 June 2016 (€847 million at 31 December 2015). These financing commitments to joint ventures mainly concern EDF Énergies Nouvelles.

22.2 COMMITMENTS RECEIVED

The table below shows off-balance sheet commitments received by the Group that have been valued at 30 June 2016.

(in millions of Euros)	Notes	30/06/2016	31/12/2015
Operating commitments received (1)	22.2.1	1,882	1,612
Investment commitments received	22.2.2	80	80
Financing commitments received	22.2.3	24	29

(1) Excluding commitments related to credit lines, which are described in note 20.2.3, and operating lease commitments as lessor.

22.2.1 Operating commitments received

Operating commitments received by the Group at 30 June 2016 comprise the following:

(in millions of Euros)	30/06/2016 Total	Maturity < 1 year	Maturity 1-5 years	Maturity > 5 years	31/12/2015 Total
Operating sale commitments	442	84	160	198	520
Operating guarantees received	1,374	1,077	177	120	1,030
Other operating commitments received	66	25	27	14	62
OPERATING COMMITMENTS RECEIVED	1,882	1,186	364	332	1,612

22.2.2 Investment commitments received

(in millions of Euros)	30/06/2016 Total	Maturity < 1 year	Maturity 1-5 years	Maturity > 5 years	31/12/2015 Total
INVESTMENT COMMITMENTS RECEIVED	80	14	66	-	80

22.2.3 Financing commitments received

(in millions of Euros)	30/06/2016 Total	Maturity < 1 year	Maturity 1-5 years	Maturity > 5 years	31/12/2015 Total
FINANCING COMMITMENTS RECEIVED	24	1	3	20	29

23 DEDICATED ASSETS

EDF has built up a portfolio of financial assets dedicated to secure financing of long-term nuclear obligations, specifically decommissioning of its power plants and long-term management of radioactive waste.

The key features of this portfolio, the principles governing its management and the applicable regulations are presented in note 47 to the financial statements at 31 December 2015.

Dedicated assets are included in the EDF group's consolidated financial statements at the following values:

(in millions of euros)	Consolidated Balance sheet presentation	30/06/2016 Book value	30/06/2016 Realisable value	31/12/2015 Book value	31/12/2015 Realisable value
Equities		7,385	**7,385**	7,298	7,298
Debt instruments		6,793	**6,793**	6,674	6,674
Cash portfolio		186	**186**	282	282
Dedicated assets – equities and debt instruments	Available-for-sale financial assets	*14,364*	*14,364*	*14,254*	*14,254*
Derivatives	Fair value of derivatives	(20)	**(20)**	6	6
Other	Available-for-sale financial assets	1	**1**	20	20
Diversified equity and bond investments		**14,345**	**14,345**	**14,280**	**14,280**
CSPE receivable [(1)]	Loans and financial receivables	5,166	**5,166**	5,232	5,232
Derivatives	Fair value of derivatives	(2)	**(2)**	(7)	(7)
CSPE receivable after derivatives		**5,164**	**5,164**	**5,225**	**5,225**
RTE [(2)]	Investments in associates	2,444	2,444	2,580	2,580
Other associates [(4)]	Investments in associates [(3)]	486	515	466	466
Other assets	Available-for-sale financial assets	860	860	929	929
Unlisted assets (EDF Invest)		**3,790**	**3,819**	**3,975**	**3,975**
TOTAL DEDICATED ASSETS [(4)]		**23,299**	**23,328**	**23,480**	**23,480**

(1) The receivable consisting of shortfalls in compensation at 31 December 2012.

(2) RTE shares are included at their equity value in the Group's consolidated financial statements, to the extent of the portion allocated to the dedicated asset portfolio (50%).

(3) Including the value of the share in equity of the controlled companies owning these investments.

(4) By limiting the value of certain investments in compliance with article 16 of decree 2007-243 concerning the calculation of the amount of this regulatory realisable value of dedicated assets, the regulatory realisable value is reduced to €23,293 million at 30 June 2016.

At 30 June 2016, provisions were 105.2% covered by dedicated assets (if the value of certain investments is limited in compliance with Article 16 of Decree no. 2007-243 on calculation of the regulatory realisable value of dedicated assets, the regulatory coverage is 105.1%).
This reflects the extension of the accounting depreciation period of the 900MW PWR series to 50 years, which led to the reversal of €1,657 million from provisions that must be covered by dedicated assets (see note 2.1).

A total of €256 million of net gains on disposals was recorded in the financial result in first-half 2016 (€761 million in first-half 2015).

The difference between the fair value and acquisition cost of diversified bond and equity investments included in equity was a positive €1,541 million before taxes at 30 June 2016 (€1,711 million at 31 December 2015).

In June 2016, EDF Invest and the Dutch infrastructure fund DIF announced that they had signed a 50/50 agreement for the acquisition of Thyssengas, one of Germany's main regulated gas transportation networks. This investment is due to be allocated to the dedicated asset portfolio. This acquisition operation still requires clearance by the relevant regulatory and competition authorities, and is expected to be finalised in the second half of 2016.

24 RELATED PARTIES

There have been no significant changes since 31 December 2015 in the types of transaction undertaken with related parties. In particular, the Group has significant ongoing relationships with public-sector enterprises, primarily the AREVA group for the supply, transmission and reprocessing of nuclear fuel and maintenance of nuclear plants. The AREVA group is also a supplier to the EPR (European Pressurised Reactor) project, contributing to the formation of commitments on fixed asset orders.

The principal transactions with RTE and CENG are presented in notes 13.1 and 13.2 respectively.

25 SUBSEQUENT EVENTS

25.1 HINKLEY POINT C: EDF'S BOARD OF DIRECTORS APPROVES THE FINAL INVESTMENT DECISION

At its meeting on 28 July 2016, EDF's Board of Directors made the final investment decision and gave the President the authorisation to ensure its full execution in the framework of the signature process of all the contracts and agreements necessary to build the two nuclear reactors at Hinkley Point C (HPC) in Somerset, in south-west England.

Following this decision, the conditions have been met to allow EDF to sign the contracts with the British Government, EDF's historic partner China General Nuclear Power Generation (CGN), and the main suppliers of the project.

The HPC Project is a major element of the Group's CAP 2030 strategy. The two EPR reactors at Hinkley Point will strengthen EDF's presence in Britain, a country where its subsidiary EDF Energy already operates 15 nuclear reactors and is the largest electricity supplier by volume.

HPC will also enable the Group to mobilise all its significant nuclear engineering skills following the final investment decision. The first concrete of reactor 1 of HPC, scheduled for mid-2019, will coincide with perfect continuity with the start-up of the EPR at Flamanville, scheduled for the end of 2018.

HPC is a unique asset for French and British industries as it will benefit the whole of the nuclear sectors in both countries and will support employment at major companies and smaller enterprises in the industry.

25.2 UPDATE ON STRATEGIC PARTNERSHIP BETWEEN EDF AND AREVA

On 28 July 2016, EDF and AREVA signed a memorandum of understanding that formalised the status of the progress of discussions concerning their contemplated partnership. This memorandum has three sections.

Firstly, this non binding memorandum deals with the contemplated acquisition by EDF of an exclusive control of a new company, NEW AREVA NP (NEW ANP), to be set-up, which will be transferred existing AREVA NP's assets and activities relating to the design and supply of nuclear reactor and equipment, fuel design and supply and the services to the nuclear installed base, to the exclusion, in particular, of the assets, liabilities and staff related to the achievement of the Olkiluoto 3 EPR project.

It provides for a majority control (at least 51% of shares and voting rights) of NEW ANP by EDF, a minimum stake of 15% and a maximum stake of 25% held by AREVA as part of a strategic partnership, and the potential participation of other minority partners up to 34%.
This project enables to better secure the most critical activities of the Grand Carénage for the existing fleet in

France, and to improve the efficiency of engineering services, project management, and some manufacturing activities through EDF's experience feedback.

Secondly, the memorandum aims also to set-up a dedicated company - 80% owned by EDF and 20% owned by AREVA NP (then by NEW ANP) - in charge of the design and construction of the nuclear island for new build projects, in France and abroad. Its creation is targeted on the first quarter of 2017, regardless of the acquisition of an exclusive control of NEW AREVA NP by EDF.
The objective pursued by the setting up of this company is to improve the preparation and management of projects as well as the export offering of the French industry on the Nuclear Island by developing offers that are more competitive and adapted to client needs, all while ensuring the continuation of partnerships with the major industrial companies in Japan and China. This company will form part of a generator/supplier model, which has been tried and tested in several countries.

Lastly, EDF and AREVA restate their intent to enter into a comprehensive strategic and industrial agreement, in order to, in particular, improve and develop the efficiency of their cooperation in areas such as Research and Development, international sales of new reactors, the storage of spent fuel, and dismantling.

The parties agreed on an indicative price (100% of equity value[1]) for NEW ANP of 2.5 billion euros[2] at the closing date. This amount is likely to be adjusted, firstly, upward or downward depending on the financial statements prepared on the date of completion of the transaction, and secondly, with a possible price earn-out of up to 325 million euros subject to the achievement of certain performance objectives measured after the closing date, proportionate to the participation acquired by EDF in NEW ANP. This price corresponds to a 2017 forecasted EBITDA multiple of 8x[3].
The memorandum also provides that EDF, NEW ANP and their affiliates will be fully immunised against risks and costs related to the achievement of the Olkiluoto 3 project and will receive proper protection against the risks resulting from irregular findings in the manufacturing tracking records of equipment and components at Le Creusot and Saint Marcel and Jeumont, if any.
On the basis of a 51% to 75% stake held by EDF, all the financial terms enable the Group to preserve its financial trajectory.

A specific due diligence regarding the manufacturing process at Le Creusot is currently run, and a complementary due diligence phase will begin starting from August in order to enable EDF and AREVA to sign binding agreements before the end of November 2016.
Prior to signing binding agreements, the Group will proceed with the consultation of its employee representative bodies.
The negotiation of the participation of other potential partners will progress in parallel and the closing of the transaction is planned before the end of 2017, subject in particular to approval from the relevant merger control authorities.

1. Scope of the transaction, after excluding operations not acquired

2." Non binding" figure with no transfer of liability related to Olkiluoto 3, nor financial debt at the closing date, and including proper protection against the risks resulting from irregular findings in the manufacturing tracking records of equipment and components at Le Creusot and Saint Marcel and Jeumont, if any. The figure will be subject to adjustment at closing.

3. Normalised EBITDA pro forma of the acquired scope, excluding large projects

25.3 COMPENSATION ASSOCIATED WITH THE CLOSURE OF THE FESSENHEIM NUCLEAR PLANT: INFORMATION TO THE BOARD OF DIRECTORS AND DETAILS ON THE COMPANY CALENDAR

EDF's CEO, Jean-Bernard Lévy, has informed the Board of Directors of 28 July 2016 on the progress of discussions with the government about the draft compensation protocol associated with the closure of the Fessenheim nuclear power plant.

These discussions have already allowed to define the principles for compensation, which would be based on:

- a fixed initial portion corresponding to the anticipated costs associated with the closure of the plant and covering the costs of retraining staff, decommissioning, the INB tax (Installation Nucléaire de Base - basic nuclear facilities) and "post-operation" costs,
- a variable portion resulting, when appropriate, in subsequent payments to cover the shortfall for EDF. This shortfall would be determined according to market prices until 2041 and would take into account the actual volumes generated by the 900MW series nuclear plants operating during this period.

This information has also been communicated to EDF's Works Council on the same day in addition to the information that it has already received. The information-consultation process involving staff representative bodies will be launched, within the statutory timescales, so that, during the Works Council meeting on 14 September, this information may be examined and allow the council to issue an opinion at the end of the procedure.

As a reminder, the closure of the Fessenheim plant results in a right to compensation, as the French Constitutional Council pointed out in its decision on 13 August 2015 when examining the constitutionality of the law on energy transition for green growth of 17 August 2015.

25.4 EDF - CAISSE DES DÉPÔTS AND CNP ASSURANCES: EXCLUSIVE NEGOCIATIONS FOR A LONG-TERM PARTNERSHIP WITH RTE

EDF has announced on 28 July 2016 that it has started exclusive negociations with Caisse des Dépôts and CNP Assurances to form a long-term partnership for the development of RTE. This partnership with major public players in infrastructure funding in France will strengthen RTE's public service remit. Caisse des Dépôts and CNP Assurances would also take a 49.9% stake in RTE on the basis of an indicative value of €8.45 billion for 100% of RTE equity.

If this operation is confirmed, the relevant employee representative bodies will be informed and consulted prior to the final agreements being signed. The transaction could be close in the first half of 2017, once the necessary regulatory approvals have been obtained.

EDF, Caisse des Dépôts and CNP Assurances intend to use the partnership to support RTE's ambitious investment strategy for the efficiency of electricity transmission infrastructure. This will provide a boost to the energy transition, while strengthening RTE's public footing and long-term economic and social model. As a result of the deal, RTE would retain its current regulatory status as independent transmission system operator under the EU Directive.

This announcement reflects the statement expressed to RTE and EDF's CEO by the Minister of Finance and the Public Accounts and the Minister of Economy, Industry and Digital in their joint statement of 22 April, 2016.

25.5 THE FRENCH GOVERNMENT ANNOUNCES ITS CHOICE OF THE AZZURRA CONSORTIUM (ATLANTIA/AEROPORTI DI ROMA/EDF) AS PREFERRED BUYER

On 28 July 2016, the French government announced that the consortium formed by the Italian group Atlantia and EDF Invest had been selected as the preferred buyer for the State's 60% stake in Aéroports de la Côte d'Azur, the company that manages the airports of Nice, Cannes-Mandelieu and Saint Tropez.

The buyer should be confirmed in the next few months, once the final terms of the operation have been approved.

The Group plans to allocate this investment to the Infrastructures pocket of EDF Invest, alongside other investments including shareholdings in TIGF, Porterbrook, Géosel and RTE.